

## Program Income Operating Procedure

Mississippi State University

### **Definition**

Program Income is gross revenue generated from activities associated with or generated as a result of a **federal sponsored Award**. Federal regulations define Program Income ([2 CFR 200.80 Program income](#)) as gross income earned that is generated directly by a federally supported activity (e.g., conference fees) or earned as a result of the federal Award during the life of the Award (e.g., fees for services performed). Program Income is subject to all **federal requirements** as stipulated in [2 CFR 200.307 Program income](#).

If an Award has Program Income, the Senior Accountant will check Y (Yes) on the Banner form Sponsored Program Controls (FZMSPGB).

### **Program Income Examples on Federal Awards**

- Fees earned from services performed under the Award, such as laboratory tests.
- Funds generated from sales of commodities and research materials, such as tissue cultures, cell lines, and research animals developed or acquired under the Award.
- Conference fees charged when the Award funds the conference.
- Income from registration fees, consulting, and sales of educational materials developed or acquired under the Award.
- Sale, rental, or usage fees, such as fees charged for the use of computing or laboratory equipment purchased with Award funds.
- Funds generated from the sale of software, tapes, or publications. Keep in mind that royalties from Patents and Copyrights are generally not reportable as program income.

Revenue generated in association with a sponsored Award that is **not federally funded or is a fixed price contract** is typically NOT considered subject to Program Income requirements. This type of revenue should instead be managed in accordance with the sponsor's requirements in the Award or the sponsor's regulations. If the sponsor is silent on revenue generation, the revenue does not need to be reported to the sponsor and therefore is not treated as Program Income.

Some federal programs do not require recipients to account for Program Income (e.g., NIH S10 Equipment Awards). Always review the Award document, program announcement, and sponsor policies for the Program Income requirements for your Award.

### **Sponsor Reporting**

MSU will report Program Income earned and expended to the federal sponsor on the Federal Financial Report (FFR), the Federal Cash Transaction Report (FCTR), and/or any report format as required by the sponsor.

## **Program Income – Frequently Asked Questions**

**Question:** Do you have to separately track program income during the life of the award to which it is related?

**Answer:** Yes. Program income must be identified and tracked. A separate fund must be set up in Banner under the award to track the program income activity.

**Question:** Can program income expenses consist of expenses that are unallowable on a federal grant/contract?

**Answer:** No. While the award is active, the expenditures being tracked as program income should be supportive of the scope of the award and meet the allowability criteria set forth in the Uniform Guidance.

**Question:** How is the method for tracking program income determined?

**Answer:** There are several different methods that can be utilized for how to manage program income when it occurs on a federal award. The award terms and conditions should indicate the appropriate method to be utilized. This can vary by federal agency.

**Question:** How do you handle program income that continues to be received after the federal award has ended?

**Answer:** These funds are no longer restricted to the federal award and can be used by the department at their discretion. The funds should be moved to a non-restrictive fund.

**Question:** Should the PI indicate in the proposal that he/she anticipates the generation of program income during the life of the award if awarded?

**Answer:** Yes. This should be disclosed in the proposal. If awarded, the department should indicate on the Internal Approval Sheet the need for a program income fund under the award to track any activity related to the program income.