

PRACTICE EXAM 36: ARKANSAS BUSINESS AND LAW SIMULATION (50 QUESTIONS)

Total Questions: 50 | **Time Limit:** 2 Hours | **Passing Score:** 70% (35/50)

This practice exam mirrors the official Arkansas Contractor Business and Law Examination in format, domain weighting, and difficulty. Answer all questions by selecting the single best answer.

DOMAIN: BUSINESS ORGANIZATION (1 Question)

1. A contractor operates as an LLC with three members: Member A (50%), Member B (30%), and Member C (20%). The LLC has not elected SCorporation taxation and is taxed as a partnership by default. Members A and B work fulltime in the business. Member C is a passive investor who contributed capital but does not participate in daily operations or management. The LLC earns \$600,000 in net income. How is selfemployment tax applied to each member's distributive share?

A. All three members pay SE tax on their full distributive shares because LLC income is automatically subject to selfemployment tax regardless of participation level

B. Members A and B pay SE tax on their distributive shares (\$300,000 and \$180,000 respectively) because they are active participants, while Member C — as a passive investor with no involvement in operations — may be exempt from SE tax on their \$120,000 share, similar to a limited partner's exemption from SE tax on passive income

C. No member pays SE tax because LLC income is classified as investment income that is exempt from selfemployment taxation

D. Only Member A pays SE tax because the majority owner is the sole designated taxpaying member under default LLC rules

DOMAIN: LICENSING (4 Questions)

2. A contractor holds a restricted commercial license with a Building Construction (BU) classification. The contractor's current project portfolio includes: Project A at \$680,000 (in progress), Project B at \$720,000 (in progress), and a new opportunity for Project C at \$740,000. The restricted license caps individual projects at \$750,000 but does not limit the number of active projects or total aggregate value. Can the contractor take on Project C?

A. No, because the restricted license limits contractors to a maximum of two active projects at any time

B. No, because the combined value of all three projects (\$2,140,000) exceeds the restricted license's aggregate cap of \$2,000,000

C. Yes, but only if Project A reaches 75% completion before Project C begins

D. Yes, because the restricted license caps only the value of each individual project at \$750,000, and Project C at \$740,000 is within this cap — there is no limit on the number of active projects or the total aggregate value of all concurrent projects

3. A licensed contractor in Arkansas employs a qualifying individual (QI) who has been with the company for 4 years. The QI informs the contractor that they plan to start their own competing construction company while remaining employed parttime by the original contractor to "keep the license active." The QI intends to work 10 hours per week for the original contractor while devoting 30+ hours per week to their new company. Is this arrangement acceptable to the ACLB?

A. This arrangement raises serious ACLB concerns — the QI's primary commitment would be to their new competing company while providing only minimal involvement with the original contractor, which undermines the genuine participation requirement and may constitute a form of name lending, and the ACLB would likely view 10 hours per week as insufficient to satisfy the QI's obligation to be genuinely involved in the license holder's operations

B. Yes, because qualifying individuals can split their time between multiple construction companies without limitation

C. Yes, because the QI's 10 hours per week exceeds the ACLB's minimum requirement of 8 hours weekly

D. No, but only because the QI would be working for a competing company — if the second company were in a noncompeting industry, the split arrangement would be acceptable

4. The ACLB investigates a complaint that a licensed contractor submitted a falsified CPA financial statement with their license renewal application. Investigation reveals the contractor

altered the net worth figure from \$32,000 (actual) to \$58,000 (falsified) to meet the \$50,000 minimum requirement. The contractor admits to the alteration. What is the most severe consequence the ACLB can impose?

- A. A fine equal to the difference between the actual and falsified net worth figures (\$26,000)
- B. A 30day suspension followed by mandatory financial resubmission with a genuine CPA statement
- C. License revocation — submitting a falsified financial statement to the ACLB constitutes fraud that goes to the core of the licensing system's integrity, and the Board has authority to revoke a license obtained or maintained through fraudulent documentation
- D. A written reprimand placed in the contractor's permanent file with no additional consequences

5. A homeowner hires a licensed residential builder to construct a \$310,000 custom home. The contract requires the builder to obtain all necessary permits. The builder obtains the building permit but fails to obtain the required grading permit before beginning earthwork. The city issues a stopwork order for the unpermitted grading. Who is responsible for the delay caused by the stopwork order?

- A. The city building department, because they should have identified the missing grading permit when issuing the building permit
- B. The contractor bears responsibility because the contract requires them to obtain all necessary permits — failing to obtain the grading permit before beginning earthwork is the contractor's oversight, and the resulting stopwork order and delay are the contractor's liability
- C. The homeowner, because property owners are ultimately responsible for all permits related to their property
- D. The architect, because the project drawings should have identified all required permits in the plan notes

DOMAIN: ESTIMATING AND BIDDING (4 Questions)

6. A contractor's estimator calculates the following for a commercial project: direct costs \$1,320,000; annual overhead \$396,000 on annual direct cost volume of \$2,640,000; target net profit margin of 5% on selling price. What is the correct selling price?

- A. \$1,597,895, calculated by allocating overhead at 15% (\$198,000), adding to direct costs (\$1,518,000), and dividing by 0.95 to achieve exactly 5% margin on selling price ($\$1,518,000 \div 0.95$)
- B. \$1,518,000, calculated with overhead but without the profit margin adjustment
- C. \$1,386,000, calculated by adding 5% markup to direct costs only without overhead allocation
- D. \$1,716,000, calculated by applying a flat 30% combined markup to direct costs

7. A public project requires sealed bids with a mandatory subcontractor listing for all trades exceeding 10% of the contract value. After the bid opening, the apparent low bidder discovers that their listed plumbing subcontractor made a \$45,000 error in their quote. The plumbing subcontractor wants to increase their price by \$45,000. The general contractor wants to absorb the increase to maintain their winning position. Can the GC absorb the subcontractor's price increase without affecting the bid?

- A. No, because the bid price is fixed and any cost absorption by the GC constitutes a bid modification
- B. No, because the plumbing subcontractor must be replaced with the next lowest plumbing bidder after a price increase
- C. Yes, but only if the GC reduces the markup on another trade to offset the \$45,000 increase and keep the total bid price the same
- D. Yes, because the GC's bid price to the owner does not change — the GC absorbs the \$45,000 plumbing cost increase internally, reducing their own profit margin, but the bid amount and the listed subcontractor remain the same, and the owner is unaffected

8. A contractor estimates a commercial loading dock slab: 40 ft × 60 ft × 8 inches thick. Concrete at \$180/CY with 4% waste. Finishing at \$2.50/SF. What is the total estimated cost for the dock slab?

- A. \$6,000, representing only the finishing labor without concrete material
- B. \$11,093, representing only the concrete material with waste but without finishing
- C. \$17,093, calculated as concrete with waste ($59.26 \text{ CY} \times 1.04 = 61.63 \text{ CY} \times \$180 = \$11,093$) plus finishing labor ($2,400 \text{ SF} \times \$2.50 = \$6,000$)
- D. \$22,000, calculated using a 12inch slab thickness instead of the specified 8 inches

9. A contractor receives subcontractor quotes for the mechanical (HVAC) work on a commercial project: \$410,000, \$385,000, \$428,000, and \$370,000. The \$370,000 low quote excludes the building automation system (BAS) integration, testing and balancing, and commissioning — items the other three quotes include. The estimator contacts the low bidder, who adds \$55,000 for the excluded scope. What is the most prudent next step?

