

Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards – Program Income

1. Ref.: [2 CFR Part 200.307](#)

2. Effective Date: July 1, 2015

3. Originating Office/Agency: Office of Management and Budget

4. Key Words: Program income; defray program costs; period of performance; intellectual property

Scope

On occasion, a Federal award made to the university will also generate program income and, in general, the university is encouraged to earn income to defray the program costs associated with a Federal award. Any program income earned as a result of a Federal award is subject to the following requirements as outlined in the Uniform Guidance.

The cost of generating program income. If allowed by Federal regulation or award, the costs incidental to the generation of program income may be deducted from gross income to determine program income, provided these incidental costs have not already been charged to the Federal award.

Use of program income. Program income must be used for the purposes and under the conditions of the Federal award. Program income generated by a Federal program must be used to finance the non-Federal share of the project or reduce the Federal agency's share of expenses. Program income that the university did not anticipate at the time of award must be used to reduce the Federal award and/or the original university contributions authorized rather than used to increase the funds committed to the Federal program.

Income received during the period of performance. Program income must be used for costs incurred during the budget year in which it was received unless the Federal awarding agency authorizes otherwise.

Cost sharing or matching. With prior approval, program income may be used to meet the cost sharing or matching requirements of the Federal award. In these cases, the Federal award amount remains unchanged.

Income after the period of performance. There are no Federal requirements governing the disposition of income earned after the end of the performance period unless Federal regulations or the award terms and conditions indicate otherwise.

Income earned from intellectual property owned by the university. Income derived from license fees and royalties for copyrighted materials, patents, patent applications, trademarks, and inventions made under a Federal award to which [37 CFR part 401](#) (Rights to Inventions. . . Made Under Government Awards, Contracts and Cooperative Agreements) is applicable is generally not subject to the other administrative requirements regarding

program income. Therefore, under such circumstances the university has no obligation to the Federal agency unless the Federal regulations or award state otherwise.

Guidance

Project Directors and Principal Investigators have a responsibility to consult with their unit heads and the Office of Grant and Research Development (OGRD) if they plan to identify activities in a proposal for a Federal award that will generate program income. The charging of fees and for services to third-parties participating in a Federal program may be subject to other university requirements such as those contained in [EWU Policy 202.04](#) – University Fee Approval and [EWU Policy 202-03](#) – Commercial Activities of the University. The OGRD will help direct proposers to the appropriate university resources and personnel for the necessary approvals and help with the inclusion of program income in the proposal budget and budget narrative. As noted above, expenditures of program income must be consistent with costs that are otherwise allowable under the Federal award and Uniform Guidance.