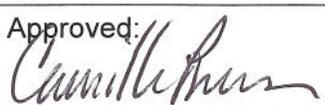


Department of Community Colleges and Workforce Development	Number: 589-10.05
	Revised Date: 08/14/08
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SUBJECT: Workforce Investment Act Title IB Program Income	Approved: 

Purpose: To provide guidance to Local Workforce Investment Areas (LWIAs) and other Workforce Investment Act (WIA) subrecipients on the requirements for earning, expenditure and reporting of program income.

References: Public Law 105-200, Section 195(7)
20 CFR 667.200(a)(5-8)
29 CFR 95.24
29 CFR 97.25
One-Stop Comprehensive Financial Management Technical Assistance Guide, Chapter II-7
CCWD WIA Title I B Policy 589-10.4 – Cash Draw Procedures
CCWD WIA Title I B Policy 589-10.9 – WIA Financial Reporting

Definition: Program income: defined in 29 CFR 97.25(b) as the “gross income received by the grantee or subgrantee directly generated by a grant-supported activity, or earned only as a result of the grant agreement during the grant period.” A similar definition is found in 29 CFR Part 95.2(bb).

Policy: Each governmental recipient and subrecipient must report their program income using approved methods of calculating, using and applying program income. The requirements for the earning and expenditure of program income are contained in the Uniform Administrative Requirements. Governmental recipients and subrecipients will follow the requirements specified at 29 CFR 97.25 and non-governmental recipients and subrecipients will follow the requirements specified at 29 CFR 95.24. Additional requirements for all WIA recipients and subrecipients are found at 20 CFR 667.200(a)(5-8). While there are minor differences in the wording, the regulations are similar and specify what constitutes program income, how program income is calculated, and the requirements for expending program income. These requirements are summarized below.

A list of the types of income that are considered program income for purposes of WIA grants is included in 29 CFR 97.25(a). The definition of program income in 29 CFR Part 95.2(bb) contains a similar list. These revenues are:

- Fee for Services
- User or Rental Fees
- Sale of Products
- Revenues in Excess of Expenditure (Applies to non-profit and governmental organizations only)
- Interest Income (WIA regulations specify that interest income earned on grant revenues is to be considered program income)

The regulations at 29 CFR 97.25 also list the types of revenues that are not included as program income. These same revenues would also be excluded under 29 CFR Part 95. These excluded revenues are:

- Applicable Credits
- Sale of Property (See also Policy No. 589-10.12)
- Royalties
- Income Earned after the Grant Period Has Ended
- Donations
- Profits of Commercial Organizations
- Matching Funds

Two methods may be used to account for revenue and costs associated with generating program income; the net income method and the gross income method. With the net income method, the costs incidental to the generation of program income are netted against or deducted from gross program income to determine the amount of net program income. With the gross income method, all gross revenues derived from program income activities are accounted for as program income, and the allocable costs associated with generating that revenue are charged to the appropriate program activities and/or cost categories. The resulting revenues, regardless of the accounting method used, must be added to the total award and used to provide the same services as the original grant agreement.

The requirements applicable to the use of WIA grant funds apply to the use of program income with the exception of the administrative cost limitation. These requirements include:

- Allowable cost guidelines
- Cost classification guidelines
- Inclusion of program income earnings and expenditures in the audit
- Program income must be used to minimize the time elapsing between receipt of WIA funds and their disbursement
- Rules on procurement and selection of service providers
- Participant records and other record keeping requirements
- Sanctions for misuse

As stated above, the administrative cost limitation does not apply to the expenditure of program income. LWIAs and other subrecipients are required to expend program income within the two-year period of availability of funds, or the grant period specified in the agreement. Any program income funds remaining will be used to reduce the reported grant expenditures at closeout.

All program income, both earned and expended, must be reported on the appropriate Financial Status Report on a quarterly basis. Reporting requirements are addressed in CCWD Policy No. 589-10.9.

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Procedures:

Responsibility

Action

LWIA/
Subrecipient

1. Account for program income in accordance with this policy.
2. Report program income to CCWD as appropriate.

CCWD

1. Monitor the subrecipient for compliance with this policy.