**PURPOSE**

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

**REFERENCES**

- Department of Labor Employment and Training Administration Standard Federal Award Terms & Conditions
- WIOA Section 185(f)
- Title 20 Code of Federal Regulations (CFR), Subpart B, Section 683.200
- Uniform Guidance 2 CFR 200.307 Program Income
- Federal Acquisition Requirements 37 CFR part 401

**BACKGROUND**

The Uniform Administrative Guidance (UG), in conjunction with the Workforce Innovation and Opportunity Act (WIOA) and its regulations, provide specific guidance regarding what constitutes program income and how it is to be handled.

**POLICY AND PROCEDURES**

**Definition**

Program Income is the 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.

For purposes of the WIOA, program income includes revenue in excess of costs incurred for services provided by a governmental or nonprofit entity and interest income earned on WIOA funds received.

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.

Service providers that earn income from license fees and royalties for copyrighted material, patents, patent applications, trademarks, and inventions made under a Federal award to which the Federal Acquisition Regulations under, “Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Awards, Contracts and Cooperative Agreements” is applicable are not considered program income.
Accounting and Reporting

All service providers and contractors shall maintain records sufficient to determine the amount of program 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 WIOA. 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).

The deduction method as described in the UG must be used in allocating any program income generated. Award recipients must expend all program income prior to requesting draw down of additional funds. Program income must be used for current costs unless OEWD authorizes otherwise. Program income that the service provider did not anticipate at the time of the Federal award must be used to reduce the Federal award and service provider contributions rather than to increase the funds committed to the project.

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

Use

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.

INQUIRIES

Inquiries should be addressed to 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.