PROGRAM MEMORANDUM—FY 2019

DATE: September 6, 2019

TO: State Directors of Career and Technical Education

FROM: Scott Stump
Assistant Secretary for Career, Technical, and Adult Education

SUBJECT: Prior Approval Authority Regarding Program Income for Perkins V Eligible Recipients and Subrecipients

This memorandum informs you that the U.S. Department of Education (Department) will continue to provide prior approval authority for eligible recipients or subrecipients under the newly-authorized Strengthening Career and Technical Education for the 21st Century Act (Perkins V) to use the addition and/or cost sharing or matching options for program income pursuant to 2 CFR 200.307(e) of the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Consistent with 2 CFR 200.80, “program income” means gross income earned by the recipient or subrecipient that is directly generated by a Federally-supported activity or earned as a result of the award during the grant period. This can include, but is not limited to, income from fees for services performed.

In 2016, under the prior authorization of the Carl D. Perkins Career and Technical Education Act of 2006 (Perkins IV), the Department carefully reviewed the three options regarding the use of program income in 2 CFR 200.307(e)—deduction, addition, and cost sharing or matching—in the context of formula grant programs, such as Perkins. The Department determined that the deduction option, as described in 2 CFR 200.307(e)(1), did not apply because the allotment of funds to eligible recipients and subrecipients was based on statutory formulas, in the case of Perkins IV under sections 131 and 132, and program income funds could not be deducted from those allocations without undermining the statutory required formulas. Therefore, the Department provided prior approval authority for Perkins IV eligible recipients and subrecipients to use the addition and/or cost sharing or matching options for program income. See February 5, 2016, Program Memo at: https://s3.amazonaws.com/PCRN/docs/MemoRegardingProgramIncomeUnderPerkinsIV-2-5-16.pdf
Because there are no substantive changes to the relevant statutory provisions between Perkins IV and Perkins V, the Department will maintain its determination and authorize Perkins V eligible recipients and subrecipients to use program income under the addition and/or cost sharing or matching options in 2 CFR 200.307(e)(2) and (3), respectively:

- Addition – program income may be added to the Federal award and must be used for the purposes and under the conditions of the Federal award; and/or

- Cost-sharing or matching – program income may be used to meet the cost sharing or matching requirements of the Federal award and the Federal award remains the same.

If the addition option is used, eligible recipients and subrecipients must use program income available at the time an expenditure is made and must expend that income before drawing down Federal funds. See 2 CFR 200.305(b)(5).

Please note that the Department will include this prior approval authority regarding program income in the “Terms and Conditions” of your State’s Perkins Grant Award Notifications (GANs), beginning for your October 1, 2019, Perkins V (supplemental) grant award.

Please feel free to contact Andrew (Andy) Johnson, this office’s lead on Perkins fiscal matters, if you have questions regarding the use of program income. Andy may be reached by email at Andrew.Johnson@ed.gov or by phone at (202) 245-7786.