A. Compare the adjusted low bid (\$425,000) against the three complete quotes (\$410,000, \$385,000, \$428,000) on an apples-to-apples basis — the \$385,000 quote is now the lowest complete bid and should be used unless the estimator has specific qualifications or reliability reasons to prefer a different subcontractor

B. Use the original \$370,000 quote and negotiate the excluded items after contract award

C. Average all four quotes including the adjusted figure and use the average as the HVAC budget

D. Reject all four quotes and rebid the mechanical scope because the pricing spread is too wide

DOMAIN: CONTRACT MANAGEMENT (8 Questions)

10. A contractor on a fixed-price commercial project encounters a buried concrete foundation from a previously demolished building during excavation. The geotechnical report and historical site records provided with the bid documents made no mention of any previous structures on the site. Removing the buried foundation costs \$52,000. Under the differing site conditions clause, who bears this cost?

A. The contractor, because buried foundations are common on developed sites and should be anticipated by experienced contractors

B. The owner, because the geotechnical report and site records failed to disclose the buried foundation — the contractor relied on these documents when pricing the excavation, and the actual condition (buried concrete foundation) differs materially from what was represented (undeveloped site with no previous structures)

C. The cost should be split 50/50 because subsurface obstructions are a shared risk on all construction projects

D. The geotechnical engineer who prepared the boring logs bears the cost for failing to identify the buried foundation

11. A general contractor on a commercial project receives a change order adding \$185,000 of additional curtain wall work. The contractor will subcontract \$150,000 of aluminum fabrication

and selfperform \$35,000 of structural anchoring. The contract allows 15% markup on selfperformed work and 8% on subcontracted work. What is the total billable change order amount?

- A. \$185,000 with no markup applied
- B. \$212,750, calculated at 15% on the full \$185,000
- C. \$195,250, calculated at a blended 5.5% markup on the combined amount
- D. \$202,250, calculated as selfperformed ($\$35,000 \times 1.15 = \$40,250$) plus subcontracted ($\$150,000 \times 1.08 = \$162,000$)

12. A project owner issues a stopwork directive halting construction on a commercial office building for 22 days while the architect redesigns the building's main staircase. The suspension is not caused by any contractor fault. During the 22 days, the contractor incurs \$48,000 in extended overhead (supervision, security, equipment standby, temporary facilities). The contract's suspension clause provides time extensions but is silent on monetary compensation. What is the contractor entitled to?

- A. Only the 22day time extension because the suspension clause's silence on money means the contractor assumed the financial risk
- B. The 22day time extension only, with no monetary recovery under any contract theory
- C. The 22day time extension under the suspension clause, plus the contractor may pursue the \$48,000 under the changes clause or constructive change doctrine — an ownerdirected suspension for architectural redesign modifies the contractor's performance conditions, and courts frequently recognize this as a compensable event even when the suspension clause itself does not address damages
- D. The \$48,000 in overhead plus a 20% premium for unplanned disruption

13. A subcontractor on a commercial project provides a oneyear warranty on their waterproofing installation. Ten months after substantial completion, the building owner discovers water infiltration through the waterproofed plaza deck. The subcontractor inspects and argues the leak is caused by settlement cracking in the concrete substrate — a structural issue — rather than a defect in the waterproofing membrane or its application. Under standard warranty provisions, how should this dispute be resolved?

- A. The architect or an independent testing expert should evaluate whether the leak is caused by a waterproofing workmanship defect or by structural substrate failure — because if the waterproofing membrane was properly installed per specifications and the leak is caused by

structural cracking beyond the membrane's design capability, the subcontractor may not be responsible under a warranty that covers materials and workmanship defects

B. The waterproofing subcontractor is automatically responsible for all leaks during the warranty period regardless of the cause

C. The structural engineer bears sole responsibility because all substrate issues are structural design deficiencies

D. The building owner should file an insurance claim because water infiltration is covered by the builder's risk policy during the warranty period

14. A contractor completes a commercial project. The oneyear warranty begins on the substantial completion date of April 15. On March 28 of the following year — eighteen days before expiration — the building owner discovers that the exterior stone veneer is delaminating from the backing wall in several locations. The owner notifies the contractor on March 30. The contractor responds that they cannot investigate until May 10. Is the warranty claim preserved?

A. No, because the contractor must complete all investigations within the warranty period

B. Yes, because the owner discovered the defect on March 28 and notified the contractor on March 30 — both within the warranty period — which preserves the claim, and the contractor cannot avoid the warranty obligation by scheduling the investigation after the April 15 expiration

C. Yes, but only if the owner retains an independent stone consultant to document the delamination before April 15

D. No, because stone veneer delamination is classified as normal weathering excluded from construction warranties

15. A contractor on a school project receives a written directive from the school district's facilities director to change the auditorium seating from fixed theaterstyle seats to retractable bleacher seating. The specification change affects the auditorium floor structure, the seating equipment, and the mechanical systems under the seating area. The cost difference is \$180,000. The facilities director states the school board approved the change at their last meeting. Under standard change order provisions, who bears this cost?

A. The contractor, because seating configurations are interior finish decisions that should have been included as an allowance in the original bid

B. The architect bears the cost because they should have presented both seating options to the school board during the design phase

C. The contractor and the school district split the cost because seating changes are a shared designconstruction risk

D. The school district bears the full cost through a change order because the retractable bleacher seating was not in the original contract documents — the contractor priced fixed theater seats per the specification, and the district's postcontract decision to switch seating types constitutes additional scope regardless of when the school board approved it

16. A contractor on a timeandmaterials contract bills the owner for 340 hours of electrician labor at \$92 per hour over a 5week period. The contract requires daily time sheets signed by both the contractor's superintendent and the owner's representative. The owner's representative reviews the time sheets and finds that 50 hours lack the required dual signature — these hours occurred during Saturday work when the representative was unavailable. What is the likely billing outcome?

A. The owner pays all 340 hours because Saturday work schedules exempt the contractor from the dualsignature requirement

B. The owner pays all 340 hours plus a weekend premium because Saturday hours automatically qualify for overtime rates

C. The owner will likely pay the 290 documented hours and dispute the 50 unsigned hours — on T&M contracts, daily time sheets signed by both parties are the primary billing evidence, and the contractor must prove the disputed Saturday hours through alternative documentation such as security access logs, equipment usage records, or material delivery receipts

D. The dispute is automatically resolved in the contractor's favor because the owner's representative chose not to work Saturdays

17. A project architect issues a change directive during construction requiring the contractor to upgrade all bathroom fixtures from standard commercial grade to premium designer fixtures selected by the owner's interior designer. The specification change affects 24 bathrooms. The cost difference is \$96,000. The architect states the owner "wants a higherend look." Under the contract, who bears this cost?

