SAN JOAQUIN COUNTY WORKNET
EMPLOYMENT AND ECONOMIC DEVELOPMENT DEPARTMENT
POLICIES AND PROCEDURES DIRECTIVE

DIRECTIVE NO.	EFFECTIVE DATE	APPLICABILITY	PAGE
25-27	May 12, 2026	EMD, FMD, GMD	1 of 5
SUBJECT:	**PROGRAM INCOME POLICY**		

I. PURPOSE

This directive establishes the San Joaquin County Workforce Development Board's (WDB) requirements for the identification, accounting, reporting, and use of Workforce Innovation and Opportunity Act (WIOA) program income. It ensures compliance with federal regulations, state directives, and applicable cost principles. This directive applies to the WDB and all subrecipients and all subrecipients administering WIOA Title I funds.

II. GENERAL INFORMATION

The WIOA and its regulations, provide specific guidance regarding what constitutes program income. Non-Federal entities are encouraged to earn income to defray program costs where appropriate.

Program income is defined as gross income earned by the WDB or a subrecipient that is directly generated by a WIOA-funded activity or earned as a result of a WIOA award during the period of performance, in accordance with Uniform Guidance Section 200.1.

Program income does not increase the total award amount but must be used to support allowable program activities. Program income includes, but is not limited to:

A. Examples of Program Income

Program income includes, but is not limited to:

- Fees charged to employers for services, facilities, or equipment
- Revenue from the sale or rental of property acquired with WIOA funds
- Income from goods or services produced through WIOA-funded activities

- License fees and royalties on patents or copyrights except where the intellectual property is subject to 37 CFR Part 401, in which case disposition requirements under that regulation apply.
- Revenue from conferences or events funded by WIOA
- Excess revenue over costs for services provided

In accordance with WSD15-25, interest earned on WIOA funds must be treated as program income, although federal regulations (2 CFR §200.305) generally exclude such interest.

B. Exclusions from Program Income

Program income does not include:

- Rebates, credits, or discounts and any interest earned on them
- Proceeds from the sale of real property, equipment, or supplies (handled under property rules)
- Taxes, special assessments, levies, fines, and other such revenues raised by a subrecipient.
- Donations or contributions that are voluntarily given to a WIOA-funded program.
- Income earned after the period of performance
- Profits earned by for-profit entities not retained by the program

The Uniform Guidance applies to all federal awards made on or after December 26, 2014. Therefore, beginning with WIOA Program Year 2015-16 funds, all subrecipients of this funding must adhere to the Uniform Guidance, DOL Exceptions, and corresponding WIOA administrative requirements, cost principles, and audit requirements. For more information on Uniform Guidance implementation, please see TEGL 15-14.

This directive supersedes PPD D-39, Rev. 2, dated November 4, 2022.

References:

- WIOA (Public Law 113-128) Sections: 184(a)(3), 184(a)(5), 194(7)(B) and 194(13) (A-C)
- Title 2 Code of Federal Regulations (CFR) Part 200: “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards” (Uniform Guidance), Sections 200.1, 200.305, 200.307, 200.311, 200.313, 200.314 200.327, 200.333, and 200.344
- Title 2 CFR Part 2900: “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards” (Department of Labor [DOL] Exceptions)

- Title 20 CFR, Section 683.200: What general fiscal and administrative rules apply to the use of Workforce Innovation and Opportunity Act title I and Wagner-Peyser Act funds?
- Title 37 Code of Federal Regulations Part 401: "Rights to Inventions Made by Nonprofit Organizations and Small Business Firms under Government Grants, Contracts, and Cooperative Agreements"
- TEGL 15-14, Implementation of the New Uniform Guidance Regulations
- WSD19-05, Quarterly and Monthly Financial Reporting Requirements
- WSD15-25, WIOA Program Income

III. POLICY

The addition method, described at 2 CFR 200.307, must be used for all program income earned under title I of WIOA and Wagner-Peyser grants.

Program income must:

- Be used to support allowable WIOA Title I activities
- Comply with all federal cost principles, including allowability, allocability, and reasonableness
- Be used for the same program that generated the income
- Be expended prior to drawing additional federal funds, to the extent practicable
  Program income is subject to all WIOA requirements but is not subject to administrative cost limits.

Fiscal staff can calculate earned program income using either the net income or gross income method. Under the net income method, the cost of generating the program income is deducted from gross program income receipts. The revenues and expenditures are tracked separately in accounting records, netted, and then recorded in the appropriate program income account. Under the gross income method, all gross revenues derived from program income activities are accounted for as program income, and the costs associated with generating the revenue are charged to the subaward. In the accounting records, the entire amount of gross revenues and corresponding expenditures are recorded in the program income account for the funding period.

Once the amount of program income has been determined, fiscal staff may account for the expenditure of program income using either the separate accounting or transfer of expenditures method. Under the separate accounting method, program income is treated as additional funds committed to the subaward for which separately identifiable services are performed, and the expenditure of program income is accounted for separately from the original subaward agreement. For accounting purposes, the program income is treated as if it were a separate subaward.

Under the transfer of expenditures method, fiscal staff initially record the expenditures in the accounts of the original subaward agreement and subsequently transfer the expenditures to the program income account to offset the amount of program income earned. The result is the program income is accounted for as fully expended while expenditures charged under the subaward are reduced by the amount of expenditures that have now been applied to program income.

There are no Federal requirements governing the disposition of income earned after the end of the period of performance for the Federal award, unless the Federal awarding agency regulations or the terms and conditions of the Federal award provide otherwise. The Federal awarding agency may negotiate agreements with recipients regarding appropriate uses of income earned after the period of performance as part of the grant closeout process. See also Section 200.344, Closeout. Records related to program income must be maintained in accordance with 2 CFR 200.333 and made available for monitoring, audit, or review.

Cost of generating program income: If authorized by Federal regulations or the Federal award, 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.

Governmental revenues: Taxes, special assessments, levies, fines, and other such revenues raised by a non-Federal entity are not program income unless the revenues are specifically identified in the Federal award or Federal awarding agency regulations as program income.

Property: Proceeds from the sale of real property, equipment, or supplies are not program income; such proceeds will be handled in accordance with the requirements of Subpart D— Post Federal Award Requirements of this part, Property Standards §§200.311 (Real property), 200.313 (Equipment), and 200.314 (Supplies), or as specifically identified in Federal statutes, regulations, or the terms and conditions of the Federal award.

IV. PROCEDURE

Any program income that may be received will be recognized for accounting and reporting purposes in accordance with state and federal financial reporting requirements and must be used to support allowable activities under the grant that generated the income, consistent with the addition method required under WIOA and WSD 15-25.

Program income must be used for reasonable, allowable, and allocable expenditures and must be reported as disbursed before additional cash draws are requested. All program income earned and expended shall be accurately reported in the applicable monthly and quarterly financial reports. WIOA program income is subject to all WIOA requirements and applicable cost principles, except for the administrative cost limitation, from which program income is exempt.

At closeout, fiscal staff shall ensure that any unexpended program income is reported as a reduction of federal expenditures and de-obligated accordingly. For more information on WIOA closeouts, refer to 2 CFR 200.344, WSD16-05, and the current Closeout of WIOA Program Activities PPD.

V. QUESTIONS REGARDING THIS DIRECTIVE

May be referred to the Executive Director of EEDD via Managers or designee.

VI. UPDATE RESPONSIBILITY

The Executive Director of EEDD and/or designee shall be responsible for updating this directive, as appropriate.

VII. APPROVED

Patricia Virgen

PATRICIA VIRGEN
EXECUTIVE DIRECTOR

PV:df