

What is program income, and how is it reported?

Program income is defined by EDGAR in 34 CFR 80.25 (b) as “gross income received by the grantee or sub-grantee directly generated by a grant supported activity, or earned only as a result of the grant agreement during the grant period.” Using special language in the annual grant award, OVAE has allowed states to use the “addition” option described in 34 CFR 80.25 (g)(2) so that funds so earned may be added to the grant and “used for the purposes and under the conditions of the grant agreement.”

Under this language, local providers charging fees must use the program income generated by federal adult education funds for allowable costs to the federal adult education program, expanding available resources for adult education, workplace literacy, English language acquisition and adult secondary education. OVAE’s language in the grant award requires fees established by states or local programs to be necessary and reasonable and not impose a barrier to the participation of disadvantaged persons that the program was designed to serve. You should be aware that 34 CFR 76.534 prohibits state or local programs from counting “tuition and fees collected from students toward meeting matching, cost-sharing or maintenance of effort requirements of a program.”