A. The owner bears the cost through a change order because the architect's directive to upgrade fixtures from the original specification constitutes a scope change — the contractor priced standard commercial fixtures per the original documents, and the upgrade to premium designer fixtures is additional scope regardless of the aesthetic motivation

B. The contractor bears the cost because fixture selections are within the architect's design authority and can be changed at any time without additional compensation

C. The interior designer bears the cost because they initiated the upgrade request outside the original design scope

D. The fixture manufacturer should provide the premium fixtures at the standard fixture price as a promotional consideration

18. A contractor working on a hospital expansion discovers that the existing building's structural steel columns have fireproofing that contains asbestos. The prerenovation environmental assessment tested wall surfaces and ceilings but did not test the structural steel fireproofing. The assessment stated: "No asbestos-containing materials were identified on tested surfaces." Abatement of the column fireproofing costs \$95,000. Under the differing site conditions clause, is the contractor entitled to a change order?

A. No, because experienced hospital renovation contractors should independently test all existing fireproofing materials before bidding

B. Yes, because the environmental assessment created a reasonable expectation that the renovation areas were asbestos-free — while the assessment accurately reported results for tested surfaces, the contractor relied on the assessment's scope as representative of conditions in the work area, and the untested asbestos fireproofing on structural columns constitutes a concealed condition not represented in the contract documents

C. Yes, but only for the testing costs, not the full \$95,000 abatement

D. No, because asbestos in pre-1980 buildings is foreseeable and should be included in the renovation bid as a standard contingency

19. A general contractor's subcontract includes a pay-when-paid clause: "Payment to Subcontractor shall be made within 10 days after Contractor receives corresponding payment from the Owner." The owner pays the GC on June 8. The GC does not pay the painting subcontractor until August 2 — 55 days after receiving the owner's payment. The subcontractor sends a formal demand for interest on the late payment. Is the demand valid?

A. No, because pay-when-paid clauses create no enforceable payment deadline beyond the sequencing requirement

B. No, because the subcontractor must wait 90 days before demanding interest on any construction contract payment

C. Yes, but only at the federal funds rate regardless of any higher rate stated in the subcontract

D. Yes, because the clause requires payment within 10 days — the deadline was June 18, making the August 2 payment 45 days late, and the subcontractor is entitled to interest from June 18 through August 2 for the GC's breach of the contractual timeline

20. A project owner issues a deductive change order removing the entire exterior signage package (\$72,000) from a commercial project. The contractor's bid included \$57,000 in direct costs and \$15,000 in overhead and profit. The contract states: "Deductive change orders shall be calculated at direct cost savings." What is the correct deduction?

A. \$72,000, representing the full bid amount including overhead and profit

- B. \$36,000, representing 50% of the bid amount
- C. \$57,000, representing the direct cost savings only — the contractor retains the \$15,000 in overhead and profit because the contract calculates deductive change orders at "direct cost savings," not at the full bid value
- D. \$64,800, representing 90% of the bid amount with a 10% contractor retention

DOMAIN: PROJECT MANAGEMENT (6 Questions)

21. A project manager on a \$5,800,000 commercial project calculates earned value at the 55% completion mark: BAC = \$5,800,000; PV = \$3,190,000; EV = \$2,900,000; AC = \$3,050,000. What are the SPI, CPI, and EAC if the current cost trend continues?

- A. SPI = 0.909 ($\$2,900,000 \div \$3,190,000$) and CPI = 0.951 ($\$2,900,000 \div \$3,050,000$) — both below 1.0, indicating the project is behind schedule and over budget, with an EAC of approximately \$6,099,000 ($\$5,800,000 \div 0.951$) if the current cost inefficiency continues
- B. SPI = 1.10 and CPI = 1.05, indicating the project is ahead of schedule and under budget
- C. Both indices are above 0.95 and within acceptable tolerance requiring no corrective action
- D. SPI = 0.951 and CPI = 0.909, with the indices reversed from their correct formulas

22. A contractor's superintendent discovers that the plumbing subcontractor installed standard PVC drain piping in a plenumrated ceiling space where the specification requires CPVC or cast iron piping. Standard PVC produces toxic smoke when burned and is prohibited in plenum spaces by the mechanical code. Approximately 200 linear feet has been installed. What should the superintendent do?

- A. Accept the PVC installation and add fire-rated wrapping around the pipe to achieve plenum compliance
- B. Allow the PVC to remain and request the architect to reclassify the ceiling space as a nonplenum zone
- C. Document the substitution in the asbuilt drawings and address the issue during the fire marshal's inspection
- D. Stop the plumbing subcontractor immediately, notify the architect and fire marshal, and require replacement of all PVC with code-compliant CPVC or cast iron at the subcontractor's expense — standard PVC in a plenum space is a fire and life safety code violation because it produces toxic hydrogen chloride gas when burned

23. A project schedule shows the following critical path: Site Prep (6 days) → Foundation (15 days) → Steel (22 days) → Metal Deck (8 days) → Concrete (5 days) → MEP (17 days) → Drywall (12 days) → Finishes (16 days) → Closeout (4 days). Total: 105 days. A 7day weather delay occurs during Foundation. The owner also issues a change order adding 4 days to the Steel Erection activity for a mezzanine addition. What is the revised critical path duration?

A. 112 days, calculated by adding only the 7day weather delay

B. 116 days, calculated as the original 105 days plus the 7day weather delay plus the 4day steel addition — both additions are on the critical path at different times on different activities, and each independently extends the project completion date

C. 109 days, calculated by adding only the 4day steel addition

D. 105 days, unchanged because the weather delay and steel addition offset each other

24. A contractor managing a renovation in an occupied courthouse needs to replace the fire alarm control panel. The replacement requires a complete fire alarm shutdown of approximately 8 hours. State regulations require continuous fire alarm coverage in occupied government buildings. The contract requires the contractor to maintain life safety systems during construction. How should the contractor plan this work?

A. Perform the panel replacement during normal business hours with all courthouse staff present

B. Postpone the panel replacement until the courthouse closes for a major holiday and all occupants vacate

C. Develop an interim fire safety plan including continuous fire watch patrols, portable fire extinguisher placement, manual notification procedures, and fire department coordination — submit the plan to the authority having jurisdiction for approval before the shutdown, schedule the replacement during overnight hours or a weekend, and proceed only after the interim plan is approved

D. Install the new panel alongside the existing one and switch over during a 30second interruption

25. A contractor's threeweek lookahead schedule identifies that the structural concrete pour for the thirdfloor elevated slab is scheduled for next Thursday. The reinforcing steel subcontractor completed rebar installation yesterday (Monday), but the building inspector requires 48 hours' advance notice for rebar inspections. The contractor has not yet called for the inspection. Can the Thursday pour proceed on schedule?

