



## OKLAHOMA WORKFORCE DEVELOPMENT ISSUANCE #10-2013

**TO:** WIA Board Chairs  
WIA Board Staff  
WIA Fiscal Agents

**FROM:** Deidre Myers, Deputy Director  
Office of Economic and Workforce Policy

**DATE:** August 6, 2013

**SUBJECT:** Program Income

**RESCISSIONS:** This issuance rescinds OETI #02-2003

**CATEGORY:** Policy category A

**PURPOSE:** This policy is being re-released for the purpose of reissuing under the Oklahoma Department of Commerce (ODOC) policy naming convention and as reference to the rescission and update of OESC OETI #02-2003 issued on January 24, 2003. This policy does not change any previous guidance or content related to Program Income.

**MESSAGE:** All subrecipients expending WIA funds shall comply with the federal laws and regulations regarding program income.

### Definition of Program Income

Program income means gross income received by the grantee or subgrantee directly generated by a grant-supported activity, or earned only because of the grant agreement during the grant period. During the grant period is the time between the effective date of the award and the ending date of the award reflected in the final expenditure report.

### Program income includes:

1. Receipts from goods or services (including conferences) provided because of activities funded under this title;
2. Funds provided to a service provider under this title that are in excess of the costs associated with the services provided; and
3. Interest income earned on funds received under this title. WIA Sec. 195(7)(B)(i)(ii)(iii).
4. Any excess revenue over costs incurred for services provided by a governmental or non-profit entity. 20 CFR 667.200(a)(6).

### **Program income does not include:**

1. Rebates, credits, discounts, refunds, etc. or interest earned on any of them.
2. Such funds must be credited as a reduction of costs if received during the same funding period that the cost was initially charged. Credit received after the funding period must be returned to the ODOC.

### **Use of Program Income**

1. Section 195(7)(A) states that, "Income under any program administered by a public or private nonprofit entity may be retained by such entity only if such income is used to continue to carry out the program."
2. Allowable expenditures for program income are the same as those for the grant. The administrative cost limit does not apply to program income. The administrative cost limit for the program is calculated based on the total allocation or grant amount, not on the amount available for expenditure that includes program income.
3. On a fee-for-service basis, employers may use local area services, facilities, or equipment funded under title I of WIA to provide employment and training activities to incumbent workers:
  - a. When the services, facilities, or equipment are not being used by eligible participants;
  - b. If their use does not affect the ability of eligible participants to use the services, facilities, or equipment; and
  - c. If the income generated from such fees is used to carry out the programs authorized under this title. 20 CFR 667.200(a)(8).
4. When the cost of generating program income has been charged to the program, the gross amount earned must be added to the WIA program. However, the cost of generating program income must be subtracted from the amount earned to establish the new amount of program income available for use under the grants when these costs have not been charged to the WIA program. 20 CFR 667.200(a)(5).

### **Reporting Requirements**

Each WIA grant recipient is required to submit Monthly Accrued Expenditure Reports to the ODOC. These reports must include any income or profits earned. The addition method, described at 29 CFR 95.24 or 29 CFR 97.25(g)(2) as appropriate must be used for all program income earned under WIA title I grants. Any cash-on-hand from program income must be liquidated before requesting additional cash.

Program income generated during the life of a specific allocation must be expended before the end of the availability of the funds. Any unexpended funds must be returned to the ODOC.

**ACTION REQUIRED:** Grantees must develop a policy that is consistent with the applicable rules. The lack of appropriate policies, procedures and systems could result in findings and disallowed costs. Copies must be distributed to appropriate staff and subcontractors. A copy of this issuance must be maintained as a part of your permanent file.

**NOTE:** ODOC issued guidance is subject to change pending new DOL regulation, OMB Circular revisions, audit requirements, or internal determinations for efficiencies and effectiveness to program delivery and stewardship of federal funds.

**INQUIRIES:** Questions regarding this issuance should be addressed to Tina Lindsay at [Tina.Lindsay@OKCommerce.gov](mailto:Tina.Lindsay@OKCommerce.gov) or (405) 815-5137.