PROGRAM INCOME ON SPONSORED PROGRAMS

Overview

UT Health San Antonio is responsible for the programmatic and financial monitoring of program income generated from sponsored programs.

Policy

It is the policy of UT Health San Antonio to properly document and report program income to federal sponsors when earned on federal and federal pass-through projects, according to the terms and conditions of the sponsored project. If required by a non-federal sponsor, UT Health San Antonio shall comply with all program income requirements set forth.

Definition

PROGRAM INCOME: The gross income earned by UT Health San Antonio that is directly generated by a supported activity or earned as a result of the award.

Some examples of program income include revenue from the sale of research materials (e.g., animal models), fees from participants for conferences or symposia, and proceeds from the sale of supplies or equipment fabricated with project funds. Unless stipulated by the sponsor, program income does not include income earned from license fees and royalties for copyrighted material, patents, patent applications, trademarks and inventions.

Accounting Methods

Program income on federal awards may be accounted for using two (2) methods as determined by the awarding sponsor:

Deductive: Deducted from total allowable costs of the project or program to determine the net allowable costs on which the federal share of costs will be based.

Additive: Added to funds committed to the project by the federal awarding sponsor and used by UT Health San Antonio to further eligible project or program objectives. The program income must be used for the purposes of the project. If the federal awarding sponsor does not specify in its regulations or terms and conditions of the federal award, or give prior approval for how program income will be used, then the additive method will apply for any program income earned on the project.
**Treatment of Program Income**

Program income is recorded and reported by UT Health San Antonio pursuant to the method stipulated by the sponsor.

When program income is subject to the “additive method”, the Office of Sponsored Programs (OSP) will establish a 48001 fund group project so all program income payments can be deposited, and applicable expenditures can be recorded in order to further the award’s objectives.

When program income payments are received using the “deductive method”, they should be deposited and recorded as a credit expense to the main project of the sponsored award.

All program income deposits should be made through the OSP no matter what method is being utilized. In addition, all expenditures posted against program income must be in compliance with the terms and conditions of the award.

The reporting of program income will be provided to the sponsor by the OSP. Program income generated after a program period ends is generally excluded from the sponsor’s regulations as there is no governance of the income after the end of the period of performance for federal awards.

**Administration of Policy**

Administration of this policy is the responsibility of the OSP. Each UT Health San Antonio department or administrative unit has the primary responsibility to ensure compliance with this policy.

**Sanctions for Non-Compliance**

Failure to comply with the requirements of this policy is subject to disciplinary action as described in Section 2.1.2, of the Handbook of Operating Procedures (HOP).

**References**

- Office of Management and Budget Uniform Administrative, Cost Principles, and Audit Requirements for Federal Awards (OMB Uniform Guidance)
- NIH Grants Policy Statement
• UT Health San Antonio Office of Sponsored Programs Policies and Procedures for Sponsored Programs Manual