

Oklahoma Employment Security Commission



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Oklahoma Employment & Training Issuance #2-2003

To: WIA Grant Recipients

From: Terry Watson, Director

Date: January 24, 2003

Subject: Program Income

Purpose: The purpose of this issuance is to provide specific guidance regarding the definition of WIA program income, its use, and reporting requirements.

Message: This issuance requires that all subrecipients expending WIA funds shall comply with the federal laws and regulations regarding program income.

Action Required: This OETI is to become a part of your permanent records.

Inquiries: Please contact Jackie Younge-Gladden at 405/557-5314 if you have any questions.

JYG/jyg

A. Definition of Program Income

Program income means gross income received by the grantee or subgrantee directly generated by a grant-supported activity, or earned only because of the grant agreement during the grant period. During the grant period is the time between the effective date of the award and the ending date of the award reflected in the final expenditure report.

B. Program income includes:

1. Receipts from goods or services (including conferences) provided because of activities funded under this title;
2. Funds provided to a service provider under this title that are in excess of the costs associated with the services provided; and
3. Interest income earned on funds received under this title. WIA Sec. 195(7)(B)(i)(ii)(iii).
4. Any excess revenue over costs incurred for services provided by a governmental or non-profit entity. 20 CFR 667.200(a)(6).

C. Program income does not include:

1. Rebates, credits, discounts, refunds, etc. or interest earned on any of them.
2. Such funds must be credited as a reduction of costs if received during the same funding period that the cost was initially charged. Credit received after the funding period must be returned to the Oklahoma Employment Security Commission.

D. Use of Program Income

1. Section 195(7)(A) states that, "Income under any program administered by a public or private nonprofit entity may be retained by such entity only if such income is used to continue to carry out the program."
2. Allowable expenditures for program income are the same as those for the grant. The administrative cost limit does not apply to program income. The administrative cost limit for the program is calculated based on the total allocation or grant amount, not on the amount available for expenditure that includes program income.

3. 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:
 - a. When the services, facilities, or equipment are not being used by eligible participants;
 - b. If their use does not affect the ability of eligible participants to use the services, facilities, or equipment; and
 - c. If the income generated from such fees is used to carry out the programs authorized under this title. 20 CFR 667.200(a)(8).

4. When the cost of generating program income has been charged to the program, the gross amount earned must be added to the WIA program. However, the cost of generating program income must be subtracted from the amount earned to establish the new amount of program income available for use under the grants when these costs have not been charged to the WIA program. 20 CFR 667.200(a)(5).

E. Reporting Requirements

Each WIA grant recipient is required to submit a Monthly Accrued Expenditure Report to the Oklahoma Employment Security Commission. This report must include any income or profits earned. The addition method, described at 29 CFR 95.24 or 29 CFR 97.25(g)(2) as appropriate must be used for all program income earned under WIA title I grants. Any cash-on-hand from program income must be liquidated before requesting additional cash.

Program income generated during the life of a specific allocation must be expended before the end of the availability of the funds. Any unexpended funds must be returned to the OESC.