REGION 1
RLF WORKSHOP
JUNE 5, 2012

Program Income
How to Track, Manage, And Use It

Topics

- What Is Program Income?
- How Do You Manage It?
- How Do You Use It?
- How Do You Report It?
- What Happens at Grant Closeout?
- What is an RLF Closeout Agreement?
- How Can You Use Post-Closeout Program Income?

What Is Program Income?

- Program income is the amount of money you receive, either directly generated or earned during the performance period of your RLF grant – See 40 CFR 31.25(b).

- Program income is generated primarily from the repayment of loans and interest.

What Is Program Income?

- Program income includes:

  - ✓ Loan principle repayments
  - ✓ Interest earned on outstanding loan principal
  - ✓ Interest earned on accounts holding program income
  - ✓ Loan application & processing fees
  - ✓ Loan-related charges received from borrowers
  - ✓ Other income generated from RLF operations
  - ✓ Proceeds from the sale, collection, or liquidation of a defaulted loan, up to the amount of the unpaid principal
 - ✓ Proceeds in excess of the unpaid principal

How Do You Manage It?

- Program income must be deposited in an interest bearing account.

- Interest earned on program income is additional program income.

- Program income must be used before requesting a drawdown of grant funds – See 40 CFR 31.21(f).

For a closing grant, an exception may be requested per the RLF Closeout Policy.

How Do You Manage It?

Drawdown

Pay Bills

Deposit

Pay Bills

Federal Funds Account

Program Income Account
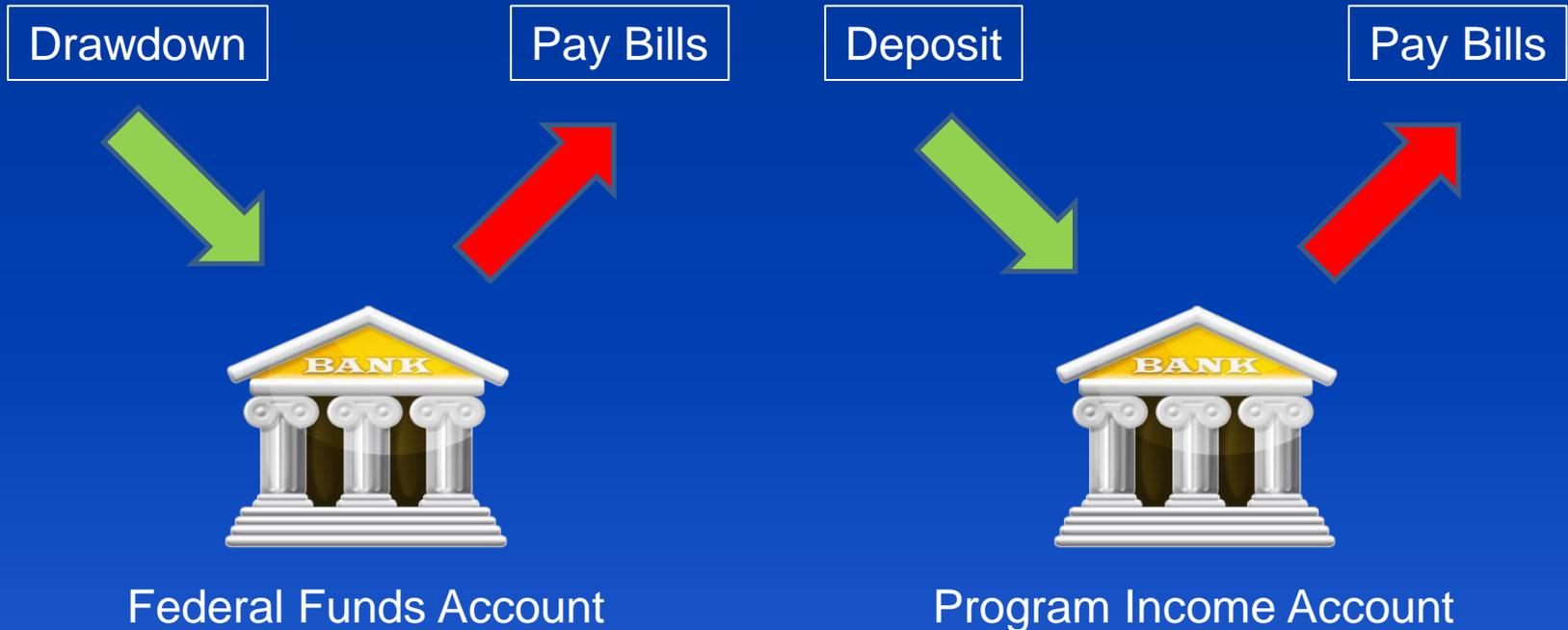
How Do You Manage It?

- Documentation substantiating the use of program income for RLF programmatic costs must be maintained in your grant files per applicable OMB cost principles - See OMB Circular A-87 for State & Local Governments.

How Do You Use It?

- All program income received must be placed immediately into the RLF and be made available for loans and/or subgrants – See 40 CFR 31.25(g)(2).

- Program income must be used in accordance with CERCLA Section 104(k)(3) and the RLF grant Terms & Conditions.

How Do You Use It?

- Program income can be used for any eligible programmatic cost such as:

  - ✓ Personnel
  - ✓ Supplies
  - ✓ Contracts
  - ✓ Travel
  - ✓ Community relations activities
  - ✓ ABCAs
  - ✓ QAPPs
  - ✓ Cleanup plans and documentation

How Do You Use It?

- Program income is not subject to the 60/40 or 50/50 loan/subgrant split.

You can use it freely for subgrants or loans

- Program income is not designated as hazardous substances or petroleum.

You can use it to clean up any type of eligible site

How Do You Use It?

- Some program income can be used to help meet your 20% cost share. This includes:
  - Interest from loans
  - Fees

You can not use repayments of loan principal to meet the 20% cost share.

How Do You Report It?

- Program income must be reported in the RLF Quarterly Progress Reports submitted to EPA each quarter.

Table 2: Summary of Program Income

Prior Program Income Balance	Program Income Generated This Quarter	Program Income Expended This Quarter	Current Program Income Balance
$24,250	$5,750	$10,000	$20,000

What Happens at Grant Closeout?

- Program income remaining in your RLF account at the time of grant closeout must be returned to the EPA – See 40 CFR 31.50(d)(2).

  For a closing grant, an exception may be requested per the RLF Closeout Policy.

- Every effort should be made to expend program income on loans, subgrants, and any eligible programmatic costs before grant closeout.

What is an RLF Closeout Agreement?

- At the time of RLF grant closeout, EPA and the grantee will negotiate a Closeout Agreement.

- See RLF Closeout Policy – March 11, 2010.

- The Closeout Agreement includes:
  - Grant closeout procedures
  - Use of post closeout program income
  - Use of retained program income
  - Post-closeout reporting
  - Other administrative terms & conditions

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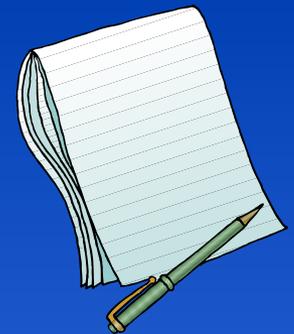
How Can You Use Post-Closeout Program Income?

- Post-closeout program income must be used for continued operation of an RLF for brownfields cleanup and/or other brownfields activities to include:

  › Cleanup loans & subgrants
  › Site assessments & cleanup planning
  › Programmatic costs to manage and oversee the work being performed