

Chapter 2--Computing Wages and Salaries

Student: _____

1. Under the FLSA enterprise coverage test, hospitals and nursing homes are only covered if their annual charges for services are at least \$500,000.

True False
2. Institutions of higher education are extended coverage under FLSA without regard to their annual sales volume.

True False
3. If a business does not meet the enterprise coverage test, none of its workers qualify for individual employee coverage.

True False
4. Domestics are excluded from coverage under the FLSA individual employee coverage.

True False
5. Under the FLSA, severance pay is excluded from the definition of wages.

True False
6. The term *wage* refers to remuneration paid only on an hourly basis.

True False
7. Employees paid biweekly receive their remuneration every two weeks.

True False
8. In May 2013, workers who receive the minimum hourly wage are paid \$6.10 an hour.

True False
9. A retail shop may employ a full-time student at \$5.00 per hour.

True False
10. A college may employ its own full-time students at 85 percent of the minimum wage.

True False

11. All major cities have enacted ordinances establishing a so-called “living wage” at \$8.25 per hour.
- True False
12. The FLSA defines a tipped employee as one who regularly receives tips of more than \$20 a month.
- True False
13. An employer can credit up to \$5.12 of a tipped employee's minimum wage as coming from the tips received by that employee.
- True False
14. The FLSA requires that workers receive overtime pay for all hours worked in excess of 40 in a workweek.
- True False
15. The FLSA requires that workers receive overtime pay of twice the employees' regular hourly rate for hours worked on Sunday.
- True False
16. Employees who are receiving remedial education may work up to 10 hours overtime each week without receiving overtime pay.
- True False
17. Public safety employees of a state can be granted compensatory time off in lieu of overtime compensation.
- True False
18. No employer can grant compensatory time off to employees in place of overtime pay.
- True False
19. Exempt professional employees are exempt from all provisions of the FLSA—minimum wages, overtime pay, and equal pay.
- True False
20. Employees paid by the hour without a guarantee of a weekly minimum salary do not qualify for the salary test for white-collar workers.
- True False

21. One of the tests to be met for the white-collar exemption for an executive is to be paid a salary of at least \$455 per week.
- True False
22. The Equal Pay Act stipulates that there cannot be any wage differentials between the sexes.
- True False
23. Under no conditions may children under age 16 be employed in food service establishments.
- True False
24. The FLSA sets no limits upon the number of hours that a 15-year-old person may work so long as the overtime pay provisions are met.
- True False
25. The FLSA requires that employees be given the day off on all Monday holidays or be paid time and one-half for those Mondays.
- True False
26. When employees spend time changing clothes on the employer's premises, this time must be counted as part of their principal activities for which they are always fully compensated.
- True False
27. Provided employees can use the on-call time for their own purposes, this time is not compensable.
- True False
28. The FLSA requires that employees be given at least two 15-minute rest periods each workday.
- True False
29. Bona fide meal periods when the employee is completely relieved from duty are not considered working time.
- True False
30. "Engaged to wait" and "waiting to be engaged" are both considered work time.
- True False
31. The courts have ruled that preliminary and postliminary activities, even if indispensable to the main activities of an employee, do not constitute work time.
- True False

32. Employers may adopt the practice of recording an employee's starting and stopping time to the nearest quarter of an hour.
- True False
33. The FLSA contains detailed specifications of the methods that employers must follow in keeping time records.
- True False
34. Under the continental system of recording time, 9:00 a.m. is recorded as 900 while 9:00 p.m. is recorded as 2100.
- True False
35. In converting semimonthly wage rates to hourly rates, divide the semimonthly rate by 4 to arrive at the weekly rate, then divide this rate by the standard number of hours.
- True False
36. Under the piece-rate system, workers are paid according to their output.
- True False
37. Although commissions are considered payments for hours worked, they are excluded when determining the regular hourly rate.
- True False
38. To calculate the overtime pay rate for a commissioned worker, divide the total commission by the hours worked, and then take one-half of the resulting rate of pay.
- True False
39. Discretionary bonuses are part of the determination of the regular rate of pay.
- True False
40. Payments made to a bona fide profit-sharing plan that meets the standards set by the secretary of labor's regulations are not deemed wages in determining the regular rate of pay.
- True False

41. Under *enterprise coverage*, all employees of a business are covered by the FLSA if the organization is:
- A. a nursing home.
 - B. a public agency.
 - C. a hospital.
 - D. all of the above.
 - E. none of the above.
42. Under *individual employee coverage*, the worker is covered by the FLSA if:
- A. the worker produces goods for interstate commerce.
 - B. the worker is a housekeeper in a private home.
 - C. the domestic receives cash wages of at least \$1,000 from the employer in the calendar year.
 - D. all of the above.
 - E. none of the above.
43. Under the FLSA, regular rate of pay does not include:
- A. vacation pay.
 - B. severance pay.
 - C. overtime pay.
 - D. earned bonuses.
 - E. All of the above are considered wages.
44. In August 2012, the minimum hourly wage was:
- A. \$3.35.
 - B. \$7.15.
 - C. \$5.85.
 - D. \$5.15.
 - E. None of the above.
45. The tips received by a tipped employee are less than \$5.12 of the minimum hourly tip credit rate. The maximum permissible tip credit is:
- A. \$30 a month.
 - B. \$5.12 an hour.
 - C. 45% of the employee's minimum wage.
 - D. 50% of the employee's minimum wage.
 - E. the amount of tips actually received by the employee.
46. Under the FLSA, overtime pay is required for:
- A. any hours worked in excess of 8 in one day.
 - B. all work on Sunday.
 - C. all hours worked in excess of 40 in a workweek.
 - D. all hours worked on Christmas.
 - E. all of the above.

47. Workers exempt from *all* of the FLSA requirements include:
- A. employees paid by the hour.
 - B. clerk-typists earning less than \$200 a week.
 - C. taxicab drivers.
 - D. motion picture theater employees.
 - E. none of the above.
48. Under the Equal Pay Act:
- A. employers must pay a married male a higher wage rate than a single female if both are performing equal work.
 - B. white-collar workers are exempt from its requirements.
 - C. wage differentials based on a seniority system are allowed.
 - D. if there is an unlawful pay differential, employers may reduce the higher rate to equal the lower rate.
 - E. none of the above.
49. If an employer is unable to obtain a certificate of age or a work permit for a minor employee, the employer may rely upon what document as evidence of age?
- A. Baptism record
 - B. Mother's statement as to date of birth
 - C. High school enrollment form showing date of birth
 - D. Minor employee's statement as to date of birth
 - E. None of the above
50. Which of the following is *not* required by the FLSA?
- A. Extra pay for work on holidays
 - B. Two weeks' vacation pay after one year of service
 - C. Restriction on hours worked by a 17-year-old worker
 - D. All of the above are required.
 - E. None of the above is required.
51. Those tasks that employees must perform and which include any work of consequence performed for the employer are known as:
- A. preliminary activities.
 - B. postliminary activities.
 - C. work activities.
 - D. principal activities.
 - E. none of the above.