A. The contractor should call the building inspector immediately to schedule the rebar inspection for Wednesday at the latest — Monday afternoon to Wednesday morning provides approximately 48 hours of notice, and if the inspection passes on Wednesday, the Thursday pour can proceed on schedule, but the contractor must have a contingency plan to postpone to Friday if the Wednesday inspection reveals deficiencies requiring correction

B. Yes, the Thursday pour can proceed without the rebar inspection because the contractor's quality control superintendent can verify the rebar placement

C. No, the pour must be postponed by at least one week to allow adequate time for the inspection and any required corrections

D. Yes, because the building inspector can perform the rebar inspection simultaneously with the concrete pour using groundpenetrating radar

26. A project's earned value analysis at the 65% completion mark shows the SPI has been steadily declining: Month 3 = 1.04; Month 5 = 0.99; Month 7 = 0.94; Month 9 = 0.88. The CPI has remained stable at approximately 1.02 throughout. What is the most appropriate management response?

A. The stable CPI indicates the project is financially healthy and the declining SPI will selfcorrect as the project approaches completion

B. Both metrics are within acceptable tolerance and no action is needed until the project reaches 80% completion

C. Reduce the workforce to match the declining SPI because the lower productivity indicates the project is overstaffed

D. Implement immediate schedule recovery measures — the SPI declining from 1.04 to 0.88 over 6 months indicates a worsening schedule problem that will compound through the remaining 35%, and the stable CPI of 1.02 confirms additional resources can be deployed efficiently without budget concerns

DOMAIN: INSURANCE AND BONDING (3 Questions)

27. A contractor carries a CGL policy with a \$1,000,000 peroccurrence limit and a \$2,000,000 general aggregate. The contractor also carries a \$5,000,000 umbrella policy. During the policy year, two incidents occur on active construction sites: Incident 1 = \$1,600,000 (scaffolding collapse injuring multiple othertrade workers); Incident 2 = \$750,000 (crane load drops onto adjacent parking lot). How are the claims covered?

A. CGL: Incident 1 = \$1,000,000 (peroccurrence cap); Incident 2 = \$750,000 (within peroccurrence limit and remaining aggregate). Total CGL = \$1,750,000. Umbrella: Incident 1 excess = \$600,000. Total covered = \$2,350,000 of \$2,350,000 total claims — zero personal exposure

B. CGL pays \$2,000,000 aggregate and umbrella pays \$350,000 for the total \$2,350,000

C. CGL pays \$1,000,000 per occurrence for each incident (\$2,000,000 total) and the umbrella pays the remaining \$350,000

D. The CGL and umbrella combined pay only \$2,000,000, leaving \$350,000 in personal exposure

28. A surety evaluates a contractor for a \$2,400,000 performance bond. The contractor's financial statements show: working capital \$185,000; net worth \$640,000; existing bonded backlog \$2,400,000. The surety uses a 15× working capital multiplier. What is the surety's assessment?

A. Automatic approval because the net worth is adequate for the bond request

B. Approval because the total bonding capacity exceeds the single bond amount

C. Bonding capacity is \$2,775,000 ($15 \times \$185,000$), with \$2,400,000 committed leaving only \$375,000 available — the \$2,400,000 request exceeds available capacity by \$2,025,000, and the surety will deny the bond unless the contractor significantly increases working capital or completes existing bonded projects

D. Conditional approval requiring the contractor to pledge personal real estate as collateral

29. A contractor's workers' compensation premium audit reveals that 3 workers classified as "interior finish carpentry" (\$7.50 per \$100 of payroll) have been performing "structural concrete formwork" (\$18.50 per \$100 of payroll) for the past year. The misclassified payroll totals \$210,000. The contractor's EMR is 1.10. What is the approximate additional premium owed?

A. \$15,750, calculated at the carpentry rate without the classification adjustment

B. \$38,850, calculated at the formwork rate without crediting the carpentry premium

C. \$0, because classification disputes between carpentry and formwork are automatically waived

D. Approximately \$25,410, calculated as the premium difference: $(\$210,000 \div \$100) \times (\$18.50 - \$7.50) \times 1.10 = 2,100 \times \$11.00 \times 1.10 = \$25,410$ — reflecting the higher risk of structural concrete formwork compared to interior finish carpentry

DOMAIN: OSHA RECORDKEEPING (3 Questions)

30. A construction worker is hit in the head by a falling tool while working on scaffolding. The worker is wearing a hard hat, which absorbs most of the impact. The worker reports a headache and is evaluated by the site medic. The medic applies an ice pack and monitors the worker for 30 minutes. The headache persists, and the foreman sends the worker to an occupational health clinic. The physician examines the worker, performs a neurological assessment, and orders a CT scan (negative for injury). The physician prescribes overthecounter acetaminophen and releases the worker to full duty. The worker returns to work the next day with no restrictions. Is this case OSHA recordable?

A. Yes, because any head injury involving a hard hat impact is automatically recordable under OSHA's traumatic brain injury provisions

B. No, because all treatments received — ice pack, physician examination for evaluation purposes, CT scan for diagnostic purposes, and OTC medication — are classified as first aid under OSHA definitions, the worker returned to full duty with no restrictions, and no recordable outcome occurred

C. Yes, because the CT scan constitutes medical treatment beyond first aid

D. Yes, because the worker experienced a headache that persisted beyond 30 minutes, which triggers the "significant symptom" recordability threshold

31. An employer with 125 employees in the construction industry (NAICS 236) reviews their electronic reporting obligations. What must they submit electronically?

A. Complete 300 Logs and 301 forms within 48 hours of each recordable incident

B. No electronic submission because construction employers with fewer than 250 employees are exempt from all electronic reporting

C. The information from their OSHA 300A Annual Summary electronically through OSHA's Injury Tracking Application (ITA) by March 2 of the following year — establishments with 20249 employees in designated highhazard industries including construction must submit 300A summary data annually

D. All 300 Logs, 300A Summaries, and 301 forms quarterly

32. A construction worker develops a persistent rash on both arms after 3 weeks of handling a new concrete admixture. The worker visits a physician who diagnoses workrelated allergic contact dermatitis, prescribes a prescriptionstrength topical steroid cream, and recommends the worker wear long sleeves and chemicalresistant gloves. The worker returns to full duty the next day wearing the recommended protective equipment. Is this case OSHA recordable?

- A. Yes, because the case meets two independent recordability criteria — the physiandiagnosed workrelated illness (contact dermatitis) is a significant diagnosis, and the prescribed topical steroid cream is a prescription medication constituting medical treatment beyond first aid — either trigger independently makes the case recordable regardless of the worker's return to full duty
- B. No, because the worker returned to full duty with no lost time or restricted work activity
- C. No, because skin conditions caused by chemical exposure are classified as environmental events exempt from OSHA recording
- D. Yes, but only if the employer failed to provide chemicalresistant gloves before the exposure occurred

DOMAIN: PERSONNEL REGULATIONS (8 Questions)

33. A contractor with 55 employees has a laborer who has worked for the company for 5 years. The laborer's 8yearold daughter is diagnosed with Type 1 diabetes requiring weekly medical appointments and occasional emergency treatment. The laborer requests intermittent FMLA leave for the medical appointments. Under the FMLA, is this intermittent leave request covered?

