What are Salary Encumbrances?
Salary or payroll encumbrances represent estimates on expected future salary expense. The process of committing these expected expenses is referred to as encumbrance. The primary purpose of tracking encumbrances is to avoid overspending a budget. Encumbrances can also be used to predict cash outflow and as a general planning tool.

The payroll encumbrance process evaluates job records for active employees, employees on leave without pay, faculty on a contract, employees paid from a grant. The contract end date, project funding end dates related to grants, termination date, changes to positions, and funding changes on the department budget table along with additional pay impact encumbrances. Encumbrances are calculated per position and assigned the funding source based on how the Department Budget Table (DBT) is set up. To change the funding on your encumbrances in the future you will need to initiate an effective dated DBT.

Which employee classification will be encumbered and how often will encumbrances be updated?
Regular Salaried Employees Only
Recurring Additional Pay for Regular Salaried Employees Only
Encumbered through the end of the Fiscal Year – August 31, 2015
Note: For this fiscal year salary encumbrances will be reflected through August 31, 2015 for all funding sources. For grant funds that are budgeted beyond August 31, the financial reports should reflect the salary encumbrance in future years as well.

Updates to encumbrance estimates will process each night

How will this appear in my reports?
Budget Overview Screen in PeopleSoft – you will see the estimated salary encumbrance at any point in time in the A1000 and A2000 accounts for all earnings except longevity. You will see longevity estimates in the A3000 account.

Monthly Financial Report (MFR) – you will see the estimated salary encumbrance in the “Staff Salaries” account for all earnings except longevity. You will see longevity estimates in the “Payroll Related Costs” account.

What tools are available to “drill” down into details for reconciliation purposes?
Custom Reports have been created to help drill down into the details of the encumbrances and/or the encumbrance adjustments. The custom reports are limited by role level security. Therefore, if you do not “own” the position but your cost center/project id funds a portion of another departments position you will not see the encumbrance for this position on your detail reports. The total summary value on your MFR or Budget Overview “will” include the encumbrance value. These reports can be found at the following navigation as well as the parameters listed:

Main Menu ➨UTZ Customization ➨Commitment Accounting ➨Reports ➨Choose 1 of 3 reports below
Use the following parameters as requested in the reports
- The first time you run the report - Add a New Value for Run Control ID (name it so that you will recognize to use over and over). After the first time you can search and find your run control name.
- Complete all * parameters and use other parameters as needed to narrow down the data search.
- Run
• Make sure format is xls so that you can drop it down into excel to analyze if needed and choose “OK”
• Watch Process Monitor until the run control that you initiated processes to success and reflects posted. Use the refresh button to update status.
• Choose “Details”
• Choose “View Log Trace”
• Choose the “csv” file listed

1. **Payroll Liquidation Report**
Lists the dis-encumbrance amount by employee after monthly payrolls have been processed. You can use the parameters on the report to limit the information in the report to a cost center, a department, a Project ID or an Employee ID. You will need Set ID = UTSA1 and Pay Period End Date must match the pay period you are researching such as June Monthly would be 06/30/2015. At this time we do not expect any encumbrances in either of our semi-monthly payroll cycles so you would more than likely get no results if you run for a semi-monthly payroll.

2. **Bdgt Acts to Encumbrance Dtl**
List employees where there is an estimated salary encumbrance at any point in time based on when you run the report. The report shows expensed since the encumbrance process went live, what was expended prior to encumbrance, remaining encumbrance and original encumbrance on each employee. Keep in mind the remaining encumbrance may be adjusted from time to time if “job table” changes are made on an employee such as compensation pay rate changes, contract date changes for faculty, terminations, etc. You can run this report using Dept ID, Cost Center, or Project ID.

3. **Encumbrance Dtls by EmplID/Sal**
List employees with annual encumbered amount, posted actual amount, posted encumbrance, annual rate and monthly rate. This is a different way of looking at the information on employees that are eligible to have their salary encumbered. Again, keep in mind the posted encumbered amount may be adjusted from time to time if “job table” changes are made on an employee such as compensation pay rate changes, contract date changes for faculty, terminations, etc. In addition, funding changes and certain position changes will trigger adjustments to the encumbered amount on a nightly basis. You can run this report using Dept ID, Cost Center or Project ID.