52. Rest periods and coffee breaks may be required by all of the following *except*:
- A. a union contract.
 - B. a state legislation.
 - C. a municipal legislation.
 - D. the FLSA.
 - E. none of the above.
53. Training sessions are counted as working time when the following condition is met:
- A. the employee's attendance is voluntary.
 - B. the employer requires the employee's attendance.
 - C. the training sessions are for the primary benefit of the employee.
 - D. the session takes place outside the regular working hours.
 - E. the session is not directly related to the employee's work.
54. The Wage and Hour Division allows the practice of recording an employee's starting and stopping time to:
- A. the nearest five minutes.
 - B. the nearest tenth of an hour.
 - C. the nearest quarter of an hour.
 - D. all of the above.
 - E. none of the above.
55. The FLSA requires that:
- A. employers use time cards to record the employees' time worked.
 - B. employers use the continental time system to record all time worked by employees.
 - C. employers keep records that show the hours each employee worked each workday and each workweek.
 - D. employees sign each clock card.
 - E. none of the above.
56. Under the continental system of recording time, 9:20 p.m. is recorded as:
- A. P2120.
 - B. 9:20P.
 - C. 2120.
 - D. 2220.
 - E. none of the above.

57. If an employee works two jobs at two different wage rates for the same employer during the same payweek, any overtime pay must be calculated by using an overtime hourly rate of:
- A. one and one-half the higher of the two wage rates.
 - B. one and one-half the lowest of the two wage rates.
 - C. one-half of the higher of the two wage rates.
 - D. one-half of the two rates combined.
 - E. none of the above.
58. Employers may pay nonexempt employees who work fluctuating schedules a fixed salary. In these cases, the extra pay is:
- A. calculated at a time and one-half rate.
 - B. calculated at a double time rate.
 - C. calculated at the regular rate of pay.
 - D. unpaid.
 - E. none of the above.
59. To determine a pieceworker's *regular hourly rate* for one week:
- A. divide the total weekly earnings from piece rates and all other sources by the hours worked in the week.
 - B. divide the total weekly earnings from piece rates by the number of pieces produced.
 - C. divide the total weekly earnings from piece rates, less earnings from other sources, by the hours worked in a week.
 - D. add the total weekly earnings from piece rates and all other sources and divide by the total number of pieces produced.
 - E. do none of the above.
60. A stated percentage of revenue paid an employee who transacts a piece of business or performs a service is called:
- A. a piece rate.
 - B. a commission.
 - C. a regular hourly rate.
 - D. a remunerative salary.
 - E. none of the above.

61. **Instruction 2-1:**

In the following problems, *unless instructed otherwise*, compute hourly rate and overtime rates as follows:

1. Carry the hourly rate and the overtime rate to 3 decimal places and then round off to 2 decimal places (round the hourly rate to 2 decimal places before multiplying by one and one-half to determine the overtime rate).
2. If the third decimal place is 5 or more, round to the next higher cent.
3. If the third decimal place is less than 5, drop the third decimal place.

Also, use the minimum hourly wage of \$7.25 in solving these problems and all that follow.

Refer to Instruction 2-1. Abel works a $37\frac{1}{2}$ hour week at \$7.75 an hour. Overtime hours are paid at $1\frac{1}{2}$ times the regular rate.

- a) Abel's regular weekly earnings are _____.
- b) Abel's overtime rate is _____.
- c) Abel works 6 hours overtime during one week. Abel's weekly gross earnings are _____.

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3. If the third decimal place is less than 5, drop the third decimal place.

Also, use the minimum hourly wage of \$7.25 in solving these problems and all that follow.

Refer to Instruction 2-1. Jack Kenston works a 40-hour week with over time paid at $1\frac{1}{2}$ times his regular rate of pay of \$14.88. This week he worked 42 hours, which resulted in a gross pay of _____.

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3. If the third decimal place is less than 5, drop the third decimal place.

Also, use the minimum hourly wage of \$7.25 in solving these problems and all that follow.

Refer to Instruction 2-1. Carolyn Clark, a full-time student at Atlanta State University, works at the Barclay Dress Shop. In order not to violate the FSLA, the least salary that Barclay could pay Clark for her 28-hour workweek is _____.

64. **Instruction 2-1:**

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2. If the third decimal place is 5 or more, round to the next higher cent.
3. If the third decimal place is less than 5, drop the third decimal place.

Also, use the minimum hourly wage of \$7.25 in solving these problems and all that follow.

Refer to Instruction 2-1. Bakker is paid an hourly rate of \$7.65. For 130 minutes spent on a certain job, Bakker is paid _____.

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In the following problems, *unless instructed otherwise*, compute hourly rate and overtime rates as follows:

1. Carry the hourly rate and the overtime rate to 3 decimal places and then round off to 2 decimal places (round the hourly rate to 2 decimal places before multiplying by one and one-half to determine the overtime rate).
2. If the third decimal place is 5 or more, round to the next higher cent.
3. If the third decimal place is less than 5, drop the third decimal place.

Also, use the minimum hourly wage of \$7.25 in solving these problems and all that follow.

Refer to Instruction 2-1. Annette Henri is paid an hourly wage of \$8.90 for a 32-hour workweek of 4 days, 8 hours daily. For any work on the fifth day and on Saturdays, she is paid one and one-half times her regular hourly rate. During a certain week, in addition to her regular 32 hours, Henri worked 6 hours on the fifth day and 5 hours on Saturday. For this workweek, Henri's total earnings are _____.

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1. Carry the hourly rate and the overtime rate to 3 decimal places and then round off to 2 decimal places (round the hourly rate to 2 decimal places before multiplying by one and one-half to determine the overtime rate).
2. If the third decimal place is 5 or more, round to the next higher cent.
3. If the third decimal place is less than 5, drop the third decimal place.