- A. No, because intermittent FMLA leave for a child's medical condition is available only during hospitalization periods
- B. No, because Type 1 diabetes is a chronic condition that can be managed without workplace leave
- C. Yes, but only for the first 4 weeks of treatment because FMLA intermittent leave for children's medical conditions is capped at 160 hours annually
- D. Yes, because the FMLA provides intermittent leave when medically necessary to care for a son or daughter with a serious health condition — Type 1 diabetes requiring ongoing medical appointments and emergency treatment qualifies, the employer has 55 employees (above threshold), and the laborer's 5year tenure exceeds the eligibility requirement

34. A nonexempt heavy equipment operator earns \$42.00 per hour and works 50 hours during a workweek. The employer provides a \$250 nondiscretionary weekly hazardous conditions bonus for operating equipment in a contaminated soil remediation zone. Under the FLSA, what is the correct total gross pay?

- A. \$2,350.00 with no overtime adjustment

B. \$2,585.00, calculated as straighttime plus bonus (\$2,350.00) plus overtime premium ($\$47.00 \text{ regular rate} \times 0.5 \times 10 \text{ hours} = \235.00), where the \$250 hazardous bonus is included in the regular rate ($\$2,350 \div 50 = \47.00)

C. \$2,460.00, calculated at the base overtime rate without the bonus

D. \$2,700.00, calculated by applying doubletime to all overtime hours

35. An employer with 40 employees has a worker who files a workers' compensation claim for carpal tunnel syndrome. The employer's carrier accepts the claim. The worker's surgeon recommends surgery with a 6week recovery. While the worker awaits the surgery date, the employer demotes the worker from journeyman plumber to apprentice helper at a 35% pay reduction, stating "we need someone who can work at full capacity in the journeyman role." Under workers' compensation antiretaliation law, what is the employer's exposure?

A. No exposure because the employer has a legitimate business need for a fully functional journeyman plumber

B. No exposure because demotions during pending medical procedures are classified as reasonable operational adjustments

C. Significant exposure — demoting a worker and cutting pay 35% immediately after the worker files a comp claim and before the recommended surgery creates a strong inference of retaliation, and the temporal proximity between the filing and the adverse action shifts the burden to the employer to prove the demotion was motivated by legitimate nonretaliatory business reasons

D. Exposure limited to the 35% pay difference for the presurgery waiting period only

36. A contractor operating on a DavisBacon covered project has electricians who work 48 hours during a workweek. The prevailing wage specifies electrician wages of \$44.00/hour plus \$20.00/hour in fringe benefits. One electrician also receives a \$200 nondiscretionary weekly license maintenance premium. How must the overtime be calculated?

A. The overtime premium applies to the cash wage plus the prorated license premium, while the fringe continues at straighttime — regular rate = $(\$44.00 \times 48 + \$200) \div 48 = \$48.17$; overtime premium = $\$48.17 \times 0.5 = \$24.08 \times 8 = \$192.67$; fringe at \$20.00 for all 48 hours

B. Overtime at 1.5 times only the base wage ($\$44.00 \times 1.5 = \66.00) for 8 hours without the license premium

C. Overtime at 1.5 times the combined wage and fringe ($\$64.00 \times 1.5 = \96.00) for 8 hours

D. No overtime because electricians receiving license premiums are classified as exempt professionals

37. An employer terminates a worker for violating the company's lockout/tagout procedure — specifically, the worker removed another employee's lockout device from an energized electrical panel and reenergized the circuit while the other employee was performing maintenance inside the panel. The employer has: the lockout/tagout policy signed by the worker, two eyewitness statements, and documentation of the worker's LOTO training certification. The worker files for unemployment benefits. What is the likely outcome?

A. The worker will receive benefits because lockout/tagout violations are classified as minor procedural infractions

B. The worker will receive benefits at a reduced rate because no injury actually occurred during the incident

C. The outcome depends on whether OSHA issues a citation for the LOTO violation within 30 days

D. The worker will likely be denied benefits because removing another worker's lockout device and reenergizing a circuit constitutes willful misconduct — this action created an imminent electrocution hazard for the worker performing maintenance inside the panel, and the deliberate violation of a critical life safety procedure demonstrates disqualifying conduct

38. An employer with 60 employees has a worker who requests 8 weeks of FMLA leave to undergo inpatient treatment for alcohol addiction at a rehabilitation facility. The worker has been employed for 6 years. Under the FMLA, is this leave covered?

A. No, because the FMLA does not cover substance abuse treatment under any circumstances

B. Yes, because inpatient treatment for substance abuse at a healthcare facility qualifies as a serious health condition — the treatment involves continuing care in an inpatient setting, the employer has 60 employees (above threshold), and the worker's 6year tenure exceeds eligibility, though the FMLA does not protect absences caused by substance use itself

C. No, because alcoholism is classified as a lifestyle choice rather than a medical condition

D. Yes, but only for the first 2 weeks of inpatient treatment because FMLA leave for substance abuse is capped at 14 days

39. An employer's I9 compliance audit reveals that their HR assistant has been requiring all applicants who "look foreign" to present passports for I9 verification, while accepting driver's licenses and Social Security cards from applicants who "look American." This practice has affected 25 employees over the past 18 months. Under IRCA, what violation has occurred?

A. No violation because employers have the right to request the most thorough documentation available from each applicant

B. A violation only if any of the 25 affected applicants were ultimately not hired based on the documentation requirement

C. Document abuse discrimination — selectively requiring specific documents based on an applicant's appearance or perceived national origin violates IRCA because employees have the right to choose which acceptable documents to present, and the employer is vicariously liable for the HR assistant's discriminatory conduct, facing civil penalties for each affected employee

D. A minor administrative issue that can be resolved through a single corrective training session with no penalty

40. An employer with 45 employees has a worker who has exhausted 12 weeks of FMLA leave following knee replacement surgery. The worker's physician releases them with a permanent restriction: no climbing ladders or scaffolds. The worker's regular job as a commercial painter requires extensive ladder and scaffold work daily. Under the ADA, what must the employer do?

A. Engage in the interactive process to evaluate whether the climbing restriction can be reasonably accommodated — potential accommodations include reassignment to available positions not requiring climbing (interior detail painting, spray booth work, estimating, material coordination), mechanical alternatives (scissor lifts, boom lifts), or restructuring the role so climbing is performed by other crew members

B. Terminate the worker immediately because climbing is an essential function that cannot be eliminated from a commercial painter position

C. Hold the painter position open for an additional 12 weeks beyond FMLA to allow more recovery time

D. Create a new groundlevelonly painting position specifically designed around the worker's restriction

41. A contractor operating on a DavisBacon covered project employs masons who work 46 hours during a workweek. The prevailing wage specifies mason wages of \$38.00/hour plus \$17.00/hour in fringe benefits. How must the 6 overtime hours be compensated?

A. All 46 hours at the combined overtime rate ($\$55.00 \times 1.5 = \82.50)

B. 40 hours at \$38.00 wage plus \$17.00 fringe, and 6 hours at \$38.00 wage plus \$25.50 fringe ($1.5 \times \$17.00$)

C. No overtime because DavisBacon masons with prevailing wages above \$35.00/hour are exempt

D. 40 hours at \$38.00 wage plus \$17.00 fringe, and 6 overtime hours at \$57.00 wage ($1.5 \times \38.00) plus \$17.00 fringe at the straighttime rate — the overtime premium applies only to the cash wage, while the fringe benefit continues at the straighttime rate for all 46 hours

42. An employer discovers that their payroll department has been systematically underpaying 12 nonexempt field workers by excluding nondiscretionary weekly bonuses from the regular rate calculation. The underpayment has persisted for 20 months. Each worker receives an average \$175 weekly bonus and averages 8 overtime hours per week. What is the employer's approximate minimum exposure?

