



|  |
|--|
| APPROVAL DATE:<br>12/14/11             |
| APPROVED BY:<br>Betty Baker, WIB Chair |

**COUNTY OF SAN LUIS OBISPO  
DEPARTMENT OF SOCIAL SERVICES**

---

**POLICY NO:** 6-08  
**TO:** Service Providers  
**EFFECTIVE:** April 1, 2009 – **Revised** April 30, 2013  
**SUBJECT:** Program Income

**REFERENCES:**

- Workforce Investment Act, Section 195 (7)(A)
- Title 20 Code of Federal Regulations (CFR) 677.200(a)(5) through (8)
- Title 29 95.1(bb)
- Title 29 CFR 95.22(k)
- Title 29 CFR 95.24
- Title 29 CFR 95.30 through 95.37
- Title 29 CFR 97.25
- Title 29 CFR 97.32
- Office of Management and Budget Circulars A-102 and A-110
- One Stop comprehensive Financial Management Technical Assistance Guide –U.S. Department of Labor, July, 2002
- WIA Directive WIAD01-6, Subject: Program Income (September 12, 2001) – Superseded September 28, 2010 by Workforce Services Directive WSD10-7

**BACKGROUND:**

Program income requirements for institutions of higher education, hospitals, and non-profit organizations are found in 29 CFR 95.24 and requirements for state and local governments are in 29 CFR 97.25. The Workforce Investment Act (WIA) and its regulations, Title 20 CFR Part 652 et al, provide specific guidance regarding what constitutes program income. The WIA also contains requirements for program income in Section 195(7) and 20 CFR 667.200(a)(5) through (8).

## **PURPOSE:**

The purpose of this policy is to provide specific guidance to all subgrantees expending WIA funds on the federal and state requirements regarding Workforce investment Act (WIA) program income.

## **Definition**

Program Income means gross income earned by a recipient or subrecipient that is directly generated by a supported activity or earned as a result of the grant agreement during the grant period.

Program income under the WIA includes, but is not limited to:

- Income from fees for services performed;
- The use or rental of personal property acquired with WIA funds;
- The sale of commodities or items fabricated under a WIA award;
- Interest earned on funds received under the WIA; and
- Any excess of revenue over costs incurred for services provided by a governmental or non-profit entity [WIA Section 195(A) and (B)].

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:

- When the services, facilities, or equipment are not being used by eligible participants;
- If their use does not affect the ability of eligible participants to use the services, facilities, or equipment; and
- If the income generated from such fees is used to carry out the programs authorized under Title I of WIA [20 CFR 667.200(a)(8)].

Under the WIA, program income does not include:

- Applicable credits. The receipt of rebates, credits, discounts, etc, or the interest earned on those funds;
- Proceeds from the sale of property. The requirements for handling the revenues from the sale of property for which the grantee is accountable are covered in 29 CFR 95.30 through 95.37, and 29 CFR 97.32;
- Donations and contributions that are voluntarily given to a WIA-funded program;
- Funds provided to satisfy the matching requirement of a WIA-funded program; and
- Profits of commercial organizations.

Income earned after the grant period has ended is not considered program income.

## **POLICY AND PROCEDURES:**

Service providers and their contractors will account for program income earned in accordance with the procedures described below:

The federal rules [20 CFR 667.200(a)(5)] require all WIA entities to account for program income under the addition method. The addition method means the program income is added to the WIA award and is used to provide the same services as provided for under the original award agreement. The program income available to the subgrantee for program activities is not formally modified into the subgrant amount.

When the cost of generating the program income has been charged to the WIA program, the gross amount earned must be added to the WIA program. However, when the cost of generating the program income has not been charged to the WIA program, the net amount earned must be added to the WIA program.

Program income earned at the One-Stop Career Center as a result of shared activities or shared costs is attributable to all partners participating in the cost or activity. The earning, allocation, and use of program income should be addressed in the Resource Sharing Agreement.

When using program income, the WIA requirements apply, with the exception of the administrative cost limitation. The applicable WIA 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 requirement; and
- Sanctions for misuse.

Although the program income can be accounted for as available until the income is actually used, any cash-on-hand from the program income must be liquidated before the subgrantee may request additional WIA cash for any purpose.

The subgrantee is required to report the earning (either gross or net) and expenditure of program income during the grant period.

### **Accounting and Reporting**

All service providers and contractors shall maintain records sufficient to determine the amount of such income received and the purposes for which such income is expended.

As prescribed by the U. S. Department of Labor, the addition method of program income shall be used under WIA. Under the addition method, the cost of generating the

income is subtracted from the gross resulting in net program income which is to be added to the contract. Net program income will be reported separately to the San Luis Obispo County Department of Social Services (DSS).

**ACTION:**

The Administrative Entity for the WIB and its service providers shall follow this policy. This policy will remain in effect from the date of issue until such time that a revision is required.

**INQUIRIES:**

Inquiries should be addressed to WIB Admin at [wibadmin@co.slo.ca.us](mailto:wibadmin@co.slo.ca.us).

**REVISION HISTORY:**

| <i>DATE</i> | <i>DETAILS</i> |
|-------------|----------------|
|-------------|----------------|