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| Policy: Program Income | Category: Revenue and Receipts | Number: GP2100 |
| | () Complete Revision () Partial Revision (X) New | Supersedes: |

Policy Statement

It is the policy of the School District of Philadelphia to accurately and properly identify, use, account for, and report all program income generated from grant funds. Income posted to program accounts must be in compliance with the terms and conditions of the applicable funding agency requirements.

Reason for Policy

Federal agencies encourage grantees to generate program income to help defray program costs. This policy is designed to provide guidelines for the handling of income generated from program activity or as a result of an award. Income generated from federal awards must comply with the requirements of [34 CFR Part 80.25](#) for grants awarded prior to 12/26/14. Administrative requirements for program income on federal grants awarded on or after 12/26/14 must follow [2 C.F.R. Part 200.306 Program Income](#). To be consistent, the District extends these requirements to income generated on all programs funded in whole or in part by both federal and non-federal grantors, except where the terms of any such agreement are explicit and mandate a different treatment.

Policy Requirements

It is the responsibility of individual Grant Program Managers (GPMs) and Principals to ensure that any program income is properly and accurately accounted for according to federal or grantor requirements.

A decision must be made at the time of the grant award regarding the likelihood of program income generation and the appropriate use of program income.

34 CFR Part 80.25 for federal grants awarded prior to 12/26/14 allows that program income anticipated at the time of the award may be used in one of three methods:

- Deducted from the total project or program allowable costs to determine the net allowable costs on which the federal share of costs is based
- Added to the project budget and used to further eligible project or program objectives
- Used to finance any cost-sharing or matching requirements of the project

Unless specified in the terms and conditions of the award, the District requires that program income be added to the project budget and used to further eligible project or program objectives.

Grant recipients must disburse program income and interest generated on such income before requesting additional advances, reimbursements or drawdowns from the grant. Costs incident to the generation of program income that have not already been charged to the award may be subtracted from the gross income to determine net income. In this situation only the net income would be considered to be program income.

2 C.F.R Part 200.307 encourages earning income to defray program costs where appropriate. If the Federal award does not specify in its regulations the treatment of program income then program income

must be deducted from total allowable costs to arrive at the net allowable costs. Program income not anticipated at the time of the award must be used to reduce the award rather than increase the projects award.

Costs deducted from program income must comply with the District's Policy [GP0800 Allowable Uses of Funds and Adherence to Cost Circulars](#) for grants awarded prior to 12/26/14 and [2 C.F.R 200](#) for grants awarded on or after 12/24/14.

Records for the receipt and disposition of program-related income must be maintained according to the District's Policy [GPI400 Documentation and Record Retention](#).

Responsibilities

Grant Program Managers (GPMs) are responsible for identifying sources of actual and potential program income during the budgeting process. Refer to [GP0200 Grant Budgeting](#). They must ensure that all program income received is kept secure until it can be deposited into the appropriate account and properly recorded within the District's Advantage financial system. GPMs must notify Grant Budget Analysts (GBAs) when program income is generated. GPMs are responsible for using program income prior to other grant fund sources, in a manner approved by the grantor and in line with any applicable rules, regulations or existing District policies. They are responsible for accurately monitoring and reporting program income received to the funding agency.

Grants Fiscal Services Grant Budget Analysts (GBAs) will verify that program income received is properly recorded by Treasury Operations to the correct award budget revenue or expense line as determined by the grantor. The GBA will support the GPM in ensuring that program income is used prior to seeking reimbursement or additional funds from the grantor and that income is used in accordance with grantor rules and regulation, and District policies.

Treasury Operations is responsible for receiving and depositing program income and recording the receipt of funds against the proper budget within Advantage.

Procedures

Forms

Definitions

Program income is the gross income earned (generated) by the grant recipient during the grant period that is directly generated by a grant supported activity or earned as a result of the award. Program income includes, but is not limited to, income from: fees for services performed, the use or rental of real or personal property (equipment) acquired with grant funds, the sale of commodities or items fabricated under a grant agreement, and payments of principal and interest on loans made with grant funds and does not include interest on grant funds (see 2 CFR 200.305), rebates, credits, discounts, refunds, the proceeds from the sale of equipment or real property (see 2 CFR 200.311, 200.313, and 200.314), etc. or interest earned on any of these.

Contacts

- [Grant Fiscal Services](#)

Frequently Asked Questions

Related Information

- [*34 CFR Part 80.25*](#) for grants awarded before 12/26/14 and 2 C.F.R 200.307 for grants awarded on or after 12/26/14.
- [*GP0200 Grant Budgeting*](#)
- [*GP0800 Allowable Uses of Funds and Adherence to Cost Circulars*](#)
- [*GP1400 Documentation and Record Retention*](#)

History

- Amended 4/28/2015 for implementation of 2 C.F.R 200 for grants awarded on or after 12/26/14 and for technical adjustments.

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| Issue Date: July 1, 2012 | Effective Date: July 1, 2015 | Approved by: Chief Grant Development and Compliance Officer |
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