

## Program Income

### POLICY STATEMENT

Principal investigators must identify and document program income on projects from both federal and non-federal sponsors in accordance with sponsor requirements. The nature of this income must be appropriately documented and the resulting revenue properly recorded.

Program income is gross income earned by the University directly generated by or earned as a result of a sponsored project. Examples of program income include:

1. Participant fees from hosted workshops, conferences, or symposia
2. Income from fees or services performed, such as laboratory tests
3. Money generated from the use or rental of equipment or real property purchased with project funds
4. Proceeds from the sale of commodities or items fabricated with project funds
5. Proceeds from the sale of software, tapes, or publications
6. Income from the sale of research materials such as tissue cultures or research animals
7. Sales of products with an accompanying material transfer agreement

Program Income does not include:

1. Interest earned on Federal funds advanced to the University
2. Receipt of principal on loans, rebates, credits, discounts, etc. or interest earned on them, unless otherwise specified in the award terms and conditions
3. Governmental revenues, such as taxes, special assessments, levies, fines, and other such revenues raised by a non-Federal entity, unless specifically identified in the award
4. Proceeds from the sale of real property, equipment or supplies

Unless the Sponsor's regulations or terms and conditions of the award provide otherwise, the University is not obligated to report program income earned from license fees and royalties for copyrighted material; patents; patent applications; trademarks and inventions.

The treatment of program income pertaining to federal grants is stipulated by the administrative requirements of the awarding agency. Similarly, non-federal sponsors may have terms and conditions that govern the treatment of program income.

Program income earned during a project period shall be retained by the University and will be accounted for by applying one of the three prescribed methods listed below, depending on policy, sponsor type, and/or terms and conditions of the award:

1. Addition: Program income is added to committed funds of the project by the awarding agency and recipient, thus increasing the amount available to accomplish program objectives (increase in available budget)

2. Cost Sharing or Matching: Program income is used to finance the costs of a project not borne by the sponsor (i.e., used to fulfill matching or cost sharing)
3. Deduction: Total funds available to the project remain the same and the funds generated through program income are deducted from the financial commitment of the sponsor (offset to sponsor's funding)

For research awards, the Addition method should be applied, unless the awarding agency indicates otherwise or the recipient is subject to special award conditions.

If the Addition method is used, Facilities and Administration Costs ("F&A") will be charged to funds containing program income at the same rate applied to the sponsored agreement generating the income. F&A should be taken into consideration when determining the registration fee, price of materials, etc.

As specified in Office of Management and Budget as part of [2 CFR 200.307\(f\)](#): "There are no Federal requirements governing the disposition of income earned after the end of the period of performance for the Federal award, unless the Federal awarding agency regulations or the terms and conditions of the Federal award provide otherwise."

Therefore, income earned after the end of the award period will be expended in accordance with university policies.