What is Direct Charging?

Direct Charging refers to the practice of charging expenditures directly to specific sources of restricted funds (endowments, gifts, and sponsored projects), rather than recording expenditures against unrestricted funds and using transfers, or in the case of sponsored projects, after-the-fact adjustments (SDAs), to apply restricted funds against these expenditures.

Advantages of Direct Charging Faculty Salary to Sponsored Projects

- Eligible for recovery of released funds from fringe benefits (if certain criteria are met).
- Salary is encumbered up-front so the available balance of the sponsored account is more readily and accurately determined.
- Makes effort reporting more straightforward because salary is expensed proactively and will appear on the effort report.
- Minimizes post-review in ERS due to retroactive salary recovery
- Can more easily track workflow in HRIS (as opposed to paper SDA)
- No more SDAs