

To: work2future Staff & Subrecipients  
From: work2future Director  
Effective Date: May 2020  
SUBJECT: Program Income  
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## OPERATIONAL DIRECTIVE

work2future Workforce Development Board  
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### Purpose:

This guideline provides guidance on the federal requirements regarding program income under *Workforce Innovation and Opportunity Act (WIOA)* and the Office of Management and Budget's (OMB) *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; Final Rule (Uniform Guidance).

### Scope:

The information in this policy applies to all subrecipients receiving WIOA funds.

### Effective Date:

This directive is effective upon date of issue.

### REFERENCES:

- Workforce Innovation and Opportunity Act (WIOA)
- Title 2 Code of Federal Regulations (CFR) 200 (Uniform Guidance)
- Title 2 CFR Part 2900 (DOL Exceptions)
- Training and Employment Guidance Letter (TEGL) 15-14
- Workforce Services Directive WSD 15-25 (EDD WIOA Program Income)

### POLICY AND PROCEDURES:

Program income means gross income earned by the recipient or subrecipient that is directly generated by an activity of a WIOA grant or subgrant. Program income is considered additional revenue that is available for use and support allowable activities of the WIOA grant or subgrant.

1. A recipient or subrecipient of a WIOA program may retain any program income earned only to the extent such income supplements the funds committed to the particular WIOA grant or subgrant outcomes, under the terms and conditions applicable to the use of the grant funds. The classification of costs shall apply to the use of program income.

#### Program income includes:

- (a) Receipts such as sales or use fees of goods or services (including conferences) paid for with WIOA funds;
- (b) Income received from a user of personal property acquired with WIOA grant (including facilities that are rented or leased with WIOA funds);
- (c) Income from the sale of items fabricated directly or as a by-product under a WIOA grant or subgrant funded activity;
- (d) Revenues from the sales or use fees of licenses, royalties on patents, or copyrights;
- (e) Revenues earned by a public or private nonprofit Service Provider under either a fixed-price or reimbursable award, that are in excess of the actual costs incurred in providing service;

- (f) Funds provided to the WIOA Service Provider that are in excess of the costs associated with the services provided; and
- (g) Interest income earned on WIOA funds.

Program income does not include:

- (a) Rebates, credits, discounts, refunds, etc., or interest earned on any of them. These revenues will be treated as contra expenses (and credited against expenses charged). In fact, WIOA allowable costs dictate amounts charged be net of these credits. Interest earned on credits referenced in this paragraph must be accounted for separately from interest earned as program income above;
  - (b) Proceeds from the sale of real property, equipment, or supplies;
  - (c) Taxes, special assessments, levies, fines, and other such governmental revenues raised by a recipient or subrecipient, unless the revenues are specifically identified in the grant agreement or Federal agency regulations as program income.
  - (d) Donations and contributions received by a subrecipient that were voluntarily given for a WIOA program;
  - (e) Profits when the subrecipient is a for profit entity and not a Service Provider.
  - (f) Funds obtained to satisfy matching requirements of a WIOA program, from a non WIOA source.
  - (g) Income earned after the period of the subaward's performance.
2. Costs incidental to the generating program income may be deducted against the revenues received, if not already charged to the grant. If costs exceed the income, those losses are not allowable expenses unless the subrecipient has gotten prior approval from work2future.
3. Cost sharing or matching. With prior approval of the Federal awarding agency, program income may be used to meet the cost sharing or matching requirement of the Federal award. The amount of the Federal award remains the same.

**Responsibilities of work2future:**

- (a) Program income shall be used by work2future prior to the submission of the final report for the subgrant to which the earnings are attributable.
- (b) work2future is responsible for reprogramming the funds to satisfy the requirements in (NPRM) 20 CFR 683.200.
- (c) Program income returned to work2future by its subrecipients after expiration of the subgrant period will be remitted to the State of California.

**Responsibilities of work2future Subrecipients:**

- (a) Subrecipients of work2future are required to submit on a quarterly basis to work2future program income earned identifying the contract number under which the program income was earned, the source of the program income, and the cost categories applicable to the income being returned. If the original contract was funded from more than one program year's allocation, the program income must be identified as to how much is attributable to each program year's funds.
- (b) Any program income earned by a subrecipient after a contract is closed must be returned to work2future within thirty days after receipt of the program income.

Rental income and user fees on personal property acquired with WIOA funds shall continue to be WIOA program income in subsequent funding periods after a subgrant or contract is closed.

Allowable expenditures for program income are the same as those covered under work2future policy on allowable costs. The use of program income inherits the same requirements as all WIOA funding. EDD requires that all program income will be charged to the programs funded under subgrants prior to the close-out of that grant. work2future accordingly requires that program income received by its subrecipients be used in the term of the contract award.

Subrecipients receiving WIOA funds from work2future shall maintain sufficient records to determine the amount of program income received and the purposes for which such income is expended. Program income records carry the same burden of records retention as all other financial records concerning WIOA funding.

The funds acquired by a subrecipient that are considered program income (after deductions for off-sets as described above) must be used prior to the subrecipient requesting cash from work2future. This requirement does not dictate when the funding must be charged to an allowable activity, but rather that other WIOA funds may not be used for cash flow purposes when program income reserves are on hand.

**ACTION:**

Bring this policy to the attention of all affected staff and subrecipients.

**INQUIRIES:**

If you require further information regarding this policy, please contact work2future Finance Manager at 408-794-1146.