



Mississippi Valley Workforce Development Board

Program Income Policy

Approved Date: September 5, 2023

Effective Date: September 5, 2023

PURPOSE

To provide guidance and set forth standards for the use of program income on programs funded under Title I of the Workforce Innovation and Opportunity Act (WIOA).

BACKGROUND

The Office of Management and Budget (OMB) together with Federal awarding agencies has issued a joint final rule. This final guidance is located in Title 2 of the Code of Federal Regulations (CFR). This guidance provides a government-wide framework for grants management which will be complemented by additional efforts to strengthen program outcomes through innovative and effective use of grant-making models, performance metrics, and evaluation.

POLICY

It is the policy of the Mississippi Valley Workforce Development Board (MVWDB) that program income earned that is attributable to any WIOA Title I awarded funds shall be used in accordance with applicable Federal, State, and local regulations. Program income must only be expended on allowable sub-award activities and must be in compliance with the provisions established by the applicable uniform administrative requirements, cost principles, and general fiscal administrative requirements as appropriate.

MVWDB must ensure that sub-recipients are aware that all program income must be accounted for and reported in compliance with Federal statutes, State and local laws, and regulations. Sub-recipients must establish and maintain an effective internal system of control that provides reasonable assurance that the sub-recipient is managing awarded WIOA Title I funds in compliance with Federal, State, and local laws and regulations and the terms and conditions of the sub-award.

GENERAL PROVISIONS

Program income means gross income earned by the recipient or sub-recipient directly generated by a WIOA Title I grant-supported activity, or earned only as a result of the grant award during the period of performance.

Sub-recipients are allowed to retain program income only if it is added to the funds committed to the particular MVWDB award/grant and if such income is used toward the award/grant purposes. Any income received by a sub-recipient, in excess of costs, should be used to defray the Federal share of the program cost.

If an organization earns or receives revenue in excess of its costs under a WIOA Title I program/project (adult, dislocated workers, youth), that revenue

is to be treated as program income. This provision does not apply to commercial for-profit entities. The sub-award period is defined as the time between the effective date of the sub-award and the ending date of the sub-award reflected in the financial report.

METHODS OF TREATMENT

The addition method, described at 2 CFR 200.307, must be used for all program income earned under title I of WIOA grants. When the cost of generating program income has been charged to the program, the gross amount earned must be added to the program in which it was earned. However, the cost of generating program income must be subtracted from the amount earned to establish the net amount of program income available for use under the grants when these costs have not been charged to the program.

PROGRAM INCOME INCLUSIONS (the below list is not all-inclusive):

Fee for Services - Income from fees charged for services (shall not be from participant's services); On a fee-for-service basis, employers may use local area services, facilities, or equipment funded under title I of WIOA to provide employment and training activities to incumbent workers:

- When the services, facilities, or equipment are not being used by eligible participants.
- If their use does not affect the ability of eligible participants to use the services, facilities, or equipment; and
- If the income generated from such fees is used to carry out programs authorized under this title.

Use or Rental Fees: - Income from the use or rental of personal property acquired with grant funds or borrowed.

Sale of Products - Income from the sale of goods constructed under a grant agreement.

Interest income - Income earned from the interest paid on grant funds is treated differently for WIOA Title I programs than for most other Federal grant programs and ETA-funded required partner programs such as Wagner-Peyser. Both the Act and the regulations specify that interest earnings are to be treated as program income and are subject to the rules applying to program income referenced in 2 CFR Part 200. These rules apply to all programs funded under Title I of WIOA, including adult, dislocated worker, and youth. If an organization receives funds under both Title I programs and non-Title I programs, the recipient/sub-recipient is responsible for identifying the proportionate share of any interest earnings attributable to each type of program.

Sub-recipients shall maintain any income earned in an interest-bearing account unless the following applies:

- Sub-recipient receives less than \$120,000 in Federal awards per year; or
- The best reasonably available interest-bearing account would not be expected to earn interest in excess of \$250 per year on Federal cash balances. The depository would require an average or minimum balance so high that would not be feasible with the expected cash resources.

PROGRAM INCOME EXCLUSIONS (the below list is not all-inclusive):

- **Applicable Credits** - Reductions to grant costs as a result of refunds, rebates, credits, discounts, or the interest earned on them.

- Sale of property - Proceeds from the sale of real or personal property.
- Royalties - Income from royalties and license fees for copyrighted material, patents, and inventions developed by a sub-recipient. This income is considered program income only if specifically identified as such in the grant agreement or Federal agency regulations.
- Income earned after the grant period has ended - The recipient/sub-recipient is not accountable for income earned after the end of the grant award period.

Donations and Fundraising - Donations and contributions are voluntarily given to the recipient/sub-recipients. As they are not generated by the use of grant funds, such revenues do not constitute program income. Although costs of organized fundraising are unallowable, in the event that award funds were used to support in any way a fundraising activity, all funds raised as a result of the activity would be considered as program income.

Profits of commercial organizations - Profits earned by commercial organizations are not considered program income.

Matching funds - Funds provided to satisfy the matching requirements of the grants are not considered program income. Conversely, program income generated through grants may not be used to satisfy any match requirements.

USE OF PROGRAM INCOME

Only when authorized by MVWDB and the terms and conditions of the sub-award, costs incident to the generation of program income may be deducted from gross income to determine program income, provided these costs have not been charged to the award.

The requirements for using program income are the same as those applied to the grant funds with the exception of the administrative cost limitation. These requirements include:

- Allowable cost guidelines.
- Cost classification guidelines.
- Inclusion of program income earnings and expenditure in the audit.
- Rules on procurement and selection of sub-recipients.
- Established record-keeping requirements; and
- Sanctions for misuse.

Allowable expenditures for program income are the same as those for the grant award. In instances where a grant award contains a cost limitation, the limitation does not apply to the expenditure of program income.

All program income, both earned and expended, must be reported on a quarterly basis on the quarterly financial status report.

Sub-recipients shall maintain records sufficient to determine the amount of such income earned and the purposes for which such income was expended. Program income shall be traceable through the sub-recipient's fiscal system.

Program income expenditures will be tracked on a first-in-first-out basis. Therefore, the first dollar of net program income earned is to be counted against the first dollar of program expenditure incurred by the sub-recipient.

In the event earned program income cannot be used by the sub-recipient

for the purposes of the grant award, the funds must be returned to the MVWDB.

Program income earned by sub-recipients shall not be used to pay for disallowed costs.

MVWDB may negotiate agreements with sub-recipients regarding appropriate uses of income earned after the period of performance as part of the grant closeout process.

ONE-STOP PROGRAM INCOME

Program income earned at the One-Stop center as a result of shared activities or shared costs is attributable to all partners participating in the cost or activity. If program income is earned at the One-Stop as a result of shared costs or activities, then that income must be distributed to all partner organizations that participated in the activity or cost. The program income should be allocated in the same proportion as the shared costs. Program income must be expended on allowable grant activities and is subject to the requirements related to earnings and expenditures. The earning, allocation and use of program income should be addressed in the Resource Sharing Agreement (RSA). Partners may agree to use program income to reduce their share of costs or resources needed to fund the costs if that is allowable under the partners' authorizing statutes and regulations.

REFERENCE

WIOA Sec. 184 (a)(3), Sec. 184 (a)(s), Sec. 194 (7)(A) - (B), Sec. 194

CFR Part 200.80, Part 200.307, Part 200.327; 2 CFR Part 2900 - DOL exceptions

CFR Part 683.200