**Program Income on Sponsored R/PPS No. 03.07**

**Programs Issue No. 1**

**Effective Date: 05/31/2023  
Next Review Date: 04/01/2027 (E4Y)**

**Sr. Reviewer: Director, Pre-Award Support Services**

**POLICY STATEMENT**

*Texas State University is committed to providing a method for the documentation and treatment of program income earned in conjunction with a sponsored program.*

**01. DEFINITION**

01.01 Program Income – income earned by Texas State University that is directly generated by a supported activity or earned as a result of an award. Program income includes income from fees for services performed, use or rental of real or personal property acquired under sponsored programs, 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. Program income should be budgeted and described in the grant proposal.

**02. PROCEDURES FOR USE OF PROGRAM INCOME ON SPONSORED PROGRAMS**

02.01 Program income is used in one of three ways:

a. Deduction – Ordinarily program income shall be deducted from total allowable costs to determine the net allowable costs. Program income shall be used for current costs unless the sponsor authorizes otherwise. Program income that the grantee did not anticipate at the time of the award shall be used to reduce program costs and grantee contributions rather than to increase the funds committed to the project.

b. Addition – When authorized, program income may be added to the funds committed to the grant agreement by the sponsor and the grantee. The program income shall be used for the purposes described in, and under the conditions of the grant agreement.

c. Cost Sharing or Matching – When authorized, program income may be used to meet the cost sharing or matching requirement of the grant agreement. The amount of the grant award remains the same.

If the grant agreement does not distinguish which of the above methods is used, program income must be accounted for as a deduction. In specifying alternatives, the federal or state agency may distinguish between income earned by the grantee and income earned by sub-grantees and among the sources, kinds, or amounts of income.

Grantees are encouraged to earn income to defray program costs. The state requires that interest earned in excess of $250 per year on grants from purely state sources be considered program income. Earnings attributable to federal funds may be used only in accordance with applicable federal law.

02.02 Expenditures Made from Program Income – Program income is treated the same as "awarded" funds. As such, all the award's rules and regulations are applied to the program income, which cannot be spent on any activities other than the program.

02.03 Tracking and Documentation – A separate account in the grant range of account numbers will be set up by the Office of Research and Sponsored Programs in order to accurately track and report program income. This account will have the same time period as the grant.

02.04 Income earned after the sponsored program has ended no longer has a government obligation on its use.

02.05 Tuition and Fees for Regularly-Offered Courses – Tuition and related fees received by an institution for a regularly-offered course taught by an employee performing under a sponsored project are not considered program income.

**03. REVIEWER OF THIS PPS**

**03.01 Reviewer of this PPS includes the following:**

**Position Date**

**Director, Pre-Award Support April 1 E4Y**

**Services**

**04. CERTIFICATION STATEMENT**

This PPS has been approved by the following individuals in their official capacities and represents Texas State Research policy and procedure from the date of this document until superseded.

Director, Pre-Award Support Services; senior reviewer of this PPS

Vice President for Research