Also, use the minimum hourly wage of \$7.25 in solving these problems and all that follow.

Refer to Instruction 2-1. Jose Cruz earns \$2,275 each month and works $37\frac{1}{2}$ hours each week. His employer pays him overtime (for hours beyond $37\frac{1}{2}$) and uses the overtime premium approach. Cruz's overtime premium hourly rate is _____.

67. **Instruction 2-1:**

In the following problems, *unless instructed otherwise*, compute hourly rate and overtime rates as follows:

1. Carry the hourly rate and the overtime rate to 3 decimal places and then round off to 2 decimal places (round the hourly rate to 2 decimal places before multiplying by one and one-half to determine the overtime rate).
2. If the third decimal place is 5 or more, round to the next higher cent.
3. If the third decimal place is less than 5, drop the third decimal place.

Also, use the minimum hourly wage of \$7.25 in solving these problems and all that follow.

Refer to Instruction 2-1. Every two weeks, Linda Corson is paid \$650. Corson works a 32-hour week. For overtime, she receives extra pay at the regular hourly rate up to 40 hours. For any hours beyond 40 during the workweek, she receives time and one-half. During one biweekly pay period, she worked 17 hours overtime. Only 3 hours of the overtime were beyond 40 hours in any one week. Corson's gross earnings for the biweekly pay period are _____.

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In the following problems, *unless instructed otherwise*, compute hourly rate and overtime rates as follows:

1. Carry the hourly rate and the overtime rate to 3 decimal places and then round off to 2 decimal places (round the hourly rate to 2 decimal places before multiplying by one and one-half to determine the overtime rate).
2. If the third decimal place is 5 or more, round to the next higher cent.
3. If the third decimal place is less than 5, drop the third decimal place.

Also, use the minimum hourly wage of \$7.25 in solving these problems and all that follow.

Refer to Instruction 2-1. Carla Maloney is a waitress who regularly receives \$80 each week in tips and works 40 hours each week. The minimum gross weekly pay, excluding tips, that the restaurant could pay Maloney without violating the FLSA is _____.

69. **Instruction 2-1:**

In the following problems, *unless instructed otherwise*, compute hourly rate and overtime rates as follows:

1. Carry the hourly rate and the overtime rate to 3 decimal places and then round off to 2 decimal places (round the hourly rate to 2 decimal places before multiplying by one and one-half to determine the overtime rate).
2. If the third decimal place is 5 or more, round to the next higher cent.
3. If the third decimal place is less than 5, drop the third decimal place.

Also, use the minimum hourly wage of \$7.25 in solving these problems and all that follow.

Refer to Instruction 2-1. Elder is paid a monthly salary of \$2,250. Overtime is paid for hours beyond 40 in each workweek. One week, Elder works 7 hours overtime. Elder's gross pay for the week is _____.

70. **Instruction 2-1:**

In the following problems, *unless instructed otherwise*, compute hourly rate and overtime rates as follows:

1. Carry the hourly rate and the overtime rate to 3 decimal places and then round off to 2 decimal places (round the hourly rate to 2 decimal places before multiplying by one and one-half to determine the overtime rate).
2. If the third decimal place is 5 or more, round to the next higher cent.
3. If the third decimal place is less than 5, drop the third decimal place.

Also, use the minimum hourly wage of \$7.25 in solving these problems and all that follow.

Refer to Instruction 2-1. Kevin Kurtz is a newly hired exempt employee who earns an annual salary of \$67,600. Since he started work on Thursday (five-day week ends on Friday), his pay for the first week would be _____.

71. **Instruction 2-1:**

In the following problems, *unless instructed otherwise*, compute hourly rate and overtime rates as follows:

1. Carry the hourly rate and the overtime rate to 3 decimal places and then round off to 2 decimal places (round the hourly rate to 2 decimal places before multiplying by one and one-half to determine the overtime rate).
2. If the third decimal place is 5 or more, round to the next higher cent.
3. If the third decimal place is less than 5, drop the third decimal place.

Also, use the minimum hourly wage of \$7.25 in solving these problems and all that follow.

Refer to Instruction 2-1. Fall is paid a biweekly salary of \$637.50. Overtime is paid for hours beyond 40 in each workweek. One week, Fall works 3 hours overtime. Fall's pay for this biweekly pay period is _____.

72. **Instruction 2-1:**

In the following problems, *unless instructed otherwise*, compute hourly rate and overtime rates as follows:

1. Carry the hourly rate and the overtime rate to 3 decimal places and then round off to 2 decimal places (round the hourly rate to 2 decimal places before multiplying by one and one-half to determine the overtime rate).
2. If the third decimal place is 5 or more, round to the next higher cent.
3. If the third decimal place is less than 5, drop the third decimal place.

Also, use the minimum hourly wage of \$7.25 in solving these problems and all that follow.

Refer to Instruction 2-1. Gates is paid a semimonthly salary of \$800.00. Overtime is paid for hours beyond 40 in each workweek. One week, Gates works $6\frac{3}{4}$ hours overtime. Gates' pay for this

semimonthly pay period is _____.

73. **Instruction 2-1:**

In the following problems, *unless instructed otherwise*, compute hourly rate and overtime rates as follows:

1. Carry the hourly rate and the overtime rate to 3 decimal places and then round off to 2 decimal places (round the hourly rate to 2 decimal places before multiplying by one and one-half to determine the overtime rate).
2. If the third decimal place is 5 or more, round to the next higher cent.
3. If the third decimal place is less than 5, drop the third decimal place.

Also, use the minimum hourly wage of \$7.25 in solving these problems and all that follow.

Refer to Instruction 2-1. Stacy Forvour is a salaried employee who works fluctuating workweeks. She is paid \$680 per workweek. This week, she worked 46 hours. Forvour's total gross pay if her employer uses the special half-rate (based on total hours worked) for overtime pay is _____.

74. **Instruction 2-1:**

In the following problems, *unless instructed otherwise*, compute hourly rate and overtime rates as follows:

1. Carry the hourly rate and the overtime rate to 3 decimal places and then round off to 2 decimal places (round the hourly rate to 2 decimal places before multiplying by one and one-half to determine the overtime rate).
2. If the third decimal place is 5 or more, round to the next higher cent.
3. If the third decimal place is less than 5, drop the third decimal place.

Also, use the minimum hourly wage of \$7.25 in solving these problems and all that follow.

