



Boston College: OFFICE FOR SPONSORED PROGRAMS Program Income Policy

Purpose

The purpose of this policy is to document the Office for Sponsored Programs' (OSP) Program Income policy for sponsored awards at Boston College.

Scope

This policy is applicable to all sponsored awards and **must** be followed by schools, departments, centers, institutes, and personnel of Boston College involved with sponsored awards.

Effective Date

The effective date of this policy is December 1, 2015

Policy Statement

Boston College receives external funding from various sources for sponsored programs, with the largest funding source being the Federal government. Boston College **must** comply with Federal regulations including those from the Office of Management and Budget (OMB). OMB's 2 CFR 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards sets forth the requirements for Program Income in §200.307.

Program Income is the gross income earned that is directly generated by a supported activity or earned as a result of the award. Boston College requires Principal Investigators (PI's) in conjunction with their departmental grant administration to identify Program Income on a sponsored award. The nature of this income must be appropriately documented and the resulting revenue and expenses properly recorded and accounted for according to the terms and conditions of the award, Boston College Policy, and Federal regulations. Program Income must be administered through a Program Income account established by the Office for Sponsored Programs (OSP).

Accounting for and use of Program Income

Per §200.307, non-Federal entities, such as Boston College, are encouraged to earn income to defray program costs where appropriate.

For Federal awards made to Boston College, the use of Program Income is determined by the Federal awarding agency's regulations or the terms and conditions of the Federal award. The Federal award may specify the Additive Method, Deductive Method, or the Matching Method for accounting for Program Income.

However, if the Federal awarding agency does not specify in its regulations or the terms and conditions of the Federal award how Program Income is to be used, then an Institution of Higher Education (IHE), such as Boston College, **must** apply the Additive Method.

For the Additive Method, Program Income funds are added to the funds committed to the project by the sponsoring agency and used to accomplish program objectives. For example, the initial project budget was \$90,000 and \$3,000 of Program Income is generated, so the total project is now \$93,000.

The Program Income **must** be used only for allowable costs in accordance with the applicable cost principles and the terms and conditions of the award. Funds remaining in the project or Program Income account after the project has terminated will be returned to the sponsor. If the PI wishes to use these funds to further project or program objectives, then the PI should work with OSP on a no-cost extension which should be requested from the sponsor prior to the award's end date.

Income generated through non-Federal awards is handled according to specific sponsor rules as referenced in the award document. If the award document is silent on the issue of Program Income, then the income is not reportable to the sponsor.

Guidance on What Is Program Income and What Is Not Program Income

Below are guidelines for identifying and tracking Program Income on sponsored awards. Activities related to sponsored awards must comply with Boston College's policies and procedures, the sponsor's terms and conditions, and Federal regulations.

- If a PI anticipates Program Income on his/her award, then this should be included in the proposal submission. Any questions regarding this process should be directed to OSP.
- When Program Income is not anticipated at the time of the proposal, but is later earned or generated, then it is the responsibility of the PI to notify his/her Departmental Grant Administration and OSP. OSP will ensure a Program Income account is established for tracking the funds.
- Revenue and expenses must be specifically identified and tracked separately in PeopleSoft.

What is Program Income

Program income includes but is not limited to income from fees for services performed, the use or rental of real or personal property acquired under Federal awards, the sale of commodities or items fabricated under a Federal award, and principal and interest on loans made with Federal award funds.

What is Not Program Income

Interest earned on advances of Federal funds is not program income.

Program income does not include rebates, credits, discounts, and interest earned on any of them, except as otherwise provided in Federal statutes, regulations, or the terms and conditions of the Federal award.

Taxes, special assessments, levies, fines, and other such revenues raised by a non-Federal entity are not program income unless the revenues are specifically identified in the Federal award or Federal awarding agency regulations as program income.

Proceeds from the sale of real property, equipment, or supplies are not program income.

Definitions

Additive Method is when program income funds are added to the Federal award by the Federal agency and the non-Federal entity (Boston College), however, the program income **must** be used for the purposes and under the conditions of the Federal award. This is the default method for IHE's.

Deductive Method is when program income funds are used to reduce the Federal award to the Federal award. In other words, the total funds available to the award remain the same and the funds generated through Program Income are deducted from the financial commitment of the sponsor.

Institution of Higher Education (IHE) is defined in 20 U.S.C. § 1001 General definition of institution of higher education.

Matching Method is when program income funds are used to finance the non-Federal share of the award (note: the amount of the Federal award remains the same).

Program Income is the gross income earned by the non-Federal entity (Boston College) that is directly generated by a supported activity or earned as a result of the Federal award during the period of performance.

Contacts

If you have any questions about this policy, how to treat a specific cost, or need additional information, please contact the Office for Sponsored Programs main number at 617-552-3344 or directly contact your area's OSP Liaison ([OSP Staff](#)).