

## 80.4 Managing Program Income Earned on Federally Funded Research

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**Policy Name:** MANAGING PROGRAM INCOME EARNED ON FEDERALLY FUNDED RESEARCH

**Approval Authority:** PROVOST AND ACADEMIC VICE PRESIDENT

**Responsible Executive:** EXECUTIVE DIRECTOR OF THE OFFICE OF SPONSORED RESEARCH

**Responsible Office:** OFFICE OF SPONSORED RESEARCH

**Effective Date:** 6 October 2008

### 1. Policy Statement

This policy describes the occurrence of and includes the procedures for recording, reporting, and monitoring Program Income Earned on sponsored research projects in accordance with the Office of Management and Budget (OMB) [Circular A-110](#), "Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations." This policy applies to all regular faculty and staff of the Institute.

### 2. Reason/Purpose for the Policy

Program income is defined as recipient earned gross income that is directly generated by a supported activity or earned as a result of an award. Program income includes, but is not limited to, income from fees for services performed, the use of property acquired under federally funded projects, the sale of commodities or items fabricated under an award, or license fees. Program income does not include the receipt of principal on loans, rebates, credits, discounts, etc., or interest earned on any of them.

When program income is anticipated on federal awards, the sponsoring agency usually specifies in the award terms and conditions how the program income is to be used; it may be added to the funds committed to the project, deducted from the total project costs, or used as cost sharing. Federal regulations often require that program income be spent in support of the project before the Institute requests additional cash payments from the agency.

### 3. Policy Applies To

This policy applies to all program income related to or generated by projects financed in whole or in part with Federal funds.

### 4. Related Documents

[OMB Circular A-110](#)

### 5. Contacts

Office of Sponsored Research  
Division of Finance

## 6. The Policy

Except as provided below, program income earned during the project period of a sponsored project shall be retained by the Institute 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:

- a) Added to funds committed to the project the Federal awarding agency and the Institute and used to further eligible project or program objectives
- b) Used to finance the non-Federal share of the project or program
- c) Deducted from the total project or program allowable cost in determining the net allowable costs on which the Federal share of costs is based
- d) When an agency authorizes the disposition of program income as described in "a)" or "b)," program income in excess of any limits stipulated shall be used in accordance with "c)"
- e) In the event that the Federal awarding agency does not specify in its regulations or the terms and conditions of the award how program income is to be used, "c)" shall apply automatically to all projects or programs except research. For awards that support research, "a)" shall apply automatically unless the awarding agency indicates in the terms and conditions another alternative on the award or the recipient is subject to special award conditions, such as:
  - A history of poor performance
  - Is not financially stable
  - Has a management system that does not meet the standards prescribed in OMB A-110
  - Has not conformed to the terms and conditions of a previous award, or
  - Is not otherwise responsible, Federal awarding agencies may impose additional requirements as needed, provided that the Institute is notified in writing as to: the nature of the additional requirements, the reason why the additional requirements are being imposed, the nature of the corrective action needed, the time allowed for completing the corrective actions, and the method for requesting reconsideration of the additional requirements imposed
- f) Unless Federal awarding agency regulations or the terms and conditions of the award provide otherwise, recipients shall have no obligation to the Federal Government regarding program income earned after the end of the project period
- g) Proceeds from the sale of property shall be handled in accordance with the requirements of the Property Standards of OMB A-110 at Sections C30 through C37
- h) Unless Federal awarding agency regulations or the terms and condition of the award provide otherwise, recipients shall have no obligation to the Federal Government with respect to program income earned from license fees and royalties for copyrighted material, patents, patent applications, trademarks, and inventions produced under an award. However, Patent and Trademark amendments (35 USC 18) apply to inventions made under an experimental, developmental, or research award.