
Program Income

Overview:

It is important to correctly identify Program Income from PI/Department Self-Generated Income as program income must be accounted and reported to our Federal Sponsors. The treatment of Program Income is regulated by the [OMB Uniform Guidance section 200.307](#) and "must be used for the purposes and under the conditions of the Federal award".

Program Income:

Program income includes revenue generated from the following sources when the goods or services for which a purchaser or user is charged are directly generated by a supported activity or earned as a result of a sponsored award during its period of performance. It may be necessary to review the specific award(s) or the awarded proposal to make this determination.

Examples of Program Income may include:

- income from fees for services performed such as laboratory tests;
- income received from others using equipment purchased with grant funds;
- funds received for the use or rental of real property, equipment or supplies acquired under the grant;
- the sale of commodities or items fabricated under an award;
- charges for research resources;
- registration fees for grant-supported conferences or symposia;
- proceeds from the sale of software, publications, or media;
- income from the sale of research materials;
- sales of products with an accompanying material transfer agreement.

Unless awarding agency regulations or the terms and conditions of the award provide otherwise, income earned from license fees and royalties for copyrighted material, patents, patent applications, trademarks and inventions are under no obligation to the federal government.

Methods and Use

- **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 Federal awarding agency authorizes otherwise. Program income that the non-Federal entity did not anticipate at the time of the Federal award must be used to reduce the Federal award and non-Federal entity contributions rather than to increase the funds committed to the project.
- **Addition** - With prior approval of the Federal awarding agency, program income may be added to the Federal award by the Federal agency and the non-Federal entity. The program income must be used for the purposes and under the conditions of the Federal award.

- **Cost sharing or matching** - With prior approval of the Federal awarding agency, program income may be used to meet the cost sharing or matching requirement of the Federal award. The amount of the Federal award remains the same.

For Federal awards made to Institutions of Higher Education and nonprofit research institutions, if the Federal awarding agency does not specify in its regulations or the terms and conditions of the Federal award how program income is to be used, the addition method referenced above will apply.

Sponsor	Standard Treatment
National Institutes Of Health (NIH)	NIH applies the additive alternative to all recipients, including for-profit entities, unless there is a concern with the recipient or activity and NIH uses special terms and conditions, or the program requires a different program income alternative. NIH may require a different use of program income if a recipient has deficient systems; if the PD/PI has a history of frequent, large annual unobligated balances on previous grants; or if the PD/PI has requested multiple extensions of the final budget period of the project period. Regardless of the alternative applied, program income may be used only for allowable costs in accordance with the applicable cost principles and the terms and conditions of the award. Each NoA will indicate the allowable treatment of program income. (Source: NIH Grants Policy Statement-8.3.2 Program Income)
National Science Foundation (NSF)	Unless otherwise specified in the grant, program income received or accruing to the grantee during the period of the grant is to be retained by the grantee, added to the funds committed to the project by NSF, and thus used to further project objectives. The grantee has no obligation to NSF with respect to program income received beyond the period of the grant. The grantee also shall have no obligation to NSF with respect to program income earned from license fees and royalties for copyrighted material, patents, patent applications, trademarks, and inventions produced under an award. However, Patent and Trademark Amendments (35 USC 18) shall apply to inventions made under an award. Efforts should be made to avoid having unexpended program income remaining at the end date of the grant. Program income earned during the project period should be expended prior to requesting reimbursement against the grant. In the event a grantee has unexpended program income remaining at the end of the grant, it must be remitted to NSF by crediting costs otherwise chargeable against the grant. (Source: NSF Proposal & Award Policies and Procedures Guide)

Determination and Identification:

When known, any anticipated program income should be included in the proposal budget and budget justification when submitting to the sponsor. Principal Investigators (PIs), Department and College Post-award personnel are responsible for the proper identification of program-related income and ensuring the proper deposit during the performance period of an award. If you are uncertain whether monies received should be classified as program income, please contact a [Grants and Contract Administration \(GCA\) representative](#) for assistance in making a determination.

Project Setup:

Effective January 1, 2019, program income project accounts will be established in the fund 20 grouping. GCA Grant Managers will establish a corresponding linked project (specific for the collection and spending of program income) at award receipt and project setup. This will occur only when the awarded budget and budget justification identifies program income is anticipated.

When identified or discovered after award and project setup (i.e. during the course of an award), the PI, Department or College post-award personnel should notify/e-mail a [GCA representative](#), and:

1. request a program income project account,
2. provide the sponsored project/award the activity is connected, and
3. provide a description of the income generating activity.

GCA personnel will establish a linked program income project within Clemson's financial system as follows:

- PeopleSoft System
 - **Class Code: 249** will be used for Program Income Projects
 - **Project: 203XXXX** – Project numbers will start with 203 and the remaining 4 digits will correspond to the Fund 20 awarded project.
 - **GCA Manager:**
 - Add "PI:" at the beginning of the short and long title, copied from the corresponding sponsored project, to denote that it is a Program Income project.
 - Note in the comments section of the "Reports" tab that a corresponding Program Income account has been established.
 - Add a report code deliverable of "Program income" to the project within the reporting tab with date and frequency as a reminder of the reporting requirement.

Check Deposit and Budget Processing:

Department personnel may deposit funds received for program income directly with the bank (as it is currently performed) using chart field string 20-000-4923-5503-249-203XXXX; where 203XXXX should be replaced with the program income project account. When funds are deposited into the Program income project, department personnel must email a copy of the deposit and support information to your Grants and Contracts Administration (GCA) Grants Manager. Once received, the GCA Grants Manager will verify the deposit in the project account and to reduce the administrative burden of preparing internal budgets for each deposit, Income will be budgeted into the "Other" summary account node (unless otherwise specified in the email).

Reporting:

Establishing Program Income Projects in the Fund 20 grouping will assist GCA personnel to identify, review and report program income revenue and expenses for Federal, and in some cases non-federal sponsor, reporting requirements. Program Income and related expenses will typically be reported by GCA personnel at the time (quarterly, semi-annual, annual or final) of filing a financial report to the sponsor and is included as part of the overall reporting of income/expenses on an award-by-award basis.

NSF has aggregate reporting, which does not require an individual report on an award-by-award basis at any time during the life of the award. The NSF requires an annual Program income report be filed on-line via research.gov by November 30 each year. This reporting requirement is performed by GCA personnel for Clemson University awards.

Program Income (Project) Closeout:

Expenses charged against federal program income funds must be made in accordance with the Federal OMB Uniform Guidance and the terms and condition of the award, which it is associated. Any income collected during the awarded project period must be deposited in the program income project account, and any income that remains unexpended at the end of the grant must be used to offset the primary grant and award expenditures as specified in Federal regulations. The GCA Grants Manager will close the program income project at the same time the sponsor awarded project is closed.

Any income received **after** the award ends may be deposited in a fund 14 self-generated income project account, as Clemson has no obligation to the sponsor with respect to program income received beyond the period of the grant.

REVISION HISTORY		
EFFECTIVE DATE	VERSION NUMBER	MODIFICATION
January 1, 2019	000	Effective date of Procedure
April 27, 2021	001	Update header