

**West Virginia Department of Human Services  
Bureau for Behavioral Health  
Program Income Guidance**

**Program Income**

Program income is the gross income earned by a grantee, subgrantee, or a contractor under a grant directly generated by the grant-supported activity or earned as a result of the award. See [2 C.F.R. § 200.1](#) (definition of “Program Income”). Program income includes, but is not limited to, income from fees for services performed; charges for the use or rental of real property, equipment, or supplies acquired under the grant; the sale of commodities or items fabricated under an award; charges for research resources; and license fees and royalties on patents and copyrights.

**Overview**

For all Bureau for Behavioral Health (BBH) administered grants, program income earned during the grant period must be tracked and reported by the grantee. Additionally, all program income earned as part of a BBH grant program must be administered in accordance with the terms and conditions of the grant award and be used only for allowable costs in accordance with the applicable cost principles and the terms and conditions of the grant. Subawards and contracts under BBH administered grants are also subject to these terms with regard to any income generated.

Program income earned during the grant period (other than income earned as a result of copyrights, patents, or as a result of the sale/disposition of real property, equipment, or supplies) should be retained by the grantee and used as specified in the grant award document. To accommodate this guidance each Statement of Work for BBH grants should indicate the mandated or optional alternative for disposition of program income. If no alternative is specified by the Statement of Work, the program income must be used under the additive alternative.

In all instances, Grantee’s should contact BBH for instructions on the disposition of income earned as a result of copyrights, patents, or as a result of the sale/disposition of real property, equipment, or supplies.

**Alternative Uses of Program Income**

<b>Method</b>	<b>Use of Program Income</b>
Additive	Program income funds are added to the sponsored award commitment and used to further eligible program objectives. Funds may be retained and used to further eligible program objectives during the term of the award. If the award is silent on the treatment of program income, the additive method is the default approach used for applying program income to BBH awards.
Deductive	Program income funds are deducted, or off-set, from the total award’s allowable costs to determine the net allowable costs on which the BBH’s share of costs is based.
Matching	With prior approval of the BBH, program income funds are used towards fulfillment of a committed cost sharing requirement for the award.
Add/Deduct	A portion of program income is added to the funds committed to the program as specified by the BBH; any remaining program income funds are deducted from the total funds charged to the BBH award.

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**Additive Method Example:** The BBH award amount was \$100,000. \$10,000 of program income is generated. The total allowed program costs are now \$110,000 (\$100,000 expended on the original award amount and \$10,000 expended on the program income earned).

**Deductive Method Example:** The BBH award amount was \$100,000. \$10,000 of program income is earned. The program income must be used to off-set the award amount from the sponsor and reduces the total award amount to \$90,000. Total available funds for the program remain at \$100,000 (\$90,000 from the sponsored award and \$10,000 from the program income earned).

**Matching Method Example:** The BBH award amount was \$100,000 with a cost sharing commitment of \$20,000. \$10,000 of program income is generated. The expenditure of the program income may be used to account for \$10,000 of the matching or cost sharing commitment.

**Add/Deduct Method Example:** The BBH award amount was \$100,000. \$35,000 of program income is generated, and the programming allows the first \$25,000 to be added to the award, bringing the program expenditures to \$125,000. The remaining \$10,000 should be deducted from the award amount. Therefore, the revised award amount is  $\$100,000 + \$35,000 - \$10,000 = \$125,000$  (\$90,000 BBH award amount plus \$35,000 program income).

**Accountability for Program Income**

<b>If program income is earned...</b>	<b>and that income is ...</b>	<b>then the Grantee is...</b>
During the award period	Received and expended during the award period	Required to use program income as provided in the grant award.
During the award period	Received and expended after the award period for a non-recurring grant program.	Required to adjust the final reconciliation and Sworn Statement to reduce the costs charged to the award.
During the award period	Received and expended after the award period for a recurring grant program	Required to use program income as provided in the grant award in subsequent award period.
During the award period	Received during the award period but expended after the award period because it was (1) earned during the final award period of the project or (2) an error in accounting or timing.	Required to use income as provided in the award document and adjust final reconciliation and Sworn Statement for the original award period accordingly.
After the grant period	Received and expended after the award period	Not accountable for that program income unless specifically required by the grant award document.

Please note that unless otherwise specified in the grant award, grantees are not accountable for program income earned after the award period for discontinued grant funding; however, if the grantee receives recurring funding, ongoing program income must be tracked and reported in subsequent award periods.

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## **Reporting of Program Income**

The amount of program income earned and the amount expended must be reported quarterly and as a cumulative final amount on the BBH grant award reconciliations.

## **Interest Earned on Advances of Grant Funds**

While interest earned on advances of grant funds is not considered program income, the BBH has determined that grantees should utilize the following guidance to administer those funds: Grantees must maintain advance payments of grant awards in interest-bearing accounts, unless the following apply:

- The grantee receives less than \$250,000 in BBH/Federal grant awards per year.
- The best reasonably available interest-bearing account would not be expected to earn interest in excess of \$500 per year on Federal cash balances.

As per 2 CFR Part 200.305(b)(9) Interest earned amounts up to \$500 per year may be retained by the grantee for administrative expenses. Any additional interest earned on BBH advance payments that were deposited in interest-bearing accounts must be reported to the BBH separately and offset against any final expenditures charged to the grant award. For grantees with multiple awards the report should include the BBH grant numbers for which the interest was earned and be offset against the respective grants.

## **Programs With Multiple Funding Sources**

There are no universal governing protocols for programs with multiple federal, state or other funding sources. Every funding source may have its own unique award terms and conditions that govern the use of funds for recipients, which grantees should analyze carefully. Where funding overlap (known as “braiding” or “braided funding”) occurs, grantees must abide by all of BBH funding sources’ statutory and regulatory requirements and governing protocols. Grantees should maintain documentation demonstrating that no duplication of funding has occurred.

As grantees plan programs that may involve “braiding” funding sources, a critical step is to assess each federal and state statutory and regulatory requirement applicable to each funding source for the programs and to document compliance with the same. Grantees should give considerable effort to understanding these requirements to ensure compliance with applicable requirements, and work with the BBH to memorialize their efforts to do the same.

The BBH’s TFB documents contain sections for reporting of “other funding” to include program income, revenues from billable services, gifts or donations, or alternative grant funding. Grantees should make sure to list all program related funding for TFB budgeting purposes.