

PRACTICE EXAM 37: 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 SCorporation with one shareholder who works fulltime as president. The company earns \$440,000 in net income. The shareholder takes a \$130,000 salary and a \$310,000 distribution. The contractor's CPA warns that the IRS may challenge the salary as unreasonably low. If the IRS determines a reasonable salary is \$175,000, what is the approximate additional FICA exposure, and what principle drives the IRS challenge?

A. \$0, because the IRS does not have authority to reclassify SCorporation distributions retroactively

B. \$45,000, calculated at a flat 10% penalty rate on the full \$310,000 distribution

C. Approximately \$6,885 — the IRS reclassifies \$45,000 (\$175,000 reasonable minus \$130,000 paid) from distributions to salary at the 15.3% FICA rate ($\$45,000 \times 0.153$), plus penalties and interest, because the IRS requires shareholders who perform substantial services to pay themselves reasonable compensation before taking taxadvantaged distributions

D. \$47,430, calculated at 15.3% on the entire \$310,000 distribution because all SCorporation distributions are presumptively reclassified when challenged

DOMAIN: LICENSING (4 Questions)

2. A contractor holds a restricted commercial license with Mechanical Construction (ME) classification. The contractor signs a \$700,000 contract to install the complete HVAC system

in a new commercial office building. During installation, the building owner requests additional work: a \$30,000 exhaust system for the parking garage and a \$25,000 kitchen hood system for the tenant restaurant space. The cumulative contract value would reach \$755,000. What should the contractor do before accepting both change orders?

A. Recognize that adding both change orders would push the contract above the \$750,000 restricted cap by \$5,000 — the contractor should either decline one change order to stay below the cap, negotiate with the ACLB about the marginal overage, or apply for an unrestricted license upgrade before accepting the additional scope

B. Accept both change orders because mechanical work change orders are exempt from the restricted license cap

C. Accept both because the original contract was under \$750,000 and change orders are evaluated separately

D. Accept only the \$25,000 kitchen hood because parking garage exhaust systems require a separate classification

3. A licensed contractor in Arkansas voluntarily surrenders their license to the ACLB due to personal health issues. Two years later, the contractor recovers and wants to resume construction work. Can the contractor simply request reinstatement of the surrendered license?

A. Yes, because voluntary surrender creates an automatic 2year reinstatement right with no additional requirements

B. Yes, because the ACLB maintains surrendered licenses in inactive status for up to 5 years with guaranteed reinstatement

C. No, because voluntary surrender permanently bars the contractor from ever holding an Arkansas contractor's license

D. The contractor should contact the ACLB to determine the reinstatement requirements — depending on Board policy and the circumstances of the surrender, the contractor may need to reapply as a new applicant meeting all current requirements (exams, financial qualifications, references, surety bond) because a voluntary surrender may not preserve reinstatement rights

4. The ACLB receives a complaint that a licensed contractor has been performing work outside their classification. The contractor holds a Highway Construction (HY) classification but has been building commercial parking structures — work that falls under the Building Construction (BU) classification. The contractor argues that parking structures are "paved surfaces" similar to highways. Is the contractor's argument valid?

A. Yes, because parking structures are classified as horizontal paved surfaces that fall within the HY classification

B. No, because a parking structure is a multistory building requiring structural design, concrete framing, and building code compliance — these characteristics place it within the Building Construction (BU) classification, not Highway Construction (HY), and performing BUclassified work under an HY license is equivalent to operating without a license for that type of work

C. Yes, because the HY classification covers all concrete work including elevated structures

D. No, but the contractor can continue if they hire a BUlicensed subcontractor to serve as the structural engineer of record

5. A contractor applies for an unrestricted commercial license. Their application includes a reviewed financial statement showing net worth of \$62,000, cash of \$30,000, and working capital of \$180,000. They have passed both required exams, posted a surety bond, and provided references. The ACLB approves the application. Six months later, the contractor takes on a \$3,500,000 project. Is there any licensing concern?