Refer to Instruction 2-1. Casey Klemons' agreement (BELO plan) with his employer provides for a pay rate of \$16.50 per hour with a maximum of 50 hour. How much would Klemons be paid for a week in which he worked 46 hours?

75. **Instruction 2-1:**

In the following problems, *unless instructed otherwise*, compute hourly rate and overtime rates as follows:

1. Carry the hourly rate and the overtime rate to 3 decimal places and then round off to 2 decimal places (round the hourly rate to 2 decimal places before multiplying by one and one-half to determine the overtime rate).
2. If the third decimal place is 5 or more, round to the next higher cent.
3. If the third decimal place is less than 5, drop the third decimal place.

Also, use the minimum hourly wage of \$7.25 in solving these problems and all that follow.

Refer to Instruction 2-1. Hall receives $18\frac{1}{2}$ cents for every unit produced. Hall produces 575 units in an 8-hour workday. Hall's daily wages are _____.

76. **Instruction 2-1:**

In the following problems, *unless instructed otherwise*, compute hourly rate and overtime rates as follows:

1. Carry the hourly rate and the overtime rate to 3 decimal places and then round off to 2 decimal places (round the hourly rate to 2 decimal places before multiplying by one and one-half to determine the overtime rate).
2. If the third decimal place is 5 or more, round to the next higher cent.
3. If the third decimal place is less than 5, drop the third decimal place.

Also, use the minimum hourly wage of \$7.25 in solving these problems and all that follow.

Refer to Instruction 2-1. Ides receives 16 cents for every unit produced. Ides produces 2,976 pieces in a 43-hour workweek. For overtime, Ides is paid a sum equal to one-half the regular hourly pay rate multiplied by the number of overtime hours. Ides' total piecework and overtime earnings are

_____.

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1. Carry the hourly rate and the overtime rate to 3 decimal places and then round off to 2 decimal places (round the hourly rate to 2 decimal places before multiplying by one and one-half to determine the overtime rate).
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Also, use the minimum hourly wage of \$7.25 in solving these problems and all that follow.

Refer to Instruction 2-1. Gorman is paid \$10.50 per hour for a 35-hour workweek. This past week, he worked an extra 10 hours on a job at a pay rate of \$13.00 per hour. If he is only paid overtime for hours over 40 and the employer uses the average rate method, his total earnings for the 45 hours of work was

_____.

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3. If the third decimal place is less than 5, drop the third decimal place.

Also, use the minimum hourly wage of \$7.25 in solving these problems and all that follow.

Refer to Instruction 2-1. Kenneth Anderson works two separate jobs for Mesa Company. During the week, Job A consisted of 38 hours at \$20 per hour; Job B involved 15 hours at \$14 per hour. If Mesa uses the average rate basis for calculating overtime, Anderson's pay for that week is _____.

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3. If the third decimal place is less than 5, drop the third decimal place.

Also, use the minimum hourly wage of \$7.25 in solving these problems and all that follow.

Refer to Instruction 2-1. Kerr receives an annual \$25,700 base salary for working the territory in Arizona. A quota of \$900,000 in sales has been set for that state. Kerr receives an 8% commission on all sales in excess of \$900,000. This year, the sales are \$965,000. The total earnings due Kerr this year are _____.

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Refer to Instruction 2-1. Kelli England earns \$12.30 per hour and has earned a production bonus this week of \$37.10. If England worked 44 hours this week, her gross pay is _____.

Chapter 2--Computing Wages and Salaries **Key**

1. Under the FLSA enterprise coverage test, hospitals and nursing homes are only covered if their annual charges for services are at least \$500,000.

FALSE

2. Institutions of higher education are extended coverage under FLSA without regard to their annual sales volume.

TRUE

3. If a business does not meet the enterprise coverage test, none of its workers qualify for individual employee coverage.

FALSE

4. Domestics are excluded from coverage under the FLSA individual employee coverage.

FALSE

5. Under the FLSA, severance pay is excluded from the definition of wages.

FALSE

6. The term *wage* refers to remuneration paid only on an hourly basis.

FALSE

7. Employees paid biweekly receive their remuneration every two weeks.

TRUE

8. In May 2013, workers who receive the minimum hourly wage are paid \$6.10 an hour.

FALSE

9. A retail shop may employ a full-time student at \$5.00 per hour.

FALSE

10. A college may employ its own full-time students at 85 percent of the minimum wage.

TRUE

11. All major cities have enacted ordinances establishing a so-called “living wage” at \$8.25 per hour.
FALSE
12. The FLSA defines a tipped employee as one who regularly receives tips of more than \$20 a month.
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13. An employer can credit up to \$5.12 of a tipped employee's minimum wage as coming from the tips received by that employee.
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14. The FLSA requires that workers receive overtime pay for all hours worked in excess of 40 in a workweek.
TRUE
15. The FLSA requires that workers receive overtime pay of twice the employees' regular hourly rate for hours worked on Sunday.
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16. Employees who are receiving remedial education may work up to 10 hours overtime each week without receiving overtime pay.
TRUE
17. Public safety employees of a state can be granted compensatory time off in lieu of overtime compensation.
TRUE
18. No employer can grant compensatory time off to employees in place of overtime pay.
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19. Exempt professional employees are exempt from all provisions of the FLSA—minimum wages, overtime pay, and equal pay.
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20. Employees paid by the hour without a guarantee of a weekly minimum salary do not qualify for the salary test for white-collar workers.
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21. One of the tests to be met for the white-collar exemption for an executive is to be paid a salary of at least \$455 per week.
- TRUE**
22. The Equal Pay Act stipulates that there cannot be any wage differentials between the sexes.
- FALSE**
23. Under no conditions may children under age 16 be employed in food service establishments.
- FALSE**
24. The FLSA sets no limits upon the number of hours that a 15-year-old person may work so long as the overtime pay provisions are met.
- FALSE**
25. The FLSA requires that employees be given the day off on all Monday holidays or be paid time and one-half for those Mondays.
- FALSE**
26. When employees spend time changing clothes on the employer's premises, this time must be counted as part of their principal activities for which they are always fully compensated.
- FALSE**
27. Provided employees can use the on-call time for their own purposes, this time is not compensable.
- TRUE**
28. The FLSA requires that employees be given at least two 15-minute rest periods each workday.
- FALSE**
29. Bona fide meal periods when the employee is completely relieved from duty are not considered working time.
- TRUE**
30. "Engaged to wait" and "waiting to be engaged" are both considered work time.
- FALSE**
31. The courts have ruled that preliminary and postliminary activities, even if indispensable to the main activities of an employee, do not constitute work time.
- FALSE**

32. Employers may adopt the practice of recording an employee's starting and stopping time to the nearest quarter of an hour.

