

# Sponsored Projects – Program Income Guidelines

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## 1. Purpose

These guidelines provide Principal Investigators (PIs) and administrative support with the requirements for identifying, managing, and using program income in compliance with federal regulations and sponsor-specific terms and conditions.

Program income must be properly identified, recorded, used, and reported to ensure compliance with 2 CFR §200.307 and applicable sponsor requirements.

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## 2. Definition of Program Income

Program income is defined under 2 CFR §200.1 and §200.307 as gross income earned during the period of performance that is directly generated by a sponsored project or earned as a result of that project.

### Examples of Program Income

Program income may include:

- Fees for services performed
- Rental or use of real or personal property acquired under federal awards
- Sale of commodities or items fabricated under an award
- License fees and royalties from patents and copyrights (typically managed through the Office of Technology Commercialization)
- Principal and interest on loans made with federal award funds

### Not Considered Program Income

- Rebates, credits, or discounts
  - Interest earned on federal fund advances (unless otherwise specified)
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## 3. Key Requirements

### 3.1 Identification and Disclosure

- PIs are responsible for identifying potential program income at proposal stage and during the life of the award
  - All program income must be disclosed to the Office of Sponsored Projects (OSP) and tracked by Grant Management Accounting (GMA)
  - Failure to identify program income may result in noncompliance or disallowed costs
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### 3.2 Allowable Use

Program income must:

- Be used for allowable, allocable, and reasonable project-related costs
  - Be used in accordance with sponsor terms and conditions
  - Not be used for unrelated activities or transferred to other projects
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### 3.3 Methods of Application

In accordance with 2 CFR §200.307(e), the sponsor will specify how program income must be used.

The three standard methods are:

1. **Additive Method** – Added to project funds to further project objectives
2. **Deductive Method** – Reduces sponsor funding
3. **Matching Method** – Applied toward cost sharing

If the method is not specified, the default federal method is the additive method unless otherwise directed by the sponsor.

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### 3.4 Financial Management and Tracking

- Program income must be tracked separately from the primary award
  - All income and expenditures must be accurately recorded in the financial system
  - Documentation must support:
    - Source of income
    - Amount earned
    - Use of funds
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### 3.5 Reporting Requirements

- Program income must be reported in accordance with sponsor requirements
- Reporting may include:
  - Federal Financial Reports (FFR)
  - Invoices or financial statements
  - Proper acknowledgment of the prime sponsor in publications, presentations, or other materials supported by program income generated under the award

Failure to properly manage report program income may result in:

- Disallowed costs
  - Reduction of funding
  - Repayment obligations
  - Audit findings or increased oversight
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### 3.6 Period of Performance

- Program income earned during the period of performance is subject to these guidelines
- Program income must be reconciled and reported prior to award closeout

#### Post-Award Income

- Program income earned after the award end date:
    - Is not subject to federal program income requirements, unless explicitly stated in the award
    - Is managed in accordance with institutional policies for unrestricted or discretionary funds
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## 4. Roles and Responsibilities

#### Principal Investigator (PI)

- Identify and disclose program income
  - Ensure compliance with sponsor and institutional requirements
  - Maintain appropriate documentation
  - Coordinate with OSP and GMA for proper handling and reporting
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#### Administrative Support

- Assist with tracking and documentation
- Support coordination with OSP and GMA

- Support financial monitoring and reporting
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#### **Office of Sponsored Projects (OSP)**

- Provide guidance on sponsor requirements
  - Assist in determining reporting obligations
  - Ensure compliance with award terms
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#### **Grant Management Accounting (GMA)**

- Establish appropriate financial tracking
  - Ensure accurate accounting and reporting
  - Support compliance with financial requirements
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### **5. Quick Reference for PIs**

To remain compliant:

- **Identify** program income early
  - **Disclose** it to OSP/GMA
  - **Track** it separately
  - **Use** it only for allowable project costs
  - **Follow** sponsor rules on how it must be applied
  - **Report** it only if required—but always track it
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### **6. Regulatory Framework**

Program income must be managed in accordance with:

- 2 CFR §200.307 – Program Income
- 2 CFR §200.403 – Factors Affecting Allowability of Costs
- 2 CFR §200.405 – Allocable Costs

In addition, sponsor-specific requirements apply, including but not limited to:

- National Institutes of Health (NIH GPS – Program Income)
- National Science Foundation (NSF PAPPG)
- Department of Energy (DOE Financial Assistance Regulations)
- Department of War (DOW Grant and Agreement Regulations)

When sponsor guidelines differ from federal regulations, the terms of the award take precedence.

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