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TEST BANK SAMPLE PREVIEW

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Test Bank

Chapter 1

True / False

1. The Fair Labor Standards Act is commonly known as the Federal Wage and Hour Law.

- a. True
- b. False

ANSWER: True

2. The FLSA imposes no recordkeeping requirements on employers.

- a. True
- b. False

ANSWER: False

3. The employer is required by the FLSA to display a poster that informs employees of the provisions of the law.

- a. True
- b. False

ANSWER: True

4. All states have set their minimum wage to be the same as the federal government.

- a. True
- b. False

ANSWER: False

5. Under the Federal Insurance Contributions Act, the Medicare portion of the tax is only paid by the employer.

- a. True
- b. False

ANSWER: False

6. The FLSA provides health insurance for the aged and disabled (Medicare).

- a. True
- b. False

ANSWER: False

7. The tax paid to the federal government for unemployment taxes is used for paying state and federal administrative expenses of the unemployment program.

- a. True
- b. False

ANSWER: True

8. The Self-Employment Contributions Act imposes a tax on the net earnings from self-employment derived by an individual from any trade or business.

- a. True
- b. False

ANSWER: True

9. Each state imposes an income tax on employees that is 2 percent of gross wages.

Chapter 1

a. True

b. False

ANSWER: False

10. Only six states do not impose a state unemployment tax on employers in their state.

a. True

b. False

ANSWER: False

11. One of the provisions of coverage of the Civil Rights Act is that the employer must have 15 or more workers.

a. True

b. False

ANSWER: True

12. Title VII of the Civil Rights Act protects all employees from arbitrary dismissal.

a. True

b. False

ANSWER: False

13. Under the Civil Rights Act of 1964, the U.S. government is classified as an exempt employer.

a. True

b. False

ANSWER: True

14. Employers not subject to Title VII coverage may come within the scope of the Civil Rights Act by reason of a contract or subcontract involving federal funds.

a. True

b. False

ANSWER: True

15. By the use of executive orders, the federal government has banned discrimination in employment on government contracts.

a. True

b. False

ANSWER: True

16. An exception to the protection that the Age Discrimination in Employment Act provides for all workers over 40 involves executives who are 65 or older and who have held high policy-making positions during the two-year period prior to retirement.

a. True

b. False

ANSWER: True

17. Under the Federal Personal Responsibility and Work Opportunity Reconciliation Act, every employer is required to report the name, address, and social security number of each new employee to the appropriate state agency.

Chapter 1

- a. True
- b. False

ANSWER: True

18. Form I-9 must be completed by each new hire.

- a. True
- b. False

ANSWER: True

19. Employers are now required to photocopy new employees' Form I-9 documents.

- a. True
- b. False

ANSWER: False

20. In order for the Walsh-Healey Public Contracts Act to protect laborers for contractors who furnish materials to any agency of the United States, the contract amount must be at least \$15,000.

- a. True
- b. False

ANSWER: True

21. Under FMLA, the time off must be used in one uninterrupted period of time.

- a. True
- b. False

ANSWER: False

22. Under the Family and Medical Leave Act, employers can exempt an employee who has not worked for the employer for at least one year and has worked for the company for at least 1,250 hours in the last year.

- a. True
- b. False

ANSWER: True

23. FUTA was designed to ensure that workers who are covered by pension plans receive benefits from those plans.

- a. True
- b. False

ANSWER: False

24. Under ERISA, vesting conveys to employees the right to share in a retirement fund in the event they are terminated before the normal retirement age.

- a. True
- b. False

ANSWER: True

25. ERISA provides for full vesting of the employer's contributions at the end of the fifth year of service or after the third year of service with another 20% vesting in each subsequent year until full vesting is reached at the end of the 7th year.

- a. True

Chapter 1

b. False

ANSWER: True

26. Under the Affordable Care Act, employers with 50 or more full-time employees during the previous year are required to provide health insurance coverage for all full-time employees.

a. True

b. False

ANSWER: True

27. The Affordable Care Act does not make a distinction between large and small employers.

a. True

b. False

ANSWER: False

28. The total cost of workers' compensation insurance is borne by the employees.

a. True

b. False

ANSWER: False

29. Workers' compensation insurance premiums for employers vary according to the different degrees of danger in various classes of jobs and the employers' accident experience rate.

a. True

b. False

ANSWER: True

30. Only one state has passed a law to provide disability benefits to employees absent from their jobs due to illness, accident, or disease not arising out of their employment.

a. True

b. False

ANSWER: False

31. The *requisition for personnel form* is sent to the Payroll Department so that the new employee can be properly added to the payroll.

