

Understand encumbrances and their impact the general ledger ^[1]



August 16, 2021 by [Employee Services](#) ^[2]

Calculating encumbrances represents one of the most important processes for meeting the university's ongoing financial needs.

Encumbrances are used to track future financial commitments – such as payroll earnings, taxes, deductions and fixed fringe rates – for an employee across a funding period and/or fiscal year.

After payroll processes, encumbrance calculations will process within HCM. If job data rows are added after payroll, wait until the next payroll processes to reevaluate the encumbrance calculation.

What affects encumbrances?

- The budget end date for fiscal year funds
- The funding end date (and project end date) for grants/contracts
- Changes in salary or recurring pay
- Adding or changing contracts
- Changes to benefit eligibility
- Appointment end date
- [Job changes](#) ^[3] such as Short Work Break and Leave of Absence – unpaid (reflected by these employee statuses):
 - A = Active
 - L = Leave of Absence
 - P = Leave with Pay
 - W = Short Work Break

Encumbrances for general funds will be cleared at fiscal year-end and reset for the new fiscal year. However, encumbrances for grants may continue across the fiscal year, based on project and funding end dates.

Fringe fixed encumbrance

On the Boulder and Colorado Springs campuses, SpeedTypes attribute the calculated

encumbrances for fixed fringe rates to the earnings SpeedTypes.

Check out the fringe rates found on each campus controller's website.

Where can I find encumbrances?

Payroll encumbrances are calculated in HCM but are reported on mFIN reports from CU-Data. There is a dedicated payroll encumbrance report from mFIN, and encumbrance columns are included in many of the other reports.

As always, you can email hcm-community@cu.edu [4] or System.HRGL.Team@cu.edu [5] for additional help.

[HRGL](#) [6], [encumbrances](#) [7]

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