Payroll Encumbrance Options

Updated Jan. 10, 2020

BACKGROUND INFORMATION

Section 1.6.2 of the USG Business Procedures Manual requires that known obligations for the fiscal year be encumbered. Consequently, all payroll encumbrances run through the end of the fiscal year based on the defined funding distribution for each position. However, there are some circumstances in which the University's ability to conduct business is adversely affected by the inability to set an encumbrance end date before the end of the fiscal year. An example is a soft-funded researcher whose salary is expected to be paid on a project, but the project's budget has not yet been extended through the end of the fiscal year. There are scenarios that exist for non-sponsored funding as well. This document outlines solutions and workarounds on address these issues.

SOLUTION: PAYROLL ENCUMBRANCES (SPONSORED PROJECTS)

We now have a solution to address project payroll encumbrances running through the end of the fiscal year when project budget increments close before the fiscal year end. Effective January 2020, Sponsored Projects Administration (SPA) will use a different date field that will serve as the funding end date for payroll processing and stop the payroll encumbrance at the **budget** end date rather than the **project** end date. This will apply to all new awards and award modifications (additional increments of funding). SPA is happy to update existing projects by request; please simply contact SPA at sponprog@uga.edu if you would like to update an existing project.

WORKAROUND: PAYROLL ENCUMBRANCES (NON-SPONSORED)

The ideal solution to this issue is the ability to make concurrent (rather than sequential) position funding changes. A high-priority change request has been submitted to the USG to this effect. This is a technically complex request that will continue to take time, but UGA is working closely with the USG to pursue a solution.

In the interim, we strongly suggest a shift in the workaround approach to use Fund 20400 (restricted non-sponsored), instead of other funds, as a placeholder for applicable payroll encumbrances. Institutionally, there is adequate budget in restricted funds overall and this also prevents inflated budgets on other funds to work around this issue. This way, you will simply need to use **Fund 20400 with class code 64VAR** and will not need to add budget to support encumbrances. If you have questions, please reach out to your College or Unit business support for clarification on how this will be implemented in your area. You may wish to check your chartstrings to ensure this fund/class combination is being used.