A. \$0, because the payroll error was unintentional and the employer acted in good faith

B. The employer faces significant backpay exposure — the weekly underpayment per worker is the overtime premium difference when the \$175 bonus is included in the regular rate versus excluded, multiplied by 12 workers over approximately 87 weeks (20 months), and the FLSA allows liquidated damages potentially doubling the back pay, plus attorney fees

C. Exposure limited to \$1,000 per affected worker because FLSA overtime penalties are capped

D. Exposure limited to the past 6 months because the FLSA has a 6month statute of limitations

43. An employer has a worker who reports sexual harassment by a coworker to their direct supervisor. The supervisor tells the worker to "ignore it" and takes no action. The harassment continues for 6 additional weeks before the worker files an EEOC charge. What is the employer's exposure?

A. No exposure because the supervisor's response ("ignore it") constitutes informal counseling that demonstrates the employer addressed the complaint

B. No exposure because the harasser is a coworker rather than a supervisor, limiting the employer's vicarious liability

C. The employer has significant exposure because they had actual notice of the harassment through the worker's report to the supervisor, and the supervisor's failure to investigate or take any corrective action constitutes a failure to exercise reasonable care to prevent and correct the harassment — the 6 additional weeks of harassment after the report demonstrate the employer's inaction

D. Minimal exposure because the worker should have reported the harassment to HR rather than their supervisor

44. An employer with 50 employees has a worker who requests FMLA leave to undergo elective cosmetic surgery — a face lift that is not medically necessary. The worker has been

employed for 4 years. The surgery requires 2 days of hospitalization and 3 weeks of recovery. Under the FMLA, is this leave covered?

- A. Yes, because any condition requiring inpatient hospital care (overnight hospitalization) qualifies as a serious health condition under the FMLA — the 2day hospitalization meets this threshold regardless of whether the surgery is elective or medically necessary, and the subsequent recovery period is covered as continuing treatment following the inpatient care
- B. No, because elective cosmetic procedures are categorically excluded from FMLA coverage
- C. Yes, but only for the 2 days of hospitalization, not the 3week recovery
- D. No, because the FMLA covers only medically necessary procedures prescribed by a physician

45. An employer terminates a 55yearold foreman with 11 years of consistently positive performance reviews. The employer replaces them with a 28yearold apprentice at a 45% salary reduction, citing "restructuring." Under the ADEA, what evidence most effectively undermines the employer's restructuring defense?

- A. The 11 years of positive reviews contradicting any performancebased justification for the termination
- B. The age difference between the terminated foreman (55) and the replacement (28)
- C. Evidence that the employer has not restructured any other positions in the past 3 years
- D. The virtually identical job duties between the eliminated "foreman" position and the new role assigned to the 28yearold replacement — this directly contradicts the restructuring claim because the position was not eliminated but refilled with a younger, cheaper worker, revealing the stated justification as pretextual

46. An employer's workers' compensation carrier reports the company's EMR will increase from 0.90 to 1.22 at the next renewal due to multiple serious claims. The annual base premium at EMR 1.0 is \$320,000. What is the total financial impact?

- A. Premium increases by \$3,200 with no operational consequences
- B. Premium increases from \$288,000 (at 0.90) to \$390,400 (at 1.22) — a \$102,400 annual increase — and the EMR of 1.22 exceeds the 1.0 maximum commonly required for prequalification, disqualifying the contractor from safetyconscious projects and compounding the financial impact through lost bidding opportunities
- C. Premium decreases because a higher EMR qualifies the contractor for volume discounts

D. The EMR increase triggers mandatory OSHA safety program review within 60 days

47. An employer with 35 employees has a worker who files a workers' compensation claim for a back injury. The carrier accepts the claim. While on modified duty, the worker's supervisor begins requiring daily written justifications for every task the worker performs, publicly criticizing the worker's productivity in front of coworkers, and documenting minor infractions that were previously tolerated for all employees. The worker alleges retaliation. What factors support the claim?

A. Only the daily written justifications support the claim because documentation requirements are the only type of adverse action recognized under antiretaliation law

B. Only the public criticism supports the claim because verbal harassment is the sole basis for retaliation claims

C. Three factors create a strong retaliation inference: the temporal proximity between the comp filing and the adverse treatment, the unprecedented documentation requirement imposed only on this worker, and the selective enforcement of minor infractions that were tolerated for others — together these demonstrate a pattern of targeting specifically triggered by the comp filing

D. No factors support the claim because supervisors have full discretion over work assignments and performance standards during modified duty periods

48. An employer with 55 employees has a worker who requests 4 weeks of FMLA leave to care for their elderly mother who requires daily assistance following hip replacement surgery. The mother lives 300 miles away. The worker has been employed for 6 years. Under the FMLA, is this leave covered?

A. Yes, because the FMLA provides up to 12 weeks of leave to care for a parent with a serious health condition — hip replacement requiring daily postoperative assistance qualifies, the employer has 55 employees (above threshold), the worker's 6 year tenure exceeds eligibility, and there is no geographic limitation on where the employee provides parental care

B. No, because FMLA parental care leave requires the parent to reside within 75 miles of the employee's worksite

C. No, because the 300 mile distance makes the leave logistically impractical

D. Yes, but only for 2 weeks because FMLA parental care leave for parents living more than 200 miles away is capped at half the standard entitlement

49. An employer has a written at-will employment disclaimer in the employee handbook. A supervisor tells a newly hired carpenter: "You'll never have to worry about your job here — we don't fire good workers." The carpenter receives excellent reviews for 3 years. During a

downturn, the carpenter is laid off. The carpenter sues, arguing the supervisor's statement created an employment guarantee. What is the most likely outcome?

- A. The carpenter will prevail because the supervisor's statement overrides the atwill disclaimer
- B. The carpenter will prevail because 3 years of excellent reviews demonstrate the employer's implicit promise of job security
- C. The court will award 6 months of severance as a compromise
- D. The written atwill disclaimer will likely prevail over the supervisor's informal oral statement — courts generally uphold clear, conspicuous written atwill provisions over casual verbal assurances, particularly when the employee acknowledged receiving the handbook containing the disclaimer

50. A contractor organized as a sole proprietorship earns \$220,000 in net SE income with \$50,000 in W2 income from a parttime consulting position. The Social Security wage base is \$168,600. After the 92.35% adjustment, adjusted SE income is approximately \$203,170. What is the approximate selfemployment tax?