TRUE

33. The FLSA contains detailed specifications of the methods that employers must follow in keeping time records.

FALSE

34. Under the continental system of recording time, 9:00 a.m. is recorded as 900 while 9:00 p.m. is recorded as 2100.

TRUE

35. In converting semimonthly wage rates to hourly rates, divide the semimonthly rate by 4 to arrive at the weekly rate, then divide this rate by the standard number of hours.

FALSE

36. Under the piece-rate system, workers are paid according to their output.

TRUE

37. Although commissions are considered payments for hours worked, they are excluded when determining the regular hourly rate.

FALSE

38. To calculate the overtime pay rate for a commissioned worker, divide the total commission by the hours worked, and then take one-half of the resulting rate of pay.

TRUE

39. Discretionary bonuses are part of the determination of the regular rate of pay.

TRUE

40. Payments made to a bona fide profit-sharing plan that meets the standards set by the secretary of labor's regulations are not deemed wages in determining the regular rate of pay.

TRUE

41. Under *enterprise coverage*, all employees of a business are covered by the FLSA if the organization is:
- A. a nursing home.
 - B. a public agency.
 - C. a hospital.
 - D.** all of the above.
 - E. none of the above.
42. Under *individual employee coverage*, the worker is covered by the FLSA if:
- A. the worker produces goods for interstate commerce.
 - B. the worker is a housekeeper in a private home.
 - C. the domestic receives cash wages of at least \$1,000 from the employer in the calendar year.
 - D.** all of the above.
 - E. none of the above.
43. Under the FLSA, regular rate of pay does not include:
- A.** vacation pay.
 - B. severance pay.
 - C. overtime pay.
 - D. earned bonuses.
 - E. All of the above are considered wages.
44. In August 2012, the minimum hourly wage was:
- A. \$3.35.
 - B. \$7.15.
 - C. \$5.85.
 - D. \$5.15.
 - E.** None of the above.
45. The tips received by a tipped employee are less than \$5.12 of the minimum hourly tip credit rate. The maximum permissible tip credit is:
- A. \$30 a month.
 - B. \$5.12 an hour.
 - C. 45% of the employee's minimum wage.
 - D. 50% of the employee's minimum wage.
 - E.** the amount of tips actually received by the employee.
46. Under the FLSA, overtime pay is required for:
- A. any hours worked in excess of 8 in one day.
 - B. all work on Sunday.
 - C.** all hours worked in excess of 40 in a workweek.
 - D. all hours worked on Christmas.
 - E. all of the above.

47. Workers exempt from *all* of the FLSA requirements include:
- A. employees paid by the hour.
 - B. clerk-typists earning less than \$200 a week.
 - C. taxicab drivers.
 - D. motion picture theater employees.
 - E.** none of the above.
48. Under the Equal Pay Act:
- A. employers must pay a married male a higher wage rate than a single female if both are performing equal work.
 - B. white-collar workers are exempt from its requirements.
 - C.** wage differentials based on a seniority system are allowed.
 - D. if there is an unlawful pay differential, employers may reduce the higher rate to equal the lower rate.
 - E. none of the above.
49. If an employer is unable to obtain a certificate of age or a work permit for a minor employee, the employer may rely upon what document as evidence of age?
- A.** Baptism record
 - B. Mother's statement as to date of birth
 - C. High school enrollment form showing date of birth
 - D. Minor employee's statement as to date of birth
 - E. None of the above
50. Which of the following is *not* required by the FLSA?
- A. Extra pay for work on holidays
 - B. Two weeks' vacation pay after one year of service
 - C. Restriction on hours worked by a 17-year-old worker
 - D. All of the above are required.
 - E.** None of the above is required.
51. Those tasks that employees must perform and which include any work of consequence performed for the employer are known as:
- A. preliminary activities.
 - B. postliminary activities.
 - C. work activities.
 - D.** principal activities.
 - E. none of the above.

52. Rest periods and coffee breaks may be required by all of the following *except*:
- A. a union contract.
 - B. a state legislation.
 - C. a municipal legislation.
 - D.** the FLSA.
 - E. none of the above.
53. Training sessions are counted as working time when the following condition is met:
- A. the employee's attendance is voluntary.
 - B.** the employer requires the employee's attendance.
 - C. the training sessions are for the primary benefit of the employee.
 - D. the session takes place outside the regular working hours.
 - E. the session is not directly related to the employee's work.
54. The Wage and Hour Division allows the practice of recording an employee's starting and stopping time to:
- A. the nearest five minutes.
 - B. the nearest tenth of an hour.
 - C. the nearest quarter of an hour.
 - D.** all of the above.
 - E. none of the above.
55. The FLSA requires that:
- A. employers use time cards to record the employees' time worked.
 - B. employers use the continental time system to record all time worked by employees.
 - C.** employers keep records that show the hours each employee worked each workday and each workweek.
 - D. employees sign each clock card.
 - E. none of the above.
56. Under the continental system of recording time, 9:20 p.m. is recorded as:
- A. P2120.
 - B. 9:20P.
 - C.** 2120.
 - D. 2220.
 - E. none of the above.

57. If an employee works two jobs at two different wage rates for the same employer during the same payweek, any overtime pay must be calculated by using an overtime hourly rate of:
- A. one and one-half the higher of the two wage rates.
 - B. one and one-half the lowest of the two wage rates.
 - C. one-half of the higher of the two wage rates.
 - D. one-half of the two rates combined.
 - E.** none of the above.
58. Employers may pay nonexempt employees who work fluctuating schedules a fixed salary. In these cases, the extra pay is:
- A. calculated at a time and one-half rate.
 - B. calculated at a double time rate.
 - C. calculated at the regular rate of pay.
 - D. unpaid.
 - E.** none of the above.
59. To determine a pieceworker's *regular hourly rate* for one week:
- A.** divide the total weekly earnings from piece rates and all other sources by the hours worked in the week.
 - B. divide the total weekly earnings from piece rates by the number of pieces produced.
 - C. divide the total weekly earnings from piece rates, less earnings from other sources, by the hours worked in a week.
 - D. add the total weekly earnings from piece rates and all other sources and divide by the total number of pieces produced.
 - E. do none of the above.
60. A stated percentage of revenue paid an employee who transacts a piece of business or performs a service is called:
- A. a piece rate.
 - B.** a commission.
 - C. a regular hourly rate.
 - D. a remunerative salary.
 - E. none of the above.

