

CHAPTER 2-210 PROGRAM INCOME

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2-210-00 What does this chapter do?

This chapter explains our policies on program income generated by any grant or cooperative agreement we award. This chapter defines program income, and describes how you, the recipient, must manage and use it.

2-210-10 Where do these policies come from?

Our policies about earning, reporting, and using program income come from *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, at [2 CFR Part 200, Subpart D](#).

2-210-20 What is program income?

- A. Program income is the gross income earned by you that is directly generated by a supported activity or earned as a result of the Federal award during the period of performance.
- B. The following types of income are examples of program income. Note that this is not a complete list. Other items not included here may also be program income:
1. Fees you receive for services you perform.
 2. Revenue from sale of products made under an assistance agreement, such as publications.
 3. Fees to rent or use equipment or real property you acquired with assistance funds.
 4. Income from permit fees.
 5. Insurance premiums received under the Subsidence Insurance program.

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- C. We do not consider the following types of income to be program income:
1. Proceeds from the sale of real and personal property, either purchased through an assistance agreement or provided by us, are not program income. See Chapter 2-200 for property disposition rules.
 2. Credits applied against expenditures, such as a rebate on an equipment purchase, are reductions of costs rather than program income. These credits must be applied to the related cost to reduce the expense charged to the assistance agreement.
 3. Income from fines, penalties and forfeitures collected by a state or tribal coal regulatory authority are not program income. You should use these funds to improve quality of life and the environment in the state or on tribal lands.
 4. Tax revenues dedicated to the purposes of your program are not program income.
 5. Tuition and related fees received by an institution of higher education for a regularly offered course taught by an employee paid under an assistance agreement are not program income.

2-210-30 Should you try to earn program income?

Yes. We encourage you to earn program income in order to reduce program costs.

2-210-40 What methods do Federal regulations provide for using program income?

- A. The Code of Federal Regulations at [2 CFR Part 200, Subpart D](#), provides three methods for treating program income from Federal assistance agreements:
1. The Deduction method uses program income to reduce program costs. Program income must be deducted from total allowable costs to determine net allowable costs. The net allowable costs are then divided into Federal and non-Federal shares according to the percentages in the award. Under this method, program income reduces your and our costs for the program. The total program budget does not increase.
 2. The Addition method adds program income to the Federal and non-Federal funds already awarded to increase the total program budget.
 3. The Cost sharing or matching method allows you to use all program income to meet your cost sharing or matching requirements under the assistance award. This method reduces your costs for the program. The Federal cost and the total program budget do not change.
- B. Your grant or cooperative agreement award, and our rules for the program under which we

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awarded it, will specify which of these three methods you must use.

2-210-50 How must you account for program income?

- A. You are accountable for the program income you receive.
- B. You must use program income funds according to your assistance agreement and the treatment method authorized for your program.
- C. You must report program income from all sources on your interim and final financial reports.
- D. You must keep records of program income in the same manner as required for funds provided by the assistance agreement. You must maintain financial records of program income receipt, and disposition adequate to track and audit such income.

2-210-60 What specific rules apply to program income earned from a regulatory grant?

- A. You must use program income from regulatory program grants to meet your required match, under the Cost-sharing or matching method.
- B. If you earn more program income than the required match, or if your regulatory grant does not require match, you may choose either of the following options.
 - 1. You may use the Addition method, adding the excess program income to the Federal and non-Federal funds already committed to the regulatory program in the grant agreement to increase the total program budget. You must use the additional funds for the purposes and under the conditions of the regulatory grant agreement.
 - 2. You may use the Deduction method, using the excess program income to reduce the Federal share of regulatory program costs.
- C. You must report all program income earned and expended, and the method used, in your final financial report.
- D. For income from permit fees paid to the state or tribe by coal mine operators, you may choose either to report all of the fees you received in the current grant, or to distribute the fee income equally to the regulatory grants in effect during the duration of the approved permit.
- E. Considering all sources of funds you receive as a result of a regulatory grant (Federal grant funds, permit fees, etc.), you must not realize a "profit" by receiving more income under a grant than you spent on the regulatory program.

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2-210-70 What specific rules apply to program income earned from an AML grant?

- A. Program income includes fees from any user charge related to land reclaimed under Title IV of SMCRA, after expenditures for maintenance have been deducted.
- B. Program income includes donations by persons, corporations, associations and foundations for the purpose of Title IV. You must account for donations properly.
- C. You must use program income from an AML grant by the Deduction method except for the specific types of income listed below. Under the Deduction method, you apply the program income to AML expenditures to reduce the Federal cost.
 - 1. You must use Subsidence Insurance premiums under the Addition method to increase the funding of the Subsidence Insurance Program. You should consider the insurance premiums to be paid out when you determine how to use the funds to further the objectives of the Subsidence Insurance Program.
 - 2. Interest earned from AML set-aside trust funds is not considered to be program income. Set-aside funds and interest are considered to be state or tribal funds. You may keep them and spend them to achieve the goals of the Set-Aside Program.

2-210-80 How must you use program income from all other OSMRE assistance agreements?

You should use the Deduction method for program income from any OSMRE assistance agreement except regulatory and AML grants. Apply the income to total expenditures, reducing the final cost of the program.