


<b>MARICOPA COUNTY</b>  HUMAN SERVICES DEPARTMENT Workforce Development Division	<b>SECTION/REFERENCE</b> 29 CFR 95.24; 29 CFR 97.25	<b>PAGE 1 OF 1</b>
	<b>ORIGINAL ISSUE DATE</b> September 2010	<b>REVISION DATE</b>
	<b>AUTHORIZED BY:</b> Patrick Burkhart, Assistant Director	
<b>SUBJECT:</b> DRAFT - Program Income Policy		<b>ADDENDA:</b> Monthly Summary of Program Income Earned and Used Report

**Purpose:**

To provide youth contractors and Maricopa Workforce Development Division staff with guidance and requirements regarding program income generated by grant-supported activities, or earned as a result of a grant agreement during the grant period.

**Background:**

Program income is generally defined by 29 CFR §97.25. Under the federal guidelines, program income earned as a result of Workforce Investment Act (WIA) funded programs must be identified and used for program-eligible purposes.

Definitions:

Program Income: Program income means gross income received by the grantee or sub-grantee directly generated by a grant supported activity, or earned as a result of the grant agreement during the grant period.

Grant Period: Grant period is the time between the effective date of the award and the ending date of the award reflected in the final financial report.

**Policy:**

Generally, subcontractors that provide WIA funded program services to youth do not generate program income. However, when program income is expected to be earned on a WIA-funded activity, the following policies will apply.

- Maricopa Workforce Development Division shall, on a contract by contract basis, determine whether program income is to be returned to Maricopa Workforce Development Division or retained by the contracted agency to be used for eligible program purposes. This determination will be made based on what is in the best interests of the program as a whole, and shall be negotiated and documented as part of the contract negotiation/execution process.
- For programs expected to generate program income, language will be included in the contracts that defines program income and provides terms and conditions under which the program income is to be utilized, accounted for, and reported to Maricopa Workforce Development Division.

- All program income earned and expended will be reported to Maricopa Workforce Development Division on a monthly basis.

### **Procedures:**

1. Contractors are expected to keep detailed records on program income earned and expended. To the extent possible, program income earned and expended must be separately identified in the accounting records, and sufficient supporting records must be retained to support the amounts recorded. Such records shall be provided to Maricopa Workforce Development Division at the time and in the manner determined in the contracts.
2. Contractors receiving program income are required to submit written monthly program income reports to Maricopa Workforce Development. Such reports shall be in the agreed upon format determined in the contract. If program income is not received in a given month, a written report shall be submitted to Maricopa Workforce Development Division stating this.
3. Program income reports will be included with monthly requests for reimbursement packages. Maricopa Workforce Development Division will review program income reports for accuracy, completeness, and reasonableness. Copies of the reports will be filed by Maricopa Workforce Development Division in a separate program income file by fiscal year for monitoring purposes. Maricopa Workforce Development Division may request back up documentation supporting the amounts recorded on the program income reports periodically as part of the monitoring process.
4. Contractors must support that program income received was used to either offset expenditures incurred under the program or to supplement program funds for eligible purposes. Program income used to offset expenditures should be documented on reimbursement requests as a reduction in the amount of reimbursement requested. Documentation supporting the reimbursement request should be sufficient to support the expenditures covered from the program income. Program income used to supplement program expenditures should be separately accounted for on reimbursement requests, and should also be supported by sufficient documentation to support the type and eligibility of expenditures incurred.

### **USES OF PROGRAM INCOME**

The requirements for using ETA-funded grant funds also apply to the use of program income with the exception of the administrative cost limitation. These requirements include:

- Allowable cost guidelines
- Cost classification guidelines
- Inclusion of program income earnings and expenditures in the audit
- Rules on procurement and selection of service providers
- Participant records and other record-keeping requirements
- Sanctions for misuse.

WIA regulations and 29 CFR 95.24(a) specify that program income is to be added to the total grant award and used to provide the same services as the original grant agreement. Neither Part 95 nor Part 97 specifies any requirements for earned program income that is not expended within the grant period.

However, both Parts 97 and 95 require program income to be expended in conformance with the terms and conditions of the grant, including provisions related to the period of performance or fund availability. The ETA therefore requires program income to be wholly expended within the three-year period of availability for WIA

formula grants or the period of performance specified in an individual grant agreement. Any program income funds remaining income received has been properly applied to expenditures prior to drawing down federal funds. This paragraph may be superseded by terms of the contract in which all income must be used within 90 days of end of contract term.

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