Allocation of Costs between Interrelated Projects
Fact Sheet

ASU can take advantage of recent changes in regulation including a simplified process for allocation of cost between interrelated projects. This fact sheet provides the background on the process, summary of the interrelatedness criteria, and the implementation procedure.

Background on FDP: ASU became a member of the Federal Demonstration Partnership (FDP) in 2008. Established in 1986, FDP (http://thefdp.org), is now a cooperative initiative among 10 Federal agencies and 120 institutional recipients of research funds. The FDP’s purpose is to both streamline research administration and to reduce a faculty member’s administrative burden. It is a unique forum where federal agencies, administrators and faculty members work side-by-side toward this common goal. The FDP, in 2000, developed Standard Terms and Conditions for Research Grants as a model implementation of OMB Circular A-110, “Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations.” Use of these terms has since demonstrated they were an effective set of streamlined requirements for many agency research awards. In 2005, following public and agency comment on the original FDP terms, the National Science and Technology Council, through their Research Business Models Subcommittee, agreed to final standard terms and conditions and directed agencies to implement these terms by July 1, 2008.

Explanation of Interrelated Projects
One of the most useful revisions to the terms is clarification to the language in OMB Circular A-21, “Cost Principles for Educational Institutions”, which directs how to allocate costs between interrelated projects supported by multiple Federal awards. The clarification states that the interrelationship between or among projects from the participating agencies do not have to be formally stipulated, but must be demonstrable on the basis of the following criteria -- Either:

- The theoretical approaches are interrelated;
- Studies of the same phenomena are conducted by the same or different techniques; or
- Studies of different phenomena are conducted by the same technique.

Thus, if a cost benefits two or more projects or activities in proportions that can be determined without undue effort or cost, the cost should be allocated to the projects based on the proportional benefit. If a cost benefits two or more projects or activities in proportions that cannot be determined because of the interrelationship of the work involved, then the costs may be allocated or transferred to benefited projects on any reasonable basis. **NOTE: costs may not be shifted between projects in order to meet deficiencies caused by overruns or other fund considerations, to avoid restrictions imposed by law or by terms of the sponsored agreement, or for other reasons of convenience.**

Process to Participate
ASU does not need to request formal permission to allocate charges between multiple interrelated projects, even if funded by different participating agencies, but it does need to document the interrelatedness for the project files. The “Interrelated Projects” form will need to be completed and is available on the ORSPA website at http://researchadmin.asu.edu/files/common/forms/documenting-interrelated-projects-form.pdf. ORSPA will verify that the projects qualify for the program as the new terms and conditions do not necessarily apply to existing projects awarded before July 1, 2008 or to non-participating agencies. Dean or Chair approval will also be required. ORSPA will then place a copy of the approved form in the official project files. Please contact your RA or SPO for additional assistance.

Not all Federal agencies have adopted the new terms and conditions. The agencies listed below are currently participating:

- National Science Foundation (NSF)
- National Institutes of Health (NIH)
- Office of Naval Research (ONR)
- Department of Agriculture (USDA)
- Air Force Office of Scientific Research (AFOSR)
- Army Research Office (ARO)
- Army Medical Research and Material Command (AMRMC)
- National Aeronautics & Space Administration (NASA)
- Environmental Protection Agency (EPA)