Payroll Specialist Course

Wage Calculations

Comprehensive Outline

Training Scope: This module teaches federal wage calculation fundamentals for payroll specialists. State, local, union, contract, industry-specific, and employer policy rules may require higher pay or different calculations, so payroll staff must always verify the controlling rule before processing payroll.

Table of Contents

1. Course Overview and Learning Outcomes

This module trains payroll specialists to calculate wages accurately before payroll taxes, benefits deductions, and net pay are finalized. The emphasis is on gross wage calculation, overtime recognition, regular-rate accuracy, and documentation habits that prevent payroll errors.

Course Element	Description
Target learner	Payroll assistants, payroll specialists, HR/payroll coordinators, bookkeeping staff, and tax office support staff who process or review employee pay.
Main skill outcome	Calculate gross wages using hours, rates, pay period data, overtime rules, bonuses, commissions, tips, shift differentials, and other wage inputs.
Compliance focus	Identify when FLSA minimum wage, overtime, regular rate, tipped wage, recordkeeping, and withholding references affect wage calculations.
Practice focus	Use a repeatable workflow: classify the pay type, verify hours, determine regular rate, compute gross wages, review deductions/additions, and document the calculation.

- **By the end of this lesson, students should be able to:** calculate regular wages, overtime wages, gross pay, retroactive pay, shift differentials, bonus overtime adjustments, piece-rate pay, tipped wages, and salaried nonexempt overtime.
- Separate federal wage calculation rules from state/local rules and employer policy rules.
- Recognize common payroll red flags before payroll is approved.
- Document wage calculations clearly enough for review, correction, or audit support.

Instructor Tip: Teach students to slow down at the classification stage. Many payroll errors happen because the payroll processor starts calculating before confirming whether the worker is exempt/nonexempt, hourly/salary, tipped/non-tipped, or paid under a special plan.

2. Wage Calculation Foundations

A. Key Vocabulary

Term	Plain-English Meaning	Payroll Example
Gross pay	Total earnings before taxes and deductions.	Hourly wages + overtime + bonus + commission before withholding.
Net pay	Amount paid to employee after taxes, deductions, and other withholdings.	Gross pay of $1,200 minus taxes and benefits equals net pay.
Regular rate of pay	Average hourly rate used to calculate overtime for nonexempt employees. It includes many forms of compensation.	Hourly rate plus shift differential or nondiscretionary bonus spread over hours worked.
Workweek	Fixed and regularly recurring period of 168 hours, or seven consecutive 24-hour periods.	Monday 12:00 a.m. through Sunday 11:59 p.m.
Nonexempt employee	Employee who is covered by minimum wage and overtime rules.	Hourly receptionist who works 45 hours in a week.
Exempt employee	Employee who meets a legal exemption from minimum wage/overtime requirements.	Properly classified executive, administrative, or professional employee.
Straight time	Regular wages paid for non-overtime hours, or the base portion of all hours under some calculation methods.	40 hours x $20 = $800.
Overtime premium	Additional premium owed for overtime hours.	5 overtime hours x $20 x 0.5 additional premium when straight time was already paid.

Basic gross pay = straight-time pay + overtime pay + additional earnings - pre-gross adjustments
Gross pay is the wage base before payroll tax withholding and employee deductions. Always confirm whether an item is taxable and whether it must be included in the regular rate for overtime.

B. Wage Calculation Decision Tree

1. Identify the employee and the exact pay period being processed.
2. Confirm worker status: employee vs. contractor, then exempt vs. nonexempt for wage calculation purposes.
3. Confirm pay method: hourly, salary, piece-rate, day-rate, commission, tipped, or mixed rate.
4. Confirm hours worked in the defined workweek, not just the payroll period total.
5. Identify earnings that must be included in the regular rate, such as nondiscretionary bonuses, commissions, or shift differentials.
6. Calculate gross wages and any overtime premium owed.
7. Review deductions and additions for authorization and compliance.
8. Perform payroll review: reasonableness, minimum wage, overtime, rate changes, and supporting documentation.

Payroll Specialist Tip: Never use "pay period total hours" alone to determine federal overtime unless the pay period is exactly one workweek. Overtime is generally measured by the workweek, not by the biweekly or semimonthly pay period total.

