



**WORKFORCE DEVELOPMENT
BOARD OF MADERA COUNTY**

PROGRAM INCOME POLICY

EDD Revision Date: 9/12/01
WDB Review Date: 3/22/07; 12/17/15

EXECUTIVE SUMMARY:

Purpose:

This document establishes the Workforce Development Board of Madera County's (WDB) policy on the federal requirements regarding Workforce Innovation and Opportunity Act program income.

Scope:

This policy requires that all subrecipients expending WIOA funds shall comply with federal laws and regulations regarding program income.

Effective Date:

This policy is effective on the date of approval by the WDB, pending release of new State guidance.

REFERENCES:

Note: References from WIOA are from the Act, as signed into law in July 2014. References from Title 20 of the Code of Federal Regulations (CFR) are cited from the Notice of Proposed Rulemaking, and are therefore subject to change pending issuance of final Federal Regulations.

- WIOA Section 185(f)
- Title 20 Code of Federal Regulations (CFR), Subpart B, Section 683.200
- OMB Title 2 CFR 200.307

STATE-IMPOSED REQUIREMENTS:

This document contains only federal requirements.

FILING INSTRUCTIONS:

This policy implements the requirements of the new Title 2 CFR 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

BACKGROUND:

The WIOA and its regulations, provide specific guidance regarding what constitutes program income. Non-Federal entities are encouraged to earn income to defray program costs where appropriate.

POLICY AND PROCEDURES:

Definition:

Program income means gross income earned by the non-Federal entity that is directly generated by a supported activity or earned as a result of the Federal award during the period of performance except as provided in §200.307 paragraph (f). (See §200.77 Period of performance.) 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, license fees and royalties on patents and copyrights, and principal and interest on loans made with Federal award funds. Interest earned on advances of Federal funds is not program income. Except as otherwise provided in Federal statutes, regulations, or the terms and conditions of the Federal award, program income does not include rebates, credits, discounts, and interest earned on any of them. See also §200.407 Prior written approval (prior approval). See also 35 U.S.C. 200-212 "Disposition of Rights in Educational Awards" applies to inventions made under Federal awards.

Policy:

Cost of generating program income. If authorized by Federal regulations or the Federal award, costs incidental 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 Federal award.

Governmental revenues. 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.

Property. Proceeds from the sale of real property, equipment, or supplies are not program income; such proceeds will be handled in accordance with the requirements of Subpart D—Post Federal Award Requirements of this part, Property Standards §§200.311 Real property, 200.313 Equipment, and 200.314 Supplies, or as specifically identified in Federal statutes, regulations, or the terms and conditions of the Federal award.

The addition method, described at 2 CFR 200.307, must be used for all program income earned under title I of WIOA and Wagner-Peyser grants. When the cost of generating program income has been charged to the program, the gross amount earned must be added to the WIOA program. 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 WIOA program.

There are no Federal requirements governing the disposition of income earned after the end of the period of performance for the Federal award, unless the Federal awarding agency regulations or the terms and conditions of the Federal award provide otherwise. The Federal awarding agency may negotiate agreements with recipients regarding appropriate uses of income earned after the period of performance as part of the grant closeout process. See also §200.343 Closeout.

Unless the Federal statute, regulations, or terms and conditions for the Federal award provide otherwise, the non-Federal entity has no obligation to the Federal awarding agency with respect to program income earned from license fees and royalties for copyrighted material, patents, patent applications, trademarks, and inventions made under a Federal award to which 37 CFR part 401, "Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Awards, Contracts and Cooperative Agreements" is applicable.

Action:

This policy is effective on the date approved by the Workforce Development Board of Madera County, and replaces the previous version approved by the Board on March 22, 2007. Retain this policy until further notice.

Inquiries:

If you have questions, please contact the Executive Director or Fiscal Manager at (559) 662-4500.