

Program Income

Program income means gross income earned by the recipient, during the funding period, as a direct result of the award. Direct result is defined as a specific act or set of activities that are directly attributable to grant funds and which are directly related to the goals and objectives of the project.

Interest Income. Interest income should be treated and reported as program income. Refer to specific program guidelines on interest income.

Royalties. The recipient shall retain all royalties received from copyrights or other works developed under projects or from patents and inventions, unless the terms and conditions of the project provide otherwise or a specific agreement governing such royalties has been negotiated between OJA and the recipient.

Asset Seizures and Forfeiture Income. Income received from the sale of seized and forfeited assets (personal or real property) or from seized and forfeited money shall follow the Addition Method of handling program income. The following policies apply to program income from asset seizures and forfeitures:

- Program income, with the approval of OJA, may be retained by the entity earning the program income or used by the recipient for any purpose that furthers the objectives of the legislation under which the grant was made.
- Program income earned in an anti-drug abuse task force operation must remain within the task force, even if a unit of government no longer participates in the task force or a change of lead agency occurs.
- State or local units of government may use program income funds from seized and forfeiture assets as match when assets are adjudicated by a state court, in accordance with state law. In addition, state and local units of government MAY use cash received under the equitable sharing program for the non-Federal portion (match) of program costs, as provided for in the guidelines established by the DOJ Asset Forfeiture Office, when the assets are adjudicated by a federal court.
- There are no federal requirements governing the disposition of program income earned after the end of the funding period unless the terms of the award or OJA's regulations provide otherwise. Program income from asset seizures and forfeitures is considered earned by the project at the time of the seizure, and is available for use by the recipient upon forfeiture.

Refer to the "OJA Guidelines for Use of Program Income Generated by Seizures and Forfeitures" manual.

Other Guidelines. In the absence of other restrictions on disposition contained within the award or the terms and conditions of the project, program income shall be added to the funds committed in the agreement (Addition Method of handling program income). The program income shall be used by the recipient for any purpose that furthers the broad objectives of the legislation under which the award was made (i.e. expanding the project or program, continuing the project or program that furthers the broad objectives of the State, obtaining equipment or other assets needed for the project or program or for other activities that further the statute's objectives).

Program Income Accountability. All income generated as a direct result of an agency funded project shall be deemed program income. Program income must be reported to OJA and used for the purposes and under the conditions applicable to the award. Program income costs follow the same allowability criteria as the federal grant funds. The federal portion of program income must be accounted for up to the same ratio of federal participation as funded in the project. For example:

- A grant was funded by 100% federal funds, and must account for and report on 100% of the total program income earned. The total program income earned was \$20,000 and the recipient must account for and report \$20,000 as program income on the financial report.
- A grant was funded by 75% federal funds and 25% non-federal funds. The total program income earned by the grant was \$100,000 of which \$75,000 must be accounted for and reported by the recipient as program income on the financial report.