**Guidance and Policy for managing Program Income on Externally Sponsored Programs at Plymouth State University**

**What is Program Income?**

According to 2 CFR 200 (Uniform Guidance), Program Income means gross income earned by the University that is directly generated by a supported activity or earned as a result of an award during the period of performance. If a product or service is developed during the course of a sponsored project and the development of that product or service was funded by a sponsoring agency, then the net income received is considered program income.

Program income includes:

- fees earned from services performed under the project, such as laboratory tests
- income generated from sales of commodities and research materials, such as tissue cultures, cell lines, and research animals
- registration fees from participants attending conference or workshop
- income from sales of educational materials
- sale, rental, or usage fees, such as fees charged for the use of computing or laboratory equipment
- income generated from the sale of software, digital media, or publications

Uniform Guidance provides that a sponsor may elect to include program income as part of a grant award in one of three ways, additive, deductive, or matching. The default method if the sponsor terms are silent on handling of program income is additive. This means the program income funds are added to the total award for use toward the project. The deductive method would reduce the award amount by the amount of program income. The matching method would dictate that any program income be used as matching funds where cost share or match is required.

**Procedures for Program Income on Externally Sponsored Programs at PSU**

**At Time of Proposal**

The Principal Investigator (PI)/Project Director (PD) who anticipates that program income will occur during an externally sponsored project includes in the initial and/or continuation proposal an estimate of the amounts (non-binding) and sources of the anticipated income. The amounts are entered on the appropriate lines of the sponsor-specific form, if a form is required, and/or explained in detail in the proposal budget narrative.

Unless there is required cost sharing for the project and that cost sharing will need to be met with program income, the PI/PD requests in the proposal that the “additive method” be approved by the sponsor. The justification for this method is detailed in the proposal budget narrative. (One needs to consider the possibility that the “deductive method” may be applied at the sponsor’s discretion.)
When budgeting for the proposed program or project, the PI/PD includes in the anticipated program income expenses the applicable fringe benefits and Facilities and Administrative (F&A) costs. The Office of Research Administration confirms that fringe benefits and F&A line items are included in the proposal budget prior to submission to the sponsor.

**At Time of Award and Post-Award**

During the negotiation process for a new award and for unanticipated program income realized during the project period, the Office of Research Administration works with the sponsor and the PI/PD to clarify the applicable program income application method.

The Office of Research Administration establishes a unique program income account linked to the sponsored program. No budget is established until actual program income is received by the PI/PD’s Responsibility Center (RC) unit.

When actual program income is received, the revenue is deposited to the appropriate program income account established by the Office of Research Administration. It is the responsibility of the Office of Research Administration to ensure the appropriateness of re-budgeting program income accounts.