A. Yes, because the unrestricted license has a hidden \$2,000,000 project cap that most contractors are unaware of

B. Yes, because the contractor's net worth of \$62,000 is insufficient for a \$3,500,000 project and the ACLB can retroactively limit project size based on financial capacity

C. No, because the unrestricted commercial license has no perproject dollar cap — once the ACLB grants the unrestricted license, the contractor can take on projects of any value, though the contractor should ensure their bonding capacity and financial resources can support the project's demands

D. No, because projects exceeding \$3,000,000 require only federal contractor registration, not state licensing review

DOMAIN: ESTIMATING AND BIDDING (4 Questions)

6. A contractor's estimator calculates the following: direct costs \$1,250,000; annual overhead \$375,000 on annual direct cost volume of \$2,500,000; target net profit margin of 7% on selling price. What is the correct selling price?

A. \$1,250,000 with no overhead or profit

B. \$1,437,500, calculated with overhead but using markup on cost instead of margin on selling price

C. \$1,375,000, calculated with overhead but applying 7% of cost instead of dividing by 0.93

D. \$1,545,699, calculated by allocating overhead at 15% (\$187,500), adding to direct costs (\$1,437,500), and dividing by 0.93 to achieve exactly 7% margin on selling price ($\$1,437,500 \div 0.93$)

7. A public project requires sealed bids. The bid form includes a base bid plus three alternates (Add Alternate 1, Add Alternate 2, Deduct Alternate 1). The bid documents state: "The Owner reserves the right to accept or reject any combination of alternates." The apparent low bidder based on the base bid alone (\$3,200,000) becomes the secondlowest bidder when Add Alternate 1 is included ($\$3,200,000 + \$180,000 = \$3,380,000$ versus the second bidder's $\$3,150,000 + \$200,000 = \$3,350,000$). Can the owner select the bidder who is lowest with Add Alternate 1?

A. No, because the base bid must always determine the lowest responsible bidder regardless of alternate selections

B. Yes, because the bid documents reserved the owner's right to accept any combination of alternates — as long as the evaluation criteria were disclosed in the bid documents and applied consistently, the owner can award based on the combination of base bid plus selected alternates that best meets the project's needs and budget

C. No, because selecting alternates to change the apparent low bidder constitutes bid manipulation

D. Yes, but only if all bidders agree in writing to the alternate evaluation methodology after the bid opening

8. A contractor needs to estimate the total labor cost for installing 15,000 square feet of ceramic floor tile in a commercial building. The tile installation crew consists of 4 workers at a loaded rate of \$44.00 per hour each. The crew's combined daily productivity is 350 square feet per 8hour day. What is the estimated total labor cost?

A. \$60,343, calculated as total days (42.86) \times 8 hours \times 4 workers \times \$44.00 per hour

B. \$30,171, calculated using only 2 workers instead of the specified 4worker crew

C. \$44,000, calculated using a doubled productivity rate of 700 SF per day

D. \$75,429, calculated by adding a 25% difficulty factor for commercial floor tile installation

9. A contractor receives subcontractor quotes for the roofing work on a commercial project: \$225,000, \$240,000, \$218,000, and \$195,000. The \$195,000 low quote comes with two

significant qualifications: (1) "Price excludes all sheet metal flashing and counterflashing" and (2) "Warranty limited to 5 years instead of the specified 20year NDL warranty." The other three quotes include all flashing and provide the 20year NDL warranty. The estimator contacts the low bidder who adds \$28,000 for flashing but states the 20year warranty requires a \$12,000 premium. What should the estimator do?

- A. Use the original \$195,000 quote and negotiate the warranty and flashing after contract award
- B. Reject the low bidder entirely because any subcontractor who initially excludes major scope items is unreliable
- C. Compare the fully adjusted low bid (\$235,000) against the three complete quotes (\$225,000, \$240,000, \$218,000) — the \$218,000 complete quote is now the lowest bid with full scope and the specified warranty, and should be used for the bid
- D. Average all four quotes and use the average as the roofing budget

10. A contractor is bidding on a public elementary school project. The architect issues Addendum #5 two days before the bid deadline, changing the entire roofing system from a builtup roof to a standing seam metal roof. The contractor's roofing subcontractor cannot reprice the metal roof in less than 5 working days. What is the contractor's best course of action?

