



Fact Sheet

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Program income means any gross income received by the recipient or subrecipient that is directly generated by an award-supported activity or earned as a result of a federal award during the award period.

Program Income

What is program income?

Program income is defined in 28 C.F.R. Parts 66 and 70, governing the uniform administrative requirements for grants and cooperative agreements. Program income means any gross income received by the recipient or subrecipient that is directly generated by an award-supported activity or earned as a result of a federal award during the award period. Program income includes, but is not limited to, income from conference registration fees, exhibit booths, website advertisements, 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, or license fees and royalties on patents and copyrights developed by the recipient or subrecipient.

How do I know if my COPS award generates program income?

Contact your COPS Program Manager to determine if revenue generated from your COPS Office award constitutes program income. They will help you assess whether or not the income is generated as a result of the award-supported activity.

How can program income be used?

Program income must be used in accordance with the standards set forth in 28 C.F.R. §66.25 and 28 C.F.R. §70.24, as applicable. Program income generated from an award can be:

1. Added to funds already committed to the project to further eligible project or program objectives
2. Used to finance the non-federal share of the project or program
3. Deducted from total allowable project costs to determine net allowable costs on which the federal share is based

Unless otherwise specified in the award terms and conditions, or approved by the COPS Office, earned program income will be used to reduce the federal share (Option 3). For example, if you were awarded \$100,000 in COPS funding to support a conference and earned \$5,000 in program income from registration fees generated from that conference, an excess of \$5,000 would remain in award funds at the completion of the project. The \$5,000 would be returned to the federal government, thereby deducting costs from the federal share of the project. In some cases, grantees can work with their COPS Program Manager to identify additional project-related allowable costs that could be supported by the remaining funding (Option 1).

Earned program income can be spent only on allowable project costs incurred during the award period. Program income cannot be commingled with other awards and cannot be used for purposes outside of the scope of the award that generated the income.

There are a variety of circumstances that can affect how program income is treated. If you anticipate generating program income, please contact your COPS Program Manager and/or COPS State Accountant for guidance.

Contact COPS

If you have any questions regarding the federal requirements on program income, please contact your COPS Program Manager and/or COPS State Accountant.

For more information about the COPS Office programs and resources, please contact the COPS Office Response Center at 800.421.6770 or via email at AskCopsRC@usdoj.gov, or visit COPS Online at www.cops.usdoj.gov.

How should recipients report program income?

You are required to report gross program income earned and expended on the Federal Financial Report (SF-425) submitted each quarter. How you complete the report will depend on when you earn and spend the program income, as well as the status of your award. Using the example above where you earned \$5,000 from registration fees, you would enter the total amount of program income earned (\$5,000) on 10l and the total amount of program income expended on line 10m.¹

Program Income: Do not complete this section if reporting on multiple awards.		
10l	Total Federal Program Income Earned	Enter the amount of federal program income earned. Do not report any program income here that is being allocated as part of the recipient's cost sharing amount included in Line 10j.
10m	Program Income Expended in Accordance With the Deduction Alternative	Enter the amount of program income that was used to reduce the Federal share of the total project costs.

Program income earned and expended must be reported on a **cumulative** basis. You must **manually enter** these cumulative amounts each quarter, as the SF-425 form does not automatically calculate these amounts. For example, if \$5,000 in program income was earned in the 1st Quarter and \$10,000 was earned in the 2nd Quarter, you would add those amounts together and enter \$15,000 as *earned* on line 10l of the 2nd Quarter's SF-425. Similarly, if you spent \$5,000 in program income in the 1st Quarter and an additional \$10,000 of program income in the 2nd Quarter, you would enter \$15,000 as *expended* on line 10m of the 2nd Quarter's SF-425.

Your agency should maintain detailed records that identify the specific project activity source (e.g., conference registration fees) and amount of all program income generated, in the event of an audit or other grant compliance review. Line 12 ("Remarks:") on the SF-425 can be useful to provide narrative explanations supporting the financial information entered.

Can recipients keep program income as a "cash reserve" for future project costs?

NO. Funding recipients should expend earned program income before drawing down award funds, 28 CFR §66.21 and §70.22.

How much time is available to spend program income?

Allowable project expenses can be supported by earned program income only if the funds are encumbered during the open award performance period. Funds cannot be drawn down for expenses that are incurred after the award end-date.

Avoid retaining earned program income for extended periods of time. If you anticipate a significant lapse of time occurring between earning and spending program income, contact your COPS Program Manager. Excess program income should be deposited back into your COPS grant account in order to reduce your federal share.² These funds can remain available for later use on allowable project expenditures incurred before grant expiration.

If you anticipate having unused program income remaining toward the end of the award period, you may submit a request to your COPS Program Manager for a no-cost extension to provide additional time for your agency to spend program income. No-cost extension requests must be submitted prior to the award end date.

Unused program income remaining 90 days after the award end date must be returned to the COPS Office. Please contact your COPS Program Manager for guidance on how to return excess program income and complete your SF-425.

In the event that you earn interest on program income, please contact your COPS Program Manager and/or COPS State Accountant for guidance on how to complete your SF-425 to account for interest earned.

IMPORTANT: Awards must be open and active in order to incur expenses paid for by program income.

1. For examples of when lines 10n and 10o on the SF-425 are used, contact your COPS Program Manager.

2. It can take up to 6 weeks for the returned program income to appear in your COPS account.