

Program Income and Fee for Service

SUBJECT: Program Income and Fee for Service

REFERENCE: Section 195, 20 CFR: 667.200, 29 CFR 97.25

BACKGROUND: Grantees are encouraged to earn income to defray program costs. The program income shall be used for the purposes and under the conditions of the grant agreement.

POLICY: 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.

Program income includes:

- Any excess of revenue over costs incurred for services provided by a governmental or non-profit entity.
- Income from the use or rental of real or personal property acquired with grant funds.
- Receipts from goods or fees for services (including conferences) provided as a result of activities funded under the Workforce Investment Act (WIA) - Title I.
- Funds provided to a service provider under WIA-Title I that are in excess of the costs associated with the services provided.
- Interest income earned on funds received under WIA-Title I.

Program income does not include:

- Rebates, credits, discounts, refunds or interest earned on any of them, which is credited as a reduction to cost or returned to the grantor agency.
- Taxes, special assessments, levies, fines, and other such revenues raised by a grantee or subgrantee.
- Income from royalties and license fees for copyrighted material, patents, and inventions developed by a grantee or subgrantee.

Property Issues

The Federal requirements generally applicable to Federal grants to States and local governments shall be followed in regard to the title, use and disposition of real property, equipment, and supplies purchased with funds provided under Title I of the Workforce Investment Act.

Cost of Generating Program Income

The addition method must be used for all program income earned under WIA-Title I grants. 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 net amount of program income available for use under the grants when these costs have not been charged to the WIA program.

Fee for Service

No person or organization may charge an individual a fee for the placement or referral of the individual in or to a Workforce Investment Act - Title I funded activity.

Services, facilities, or equipment funded under the Workforce Investment Act - Title I may be used, as appropriate, on a fee-for-service basis by employers in a local area in order to provide

employment and training activities to incumbent workers:

- When such services, facilities, or equipment are not in use for the provision of services for eligible participants under this title;
- If such use for incumbent workers would not have an adverse affect on the provision of services to eligible participants under this title; and
- If the income derived from such fees is used to carry out the programs authorized under this title.

Record Keeping

Each entity receiving financial assistance under WIA - Title I must maintain records sufficient to determine the amount of such income received and the purposes for which such income is expended.