

POLICY FOR PAYMENT OF OVERHEAD ON EXTERNALLY SPONSORED PROJECTS

POLICY STATEMENT

Underwriters Laboratories Inc. is a charitable organization that engages in research and scholarly and professional activities as UL Research Institutes (“ULRI”). In addition to efforts that involve exclusively its own employees, ULRI also sponsors research to be carried out by other, typically non-profit, organizations. It is ULRI’s policy to cap the overhead costs charged by such organizations at 25% of modified total direct costs, as described in more detail later in this policy.

REASONS FOR THIS POLICY

The purposes of this policy are to:

- ensure clarity and uniformity in budgeting for those developing proposals to be submitted to ULRI;
- ensure clarity and uniformity in reimbursements from ULRI to external organizations carrying out research sponsored by ULRI; and
- appropriately balance the legitimate overhead expenses of awardee institutions with ULRI’s goal for its sponsorship of research to have maximal impact.

APPLICABILITY

All budgetary proposals submitted to ULRI must cap overhead at 25% of modified total direct costs. Salaries, benefits, material & supplies, travel, other services, and subawards are direct costs for which overhead may generally be charged.

However, the main project budget and a single subaward budget must cap overhead at 25% of modified total direct costs in total in any proportion. For example, if a subaward is allowed 20% overhead, the main project budget may only charge 5% overhead on the total amount of the subaward in the combined main project budget (20% plus 5% equals 25% maximum allowed). If there is more than one subaward, each subaward would be subject to its own 25% cap on total overhead within the main project budget. **This limitation does not apply to subaward budgets where ULRI is the pass-thru entity and a federal agency is the prime sponsor to ULRI on a federal assistance award. In such case, the subrecipient may use the current negotiated indirect cost rate approved by its cognizant federal agency.**

The following direct costs are *not* eligible for overhead reimbursement by ULRI:

- Student tuition, student fees, scholarships, and fellowships
- Equipment purchases (defined as a single or composite item having a cost of \$5,000 or greater and usable life greater than one year)
- Capital expenditures
- Fabricated or constructed equipment
- Rental costs of off-site facilities
- Participant support costs

REPLACES:	N/A
REVIEW PERIOD:	As needed, and every two years in even years
UPDATED:	January 17, 2023
EFFECTIVE DATE:	January 17, 2023