

PROGRAM INCOME

Program income is defined in 2 CFR 200.1 as including (but not limited to) “income from fees for services performed, the use or rental of real or personal property acquired under a federal award, 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.” Taxes, fines, credits, rebates, discounts, or interest earned on advances of federal funds are not considered to be program income.

How program income is treated relative to the federal award varies for each federal award received. It is important to carefully review the award to make a determination as to how any program income should be treated. There are three defined ways that program income could be used:

- In most cases, the program income is deducted from the federal allowable costs or results in a decrease in the total amount of the federal award.
- If specified by the federal agency, program income may be additive to the award. In this case, program income must be used for the purposes and under the conditions of the federal award.
- Some federal agencies specifically allow program income to meet the match or cost sharing of the award. In this case, the federal award remains the same.

In the final rule for SLFRF, Treasury has specified that program income may be added to the federal award. The program income must be used for the purposes of the award, and under the same conditions and requirements of the SLFRF award. Additionally, program income can only be used to cover allowable costs. All program income should be documented and recorded. Additionally, Treasury indicates that additional controls be in place including written policies to explicitly identify appropriate allocations methods, accounting standards and principles, and compliance monitoring checks for program income calculations and records.

It is important to ensure that program income is not used to “double dip” by receiving funds twice for the same purpose or benefit. For example, if an individual’s time, such as a doctor or a clinician, is paid 100% by grant funds, seeks insurance payment for time spent with the same client or patient effectively increasing the total salary received, this would result in double dipping. Similar to screening efforts to avoid a duplication of benefits for individuals being served, it is critical to ensure that program income does not result in double dipping, or receiving funds for the same purpose twice through different sources.

Program income must be documented and reported in the SLFRF quarterly reports. For instance, if an agency funds the principal of a loan for an affordable housing project, any repayment of the principal and interest would be considered program income, which must be tracked and reported on the subrecipient reporting workbook. Reporting requirements include all program income earned and if applicable, expended to cover eligible project costs. The preference is that program income generated from SLFRF funded projects should be spent first and must be fully spent by 2026. Program income earned after 12/31/2026 would no longer need to be tracked and reported.

For projects in E.C. 6.1, Revenue Loss, program income requirements do not apply and income may be retained.