- A. \$33,660, at flat 15.3% without adjustments
- B. Approximately \$20,627 — Social Security 12.4% on \$118,600 ($\$168,600 - \$50,000$ W2) = \$14,706; Medicare 2.9% on full \$203,170 = \$5,892; additional Medicare surtax 0.9% on \$3,170 (adjusted income exceeding \$200,000) = \$29; total \approx \$20,627
- C. \$14,706, using only the Social Security portion without Medicare
- D. \$31,085, at 15.3% on the adjusted income without the W2 offset

Practice Exam 36: Answer Key and Explanations

1. B — Members A and B pay SE tax on their full distributive shares because both are active participants in the business. Member C, as a passive investor with no involvement in operations or management, may be exempt from SE tax similar to a limited partner's exemption. The SCorporation election would allow all active members to set reasonable salaries and take remaining income as FICAexempt distributions.

2. D — The restricted license caps only the value of each individual project at \$750,000. Project C at \$740,000 is within this cap. There is no restriction on the number of active projects or the total aggregate value of concurrent work — the contractor can manage multiple projects simultaneously as long as each individually stays below the threshold.

3. A — The QI's primary commitment would be to their competing company (30+ hours) while providing minimal involvement (10 hours) with the original contractor. This undermines the genuine participation requirement and constitutes a form of name lending. The ACLB would likely view 10 hours per week as insufficient to satisfy the QI's obligation to be genuinely involved in the license holder's operations.

4. C — Submitting a falsified financial statement constitutes fraud that strikes at the core of the licensing system's integrity. Altering the net worth from \$32,000 to \$58,000 to fraudulently meet the \$50,000 minimum is a deliberate deception. The ACLB has authority to revoke a license obtained or maintained through fraudulent documentation.

5. B — The contract requires the builder to obtain all necessary permits. Failing to obtain the grading permit before beginning earthwork is the builder's oversight. The resulting stopwork order and delay are the contractor's liability. A competent builder should identify all required permits — building, grading, utility, and environmental — before mobilizing.

6. A — Overhead rate: $\$396,000 \div \$2,640,000 = 15\%$. Allocation: $\$1,320,000 \times 15\% = \$198,000$. Total cost: $\$1,518,000$. Selling price: $\$1,518,000 \div 0.95 = \$1,597,895$. Dividing by $(1 - \text{margin})$ ensures profit equals exactly 5% of the selling price rather than 5% of cost.

7. D — The GC's bid price to the owner remains unchanged at the winning amount. The GC absorbs the \$45,000 subcontractor increase internally, reducing their own profit margin. The listed subcontractor stays the same, and the owner is unaffected. This is an internal cost management decision, not a bid modification.

8. C — Dock slab volume: $40 \times 60 \times (8/12) = 1,600 \text{ CF} \div 27 = 59.26 \text{ CY}$. With 4% waste: $61.63 \text{ CY} \times \$180 = \$11,093$. Finishing: $2,400 \text{ SF} \times \$2.50 = \$6,000$. Total: $\$17,093$. The waste factor applies to the concrete volume, and finishing is calculated on the net slab surface area.

9. A — After adding excluded scope (\$55,000), the adjusted low bid becomes \$425,000. Comparing all four normalized quotes: \$385,000, \$410,000, \$425,000, \$428,000. The \$385,000 quote is the lowest complete bid. Using incomplete quotes without normalization guarantees cost overruns when the excluded items must be performed.

10. B — The geotechnical report and site records made no mention of previous structures. The buried concrete foundation differs materially from what was represented (undeveloped site). The contractor relied on these documents when pricing excavation. This is a Type I differing site condition, and the \$52,000 removal cost is the owner's responsibility.

11. D — Selfperformed: $\$35,000 \times 1.15 = \$40,250$. Subcontracted: $\$150,000 \times 1.08 = \$162,000$. Total: $\$40,250 + \$162,000 = \$202,250$. The different markup rates apply to each category based on who performs the work.

12. C — The 22day time extension is provided by the suspension clause. The \$48,000 may be recoverable under the changes clause or constructive change doctrine. Ownerdirected suspensions for architectural redesign modify the contractor's performance conditions. Courts frequently recognize these as compensable events even when the suspension clause is silent on damages.

13. A — The dispute requires an independent evaluation to determine whether the leak is caused by a waterproofing workmanship defect or structural substrate failure. If the membrane was properly installed per specifications and the leak results from structural cracking beyond the membrane's design capability, the subcontractor may not be responsible under a warranty covering materials and workmanship defects.

14. B — The owner discovered the delamination on March 28 and notified the contractor on March 30 — both within the warranty period ending April 15. Timely notification preserves the claim. The contractor cannot avoid the warranty obligation by scheduling the investigation after the expiration date.

15. D — The retractable bleacher seating was not in the original contract documents. The contractor priced fixed theater seats per the specification. The school board's postcontract decision to change seating types constitutes additional scope. The \$180,000 cost difference is the district's responsibility through a change order.

16. C — On T&M contracts, daily time sheets signed by both parties are the primary billing evidence. The owner will likely pay the 290 documented hours and dispute the 50 unsigned Saturday hours. The contractor must prove the disputed hours through alternative documentation — security logs, equipment records, or material delivery receipts.

17. A — The contractor priced standard commercial fixtures per the original specification. The upgrade to premium designer fixtures is a scope change regardless of the aesthetic motivation. The \$96,000 cost difference is the owner's responsibility through a change order because the architect's directive changes what was originally specified.

18. B — The environmental assessment created a reasonable expectation that the renovation areas were asbestosfree. While it accurately reported results for tested surfaces, the contractor relied on its scope as representative. The untested asbestos fireproofing on structural columns constitutes a concealed condition not represented in the contract documents.

19. D — The clause requires payment within 10 days. The deadline was June 18 (June 8 + 10 days). Payment on August 2 is 45 days late. The subcontractor is entitled to interest from June 18 through August 2 for the GC's breach of the contractual payment timeline.

20. C — The contract specifies deductive change orders at "direct cost savings." The deduction is \$57,000 in direct costs. The contractor retains the \$15,000 in overhead and profit. The deductive change order provision protects the contractor's margin on deleted scope.

21. A — $SPI = \$2,900,000 \div \$3,190,000 = 0.909$ (behind schedule). $CPI = \$2,900,000 \div \$3,050,000 = 0.951$ (over budget). $EAC = \$5,800,000 \div 0.951 = \$6,099,000$. Both indices below 1.0 confirm the project is behind schedule and over budget, projecting a \$299,000 overrun.

22. D — Standard PVC in a plenum space is a fire and life safety code violation. PVC produces toxic hydrogen chloride gas when burned, which is why the code requires CPVC or cast iron in plenumrated spaces. All 200 feet must be replaced with codecompliant material at the subcontractor's expense.

23. B — Original: 105 days. Weather delay: +7 days during Foundation. Steel addition: +4 days. Both are on the critical path at different times on different activities. Each independently extends completion. Revised: $105 + 7 + 4 = 116$ days.

24. C — State regulations require an approved interim fire safety plan before any alarm interruption in occupied government buildings. The plan must include fire watch patrols, portable extinguishers, manual notification, and fire department coordination. The replacement should occur during offhours and cannot proceed until the interim plan receives regulatory approval.

25. A — Monday afternoon to Wednesday morning provides approximately 48 hours' notice. The contractor should call immediately to schedule the Wednesday inspection. If it passes, the Thursday pour proceeds. A contingency plan for postponement to Friday addresses the risk of deficiencies requiring correction.

