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**POLICY AND PRACTICE GUIDANCE LETTER: FEES AND OTHER
PROGRAM INCOME FOR ADULT EDUCATION PROGRAMS [PPGL-0602]**

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This letter provides guidance to adult basic education programs funded by the Rhode Island Department of Elementary and Secondary Education (Adult Education Office) regarding the earning of program income.

State grantees are allowed to earn program income under the Adult Education and Family Literacy Act (AEFLA) (Workforce Investment Act of 1998, Title II). The federal regulation that makes this possible is 34 CFR 80.25.

Subsection 80.25 (b) defines “program income” generally to mean “gross income” received by the [state] grantee or [local] subgrantee directly generated by a grant supported activity or earned only as a result of the grant agreement under the grant period.” Originally, program income is deducted from total allowable program costs, and all program income, except for tuition and fees charged to students and employers earned by a subgrantee under this award, must be so deducted. However, if a local subgrantee charges reasonable and necessary tuition or fees to students and employers, it may use those fees to provide additional adult education and literacy services that it would otherwise be unable to provide. Program income from tuition and fees must be: (1) governed by the terms of the agreement between the state grantee and the local subgrantee to which the state provides federal funds; (2) accounted for in program records; and (3) used only for costs allowable under AEFLA.

Also applicable to this award is 34 CFR 76.534, which provides that states and subgrantees may not count tuition and fees collected from students toward meeting federal matching, cost-sharing, or maintenance of effort requirements related to this award. Moreover, states must ensure that fees charged to students participating in an adult education program that receives federal support are equitably administered and do not reach levels that have an adverse effect on the participation of economically disadvantaged students.

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