

Program Income on Sponsored Programs

1. Overview

Program income is defined here as income earned that is generated directly by an activity (e.g. conference fees) or earned as a result of the activity during its performance period (e.g. fees for services performed) (2 CFR 200.80). As a recipient of sponsored funding, the University must ensure that program income is accurately attributed to the respective sponsored program and that it is expended in accordance with University and Federal guidelines.

To ensure Rutgers can meet its responsibilities in this area, Research Financial Services (RFS) ensures that program income related to sponsored awards is identified, tracked, and reported accurately and in compliance with Uniform Guidance (2 CFR 200.307).

This procedure applies to sponsored awards that generate program income.

2. Purpose

To provide guidance on the proper identification, tracking and reporting of program income on sponsored awards.

3. Who Must Comply

Department Personnel
Research Financial Services
Research Contract Services
Principal Investigators
Research & Sponsored Programs

4. Definitions

Additive Method: An accounting methodology under which the project budget is increased to reflect the amount of program income that is generated, but the sponsor reimbursed project budget remains the same. Sponsored program expenses that are allowable, allocable, reasonable and consistent may be charged to the additional project budget.

Add/Deduct Method: An accounting methodology under which the total project budget and the sponsor reimbursed budgets are both increased and decreased at specific thresholds to reflect the amount of program income that is generated. Sponsored program expenses that are allowable, allocable, reasonable and consistent may be charged to the additional project budget. This methodology is typically only employed by the National Institutes of Health (NIH) and the National Science Foundation (NSF).

Deductive Method: An accounting methodology under which the total project budget remains the same, but the sponsor reimbursed project budget is reduced according to the amount of program income that is generated.

Excess Program Income: Earned program income that must be returned to the sponsor. This is typically the amount of income above and beyond award expenses.

Program Income: 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) (2 CFR 200.80).

Matching (Cost Share) Method: An accounting methodology under which program income that is generated is used to meet cost share commitments. Sponsored program expenses that are allowable, allocable, reasonable and consistent may be charged as cost share activities.

5. Procedure

Program income associated with sponsored awards must be managed with the same degree of accuracy and compliance as all other sponsored award activities. It must be identified, tracked and reported in accordance with University, award and sponsor requirements. This includes but is not limited to the rules set forth in Uniform Guidance 2 CFR 200.307.

As required by Research and Sponsored Programs (RSP), the PI shall work with RSP at the time of proposal development to determine whether program income will be generated by award activities. As needed, the PI will ensure that the proposal budget submitted to the sponsor accounts for program income. RSP will clearly indicate sponsored awards with program income activities and the sponsor required accounting method when transitioning sponsored awards to RFS for award setup or modification. If, as a result of award activities, unanticipated program income is generated, the PI and departmental staff must collaborate with RSP and/or Research Contract Services to obtain sponsor approval and update the award terms and conditions accordingly. Please note that Rutgers will utilize the additive method to account for program income unless otherwise specified in the proposal announcement, award agreement or other policy documents.

To ensure accurate financial reporting, RFS will create a separate project for program income activities. Activities charged to program income projects must follow the same cost principles as all other sponsored charges. Specifically, they must be allowable, allocable, reasonable, consistent, and within the project period.

RFS will also ensure that program income activities are included in standard sponsor financial reporting and closeout activities, per the sponsor or agreement requirements. Excess program income will be returned to the sponsor at the end of each project and award period, unless written, sponsor guidance allows Rutgers to retain the balance.

Potential Sources of Program Income

The PI shall identify sources of program income in the proposal. Per Uniform Guidance (2 CFR 200.80), program income may be generated by the following activities:

- Fees for services (e.g. laboratory tests)
- Use or rental of property acquired with sponsored awards
- The sale of commodities or items fabricated under a sponsored award (e.g. tissue cultures, cell lines or research animals acquired with sponsored funds)
- License fees and royalties on patents and copyrights

In addition to the activities specified by Uniform Guidance, program income may also be generated by:

- Registration or other fees associated with conferences or other meeting activities
- Consortium fees
- Sale of educational materials, publications or software developed with support from sponsored awards

6. Roles & Responsibilities

Department Personnel	<ul style="list-style-type: none"> • Support the PI and RSP in identifying potential program income both at the time of proposal development, and during the lifetime of the award • Support the PI in monitoring and reviewing the program income and sponsored award projects
Research Financial Services	<ul style="list-style-type: none"> • Understand and provide guidance on the program income accounting methods • Notify RSP, PI and department of concerns related to program income compliance; recommend potential solutions in a timely manner • Create projects for program income activities • Prepare and submit all financial reports in accordance with sponsor requirements • Ensure that all financial reports accurately reflect expenditures as recorded on the award in the University's financial system (Oracle) • Collaborate with the Principal Investigator and department personnel to ensure financial reports are accurate and submitted timely to sponsor • Identify and return excess program income
Research Contract Services	<ul style="list-style-type: none"> • Work with the PI and department to identify program income activities at the time of proposal development and submission • Notify RSP of sponsored contracts that will generate program income
Principal Investigators	<ul style="list-style-type: none"> • Identify potential program income both at the time of proposal development and submission, and during the lifetime of the award and any time during the award/contract lifecycle • Understand and comply with sponsor-approved program income accounting method • Monitor and review the program income project to ensure that income is accurately tracked • Ensure that award expenses are allowable, allocable, reasonable and consistent • Verify that the financial report accurately reflects program income and award expenses
Research and Sponsored Programs	<ul style="list-style-type: none"> • Work with the PI and department to identify program income activities at the time of proposal development and submission • Ensure that the proposal submission accurately captures program income activities

7. Resources

Related Procedures

- Allowable Costs on Sponsored programs
- Sponsored programs Closeout

Federal Regulations

- Uniform Guidance 200.307 Program Income
- NIH Grants Policy Statement 8.3.2 Program Income
- NIH Grants Policy Statement 8.3.2.1 Reporting Program Income
- NSF PAPP Chapter VII – Financial Requirements and Payments: Section 4 Program Income