

Policy 50.4: Program Income

<i>Effective Date:</i>	July 1, 2012
<i>Last Updated:</i>	June 30, 2012
<i>Responsible Office:</i>	Office of Grants & Contracts Administration (GCA)
<i>Contact:</i>	Manager of Compliance and Control

Reason for Policy

Program income is defined as gross income earned by the recipient that is directly generated by a supported activity or earned as a result of the award.

Program income includes, but is not limited to, income from fees for services performed, the use or rental of real or personal property acquired under federally-funded projects, the sale of commodities or items fabricated under an award, license fees and royalties on patents and copyrights, and interest on loans made with award funds.

The purpose of this policy is to ensure the University's compliance with 2 CFR 215 (OMB Circular A-110) [Section C.24](#) in identifying, recording, treating and reporting program income.

Policy Statement

Program income must be identified, documented and reported to the federal government when earned on federal and federal pass-through projects, according to the award terms and conditions. Some non-federal agencies may also have requirements for identifying and tracking program income.

Program income may be used in one of three ways, as determined by the awarding agency:

1. **Additive:** Program income is added to funds committed to the project by the federal awarding agency and UNC Charlotte, thus increasing the amount available to accomplish project or program objectives (increase in available budget).
2. **Matching:** Program income is used to satisfy all or part of the non-federal share of the project or program (offset to cost sharing or matching). It must be used for costs during the project period unless the sponsor authorizes deferral to a later period.
3. **Deductive:** 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).

In some cases, the awarding agency may use a combination of methods, however for research awards the additive method will be applied unless the awarding agency indicates otherwise or the recipient is subject to special award conditions.

The Principal Investigator is responsible for working with research administration staff when program income is earned in order to properly record, expend, and report the income to the funding agency.

Procedures

If program income is anticipated at the time of proposal submission, this information must be included in the proposal submission.

When program income is not anticipated during the proposal preparation process but comes out of opportunities that occur during the life of the award, the PI is responsible for notifying GCA in order to establish a program income fund. Program income revenue must be deposited using **account code 103915- Program Contract Revenue**, and a copy of the cashier's deposit receipt must be sent to the Compliance and Control unit in GCA. When program income is available, it must be expended **first**, before using additional sponsor funds.

Most federal agencies identify the method for accounting for program income in the award notice or have default rules for accounting for program income. UNC Charlotte will use separate BANNER funds to account for program income and related expenses. The program income fund and the main grant fund will be linked in BANNER, and both funds will be included in financial reports to agencies. The financial status report submitted to the agency must include the aggregate amounts earned and spent.

For NIH awards under eSNAP (electronic Streamlined Non-competing Award Process), the amount of program income earned must be reported in the non-competing continuation progress report.

Regulations of the federal awarding agency or the terms and conditions of the award should be reviewed for any specific language regarding program income for your project. Unless otherwise required by the awarding agency, recipients shall have no obligation to the federal government to report program income earned after the end of the project period.

Exclusions/Exceptions

Income resulting from royalties or licensing fees is generally exempt from reporting as program income.

Failure to Comply

Failure to adhere to this policy may result in an A-133 audit finding.

Related Information

[2 CFR 215 \(OMB Circular A-110\) Section C.24](#)
[NIH Grants Policy Statement, Part II: Terms and Conditions of NIH Grant Awards](#)
[OMB Circular A-133](#)