



## Standard Administrative Policy and Procedure

**Subject:** Honorariums, Incentives, and Sponsored Research Participant Incentives and Participant Support Costs

**Number:**

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### I. PURPOSE

To outline the proper procedures to issue Honorariums, Incentives, Sponsored Research Participant Incentives, and Sponsored Research Participant Support Costs (Stipend) payments.

### II. DEFINITIONS

**Honorarium:** A token payment made to bestow recognition to an individual for services they perform, for which payment is not required. Typically, an honorarium is issued when custom or propriety forbids a price to be set. Therefore, payment to the recipient is at the discretion of the University payer.

**Human Subject:** A living individual about whom an investigator (whether professional or student) conducting research obtains information or biospecimens through intervention or interaction with the individual, and uses, studies, or analyzes the information or biospecimens; or obtains, uses, studies, analyzes, or generates identifiable private information or identifiable biospecimens.

**Incentive:** A payment to an individual (non-employee, usually a student) to encourage attendance and participation in events, training, or certification program. No services are required for this type of payment, only attendance. Incentives are not related to academic research and are not expensed on a sponsored project.

**Participant:** The recipient, not the provider, of a service or training opportunity funded by a sponsored project, such as a workshop, conference, survey, symposium, or other short-term instructional or information-sharing activity.

**Participant Support Costs:** Direct costs related to sponsored research for items such as stipends, subsistence allowances, travel allowances, and registration fees paid to or on behalf of participants or trainees in connection with sponsor-funded meetings, conferences, symposia, or training projects. Participant support costs are only allowable on an award with the sponsor's prior approval. These costs can be broken out into four subcategories as follows: Participant Stipend, Participant Travel, Participant Subsistence, and Participant Other. Participant Support Costs do not include research participation incentives.

**Participant Stipend:** A set amount of money to be paid directly to the participant to defray the costs to participants or trainees participating in a conference or training activity. Conditions for receiving a stipend should be in writing and program completion attested to by the project PI. Granting agencies may have specific guidelines for participant stipends.

**Participant Travel:** Travel includes the costs of transportation and associated costs and must follow sponsor guidelines (e.g., U.S. flag carrier, coach class, most direct route) as well as University policies and guidelines. The sole purpose of the trip must be to participate in the project activity. If a training activity involves additional field trips, the costs of transportation of participants may be allowable.

**Participant Subsistence:** The cost of housing and meal expenses necessary for the individual to participate in the project are generally allowed, provided these costs are reasonable and limited to the days of attendance. Participants living in the local area are not entitled to subsistence payments or per diem, but they may participate in meals and refreshments provided at the meeting or conference.

**Participant Other:** Includes fees or other costs associated with attending conferences, symposia, or training projects. Such costs may include registration, conference fees, and similar expenses. Additionally, certain other costs may be allowable if consistent with University policy and practice and specified in the proposal approved by the sponsor upon review.

**Sponsored Research Participant Incentive:** Payment to a human subject as an incentive to participate in a sponsored research study.

### III. POLICY

This document lays out when, how, and to whom an Honorarium, Incentive, Sponsored Research Participant Incentive, and Sponsored Research Participant Stipend payments should be made. Honorariums are justified when a service has been provided. Incentives are in place to encourage attendance at an event that promotes specialized knowledge in education, research, academics, arts, athletics, etc. Attendance at the event is a requirement of the incentive. The key difference between an Honorarium and Incentive is a service requirement. Participant Incentives are like incentives, however, are specifically related to academic-sponsored research and are expensed on a sponsored project. Sponsored Research Participant Stipends must be preapproved by the sponsor to cover participant stipend, participant travel, participant subsistence, or participant other and are expensed on a sponsored project.

### IV. ALLOWABILITY

#### A. Honorariums

1. Honorariums are allowable in the following circumstances if they are for a single event or series:

- a. Nominal payment to a guest speaker. A guest speaker is someone who possesses advanced knowledge of a particular subject area and speaks about that subject area to a group or organization with which he or she is normally not involved.
  - b. Participation as a judge, for example, in a writing or photo contest.
  - c. Participation in a panel discussion.
  - d. A special lecture or short series of such lectures (no more than four, unless approved by the appropriate division Vice President).
  - e. Appraisal of a manuscript or an article to be submitted to a professional publication.
  - f. Reviewing research findings prior to the final report being published.
  - g. Comedic, dramatic, musical, or other similar amateur artistic performances.
2. Honorariums are **not** allowable in the following circumstances:
- a. To pay a faculty, staff, or student employee for services they perform as part of their normal job duties.
  - b. To pay for services requiring an executed contract or there is a contractual agreement.
  - c. To replace or circumvent procedures for paying consultants.
  - d. To pay professional motivational speakers who perform such services as a career and charge a set fee to participate in the event.
  - e. To pay for a recurring service or activity.
  - f. To pay for the services of a facilitator in a small group workshop. A facilitator's job is to get others to assume responsibility and take the lead. This person is a guide or a discussion leader who contributes structure to the workshop.
  - g. To pay for personal services provided in connection with a bona fide business, trade, or profession such as reviewing or editing an article by a publisher.