3. Pay Periods, Workweeks, and Timekeeping

A. Pay Period vs. Workweek

Item	Definition	Why It Matters
Pay period	The recurring period for payroll payment, such as weekly, biweekly, semimonthly, or monthly.	Determines how often paychecks are issued.
Workweek	A fixed seven-day period used to determine overtime.	Determines when hours exceed 40 for federal overtime purposes.
Payroll cutoff	The date/time when time data closes for processing.	Late timecards after cutoff may require an adjustment or off-cycle check.
Pay date	The date wages are paid to the employee.	Used for payroll tax deposit and reporting timing.

B. Common Pay Frequencies

Pay Frequency	Checks per Year	Common Use	Payroll Calculation Caution
Weekly	52	Hourly and variable-hour employees.	Overtime aligns cleanly with each workweek if the pay period equals the workweek.
Biweekly	26	Hourly and salaried employees.	Contains two workweeks; calculate overtime separately for each workweek.
Semimonthly	24	Salaried administrative payroll.	Pay periods split weeks; overtime still depends on each workweek.
Monthly	12	Some salary payrolls.	Hourly nonexempt calculations require careful daily/weekly support.

C. Timekeeping Rules and Review Points

- Use actual hours worked for nonexempt employees unless a legally permissible rounding practice is applied consistently and neutrally.
- Confirm whether meal periods are unpaid and uninterrupted under applicable law and company policy.
- Confirm whether short rest breaks, travel time, training time, on-call time, or preparatory/postliminary activities are compensable under the applicable rule.
- Do not remove time from a timecard without documented support and approval.
- Retain time records, rate tables, schedules, and calculation support according to recordkeeping requirements.

Review Tip: When hours look unusually round every day, review the timekeeping method. Exact 8.00 hours for every shift may be correct, but it can also signal missed punches, automatic deductions, or unrecorded pre-shift/post-shift work.

4. Core Hourly Wage Calculations

A. Straight-Time Hourly Pay

Straight-time pay = regular hours x hourly rate
Regular hours are usually non-overtime hours. For federal overtime, hours over 40 in a workweek generally require overtime treatment for nonexempt employees.

Example 1: Straight-Time Hourly Pay

Facts: Jordan worked 36 hours at $18 per hour during one workweek.

Calculation:

1. 36 hours x $18 = $648

Answer: Jordan's gross straight-time pay is $648.

B. Multiple Hourly Rates in One Workweek

Method	When Used	Basic Formula	Risk Point
Weighted average regular rate	Employee works at two or more rates in the same workweek.	Total straight-time earnings / total hours worked.	Do not calculate overtime separately at only the lowest rate.
Rate-in-effect method	May be used only when legally permitted and properly agreed to before work is performed.	Overtime based on the rate for the job performed during overtime hours.	Requires careful approval; not the default training method.

Example 2: Weighted Average Rate

Facts: Maria worked 30 hours as a clerk at $18/hour and 15 hours as a shift lead at $22/hour in the same workweek.

Calculation:

1. Straight-time earnings: (30 x $18) + (15 x $22) = $540 + $330 = $870
2. Total hours: 45
3. Regular rate: $870 / 45 = $19.33
4. Overtime premium: 5 overtime hours x $19.33 x 0.5 = $48.33
5. Total gross pay: $870 + $48.33 = $918.33

Answer: Maria's gross pay is $918.33 using the weighted average method.

C. Rounding and Decimal Conversion

Minutes	Decimal Hours	Example at $20/hour
15 minutes	0.25	$5.00
30 minutes	0.50	$10.00
45 minutes	0.75	$15.00
7 minutes	0.12	$2.40
8 minutes	0.13	$2.60

Decimal Tip: Calculate payroll from decimal hours carried consistently by the payroll system. Avoid converting each day manuallyand rounding repeatedly because small rounding differences can compound across a pay period.

5. Overtime and Regular Rate of Pay

A. Federal Overtime Foundation

- Covered nonexempt employees generally must receive overtime pay for hours worked over 40 in a workweek.
- Federal overtime must be paid at not less than one and one-half times the employee's regular rate of pay.
- The FLSA does not require overtime simply because work occurs on a weekend, holiday, or regular day of rest unless overtime hours are worked; employer policy or state/local law may provide more generous pay.
- Some states require daily overtime, double time, or different rules. Always verify applicable state/local law.

