
WVU POLICY

DIVISION OF FINANCE

PROGRAM INCOME

1. PURPOSE & SCOPE

- 1.1. **Purpose** – The purpose of this policy is to inform University employees that program income received during a project period must be accounted for in a manner that will permit its identification and treatment consistent with the requirements of the federal or non-federal sponsor.
- 1.2. **Scope** – This policy applies to all sponsored agreements of West Virginia University, inclusive of its divisional campuses and the West Virginia University Research Corporation. Non-federally sponsored awards silent on program income where there is no reporting requirement to the sponsor are not considered program income and are excluded from this policy.

2. POLICY

- 2.1. The principal investigator will consider whether program income will be anticipated when developing a proposal and work with the Office of Sponsored Programs (OSP) to include the income in the budget proposal accordingly.
- 2.2. Program income may only be used for allowable costs in accordance with the project objectives and applicable cost principles. Program income may be accounted for in one of the following three ways depending on the sponsor and the award terms and conditions:
 - **Additive Method** – Program income funds are added to the sponsored budget commitment. This method is typically the default approach used by most sponsors.
 - **Deductive Method** – Program income funds are deducted from the sponsored budget commitment from the sponsor.
 - **Matching Method** – Program income funds are used to meet a cost sharing requirement for the sponsored award. This method requires prior approval from the sponsor.
- 2.3. Once the sponsored agreement is formally accepted, OSP will create a program income task for tracking and monitoring the funds. If program income is realized or anticipated



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Title: Program Income

Responsible Unit: Sponsored Projects & Property Administration

Adopted: September 1, 1998

Revision History: October 2019, September 1988

Review Date: October 2019

after the award has been initiated, a request to OSP and Sponsored Projects Accounting should be made to establish a new task as soon as possible.

- 2.4. The departments are responsible for ensuring that program income is collected, deposited and posted timely to the appropriate task account using the proper "Program Income" expenditure type.
- 2.5. Departments do not have to account for program income after the project period has ended unless stipulated otherwise in the award terms and conditions. If income is still generated after the project ends, then institutional policies regarding external sales of goods and service apply.

3. DEFINITIONS

- **PROGRAM INCOME** – Office of Management and Budget (OMB) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Section 2 CFR 200.307 defines program income as "**gross income earned by a recipient that is directly generated by a sponsored activity or earned as a result of the award**" during the period of performance.

Includes income or proceeds from:

- fees for services performed
- the use or rental of equipment purchased or fabricated with sponsor funds
- the sale of software, CD's, digital material or publications
- the sale of commodities and research materials such as tissue cultures and reagents
- participant fees at conferences

Does not include income or proceeds from:

- patient care credits
 - interest earned on advances of federal funds
 - credits, discounts or rebates
 - license fees and royalties on patents and copyrights (unless terms & conditions of award dictate otherwise)
- **SPONSORED PROJECT** – Externally funded activity governed by specific terms and conditions. May include grants, contracts and cooperative agreements for research, training, instruction and other public service activities.



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- 4.1. **Interpretation** – The responsibility for interpretation of this policy rests with the Vice President for Strategic Initiatives or designee.
- 4.2. **Application** – All employees are responsible for supporting this policy. It is the responsibility of the dean or director to implement and maintain this policy within the department, unit, or organization.
- 4.3. **Procedure Development** – The responsibility for procedure development rests with the Sponsored Projects Accounting unit within the Sponsored Projects & Property Administration Department.

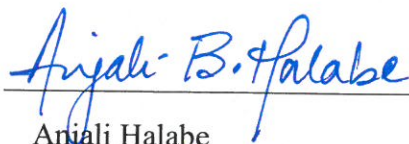
5. AUTHORITY & REFERENCES

- 5.1. WVU Board of Governors Finance & Administration Rule 5.1 Approvals and Delegation of Authority for Financial and Administrative Matters (under consideration for approval and out for public comment).

6. SUPERCEDES

- 6.1. This policy supersedes all other Program Income policies, procedures or guidelines at the University to the extent those documents are inconsistent with and fall under the scope of this Policy.

Signature: _____



Anjali Halabe

Associate Vice President – Division of Finance

Date: _____

