

PROGRAM INCOME

Introduction

Non-Federal entities are encouraged to earn income to defray program costs where appropriate. Program income is the gross income earned by a State Library Administrative Agency (SLAA) or a subrecipient from the activities supported by grant funds or from products resulting from grant activities. It includes, but is not limited to, income from fees for services performed and from the sale of items created under a grant, usage or rental fees for equipment or property acquired under a grant, and license fees and royalties from patents and copyrights.

Program Income Earned during the Grant Period

The federal share of program income earned during the grant period (the time between the effective date of the award and the ending date of the award reflected in the final financial report) shall be retained by the grantee and, unless the grant award specifies how such income will be used, the grantee must use it in one or more of the following ways:

- 1) It may be added to the existing project funds and used to further project objectives;
- 2) It may be used to meet the SLAA's cost-sharing or matching requirement; or
- 3) It may be deducted from the total allowable costs to determine the net allowable project costs that may be charged to the IMLS grant.

While all of the three uses above are allowed, *IMLS prefers that option #1 be followed—that program income will be added to the existing project funds and used to further project objectives.*

IMLS must approve the use of program income and will do so on a case by case basis.

Program Income Earned after the Grant Period

Unless otherwise stated in the grant award, the grantee shall have no obligation to the federal government regarding program income earned after the end of the grant period.

For further information on program income, see: **2 CFR 200.307**