

PROGRAM INCOME
October 2007
Policy 2.1.13

Policy:

Program income generated as a result of sponsored projects activities is required to be disclosed to the KUMC Research Institute by the Principal Investigator.

Purpose:

Income generated on sponsored projects during the project period is reportable per Office of Management and Budget Circular A-110. Certain income may not be required to be reported to federal sponsors, but all program income is required to be reported to KUMC Research Institute's financial officers. This policy is applicable to both federal and nonfederal projects for consistency in reporting.

Program income includes, but is not limited to:

- Conference or workshop fees;
- Fees for services, such as laboratory fees;
- Sale of supplies or equipment purchased or fabricated with project funds;
- Funds generated from the use, sale, or rental of equipment purchased with project funds;
- Sale of software, tapes or publications;
- Royalties from copyrights and patents;
- Charges for research resources.

Procedures:

Requirements to report program income to sponsors

Reportable: Program income that is generated while a project is active, to be reported on the Financial Status Report of the primary grant or contract.

Not reportable: Program income that is generated after the time period of the award does not need to be reported to the sponsor unless otherwise specified. Program income generated as a result of royalties or other income earned from a copyrighted work, patents, or from inventions.

Sale of Equipment: If authorized by the sponsor, grantees may use the income from the sale of equipment to pay for allowable costs of the project. There are no reporting requirements for the sale of equipment.

Sale of Property: The guidelines of KU Medical Center shall be followed regarding the dispensation of funds upon the sale of property.

Use of Program Income

Per OMB A-110, program income earned during the project period shall be retained by the recipient and, in accordance with Federal awarding agency regulations or the terms and conditions of the award, shall be used in one or more of the ways listed in the following:

- Additive: Added to the funds committed to the project by the Federal awarding agency and recipient and used to further eligible project or program objective.
- Matching: Used to finance the non-Federal share of the project or program.
- Deductive: Deducted from the total project or program allowable cost in determining the net allowable costs on which the Federal share of costs is based.

If an alternative use of the above is desired, then approval from the sponsor is required.

Roles and responsibilities

Principal Investigators:

- Disclose in the proposal whether program income may result from the project;
- If multiple grants are involved, provide the approximate per cent of the costs associated with the income generation paid for by each grant;
- Identification of any non-federal source of funds used to produce the income;
- The fee structure or basis for the expected or actual amount of income;
- Disclosure of program income received during the course of the project if not accounted for in the proposal;
- Detail how program income will be used;
- Track and confirm program income on financial reports;
- Inform Sponsored Programs Administration if income is expected after the end of the project.

Department:

- Assist PI in monitoring program income on financial reports;
- Assist PI in administrative duties, such as invoicing, receiving funds, and recording program income.

Post Award Administrator:

- Confirm that program income has been recorded properly and correctly in financial reports;
- Set up program income accounts;
- Determine if program income should be reported to the sponsor and report if required;
- Monitor departments on invoicing, receiving funds, and recording;
- Determine if use for program income is allowable;
- At close out, confirm any outstanding program income issues have been addressed and resolved.
- If the program income is determined to not be accountable under A-110, then the income may be deposited in a restricted fee account established through the University Budget Office.

Based on the federal regulations the Research Institute will provide instructions to the departmental grant administrator (DGA) on the process to be implemented for the management of any amounts determined to be program income.

Definitions:

OMB A-110: Uniform administrative requirements for grants and agreements with institutions of higher education, hospitals, and non-profit organizations.

Program Income: Per OMB A-110, program income is 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. Interest earned on advances of Federal funds is not program income. Except as otherwise provided in Federal awarding agency regulations or the terms and conditions of the award, program income does not include the receipt of principal on loans, rebates, credits, discounts, etc., or interest earned on any of them.

Responsible Parties:

Principal Investigators

Exemptions:

This policy does not apply to funds generated through programs from non-sponsored programs. Unless federal agencies or sponsors indicate otherwise, this policy does not include non-reportable program income.

Related Policies and Links:

KUMC Research Institute Policy 1.1.01: Principal Investigator:

http://www2.kumc.edu/researchinstitute/spa/SPA_Forms/PI%20Eligibility.pdf

NIH Grants Policy Statement http://grants.nih.gov/grants/policy/nihgps_2010/index.htm

OMB Circular A-110 <http://www.whitehouse.gov/omb/circulars/a110/a110.html>

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