

Program Income

Program income is any income generated from the use of CDBG program funds that totals at least \$35,000 in a calendar year, in accordance with 24 CFR 570.489(e).

Under federal CDBG regulations, it is Commerce's option to require local governments to return program income to the state or to allow the local government to use the program income for current and future CDBG eligible activities. Commerce has decided to allow local governments to use their program income for CDBG eligible activities if the local government has a Commerce approved Program Income Reuse Plan.

Program income received during an open CDBG grant, whether from current activities or prior activities, must be used prior to drawing additional CDBG grant funds, and must be accounted for on each reimbursement request to Commerce.

Program income earned after project completion, but before administrative closeout, may be subject to the Recapture of Funds Policy.

Program income received by the local government or its subrecipient after project completion and administrative closeout, retains its federal identify and must be reported to Commerce annually if it exceeds \$35,000 in any calendar year.

Under 24 CFR 570.489(e)(2)(ii), which exempts program income for activities carried out by neighborhood-based non-profit organizations authorized under Section 105(a) of the Act, Commerce may, with prior approval, allow a local government's qualified subrecipient to retain program income for the continuance of eligible activities and to release its federal identity and reporting requirements.