Contract and Grant Accounting Policy 10 Program Income

The University Of North Carolina at Greensboro

Approved by Paul Forte, Interim AVC for Finance, August 4, 2021

Revised August 4, 2021

1. Purpose/Introduction

Program income must be identified, appropriately documented, and the resulting revenue and expenses properly recorded and accounted for to ensure compliance with sponsor award terms and conditions. As a nonprofit institution, the University’s mission is not to seek profit from its research activities; therefore, not properly accounting for program income on sponsored awards may potentially affect the University’s tax-exempt status.

2. Scope

This policy provides guidelines for the establishment and management of program income generated by externally sponsored projects. This policy is inclusive of all sponsored activities funded externally at the University. This guidance is applicable to all Principal Investigators (PIs) and administrators at UNC Greensboro within all schools, units, divisions, University-wide initiatives, labs, and centers who are involved with the administration and conduct of sponsored awards.

3. Definitions and Roles and Responsibilities

3.1 Definitions

Program Income – The Office of Management and Budget (OMB) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Section 2 CFR 200.307 (“Uniform Guidance”) defines program income as "gross income earned by a recipient that is directly generated by a sponsored activity or earned as a result of the award.”

Examples of program income include the following when the source of funding is a sponsored award or the revenue is directly generated by a sponsored activity (note that royalties from patents, copyrights, etc. are generally not reportable as program income):

- fees earned from services performed under the project, such as laboratory tests
- income generated from sales of commodities and research materials, such as tissue cultures, cell lines, and research animals
- registration fees from participants attending a conference or workshop
- income from the sale of educational materials
- sale, rental, or usage fees, such as fees charged for the use of computing or laboratory equipment
- income generated from the sale of software, digital media, or publications

3.2 Roles and Responsibilities

The Principal Investigator is responsible for:
- Identifying and including any anticipated program income in the proposal submission
- Notifying Contract and Grant Accounting if program income, while not anticipated prior to proposal submission, arises out of opportunities that occur during the time of the award
- Working with research administration staff when program income is earned in order to properly record, expend, and report the income to the funding agency
- Depositing and tracking program income appropriately

Contract & Grant Accounting is responsible for:
- Assisting in establishing the proper method of accounting for the income
- Reporting program income to the sponsor in accordance with specific agency requirements

4. Policy

Program income must be identified, documented, and reported to the federal government when earned on federal and federal pass-through projects, according to the award terms and conditions. Some non-federal agencies may also have requirements for identifying and tracking program income.

Program income may be used in one of three ways, as determined by the awarding agency:

Additive: Program income is added to funds committed to the project by the awarding agency and UNC Greensboro, thus increasing the amount available to accomplish projects or program objectives (increase in available budget).

Matching: Program income is used to satisfy all or part of the non-sponsored share of the project or program (offset to cost sharing or matching). It must be used for costs during the project period unless the sponsor authorizes deferral to a later period.
Deductive: Total funds available to the project remain the same, and the funds generated through program income are deducted from the financial commitment of the sponsor (offset to sponsor’s funding).

The awarding agency may use a combination of methods; however, for research awards the additive method will be applied unless the awarding agency indicates otherwise, or the recipient is subject to special award conditions.

In most cases, a separate account should be established to house program income. This allows CGA to submit reports on program income easily, auditors to review program income for compliance with regulations, and allows PI/PDs to utilize their program income funds (where allowable) to maximum advantage.

5. Compliance and Enforcement

Contract & Grant Accounting is responsible for ensuring compliance with this policy.

6. Additional Information

6.1 Supporting Documentation

- Program Income Definition: Uniform Guidance 200.80
- Program Income Accounting Guidelines: Uniform Guidance 200.307
- NSF Program Income Policy: Financial Requirements, Section D

6.2 Approval Authority

This policy will be approved by the Interim Associate Vice Chancellor for Finance.

6.3 Contacts for Additional Information

- Responsible Executive: William Walters, Director, Contract & Grant Accounting, (336)334-5824, wdwalter@uncg.edu