State of South Carolina
Department on Aging

Henry McMaster
Governor

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Director

PROGRAM INSTRUCTION FOR: Use of Program Income

INFORMATION MEMORANDUM FOR: Area Agencies on Aging

SUBJECT: Program Income Service Expansion Compliance

DATE: June 30, 2026

AAA Compliance Date: July 1, 2027

USE OF PROGRAM INCOME	**POLICY NUMBER**
REFERENCE(S): **1321.9(C)(2)(xii); 2 CFR 200.307(e)(2)**	
Release Date: June 30, 2026	**AAA Compliance Date:** **July 1, 2027**

Definitions of terms:

Program Income: gross income earned by the non-Federal entity that is directly generated by a supported activity or earned as a result of the Federal award during the period of performance except as otherwise provided under Federal grantmaking authorities. Program income includes but is not limited to income from fees for services performed, the use or rental of real or personal property acquired under Federal awards, the sale of commodities or items fabricated under a Federal award, license fees and royalties on patents and copyrights, and principal and interest on loans made with Federal award funds.
Interest earned on advances of Federal funds is not program income. Except as otherwise provided in Federal statutes, regulations, or the terms and conditions of the Federal award, program income does not include rebates, credits, discounts, and interest earned on any of them.

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Voluntary contributions and cost sharing payments are considered program income.

Voluntary contributions: donations of money or other personal resources, given freely, without pressure or coercion, by individuals receiving services under the OAA.

Cost sharing: requesting payment using a sliding scale, based only on an individual's income and the cost of delivering the service.

Policy Statement
1. Program income collected must be used to expand a service funded under the Title III grant award pursuant to which the income was originally collected;
2. The State agency must use the addition alternative as set forth in 2 CFR 200.307(e)(2) when reporting program income, and prior approval of the addition alternative from the ASA is not required;
3. Program income must be expended or disbursed prior to requesting additional Federal funds; and
4. Program income may not be used to match grant awards funded by the Act without prior approval.
5. While voluntary contributions and cost sharing payments are both considered program income, SCDOA does not permit cost sharing for OAA-funded services.

SUA Procedure
The SUA is responsible for:
- Monitoring Program Income for Area Agencies on Aging (AAAs) and service providers.
- Ensuring proper reporting and tracking of Program Income.
- Ensuring Program Income policies comply with OAA and HHS/ACL regulations.
- Taking corrective action if coercive or noncompliant practices are found.

AAA Procedure
AAAs are responsible for ensuring that:
- AAAs have policies and procedures related to the use of program income for service providers and when the AAA is providing direct services that are aligned with this policy. Program Income is reported monthly to SCDOA in the required format.
- Service providers make regular and prompt deposits of program income.
- Accurate, complete, and timely financial and programmatic information is reported to the State Unit on Aging (SUA) in accordance with applicable federal, state, and contractual requirements.
- Appropriate internal controls are maintained to support the reliability and integrity of program income reporting.

Minimum Contract Requirements

- Contracts and grant agreements between AAAs and service providers are to be written for the amount of federal funds awarded to the service provider. As noted above, the required use of the addition alternative increases the amount of allowed project costs commensurate with the program income received.
- Service providers must use all program income using the addition alternative to the AAA per the signed grant/contract agreement.
- If the service provider contracts with the AAA for an initial and subsequent year(s), program income earned during the first calendar year but received in the subsequent calendar year must be utilized to expand services in that subsequent calendar year.

See also: (related/cross-referenced policies and/or forms – use hyperlinks)
Voluntary Contributions policy

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