



Florida Agricultural and Mechanical University
Division of Research
Office of Sponsored Programs

INTERNAL OPERATING MEMORANDUM

Memorandum No. 16A.012

Subject:	Review and Approval of Program Income	
Authority:	Sections 1001.74 and 1001.75, Florida Statutes	Date: 12/04/2015
Related References	2 CFR 200.80, Uniform Guidance (Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards)	
Purpose	The purpose of this procedure is to provide guidance to the University regarding the treatment of program income for sponsored agreements.	
Signature of Approving Authority		

1.0 GENERAL INFORMATION

Non-Federal entities or grant recipients are encouraged to earn income to defray program costs where appropriate. Income generated on sponsored projects during the project period is reportable per Uniform Guidance. Program income is gross income earned by the recipient that is directly generated by a supported activity or earned as a result of the award. Except otherwise provided in regulations of the Federal agency, certain income may not be required to be reported to federal sponsors, but all program income is required to be reported to FAMU financial officers. Interest earned on advances of Federal funds is not program income. Program income does not include: revenue generated through programs funded by sources other than sponsored projects; proceeds from the sale of real property, equipment, or supplies; income earned from license fees and royalties for copyrighted material, patents, patent applications, trademarks, and inventions made under a Federal award to which 37 CFR part 401, "Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Awards, Contracts and Cooperative Agreements" is applicable. Program income generated or fabricated during the project performance period includes but is not limited to:

- Charges for research resources;
- Fees for services performed, such as laboratory fees;
- Fees for the use or rental of real or personal property acquired under Federal awards;
- Interest on loans made with award funds;
- Principal and interest on loans made with Federal award funds;
- Registration fees for participating in a conference;
- Sale of supplies or equipment purchased or fabricated with project funds;
- Sale of software, tapes or publications; and
- The sale of commodities or items fabricated under a Federal award.

2.0 DEFINITIONS

- 2.1 **Program Income** means gross income earned by the non-Federal entity that is directly generated by a supported activity or earned as a result of the Federal award during the period of performance except as provided in §200.307 paragraph (f). Program income that is generated after the time period of the award does not need to be reported to the sponsor unless otherwise specified. Except as otherwise provided in Federal statutes, regulations, or the terms and conditions of the Federal award, program income does not include rebates, credits, discounts, and interest earned on any of them.
- 2.2 **Period of performance** is the time between the effective date and the ending date of the award. This is considered Reportable Program income which is generated while a project is active, and must be reported on the Financial Status Report of the primary grant or contract.
- 2.3 **Use of Program Income** per 2 CFR 200 Uniform Guidance, program income earned during the project period shall be retained by the recipient and, in accordance with Federal awarding agency regulations or the terms and conditions of the award, shall be used in one or more of the ways listed in the following:
- Additive method - Authorized program income may be added to the funds committed to the grant agreement by the Federal agency and the grantee to further eligible project or program objective(s).
 - Cost Sharing or matching - When authorized, program income may be used to meet the cost sharing or matching requirement of the grant agreement. The amount of the federal grant awards remains the same.
 - Deduction - Program income shall be used to reduce from the total project or program allowable cost awarded by the federal agency and grantee contributions rather than to increase the funds committed to the project.
 - If an alternative use of the above is desired, then approval from the sponsor is required.

3.0 RESPONSIBILITIES

- 3.1 **Principal Investigator (PI)** is responsible for following the program income guidelines as specified in the awarded agreement and compliance with institutional policies and procedures.
- 3.2 **Department/College/School** administrators are responsible for assisting PIs with the monitoring of program income for financial reporting.
- 3.3 **Office of Sponsored Programs (OSP)** is responsible for reviewing and approving program activities, setting up the program income project, and ensuring funds are accounted for separately from the award funds.
- 3.4 **Office of Continuing Education (OCE)** is responsible for the collection of revenue generated from program income, and other University funds or resources and/or the use of the University's name as sponsor, co-sponsor or host as a continuing education program.
- 3.5 **Office of Controller's Office (OC)** is responsible for ensuring funds are properly receipted in the program income project.
- 3.6 **Office of Contracts and Grants (OCG)** is responsible for reporting program income on the financial status report based on the award terms and conditions.
- 3.7 **Office of Organizational Development and Training (OODT)** is responsible for the development and coordination of training on regulatory requirements for all individuals with responsibilities in the review and approval of program income on sponsored projects, including but not limited to PIs, OSP staff, C&G staff and grant administrators.

