



# PROGRAM INCOME

Tribal Broadband Connectivity Program (TBCP)

Rounds I and II



05.27.2025

# Policy Disclaimer

*This document is intended solely to assist recipients in better understanding the Tribal Broadband Connectivity Program (TBCP) and the requirements set forth in the Notice of Funding Opportunity (NOFO) for this program. This document does not and is not intended to supersede, modify, or otherwise alter applicable statutory or regulatory requirements, the terms and conditions of the award, or the specific application requirements set forth in the NOFO. In all cases, statutory and regulatory mandates, the terms and conditions of the award, the requirements set forth in the NOFO, and follow-on policies and guidance, shall prevail over any inconsistencies contained in this document.*

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# Purpose

- This presentation provides guidance on the appropriate calculation, use, management, and reporting of program income for the National Telecommunications and Information Administration's (NTIA) Tribal Broadband Connectivity Program (TBCP).
- This presentation is not a substitute for the terms and conditions of specific TBCP awards, including:
  - Uniform Administrative Requirements found at 2 Code of Federal Regulations (CFR) Part 200
  - [Department of Commerce \(DOC\) Financial Assistance General Standard Terms and Conditions](#) or [previous versions](#), as applicable

**Throughout the presentation, links to the CFR are available in the Speaker Notes section. The links differ for TBCP I and II recipients.**



# **Program Income Overview**

# Program Income Overview

- **Recipients and subrecipients of TBCP grants may generate and receive program income as a result of Federally-funded projects.**
  - See 2 CFR § 200.1 and 200.307
- **TBCP recipients and subrecipients must:**
  - Account for any program income received as a result of their TBCP project during the award period.
  - Adhere to applicable 2 CFR 200 requirements and DOC award terms and conditions, regardless of whether the originally-approved TBCP project budget included anticipated program income.

# Program Income Definition

**Program Income** (per 2 CFR § 200.1): Gross income earned by a grant recipient or subrecipient directly generated by a supported activity or earned as a result of a federal award during the period of performance.

# Program Income Definition Continued

Program income includes but is not limited to:

- Any revenue recognized by the recipient or subrecipient during the award period that exists due to the TBCP project
- Income from fees for services performed
- Income from the use or rental of real or personal property acquired under Federal awards
- The sale of commodities or items fabricated under a Federal award
- Principal and interest on loans made with Federal award funds

Not considered program income unless specified in Federal statutes, regulations, or the terms and conditions of the Federal award:

- Governmental revenues (taxes, special assessments, levies, fines, and similar revenues the recipient or subrecipient raised)
- Proceeds from the sale of real property, equipment, or supplies
- License fees and royalties in most cases

# When Program Income Rules Apply

**Program Income rules apply throughout the recipient's period of performance.**

- There are no Federal requirements governing the disposition of income earned after the period of performance, unless the Federal awarding agency regulations or the terms and conditions of the Federal award provide otherwise.
  - TBCP I: 2 CFR § 200.307
  - TBCP II: 2 CFR § 200.307
  - Please note that recipients with awards issued prior to 10/1/2024 will need to use the “go to date” function on ecf.gov to reference the language that applies to their award.
- Recipients that did not include program income on their application will be required to submit a Budget Modification Revision Request (RR) to reflect the use of program income. Refer to the [TBCP Recipient Revision Request Guidance](#) for additional details on when a budget revision is required.

# Gross Income Resulting from the Award

Recipients should account for program income in a manner consistent with the accounting methodology used in their normal business operation and in a consistent manner across the project.

- Recipients and subrecipients should calculate income as program income if it is directly traceable in whole or in part to the TBCP project.
- When income results partly from the TBCP project and partly from the recipient's existing operations, then the recipient must develop a justifiable methodology to calculate the pro-rated portion of the income to the TBCP project.
- Income earned by contractors is not program income unless it is passed through to the grant recipient or subrecipient.

# Determining Program Income

Will you be generating revenue during the period of performance?

Yes

No

Is the recipient organization providing a service that will generate income?

Yes

No

Which method will you use?

