



PROGRAM INCOME/PARENT FEES

Technical Assistance Webinar
21st Century Community Learning Centers (CCLC)
June 6th, 2018
2:30 pm EST

Agenda

- Welcome and introductions
- Discussion Topics-
 - Program Income
 - Written Approval request and process
 - Parent Fees
- Question and answer period (Q&A)
- Conclusion

What is Program Income?

Program Income is the gross income earned by the non-Federal entity that is directly generated by a supported activity or earned as a result of the Federal award during the period of performance.

(2 CFR §200.80)

What is Program Income? (Cont'd)

A simple definition of sub-recipient program income is -- revenue generated as a direct result of the Federal award and that is in addition to the Federal funds provided by the State through its competitive subgrant application process.

Likewise, program income for a State program is revenue generated by the State as a direct result of the Federal award and that is in addition to the federal funds provided by the U.S. Department of Education (Department).

The Uniform Guidance 2 CFR § 200.307(e) governs the use of program income.

In general non-Federal entities are encouraged to earn income to defray program costs where appropriate.

Program Income generated **without written prior approval from the Department** must be deducted from the funds awarded under the Federal grant. (2 CFR §200.307(b))

Deduction

Ordinarily, program income must be deducted from total allowable costs to determine the net allowable costs. **Program income must be used for current costs** unless the Federal awarding agency authorizes otherwise. Program income that the non- Federal entity did not anticipate at the time of the Federal award must be used to reduce the Federal award and non-Federal entity contributions rather than to increase the funds committed to the project.

Addition

With prior approval from the U.S. Department of Education, program income may be added to the Federal award. The program income must be used for the purposes and under the conditions of the Federal award.

Use of program income

In specifying alternatives to 2 CFR 200.407(e)(1) and (e)(2), the Federal awarding agency may distinguish between income earned by the recipient (**the SEA**) and income earned by subrecipients and between the sources, kinds, or amounts of income. Program income in excess of any amounts specified by the Department must also be deducted from expenditures.

This is in the context of “prior written approval”.



Example of State program income:

A State uses 21st CCLC program funds to put on a technical assistance conference and charges a registration fee. Some of the participants are not 21st CCLC subgrantees and those participants pay the registration fee with non-Federal money, i.e. state or local funds. The non-Federal money collected is program income.

Example of sub-recipient program income:

State ABC would like to allow its sub-recipients to sell popcorn at Afterschool events and re-invest the proceeds into its 21st CCLC program.

If 21st CCLC program funds were used to purchase the popcorn and other materials, then the revenue generated would be considered program income. In order to invest the program income into the 21st CCLC program, the State must first, submit a request for written prior approval to earn program income and to invest the program income into its 21st CCLC program. Upon receiving written approval from the Department, the State must then give prior written approval to the sub-recipient for the sub-recipient to generate and re-invest program income into its program (if the State's request is approved by the Department).

Example of sub-recipient program income (continued):

General parameters regarding the generating of program income, as-well-as the use of program income, should be in the State's Request For Applications. If the state is, or plans to allow sub-recipients to generate program income the State should request that applicants for subgrants include in their applications a plan for earning program income, including the anticipated amount and a description of how the generated program income will be invested in the program adhering to the statute, State Plan, Uniform Guidance and any applicable state regulations. *[This is only one example of how a State might administer/manage program income— while some states may choose to use this approach, other states may choose a different approach].*

Example of sub-recipient program income (continued):

IF prior approval is given to a subgrantee; the State must be very clear that program income may only be used for authorized and allowable activities per the statute, State Plan, Uniform Guidance and other Federal regulations, state regulations, and the approved application.

The State should be **clear** when describing how the program income will be generated, the purpose for generating program income, and how the program income will be used; [State must be clear in its request to the Department; subgrantee must be clear in its request to the State].

The cost of generating program income—

If authorized by Federal regulations or the Federal award, costs incidental to the generation of program income may be deducted from gross income to determine program income, provided these costs have not been charged to the Federal award. (§200.307(b))

In English this paragraph is saying—if you have a car wash and you spend \$20.00 of the CBO's funds on supplies and by the end of the day you've earned \$200.00 dollars. Then you would deduct the \$20.00 of supplies costs from the gross income of \$200.00 earned to see that you earned \$180.00 of program income.

