Western Michigan University
Sponsored Projects Program Income Policy

Purpose

To summarize the handling and treatment of program income generated in whole or in part from sponsored projects funded by various agencies and to establish procedures with regard to the accountability of program income. The federal government through Code of Federal Regulations Title 2: Grants and Agreements Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2CFR Part 200).

Definition

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

Program Income

The following are some examples of program income:

- fees for services such as laboratory drug testing and conference fees;
- proceeds from sale of equipment or supplies purchased or constructed with grant funds if title does not vest in the grantee;
- usage or rental fees charged for use of facilities or equipment purchased with grant funds such as computer use charges or copy charges;
- funds generated by the sale of commodities such as sale of tissue cultures, cell lines or research animals;
- third party patient reimbursements for hospitals or other medical services where such reimbursement occurs because of the grant supported activity; and
- patent or copyright royalties; and funds generated by the sale of educational materials, including curricula and software. Although considered program income, they are not reportable as program income unless the terms and conditions of the award indicate otherwise.

Program income does not include:

- patient care credits;
- interest earned on advances of federal funds;
- receipt of principal on loans, credit, discounts, etc. or interest earned on them; and
- taxes, special assessments, levies, and fines raised by government recipients.

Estimating Program Income for Proposals

The Principal Investigator is responsible for identifying actual and potential program income at the proposal stage. Some proposal applications provide a separate section for outlining anticipated program income. If this information is required, the Principal Investigator should discuss first with Research and Sponsored Programs and if, necessary they will contact the sponsor as to whether the funded activities might generate program income and whether it will be reportable.

Treatment of Program Income

Treatment of program income (the appropriate use and reporting) shall be in accordance with the awarding agency’s requirements. Common treatment alternatives include:
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- **Additive Method** – Program income is used to supplement the awarding agency’s funds to continue program objectives.

- **Matching Method** – Program income is used to finance the non-federal portion of the program; to satisfy all or part of a matching requirement.

- **Deduction Alternative** – Program income is used to reduce the agency’s share of the total allowable program costs.

Unless specified by the awarding agency, the University shall have no obligation to the Federal government or other awarding agency regarding program income after the end of the project period. Treatment of program income varies by agency. The Principal Investigator should contact the Grants and Contracts Office to determine the appropriate treatment of program income.

**Use of Program Income**

In general, sponsors require program income revenue to be used before sponsor funds. Program income must be utilized in a manner that is allocable, allowable, and reasonable to the project. Expenses that are unallowable on the sponsored project are also unallowable as program income.

**Reporting Program Income**

Program income, in accordance with specific agency requirements, is reported to the sponsoring agency on financial reports prepared periodically by the Grants and Contracts Office. **Note:** while all program income must be sent to Grants and Contracts for recording, not all program income must be reported to the sponsor.

**Assistance**

If it is anticipated that program income will be generated on a sponsored project or you need further information on the handling and treatment of program income, you should contact the Grants and Contracts Office.

**Sources of Federal Guidelines**


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Grants and Contracts Office