

This policy documents the GBPLD procedures for identifying and handling **program income** generated from activities funded by a federal award. GBPLD accurately identifies, tracks, uses, and reports program income generated, as a result of federal award activities, according to the federal requirements in [2 CFR 200.307](#).

This policy also documents GBPLD procedures for handling **interest income** earned on federal award funds. GBPLD complies with the requirements for interest income described in [2 CFR 200.305](#).

Definitions

- **Program Income-** The gross income earned by a recipient or subrecipient that is directly generated by a supported activity or earned as a result of the grant during the grant's period of performance.
- **Interest Income-** Interest earned on advance payments from a federal award.

Program Income

- **Identification**

The Director of Grants will determine which activities on the award may generate program income and consult with program staff when determining the inclusion of program income in a grant proposal.

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 federal awards, the sale of commodities or items fabricated under a federal award, license fees, and royalties on patents and copyrights, and principal and interest on loans made with federal award funds.

Except as otherwise provided in federal statutes, regulations, or the terms and conditions of the grant, program income **does not include** rebates, credits, discounts, and interest earned on any of them. Proceeds from the sale of real property, equipment, or supplies are also generally not program income. Such proceeds must be handled in accordance with the requirements of federal property standards or as stated in the terms and conditions of the federal award.

- **Tracking**

The Program Manager is responsible for identifying and reporting program income to GBPLD's Director of Grants who will ensure it meets the terms and conditions of the award as well as applicable federal regulations. Program income will be separately tracked for each federal award.

- **Treatment**

Program income will be used according to the terms of the federal award. If the federal awarding agency authorizes an **additive** use of program income, GBPLD will add program income to the federal award. The program income will be used for the purposes and under

the conditions of the federal award. Program income earned during the project period must be expended prior to requesting reimbursement against the grant and all efforts must be made to expend program income during the award's period of performance.

With prior approval of the federal awarding agency, program income may also be used to **meet a cost sharing or matching requirement** of the federal award. In this case, the amount of the award remains the same.

In the case of an award specifying that a **deduction** method is to be used for program income, income will be deducted from total allowable costs to determine the net allowable costs. In this case, program income must be used to reduce the federal award rather than to increase the funds committed to the project.

If authorized by federal regulations or the federal 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.

If there is unexpended program income remaining at the end of the grant, GBPLD will adhere to the requirements of the awarding agency in its handling of the funds including, if required, remitting the funds to the awarding agency.

- **Reporting**

The Director of Grants will report program income and its use to the awarding agency annually for each federal fiscal year during which the award is active, unless otherwise required by the awarding agency. Program income totals must be reported even if there was no program income generated during the federal fiscal year. If a GBPLD award has subrecipients, the Director of Grants is responsible for collecting program income information from its subrecipients and including those totals in its annual report to the federal awarding agency.

- **Records Retention**

The Director of Grants will retain appropriate records relating to program income earned during the grant period of performance and for at least three years beyond the date of submission of the grant's final financial report. Minimally, these records must include:

- Description of the income-generating activities,
- Approval of awarding agency (if applicable),
- Method used to calculate the rates and any changes,
- Revenue generated,
- Billing records identifying date, budget numbers, and amounts charged or invoiced, and
- Record of how program income was used by the project (if applicable).

Interest Income

According to the provisions of [2 CFR 200.305](#), advance payments of federal funds must generally be maintained in interest bearing accounts. Interest earned up to \$500 per year may be retained by GBPLD for administrative expenses. Any interest in excess of \$500 earned on federal advance payments must be remitted annually to the Department of Health and Human Services (regardless of the award funder) Payment Management System (PMS) through either the Automated Clearing House (ACH) network or a Fedwire Funds Service payment. Instructions for interest remittance can be found in [2 CFR 200.305](#).

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