



## Program Income and Councils on Developmental Disabilities

### Program Income ([45 CFR §75.307](#))

**What is program income?** Gross income earned by the non-Federal entity (Council or sub-recipient) that is directly generated by a Council funded activity or earned because of the Federal award during the period of performance except as provided in 45 CFR §75.307 (f).

*In other words – Funds earned by a Council or a sub-recipient of the Council from activities that were supported by DD Council federal funds.*

**What does program income include?** Program income includes, but is not limited to, income from fees for services performed; charges for the use or rental of real property, equipment, or supplies acquired under the grant; the sale of commodities or items fabricated under an award; charges for research resources; license fees and royalties on patents and copyrights.

*Common examples specific to DD Council work – book sales or training material sales, conference or workshop fees charged to attendees.*

**How must program income be used?** Program income must be used for current costs unless ACL authorizes otherwise. Program income must be used to decrease the Council's federal funds contribution rather than to increase the funds committed to the project.

*In other words – Money earned by a Council or sub-recipient must be used to cover the current costs of the project/activity that is funded with federal funds. Program income is to be used to reduce the federal share of the cost of the project and should not be used as match for the project/activity.*

**Where is program income reported?** Program income is reported on "line I" of the SF-425 (Annual Federal Financial Report).

TA Recommendations: Educate Council staff and Council sub-recipients about program income and how to treat program income; review Council grant manuals and procedural documents to ensure program income information is included; work with the Designated State Agency (if appropriate) to ensure program income is accounted for and reported on the annual federal financial report (SF-425).

**What happens if program income is earned after the period of performance?** [45 CFR 75.307 \(f\)](#) indicates there are no Federal requirements about how income must be used after the end of the period of performance.

TA Recommendations: Find out If the State/Territory or Designated State Agency has policies and procedures about income earned after the close of a project. Determine if the Council needs to include policies or procedures in their operating procedures.

Information on Program Income is also provided on pages 26-27 of the [Financial Information Guide](#).