

Program Income and Federal Interest

Frequently Asked Questions (FAQs):

Program Income

Q: When should recipients report program income?

A: Program income is reported on the SF-425 which is due according to the terms of your award. Please consult your CD-450, or the Notice of Funding Opportunity (NOFO). Recipients that have not included program income on their application will be required to submit a budget modification with the Grants Office to reflect the use of program income.

Q: Do recipients have to report on program income that is generated through other grant programs on the SF-425?

A: Program income earned through another funded grant should not be reported. Only income earned by the recipient or subrecipient directly generated by the grant activities should be reported.

Q: What types of costs can be deducted when recipients calculate of program income?

A: When calculating program income, recipients may deduct “costs incident to generating program income,” otherwise known as incidental costs. According to [2 CFR § 200.307\(b\)](#), “costs incidental to the generation of program income may be deducted from gross income to determine program income, provided these costs have not been charged to the Federal award.” These are costs incurred to generate program income, but not reimbursed using Federal funds. Recipients should consult their billing process to determine which types of costs are incurred to generate program income.

Q: Will recipients need to continue to report on program income after the period of performance?

A: No. According to [2 C.F.R. § 200.307\(f\)](#), program income is only required to be reported during the period of performance of the award.

Q: How do recipients request approval to use alternative methods for program income pursuant to 2 CFR 200.307(b)?

A: According to [the Department of Commerce \(DOC\) Financial Assistance Standard Terms and Conditions](#), recipients may use any of the methods listed in [2 CFR § 200.307](#) without prior approval. Recipients are encouraged, but not required, to notify their Grants Specialist of which method they are using.

Q: Does program income have to be used in the project as a requirement? Are there eligible or in eligible uses of program income?

A: The way program income is used is determined by which method is selected by the recipient (deductive, additive, or cost-match). Program income must be used for, and in a way consistent with, the original award.

Q: Does the method of treatment for program income have to be consistent for all subrecipients, or may individual subrecipients choose their own treatment of program income?

A: Recipients must report the use of program income on their SF-425. Subrecipients may use alternative methods for use of program income if the recipient is capable of tracking program income earned by the subrecipient during the period of performance of the grant. If subrecipients utilize a program income method other than the deductive method, outlined in [2 CFR § 200.307\(e\)\(1\)](#), the recipient must report that on the SF-425 in lines 10(l)-10(n).

Q: If the useful life of property purchased through the project is 20 years, are program income reports required for 20 years? Does it have an impact if the property is purchased as a match?

A: No, program income reports for any property purchased using Federal funds do not need to be submitted for the duration of the useful life of the assets. However, Federal interest statements may be required by the Grants Officer to ensure that the Federal interest in the property purchased using Federal funds is protected for the duration of the useful life of the asset in question. According to the [DOC Standard Terms and Conditions section C\(o2\)\(b\)](#), "[t]he Grants Officer may require a non-Federal entity to execute and to record (as applicable) a statement of interest, financing statement (form UCC-1), lien, mortgage or other public notice of record to indicate that real or personal property acquired or improved in whole or in part with Federal funds is subject to the Federal Interest, and that certain use and disposition apply to the property." Recipients will not need to report on program income resulting from the purchase of property but may need to report on the Federal interest of the property. Please consult with the Grants Officer overseeing your program for more information.

Q: Does NTIA have any templates that can be shared with recipients for project tracking?

A: The NTIA does not have a template for use of project tracking for subrecipients. Recipients should reach out to their Federal Program Officer (FPO) for assistance with tracking program income incurred by subrecipients.

Federal Interest, Useful Life, and Disposition of Real Property

Q: How should recipients document compliance with Federal Interest?

A: For real property, Non-Federal entities must submit reports using Form SF-429 (Real Property Status Report) or any successor form, including appropriate attachments thereto, at least annually disclosing the status of real property that is Federally-owned property or real property in which the Federal Government retains a Federal interest, unless the Federal interest in the real property extends 15 years or longer.

For tangible personal property status, DOC or a pass-through entity may also require a non-Federal entity (inclusive of subrecipients) to submit periodic reports using Form SF-428 (Tangible Personal Property Report) or any successor form, including appropriate attachments thereto, concerning tangible personal property that is Federally-owned or tangible personal property in which the Federal government retains an interest. In addition, the DOC or a pass-through entity may require a non-Federal entity to submit Form SF-428 in connection with a non-Federal entity's request to dispose of tangible personal property acquired under a DOC financial assistance award.

