

Program Income on Sponsored Programs

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About This Policy

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Responsible University Office:

Office of Research Administration

Responsible University Administrator:

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Related Information

* [OMB Circular A-110](#)* [NIH Grants Policy Statement](#)* [NSF Policies](#)

Scope

Policy Statement

Reason For Policy

Procedure

Definitions

Sanctions

History

[Back to top](#) ↗

Scope

This policy applies to all Indiana University faculty and staff involved in the fiscal operations and administration of sponsored programs with program income.

[Back to top](#) ↗

Policy Statement

It is the policy of Indiana University that the any program income on sponsored programs be appropriately identified, documented, expended and reported according to the terms and conditions of the sponsored program such as to comply with best practices, Office of Management and Budget Circular A-110, Section 24, and other specific sponsor requirements, as applicable.

[Back to top](#) ↗

Reason For Policy

This policy is to provide guidance for the identification, documentation, expending and reporting of program income on sponsored programs.

[Back to top ↗](#)

Procedure

Program Income must be identified, documented, and reported to the sponsor when earned according to the terms and conditions of the sponsored project. Generally, Program Income may be used in one of three methods, as determined by the awarding agency:

Added to funds committed to the project by the awarding agency and IU and used to further eligible project or program objectives. Used to finance IU's share of the project or program (cost-share). Deducted from the total project or program allowable cost in determining the net allowable costs on which the sponsor's share of costs is based.

In some cases the awarding agency may use a combination of methods. The principal investigator is responsible for working with the departmental fiscal officer and Office of Research Administration (ORA) when Program Income is earned in order to properly record, expend and report the income to the funding agency.

For grants with multiple non-competing segments, departments should detail the earned and expended Program Income on the appropriate forms for the non-competing continuation request.

If Program Income is anticipated at the time of proposal submission, this information must be included in the proposal submission. Any questions regarding this process should be directed to ORA.

When Program Income is not anticipated during the proposal preparation process and arises out of opportunities that occur during the life of the award, the principal investigator is responsible for notifying the departmental fiscal officer and ORA in order to establish the Program Income account. Program Income revenue must be deposited according to the requirements of Treasury policy VI-120.

Most agencies identify the method for accounting for Program Income in the award notice, or have default rules for accounting for Program Income. ORA uses separate accounts to house Program Income and related expenses. The Program Income account and the main grant account are linked in the FIS and both accounts are included in financial reports to agencies. The Financial Status Report submitted to the agency must include the aggregate amounts earned and spent

Regulations of the awarding agency or the terms and conditions of the award should be reviewed for any specific language regarding Program Income for the project. Unless otherwise required by the awarding agency, recipients shall have no obligation to report Program Income earned after the end of the project period.

ORA has long held a practice of setting up separate accounts to track program income. In order to further delineate program income accounts for the annual A-133 audit process, program income accounts will now be set up in the 55 account series, sharing the same last 5 digits as the main grant account.

The account title will list the federal sponsoring agency, the grant number and the word "Income". The ORA account administrator will link the income account to the main account in the Financial Information System for financial reporting purposes. Departments should detail the earned and expended program income on the appropriate forms for the non-competing continuation request.

Awards under NIH Expanded Authorities are given the following additional requirements:

Treatment of program income will be stated in the NIH Notice of Grant Award. Program income is to be reported on the Financial Status Report (SF-269), Long Form by C&G. For awards under the Simplified Non-competing Application Process (SNAP), the amount of program income earned must be reported in the non-competing continuation request and the amount expended reported on the Financial Cash Transactions Report (SF-272). The Financial Status Report for the competing segment must include the aggregate amounts earned and spent.

[Back to top ↗](#)

Definitions

Program Income: Defined in Federal OMB Circular A-110, "Uniform Administrative Requirements for Grants and Other Agreements with Institutions of Higher Education, Hospitals, and Other Nonprofit Organizations" as gross income earned by the recipient that is directly generated by a supported activity or earned as a result of the award. Program Income includes, but is not limited to, income from fees for services performed, the use or rental of real or personal property acquired under federally-funded projects, the sale of commodities or items fabricated under an award, license fees and royalties on patents and copyrights, and interest on loans made with award funds. While all other Program Income is reportable, income earned from license fees and royalties for copyrighted materials, patents, patent applications, trademarks and invention is not reportable.

[Back to top ↗](#)

Sanctions

Failure to adhere to the principles and processes in this policy may result in the requirement to use non-sponsored program funds to cover program income obligations.

History

Replaces:

III-110 “Policies Related to Contract and Grant Administration: Program Income” Important Notice 00-6 “Program Income”