a. True

b. False

ANSWER: False

32. Employment application forms are usually discarded when the applicant is hired.

a. True

b. False

ANSWER: False

33. If an investigative consumer report is being issued, the applicant must be given a written notice that the information obtained will be used in the employment decision.

a. True

Chapter 1

b. False

ANSWER: True

34. Questions pertaining to religion, sex, national origin, or age are allowed on application forms when these are bona fide occupational qualifications for a job.

a. True

b. False

ANSWER: True

35. Asking applicants for their arrest records is illegal.

a. True

b. False

ANSWER: True

36. There are no states that allow employees to access their personnel files.

a. True

b. False

ANSWER: False

37. The *payroll register* is a separate payroll record that is kept on each employee.

a. True

b. False

ANSWER: False

38. A *payroll register* lists all employees who have earned remuneration, the amount of remuneration, the deductions, and the net amount paid for each pay period.

a. True

b. False

ANSWER: True

39. The amounts needed for the payroll entries in the journal come from the *employee's earnings record*.

a. True

b. False

ANSWER: False

40. The trend toward outsourcing of payroll operations has weakened in recent years.

a. True

b. False

ANSWER: False

Multiple Choice

41. Which of the following laws establishes the minimum wage?

a. Fair Labor Standards Act

b. Federal Income Tax Act

Chapter 1

- c. Federal Insurance Contributions Act
- d. Federal Unemployment Tax Act
- e. Fair Employment Laws

ANSWER: a

42. Which of the following is a provision of the Fair Labor Standards Act (FLSA)?

- a. Sets up minimum wage
- b. Tax on net earnings of self-employed individuals
- c. Allows discrimination in hiring
- d. Separate tax on employees and employers
- e. All are provisions of the FLSA

ANSWER: a

43. The Fair labor Standards Act has set the current minimum hourly rate of pay at:

- a. \$10.00
- b. \$7.25
- c. \$7.75
- d. \$5.00
- e. \$8.50

ANSWER: b

44. Which of the following acts levies a tax on employers and employees that is credited to the Federal Old-Age and Survivors' Trust Fund and the Federal Disability Insurance Trust Fund?

- a. Federal Income Tax Act
- b. Federal Insurance Contributions Act
- c. Fair Labor Standards Act
- d. Federal Unemployment Tax Act
- e. Employee Retirement Income Security Act

ANSWER: b

45. Which of the following is *not* part of the social security program?

- a. Federal Income Tax Law
- b. Federal Old-Age and Survivors' Trust Fund
- c. Medicare
- d. Self-Employment Contributions Act
- e. All are part of the social security program

ANSWER: a

46. Which of the following is a part of the social security program?

- a. Federal unemployment taxes (FUTA)
- b. State income tax withholding
- c. Medicare
- d. Federal income tax withholding

Chapter 1

- e. All are part of the social security program

ANSWER: c

47. Which of the following levies a graduated tax on the earnings of most employees and is deducted from their gross pay?

- a. Income tax withholding laws
- b. Federal Unemployment Tax Act
- c. Fair Labor Standards Act
- d. Federal Insurance Contributions Act
- e. Employee Retirement Income Security Act

ANSWER: a

48. What tax act levies a tax on employers to pay state and federal administrative expenses of the unemployment program?

- a. Federal Income Tax Act
- b. Federal Unemployment Tax Act
- c. Federal Wage and Hour Law
- d. Estate Unemployment Tax Acts
- e. Workers' Compensation Laws

ANSWER: b

49. Which of the following Acts established the Equal Employment Opportunity Commission (EEOC)?

- a. Americans with Disabilities Act
- b. Immigration Reform and Control Act of 1986
- c. Civil Rights Act of 1964
- d. Age Discrimination in Employment Act
- e. None of the above

ANSWER: c

50. Title VII of the Civil Rights Act is referred to as the:

- a. Wage and Hour Act
- b. Social Security Act
- c. Age Discrimination Act
- d. Equal Employment Opportunity Act
- e. Immigration Reform Act

ANSWER: d

51. All of the following are covered by the Age Discrimination in Employment Act except:

- a. Labor Unions
- b. An employer with 15 employees
- c. State government employees (other than elected officials)
- d. Employment Agencies
- e. All of the above are covered

ANSWER: b

Chapter 1

52. The Age Discrimination in Employment Act provides protection to virtually all workers over the age of:

- a. 50.
- b. 65.
- c. 70.
- d. 75.
- e. 40.

ANSWER: e

53. Form I-9, which is completed by each employee, deals with:

- a. contributions to individual retirement accounts.
- b. verification of employment eligibility.
- c. eligibility for unemployment benefits.
- d. eligibility for Medicare benefits.
- e. none of the above.

