Hourly Encumbering

Effective Date: February 24, 2016
Function: Labor Distribution
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Basis for Procedure

The Research Foundation Oracle business system does not automatically encumber labor costs for hourly employees as it does for biweekly salaried employees or persons on IFR/cost sharing. To meet the need for encumbering of hourly payroll, a process has been developed to manually enter encumbrance amounts, which will be processed with the normal payroll encumbrance process.

Procedure Summary

This document describes the process for encumbering funds for hourly employees.

*Note: Because hours worked from pay period to pay period may vary for hourly employees, the hourly encumbrance process is an estimating tool. The amount encumbered and liquidated will be the encumbrance amount manually entered in Oracle for the employee and may differ from the actual amount paid to the employee and charged to the award. For example, if you entered an encumbrance amount of $400.00 for an employee and the employee actually earned $500.00 for a pay period, when the payroll encumbrance process runs $400.00 will be encumbered for that employee and when payroll runs the $400.00 encumbrance will be liquidated but $500.00 will be charged to the appropriate award.

Procedure
Employees with an Hourly Position Only

Employees who have an Assignment with an hourly salary base and employment category of "Hourly" will have the "Hourly Encumbering" element automatically assigned to the element entries window in Oracle. The element will be effective as of the date the hourly assignment is effective and will have an element entry value of $0.00 for an encumbrance amount. Encumbering will not start until a dollar figure over zero (0) is entered. The process is outlined in the table below.

Step	Role or Responsibility	References or Tips
Enter Encumbrance Amount- In the HR module, enter the biweekly encumbrance amount (average biweekly amount paid) in the element Entry Values window.	Operating location HR or Payroll designee	Instructions on how to enter these encumbrances can be found here.
Create Labor Schedule- In the LD module, create an assignment level labor schedule to ensure that the	Operating location HR or Payroll designee	For detailed instructions on how to enter or update a

encumbrance is applied to the correct award.		labor schedule click here
When the process encumbrance Create/Update runs each night the process will update/create an encumbrance for each pay period equal to the amount entered in the Hourly Encumbrance element.	Corporate Operations	
When the Encumbrance Liquidation process runs the amount encumbered for that pay period will be liquidated as part of the normal biweekly payroll process.	Corporate Operations	The encumbrance will be available to view through the Research Foundation's Payroll Encumbrance - Detail views

Employees with an Hourly Position as an Additional Job

Employees with an assignment other than hourly who are taking on an additional job as an hourly employee (reg wages 2 or reg wages 3 element being assigned) must have the Hourly Encumbering element manually added to be able to encumber funds for the hourly position. The element will be effective as of the date the hourly position is effective and will have an element entry value of $0.00 for an encumbrance amount. Encumbering will not start until a dollar figure over zero (0) is entered. The process is outlined in the table below.

Step	Role or Responsibility	References or Tips
Enter Encumbrance Amount In the HR module, add the Hourly Encumbering element and enter the biweekly encumbrance amount (average biweekly amount paid) in the element Entry Values window. Tip: (This should be saved as a correction rather than an update.)	Operating location HR or Payroll designee	For detailed instructions on how to enter an additional job to an Employees record click here
Create Labor Schedule In the LD module, create an element level labor schedule to ensure that the encumbrance is applied to the correct award.	Operating location HR or Payroll designee	For detailed instructions on how to enter or update a labor schedule click here
When the process encumbrance Create/Update runs each night the process will update/create an encumbrance for each pay period equal to the amount entered in the Hourly Encumbrance element.	Corporate Operations	

When the Encumbrance Liquidation process runs the amount encumbered for that pay period will be liquidated as part of the normal biweekly payroll process.	Corporate Operations	The encumbrance will be available to view through the Research Foundation's Payroll Encumbrance - Detail views

Changes to Encumbrance Amount

The hourly encumbrance process is an estimating tool and hourly encumbrance amounts should not be changed each week to reflect actual hours worked.

When changes to the encumbrance amount are necessary, change the encumbrance amount in the Entry Values window for the Hourly Encumbering element and save as an Update. For detailed instructions, refer to, Change a Recurring Earnings or Deductions Element.

Release of Hourly Encumbrances

In order to release the hourly encumbering amount from the award, perform one of the following:

1. Change the employee's status from Active to "Terminated – Processes Pending" in accordance with the termination work instructions. This will liquidate all future encumbrances for that person the next time the processes are run. Please note that because hourly employees are paid on a lag when you use this method the encumbrance for the person's last pay check will most likely be released prior to the actual charges posting to the award. (*This is the preferred method because terminating employees when they are no longer active is good business practice).

2. End date the hourly encumbering element. If you leave the employee active, you have the ability to end date the element so that it includes the last payroll for the employee even though they are paid on a lag. Refer to Change a Recurring Earnings or Deductions Element.
   Zero out the amount in the hourly encumbering element and save as an "Update." This has the same effect as number two above.

Definitions
Payroll Encumbrances - payroll encumbrance allows budgeted labor costs to be set aside from available project funds. By reserving funds from a budget for expenses committed but not expended, a more accurate available funds figure can be maintained.

Related Information
Payroll Encumbrance Process

Forms
None

Change History

Date	Summary of Change
February 28, 2024	Updated contact information and links
February 24, 2016	Remove reference to EPSS and linked instructions for user help.
January 16, 2004	Revised to reflect changes resulting from the new RF payroll.
September 3, 2002	New document.

Feedback

Was this document clear and easy to follow? Please send your feedback to webfeedback@rfsuny.org.