

PI ARTICLE: The Craft of Carryover (Carryforward)

Carryover Defined

Carryover (carryforward) is the process by which unspent and unobligated funds remaining at the end of a budget period may be carried forward to the next budget period to cover allowable costs in that budget period. When allowed, the carryover of funds enables grantees to use unexpended prior year grant funds in the current budget period. **Carryforward rules apply to direct awards and subawards (ex, NIH, NIH flow-through to GT).**

Example

If funding for year one of a three year award is \$100k and you spent \$50k and encumbered \$30k at the end of the budget period, \$20k would be the potential for carryforward of unspent funds going into the next budget period.

Carryforward States

Carryforward has three "states," and the determination is stated in the notice of award (NOA). Please do not assume which state applies to your award – check the NOA to be sure.

1. **AUTOMATIC** - unspent funds automatically stay in the budget and may be spent in subsequent budget periods. No action is needed by the PI to use. This is typical for most, but not all, grants.
2. **PROHIBITED** - any unspent, unobligated funds are forfeited at the end of the budget period. They cannot be used in the following budget period.
3. **RESTRICTED** - you must ask for permission to use unobligated funds in a future budget period and may have to provide good reason why they were not used. The sponsor may approve or deny a carryforward request.

It is the responsibility of the PI to manage unspent funds at the end of a budget period. If a carry forward request needs to be made, it is done through the OSP contracting officer, or the AOR (authorized organizational representative) of the award. Most federal sponsors request an SF425 (federal financial report, prepared by Grants and Contracts Accounting) to go along with request. Whether the request will be granted is often "it depends," based on the Federal agency and/or who we are receiving the subaward from. It is the PI's and department support staff's responsibility to know the rules...and follow them.

Things to remember

- Ensure all federal financial reports for the last (and all prior) budget period(s) have been submitted and accepted.
- Communicate with Grants and Contracts to ensure that the federal financial report information matches the progress report and carryforward request information. The point of contact in Grants and Contracts will be the G&C Accountant, who is named in the "Additional Reports" tab found on the award landing page in Workday.
- Carry forward requests must be accurate down to the penny, as it impacts the financial reporting - inaccuracies result in our SF425 being rejected.
- Minimize carryforward to maximize funding.
- Make sure charges are posted accurately and timely.
- Utilize additional grant lines within an award to manage funding years and carryforward.

If you have any questions, please contact Josh Rosenberg at josh.rosenberg@business.gatech.edu.