PROGRAM INCOME IN SPONSORED PROJECTS POLICY

Statement of Policy: The purpose of this policy is to establish guidelines with regard to the accountability of program income on externally funded sponsored projects as noted in the Code of Federal Regulations Title 2: Grants and Agreements Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR Part 200).

Summary of Contents/Major Changes: Moved policy to template.

Responsible Office and Responsible Enforcement Official: The Vice President for Research office is in charge of monitoring, enforcing, and revising the policy. The Associate Vice President for Research is the individual within that office who will be performing those functions.

Classification:

☐ Board of Trustees Policy
☒ Board-delegated Policy

Categories:

Research and Intellectual Property

History:

a. Effective date of current version: Oct. 1, 2018
b. Date first adopted: July, 2016
c. Revision history: Feb, 2018
d. Proposed date of next review: Oct, 2021
1. **Purpose of Policy**
   The purpose of this policy is to establish guidelines with regard to the accountability of program income on externally funded sponsored projects as noted in the Code of Federal Regulations Title 2: Grants and Agreements Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR Part 200).

2. **Stakeholders Most Impacted by the Policy**
   This policy applies to all faculty engaged in research, projects, activities conducted under the auspices of Western Michigan University whether the activities are conducted on or off campus.

3. **Key Definitions**
   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.

4. **Full Policy Details**
   4.1. The following are some examples of program income
      4.1.1. fees for services such as laboratory drug testing and conference fees;
      4.1.2. proceeds from sale of equipment or supplies purchased or constructed with grant funds if title does not vest in the grantee;
      4.1.3. usage or rental fees charged for use of facilities or equipment purchased with grant funds such as computer use charges or copy charges;
      4.1.4. funds generated by the sale of commodities such as sale of tissue cultures, cell lines or research animals;
      4.1.5. third party patient reimbursements for hospitals or other medical services where such reimbursement occurs because of the grant supported activity; and
      4.1.6. 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.

   4.2. Program income does not include:
      4.2.1. patient care credits;
      4.2.2. interest earned on advances of federal funds;
      4.2.3. receipt of principal on loans, credit, discounts, etc. or interest earned on them; and
      4.2.4. taxes, special assessments, levies, and fines raised by government recipients.

   4.3. **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.

   4.4. **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:

4.4.1. Additive Method – Program income is used to supplement the awarding agency’s funds to continue program objectives.

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

4.4.3. 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

4.5. 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.

4.6. 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.

4.7. 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.

5. Accountability

6. Related Procedures and Guidelines

7. Additional Information

8. FAQs

Related Policies:
OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Circular 2 CFR 200

References:

CERTIFIED BY: DIRECTION OF
Board of Trustees, President, or VP