



THE GEORGE
WASHINGTON
UNIVERSITY
WASHINGTON DC

Responsible University Official:
Vice President for Research
Responsible Office: Office of the
Vice President for Research
Origination Date: November 19,
1993

MANAGING PROGRAM INCOME GENERATED ON SPONSORED PROJECTS

Policy Statement

Program income that is generated from projects funded in whole or in part by federal or non-federal sponsors must be properly identified, used, accounted for and reported on in compliance with sponsor requirements.

Reason for Policy/Purpose

To provide parameters for the handling of income earned by the recipient of a sponsored award that is directly generated by a supported activity or earned as a result of the award. This policy is designed to provide guidelines that will help the recipients of sponsored funding comply with the requirements of [Office of Management and Budget \(OMB\) Circular A-110](#), federal awarding agency regulations, and the terms and conditions of sponsoring agreements regarding accounting for program income derived from federal sponsored projects. To be consistent, the University extends the requirements of [OMB Circular A-110](#) to income generated on all programs sponsored in whole or in part by both federal and non-federal sponsors, except where the terms of any such agreement are explicit and mandate some other treatment.

Who Needs to Know This Policy

Faculty and staff

| Table of Contents | Page # |
|------------------------------------|---------------|
| Policy Statement | 1 |
| Reason for Policy/Purpose | 1 |
| Who Needs to Know This Policy..... | 1 |
| Table of Contents..... | 1 |

MANAGING PROGRAM INCOME
GENERATED ON SPONSORED PROJECTS

| | |
|--------------------------------|---|
| Policy/Procedures | 2 |
| Website Address | 4 |
| Contacts..... | 4 |
| Definitions..... | 4 |
| Related Information | 5 |
| Appendices..... | 5 |
| Who Approved This Policy | 5 |
| History/Revision Dates | 6 |

Policy/Procedure

Sponsors provide funding to the University to cover the costs of conducting research, training, and public service-related activities. These activities may produce program income, which in most cases must be reported to the sponsor.

[OMB Circular A-110](#) and the Code of Federal Regulations set forth specific requirements for the identification, use, accounting and reporting of income generated from a federal sponsored project during the project period. The University has extended these requirements to income generated on all programs sponsored in whole or in part by non-federal as well as federal sponsors.

I. Identifying Program Income

The Principal Investigator (PI) is responsible for identifying sources of actual or potential program income. Appendix A to this policy provides guidance for determining whether any income earned as a result of a sponsored project is program income. A PI needing further guidance should call his/her Research Service Coordinator (RSC) in the Office of the Vice President for Research.

The PI must notify the department Chair as soon as an actual or potential source of program income has been identified. The PI also must notify the RSC so that a Project-Task-Award (PTA) for the program income activity can be created in the EAS (Oracle) financial system.

II. Accounting for Program Income

The University's [Opening Bank Accounts Policy](#) prohibits the establishment of an independent bank account for any reason. Any and all program income payments must be made payable to The George Washington University. The PTA must be identified for each payment, and payments must be deposited on a daily basis and on the same day that they are received with the University's Cashier's Office in order to comply with University's [Deposit of Checks, Cash and Credit Card Receipts Policy](#).

MANAGING PROGRAM INCOME GENERATED ON SPONSORED PROJECTS

The PI, in consultation with his/her Chair, is responsible for knowing that a sound accounting system has been developed for the financial management of the program income project. A sound accounting system, specifically a cash management system, will conform to generally accepted accounting principles and the PI will obtain the guidelines for developing an effective cash management system from the school or department's designated financial manager. At a minimum, the designated financial manager will provide the PI with the following:

- Payment instructions;
- A receipt register for tracking receipts; and
- A periodic reconciliation of the receipt register to the record of deposits.

Program income awards are subject to the same sponsor rules, regulations and limitations applicable to the primary award and, accordingly, only those expenses that are allowable and allocable to the award may be charged directly to the program income award.

A. Program Income from Federal Funds

Normally, program income earned on federally-funded research awards must be added to funds committed to the project by the federal awarding agency and used to further eligible project or program objectives. Program income earned from other federally-funded non-research awards must be deducted from the total project or program allowable cost in determining the net allowable costs on which the federal share of costs is based. Under special circumstances, program income earned on federally-funded non-research awards may be used to finance the non-federal share of the project or program (*i.e.*, used to fulfill cost sharing requirements. *See also* the University's [Cost Sharing on Sponsored Agreements Policy](#)).

The RSC will assist the PI in reviewing sponsor regulation and/or specific award terms to identify which options are available for using the program income that is generated throughout the life of the award.

The PI must contact the department Chair who, in consultation with the School Finance Manager and the RSC, will determine the appropriate accounting treatment for program income earned after the end of the federal project. The RSC can provide specific information on award terms regarding program income earned after the end of the project. The School Finance Manager can provide information on setting up relevant accounts for the deposit of program income earned after the end of the project, as well as any restrictions on the expenditures from such accounts. Unless the federal award or Federal awarding agency regulations specify otherwise, the University has no obligation to the federal government regarding program income earned after the project period. The Chair is responsible for consulting with the Comptroller's Office regarding the taxability of any program income.

