

Pre-Encumbrance FAQs for Campus Implementation

What are pre-encumbrances?

You probably have experienced the issue that your available cost center budget may not be completely available to you due to future commitments such as vacant position salaries. One missing piece in our current setup is pre-encumbrances, which is capturing the salaries of vacant positions.

A good way to think of pre-encumbrances is to ask yourself, “How much of my budget would be used if we filled all of our vacancies tomorrow?” Pre-encumbrances give you the ability to keep the funds pre-encumbered in order to prevent accidentally spending the funds elsewhere.

How will it work?

Pre-encumbrances follow the same timeline as salary encumbrances. After a position is vacated or a new position is created, the program will capture the vacant position salary. Once the position is filled, pre-encumbrance will be released and salary encumbrance will be captured simultaneously.

What type of vacancies will be pre-encumbered? Are the appointments included?

All positions with a position number and job code starting with “A” or “C” will be pre-encumbered. Faculty positions (“F” job codes) and all appointments such as RA, TA and student worker positions are excluded. Contract and Grant funds are also excluded.

Tell me more. How will it work when I send an ePAR on 9/15 for a new employee starting on 10/1?

For this example, let’s assume the annual salary is \$36,000 or \$3,000 per month, and Payroll completes the ePAR on 9/20. The night of 9/20, the pre-encumbrance will be fully released, and the actual salary will be encumbered as of the start date for 11 months (10/1-8/31). Here is the timeline of what you will see:

Date	9/1-Month beginning	9/15-ePAR sent	9/20-ePAR processed	10/1-Employee starts	11/1-Employee paid for October
Pre-encumbrance	\$36,000 (9/1-8/31)	\$36,000 (9/1-8/31)	\$0 (Released)	\$0	\$0
Encumbrance	\$0	\$0	\$33,000 (10/1-8/31)	\$33,000 (10/1-8/31)	\$30,000 (11/1-8/31)
Expense	\$0	\$0	\$0	\$0	\$3000

Tell me more. How will it work when I send an ePAR on 9/15 for an employee terminating on 9/30?

For this example, let’s assume the annual salary is \$36,000 or \$3,000 per month, and Payroll completes the ePAR on 9/20. The night of 9/20, the pre-encumbrance will be posted for 10/1-8/31, and the encumbrance will be reduced to only 1 month remaining to be paid (September). Here is the timeline of what you will see:

Date	9/1-Month beginning	9/15-ePAR sent	9/20-ePAR processed	10/1-Employee paid/terminated	11/1 – Position still vacant
Pre-encumbrance	\$0	\$0	\$33,000 (10/1-8/31)	\$33,000 (10/1-8/31)	\$30,000 (11/1-8/31)
Encumbrance	\$36,000 (9/1-8/31)	\$36,000 (9/1-8/31)	\$3,000 (9/1-9/30)	\$0	\$0
Expense	\$0	\$0	\$0	\$3000	\$3000

What happens if I inactivate a position?

When you inactivate a position, the pre-encumbrance will liquidate as of the effective date of termination. For example, if you inactivate the position on 9/15 effective 12/1, the position will remain pre-encumbered through November.

Please note that you cannot inactivate a position with an incumbent, unless you have already submitted a termination/transfer ePAR for the employee that vacates the position.

How do I create, change or update vacant positions?

Please use the PRR form to request a new position or job title changes such as reclassifications.

Please send an email to budget@utdallas.edu for all other requests such as FTE, department, funding, reports to and salary updates.

How does it work when I change the funding cost center for a vacant position?

If you change the funding cost center for a vacant position, the pre-encumbrance amount will update the night that the change is processed, using the effective date of the email request. For example, if you send an email to the budget office on 10/15 with a funding change for a vacant position effective 11/1, and we process the request on 10/16, the amount/cost center will update the evening of 10/16. The pre-encumbered amount for October will not change, but the amount for November-August will move to the new cost center.

The vacant position is on a self-supporting (or non-central) fund such as gift or endowment. Why do I have so much pre-encumbered in 55001/Vacation Pay/Termination account?

We chose to pre-encumber vacant position benefits as a lump-sum for you to see everything in one place.

When the position is filled, the full amount pre-encumbered in 55001 will liquidate, and the encumbrances will post in the various benefit accounts based on the employee's specific elections/tax status (55001-55017)

If a vacant position is pre-encumbered towards the end of the fiscal year how will I use up my August funds if we don't plan to hire someone until the next year?

The pre-encumbrance program will disencumber August vacant salaries after the July payroll closes. The money will be released from the pre-encumbrance category and is available to spend.

What if I have too much pre-encumbered?

If you believe your pre-encumbrance balance is incorrect, please review your vacant positions using the Vacant Position Roster. Then check your Position Roster to see if you have any employees terminating in the future – remember that the days after their termination will be pre-encumbered. Make sure the salary amount on the position is correct, and that the position FTE and funding are correct. If you still think there is a calculation error, please contact us at budget@utdallas.edu.

Both of these reports can be found at Gemini HR→Main Menu→UTD Customizations→Management Reports.

You may find that you have more vacant positions than you need or can afford. If this is the case, you can consider inactivating some positions by emailing us at budget@utdallas.edu. Keep in mind that this

is a permanent change. If you decide later that you need the position, you will have to submit a new PRR and have it approved by HR and Budget.

Why does my new position have an additional month of salary pre-encumbered?

If your new position is future dated, you will most likely notice this difference. The reason there is an additional half month pre-encumbered for new positions is because we want to ensure that HR can submit ePARs for new hires before their start date. Currently a new hire ePAR cannot be submitted before the effective date of the position. This should only affect new positions that are requested by departments and once the ePAR is completed, the two weeks of pre-encumbered salary will be released back into available funds.