- A. Submit the bid using the original builtup roof pricing and address the discrepancy during contract negotiations
- B. Ignore Addendum #5 because addenda issued within 3 days of the deadline are automatically void
- C. Submit the bid without acknowledging Addendum #5 on the bid form and negotiate the metal roof price after award
- D. Request a bid deadline extension from the owner citing the material scope change — if the extension is denied, the contractor must decide whether to bid with an estimated metal roof premium based on historical data (accepting the pricing risk) or decline to bid on this project rather than submit a nonresponsive bid

DOMAIN: CONTRACT MANAGEMENT (8 Questions)

11. A contractor on a fixedprice commercial project encounters a buried fuel oil tank during foundation excavation. The environmental assessment provided with the bid documents stated: "No underground storage tanks were identified during the Phase I Environmental Site

Assessment." Removing and remediating the tank costs \$68,000. Under the differing site conditions clause, who bears this cost?

A. The owner, because the Phase I assessment represented the site as free of underground storage tanks — the actual condition (buried fuel oil tank) differs materially from what was represented, the contractor relied on the assessment when pricing the excavation, and this constitutes a Type I differing site condition

B. The contractor, because experienced excavation contractors should always anticipate buried tanks in urban areas

C. The environmental consultant who performed the Phase I assessment, because they failed to identify the tank

D. The cost should be shared equally because buried tanks are a mutual subsurface risk

12. A general contractor on a commercial project receives a change order adding \$155,000 of additional fire protection work. The contractor will subcontract \$120,000 of sprinkler installation and selfperform \$35,000 of fire barrier construction. The contract allows 15% markup on selfperformed work and 8% on subcontracted work. What is the total billable amount?

A. \$155,000 with no markup

B. \$169,850, calculated as selfperformed ($\$35,000 \times 1.15 = \$40,250$) plus subcontracted ($\$120,000 \times 1.08 = \$129,600$)

C. \$178,250, calculated at 15% on the full \$155,000

D. \$162,750, at a blended 5% rate

13. A project owner issues a written directive terminating a contractor for convenience at the 40% completion mark on a \$5,000,000 project. The contractor has completed \$2,000,000 of work, has \$80,000 in noncancelable material commitments, and estimates \$45,000 in demobilization costs. The contractor's estimated profit on the full project was \$500,000 (10%). Under a standard termination for convenience provision, what is the contractor entitled to?

A. The full \$5,000,000 contract price because the owner's unilateral termination constitutes a breach of contract

B. \$2,000,000 for completed work only, with no reimbursement for materials, demobilization, or profit

C. Payment for completed work (\$2,000,000), noncancelable material commitments (\$80,000), demobilization costs (\$45,000), and a reasonable profit on the work performed — but not anticipated profit on the unperformed 60% of the contract

D. \$2,125,000 plus the full \$500,000 estimated profit because the owner broke the contract prematurely

14. A subcontractor on a commercial project provides a conditional lien waiver for \$82,000 in exchange for the July progress payment. The GC collects the conditional waiver and includes it in the payment application to the owner. The GC receives the owner's payment but pays the subcontractor only \$50,000, withholding \$32,000 for alleged punch list deficiencies. The punch list has not yet been issued. The subcontractor files a mechanics' lien for \$32,000. Is the lien valid?

A. No, because the conditional waiver released all lien rights for the full \$82,000 once the GC signed it

B. No, because the subcontractor must exhaust the contract's dispute resolution process before filing a lien

C. Yes, but only if the subcontractor files the lien within 10 days of learning that the full payment was not made

D. Yes, because the conditional waiver was conditioned on receipt of \$82,000 — the subcontractor received only \$50,000, so the condition was not fully satisfied, and lien rights for the unpaid \$32,000 remain intact, particularly since the alleged punch list deficiencies have not been formally identified

15. A contractor on a hospital expansion project completes the structural frame and begins the exterior envelope. The architect issues a field order requiring the contractor to add continuous structural steel kicker braces at every columntobeam connection throughout the building — work not shown on the original structural drawings. The structural engineer states the braces are needed because the original design underestimated wind loads. The cost is \$92,000. Under the Spearin Doctrine, who bears this cost?

