



Program Income

Department: Office of Economic & Workforce Development

Effective Date: July 1, 2013

Directive # 26-13

Supersedes: July 1, 2007

PURPOSE

The purpose of this memorandum is to provide specific guidance regarding the definition of program income, its use, and required reporting.

REFERENCES

- Workforce Investment Act, Section 195 (7)(A)
- Title 20 Code of Federal Regulations (CFR) 677.200
- Title 29 CFR 95.22
- Title 29 CFR 95.24
- Title 29 CFR 97.21
- Title 29 CFR 97.25
- WIA Directive WIAD01-6, Subject: Program Income (September 12, 2001)

BACKGROUND

The WIA and its regulations, Title 20 CFR Part 652 et al, provide specific guidance regarding what constitutes program income. Under WIA, more source of revenue are considered program income. In addition to those described in Parts 95 and 97 of the Uniform Administrative Requirements for Grants and Agreements, WIA includes interest income and fee-for-service for employer incumbent worker training.

POLICY AND PROCEDURES

Service providers and their contractors will account for program income earned in accordance with the procedures described below:

Fee for Service

The regulations at 20 CFR 677.200(a)(8) permit the use of local area services, facilities, or equipment funded by WIA to provide employment and training activities to incumbent workers on a fee-for-service when the fee is paid by their employers. This may only occur as long as eligible customers are not impacted by the use of these services, facilities, or equipment.

In these instances, where a fee for service is charged for the delivery of services to incumbent workers, the income earned is considered program income and must be accounted, reported, and used in the same manner as all other program income.

Other forms of program income include:

- **User or Rental Income** - Income from the use or rental of real or personal property acquired with grant or subgrant funds

- **Sale of Products** - Income from the sale of commodities or items fabricated under a grant agreement
- **Revenues in Excess of Expenditures** - Revenues earned by a governmental or private non-profit service provider under either a fixed price or reimbursable award that are in excess of the actual costs incurred in providing the services

Accounting and Reporting

All service providers and contractors shall maintain records sufficient to determine the amount of such income received and the purposes for which such income is expended.

As prescribed by the U. S. Department of Labor, the addition method of program income shall be used under WIA. Under the addition method, the cost of generating the income is subtracted from the gross resulting in net program income which is to be added to the contract. Net program income will be reported separately to the Office of Economic and Workforce Development (OEWD).

Any cash-on-hand from program income must be liquidated before requesting additional cash.

Use

Section 195(7)(A) of WIA states that, "Income under any program administered by a public or private nonprofit entity may be retained by such entity only if such income is used to continue to carry out the program."

Allowable expenditures for program income are the same as those for the contract award. In those instances where contracts contain a cost limitation, the limitation does not apply to the expenditure of program income.

Any program income not applied to the contract prior to its expiration shall revert to OEWD.

DEFINITIONS

Program Income means gross income earned by a recipient or subrecipient 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 of rental of personal property acquired under federally funded projects, the sale of commodities or items fabricated under an award, and license fees and royalties on patents and copyrights.

For purposes of the Workforce Investment Act ((WIA) program income includes revenue in excess of costs incurred for services provided by a governmental or nonprofit entity (20 CFR 667.200(a)(6) and interest income earned on funds received under WIA (20 CFR 667.200(a)(7).

Program income does not include the receipt of rebates, credits, discounts, etc. or interest earned on any of them. Reimbursement of rent payments by One Stop Business and Career

Center partners is not program income. It is a credit to the rent line item of the contract and is not to be treated as program income.

INQUIRIES

Inquiries should be addressed to the OEWD Director of Operations at 415-701-4848 or workforce.development@sfgov.org.

OEWD and its service providers shall follow this policy. This policy will remain in effect from the date of issue until such time that a revision is required.