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RWHAP Part B Program Income

**Understanding and
Implementing Federal and State
Guidelines**



Overview

- How and when to use program income
- Tracking and monitoring program income
 - Administrative Agencies and sub-recipients
- State and federal program income reporting
 - Financial Status Report, state budget submissions, voucher support form, RWHAP Services Report



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Definitions

- Program income: gross income earned by a non-Federal entity (i.e. AA) that is generated directly by a supported activity or earned as the result of the Federal award
 - Examples- charges for service (e.g. co-pay), third-party reimbursements, 340B drug pricing revenue (difference between third party reimbursement and 340B drug purchase price)
 - Does not include rebates, credits, discounts, and interest earned on any of such

Program Income Usage

“Additive Alternative”

- Program income generated by RWHAP services is considered additive and can also be used to meet Federal matching requirements, if applicable
- RWHAP is payer of last resort; i.e. program income should be used before federal funds, but not before all other funding sources are exhausted



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Appropriate Expenditures

- Program income must be used for:
 - HRSA defined core medical and support services
 - Clinical quality management
 - Administrative expenses
- However, program income is not subject to the caps on RWHAP funds
 - Ex. May be used in excess of 10% indirect cost cap



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Timely Usage Guidelines

- Program income must be used/expended before additional RWHAP funds are expended
 - RWHAP must maintain payer-of-last-resort status
- Program income should be used in the grant year in which it is received
- Any program income earned in one grant year must be expended before the usage of RWHAP funds awarded for the next grant year
- Unexpended program income should be returned to the state agency under which the AA or sub-recipient contracts if it is not spent in the period in which it is received



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Unobligated Balance (UOB) Penalties

- Unobligated balance (UOB) penalties are still in effect for program income
- Penalties apply for UOBs accrued as a result of expending program income
 - i.e. while program income should be expended before using RWHAP funds, those funds should still be expended or obligated during the period in which they are awarded



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Program Income Tracking and Monitoring

Administrative Agencies and Sub-recipients

- AAs should track program income derived from the RWHAP grant and the program income generated by sub-recipients
 - Sub-recipients should report the generation and expenditure of program income to their AAs
- Program income should be tracked grant-by-grant in the case that the AA or sub-recipient receives multiple grants
- AA should be able to account for all program income and the allocation and expenditure of such



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Documenting Program Income Allocation

- Methodology used to allocate and expend program income should be documented
- Methodology used should be consistent throughout the program, though deviations may occur when program income is generated as a result of multiple awards
 - In cases such as this, the rationale for the distribution of program income should be well-documented



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Program Income Reporting Standards

Financial Status Report (FSR), State Budget Submissions, HIV/RW/SRVS Voucher Support Form, and RWHAP Services Report (RSR)

- Program income generated by the AAs (not sub-recipients) should be reported to DSHS on the FSR
- Program Income should be reported on line K



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h. Total Direct Charges	\$ -	\$ -	\$ -	\$ -
i. Indirect Charges				
j. Total Charges	\$ -	\$ -	\$ -	\$ -
Less:				
k. Program Income Collected		-	-	-
l. Non-DSHS Funding		-	-	-
m. In-kind (See Instructions)		-	-	-
DSHS SHARE >>	\$	-	\$	-

Financial Status Report (FSR) Example

Grant Amount: \$1,000,000

QTR 1	April	\$50,000	(P.I. \$5,000)
	May	\$50,000	(P.I. \$3,000)
	June	\$30,000	(P.I. \$2,500)
QTR 2	July	\$50,000	(P.I. \$5,000)
	August	\$50,000	(P.I. \$3,000)
	September	\$40,000	(P.I. \$1,000)
QTR 3	October	\$25,000	(P.I. \$2,000)
	November	\$60,000	(P.I. \$1,000)
	December	\$40,000	(P.I. \$0)
QTR 4	January		
	February		
	March		

FSR QTR 1

Expenses	\$130,000
P.I.	\$10,500
Net Reimburs.	\$119,500

Amt of RW base funds left= \$870,000
Grant Amt minus RW+PI= \$880,500

FSR QTR 2

Expenses	\$140,000
P.I.	\$9,000
Net Reimburs.	\$131,000

Amt of RW base funds left= \$730,000
Grant Amt minus RW+PI= \$749,500

FSR QTR 3

Expenses	\$125,000
P.I.	\$3,000
Net Reimburs.	\$122,000

Amt of RW base funds left= \$605,000
Grant Amt minus RW+PI= \$627,500

FSR QTR 4

Expenses	
P.I.	
Net Reimburs.	

Amt of RW base funds left=
Grant Amt minus RW+PI=



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State Budget Submissions

- Projected program income should be reported in the submission of the yearly budget to DSHS



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FORM I: BUDGET SUMMARY (REQUIRED)

Legal Name of Respondent: Apple County Health Department

Budget Categories	Total	DSHS Funds	Direct Federal	Other State	Local Funding	Other
	Budget	Requested	Funds	Agency Funds*	Sources	Funds
	(1)	(2)	(3)	(4)	(5)	(6)
A. Personnel	\$40,620	\$16,248	\$12,186	\$4,062	\$6,093	\$2,031
B. Fringe Benefits	\$9,249	\$3,700	\$2,775	\$925	\$1,387	\$462
C. Travel	\$1,091	\$437	\$327	\$109	\$164	\$55
D. Equipment	\$5,250	\$5,250				
E. Supplies	\$39,000	\$15,600	\$11,700	\$3,900	\$5,850	\$1,950
F. Contractual	\$41,208	\$16,483	\$12,362	\$4,121	\$6,181	\$2,060
G. Other	\$8,250	\$3,300	\$2,475	\$825	\$1,238	\$413
H. Total Direct Costs	\$144,668	\$61,017	\$41,826	\$13,942	\$20,913	\$6,971
I. Indirect Costs	\$3,575	\$1,430	\$1,073	\$358	\$536	\$179
J. Total (Sum of H and I)	\$148,243	\$62,447	\$42,898	\$14,299	\$21,449	\$7,150
K. Program Income - Projected Earnings	\$13,000	\$5,200	\$3,900	\$1,300	\$1,950	\$650

HIV/RW/SRVS Voucher Support Form

- Program income should be reported on the Voucher Support Form
 - Recipients should not record sub-recipient's program income that is reported to them



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ADVANCE BREAKDOWN			
H25 Administration		424 State Services	
079 Planning & Evaluation		424 Direct Service	
K18 Quality Management:		297 Administrative	
PROGRAM INCOME COLLECTED			
State Services		424 Direct Service	

New RSR Changes

- Starting with the 2019 RSR, Eligible Services Reporting will be implemented
 - AAs and sub-recipients will be required to submit client-level data for clients that received a service funded through RWHAP funds and RWHAP-related expenditures (including program income and pharmaceutical rebates)



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RSR Changes Phase-In

- For those who already collect information on the funding sources of client services, this information will be required on the 2019 RSR (submitted March 2020)
- The final deadline for the implementation of Eligible Services Reporting will be the 2021 RSR (submitted March 2022)
- ARIES will be updated to allow for this new data collection



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Summary

- Program income is additive and should be used in a timely manner for all services and programs eligible under RWHAP
- AAs should track and monitor program income, including that of sub-recipients
- Program income should be reported on appropriate state reports (FSR, RSR, budget submissions, etc.)

Questions?

Additional Resources



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- Policy Clarification Notice (PCN) 15-03
- 45 Code of Federal Regulations (CFR) Part 75.307
- TX HHSC Grantee Uniform Terms and Conditions
- <https://www.targethiv.org/library/topics/program-income>



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Thank you