MANAGING PROGRAM INCOME
GENERATED ON SPONSORED PROJECTS

B. Program Income from Non-Federal Funds

Program income earned from non-federal funds during the project period may be used in one or more of the following ways unless the sponsored agreement specifies otherwise:

1. To cover increased costs of the project and to further the project;
2. To fulfill a cost sharing requirement; or
3. To support other departmental projects.

The PI must contact the department Chair to determine the appropriate accounting treatment for program income earned after the end of the non-federal project. The Chair is responsible for consulting with the Comptroller's Office regarding the taxability of any program income.

III. Subrecipient Compliance

The PI is responsible for identifying subrecipients that are generating program income and for notifying the Office of the Vice President for Research. The Office of the Vice President for Research is responsible for monitoring subrecipients for appropriate identification, use, accounting and reporting of program income in accordance with the University's [Subrecipient Compliance Policy](#).

Website Addresses for This Policy

[GW University Policies](#)

Contacts

| Subject | Contact | Telephone | E-Mail |
|----------------|--|------------------|--|
| Program Income | Office of VP for Research | (202) 994-6255 | osr@gwu.edu |
| | Grants and Contracts Accounting Services | (703) 726-4242 | |

Definitions

Award Any financial assistance that provides support or stimulation to accomplish a public purpose. Awards include grants, contracts and other agreements in the form of money or property in lieu of money.

Program Income Any income earned by the recipient of a sponsored award that is directly generated by a supported activity, or earned as a result of the award.

MANAGING PROGRAM INCOME GENERATED ON SPONSORED PROJECTS

Research Research and development means all research activities, both basic and applied, and all development activities that are supported at universities, colleges, and other non-profit institutions. “Research” is defined as a systematic study directed toward fuller scientific knowledge or understanding of the subject studied. “Development” is the systematic use of knowledge and understanding gained from research directed toward the production of useful materials, devices, systems, or methods, including design and development of prototypes and processes. The term research also includes activities involving the training of individuals in research techniques where such activities utilize the same facilities as other research and development activities and where such activities are not included in the instruction function.

Related Information

[45 CFR 74.1 et seq.](#), Department of Health and Human Services Uniform Administrative Requirements for Awards and Sub-Awards to Institutions of Higher Education, Hospitals, other Nonprofit Organizations, and Commercial Organizations.

[National Science Foundation Grants Policy Manual](#)

[NIH Grants Policy Statement](#)

[OMB Circular A-110, Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education](#)

[Award Management and Closeout Policy](#)

[Copyright Policy](#)

[Cost Sharing on Sponsored Agreements Policy](#)

[Deposit of Checks, Cash and Credit Card Receipts Policy](#)

[Opening Bank Accounts Policy](#)

[Patents and Scholarly Work Policy](#)

[Research Grants and Contracts Definition](#)

[Subrecipient Compliance Policy](#)

Appendices

Appendix A Guide to Identifying Revenue Generating Activities and Program Income

Who Approved This Policy

Leo M. Chalupa, Vice President for Research

Louis H. Katz, Executive Vice President and Treasurer

Donald R. Lehman, Executive Vice President for Academic Affairs

Beth Nolan, Senior Vice President and General Counsel

John F. Williams, Provost and Vice President for Health Affairs

MANAGING PROGRAM INCOME
GENERATED ON SPONSORED PROJECTS

History/Revision Dates

Origination Date: November 19, 1993
Last Amended Date: April 8, 2009
Next Review Date: May 1, 2010

MANAGING PROGRAM INCOME
GENERATED ON SPONSORED PROJECTS

Appendix A

Guide to Identifying Revenue Generating Activities and Program Income

Any external or internal sale that results from a sponsored activity is likely to be program income. If the activity will be partly or fully supported by sponsored funds, it is program income. A non-exhaustive list of examples of program income includes:

- Income from fees for services performed such as laboratory tests;
- Money generated from the use, sale, or rental of equipment purchased with project funds;
- Proceeds from the sale of supplies or equipment purchased or fabricated with project funds;
- Proceeds from the sale of software, tapes, or publications;
- Income from the sale of research materials such as animal models;
- Fees from participants at conferences or symposia; and
- Sales of products with an accompanying material transfer agreement.
- Income generated from license fees and royalties on patents and copyrights is included in the federal definition of program income. However, unless federal awarding agency regulations or the terms of the sponsored project specifically state that income generated from license fees and royalties on patents must be reported as program income, GW has no obligation to the federal government with respect to this program income.

Even if the PI includes this income in the proposal budget calculations, it will be program income and the proposal routing form must be completed accordingly. For example, if conference fees are to be used to cover part of the cost of the project, this revenue is still program income. The PI must inform the department Chair as soon as it becomes apparent that there is actual or a potential for generating program income so that the appropriate plans can be made for managing and monitoring the program income award.