

Office/Contact: Grants and Contracts Administration

Source: 2 CFR Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards University Policy 5:8

Link: [http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200\\_main\\_02.tpl](http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl)  
<https://www.sdstate.edu/policies/upload/ServiceRechargeCenterRates.pdf>

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SOUTH DAKOTA STATE UNIVERSITY  
Policy and Procedure Manual

SUBJECT: Program Income from Sponsored Projects

NUMBER: 5:31

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1. Purpose

This policy sets forth the proper use, accounting, and reporting of program income from Sponsored Projects.

2. Definitions

- a. Program Income the gross income earned by the University that is directly generated by a supported activity or earned as a result of a Sponsored Project during the period of its performance.
- b. Sponsored Project: an activity funded by a University entity requiring the University, by written agreement, to conduct certain work under a set plan, a set schedule, and a set budget, typically for the purpose of supporting research, instruction or public service through tangible or intangible deliverables that are the ultimate result of the Project
- c. Principal Investigator/Project Director: ("PI"/"PD") the primary individual who is responsible and accountable for activities on a Sponsored Project.

3. Policy

- a. The University is required to identify, document, and report program income generated on Sponsored Projects in accordance with federal administrative requirements, awarding agency regulations, and the terms and conditions of the award. While federal government encourages recipients of its funding to earn income to defray program costs where appropriate. However, the University may not earn or keep any profit resulting from federal financial assistance, unless explicitly authorized by the terms and conditions of the federal award. Additionally, University Service/Recharge Centers may not provide services for a profit and must charge all users, including those associated with Sponsored Projects, a Billing Rate that merely allows the Centers to recoup costs, as provided in University Policy 5:8.
- b. Program Income may include but is not limited to:

- i. Fees earned from services performed under an award, such as laboratory tests;
  - ii. Rental or usage fees, such as those earned from fees charged for use of computer or laboratory equipment purchased with sponsored project funds
  - iii. Proceeds from the sale of commodities, items, or research materials (such as animal models) fabricated with sponsored project funds
  - iv. Proceeds from the sale of software, tapes, publications created with sponsored project funds
  - v. Fees from participants attending conferences, symposia or other activities sponsored by an award
  - vi. Principal and interest loans made with federal award funds.
- c. Unless otherwise specified in the sponsor's terms and conditions of the award, program income does not include:
- i. Interest earned on advances of federal funds;
  - ii. Credits, rebates, discounts;
  - iii. Levies, fines and other such revenues raised by the University in its governmental capacity;
  - iv. Proceeds from the sale of real property, equipment, or supplies; and
  - v. Royalties from patents and copyrights (unless addressed in the award terms, or royalties or license fees for unpatented, but potentially patentable discoveries that



award, there is no obligation to the sponsor for Program Income earned after the period of performance.

5. Responsible Administrator

The Director of Grants and Contracts Administration, successor or designee is responsible for annual and ad hoc review of this policy and its procedures. The University President is responsible for approval of this policy.

SOURCE: Approved by President on 11/06/2018.