- h. When the services require access to University proprietary information (such services are considered consulting).
- i. When the amount of the payment is negotiated between the University and the individual or the individual sets the price.
- j. Payments to foreign visitors (nonresident aliens) not approved to work in the United States.

### **3. Payment**

Honorariums are processed through the Payroll Office, or the Payment Services Office based on the recipient's employment history with UW. See Appendix A.

### **4. Travel**

The University's preferred and recommended method of paying an Honorarium is that the Honorarium be fully inclusive of any travel or other expenses. This means that the total amount of the Honorarium should consider the effort and expenses of the recipient. Travel and other expenses should not be reimbursed by the University using any form of payment (i.e., P-card, requisition, expense report reimbursement, etc.)

Alternatively, when there are situations where travel needs to be provided for the Honorarium recipient, travel is allowable to be purchased by UW for the Honorarium recipient, with the written approval of a Vice President or Dean. The written approval is required to be attached to the P-card expense report or requisition in WyoCloud Financial Management. In this case, the dollar amount UW paid for travel would not be included in the Honorarium letter. If this option is chosen travel must be purchased directly by the University using a University-approved method of payment. Personal reimbursements to the Honorarium recipient for travel will not be issued.

If only paying travel without any Honorarium amounts to someone providing services to the University, the unit should not use the Honorarium Letter. Doing so will cause the recipient to receive a tax form when they should not. Travel on its own is nontaxable to the recipient when it is for the benefit of the University. In this case, travel should be reimbursed using the Non-Employee Travel Form and processed using the Non-PO Invoice Process. The Non-Employee Travel Form Can be found [here](#). The Non-PO Invoice Quick Reference Guide can be found [here](#).

If the payment is to a foreign individual, contact the Tax Office before the payment is processed. Generally, nonresidents are subject to 30% tax withholding on Honorarium and Incentive payments. If the payee is from a country with a tax

treaty with the United States, they may be able to claim a withholding exemption. The Tax Office will help make this determination.

## **B. Incentives**

1. Incentives are only allowable as payment to an individual (non-employee, usually a student) to encourage attendance and participation in an event, training, or certification program. No services are required for this type of payment, only attendance.

Examples of allowable Incentives include the following:

- a. Summer “camp” for academics, research, the arts, athletics, etc.
- b. Research and training opportunities for students (not for profit).
- c. University-sponsored conferences where subject matter expertise is shared.

## **2. Travel**

The Incentive payment is fully inclusive of any travel or other expenses. This means that the total amount of the Incentive should take into account the effort and expenses of the recipient. Travel and other expenses should not be paid or reimbursed by the university using any form of payment (i.e., P-card, requisition, expense report reimbursement, non-PO invoices, etc.)

Even if only Incentive Travel is being paid, you will still use the Incentive Letter and requisition process for payment referenced above. Payments for Incentive Travel are not considered to be for the benefit of the University and are considered taxable income to the recipient.

If the payment is to a foreign individual, contact the Tax Office before the payment is processed. Generally, nonresidents are subject to 30% tax withholding on Honorarium and Incentive payments. If the payee is from a country with a tax treaty with the United States, they may be able to claim a withholding exemption. The Tax Office will help make this determination.

## **C. Sponsored Research Participant Incentives**

Sponsored Research Participant Incentives are payments made to incentivize human subjects for participation in academic-sponsored research projects. Participant Incentives are categorized under the Professional Services budget category, and indirect costs are applied, except when the corresponding award has a zero indirect cost rate.

**D. Sponsored Research Participant Support Costs, Participant Stipend, Participant Travel, Participant Subsistence and Participant Other**

See definitions for Participant Support Costs, Participant Stipend, Participant Travel, Participant Subsistence and Participant Other for allowability.

The travel, subsistence and other subcategories of the Participant Support Costs that are being paid to a UW Employee should be processed through payment services on an expense report. Use the participant expense types related to each of these categories.

**Responsible Division/Unit:** Division of Budget & Finance

**Source:** None

**Links:** <http://www.uwyo.edu/regs-policies>

**Associated Regulations, Policies, and Forms:** None

**Approved:** 11/28/2023

## Appendix A: Payment Processes

### A. Honorariums Payment Process

- 1. Payroll Office:** If the recipient is a current employee **or has been employed by the University in the calendar year**, then the honorarium should be processed through Payroll. Complete the [Payroll Honorarium Form](#) and follow the instructions on the form for processing.
- 2. Payment Services:** If the recipient is not a current employee or has not been employed with the University in the calendar year, the payment should be processed through Payment Services.

