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Section:	39 Research

Program Income

Purpose:

Program Income is earned income that is directly generated by a supported activity or earned as a result of an award. Federal awarding agencies require recipient organizations to account for program income related to projects funded in whole or in part with federal funds. The guidelines and procedures that follow are intended to ensure compliance with federal regulations and sponsor terms and conditions. Excerpts from the NIH Grants Policy Statement are included as the majority of federal awards at Boston Medical Center are sponsored by NIH.

Policy Statement:

Boston Medical Center (BMC) requires Principal Investigators, with assistance from Department Administrators, to identify, document, and notify Research Finance of the receipt of program income on projects from both federal and non-federal sponsors. BMC follows the rules and regulations set forth in the Office of Management and Budget's Circular A-110, Uniform Administrative Requirements for Grants and Agreements With Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations; 2CFR §200.307 - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and the NIH Grants Policy Statement as applicable.

Application:

All sponsored projects requiring reporting of program income.

Exceptions:

This policy does not apply to program income where there is no reporting requirement to the sponsor.

Procedure:

Federal: The Research Financial Analysts (RFA) are responsible for reporting all federal program income on the Federal Financial Report (FFR). For awards that fall under Streamlined Non-Competing Award Process (SNAP), program income must be reported in the annual non-competing application

State: The RFAs are responsible for reporting all state Not-for Profit Contractor Surplus Revenue Retention Fund Pool information. All State Contract Fee for Service surplus

revenue will be reported annually to the Massachusetts Operational Services Division on Boston Medical Center's Uniform Financial Report.

8.3.2.1 Reporting Program Income (From NIH GPS 10/13)

The amount of program income earned and the amount expended must be reported on the appropriate annual financial report, currently the FFR. Any costs associated with the generation of the gross amount of program income that are not charged to the grant should be deducted from the gross program income earned, and the net program income should be the amount reported. Program income must be reported in the Program Income section of the FFR (lines 10 L – O). (See Administrative Requirements—Monitoring—Reporting—Financial Reporting.) For awards under SNAP, the amount of program income earned must be reported in the non-competing continuation progress report.

Income resulting from royalties or licensing fees is generally exempt from reporting as program income.

When applicable, income earned from the sale of equipment must be reported on the FFR for the period in which the proceeds are received in accordance with the reporting requirements for the program income alternative specified. Amounts due NIH for unused supplies must be reflected as a credit to the grant on the FFR using line 10 m.

Reporting requirements for accountable income accrued after grant support ends will be specified in the NoA

Exhibit 9. Use and Applicability of Program Income Alternatives

Program Income Alternative	Use of Program Income	Applicability
Additive Alternative	Added to funds committed to the project or program and used to further eligible project or program objectives.	Applies to all NIH awards unless there is a concern with the recipient or activity or the program requires a different alternative.
Deductive Alternative	Deducted from total allowable costs of the project or program to determine the net allowable costs on which the Federal share of costs will be based.	Available for use by NIH programs on an exception basis.
Combination Alternative	Uses all program income up to (and including) \$25,000 as specified under the additive alternative and any amount of program income exceeding \$25,000 under the deductive alternative.	Available for use by NIH programs on an exception basis.
Matching Alternative	Used to satisfy all or part of the non-Federal share of a project or program.	Available for use by NIH programs that require matching.

Definitions

Program Income - means gross income earned by the non-Federal entity that is directly generated by a supported activity or earned as a result of the Federal award during the period of performance. (See §200.77 Period of performance.) Program income includes but is not limited to income from fees for services performed, the use or rental of real or personal property acquired under Federal awards, the sale of commodities or items fabricated under a Federal award, license fees and royalties on patents and copyrights, and principal and interest on loans made with Federal award funds. Interest earned on advances of Federal funds is not program income. Except as otherwise provided in Federal statutes, regulations, or the terms and conditions of the Federal award, program income does not include rebates, credits, discounts, and interest earned on any of them. See also §200.407 Prior written approval (prior approval). See also 35 U.S.C. 200-212 “Disposition of Rights in Educational Awards” applies to inventions made under Federal awards. (2CFR200)

The Office of Management and Budget clarifies that "income from license fees and royalties on research funded by a Federal award **should be excluded from the definition of program income**", because U.S. law or statute takes precedent over the Uniform Guidance. (FAQ .307-1)

Responsibility:

Principal Investigator
Department Administrator
Research Finance

Forms:

N/A

Other Related Policies:

References:

Federal: CIRCULAR A-110 (REVISED 11/19/93, As Further Amended 9/30/99); 2CFR §200.307 Uniform Administrative Requirements, and Audit Requirements for Federal Awards; NIH Grants Policy Statement (10/13); Bayh-Dole Act (35 USC 202(c)(7))

State: The Commonwealth of Massachusetts regulation 808 CMR 1.03(7) and the “Not-for-Profit Surplus Revenue Retention Policy” are used as a guidelines for how “Not-for-Profit Contractor Surplus Revenue” should be handled for state contracts.

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Initiated by: Research Finance

Contributing Departments: N/A