Hourly overtime pay = 40 hours x hourly rate + overtime hours x hourly rate x 1.5
Use this formula when the hourly rate is the regular rate and there are no additional regular-rate items.

Example 3: Basic Overtime

Facts: A nonexempt employee worked 46 hours at $20 per hour in one workweek.

Calculation:

1. Regular pay: 40 x $20 = $800
2. Overtime pay: 6 x $20 x 1.5 = $180
3. Total gross pay: $800 + $180 = $980

Answer: The employee's gross pay is $980.

B. Regular Rate of Pay

Regular rate = total includable remuneration for the workweek / total hours worked in the workweek
The regular rate may include more than the base hourly rate. Examples include shift differentials, commissions, piece-rate earnings, and nondiscretionary bonuses.

Usually Included in Regular Rate	Usually Excludable if Requirements Are Met
Base hourly wages	Discretionary bonuses
Nondiscretionary bonuses tied to attendance, productivity, quality, or promised incentives	Gifts or holiday bonuses not tied to hours, production, or efficiency
Shift differentials	Reimbursed business expenses
Commissions	Payments for vacation, holiday, illness, or other non-work time
Piece-rate earnings	Certain benefit plan contributions and qualifying premium payments

Regular Rate Tip: Ask: "Was this payment promised, expected, earned by work, or tied to performance?" If yes, it may need regular-rate review. Do not assume a bonus is excluded just because payroll labels it "bonus."

C. Overtime with Shift Differential

Example 4: Shift Differential in Regular Rate

Facts: Tanya worked 45 hours at $18/hour and received a $2/hour night shift differential for 20 of those hours.
Calculation:

1. Base wages: 45 x $18 = $810
2. Shift differential: 20 x $2 = $40
3. Total straight-time earnings: $850
4. Regular rate: $850 / 45 = $18.89
5. Overtime premium: 5 x $18.89 x 0.5 = $47.23
6. Total gross pay: $850 + $47.23 = $897.23

Answer: Tanya's gross pay is $897.23.

D. Overtime with Nondiscretionary Bonus

Example 5: Weekly Attendance Bonus

Facts: Leo worked 48 hours at $16/hour and earned a $80 weekly attendance bonus promised in advance.
Calculation:

1. Base straight-time earnings: 48 x $16 = $768
2. Add weekly bonus: $768 + $80 = $848
3. Regular rate: $848 / 48 = $17.67
4. Overtime premium: 8 x $17.67 x 0.5 = $70.68
5. Total gross pay: $848 + $70.68 = $918.68

Answer: Leo's gross pay is $918.68. The bonus increases the regular rate because it is nondiscretionary.

E. Overtime Premium Methods

Situation	Use This Method	Why
Hourly employee paid only base rate for first 40 hours	Pay 1.5 x regular rate for overtime hours.	The employee has not already received straight-time pay for overtime hours.
Employee already paid straight time for all hours worked, including overtime hours	Add 0.5 x regular rate for overtime hours.	The straight-time portion has already been paid; only the half-time premium remains.
Piece-rate, day-rate, commission, or salary nonexempt employee paid for all work	Calculate regular rate and add overtime premium as required.	Overtime must be based on the average hourly regular rate.

6. Special Wage Calculation Situations

A. Salaried Nonexempt Employees

- A salary does not automatically make an employee exempt from overtime.
- If the employee is nonexempt, overtime must still be calculated when hours exceed the applicable overtime threshold.
- Determine what hours the salary is intended to cover and whether the employee has already received straight-time pay for all hours worked.
- Document the workweek hours and the regular-rate calculation.

Example 6: Salary Covers 40 Hours

Facts: A nonexempt employee earns $800 per week for a 40-hour schedule and works 45 hours.

Calculation:

1. Regular rate: $800 / 40 = $20
2. Overtime pay: 5 x $20 x 1.5 = $150
3. Total gross pay: $800 + $150 = $950

Answer: The employee's gross pay is $950.

