Compensation of Subjects

The federal regulations require that the Institutional Review Board (IRB) review and approve the methods used to recruit participants, including compensation, to ensure that they do not include coercion or undue influence. However, the regulations do not set specific limits on payment of research subjects or offer definitive information to guide the IRB in their review.

It is not necessary to compensate subjects who participate in research. However, paying research subjects in exchange for their participation is a common and, in general, acceptable practice. Payment for participation should be just and fair (e.g., current market value).

The Food and Drug Administration (FDA) requires prorating payments based on duration of participation in the research so that subjects are able to receive compensation even if they don’t complete the entire study. The FDA also indicates that payment to research subjects should be considered an incentive to participate rather than a benefit. Therefore, the IRB does not consider compensation in their assessment of the risk benefit analysis for the proposed research.

Requirements:

The IRB requires the amount of compensation provided to participants to be described in the IRB application. The amount of compensation must also be communicated to participants during the consent process. Compensation may be listed in recruitment materials so long as it is not overly emphasized. NOTE: If using a raffle or drawing as a form of compensation, include the chances of winning.

Proposals to the IRB regarding subject compensation should indicate and justify monetary and non-monetary compensation. A description and justification of non-payment, partial payment or proration must also be included.

For projects that involve extra credit to students, an alternative form of extra credit must be provided and explained to students that is equitable in terms of time and resources for students to complete if they choose not to participate in the proposed research project.

As noted above, compensation should not be described as a benefit to participants. If applicable, a clear description of how prorating will be handled must be included within the consent process/documentation.

There is no IRB requirement that payments be associated with identifying information. For
example, a study funded by the National Institutes of Health (NIH) where NIH has issued a Certificate of Confidentiality to protect the privacy of research subjects by prohibiting disclosure of identifiable, sensitive research information to anyone not connected to the research.

**IRS and University Reporting requirements:**

The University has legal and fiduciary responsibilities to properly account for all payments made to individuals, be they employees, students, vendors, or research subjects. Responsibility for financial management of human subject research rests with the departmental accounting office (as account custodian) with oversight by the Principal Investigator (PI) and Faculty Advisor (FA), as applicable. Individuals in these roles should clearly understand the financial authority and institutional obligations as outlined by the NAU Comptroller Office.

NAU has specific requirements for research payment administration. Researchers need to be mindful of the payment method, tracking requirements and consider any risks compensating participants may introduce as a result. Researchers must ensure participants in research are informed that:

- Internal Revenue Service (IRS) considers payments for participation in research studies to be taxable income to the recipient; and
- Personally identifiable information such as a participant name or SSN may need to be given to the NAU Comptroller Office. If the cumulative amount of payment exceeds $600 in one calendar year, a 1099 will be issued to the participant subject to IRS reporting requirements.

**Here is suggested informed consent language to include, as applicable:**

*Please be aware, compensation for participation in research may be considered taxable income. The University requires tracking for compensation that is paid to you; this may include your name and contact information and social security number for reporting purposes. This information is stored confidentially and separate from research data.*

**Cash Payments**

Cash payment to participants is allowable if through IRB review and approval, it has been determined the participants remain anonymous. Cash may be requested via a check request to the Comptroller Office. Internal controls must be in place such as including a “confirmation of receipt” page that is dated by the participant. It is recommended to retain this documentation as it is possible that the Office of
Compensation of Subjects

Sponsored Projects may request it later if the project is funded.

Payment by Gift Card

Gift cards also require internal controls. Here is a link to the policy that outlines a good control measure: [https://nau.edu/university-policy-library/wp-content/uploads/sites/26/Comptroller-401_03.pdf](https://nau.edu/university-policy-library/wp-content/uploads/sites/26/Comptroller-401_03.pdf)

Store brand cards do not have fees. You can also put these on a PCard. If these would be greater than $25 and on a PCard, complete a request for an exception to policy through the Comptroller’s [online form](https://nau.edu/university-policy-library/wp-content/uploads/sites/26/Comptroller-401_03.pdf). Request exceptions can be made to multiple policies on this form – e.g., the PCard (PUR 801-03) and gift card exceptions (CMP 401-03) on the same request form.

Exception to Policy Request Form

Researchers may request an exception to the policy that requires the collection of personally identifying information required for reporting purposes. Here is a link to both the exception to policy request form and the exception to policy request instructions: [https://nau.edu/comptroller/forms/#Miscellaneous](https://nau.edu/comptroller/forms/#Miscellaneous).

For an overview of NAU Comptroller Policies: [https://nau.edu/university-policy-library/comptroller-policies/](https://nau.edu/university-policy-library/comptroller-policies/)