For intangible property, the specific requirements governing the development, reporting, and disposition of rights to intangible property, including inventions and patents resulting from DOC awards, are set forth in [37 C.F.R. Part 401](#).

Please consult the forthcoming Useful Life schedule, or the useful life schedule slide from this presentation, for more information on the Federal Interest lifespan of the assets being deployed.

Q: If at the end of the period of performance a recipient plans to sell the assets deployed using Federal funds, what forms will the recipient need to submit to ensure Federal Interest compliance?

A: Non-Federal entities wishing to dispose of or transfer real property acquired or improved, in whole or in part, pursuant to a DOC award must request disposition instructions, including the submission of Form SF-429, with appropriate attachments, from the Grants Officer in accordance with the requirements set forth in [2 C.F.R. § 200.311\(c\)](#).

Non-Federal entities wishing to dispose of tangible personal property acquired or improved, in whole or in part, pursuant to a DOC award must request disposition instructions, including the submission of Form SF-428, with appropriate attachments, from the Grants Officer in accordance with the requirements set forth in [2 C.F.R. § 200.313\(e\)](#).

Q: Do the Federal interest requirements apply to all currently administered National Telecommunication and Information Administration (NTIA) grant programs?

Yes. The Federal interest requirements are listed in the [DOC Financial Assistance Standard Terms and Conditions](#), which have been incorporated into all recent NTIA grant awards. Please review your CD-450 and the [DOC Financial Assistance Standard Terms and Conditions](#) for more information.

Q: Is the attorney certified statement of interest required for all projects, or only projects that have real property purchases or improvements?

A: According to the [DOC Financial Assistance Standard Terms and Conditions](#), Section C(02), attorney certification applies to Federal interest in real and personal property funded in whole or in part by the Federal award. These requirements are further clarified in [2 CFR § 200.316](#), which states that these requirements apply to real property, equipment, and intangible property. Recipients should consult with their Grants Specialist for more information as to the applicability to their project.

Q: How can a recipient that is a Federally recognized tribe not subject to state law comply with Federal interest and disposition requirements without subjecting the recipient to state authorities or waiving sovereign immunity?

A: According to both the Federal regulations and the [DOC Financial Assistance Standard Terms and Conditions](#), non-Federal entities include Tribal entities. As such, there are no exemptions to these requirements in the [2 CFR § 200](#) nor the authorizing statute (Consolidated Appropriations Act CAA of 2021 (CAA), hereafter referred to as "the Act"). According to the [DOC Financial Assistance Standard Terms and Conditions](#), the requirements for filing an attorney certified statement of interest are determined by the Grants Officer overseeing the program. In addition, the terms dictate that the statement must indicate that the Federal interest is protected in accordance with state and local law. Tribal authorities exempt from State and local law may comply with this requirement if the statement provided by the attorney authorizes that the Federal interest is protected in accordance with Tribal law in a similar way.

Q: For purposes of determining the length of Federal interest, may a recipient or subrecipient designate certain facilities as purchased or constructed solely with Federal funds and certain other facilities as purchased or constructed solely with matching non-Federal funds?

A: No. The Federal interest on a particular piece of real or personal property acquired or improved with funds made available through a financial assistance award is computed as the percentage of the then current fair market value of the property that is attributable to NTIA's participation in the project. For previously acquired real or personal property that is contributed to the project as a recipient, subrecipient, or third party in-kind matching contribution, recipients and subrecipients are not required to document or record evidence of the Federal interest in such property to the extent that such property is not subsequently improved under the financial assistance award.

Q: Do the Federal interest reporting requirements for the useful life of assets need to be reported even if the assets were purchased using recipient cost-match, or are they to be reported only if the assets were purchased solely with Federal award funds or program income?

A: The recipient's share of the grant is considered part of the project funds under the grant. As such, assets purchased using cost-share qualify as a purchase under the grant to which Federal interest requirements apply.

Q: Does Federal interest and UCC filing extend beyond the performance period?

A: Yes. Filing for Federal interest is required for the duration of the property's useful life, as listed in the Useful Life Table.