B. Piece-Rate Employees

Piece-rate regular rate = total piece-rate earnings / total hours worked If total earnings already compensate all hours, add the extra half-time overtime premium for overtime hours.

Example 7: Piece-Rate Overtime

Facts: Nia produced 600 units at $1.50 per unit and worked 45 hours in the workweek.

Calculation:

1. Piece-rate earnings: 600 x $1.50 = $900
2. Regular rate: $900 / 45 = $20
3. Overtime premium: 5 x $20 x 0.5 = $50
4. Total gross pay: $900 + $50 = $950

Answer: Nia's gross pay is $950.

C. Day-Rate Employees

Example 8: Day-Rate Overtime

Facts: Omar is paid $180 per day. He worked 5 days and 50 total hours in one workweek.

Calculation:

1. Day-rate earnings: 5 x $180 = $900
2. Regular rate: $900 / 50 = $18
3. Overtime premium: 10 x $18 x 0.5 = $90
4. Total gross pay: $900 + $90 = $990

Answer: Omar's gross pay is $990.

D. Commission Employees

- Commissions are generally included in the regular rate unless a specific exclusion applies.
- When commissions cover more than one workweek, allocate them over the period in which they were earned or use a reasonable method permitted by the applicable rules.
- Retroactive overtime adjustments may be needed when commission amounts are known after the original payroll is processed.

Example 9: Commission Overtime Adjustment

Facts: Sam worked 45 hours in Week 1 and 42 hours in Week 2. Later, Sam earns a $400 commission allocable equally to the two weeks.

Calculation:

1. Allocate commission: $400 / 2 weeks = $200 per week
2. Week 1 regular-rate increase: $200 / 45 = $4.44; additional overtime premium: 5 x $4.44 x 0.5 = $11.10
3. Week 2 regular-rate increase: $200 / 42 = $4.76; additional overtime premium: 2 x $4.76 x 0.5 = $4.76
4. Total retroactive overtime premium: $11.10 + $4.76 = $15.86

Answer: Sam is owed an additional $15.86 in overtime premium connected to the commission.

E. Tipped Employees

Tipped Wage Item	Federal Baseline
Federal minimum wage	$7.25 per hour for covered nonexempt employees.
Direct cash wage for tipped employee when tip credit is claimed	At least $2.13 per hour under federal law.
Maximum federal tip credit	$5.12 per hour, which is $7.25 minus $2.13.
Employer responsibility	If cash wage plus tips does not equal required minimum wage and overtime compensation, the employer must make up the difference.
State/local caution	Many states and localities have higher minimum wages, higher cash wage requirements, or no tip credit.

Example 10: Tipped Employee Minimum Wage Check

Facts: A server worked 30 hours. The employer paid $2.13/hour and the employee received $120 in tips.

Calculation:

1. Cash wage: 30 x $2.13 = $63.90
2. Cash wage + tips: $63.90 + $120 = $183.90
3. Minimum required under federal baseline: 30 x $7.25 = $217.50
4. Shortfall: $217.50 - $183.90 = $33.60

Answer: The employer must add $33.60 to meet the federal minimum wage baseline, before considering any stricter state/local requirement.

> **Tipped Employee Tip:** Do not calculate tipped payroll from cash wage alone. Always confirm tips, tip credit eligibility, minimum wage, overtime, tip pool rules, and any state/local restrictions.

F. Holiday, Weekend, and Premium Pay

Pay Type	Federal Rule of Thumb	Payroll Processing Tip
Holiday pay for non-worked holiday	Generally not required by federal FLSA; may be required by employer policy, contract, or other law.	Do not count non-worked paid holiday hours as hours worked for federal overtime unless another rule says so.
Weekend work	Not automatically overtime under federal FLSA.	Check whether workweek overtime was triggered and whether employer policy pays a premium.
Shift premium	Often included in the regular rate.	Add premium to includable earnings before calculating regular rate.
Overtime premium under employer policy	May exceed federal minimum.	Pay the greater applicable benefit if policy or law requires it.

7. Deductions, Additions, and Gross-to-Net Awareness

Wage calculations begin with gross earnings, but payroll specialists must understand how additions and deductions interact with wage compliance and net pay. This course section is not a full payroll tax module; it gives wage-calculation awareness needed before payroll approval.

