Title: Program Income Policy for Sponsored Programs

Effective Date: September 1, 2013

Supersedes: N/A

Issuing Authority: Sponsored Programs Administration

Responsible Officer: Assistant Vice President for Post-Award Administration

Policy

It is the policy of New York University (“University”) that program income must be identified and tracked in accordance with federal and other sponsor requirements.

“Program income is gross income earned by the recipient that is directly generated by a supported activity or earned as a result of a sponsored award … 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 Federally funded projects, the sale of commodities or items fabricated under an award, license fees and royalties on patents and copyrights, and interest on loans made with award funds.” [OMB Circular, A-110 §__.2]

A project may have program income as a result of providing services to other organizations and/or from the sale of items developed under the award. When NYU engages in such activities, program income must be accounted for in the manner prescribed by sponsor regulations and NYU’s Policy.

For Federal awards, program income should be handled in one of three ways:

1) Added to funds committed to the project by the Federal awarding sponsor and recipient and used to further eligible project or program objectives;

2) Used to finance the non-Federal share of the project or program; or

3) Deducted from the total project or program allowable cost in determining the net allowable costs on which the Federal share of costs is based.

In the event that the Federal awarding sponsor does not specify in its regulations or the terms and conditions of the award how program income is to be used, item 3) shall apply automatically to all projects or programs except research. For awards that support research, item 1) shall apply automatically unless the awarding sponsor indicates in the terms and conditions another
alternative on the award or the recipient is subject to special award conditions. [OMB Circular A-110, §__.24]

If authorized by Federal awarding sponsor regulations or the terms and conditions of the 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.

Unless Federal awarding sponsor regulations or the terms and conditions of the award provide otherwise, recipients shall have no obligation to the Federal Government regarding program income earned after the end of the project period.

Interest earned on advances of Federal funds is not program income. Except as otherwise provided in Federal awarding sponsor regulations or the terms and conditions of the award, program income does not include the receipt of principal on loans, rebates, credits, discounts or interest earned on any of them.

For non-Federal awards, stipulations around program income should be addressed in the sponsor’s terms and conditions or by contacting the sponsor through OSP.

Proceeds from the sale of property shall be handled in accordance with the requirements of the Property Standards (See OMB Circular A-110, §§__.30 through __.37).

**Purpose of this Policy**

The purpose of this policy is to set forth the circumstances for identifying and tracking program income in accordance with Federal and other sponsor requirements.

**Scope of this Policy**

This Policy is applicable to all schools, departments, units and personnel of the University involved in administering sponsored awards.

**Procedures for Implementation**

- The PI(s) and Department Administrator will determine which activities on the award may generate program income. OSP should be consulted when determining the inclusion of program income in the proposal.

- If required by the sponsor, prior to using surplus funds, the PI and/or DA should confer with their OSP Projects Officer. OSP will then obtain permission from the funding sponsor.

- The department/unit will need to notify SPA of the revenue and expenditures associated with the activity that generated program income.

- The revenue and expenses must be specifically identified and tracked separately in PeopleSoft.
• Journal entries are processed to credit program income to the award in accordance with the method prescribed by the sponsor.

• SPA will ensure that all necessary steps have been followed when preparing the financial status report and closing out the award in FAME.

• When a sale for unused equipment/commodities is deemed appropriate by the PI, the PI will work with OSP to seek sponsor approval for the sale.

• Upon written approval from the sponsor, the transaction will be processed.

• For sale and disposal of equipment, see the NYU Asset Management Policies and Procedures.

• The department/unit will send an invoice to the Purchaser (and a copy to SPA) for the agreed-upon price of the equipment within 30 days of the sale. The sponsor’s program officer will instruct the PI on applying those funds to the program. The funds are typically applied to offset current costs or held to purchase a particular item.

• Funds cannot be used until SPA has confirmed receipt of payment from the buyer.

**Policy Definitions**

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<th>Program Income</th>
<th>Gross income earned by the recipient that is directly generated by a supported activity or earned as a result of an award.</th>
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**Related Policies**

• *NYU’s Asset Management Policies and Procedures*

**Federal Regulations**

• OMB Circular A-110
  - [http://www.whitehouse.gov/omb/circulars/a110/a110.html](http://www.whitehouse.gov/omb/circulars/a110/a110.html)