A. The contractor, because structural reinforcement is a standard construction requirement that should be anticipated in every commercial bid

B. The owner bears the cost through a change order because the Spearin Doctrine holds that the owner impliedly warrants the adequacy of the plans and specifications — the original structural design underestimated wind loads, requiring additional bracing not shown on the contract drawings, and the contractor relied on the structural drawings when pricing the bid

C. The structural engineer bears the cost personally because professional negligence in wind load calculations is a professional liability issue

D. The cost should be split between the owner and the contractor because both parties share responsibility for structural adequacy

16. A contractor on a commercial project receives a verbal directive from the architect to change the exterior paint color from the specified "Warm Gray" to "Slate Blue." The architect says: "The owner saw a sample and wants the change — just go ahead." The color change involves no cost difference. The contractor applies the Slate Blue paint. During the final walkthrough, the owner states they never approved the color change and demands the building be repainted Warm Gray at the contractor's expense. What is the contractor's situation?

A. The contractor's position is weakened because the architect may not have had authority to direct aesthetic changes without the owner's written approval — many contracts require owner approval for any visible change to the building's appearance, and a verbal directive from the architect without documented owner confirmation is insufficient protection for the contractor

B. The contractor has a strong position because the architect's verbal directive is always binding on the owner

C. The contractor can bill the owner for repainting because any change directed by the architect constitutes a compensable change order

D. The owner must accept the Slate Blue because architects have exclusive authority over all color selections

17. A project architect issues a nonconformance report stating that the installed structural steel fireproofing thickness is 1 inch instead of the specified 1.5 inches. The UL-listed fire-rated assembly requires exactly 1.5 inches of spray-applied fireproofing to achieve the 2-hour fire rating. At 1 inch, the assembly achieves only a 1-hour fire rating — half the specified requirement. What is the consequence?

A. The architect will accept the 1-inch thickness and extend the warranty from 2 years to 4 years to compensate for the reduced fire rating

B. The architect will require a supplemental fire alarm system to compensate for the reduced passive fire protection

C. The fireproofing must be corrected to the specified 1.5-inch thickness at the fireproofing subcontractor's expense — because fire-rated assemblies must match the exact specifications of the UL listing to achieve their rated performance, and a 1-inch application that provides only 1-hour protection does not meet the 2-hour requirement specified in the contract and required by the building code

D. The building inspector will accept the 1-hour rating with an occupancy reduction to compensate for the lower fire protection level

18. A contractor working on a commercial renovation discovers that the existing building's plumbing system uses Orangeburg pipe (bituminized fiber conduit) for the underground sanitary sewer — a material that was common in the 1950s/1960s but is known to deteriorate, collapse, and deform over time. The renovation plans call for connecting new plumbing to the existing sewer system. The existing Orangeburg pipe was not identified in any contract document. Replacing the deteriorated sections costs \$42,000. Under the differing site conditions clause, who bears this cost?

A. The contractor, because experienced renovation contractors should anticipate outdated piping materials in older buildings

B. The cost should be split equally because older plumbing materials are a shared renovation risk

C. The plumbing subcontractor bears the cost because they should have identified the Orangeburg pipe during the prebid walkthrough

D. The owner bears the cost because the contract documents failed to identify the existing Orangeburg pipe — the contractor relied on the documents when pricing the plumbing connections, and the actual condition (deteriorated Orangeburg requiring replacement) constitutes a concealed condition not represented in the contract documents

19. A general contractor's subcontract includes a paywhenpaid clause requiring payment within 10 days of the GC receiving corresponding owner payment. The owner pays the GC on March 12. The GC does not pay the electrical subcontractor until May 8 — 57 days after receiving the owner's payment. The subcontractor sends a demand for the overdue payment plus interest. Is the demand valid?

A. Yes, because the 10-day deadline was March 22 and the May 8 payment is 47 days late — the subcontractor is entitled to interest from March 22 through May 8 for the GC's breach of the contractual payment timeline

B. No, because paywhenpaid clauses establish only a payment sequence with no enforceable deadlines

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

D. No, because the 57-day period falls within the industry-standard 60-day commercial payment cycle

20. A project owner issues a deductive change order removing the entire emergency generator system (\$135,000) from a commercial project. The contractor's bid included \$108,000 in direct costs and \$27,000 in overhead and profit. The contract states: "Deductive change orders shall be calculated at direct cost savings." What is the correct deduction?