A. Common Additions to Gross Pay

Addition	Description	Regular-Rate Review?
Bonus	Extra payment beyond base wages.	Yes, determine whether discretionary or nondiscretionary.
Commission	Sales-based compensation.	Usually yes.
Shift differential	Extra pay for certain shifts.	Usually yes.
Retroactive pay	Back pay from rate changes or corrections.	May require overtime recalculation.
Expense reimbursement	Repayment for business expense.	Usually not wages if properly substantiated.

B. Common Deductions and Review Points

Deduction Type	Examples	Payroll Review Point
Mandatory taxes	Federal income tax, Social Security, Medicare, applicable state/local withholding.	Use current withholding tables and employee data.
Employee-authorized benefits	Health insurance, retirement plan contributions, flexible spending accounts.	Verify authorization, effective dates, pre-tax/post-tax treatment.
Court or agency orders	Garnishments, levies, child support.	Follow order priority, limits, and remittance deadlines.
Employer property or cash shortages	Uniforms, tools, damage, register shortages.	High-risk area; may not reduce wages below required minimum/overtime and may be restricted by state law.
Repayments or advances	Payroll advance repayment, overpayment recovery.	Document authorization and check state law restrictions.

Deduction Tip: A deduction may be allowed by payroll software but still unlawful if it violates wage-and-hour rules or state law. Always verify high-risk deductions before processing.

C. Gross-to-Net Flow

Step	Calculation Item	Example
1	Start with gross wages	Regular pay + overtime + bonus = $1,250 gross.
2	Subtract pre-tax deductions if applicable	Health plan, 401(k), FSA depending on plan and tax rules.
3	Calculate required taxes	Federal income tax withholding, Social Security, Medicare, state/local taxes.
4	Subtract post-tax deductions	Certain garnishments, Roth retirement deductions, after-tax benefits.
5	Arrive at net pay	Amount issued by direct deposit or check.

8. Payroll Specialist Workflow and Quality Control

A. Wage Calculation Workflow

Workflow Stage	Payroll Specialist Action	Documentation Needed
1. Intake	Collect approved time records, rate changes, bonus/commission data, leave data, and employee status changes.	Timecards, rate authorization, payroll change forms.
2. Classification check	Confirm exempt/nonexempt, pay method, tipped status, and workweek.	Employee profile, job/pay setup, applicable policy.
3. Calculate gross wages	Compute straight time, overtime, regular rate adjustments, additions, and retro pay.	Payroll worksheet or system calculation report.
4. Review deductions	Confirm required and voluntary deductions are authorized and active.	Benefit elections, tax forms, garnishment orders.
5. Quality review	Check unusual hours, missing punches, overtime, rates, minimum wage, bonuses, deductions, and net pay variance.	Exception report and approval notes.
6. Finalize payroll	Submit payroll after approval and retain support.	Payroll register, approval confirmation, audit trail.

B. Common Error Checklist

- Overtime calculated over the full biweekly pay period instead of each workweek.
- Bonus, commission, or shift differential excluded from regular-rate calculation when it should have been included.
- Salary treated as exempt without confirming exemption requirements.
- Tipped employee paid cash wage but minimum wage shortfall not reviewed.
- Meal break automatically deducted even when employee worked through lunch.
- Rate change effective date entered incorrectly.
- Retro pay processed without recalculating overtime for affected weeks.
- Deduction processed without proper authorization or wage-floor review.
- State/local rule ignored when higher than federal rule.

- Payroll records missing support for hours, rates, or additions/deductions.
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Audit Trail Tip: A good payroll note answers four questions: What changed? Who approved it? What period does it affect? How was the wage amount calculated?

9. Worked Examples and Scenario Drills

Scenario Drill 1: Biweekly Payroll with Weekly Overtime

Facts: A nonexempt employee is paid biweekly at $19/hour. Week 1 hours = 42. Week 2 hours = 38.

Calculation:

1. Week 1 regular pay: 40 x $19 = $760
2. Week 1 overtime pay: 2 x $19 x 1.5 = $57
3. Week 2 pay: 38 x $19 = $722
4. Biweekly gross pay: $760 + $57 + $722 = $1,539

Answer: Gross pay is $1,539. Do not combine 42 + 38 = 80 and conclude there is no overtime.

