Training Guide – How to Pay for "Research"

Vendor Vs Employee: Looking past the initial request- Understanding different types of "Research" expenses, and the different mechanisms to pay for them

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Step 1: identifying the actual service/expense they're trying to pay for or need:

❏ What work is your Faculty trying to pay for? Faculty may consider someone a research assistant, but what is the actual work being done?

- o Translation
- o Transcription
- o Coding
- o Programming
- o Consulting
- o Study Subject payment
- o MTurk/Prolific/Online survey/study response platform

Step 2: Who is the person that the faculty wants to hire or pay?

Once we determine what work is before performed (or what expense we need to pay for), we then need to determine how to pay the person for their work. We do this by identifying who we need to pay.

❏ Are they at another institution? Are they a student? Are they a professional with their own company and website? How did the faculty find this person?

- o Is the person already doing the work?
- o Does the faculty member already owe them money?
- o Have they provided an invoice for their work performed?

Hiring Students, Staff or Faculty : Research Related Payments

Boston University students currently enrolled in a degree program would be hired as a Research Assistant through the payroll system.

If they are a student at another institution and they do not qualify as an independent contractor for a **Research Related Payment**, then they will need to be hired as a **Temporary Employee** through the payroll system. If a **BU Staff Member** is doing research for a Professor, their payment would be processed on an **overbase form**.

If a faculty member decides to hire a professor from another institution or someone that does not have their own business and it is for research purposes, it is possible the person could be paid as an independent contractor under **Research Related Payment**. One of the requirements for this is that the engagement is less than $25k and the timeframe is less than 12 months. The process you would use for this is the Combined Questionnaire and Contract found on this A/P site below.

http://www.bu.edu/ap/resources/research-related-payments/

Research Related Payments Process

For an engagement **less than $25K** lasting **less than 12 months**:

❏ Department Responsibilities
- o PI and department fill out the majority of the paperwork
- o Department fills out a description of engagement

❏ Individual Contractor's responsibilities
- o Fills out a Conflict of Interest form

- o Questionnaire to be filled out by the contractor to see if they are classified by the University as an employee or independent contractor
- ❑ Accounts Payable's role
  - o Review the questionnaire
  - o To determine whether the individual should be paid as an independent contractor or employee following IRS guidelines

Using this process, the PI and department fill out the majority of the paperwork. The department filling out a description of engagement and contractor fills out a conflict of interest and brief questionnaire to see if they are classified by the University-an employee or independent contractor. This follows IRS guidelines and Accounts Payable makes the decision on how to proceed. The questionnaire for this process is less invasive than the questionnaire used for new vendors that require a shopping cart.

After the form is filled out, it is sent to Accounts Payable to determine how the individual will be paid. **If the person is deemed as an independent contractor**, Accounts Payable will reach out to let you know it has been approved and you would fill out a **disbursement form,** attaching all the documentation in order for the individual to get paid.

If the engagement **is longer than 12 months or in excess of $25K**, the department should **initiate a shopping cart** and follow the same process for a new vendor. A/P sends out a questionnaire to the vendor to determine whether they should be paid as an independent contractor or employee. If they are deemed an independent contractor they would follow the process toward becoming a registered vendor and work with the University systems. Once registered, they can submit invoices. http://www.bu.edu/ap/resources/research-related-payments/

Employees vs Contractors (Registered Vendors or Individuals Consulting on Research)

What are the differences, how to choose   (if the faculty has not already decided)

- ❑ Advantages of using an **employee**
  - o you have more behavioral control, financial control, and throughout the process and you can give feedback
  - o You have insight into how the work is being performed and how the product or project is progressing
  - o It may save on cost depending on the nature of the work (if you need revisions- that may be billable for a vendor, vs an employee where you can guide the direction of the work since you're involved in the process)
- ❑ A few advantages of working with a **Contractor** (anyone external to the University –aka not an employee)
  - o Hands off Process: You provide your expectations and they deliver; they will most likely have a contract in place, and they produce a product.
  - o Their expertise may allow them to finish the project in less time and a produce a more professional product

Depending on perspective that may be considered a disadvantage of using a contractor: you have very little control over the final product-and you typically do not see the finished product till the end. A consultant would most likely have an hourly rate and could be more costly than using an internal employee. For example with a research assistant, you would have an ongoing relationship (likely over course of semester) with a lower hourly rate.

Types of Contractors: Registered Vendors vs Individuals Consulting on Research

- ❑ If your Faculty has already established a relationship with an individual that will not be hired through the payroll system- the next step is to determine whether the individual should be registered as a vendor, or should be paid as an ICOR.
  - o First, check if they are a registered vendor- have other faculty worked with them before. If they will be a multiple use vendors- have them register-
  - o If they will only be used once or twice and paid on a research account, a disbursement should be fine
    - o Understand the process about forms you would be filling out
    - o It might be a good idea to use the ICOR if the individual does not have a business-This engagement would need to be less than $25K

Study Subject Payments

If your Faculty is looking to give out money as part of a study, it is important they understand the correct way to do this. These are called Study Subject Payments- above a certain amount, these payments are taxable ($600) – so all payments must be recorded and probably reported. Faculty cannot give people their own money and then be reimbursed.

- ❑ There are three ways to pay for study subject payments:
  - o Gift cards
  - o Disbursement
  - o Petty Cash

Faculty must notify you In advance if they would like to give out study subject payments.

- ❑ For more information on study subject payments, please see additional reference guides:
https://www.bu.edu/paymentservices/files/2018/10/FAST-SHEET-Study-Subjects.pdf
https://questrompublish.bu.edu/toolkit/Forms_for_Admin_Tool_Kit_Financial/Petty_Cash_for_Subject_Payment.pdf

MTurk/Prolific/Online survey/study response platform

Since 2017 the only way to pay for access to these online platforms is via pcard. Payments for this expense cannot be reimbursed- unfortunately, there have been changes to this policy within the past several years, and there is no policy currently documented; communications from Travel have come via rejected expense reports.

Retroactive Processing: Reimbursement for Labor/ Work Already Performed

Because Sourcing/Accounts Payable make the ultimate determination whether an individual will be paid as an employee or as a vendor/contractor (and that the individual can in fact be paid by Boston University) - it is crucial that work is not performed until that determination takes place. If you receive any invoices or hire paperwork from your faculty, at that point, you can simply let them know that you will be looking into the next steps for processing with the appropriate department.

If the Faculty member has paid an individual for work performed and is asking you to process or approve a reimbursement, you can let them know you are not able to do this. They cannot be reimbursed for payment of labor. Labor is taxable and can only be paid through Payroll, or Accounts payable with the appropriate taxwithholdings held once they have ensured the individual has the necessary work authorization.

Next Steps/ Questions

- ❑ **Questions?**
  - o For questions about Vendors- contact Sourcing
  - o For questions about Individuals Consulting on Research- contact Accounts Payable
  - o For questions about Hiring-contact Questrom Finance and Administration
  - o For questions about Study Subject Payments- contact Accounts Payable