

## **Program & Interest Income Policy**

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**Policy Number:** 600-026  
**Effective Date:** April 3, 2007  
**Last Updated:** June 14, 2025  
**Issuing Authority:** Office of the Chief Financial Officer and Treasurer and the Office of the Senior Vice President for Research  
**Responsible Offices:** Sponsored Programs Office (SPO); Office of the Controller

### **Purpose:**

To ensure that sponsored program income and the interest earned from sponsored programs is accurately accounted for, tracked, and reported at Howard University and all related entities, business units, subsidiaries and affiliated organizations including, but not limited to, Howard University Hospital (hereinafter referred to collectively as “Howard University”).

### **Policy:**

It is the policy of Howard University to accurately account for, track, and report all sponsored program income and interest. The Sponsored Program Office (SPO) is responsible for reporting the total program and interest income received on the appropriate federal financial report form. Income posted to program income budgets must be in compliance with the terms and conditions of the designated parent award.

OMB Circular PART 200—UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR FEDERAL AWARDS, Particularly, [2 CFR 200.1](#) defines program income as “gross income earned by the non-Federal entity that is directly generated by a supported activity or earned as a result of the Federal award during the period of performance, i.e., the time during which a recipient or subrecipient may incur new obligations to carry out the work authorized under an award or subaward, respectively, except as provided in [§ 200.307\(f\)](#). Examples of program income include but are not limited to:

- Income from fees for services performed such as laboratory tests
- Money generated from the use, sale, or rental of equipment purchased with sponsor funds (this could occur both during and after the project period)
- Proceeds from the sale of supplies or equipment purchased or fabricated with sponsor funds
- Proceeds from the sale of software, tapes, or publications
- Income from the sale of research materials such as animal models
- Fees from participants at conferences or symposia
- Sales of products with an accompanying material transfer agreement

**Note: all transfer of information and technology must be consistent with federal laws and regulations related to export controls and embargoes (see [Export Controls Policy](#)).**

Program income does not include:

- Patient care credits
- Interest earned on advances of federal funds
- Receipt of principal on loans, credits, discounts, etc. or interest earned on them
- Taxes, special assessments, levy, and fines raised by government recipients.

Unless specified in the award terms and conditions, non-federal awards are not required to account for program income. The terms and conditions must be carefully reviewed to determine the requirements

## **Program & Interest Income Policy**

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regarding the reporting and disposition of program income.

### **Business Process Description:**

#### **Program Income**

A PI/PD receiving program income payments must forward them to the Treasury for deposit in the general HU account. SPO then manages the income earned from sponsored programs in accordance with sponsor requirements and award terms and conditions. All program income is deposited into a revenue account for that particular sponsored program, which is established by SPO. The PI/PD works with SPO to update the award budget accordingly. SPO then uploads the revised budget to Workday (WD) to ensure that the program income is managed in accordance with Federal, sponsor-specific, and HU policies. The PI/PD is notified of the WD update. Unless the awarding agency states otherwise, program income earned from license fees and royalties for copyright material, patents, patent applications, trademarks, and inventions are under no obligation to the Federal Government.

#### **Interest Income**

Unless prohibited by sponsor requirements, the interest earned on non-federal award income is retained by Howard University. Interest income earned on federal awards is managed in accordance with [OMB Circular 2 CFR 200](#) and all other applicable requirements. Earned interest income is used to fund additional sponsored program activities.

When program income is earned during the sponsored program period, SPO determines the appropriate method to account for it using the sponsor's requirements and/or terms and conditions of the award. Typical methods include:

1. **Additive Method:** Program income funds are added to funds that have been committed to the sponsored program by the federal awarding agency and Howard University. This increases the amount available to accomplish program objectives.
2. **Cost Sharing Method:** Program income is used to finance the non-federal share of the sponsored program, such as an offset for cost sharing or matching. Program income is used for costs during the performance period unless the sponsor authorizes a deferral of those funds to a later period.
3. **Deduction Method:** Total funds available to the sponsored program remain the same, and the funds generated through program income are deducted from the financial commitment of the sponsor to offset the sponsor costs. Residual program income over a sponsor's designated limit is treated using the Deduction method. Unless the federal awarding agency guidelines or the award terms and conditions provide otherwise, the program income earned after the performance period is under no obligation to the federal government.

For non-federal sponsored program awards, unless the awarding agency indicates a different method or Howard University is subject to special award conditions, the default method is the Additive Method.

## **Program & Interest Income Policy**

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### **Advance Payments**

Generally, the Federal Government does not make advance payments. If an advance payment is made in error, Howard University manages this in accordance with [OMB Circular 2 CFR 200](#) and all other applicable requirements.

A number of non-federal sponsors that provide advances allow Howard University to retain the interest earned on these accounts and apply the interest to the sponsored program to fund further research or sponsored program activity.

SPO conducts a review of the sponsored program account for interest earned on advances. When interest is added to the sponsored program, SPO completes the appropriate accounting entries and notifies the PI/PD by email.

### **Roles and Responsibilities:**

#### **Sponsored Programs Office (SPO):**

When program income is received or interest is earned, SPO makes the appropriate accounting entry in the university accounting system and notifies the PI/PD. This may include changing the project budget to reflect additional spending authority in the case of the additive method. SPO tracks and reports on program income and interest if required by the sponsor. SPO determines the amount of interest collected on advances and ensures that they are managed in accordance with sponsored requirements and accurately accounted for in the university accounting system.

**Principal Investigator/Project Director (PI/PD):** The PI/PD ensures that all payments received for program income are forwarded to SPO for deposit into the appropriate sponsored program account. The PI/PD spends program income and interest earned in accordance with sponsor requirements and the terms and conditions of the agreement.

### **Related Processes/Events:**

- Invoicing Policy
- Export Controls