Scenario Drill 2: Rate Increase Midweek

Facts: An employee worked 20 hours at $17 before a raise and 25 hours at $19 after the raise in the same workweek.

Calculation:

1. Straight-time earnings: (20 x $17) + (25 x $19) = $340 + $475 = $815
2. Total hours: 45
3. Weighted regular rate: $815 / 45 = $18.11
4. Overtime premium: 5 x $18.11 x 0.5 = $45.28
5. Total gross pay: $815 + $45.28 = $860.28

Answer: Gross pay is $860.28.

Scenario Drill 3: Retroactive Pay with Overtime

Facts: An employee was paid $18/hour for a week with 46 hours, but the approved rate should have been $20/hour.

Calculation:

1. Original gross at $18: 40 x $18 + 6 x $18 x 1.5 = $720 + $162 = $882
2. Correct gross at $20: 40 x $20 + 6 x $20 x 1.5 = $800 + $180 = $980
3. Retro owed: $980 - $882 = $98

Answer: The employee is owed $98 in retroactive wages.

Scenario Drill 4: Bonus Paid After Payroll

Facts: An employee worked 44 hours in a week at $21/hour and later earned a $100 nondiscretionary production bonus for that same week.

Calculation:

1. Bonus regular-rate increase: $100 / 44 = $2.27
2. Additional overtime premium: 4 x $2.27 x 0.5 = $4.54

Answer: The bonus triggers an additional overtime premium of $4.54.

Scenario Drill 5: Tipped Overtime Baseline

Facts: A tipped employee worked 45 hours. Federal cash wage paid is $2.13/hour. Assume the maximum federal tip credit is available and tips are sufficient.

Calculation:

1. Federal regular minimum wage baseline: $7.25
2. Overtime rate based on full minimum wage: $7.25 x 1.5 = $10.875
3. Cash overtime wage after max tip credit: $10.875 - $5.12 = $5.755 per overtime hour
4. Payroll systems typically round to cents according to configured rules; review for compliance.

Answer: For federal baseline training, overtime cannot be calculated as 1.5 x $2.13. The tip credit is applied against the full minimum wage/overtime obligation.

10. Practice Questions and Answer Key

1. A nonexempt employee works 47 hours at $18/hour in one workweek. What is gross pay?

- A. $846
- B. $900
- C. $909
- D. $1,269

Answer: C. 40 x $18 = $720; 7 x $18 x 1.5 = $189; total = $909.

2. Which item usually requires regular-rate review for overtime?

- A. Reimbursed mileage
- B. Nondiscretionary attendance bonus
- C. Vacation pay for a non-worked day
- D. Employer health plan contribution

Answer: B. A promised attendance bonus is generally tied to work and should be reviewed for regular-rate inclusion.

3. A biweekly employee works 45 hours in Week 1 and 35 hours in Week 2. Under the federal workweek concept, how many overtime hours are in the pay period?

- A. 0
- B. 5
- C. 10
- D. 80

Answer: B. Overtime is calculated by workweek, so Week 1 has 5 overtime hours and Week 2 has none.

4. Which statement is correct about salary and overtime?

- A. Salary always means exempt.
- B. Salary never counts as wages.
- C. A salaried nonexempt employee may still be owed overtime.
- D. Salary eliminates the need for time records.

Answer: C. Salary alone does not determine exemption status; nonexempt employees must receive overtime when required.

5. A worker earns $500 piece-rate pay and works 50 hours. What is the regular rate?

- A. $5
- B. $10
- C. $15
- D. $25

Answer: B. $500 / 50 hours = $10 regular rate.

6. If straight-time pay for all 50 hours has already been paid in a piece-rate plan, what additional overtime premium is generally added for 10 overtime hours?

- A. 10 x regular rate
- B. 10 x regular rate x 1.5
- C. 10 x regular rate x 0.5
- D. No premium

Answer: C. If straight-time compensation for all hours is already included, add the extra half-time premium.

7. Which payroll issue is a red flag?

- A. Employee has approved timecard.
- B. Employee receives a properly documented rate change.
- C. Automatic meal break deducted even though employee reported working through lunch.
- D. Payroll register ties to time records.