61. **Instruction 2-1:**

In the following problems, *unless instructed otherwise*, compute hourly rate and overtime rates as follows:

1. Carry the hourly rate and the overtime rate to 3 decimal places and then round off to 2 decimal places (round the hourly rate to 2 decimal places before multiplying by one and one-half to determine the overtime rate).
2. If the third decimal place is 5 or more, round to the next higher cent.
3. If the third decimal place is less than 5, drop the third decimal place.

Also, use the minimum hourly wage of \$7.25 in solving these problems and all that follow.

Refer to Instruction 2-1. Abel works a $37\frac{1}{2}$ hour week at \$7.75 an hour. Overtime hours are paid at

$1\frac{1}{2}$ times the regular rate.

- a) Abel's regular weekly earnings are _____.
- b) Abel's overtime rate is _____.
- c) Abel works 6 hours overtime during one week. Abel's weekly gross earnings are _____.

$$\text{a) } (37\frac{1}{2} \times \$7.75) = \$290.63$$

$$\text{b) } (\$7.75 \times 1.5) = \$11.63$$

$$\text{c) } [\$290.63 + (6 \times \$11.63)] = \$360.41$$

62. **Instruction 2-1:**

In the following problems, *unless instructed otherwise*, compute hourly rate and overtime rates as follows:

1. Carry the hourly rate and the overtime rate to 3 decimal places and then round off to 2 decimal places (round the hourly rate to 2 decimal places before multiplying by one and one-half to determine the overtime rate).
2. If the third decimal place is 5 or more, round to the next higher cent.
3. If the third decimal place is less than 5, drop the third decimal place.

Also, use the minimum hourly wage of \$7.25 in solving these problems and all that follow.

Refer to Instruction 2-1. Jack Kenston works a 40-hour week with over time paid at $1\frac{1}{2}$ times his

regular rate of pay of \$14.88. This week he worked 42 hours, which resulted in a gross pay of _____.

$$[(40 \times \$14.88) + (2 \times \$14.88 \times 1.5)] = \$639.84$$

63. **Instruction 2-1:**

In the following problems, *unless instructed otherwise*, compute hourly rate and overtime rates as follows:

1. Carry the hourly rate and the overtime rate to 3 decimal places and then round off to 2 decimal places (round the hourly rate to 2 decimal places before multiplying by one and one-half to determine the overtime rate).
2. If the third decimal place is 5 or more, round to the next higher cent.
3. If the third decimal place is less than 5, drop the third decimal place.

Also, use the minimum hourly wage of \$7.25 in solving these problems and all that follow.

Refer to Instruction 2-1. Carolyn Clark, a full-time student at Atlanta State University, works at the Barclay Dress Shop. In order not to violate the FSLA, the least salary that Barclay could pay Clark for her 28-hour workweek is _____.

$$(28 \times \$6.17) = \$172.76$$

64. **Instruction 2-1:**

In the following problems, *unless instructed otherwise*, compute hourly rate and overtime rates as follows:

1. Carry the hourly rate and the overtime rate to 3 decimal places and then round off to 2 decimal places (round the hourly rate to 2 decimal places before multiplying by one and one-half to determine the overtime rate).
2. If the third decimal place is 5 or more, round to the next higher cent.
3. If the third decimal place is less than 5, drop the third decimal place.

Also, use the minimum hourly wage of \$7.25 in solving these problems and all that follow.

Refer to Instruction 2-1. Bakker is paid an hourly rate of \$7.65. For 130 minutes spent on a certain job, Bakker is paid _____.

$$(\$7.65 \times 130/60) = \$16.58$$

65. **Instruction 2-1:**

In the following problems, *unless instructed otherwise*, compute hourly rate and overtime rates as follows:

1. Carry the hourly rate and the overtime rate to 3 decimal places and then round off to 2 decimal places (round the hourly rate to 2 decimal places before multiplying by one and one-half to determine the overtime rate).
2. If the third decimal place is 5 or more, round to the next higher cent.
3. If the third decimal place is less than 5, drop the third decimal place.

Also, use the minimum hourly wage of \$7.25 in solving these problems and all that follow.

Refer to Instruction 2-1. Annette Henri is paid an hourly wage of \$8.90 for a 32-hour workweek of 4 days, 8 hours daily. For any work on the fifth day and on Saturdays, she is paid one and one-half times her regular hourly rate. During a certain week, in addition to her regular 32 hours, Henri worked 6 hours on the fifth day and 5 hours on Saturday. For this workweek, Henri's total earnings are _____.

$$[(32 \times \$8.90) + (11 \times \$8.90 \times 1.5)] = \$431.65$$

66. **Instruction 2-1:**

In the following problems, *unless instructed otherwise*, compute hourly rate and overtime rates as follows:

1. Carry the hourly rate and the overtime rate to 3 decimal places and then round off to 2 decimal places (round the hourly rate to 2 decimal places before multiplying by one and one-half to determine the overtime rate).
2. If the third decimal place is 5 or more, round to the next higher cent.
3. If the third decimal place is less than 5, drop the third decimal place.

Also, use the minimum hourly wage of \$7.25 in solving these problems and all that follow.

Refer to Instruction 2-1. Jose Cruz earns \$2,275 each month and works $37\frac{1}{2}$ hours each week. His employer pays him overtime (for hours beyond $37\frac{1}{2}$) and uses the overtime premium approach. Cruz's overtime premium hourly rate is _____.

$$(\$2,275 \div 12 = \$27,300 \div 52 = \$525 \div 37\frac{1}{2} = \$14.00 \times \frac{1}{2}) = \$7.00$$

67. **Instruction 2-1:**

In the following problems, *unless instructed otherwise*, compute hourly rate and overtime rates as follows:

1. Carry the hourly rate and the overtime rate to 3 decimal places and then round off to 2 decimal places (round the hourly rate to 2 decimal places before multiplying by one and one-half to determine the overtime rate).
2. If the third decimal place is 5 or more, round to the next higher cent.
3. If the third decimal place is less than 5, drop the third decimal place.