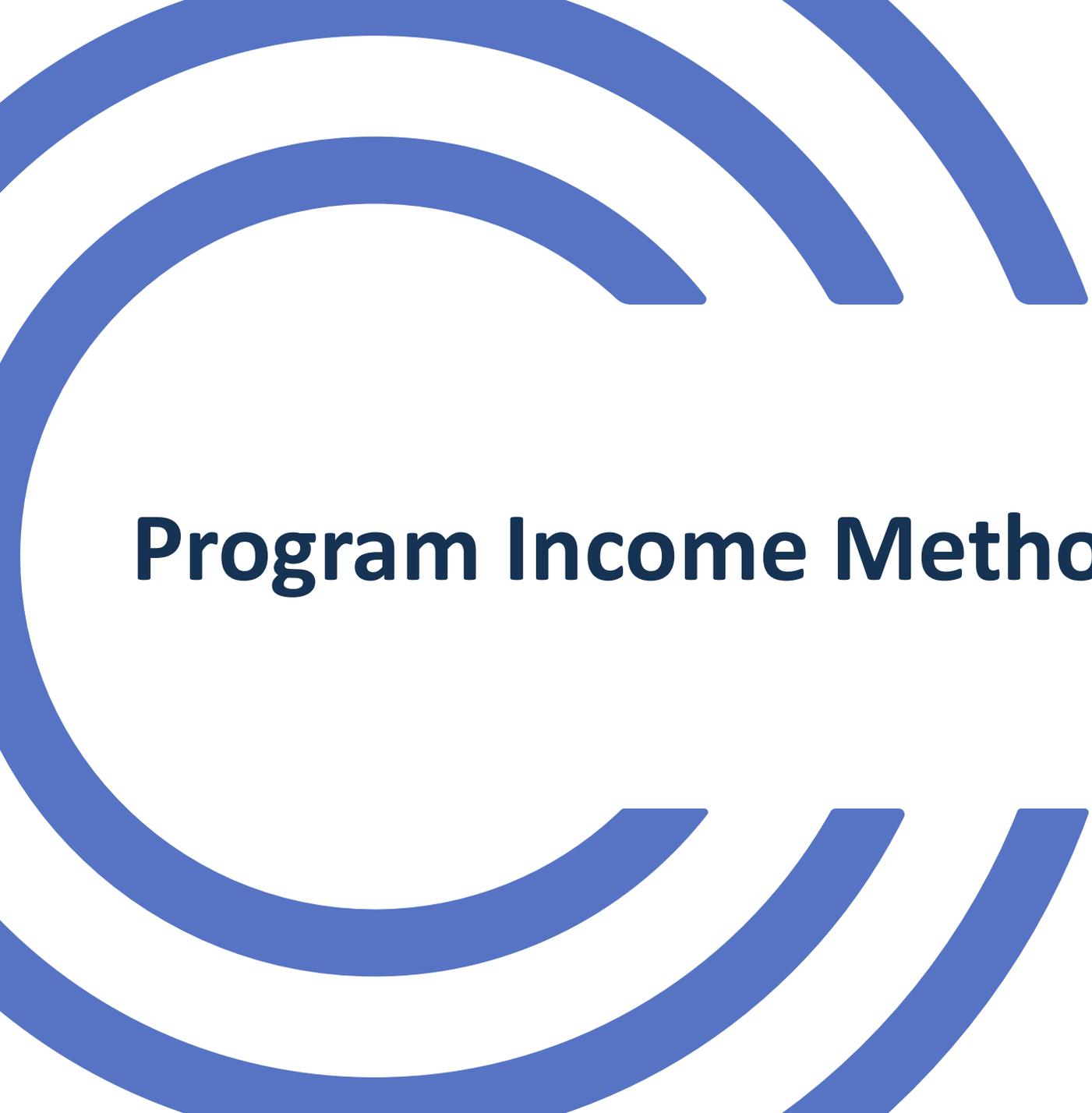
**Deduction:**  
2 CFR §  
200.307  
(b)(1)

**Addition:**  
2 CFR §  
200.307  
(b)(2)

**Cost-Match:**  
2 CFR §  
200.307(e)(3)  
*Not applicable to  
TBCP projects*

See subrecipient  
monitoring  
requirements at  
2 CFR § 200.331

No Program  
Income

The image features a decorative graphic on the left side consisting of three concentric, blue, curved lines that resemble a stylized 'C' or a partial circle. These lines are positioned on the left side of the frame, with the innermost line being the largest and the outermost being the smallest. The text 'Program Income Methodologies' is centered horizontally and partially overlaps the right side of these decorative lines.

# **Program Income Methodologies**

# Calculating Program Income



**\*Incidental Costs** are those incurred to generate program income but not reimbursed using Federal funds. Consult your billing process to determine which types of costs are incurred to generate program income.

# Program Income Calculation Methodologies

**Recipients must calculate program income according to a methodology listed in 2 CFR § 200.307.**

## **Recommended: Addition**

- Program income is added to the total allowable costs, increasing total funds available to complete the project.

## **Deduction**

- Program income is deducted from the total allowable costs, reducing the overall total amount of the Federal award.

***Note:** Since TBCP recipients do not have matching fund requirements, the Cost-Sharing methodology is not applicable to TBCP.*

# Addition Method

TBCP recipients are encouraged to add program income to the funds committed to the project (the “Addition Method”) and spend it on eligible costs of the project, including additional eligible activities that meet the purposes of the award.

- Examples and reporting information are available on later slides.

