

UNDERSTANDING PAYROLL ENCUMBRANCES

PeopleSoft calculates encumbrance based on a daily rate for the employee for the remaining fiscal year.

Encumbrance release is calculated following every pay period for the employee paygroups included in that payroll only.

The following are the formulas for calculating encumbrance for Bi-weekly and Monthly employees:

Monthly

Salary X 12 / 365 = Daily rate X # of days left in the fiscal year

Bi-Weekly

Standard hours X Hourly rate X 52 Weeks / 365 Days X the number of days left for the fiscal year.

If there is a termination row to the position for an employee, the encumbrance will stop at that point.

If there is a new funding row on the department budget table to a new cost center on a given date, the encumbrance will follow those dates to the particular cost centers involved.

If the encumbrances for bi-weekly employees, (particularly student employees) is too high, check the standard hours on the job data panel for those employees to verify that their standard hours and FTE are showing correctly. If adjustments need to be made, contact the HR department for assistance.

The reason that the actuals and encumbrance amounts will not equal the final budget amount for monthly employees on the BOB report is because we pay monthly employees the same amount regardless of how many days are in any given month. When the encumbrance release is calculated, it only releases the encumbrance for the number of days in the current month, so the encumbrance release will vary. The actuals will not include longevity paid from the state account. Local account longevity will appear on a separate line on the BOB report for the cost center.