**Step 1:** The payee should register as a Supplier (see Supplier Self-Registration).

**Step 2:** Use the [Honorarium Letter template](#) to document the services provided and have the payee complete and sign the applicable fields.

**Step 3:** Create a Non-Catalog Requisition to initiate payment to the payee. Make sure to attach the completed Honorarium Letter to the requisition for supporting documentation.

**Note:** Honorarium payments must be coded to natural account 62001- Professional Services Expense, for tax reporting purposes.

Honorarium payments cannot be paid to the recipient using a UW P-card.

### B. Incentives Payment Process

#### 1. Payment

A non-catalog requisition through Payment Services is the only method of payment for incentives. Generally, employees are not eligible for incentives. Contact the Tax Office for an analysis of special situations when an employee is being given an Incentive Payment.

**Step 1:** The payee should register as a Supplier (see Supplier Self-Registration).

**Step 2:** Use the [Incentive Letter template](#) to document the payment and have the payee complete and sign the applicable fields.

**Step 3:** Create a Non-Catalog Requisition to initiate payment to the payee. Make sure to attach the completed Incentive Letter to the requisition for supporting documentation.

Use the Professional Service Incentive requisition category.

**Note:** Incentive payments must be coded to natural account 62007-Subject Participation Expense, for tax reporting purposes.

## C. **Sponsored Research Participant Incentives Payment Process**

### 1. **Payment**

There are three ways to make sponsored research participant incentive payments depending on the amount of the incentive payment.

#### **Option 1: Cash Advance**

- a. The cash advance process can be used for small incentives (less than \$600 per calendar year per person per IRS regulation).
- b. The cash advance should be taken by the UW representative (or their designee) who will be distributing incentive payments to participants.
- c. The Quick Reference Guide titled “Requesting, Reconciling, Withdrawing and Returning Unused Funds from a Cash Advance” is [here](#).

**Note:** The correct expense type to reconcile the cash advance is Participant Incentives, 62007.

#### **Option 2: Preloaded Debit /Cash Card purchased by UW P-card**

- a. See the [Pre-Loaded Debit/Cash Cards Exception Form](#) for payment by P-card.
- b. This option is for incentives less than \$600 per calendar year per person.

#### **Option 3: Payment Services**

**Step 1:** The payee should register as a Supplier (see [Supplier Self-Registration](#)). The payee cannot be an individual who is a UW employee or who has been employed by UW within the calendar year.

**Step 2:** Use the Incentive Letter Template to document the payment and have the payee complete and sign the applicable fields.

**Step 3:** Create a Non-Catalog Requisition to initiate payment to the payee.  
Use the Professional Service Incentive requisition category.  
Use the Subject Participant Expense Expenditure Type in the project funding line.

**Step 4:** Attach the completed Incentive Letter to the requisition for supporting documentation.



**Note:** Sponsored Research Participant Incentives must be coded to natural account 62007-Subject Participation Expense.

**D. Sponsored Research Participant Support Costs**

**1. Payment**

**a. Nonemployee Participant Support Costs**

If the recipient is not a current employee and has not been employed with UW in the calendar year, the payment for all subcategories (stipend, travel, subsistence and other) should be processed through Payment Services.

**Step 1:** The payee should register as a Supplier (See Supplier Self-Registration)

**Step 2:** Use the [Participant Costs Letter template](#) to document the payment and have the payee complete and sign the applicable fields.

**Step 3:** Create a Non-Catalog Requisition to initiate payment to the payee.

Use the Professional Service Incentive requisition category.

Use the Participant Stipend Expenditure Type in the project funding line.

Create a separate line in the requisition for each expenditure type (Participant Stipend, Participant Travel, Participant Subsistence and Participant Other) that applies to the transaction so the expenditures can align with the sponsored award budget.

Attach the completed Participant Costs Letter to the requisition for supporting documentation.

**Note:** Participant Support Costs must be code to the appropriate natural account as follows:

Natural Account Code	Natural Account description
67501	Participant Travel
67502	Participant Stipend
67503	Participant Subsistence
67504	Participant Other

**b. UW Employee Participant Support Costs**

**Stipend:** The stipend subcategory of Participant Support Costs that are being paid to a UW Employee should be processed through the UW Payroll Office as described below.

If the recipient is a current employee or has been a UW employee within the calendar year, the Participant Stipend payment should be processed through UW Payroll.

- a. Use the [Participant Costs letter template](#) to document the payment and have the payee complete and sign the applicable fields.
- b. A DHR or supervisor will initiate additional compensation in HCM and select Participant Stipend.
- c. This element is exempt from fringe and will post as a Participant Stipend on the award. Indirect costs will not be charged against the transaction and will not create billing/reporting issues with sponsors.
- d. The HCM element should only be used to grant a Participant Stipend to an Active employee with an unrelated assignment in a different department than the Sponsored Project.
- e. Attach the completed Participant Costs Letter to the additional compensation for supporting documentation.