**The same restrictions on eligible costs that apply to TBCP Federal funds also apply to program income utilized under the Addition Method.**

If Project Costs = \$100,000:



# Addition Method – Allowable Uses of Program Income

## Enhancements

A recipient may utilize program income under the Addition Method to **enhance** the original project, such as:

- Purchase equipment with greater capacity or reliability
- Construct laterals to additional community anchor institutions within the original proposed funded service area.

## Project Costs

A recipient may also utilize program income under the Addition Method to **fund eligible costs of the project that were not included in the original budget**, such as:

- Overtime labor that is necessary to meet project deadlines.

**Note:** Enhancements or new project costs may require a Change in Scope RR. Recipients must consider the potential impact on their project's timeline when requesting approval for project changes. Recipients must also demonstrate compliance with all award terms and environmental requirements.

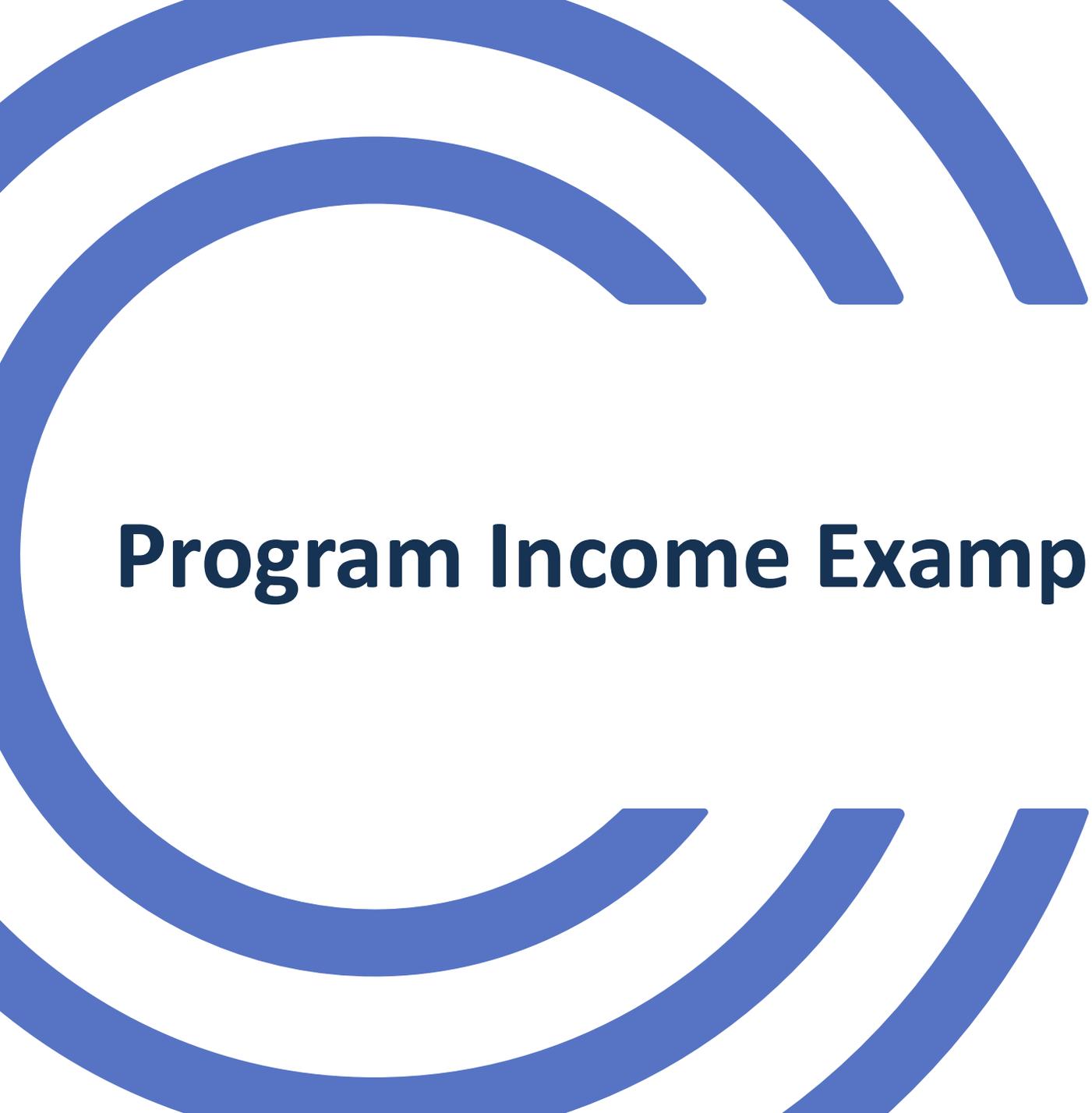
# Deduction Method

- If program income cannot be utilized for additional eligible project costs, the recipient must deduct the program income from the total allowable costs of the project.
- **The recipient will be unable to draw down the full amount of the original Federal award, as it will be offset by the program income amount.**



# Managing Program Income

- Recipients are expected to manage program income in a **consistent, documented manner** that is **consistent with their accounting methodology** and all applicable regulations.
- **Note:** If program income has been recognized on the recipient's books, but the recipient has yet to actually receive payment, then the program income is not "available," so the recipient is not restricted from making additional drawdowns.



