

US EPA ARCHIVE DOCUMENT

# 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?

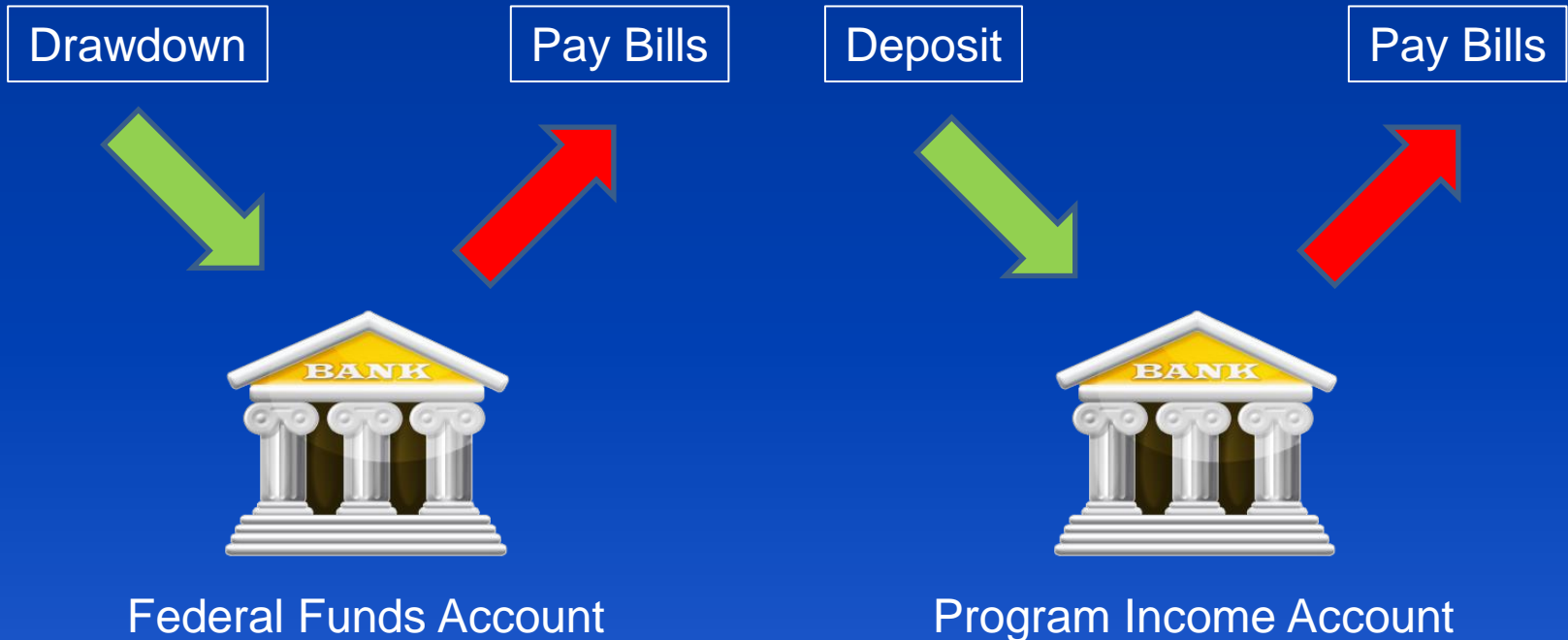
- ◉ Program income must be deposited in an interest bearing account.
- ◉ Interest earned on program income is additional program income.
- ◉ Program income must be used before requesting a drawdown of grant funds –  
See 40 CFR 31.21 (f).



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



# How Do You Manage It?





# 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





# 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

