Pre-Encumbrance FAQs

What are pre-encumbrances?
Pre-encumbrances will set aside vacant position salary and benefits in order to prevent accidentally spending the funds elsewhere. The funds will pre-encumber once a position is vacated and the pre-encumbrance will be released at the end of each month or when the position is filled.

How does 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 jobs 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.

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 processed the ePAR on 9/20. On 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:

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

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 processed the ePAR on 9/20. On 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:

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

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 ePUR form to request a new position or change any position attributes.

**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 ePUR. For example, if you submit an ePUR 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.

**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 (55001-55023)

**What if I have too much pre-encumbered?**
If you believe your pre-encumbrance balance is incorrect, please review your vacant positions using the Budget Overview report on the Reporting Console. Then check your positions 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.

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 submitting an ePUR form. 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 ePUR and have it approved by HR and Budget.