Also, use the minimum hourly wage of \$7.25 in solving these problems and all that follow.

Refer to Instruction 2-1. Every two weeks, Linda Corson is paid \$650. Corson works a 32-hour week. For overtime, she receives extra pay at the regular hourly rate up to 40 hours. For any hours beyond 40 during the workweek, she receives time and one-half. During one biweekly pay period, she worked 17 hours overtime. Only 3 hours of the overtime were beyond 40 hours in any one week. Corson's gross earnings for the biweekly pay period are _____.

$$\$650 \div 64 = \$10.16; [\$650 + (14 \times \$10.16) + (3 \times \$10.16 \times 1.5)] = \$837.96$$

68. **Instruction 2-1:**

In the following problems, *unless instructed otherwise*, compute hourly rate and overtime rates as follows:

1. Carry the hourly rate and the overtime rate to 3 decimal places and then round off to 2 decimal places (round the hourly rate to 2 decimal places before multiplying by one and one-half to determine the overtime rate).
2. If the third decimal place is 5 or more, round to the next higher cent.
3. If the third decimal place is less than 5, drop the third decimal place.

Also, use the minimum hourly wage of \$7.25 in solving these problems and all that follow.

Refer to Instruction 2-1. Carla Maloney is a waitress who regularly receives \$80 each week in tips and works 40 hours each week. The minimum gross weekly pay, excluding tips, that the restaurant could pay Maloney without violating the FLSA is _____.

$$[(40 \times \$7.25) - \$80] = \$210.00$$

69. **Instruction 2-1:**

In the following problems, *unless instructed otherwise*, compute hourly rate and overtime rates as follows:

1. Carry the hourly rate and the overtime rate to 3 decimal places and then round off to 2 decimal places (round the hourly rate to 2 decimal places before multiplying by one and one-half to determine the overtime rate).
2. If the third decimal place is 5 or more, round to the next higher cent.
3. If the third decimal place is less than 5, drop the third decimal place.

Also, use the minimum hourly wage of \$7.25 in solving these problems and all that follow.

Refer to Instruction 2-1. Elder is paid a monthly salary of \$2,250. Overtime is paid for hours beyond 40 in each workweek. One week, Elder works 7 hours overtime. Elder's gross pay for the week is _____.

$$[(12 \times \$2,250) \div 52 = \$519.23 \div 40 = \$12.98; [\$519.23 + (7 \times \$12.98 \times 1.5)] = \$655.52$$

70. **Instruction 2-1:**

In the following problems, *unless instructed otherwise*, compute hourly rate and overtime rates as follows:

1. Carry the hourly rate and the overtime rate to 3 decimal places and then round off to 2 decimal places (round the hourly rate to 2 decimal places before multiplying by one and one-half to determine the overtime rate).
2. If the third decimal place is 5 or more, round to the next higher cent.
3. If the third decimal place is less than 5, drop the third decimal place.

Also, use the minimum hourly wage of \$7.25 in solving these problems and all that follow.

Refer to Instruction 2-1. Kevin Kurtz is a newly hired exempt employee who earns an annual salary of \$67,600. Since he started work on Thursday (five-day week ends on Friday), his pay for the first week would be _____.

$$[(\$67,600 \div 52) \times 2/5] = \$520.00$$

71. **Instruction 2-1:**

In the following problems, *unless instructed otherwise*, compute hourly rate and overtime rates as follows:

1. Carry the hourly rate and the overtime rate to 3 decimal places and then round off to 2 decimal places (round the hourly rate to 2 decimal places before multiplying by one and one-half to determine the overtime rate).
2. If the third decimal place is 5 or more, round to the next higher cent.
3. If the third decimal place is less than 5, drop the third decimal place.

Also, use the minimum hourly wage of \$7.25 in solving these problems and all that follow.

Refer to Instruction 2-1. Fall is paid a biweekly salary of \$637.50. Overtime is paid for hours beyond 40 in each workweek. One week, Fall works 3 hours overtime. Fall's pay for this biweekly pay period is _____.

$$(\$637.50 \div 80 = \$7.97 \times 1.5 = \$11.96 \times 3 = \$35.88 + \$637.50) = \$673.38$$

72. **Instruction 2-1:**

In the following problems, *unless instructed otherwise*, compute hourly rate and overtime rates as follows:

1. Carry the hourly rate and the overtime rate to 3 decimal places and then round off to 2 decimal places (round the hourly rate to 2 decimal places before multiplying by one and one-half to determine the overtime rate).
2. If the third decimal place is 5 or more, round to the next higher cent.
3. If the third decimal place is less than 5, drop the third decimal place.

Also, use the minimum hourly wage of \$7.25 in solving these problems and all that follow.

Refer to Instruction 2-1. Gates is paid a semimonthly salary of \$800.00. Overtime is paid for hours beyond 40 in each workweek. One week, Gates works $6\frac{3}{4}$ hours overtime. Gates' pay for this semimonthly pay period is _____.

$$(24 \times \$800 = \$19,200 \div 52 = \$369.23 \div 40 = \$9.23 \times 1.5 = \$13.85 \times 6\frac{3}{4} = \$93.49 + \$800) = \$893.49$$

73. **Instruction 2-1:**

In the following problems, *unless instructed otherwise*, compute hourly rate and overtime rates as follows:

1. Carry the hourly rate and the overtime rate to 3 decimal places and then round off to 2 decimal places (round the hourly rate to 2 decimal places before multiplying by one and one-half to determine the overtime rate).
2. If the third decimal place is 5 or more, round to the next higher cent.
3. If the third decimal place is less than 5, drop the third decimal place.

Also, use the minimum hourly wage of \$7.25 in solving these problems and all that follow.

Refer to Instruction 2-1. Stacy Forvour is a salaried employee who works fluctuating workweeks. She is paid \$680 per workweek. This week, she worked 46 hours. Forvour's total gross pay if her employer uses the special half-rate (based on total hours worked) for overtime pay is _____.

$$(\$680 \div 46 = \$14.78 \text{ ' } \frac{1}{2} = \$7.39 \text{ ' } 6 = \$44.34 + \$680) = \$724.34$$

74. **Instruction 2-1:**

In the following problems, *unless instructed otherwise*, compute hourly rate and overtime rates as follows:

1. Carry the hourly rate and the overtime rate to 3 decimal places and then round off to 2 decimal places (round the hourly rate to 2 decimal places before multiplying by one and one-half to determine the overtime rate).
2. If the third decimal place is 5 or more, round to the next higher cent.
3. If the third decimal place is less than 5, drop the third decimal place.

