

GRANT PROCEDURES – PROGRAM INCOME

SUMMARY

The purpose of this policy is to establish procedures on how to account for and administer program income attributed to a federal, state, and local or private grant awarded to Miami-Dade County.

PROCEDURE

Program income is the gross income earned by the recipient or subrecipient(s) (i.e., non-federal entity) directly generated by a supported activity or earned as a result of the award during the period of performance.

Program income includes, but is not limited to income from:

- (a) fees for services performed,
- (b) the use or rental of real or personal property acquired under the award,
- (c) the sale of commodities or items fabricated under an award,
- (d) license fees and royalties on patents and copyrights, and
- (e) principal and interest on loans made with award funds.

If authorized by federal regulations or the award, costs incidental to the generation of program income may be deducted from gross income to determine program income, provided these costs have not been charged to the award.

Except as otherwise provided in federal statutes, regulations, or the terms and conditions of the award, program income does not include:

- (a) interest earned on advances of grant awards,
- (b) governmental revenues such as taxes, special assessments, levies, fines, and other such revenues raised by the non-federal entity, unless the revenues are specifically identified in the federal award or federal awarding agency regulations as program income,
- (c) proceeds from the sale of real property, equipment, or supplies (refer to the Property Standards sections of the Uniform Guidance for the requirements of disposition for these items, or as specifically identified in federal statutes, regulations, or the terms and conditions of the federal award,
- (d) rebates, credits (applicable credits are defined as the receipt or reduction-of-expenditure type transactions that offset or reduce expense items allocable to the federal award as direct or indirect costs), and discounts, and interest earned on any of them.

As federal agencies have codified and made specific amendment (i.e., exceptions) to their adoption of the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for federal Awards (i.e., 2 CFR 200), County Departments managing federally funded grants must locate the applicable regulations (e.g., HHS adoption of 2 CFR 200, with amendments, is codified

in 45 CFR 75) and also refer to the grant's Notice of Award/grant agreement for grant specific requirements related to the use of program income.

Unless otherwise specified in its regulations or the terms and conditions of the award, grant recipient departments must use program income by applying the deduction option described below unless prior approval is received from the awarding agency to use as addition, cost sharing or matching.

- (a) Deduction. Ordinarily program income must be deducted from total allowable costs to determine the net allowable costs. Program income must be used for current costs unless the awarding agency authorizes otherwise.
- (b) Addition. With prior approval of the awarding agency, program income may be added to the award by the agency and grant recipient department. The program income must be used for the purposes and under the conditions of the award.
- (c) Cost sharing or matching. With prior approval of the awarding agency, program income may be used to meet the cost sharing or matching requirement of the award. The amount of the award remains the same.

With limited exceptions, program income earned by a commercial organization may not be used to further eligible project or program objectives.

Income after the period of performance. For federal awards, there are no federal requirements governing the disposition of income earned after the end of the period of performance for the federal award, unless the federal awarding agency regulations or the terms and conditions of the federal award provide otherwise. The federal awarding agency may negotiate agreements with recipients regarding appropriate uses of income earned after the period of performance as part of the grant closeout process. For all other awards, grant recipient department must follow the terms and conditions of the award.

References:

Title 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards

CONTACT(S):

Department/Division

Office of Management and Budget