



Policy Name	Program Income
Policy Number	12000.009
Effective Date	January 5, 2016
Administrative Division	Division of Research and Federal Relations
Unit	Grants & Contracts

1.0 Policy Statement

The University will properly identify, record, monitor and report all Program Income generated during the performance period of the sponsored project. Any income resulting from the support of Federal funding will not be kept, unless explicitly authorized in the terms and conditions of the award notice. To ensure consistency, these same requirements are applicable to non-Federal awards.

2.0 Purpose

This policy is designed to outline the University's policy on the treatment of program income as defined in [Uniform Guidance Code §200.307](#) to ensure such income is accounted for in a manner outlined in the terms of the award. This is applicable to all University employees, departments and offices that are involved in the administration of sponsored projects.

3.0 Definitions

- 3.1 Program Income - Gross income earned by the University that is directly generated by a sponsored activity or earned as a result of the award during the period of performance. This income is reported as required according to the terms and conditions of the award notice.
- 3.2 Additive Method – Gross program income is added to total project award amount.
- 3.3 Deductive Method – Gross program income earned is deducted from total project allowable cost.

4.0 Additional Information

- 4.1 The Principal Investigator must identify the activity that will generate program income and its relationship to the award at the proposal stage.
- 4.2 When the source of funding is a sponsored award, examples of program income include the following:
 - Fees earned from services performed under the project, such as laboratory tests;
 - Sale of commodities, research materials, or items fabricated with project funds;
 - Fees from participants attending conferences or symposia;
 - Proceeds from the sale of software, tapes, or publications;
 - Income from registration fees, consulting, or sales of educational materials; and
 - Sale, rental, or usage fees, such as fees charged for the use of computing or laboratory equipment.

- 4.3 Program income does not include:
- Interest earned on advances of federal funds;
 - Rebates, receipt of principal on loans, credits, discounts, etc. or interest earned; or
 - License fees and royalties on research funded by a federal award.
- 4.4 Unless the sponsor/awarding agency regulations or the terms and conditions of the award document states otherwise, program income earned from license fees and royalties for copyrighted material, patents, patent applications, trademarks, and inventions are exempt from reporting requirements.
- 4.5 Program income earned during a project period shall be retained by the University and shall be treated using one of three methods:
- Additive - Program income funds are added to committed funds of the project by the awarding agency and recipient, thus increasing the amount of funds available to accomplish program objectives. The program income must be used for the purposes and under the conditions of the Federal award. Unless otherwise specified in the award, the additive method will be applied.
 - Deductive – If specified by awarding agency, program income will be deducted from total allowable costs to determine the net allowable costs reportable to the awarding agency. Program income must be used for current costs unless the Federal awarding agency authorizes otherwise. Total funds awarded to the project remain the same.
 - Cost Sharing - With prior approval of the awarding agency, program income may be used to meet cost sharing or matching requirements of the award. The amount of the award remains the same.
- 4.6 If the funding agency is silent on the treatment of program income, the additive method is generally used as the default approach for applying program income to research awards. Funds may be retained by the University and used to further program objectives, according to the terms and conditions of the award notice.
- 4.7 Expenditures that are posted against program income must be allowable and in compliance with the terms and conditions of the sponsored project.
- 4.8 The University is not required to report program income generated after the award end date unless otherwise specified in the terms and conditions of the award.

5.0 Employee Adherence

Employees are required to adhere to these guidelines. Willful disregard of this policy shall be considered non-compliance and may result in a formal reprimand up to and including termination. The information stated in this policy pertains and applies to applicable employees, departments and funding sources of the University.