Entertainment costs

Federal funds generally may not be used for entertainment; this includes spending program funds **and program income** on items such as amusement parks fees, ball games, fieldtrips, aquarium tickets, purchasing gift cards, giving incentive awards, or purchasing food etc. Specific costs that might otherwise be considered entertainment that have a programmatic purpose and are authorized in the approved budget for the Federal award or with prior written approval of the Federal agency are allowable. (§200.438)

Government Revenues

Governmental revenues - Taxes, special assessments, levies, fines, and other such revenues raised by a non-Federal entity are not program income unless the revenues are specifically identified in the Federal award or Federal awarding agency regulations as program income. (§200.307 (c))

Example

If your local municipality enacts a one cent sales tax to support after school programs and as a sub-recipient you receive some of the generated funds; these monies would not be considered program income.

Cost sharing or matching

With prior approval of the Federal awarding agency, program income may be used to meet the cost sharing or matching requirement if the Federal award requires a match. The amount of the Federal award remains the same. (§200.307 (3))

Summary (program income)

- There must be written prior approval given from the Department for a State and its subgrantees to generate program income. Program Income generated without written prior approval from the Department must be deducted from the funds awarded under the Federal grant.
- Sub-recipient program income is revenue generated as a direct result of the Federal award that is in addition to the federal funds provided by the State through its competitive subgrant application process.
- **With** prior approval from the U.S. Department of Education, program income may be added to the Federal award. The program income must be used for the purposes and under the conditions of the Federal award.
- The funds must be used during the grant's period of performance.
- Revenues raised by a non- Federal entity are not program income unless the revenues are specifically identified in the Federal award or Federal awarding agency regulations as program income.
- With prior approval from the Department, program income may be added to the Federal award by the Federal agency and the non-Federal entity. The program income **must be used for the purposes and under the conditions of the Federal award.**

Prior written approval (prior approval (§200.407))

Prior written approval must be given from the Department for a State and its subgrantees to use program income for grant or subgrant activities.

Summary (written prior approval)

- Prior written approval must be given from the Department for a State and its subgrantees to use program income for grant or subgrant activities.
- The State must be very clear that program income may only be used for authorized and allowable activities according to the statute, State Plan, Uniform Guidance and other federal regulations, state regulations, and the approved application.
- The State/subgrantee must describe a plan that includes specifics for how the funds will be utilized. The specifics should include the HOW, WHAT, WHEN, WHERE, and WHY. The State shall describe the impact to the program if the Department does not approve the request. Finally, the request shall describe how the use of program income will help the State meet the objectives of the 21st CCLC program.

Summary (written prior approval) (Cont'd)

- General parameters for program income must be in the
 - State Plan (or document as approved by the Department) for the State's use of program income (if the state wants to generate program income);
 - State's Request for Applications (once approved by the Department) notifying potential applicants that program income is approved;
 - Subgrantees' grant application that includes description of how program income will be generated the purpose for generating the program income, and how the program income will be used adhering to the statute, State Plan, Uniform Guidance and any other federal or state regulations, and the approved application.

Parent Fees

- The 21st CCLC program statute does not specifically prohibit the collection of parent fees; however, States should be thoughtful in its use of seeking approval for generating fees.
- For grantees and subgrantees that collect parent fees, they should understand that the income generated by the fees is considered program income.

Considerations for the use of parent fees (continued):

1. States should seek prior approval from the Department in order to allow subgrantees to charge parent fees;
2. The State should be included in the State Plan or the State's Request for Applications (or other documentation as specified by the Department) the States' policy for allowing sub-grantees to charge parent fees;
3. In order to use program income for grant or subgrant activities, there must be a plan, approved by the Department, for how the generated program income will be used. The proposed plan should describe the purpose for the fees; a detailed plan for expending the generated income; and answer the who, what, when, where, how and why;
4. Parent fees should be nominal;
5. The fee should be the same for all students; and
6. **No child** can be excluded from the program even if the student's family is incapable of paying the nominal fee.

Parent Fee Example:

A sub-recipient charges a nominal fee for parents of students in its after school program and does not request written prior approval from the State prior to collecting the parent fees.

The parent fees are program income. Without written prior approval from the State, the program income would need to be deducted from the amount of subgrant funds awarded the sub-recipient. The amount of fees collected also would have to be deducted from the amount of grant funds awarded to the State.

Q & A

Closing

Thank you for attending the Technical Assistance Meeting on Program Income today. If you have further questions, please contact your program officer.

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Resources

2 CFR part 200 <https://www.gpo.gov/fdsys/pkg/CFR-2014-title2-vol1/pdf/CFR-2014-title2-vol1-part200.pdf>

EDGAR <https://www2.ed.gov/policy/fund/reg/edgarReg/edgar.html>

Legislation; ESSA; Non-Regulatory Guidance

<https://www2.ed.gov/programs/21stcclc/legislation.html>