Answer: C. Worked meal periods may be compensable and should not be automatically deducted without review.

8. What is the federal minimum wage baseline for covered nonexempt employees?

- A. $2.13
- B. $5.12
- C. $7.25
- D. $15.00

Answer: C. The federal minimum wage baseline is $7.25 per hour, though state/local law may require more.

9. For tipped employees under the federal baseline, what is the maximum tip credit if the direct cash wage is $2.13 and minimum wage is $7.25?

- A. $2.13
- B. $5.12
- C. $7.25
- D. $9.38

Answer: B. $7.25 - $2.13 = $5.12.

10. Which records are commonly needed to support wage calculations?

- A. Timecards, rate tables, work schedules, and records of additions/deductions
- B. Only the final check amount
- C. Only the employee resume
- D. Only the bank statement

Answer: A. Payroll calculations should be supported by time, rate, schedule, and deduction/addition records.

11. An employee works 30 hours at $16 and 15 hours at $20 in one week. What are straight-time earnings?

- A. $720
- B. $760
- C. $780
- D. $800

Answer: C. (30 x $16) + (15 x $20) = $480 + $300 = $780.

12. Why should payroll specialists check state/local law?

- A. Federal law always prohibits higher wages.
- B. State/local rules may require higher wage or overtime standards.
- C. State law never applies to payroll.
- D. Only federal withholding matters.

Answer: B. State/local wage rules can be more protective than federal law and may control the payroll calculation.

13. What is the first step before calculating wages?

- A. Run direct deposit.
- B. Confirm employee/pay method, pay period, workweek, and supporting hours/rates.
- C. Delete exceptions.
- D. Estimate taxes manually.

Answer: B. Payroll calculation starts by confirming classification, pay method, workweek, hours, and rates.

14. A $100 nondiscretionary weekly bonus is allocable to a week with 50 hours. What is the bonus-related regular-rate increase?

- A. $0.50
- B. $1.00
- C. $2.00
- D. $5.00

Answer: C. $100 / 50 hours = $2.00 per hour.

15. Which statement about weekends is generally correct under federal FLSA?

- A. Weekend work is always overtime.
- B. Weekend work is overtime only if paid by salary.
- C. Weekend work is not automatically overtime unless overtime hours are worked or another rule/policy applies.
- D. Weekend work is unpaid.

Answer: C. The FLSA does not require premium pay solely because work occurs on a weekend, unless overtime is triggered or another rule applies.

11. Federal Source References

The following official federal resources were used as source references for this training module. Payroll specialists should verify the current version of each source before applying rules in a live payroll environment.

Source	URL
U.S. Department of Labor - Wages and the Fair Labor Standards Act	https://www.dol.gov/agencies/whd/flsa
U.S. Department of Labor - Minimum Wage	https://www.dol.gov/general/topic/wages/minimumwage
U.S. Department of Labor - Fact Sheet #23: Overtime Pay Requirements of the FLSA	https://www.dol.gov/agencies/whd/fact-sheets/23-flsa-overtime-pay
U.S. Department of Labor - Fact Sheet #56A: Overview of the Regular Rate of Pay	https://www.dol.gov/agencies/whd/fact-sheets/56a-regular-rate
U.S. Department of Labor - Fact Sheet #56C: Bonuses under the FLSA	https://www.dol.gov/agencies/whd/fact-sheets/56c-bonuses
U.S. Department of Labor - Fact Sheet #15: Tipped Employees Under the FLSA	https://www.dol.gov/agencies/whd/fact-sheets/15-tipped-employees-flsa
U.S. Department of Labor - Fact Sheet #21: Recordkeeping Requirements under the FLSA	https://www.dol.gov/agencies/whd/fact-sheets/21-flsa-recordkeeping
U.S. Department of Labor - Earnings Thresholds for Executive, Administrative, and Professional Employees	https://www.dol.gov/agencies/whd/overtime/salary-levels
IRS Publication 15, Employer's Tax Guide	https://www.irs.gov/publications/p15
IRS Publication 15-T, Federal Income Tax Withholding Methods	https://www.irs.gov/publications/p15t

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