Section 7.1.4: Program Income

PURPOSE AND POLICY

Program income (PI) is regulated under Uniform Guidance §200.307 and is defined as "gross income earned by a recipient that is directly generated by a sponsored activity or earned as a result of the award." Subrecipients who generate program income as a direct result of their subaward must report program income and program expenditures. Some examples of PI include income from services or products, lease/sale of property and revenue from intellectual property. Industry-specific income may be generated and otherwise regulated as well. A module for tracking PI and expenditures is being developed for the eCivis Subrecipient Manager (SRM).

Most subaward agreements have three methods for accounting for and expending PI:

> **Deduction**. Under this method, PI is deducted from the allowable costs in the subgrant (reducing the amount of the federal award). This method keeps the total amount of the program the same.
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> **Addition*.*** In some cases, the subaward agreement will allow for PI to be added to the total award, increasing the amount of funding for the program or project. Adding program income to the award total requires prior approval from the federal funding agency. The PI funds must be used for the purposes included in the subaward agreement.
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> **Cost sharing or matching**. Some subaward agreements are structured to allow PI to be used to meet the cost sharing or matching requirement of the subgrant. The total amount of the subaward remains unchanged.

If any part of the award includes federal funding, grant program managers will want to check with the federal funding agency to make sure the federal program allows for program income. If the funded program or project will generate PI, the grant program manager must ensure the subaward agreement is structured according to the reporting and expenditure requirements of the federal funding agency and in compliance with Uniform Guidance.