Also, use the minimum hourly wage of \$7.25 in solving these problems and all that follow.

Refer to Instruction 2-1. Casey Klemons' agreement (BELO plan) with his employer provides for a pay rate of \$16.50 per hour with a maximum of 50 hour. How much would Klemons be paid for a week in which he worked 46 hours?

$$[50 \text{ ' } \$16.50 = \$825; (10 \text{ ' } 0.5 \text{ ' } \$16.50 = \$82.50 + \$825)] = \$907.50$$

75. **Instruction 2-1:**

In the following problems, *unless instructed otherwise*, compute hourly rate and overtime rates as follows:

1. Carry the hourly rate and the overtime rate to 3 decimal places and then round off to 2 decimal places (round the hourly rate to 2 decimal places before multiplying by one and one-half to determine the overtime rate).
2. If the third decimal place is 5 or more, round to the next higher cent.
3. If the third decimal place is less than 5, drop the third decimal place.

Also, use the minimum hourly wage of \$7.25 in solving these problems and all that follow.

Refer to Instruction 2-1. Hall receives $18\frac{1}{2}$ cents for every unit produced. Hall produces 575 units in an 8-hour workday. Hall's daily wages are _____.

$$(575 \times \$0.185) = \$106.38$$

76. **Instruction 2-1:**

In the following problems, *unless instructed otherwise*, compute hourly rate and overtime rates as follows:

1. Carry the hourly rate and the overtime rate to 3 decimal places and then round off to 2 decimal places (round the hourly rate to 2 decimal places before multiplying by one and one-half to determine the overtime rate).
2. If the third decimal place is 5 or more, round to the next higher cent.
3. If the third decimal place is less than 5, drop the third decimal place.

Also, use the minimum hourly wage of \$7.25 in solving these problems and all that follow.

Refer to Instruction 2-1. Ides receives 16 cents for every unit produced. Ides produces 2,976 pieces in a 43-hour workweek. For overtime, Ides is paid a sum equal to one-half the regular hourly pay rate multiplied by the number of overtime hours. Ides' total piecework and overtime earnings are _____.

$$(2,976 \times \$0.16 = \$476.16 \quad 43 = \$11.07 \quad 0.5 = \$5.54 \quad 3 = \$16.62 + \$476.16) = \$492.78$$

77. **Instruction 2-1:**

In the following problems, *unless instructed otherwise*, compute hourly rate and overtime rates as follows:

1. Carry the hourly rate and the overtime rate to 3 decimal places and then round off to 2 decimal places (round the hourly rate to 2 decimal places before multiplying by one and one-half to determine the overtime rate).
2. If the third decimal place is 5 or more, round to the next higher cent.
3. If the third decimal place is less than 5, drop the third decimal place.

Also, use the minimum hourly wage of \$7.25 in solving these problems and all that follow.

Refer to Instruction 2-1. Gorman is paid \$10.50 per hour for a 35-hour workweek. This past week, he worked an extra 10 hours on a job at a pay rate of \$13.00 per hour. If he is only paid overtime for hours over 40 and the employer uses the average rate method, his total earnings for the 45 hours of work was _____.

$$[(35 \times \$10.50) + (10 \times \$13.00)] \div 45 = \$497.50 \div 45 = \$11.06 \times 0.5 = (\$5.53 \times 5) + \$497.50 = \$525.15$$

78. **Instruction 2-1:**

In the following problems, *unless instructed otherwise*, compute hourly rate and overtime rates as follows:

1. Carry the hourly rate and the overtime rate to 3 decimal places and then round off to 2 decimal places (round the hourly rate to 2 decimal places before multiplying by one and one-half to determine the overtime rate).
2. If the third decimal place is 5 or more, round to the next higher cent.
3. If the third decimal place is less than 5, drop the third decimal place.

Also, use the minimum hourly wage of \$7.25 in solving these problems and all that follow.

Refer to Instruction 2-1. Kenneth Anderson works two separate jobs for Mesa Company. During the week, Job A consisted of 38 hours at \$20 per hour; Job B involved 15 hours at \$14 per hour. If Mesa uses the average rate basis for calculating overtime, Anderson's pay for that week is _____.

$$[(38 \times \$20) + (15 \times \$14)] \div 53 = \$970 \div 53 = \$18.30 \times 0.5 = \$9.15 \times 13 = \$118.95 + \$970 = \$1,088.95$$

79. Instruction 2-1:

In the following problems, *unless instructed otherwise*, compute hourly rate and overtime rates as follows:

1. Carry the hourly rate and the overtime rate to 3 decimal places and then round off to 2 decimal places (round the hourly rate to 2 decimal places before multiplying by one and one-half to determine the overtime rate).
2. If the third decimal place is 5 or more, round to the next higher cent.
3. If the third decimal place is less than 5, drop the third decimal place.

Also, use the minimum hourly wage of \$7.25 in solving these problems and all that follow.

Refer to Instruction 2-1. Kerr receives an annual \$25,700 base salary for working the territory in Arizona. A quota of \$900,000 in sales has been set for that state. Kerr receives an 8% commission on all sales in excess of \$900,000. This year, the sales are \$965,000. The total earnings due Kerr this year are _____.

$$(\$965,000 - \$900,000 = \$65,000 \times 0.08 = \$5,200 + \$25,700) = \$30,900.00$$

80. Instruction 2-1:

In the following problems, *unless instructed otherwise*, compute hourly rate and overtime rates as follows:

1. Carry the hourly rate and the overtime rate to 3 decimal places and then round off to 2 decimal places (round the hourly rate to 2 decimal places before multiplying by one and one-half to determine the overtime rate).
2. If the third decimal place is 5 or more, round to the next higher cent.
3. If the third decimal place is less than 5, drop the third decimal place.

Also, use the minimum hourly wage of \$7.25 in solving these problems and all that follow.

Refer to Instruction 2-1. Kelli England earns \$12.30 per hour and has earned a production bonus this week of \$37.10. If England worked 44 hours this week, her gross pay is _____.

$$(44 \times \$12.30 = \$541.20 + \$37.10 = \$578.30 \div 44 = \$13.14 \times 0.5 = \$6.57 \times 4 = \$26.28 + \$578.30) = \$604.58$$