- A. \$135,000, representing the full bid amount
- B. \$108,000, representing the direct cost savings only — the contractor retains the \$27,000 in overhead and profit because the contract calculates deductive change orders at "direct cost savings," not at the full bid value
- C. \$121,500, representing 90% of the bid amount with a 10% retention
- D. \$67,500, representing 50% of the bid amount

DOMAIN: PROJECT MANAGEMENT (6 Questions)

21. A project manager on a \$9,000,000 commercial project calculates earned value at the 50% mark: BAC = \$9,000,000; PV = \$4,500,000; EV = \$4,050,000; AC = \$4,300,000. What are the SPI, CPI, and EAC?

- A. SPI = 1.11 and CPI = 1.05, indicating the project is ahead of schedule and under budget
- B. SPI = 0.942 and CPI = 0.90, with the indices reversed from their correct formulas
- C. Both metrics are within acceptable tolerance and no action is required
- D. SPI = 0.90 ($\$4,050,000 \div \$4,500,000$) and CPI = 0.942 ($\$4,050,000 \div \$4,300,000$) — both below 1.0, indicating the project is behind schedule and over budget, with an EAC of approximately \$9,554,000 ($\$9,000,000 \div 0.942$) if the current cost trend continues

22. A contractor's superintendent discovers that the glazing subcontractor installed singlepane glass in a curtain wall where the specification requires insulated glass units (IGUs) with a lowE coating. Singlepane glass has roughly twice the thermal conductivity of IGUs, significantly increasing the building's heating and cooling energy consumption. Approximately 4,000 square feet of curtain wall has been installed. What should the superintendent do?

- A. Accept the singlepane glass and install supplemental insulation at the curtain wall sill to compensate for the thermal performance gap
- B. Apply a reflective window film to the singlepane glass to achieve thermal performance equivalent to the specified IGU
- C. Stop the glazing subcontractor immediately, notify the architect, and require removal and replacement of all singlepane glass with the specified IGUs at the subcontractor's expense — singlepane glass does not meet the specification's thermal performance requirements, and the

energy performance difference will result in substantially higher operating costs for the building owner throughout the building's service life

D. Document the substitution in the asbuilt drawings and provide the building owner with a credit for the material cost difference

23. A project schedule shows the following critical path: Mobilization (5 days) → Excavation (10 days) → Foundation (16 days) → Steel (24 days) → Roofing (9 days) → MEP (18 days) → Drywall (11 days) → Finishes (17 days) → Closeout (5 days). Total: 115 days. An 8day ownercaused delay occurs during Excavation. The owner argues the delay should be absorbed because the project has a 10day overall float. What is wrong with the owner's argument?

A. The 8day delay occurred on the critical path, which by definition has zero float — there is no 10day "overall float" to absorb critical path delays, and the project completion date extends by the full 8 days to 123 days

B. The owner's argument is correct because all projects have inherent float that absorbs moderate delays

C. The delay should be split equally between the owner and the contractor because both parties share responsibility for excavation timing

D. The 8day delay is absorbed by the 10day float, extending the project to only 117 days instead of 125 days

24. A contractor managing a renovation in an occupied bank building needs to install a new vault door weighing 12,000 pounds. The installation requires a crane outside the building, temporary removal of a section of exterior wall, and rigging the door through the opening. The work will partially block the bank's customer parking lot and the sidewalk for approximately 6 hours. The contract requires maintaining continuous public access to the bank during business hours. How should the contractor plan this work?

A. Perform the installation during normal business hours with traffic cones directing customers around the crane

B. Schedule the vault door installation during nonbusiness hours (overnight or Sunday), coordinate with the city for temporary sidewalk closure permits, arrange police traffic control if public roadways are affected, and submit a change order if offhours work was not included in the original contract — because the 12,000pound rigging operation and partial exterior wall removal create safety zones incompatible with public pedestrian access

C. Cancel the vault door installation and recommend the bank purchase a lighter modular vault that can be carried through the existing doorways

D. Install the vault door in pieces through the front entrance during business hours, assembling it inside the vault room

25. A contractor's three-week lookahead schedule identifies that the concrete subcontractor's next pour — a groundfloor slab — is scheduled for next Monday. The weather forecast shows temperatures dropping to 18°F overnight Sunday through Tuesday morning. The concrete specification requires cold weather protection measures when ambient temperatures fall below 40°F and prohibits placement when temperatures will drop below 25°F within 24 hours of placement without approved cold weather protection. What should the project manager do?