4.0 PROCEDURES

4.1 PRINCIPAL INVESTIGATOR

- Determines the need for a program income activity and immediately contacts the OSP for review and approval.
- If PI believes program income will be generated during the project, he/she should answer 'yes' on the proposal transmittal form.
- Program income activities proposed after an award is received requires prior written agency approval.
- Disclose in the proposal whether anticipated program income may result from the project. Program income information should be included in the proposal budget justification for inclusion of required program income statement at the pre-award stage.
- If multiple projects or grants will be involved, the PI must provide an estimated percentage of costs associated with the program income generated for each project/grant.
- Provide a detailed budget and justification of how program income will be used in accordance with sponsor requirements.
- PI must identify and document program income generated on projects from both federal and non-federal sponsors, if applicable, in accordance with sponsor requirements and institutional policies and procedures.
- PI should identify any non-federal source of funds used to produce program income.
- PI must provide a fee-structure or source of funds for the expected or actual amount of income to be generated.
- Disclose program income received during the course of the project if not accounted for in the proposal.
- Contact the OSP and OCE immediately upon initiating a program income activity.
- Complete the OCE Planning Authorization Request (PAR) and obtain proper authorization for the program from the respective dean (for academic programs) or director (for non-academic programs).
- Submit the fully executed PAR to the OCE.
- PI or department representative must schedule a meeting with the director of the OCE to review proposed program details and create a preliminary budget if registration fees will be collected.
- Track and confirm program income for reporting.
- Inform OSP if income is expected following the end of the sponsored project.
- Maintain program income documentation.

4.2 DEPARTMENT/COLLEGE/SCHOOL administrators are responsible for assisting PIs with the monitoring of program income for financial reporting.

- Providing assistance to PI in the monitoring of program income for proper reporting and adherence to institutional policies and procedures.
- Providing assistance to PI in administrative duties, such as invoicing, receiving funds, and recording program income.
- Maintaining documentation.

4.3 OFFICE OF SPONSORED PROGRAMS

- Reviews and approves program income budget during the pre-award stage.

- Add funds to program income project based on deposit receipt from the OCE.
- Review expenditures based on approved budget per terms receipt(s) and conditions of award.
- Set-up the program income project and generate project with the associated prime award in iRattler Financials.
- Confirm that program income has been recorded properly and correctly in financial reports.
- Monitor PI and department on invoicing, receiving funds, and recording.
- Determine if use of program income is allowable.
- At close out, confirm any outstanding program income issues have been addressed and resolved.
- If the program income is determined not to be accountable under the Uniform Guidance, establish a restricted fee project for the funds to be deposited.
- Maintain documentation.

4.3 OFFICE OF CONTINUING EDUCATION

- Review Program Authorization Request (PAR) and make recommendation to the provost for approval.
- Upon program completion, receive program summary from PI/department representative.
- Receipt all income generated from approved programs.
- Charge 15% processing fee for all program income and auxiliary accounts.
- Correctly deposit the remaining 85% funds collected into the program income project through the Office of the Controller.
- Provide copy of deposit receipt to PI/departmental representative and the OSP.
- Maintain documentation.

4.4 OFFICE OF THE CONTROLLER

- Correctly receipt the program income and deposit in project.
- Deposit receipt is forwarded to OCG.
- Maintain documentation.

4.5 OFFICE OF CONTRACTS AND GRANTS

- Confirm that program income has been recorded properly and correctly in financial reports.
- Determine if program income should be reported to the sponsor and report if required.
- If the program income is determined not to be accountable under the Uniform Guidance, then the income may be deposited in a restricted fee project established through the OSP.
- Reports the program income on the financial status report.
- At close out, confirm any outstanding program income issues have been addressed and resolved.
- Maintain documentation.

4.6 OFFICE OF ORGANIZATIONAL DEVELOPMENT AND TRAINING)

Advancement and coordination of training on regulatory requirements for all individuals with responsibilities in the review and approval of program income associated with sponsored projects, including but not limited to PIs, OSP staff, OCG staff and grant administrators.

5. RECORDS

The appropriate record retention guidelines should be followed for the retention and disposition of documents. Generally, documentation should be maintained for three years following the submission of the final financial report unless sponsoring agency requires it to be maintained for a longer time period.