**How is the projected salary encumbrance calculated?**

*Note: The estimated salary encumbrance is an estimate and may not match exactly with the calculations below at any point in time. The formulas below will help you test the projection for “reasonableness” if the employee has had job changes, position changes or funding changes after the initial baseline calculation.*

- **12 Month Employees (365 Days in a Year)**
  - (Annual Rate/365)*# of days left in the fiscal year = Estimated Encumbrance
  - # of days left in a fiscal year for projected encumbrance June 1st forward is 92 days
- **Faculty – 9 Month Contract (273 Days September 1 through May 31)**
  - (Academic Compensation Value/273)*# of days left in the academic year = Estimated Encumbrance
  - # of days left in academic year for estimated encumbrance June 1st forward is 0 days
- **Faculty – 4.5 Month Contract (136 Days for 4.5 Months – Fall or Spring)**
  - (Semester Compensation Value/136)*# of days left in the spring academic semester = Estimated Encumbrance
  - # of days left in spring academic semester for projected encumbrance June 1st forward is 0 days
- **Additional Pay**
  - Please note that additional pay TMP and SUP earnings will roll into the account code of REG earnings. So if a discrepancy is found when calculating your REG earnings please be sure to check if the employee should be receiving a TMP or SUP supplement.
• For 9 month faculty that spread their academic year compensation over 12 months, the portion that is paid to them over the summer is not encumbered after 5/31/XX. Salary encumbrances for Faculty use the beginning and end date on the employment contracts to determine when there is an encumbrance. Therefore, since their contract end date is 5/31/XX there is no encumbrance reflected after 5/31/XX. You will want to consider that when looking at your balances at the end of a fiscal year.

Table for Days Remaining in a year at the 1st of each month for 12 month employees

<table>
<thead>
<tr>
<th>First Day of Month</th>
<th>Accounting Period</th>
<th>Days in Month</th>
<th>Days Remaining</th>
</tr>
</thead>
<tbody>
<tr>
<td>September</td>
<td>1</td>
<td>30</td>
<td>365</td>
</tr>
<tr>
<td>October</td>
<td>2</td>
<td>31</td>
<td>335</td>
</tr>
<tr>
<td>November</td>
<td>3</td>
<td>30</td>
<td>304</td>
</tr>
<tr>
<td>December</td>
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<td>31</td>
<td>243</td>
</tr>
<tr>
<td>February</td>
<td>6</td>
<td>28</td>
<td>212</td>
</tr>
<tr>
<td>March</td>
<td>7</td>
<td>31</td>
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<td>April</td>
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<td>30</td>
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</tr>
<tr>
<td>July</td>
<td>11</td>
<td>31</td>
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</tr>
<tr>
<td>August</td>
<td>12</td>
<td>31</td>
<td>31</td>
</tr>
</tbody>
</table>

Important Reminders about the Salary Encumbrance Calculations

• Keep in mind encumbrance values are determined using the following:
  o Job Record for the employee
  o Position Record for the employee
  o Funding for the position as reflected in the DBT

Therefore, if you find a discrepancy in the encumbrance value, please confirm your facts in all three areas to resolve your discrepancy.

• Termination of the employee from a position will stop the encumbrance and the next time the process runs it will release or liquidate the remaining amount. Encumbrance processes will be run every night by UTShare (SIS).

• For changes to the funding source on the department budget table on a given date or effective date, the encumbrance will then follow the new funding based on that effective date.

• Hourly employees will not be encumbered

• Actual payroll expenses for 12 month salaried employees are always paid the same amount regardless of the days in a given month or 1/12 of the annual salary.

• Salary encumbrances that are adjusted “after” a baseline calculation is based on calendar days remaining in the current fiscal year for the applicable type of employee listed above. Due to the use of calendar days in the calculation actuals may differ slightly over the course of a year. Please consider the encumbrance as an estimate when evaluating your budget balances.

• At the end of a fiscal year, residual salary encumbrances will be removed. Once the DBT table is copied to the new fiscal year and the accounting year is open, a baseline estimate for salary encumbrances for the next fiscal year will be posted.

If you have questions, please Email Budget.HCM@utsa.edu