# **Program Income Examples**

# Examples of Program Income

- Income from sale of previously unavailable services provided through TBCP-funded facilities, such as Internet access, voice-over-IP, or point-to-point connections, minus operating costs not funded by the TBCP grant.
- Incremental income from the sale of upgraded services provided through TBCP-funded facilities.
- Income from leasing TBCP-funded facilities, such as lit fiber indefeasible rights-of-use (IRUs), conduit or tower space, or rights-of-way.
- Hookup fees or internal wiring for customers using the TBCP-funded facilities, minus costs not funded by the TBCP grant such as technician time, fuel, or materials not provided by the grant.
- Revenue from internet service operations using a network built by TBCP funds and incurred during the period of performance, minus operating costs not funded by the TBCP grant.

# Examples of Program Income Continued

- Fees charged for classes where the instructor or the equipment used in the class is funded by the TBCP award.
- Fees that a recipient or subrecipient collects for printing or other services offered on TBCP-funded computers.
- Registration fees collected from a training or conference put on with TBCP funds.

# Subrecipients, Vendors, and Third Parties

## Subrecipients

Program income requirements flow from recipients to subrecipients.

- Example: If the grant has paid for equipment that the recipient transfers to a subrecipient and the subrecipient uses the equipment to provide a service that generates income, then the recipient must report the income.
- Recipients must monitor their subrecipients' receipt and expenditures of program income.

## Contractors

Program income requirements do not flow down to contractors.

- Example: If a last mile service provider (who is not a subrecipient) leases capacity on a TBCP-funded middle mile network operated by a TBCP recipient, the amount that the service provider pays to the recipient in exchange for this capacity is program income.
  - Income that the service provider receives from its own last mile customers is not program income.

# Deducting Costs Incident to Program Income

Examples of ways an Infrastructure recipient may deduct expenses from revenues to calculate program income:

**Scenario:** An Infrastructure recipient incurs taxes and universal service fees as a direct result of charging service fees to a new subscriber on the TBCP-funded network.

- **Ineligible Expense:** These taxes and fees may not be eligible expenses under the TBCP award.
- **Deduction:** The expenses may be deducted from the income received from the subscriber to determine program income, provided those costs have not been charged to the grant.

**Scenario:** An Infrastructure recipient incurs electricity costs to operate a TBCP-funded microwave tower.

- **Ineligible Expense:** Operating costs may not be an eligible TBCP expense.
- **Deduction:** A proportional share of the electricity cost may be deducted from the program income that the recipient receives from offering services on that tower.

# Deducting Partial Costs Incident to Program Income

Some costs may be incurred **only partially** for the purpose of generating program income related to the TBCP award.

**Scenario:** An Infrastructure recipient has fixed costs associated with operating a Network Operations Center (NOC) that serves both the TBCP-funded network and non-TBCP facilities.

- **Ineligible Expense:** These fixed costs must be proportionally split between the TBCP-funded network and non-TBCP facilities.
- **Cost Allocation Methodology:** In such cases, recipients must develop a consistent and justifiable methodology for allocating costs between TBCP-related and non-TBCP-related activities.
- **Subtraction:** Recipients can use their methodology to determine TBCP-related costs, then subtract a proportional share of the TBCP-related operating costs from the program income, provided those costs have not been charged to the grant.



# **Program Income Reporting**

# Reporting Program Income

Recipients must report program income semi-annually and at closeout on the SF-425 Federal Financial Report (FFR):

- **Question 10, Program Income Section**

- l. Total Federal program income earned
- m. Program Income expended in accordance with the deduction alternative
- n. Program Income expended in accordance with the addition alternative
- o. Unexpended program income (line l minus line m or n)

<b>Program Income:</b>	
l. Total Federal program income earned	0.00
m. Program Income expended in accordance with the deduction alternative	0.00
n. Program Income expended in accordance with the addition alternative	0.00
o. Unexpended program income (line l minus line m and line n)	0.00



# **Monitoring Program Income**

# Program Income During Desk Reviews or Site Visits

- Records which may be requested during a Site Visit or Desk Review to verify allowable uses of Program Income include but are not limited to:
  - **Financial management policies and procedures**, outlining the methodology used to calculate and allocate Program Income;
  - **Federal funds verification**, showing Federal expenditures by cost category as of the most recent quarter; and
  - **SF-425 Federal Financial Report**, indicating how program income was expended.

# Thank you!

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