ANSWER: b

54. Form I-9 Employment Eligibility Verification, is required due to which of the following acts:

- a. Immigration Reform and Control Act of 1986
- b. Civil Rights Act of 1964
- c. Age Discrimination in Employment Act
- d. Americans with Disabilities Act
- e. None of the above

ANSWER: a

55. Which of the following acts deals with the minimum wage paid to laborers for contractors on federal government construction contracts?

- a. Walsh-Healey Public Contracts Act
- b. Fair Labor Standards Act
- c. McNamara-O'Hara Service Contract Act
- d. Occupational Safety and Health Act
- e. Davis-Bacon Act

ANSWER: e

56. The E-Verify program is a system to check the:

- a. Age of new hires
- b. Vesting status of all employees
- c. Health status of employees on medical leave
- d. Social Security status of new hires
- e. Employment eligibility of new hires

ANSWER: e

57. Which of the following acts deals with the unpaid leave for a family or medical emergency?

- a. Fair Labor Standards Act

Chapter 1

- b. Occupational Safety and Health Act
- c. Family and Medical Leave Act of 1993
- d. Walsh-Healey Public Contracts Act
- e. None of the Above

ANSWER: c

58. Which of the following is part of the Family and Medical Leave Act for the employer:

- a. Must provide for 9 months of unpaid leave
- b. Must allow all employees to take the leave
- c. Must pay the employee 50% of their salary during the leave
- d. Must continue the employee's health-care coverage during the leave
- e. All of the above

ANSWER: d

59. Employers can exempt the following from the provision of the Family and Medical Leave Act:

- a. All salaried employees
- b. Employees with less than a five year tenure with the employer
- c. All employees under the age of 30
- d. All employees earning the minimum wage
- e. Highest-paid 10 percent of their workforce

ANSWER: e

60. One of the vesting schedules for ERISA provides for full vesting of the employer's contribution to an employee's pension fund after five years or gradually over:

- a. ten years.
- b. five years.
- c. six years.
- d. seven years.
- e. No gradual vesting is allowed.

ANSWER: d

61. The Affordable Care Act defines applicable large employers (ALEs) as employers with:

- a. 15 or more full-time employees during the previous year.
- b. 1 or more full-time employees during the previous year.
- c. 200 or more full-time employees during the previous year.
- d. 50 or more full-time employees during the previous year.
- e. 200 or more full- and part-time employees during the previous year.

ANSWER: d

62. Which of the following acts gives a tax credit to employers for offering health insurance to their employees?

- a. Civil Rights Act
- b. Fair Labor Standards Act
- c. Family and Medical Leave Act

Chapter 1

- d. Patient Protection and Affordable Care Act
- e. None of the above

ANSWER: d

63. Which of the following laws protect employees against losses due to work-related injury:
- a. Workers' Compensation
 - b. Federal Wage and Hour
 - c. Family and Medical Leave
 - d. State Disability
 - e. Federal Unemployment

ANSWER: a

64. Which of the following is included in a job description?
- a. Essential and nonessential duties
 - b. Education, credentials required
 - c. Necessary skills
 - d. Job title
 - e. All of the above

ANSWER: e

65. Pre-hire questions pertaining to religion, sex, national origin, or age are allowed if:
- a. all employees are asked the same questions.
 - b. only foreign-born applicants are asked these questions.
 - c. these factors are bona fide occupational qualifications for the job.
 - d. they are not in written form.
 - e. the applicant is married.

ANSWER: c

66. Which of the following is not allowed as part of a company's pre-hire inquiries:
- a. Past employment and experience records
 - b. Social security numbers
 - c. Lie detector tests
 - d. Educational background
 - e. List of references

ANSWER: c

67. Which of the following is used to provide a continuous record of the relationship between employer and employee?
- a. Change in payroll rate form
 - b. Employee history record
 - c. Hiring notice
 - d. Employee's earnings record
 - e. None of the above

ANSWER: b

Chapter 1

68. Which of the following records lists all employees who earn remuneration, the amount of remuneration, the deductions, and the net amount paid for each payroll period?

- a. Employee history record
- b. Payroll register
- c. Change in payroll rate form
- d. Reference inquiry form
- e. None of the above

ANSWER: b

69. Which of the following is a multicolumn form used to assemble and summarize the data needed at the end of each payroll period?

- a. Payroll register
- b. Reference inquiry form
- c. Change in payroll rate form
- d. Employee history record
- e. None of the above

ANSWER: a

70. Which of the following is not part of the records employers keep in employee files?

- a. Regular rate of pay
- b. Gender
- c. Wages subject to tax for the calendar year
- d. Health care account withdrawals
- e. None of the above.

ANSWER: d