Encumbrances

Encumbrances

The encumbrance program creates transactions in the financial system that calculate an employee's salary, plus employer-paid benefits and taxes over a certain period of time.

The amount of time used for each position and funding source is calculated using the funding end date, the appointment end date, the project end date, and/or the fiscal-year end date. The encumbrance process runs after each payroll cycle, and the resulting data is loaded from the Human Resources Management System (HRMS) into the financial system.

Calculate Salary

Salary is calculated based on active funding distributions. Depending on the appointment type and the SpeedType, the encumbrance will be calculated from the current month through the funding distribution end date, fiscal-year end date, or the account-project end date?as found in the Chart of Accounts.

Calculate Benefits

The university has several encumbered benefits, including:

- the university contribution for PERA;
- the CU Faculty/Exempt Professional Optional Retirement Plan (ORP);
- health and life insurance; and
- disability insurance.

The amounts are calculated based on either a percentage of the gross pay or a fixed dollar amount per month. The encumbrance for benefits contributions will appear in the salary SpeedType; it will be charged to the department's salary account, unless a pooled SpeedType is assigned in the Funding Rules Table.

For more information, contact your campus budget office.

Calculate Taxes

The university contributions for the Old Age, Survivors and Disability Insurance Program (OASDI) and Medicare tax are encumbered.

The amounts are calculated based on a percentage of the gross pay. The encumbrance for tax contributions will appear in the salary SpeedType, unless a pooled SpeedType is assigned in the Funding Rules Table.

For more information, contact your campus budget office.

Management Tool

The new amounts that have been calculated for employee salary, and employer-paid benefits and taxes are then updated to encumbrance tables in the financial database. These amounts are stored based on the SpeedType and account ChartField combinations. This information can then be viewed on various financial reports.

For additional information, see the Payroll Encumbrance Process Guide [1].

Attachments:
Video:
Images:
Groups audience:
Employee Services

Source URL: http://www.cu.edu/employee-services/business-partners-ppldrl/how-guides-business-partners/encumbrances

Links:
[1] http://www.cu.edu/sites/default/files/policies/docs/Encumbrance-Process.pdf