

<u>Policy # 15</u>	
SUBJECT:	Program Income
DATE ISSUED:	July 1, 2021
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REFERENCES: Public Law (P.L.) 113-128 WIOA Sec. 184 (a)(3), Sec. 184 (a), Sec. 194 (7)(A) - (B), Sec. 194 (13)(A-C); Title 2 of the Code of Federal Regulations (CFR) Part 200: Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards - Part 200.80, Part 200.307, Part 200.327; 2 CFR Part 2900 - DOL exceptions; TEGL 15-14; 20 CFR Part 683.200 Subpart B - general fiscal and administrative rules that apply to WIOA Title I funds; One-Stop Comprehensive Financial Management TAG Part II; State Compliance Policy (SCP) 3.10

ACTION: This policy provides guidance and set forth standards for the use of program income on programs funded under Title I of the Workforce Innovation and Opportunity Act (WIOA).

WDB-KC must ensure that sub-recipients are aware that all program income must be accounted for and reported in compliance with Federal statutes, State and local laws and regulations. Subrecipients must establish and maintain an effective internal system of control that provides reasonable assurance that the sub-recipient is managing awarded WIOA Title I funds in compliance with Federal, State, local laws and regulations and the terms and conditions of the sub-award agreements.

I. Program Income - General Provisions

Program income means gross income earned by the recipient or sub-recipient directly generated by a WIOA Title I grant-supported activity or earned only as a result of the grant award during the period of performance.

Sub-recipients are allowed to retain program income only if it is added to the funds committed to the particular WDB-KC award/grant and if such income is used toward the award/grant purposes. Any income received by a sub-recipient, in excess of costs, should be used to defray the Federal share of the program cost.

If an organization earns or receives revenue in excess of its costs under a WIOA Title I program/project (adult, dislocated workers, youth), that revenue is to be treated as program income. This provision does not apply to commercial for-profit entities. The sub-award period is defined as the time between the effective date of the sub-award and the ending date of the sub-award reflected in the financial report.

Program Income – Methods of Treatment

1. Deduction – Program income is deducted from total allowable costs to determine the net allowable costs. Program income shall be used for current costs unless the Federal agency authorizes otherwise. Program income which the grantee did not

anticipate at the time of the award shall be used to reduce the Federal agency and grantee contributions rather than to increase the funds committed to the project.

2. Addition – Program income is added to the funds committed to the grant agreement by the Federal agency and the grantee. The program income shall be used for the purposes and under the conditions of the grant agreement.

A. Program Income Inclusions

1. Fee for Services: Income from fees charged for services (shall not be from participants services);
2. Use or Rental Fees: Income from the use or rental of personal property acquired with grant funds or borrowed;
3. Sale of Products: Income from the sale of goods constructed under a grant agreement;
4. Interest Income:

- a) Income earned from the interest paid on grant funds is treated differently for WIOA Title I programs than for most other Federal grant programs and ETA-funded required partner programs such as Wagner-Peyser. Both the Act and the regulations specify that interest earnings are to be treated as program income and are subject to the rules applying to program income referenced in 2 CFR Part 200;

These rules apply to all programs funded under Title I of the WIOA, including adult, dislocated worker, and youth. If an organization receives funds under both Title I programs and non-Title I programs, the recipient/sub-recipient is responsible for identifying the proportionate share of any interest earnings attributable to each type of program.

- b) Sub-recipients shall maintain any income earned in an interest-bearing account, unless the following applies:
 - 1) Sub-recipient receives less than \$120,000.00 in Federal awards per year; or
 - 2) The best reasonably available interest-bearing account would not be expected to earn interest in excess of \$250.00 per year on Federal cash balances; or
 - 3) The depository would require an average or minimum balance so high that would not be feasible with the expected cash resources.

B. Program Income Exclusions

1. Applicable Credits: Reductions to grant costs as a result of refunds, rebates, credits, discounts, or the interest earned on them;
2. Sale of property: Proceeds from the sale of real or personal property;
3. Royalties: Income from royalties and license fees for copyrighted material, patents, and inventions developed by a sub-recipient. This income is considered program income only if specifically identified as such in the grant agreement or Federal agency regulations.

4. Income earned after the grant period has ended: The recipient/sub-recipient is not accountable for income earned after the end of the grant award period.
5. Donations and Fundraising: Donations and contributions are voluntarily given to the recipient/sub-recipients. As they are not generated by the use of grant funds, such revenues do not constitute program income;
Although costs of organized fundraising are unallowable, in the event that award funds were used to support in any way a fundraising activity, all funds raised as a result of the activity would be considered as program income.