A. Proceed with the Monday pour and cover the fresh concrete with plastic sheeting to protect against the cold

B. Wait until Sunday evening to check the temperature before making a decision

C. Cancel the concrete pour permanently and substitute a precast concrete slab system

D. Proactively reschedule the pour until temperatures rise above the cold weather threshold, or develop and submit a cold weather concrete protection plan (heated enclosures, insulated blankets, hot water in the mix, temperature monitoring) for architect approval — because placing concrete without approved cold weather protection when temperatures will reach 18°F risks freezing the concrete before it reaches adequate strength, creating permanent structural damage

26. A project's earned value analysis at the 60% mark shows the SPI has been steadily improving: Month 3 = 0.88; Month 5 = 0.92; Month 7 = 0.96; Month 9 = 1.01. The CPI has remained stable at approximately 0.97 throughout. What does this pattern indicate?

A. The improving SPI indicates the project is recovering its earlier schedule deficit and has now reached onschedule status at 1.01, suggesting the schedule recovery measures are working

B. The schedule recovery is succeeding — the SPI improving from 0.88 to 1.01 over 6 months demonstrates effective corrective action that has brought the project back on track, though the stable CPI of 0.97 indicates a minor cost overrun of 3% that should be monitored to prevent it from worsening during the remaining 40%

C. Both metrics are within acceptable range and no management action is needed

D. The declining CPI indicates deteriorating project health that offsets the schedule improvement

DOMAIN: INSURANCE AND BONDING (3 Questions)

27. A contractor carries a CGL policy with a \$2,000,000 peroccurrence limit and a \$4,000,000 general aggregate. The contractor also carries a \$5,000,000 umbrella policy. During the policy year, a single catastrophic excavation collapse produces an \$11,000,000 judgment. How is the judgment covered?

- A. CGL pays \$4,000,000 (aggregate) and umbrella pays \$5,000,000, fully covering the judgment at \$9,000,000 with \$2,000,000 personal exposure
- B. CGL pays \$2,000,000 and umbrella pays \$9,000,000, fully covering the judgment
- C. CGL and umbrella combined pay only \$4,000,000, leaving \$7,000,000 in personal exposure
- D. CGL pays \$2,000,000 (peroccurrence limit) and umbrella pays \$5,000,000 — total coverage \$7,000,000, leaving \$4,000,000 as the contractor's personal responsibility

28. A surety evaluates a contractor for a \$2,000,000 performance bond. The contractor's financial statements show: working capital \$165,000; net worth \$580,000; existing bonded backlog \$2,100,000. The surety uses a 15× working capital multiplier. What is the assessment?

- A. Bonding capacity is \$2,475,000 ($15 \times \$165,000$), with \$2,100,000 committed leaving only \$375,000 available — the \$2,000,000 request exceeds available capacity by \$1,625,000, and the surety will deny unless the contractor substantially increases working capital or completes existing bonded projects
- B. Automatic approval because the net worth exceeds \$500,000 and supports the bond request
- C. Approval because the total capacity exceeds the single bond amount
- D. Conditional approval requiring the contractor to pledge personal real estate as additional collateral

29. A contractor's workers' compensation premium audit reveals that 4 workers classified as "carpentry — interior finishing" (\$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 \$250,000. The contractor's EMR is 1.08. What is the approximate additional premium owed?

- A. \$18,750, at the carpentry rate without classification adjustment
- B. \$46,250, at the formwork rate without crediting the carpentry premium already paid

C. Approximately \$29,700, calculated as the premium difference: $(\$250,000 \div \$100) \times (\$18.50 - \$7.50) \times 1.08 = 2,500 \times \$11.00 \times 1.08 = \$29,700$ — reflecting the higher risk of structural formwork compared to interior finish carpentry

D. \$0, because disputes between carpentry and formwork classifications are automatically waived

DOMAIN: OSHA RECORDKEEPING (3 Questions)

30. A construction worker steps on a nail that penetrates the sole of their work boot and punctures the bottom of their foot. The site medic removes the nail, cleans the wound, applies antibiotic ointment, and covers it with a bandage. The worker receives a tetanus booster at the occupational health clinic. The worker returns to full duty immediately with no restrictions. Is this case OSHA recordable?

