**Program Income Guidelines**

**Program Income** is earned income that is directly generated by a supported activity or earned as a result of an award agreement between the effective date of the award and the ending date of the award.

It is the responsibility of the sponsored project’s principal investigator (PI) to identify the receipt of program income during the course of the award and notify the Grants and Contracts Office (GCO) to ensure the proper accounting treatment. Program Income and expenses should be tracked separately. When a sponsored project account with program income is being closed, GCO confirms the program income amounts and includes program income on the financial status report in accordance to the sponsor, federal, and state guidelines. Program Income may be subject to taxes.

Mercer University follows these principles in the treatment of program income, unless the agency-specific requirements of the award specify otherwise:

a) Program income earned during the project period is to be retained by Mercer University and, in accordance with awarding agency regulations and/or terms and conditions of the award, must be used in one or more of the following ways:
   i. The program income may be added to funds already committed to the project by the awarding agency and Mercer University and used to further eligible project or program objectives.
   ii. It may be used to finance the non-federal share of the project/program.
   iii. It may be deducted from the total project or program allowable cost in determining the net allowable costs on which the federal share is based.

b) If not specified by agency regulations or the terms and conditions of the award, section a.iii. applies automatically to all projects or programs except research. For awards supporting research, section a.i. automatically applies unless indicated otherwise.

Federal and agency-specific guidelines regarding program income can be found at:

OMB Circular A-110 [http://www.whitehouse.gov/omb/circulars/a110/a110.html#24](http://www.whitehouse.gov/omb/circulars/a110/a110.html#24) (Subpart B, Section 24)