26. D — The SPI declining from 1.04 to 0.88 over 6 months indicates a worsening schedule problem that will compound through the remaining 35%. The stable CPI of 1.02 confirms additional resources can be deployed efficiently without budget concerns. This is an ideal situation for schedule acceleration.

27. A — CGL: Incident 1 = \$1,000,000 (peroccurrence cap). Incident 2 = \$750,000 (within peroccurrence limit and remaining aggregate). Total CGL = \$1,750,000. Umbrella: Incident 1 excess = \$600,000. Total covered: \$2,350,000. Zero personal exposure.

28. C — Bonding capacity: $15 \times \$185,000 = \$2,775,000$. Existing: \$2,400,000. Available: \$375,000. The \$2,400,000 request exceeds available capacity by \$2,025,000. The surety will deny unless the contractor significantly increases working capital or completes existing projects.

29. D — Premium difference: $(\$210,000 \div \$100) \times (\$18.50 - \$7.50) \times 1.10 = 2,100 \times \$11.00 \times 1.10 = \$25,410$. Structural concrete formwork carries significantly higher risk than interior finish carpentry, and the premium difference reflects this risk disparity.

30. B — All treatments — ice pack, physician examination for evaluation, CT scan for diagnostic purposes, and OTC acetaminophen — are classified as first aid. The worker returned to full duty with no restrictions. No recordable outcome occurred. Diagnostic imaging and physician evaluation alone do not trigger recordability.

31. C — Establishments with 20249 employees in designated highhazard industries including construction (NAICS 236) must submit 300A Annual Summary data electronically through OSHA's ITA by March 2 of the following year. With 125 employees, this employer meets the threshold.

32. A — The case meets two independent recordability criteria: physiandiagnosed workrelated contact dermatitis (significant diagnosis) and prescribed topical steroid cream (prescription medication — medical treatment beyond first aid). Either trigger independently makes the case recordable regardless of the worker's return to full duty.

33. D — The FMLA provides intermittent leave when medically necessary to care for a son or daughter with a serious health condition. Type 1 diabetes requiring ongoing medical

appointments and emergency treatment qualifies. The employer has 55 employees (above threshold) and the laborer has 5 years of tenure (exceeding eligibility).

34. B — Straighttime + bonus: $(\$42.00 \times 50) + \$250 = \$2,350$. Regular rate: $\$2,350 \div 50 = \47.00 . Overtime premium: $\$47.00 \times 0.5 \times 10 = \235.00 . Total gross: $\$2,350 + \$235 = \$2,585.00$. The nondiscretionary hazardous bonus increases the regular rate and overtime premium.

35. C — Demoting a worker and cutting pay 35% immediately after filing a comp claim and before the recommended surgery creates a strong inference of retaliation. The temporal proximity shifts the burden to the employer to prove the demotion was motivated by legitimate nonretaliatory reasons — a difficult burden given the timing.

36. A — Under DavisBacon, the overtime premium applies to cash wage plus prorated nondiscretionary bonuses. Regular rate: $(\$44.00 \times 48 + \$200) \div 48 = \$48.17$. Overtime premium: $\$48.17 \times 0.5 \times 8 = \192.67 . Fringe at \$20.00 straighttime for all 48 hours. The license premium increases the effective overtime cost.

37. D — Removing another worker's lockout device and reenergizing a circuit while that worker is inside the panel creates an imminent electrocution hazard. This is a deliberate violation of a critical life safety procedure. The signed policy, eyewitness statements, and training certification establish disqualifying willful misconduct.

38. B — Inpatient treatment for substance abuse at a healthcare facility qualifies as a serious health condition. The employer has 60 employees (above threshold) and the worker has 6 years of tenure (exceeding eligibility). The FMLA covers treatment for addiction but does not protect absences caused by substance use itself.

39. C — Requiring specific documents based on appearance or perceived national origin constitutes document abuse discrimination under IRCA. Employees choose which acceptable documents to present. The employer is vicariously liable for the HR assistant's discriminatory conduct, facing penalties for each of the 25 affected employees.

40. A — After FMLA exhaustion, the ADA interactive process applies. The employer must evaluate whether the climbing restriction can be accommodated through reassignment to available positions, mechanical alternatives, or role restructuring. The employer cannot terminate without completing the interactive process and demonstrating no reasonable accommodation exists.

41. D — Under DavisBacon, the overtime premium applies only to the cash wage. Straight time: $40 \text{ hours} \times (\$38.00 + \$17.00)$. Overtime: $6 \text{ hours} \times (\$57.00 \text{ wage } [1.5 \times \$38.00] + \$17.00 \text{ fringe at straighttime})$. The fringe continues at straighttime for all 46 hours.

42. B — The weekly underpayment per worker is the overtime premium difference when the \$175 bonus is included in the regular rate versus excluded. Multiplied by 12 workers over 87 weeks, the back pay is substantial. FLSA liquidated damages may double the amount, plus attorney fees. Systematic overtime violations create compound liability.

43. C — The employer had actual notice through the worker's report to the supervisor. The supervisor's dismissal ("ignore it") constitutes failure to investigate or take corrective action.

The 6 additional weeks of continued harassment demonstrate the employer's inaction. The employer failed to exercise reasonable care to prevent and correct the behavior.

44. A — Any condition requiring inpatient hospital care qualifies as a serious health condition under the FMLA. The 2day hospitalization meets this threshold regardless of whether the surgery is elective. The subsequent 3week recovery is covered as continuing treatment following the inpatient care.

45. D — The virtually identical job duties between the eliminated position and the new role directly contradict the restructuring claim. The position was not eliminated but refilled with a younger, cheaper worker. This reveals the stated justification as pretextual — among the strongest circumstantial evidence in ADEA cases.

46. B — Premium at 0.90: \$288,000. Premium at 1.22: \$390,400. Increase: \$102,400 annually. The 1.22 EMR also exceeds the 1.0 prequalification threshold, disqualifying the contractor from safetyconscious projects and compounding the impact through lost bidding opportunities beyond the direct premium cost.

47. C — Three factors create a strong retaliation inference: temporal proximity between the comp filing and adverse treatment, unprecedented documentation requirements imposed only on this worker, and selective enforcement of previously tolerated infractions. Together these demonstrate a targeting pattern specifically triggered by the comp filing.

48. A — The FMLA provides leave to care for a parent with a serious health condition. Hip replacement requiring daily assistance qualifies. The employer has 55 employees (above threshold) and the worker has 6 years of tenure (exceeding eligibility). There is no geographic limitation — the worker can travel 300 miles to provide parental care.

49. D — Courts generally uphold clear written atwill disclaimers over informal verbal assurances. The handbook's atwill provision typically controls over a supervisor's casual statement. However, employers should train supervisors to avoid employment guarantees that create litigation exposure.

50. B — W2 wages of \$50,000 reduce the SS wage base: $\$168,600 - \$50,000 = \$118,600$. Social Security (12.4%) on $\$118,600 = \$14,706$. Medicare (2.9%) on $\$203,170 = \$5,892$. Additional Medicare surtax (0.9%) on $\$3,170 (\$203,170 - \$200,000) = \29 . Total: approximately $\$20,627$.