

### **Plan for NIH Grants that Do Not Allow Automatic Carry Forward of Funds**

The purpose of this memorandum is to assist you in planning for a National Institutes of Health (NIH) grant that does not allow automatic carryover of funds each year.

NIH grants that do not typically allow for automatic carry forward each year are the U series (e.g., U01, U10, U19, U24, U54, UC2, UM1) and P30, P50, P60 as well as other select P-series awards. Carryover of unobligated balances for these grants requires NIH prior approval unless otherwise noted in the Notice of Award (NOA). Other awards may also not allow for automatic carry forward of funds through a special term or condition in the NOA. Please check the NOA for a clause such as "Carryover of an unobligated balance into the next budget period requires Grants Management Officer prior approval."

We have had recent cases of the NIH using prior year's carryover funds to offset a future year's award, which means a loss of grant funding. Example: The unobligated balance on Y1 is \$100,000. Y3 award amount is \$500,000. NIH awards Y3 using \$400,000 of Y3 funds and \$100,000 of Y1 funds. Project loses \$100,000.

Below is advice to minimize the risk of the NIH using an unobligated balance from a prior year to offset a future year's award.

- 1) Spend the award in a timely manner and encourage your subawards to do the same.
- 2) If it is anticipated that an estimated unobligated balance (including prior year carryover) will be greater than 25% of the current year's total approved budget, you must use section G.10 in the RPPR to justify. Explain when you plan on spending the funds.  
Example: Project in Y1; Submitting RPPR for following year, Y2

The estimated total cost unobligated balance (including prior year carryover) is estimated at \$125,000 or 28% of the current year's total budget. Patient recruitment this year, Y1 of the study, was delayed due to the FDA hold on the drug. An estimated total cost amount of \$125,000 including funds for personnel time/effort, patient care costs and subject reimbursements, from the current year's budget remains unobligated due to this delay. We anticipate increasing enrollment and using the unobligated balance funds as budgeted for patient recruitment in year 3.

- 3) If it is anticipated that an estimated unobligated balance (including prior year carryover) will be less than or equal to 25% of the current year's total approved budget and

If there are actual or anticipated delays, please use section F.2 of the upcoming RPPR to describe the delays and your plans to resolve them. Include a justification of the unobligated balance in this section.

Example: Project in Y1; Submitting RPPR for following year, Y2

Patient recruitment this year was delayed due to the FDA hold on the drug. An estimated total cost amount of \$100,000 including funds for personnel time/effort, patient care costs and subject reimbursements, from the current year's budget remains unobligated due to this delay. We anticipate increasing enrollment and using the unobligated balance funds as budgeted for patient recruitment in year 3.

- 4) For projects with subawards, please obtain 1) a budget and budget justification for the carry forward amount, and 2) confirmation in writing (e.g., e-mail confirmation) from the Authorized Organization Representative (AOR) that the budget and budget justification is approved.

Regarding the actual carry forward request you would make to the NIH, below is additional advice and instruction:

- 1) You can submit the request, which consists of a cover letter (or cover e-mail), budget and budget justification, no earlier than 6 months in to the year you want the funds carried in to, but you should not submit the request too close to the end of that year where the Grants Management Specialist (GMS) might miss it before the year ends.
- 2) The request must include a scientific justification for the use of funds and the reason for the unobligated balance.
- 3) The request can only be for the amount you plan to use. Specify the total cost carryover amount, the budget period the amounts are from, and how much you plan to use.  
Example: There is a total cost carryover of \$50,000 from Y 1 and an additional total cost carryover of \$55,000 from Y2. The total cumulative carry forward amount is \$105,000. You anticipate spending \$40,000 from Y1 carryover funds in Y3. Include these details and prepare a budget for \$40,000.
- 4) Include a detailed budget and budget justification only for the carryover you plan to use and do not duplicate costs that are already included in the current year's budget.  
Example: You budgeted 100% of Research Coordinator "A" in the current year's budget. Do not budget for 100% of Research Coordinator "A" in the carryover request budget. If you budget for Research Coordinator "B," make sure you justify how that role is different from Research Coordinator "A" in the carryover justification.
- 5) Send the carry forward request to your designated GCO Grants Specialist who will review and obtain Authorized Organization Representative (AOR) concurrence.
- 6) Along with the carry forward request, submit the Federal Financial Report (FFR) that you receive from Sponsored Projects Finance to the GCO Grants Specialist for review.

We hope that this guidance will enable us to counter any potential loss of carry forward funds.