



Program Income Guidance

This document is intended solely to assist recipients in better understanding Office of Internet Connectivity and Growth (OICG) grant programs and the requirements set forth in the Notice of Funding Opportunities (NOFO) for the respective OICG programs. 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 program NOFOs. In all cases, statutory and regulatory mandates, the terms and conditions of the award, the requirements set forth in the NOFOs, and follow-on policies and guidance, shall prevail over any inconsistencies contained in this document.



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Program Income Guidance

The National Telecommunications and Information Administration (NTIA) offers this resource to grant recipients to provide guidance on appropriate calculation, use, management, and reporting of program income in accordance with the methods outlined in [2 CFR 200.307\(e\)](#).



WHAT IS PROGRAM INCOME?

Program income is gross income earned by the recipient or subrecipient that is directly generated by a supported activity or earned as a result of the federal award during the period of performance (PoP) except as provided in [2 CFR 200.307\(c\)](#). Recipients should note that their state laws may apply additional requirements that are stricter than those in 2 CFR 200.



Understanding Program Income: What does Program Income Include?

Program Income Includes:

- ✓ Fees earned from services performed
- ✓ Income from the use or rental of real or personal property acquired under federal awards
- ✓ Proceeds from the sale of commodities or items fabricated under a federal award
- ✓ License fees and royalties from patents and copyrights under a federal award
- ✓ Principal and interest earned on loans made with federal award funds

Program Income Does Not Include:¹

- × Interest earned on advances of federal funds
- × Rebates, credits, discounts, or interest earned on any of these
- × Governmental revenues
- × Proceeds from the sale of property, equipment, or supplies
- × License fees and royalties from non-government supplemental funding or related projects per [37 CFR part 401](#)
- × Any profit resulting from Federal financial assistance unless explicitly authorized by the terms and conditions of the Federal award per [2 CFR 200.400](#)



WHO DO PROGRAM INCOME RULES APPLY TO?²



Program income requirements apply to recipients and flow to subrecipients.



Program income requirements do not apply to contractors or subcontractors.

¹ The items listed are not considered program income unless specified in Federal statutes, regulations, or the terms and conditions of the Federal award.

² Under the BEAD program, recipients are permitted to retain all program income in accordance with the exceptions outlined by NTIA. Reference the [BEAD Policy Notice of Uniform Guidance Part 200 Exceptions & Related Issues](#) for more information.

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WHAT CAN I DO WITH PROGRAM INCOME?

Program income:

- ☐ Must be used for the original purpose of the federal award; this includes only costs and activities approved by the program.
- ☐ If earned during the PoP, may be used only for costs incurred during the PoP or allowable closeout costs. Program income cannot be used to reclaim pre-award costs.
- ☐ Must be expended before requesting additional federal funds under the specific program. Recipients may still access federal funds from other programs.
- ☐ If exceeding amounts specified in the federal award, may be added to or deducted from the total allowable costs in accordance with award terms and conditions



UNDERSTANDING PROGRAM INCOME METHODS

NTIA should specify what program income method(s) will be used in the terms and conditions of the federal award. The deduction method will be used if NTIA does not specify a method for applying program income in the recipient handbook. When no program income method is specified in the federal award, prior approval is required to use the addition or cost-sharing methods. See **Figure 1** for program income methods and when to use which method.

Figure 1: Program Income Methods

Method	When Used
Deduction	Default for all recipients if the federal agency does not specify a method
Addition	Default for institutions of higher education (IHE) and nonprofit research institutions if no method is specified
Cost-sharing	When no method is specified in the federal award and prior approval has been acquired by federal agency
Alternatives	When the federal agency specifies alternatives to deduction and addition methods. The federal agency may distinguish by recipient/subrecipient, source, kind, or amount of income. 2 CFR 200.307(b)

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METHODS OF APPLYING PROGRAM INCOME

The three main methods of applying program income are described below.



DEDUCTION METHOD

Program income is deducted from the total allowable costs, reducing the overall total amount of the federal award per [2 CFR 200.307\(b\)\(1\)](#).

- Grant recipients and pass-through entities may use this method.
- The federal obligation is reduced by the amount of program income generated by grant-funded sources.



ADDITION METHOD

Program income is added to the total allowable costs, increasing the overall total amount of the federal award per [2 CFR 200.307\(b\)\(2\)](#).

- Grant recipients and pass-through entities may use the addition method with prior approval from the federal agency.
- Program income resulting from the federal award is added to the federal obligation.



