Salary Encumbrances

Encumbrances are funds set aside for future expenses. Salary encumbrances reflect an estimated obligation for an employee on each associated funding source. These funds are committed and cannot be utilized for other purposes. The encumbrance is liquidated when the actual expense has been recorded or when the associated job has been vacated.

Several salary related items are not encumbered so it is important that departments account for these commitments when evaluating available balances.

- Non-exempt students are not encumbered due to the nature of the appointments. A sufficient uncommitted budget must be allocated in Budget Pool 6A4 to support non-exempt student's expenditures. (Exempt student are encumbered on 6A4)
- Benefits and Longevity are not encumbered. A sufficient uncommitted budget must be allocated in Budget Pools 6A5 and 6B4 to support these expenditures.

Salary Encumbrance Calculation

Encumbrances are determined based on the following calculation and then distributed across the FOAPs based on the labor distribution percentages defined via Salary Planner and processed ePAFs. Encumbrances are recalculated nightly to adjust for distribution changes, pay adjustments and payroll processing.

- Encumbrance start date is the 1st day of the current fiscal year or, if begin day is after 9/1, salary will be encumbered from the begin date through 8/31.
- Encumbrance end date is the Job End Date or the end date of the active fiscal year (8/31)
    - **Contract Dates:** For those in a position where contract dates apply, these dates will be reflected on the ePAF – this will reflect either 9 month, 11 month or 12 month term. The system will encumber based on the length of contract date.
- For faculty positions only, when the begin date is 1/16 (Spring semester) or 7/16 (Summer II), the encumbrance calculation is prorated; however, the payment for January and July will be exactly .5 x the monthly salary. Once payment has posted, then encumbrance should be correct for the remaining pay periods.

Exempt Calculation	Non-Exempt Calculation	**Non-Exempt Example:** Half time non-exempt employee earning $8.50 an hour and expected to work for 5 more months
Employee's Monthly Salary	Employee's Hourly Rate	8.50
X Number or pay periods remaining *	X Hours per pay** (173.33 X FTE X .5)	X 43.33 (173.33 X .5 X .5)
Encumbrance amount	X Remaining Pay Periods*	X 10 (5 months X 2 pay periods per month)
	Encumbrance amount	3,683.05

 *When an employee works a partial month, prorate the encumbrance by the fraction worked: Days worked/Working days in the pay period.

**Link to Hours Per Pay Calculator: Hours per pay is based on 173.33 hours in in a month multiplied by the FTE multiplied by .5 to reflect half of a month since non-exempt are paid twice a month.

Payroll encumbrances can be viewed by running Cognos report HR047-Payroll Expenditures and Encumbrance Report. This can be found in Cognos by going to Public Folders>Human Resources>Department Users>Payroll Reports or All Human Resources Report>HR047.