COST-SHARING METHOD

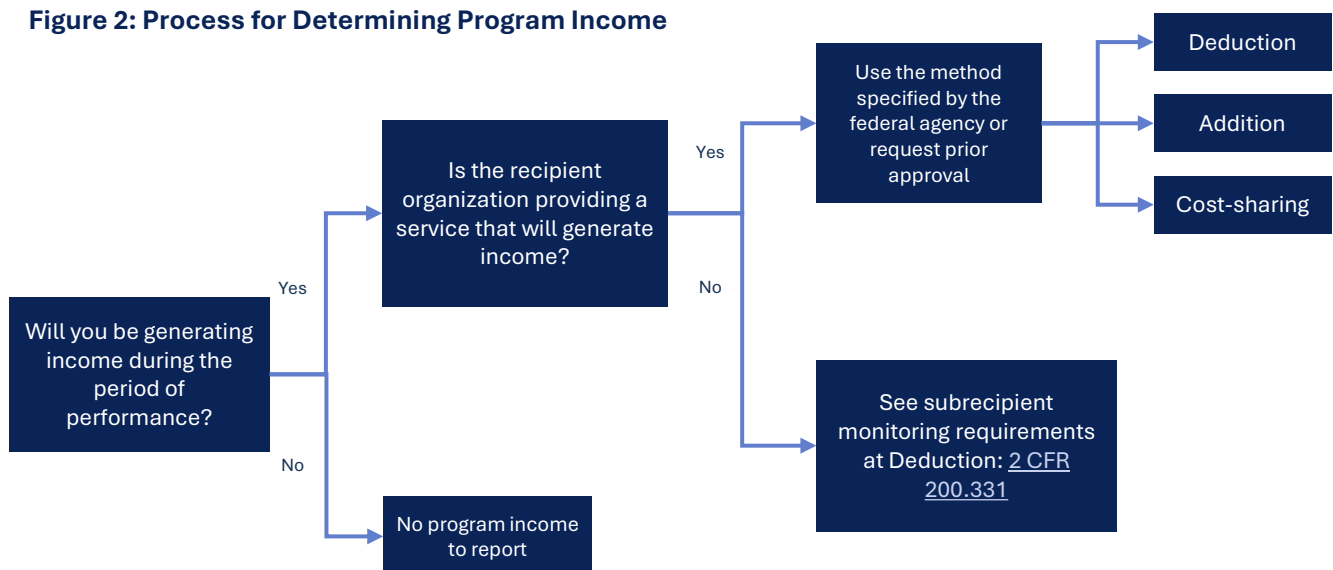
Program income is used to meet the federal award's cost sharing requirement (if applicable to the program) with prior approval per [2 CFR 200.307\(b\)\(3\)](#).



HOW DO I DETERMINE IF I HAVE PROGRAM INCOME?

Recipients should first determine if they have program income using the process in **Figure 2**. If they do have program income, they should then use the program income method specified by the federal agency. If a methods is not specified, prior approval is required to apply a method.

Figure 2: Process for Determining Program Income



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HOW DO I REPORT PROGRAM INCOME?

Recipients must report program income semi-annually and at closeout on the SF-425 Federal Financial Report (FFR). Report program income in fields 10.l. through 10.o, as seen in **Figure 3** below. Refer to the [SF-425 Financial Report Guidance](#) for more information on completing these fields.

Figure 3: SF-425 Fields for Reporting Program Income

The image shows a screenshot of the SF-425 Federal Financial Report form. The form is titled "Federal Financial Report" and includes a "View Burden Statement" link. It contains several sections for reporting information, including fields for the Federal Agency and Organizational Element, the Federal Grant or Other Identifying Number, the Recipient Organization Name and address, and the Recipient Account Number or Identifying Number. Below these sections, there are fields for the Report Type, Basis of Accounting, Project/Grant Period, and Reporting Period End Date. A table at the bottom of the form lists the fields for reporting program income, with a magnifying glass icon highlighting the fields for Total Federal program income earned, Program Income expended in accordance with the deduction alternative, Program Income expended in accordance with the addition alternative, and Unexpended program income (line l minus line m or line n).

Program Income:	
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 line n)	

g. Total Federal share (sum of lines e and f)	0.00
h. Unobligated balance of Federal Funds (line d minus g)	0.00
Recipient Share:	
i. Total recipient share required	
j. Recipient share of expenditures	
k. Remaining recipient share to be provided (line i minus j)	0.00
Program Income:	
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 line n)	



RECORD RETENTION

Records which may be requested during a monitoring activity (e.g., Site Visit, Desk Review, etc.) 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



ADDITIONAL QUESTIONS

Please reach out to your Federal Program Officer (FPO) with any additional questions regarding program income.

³For the BEAD program, subgrantees are not required to report on program income.