A. No, because all treatments received — nail removal, wound cleaning, antibiotic ointment, bandage, and tetanus booster — are classified as first aid under OSHA definitions, and the worker returned to full duty with no restrictions or lost time

B. Yes, because puncture wounds from nails are automatically recordable under OSHA's penetrating injury provision

C. Yes, because the tetanus booster constitutes a vaccination that crosses the medical treatment threshold

D. No, but only if the nail penetration depth was less than 1/4 inch

31. An employer with 175 employees in the construction industry (NAICS 238 — Specialty Trade Contractors) reviews their OSHA electronic reporting obligations for the current year. What must they submit?

A. Complete 300 Logs and 301 forms within 7 days of each recordable incident

B. The information from their OSHA 300A Annual Summary electronically through OSHA's Injury Tracking Application by March 2 of the following year — establishments with 20249 employees in designated highhazard industries including NAICS 238 must submit 300A summary data annually

C. No electronic submission because specialty trade contractors are exempt from electronic reporting regardless of employee count

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

32. A construction worker develops persistent wrist pain after several months of repetitive overhead drilling. A physician diagnoses workrelated tendinitis, prescribes a prescription antiinflammatory medication, and places the worker on restricted duty (no overhead drilling or repetitive gripping) for 4 weeks. The worker is reassigned to material handling and layout work. How should this case be classified on the OSHA 300 Log?

- A. Not recordable because the worker continued working without missing any complete workdays
- B. "Other recordable" because the prescription medication is the only recordability trigger
- C. "Days away from work" because musculoskeletal disorders are automatically classified in the most severe category
- D. "Restricted work or job transfer" because the worker was restricted from overhead drilling and repetitive gripping and reassigned to different duties — the restriction from routine job functions is the most significant recordable outcome, taking precedence over "other recordable" even though the prescription medication independently triggers recordability

DOMAIN: PERSONNEL REGULATIONS (8 Questions)

33. A contractor with 60 employees has a worker who has been employed for 8 years. The worker's 16yearold son is involved in a serious car accident requiring emergency surgery and extended hospitalization. The worker requests 12 weeks of continuous FMLA leave to stay with the son during hospitalization and subsequent recovery. Under the FMLA, is this leave covered?

- A. No, because FMLA leave to care for a child is available only for children under 12 years of age
- B. No, because car accident injuries are not classified as serious health conditions under the FMLA
- C. Yes, because the FMLA provides up to 12 weeks of leave to care for a son or daughter with a serious health condition — emergency surgery and extended hospitalization from a serious car accident unquestionably constitute a serious health condition, the son is under 18 (qualifying as a covered dependent), the employer has 60 employees (above threshold), and the worker's 8year tenure exceeds eligibility
- D. Yes, but only for the initial hospitalization period, not for the subsequent recovery phase

34. A nonexempt sheet metal worker earns \$40.00 per hour and works 48 hours during a workweek. The employer provides a \$220 nondiscretionary weekly precision bonus for maintaining fabrication tolerances within 1/32 inch. Under the FLSA, what is the correct total gross pay?

A. \$2,318.33, calculated as straighttime plus bonus (\$2,140.00) plus overtime premium ($\$44.58 \text{ regular rate} \times 0.5 \times 8 \text{ hours} = \178.33), where the \$220 precision bonus is included in the regular rate ($\$2,140 \div 48 = \44.58)

B. \$2,140.00 with no overtime premium

C. \$2,240.00, at the base overtime rate without the precision bonus

D. \$2,400.00, at doubletime for all overtime hours

35. An employer with 35 employees has a worker who files a workers' compensation claim for a knee injury. The employer's carrier accepts the claim. The worker returns to modified duty. Within 1 week of the filing, the employer transfers the worker from the main jobsite — a well-equipped commercial project with indoor facilities — to a remote rural site with no indoor facilities, a portable toilet as the only amenity, and a 45-minute longer daily commute. No other workers have been transferred to the rural site. The worker alleges retaliation. Is the claim viable?

A. No, because employers have full discretion to assign modified duty workers to any available jobsite

B. Yes, because transferring a single worker to an inferior remote jobsite immediately after filing a comp claim — when no other workers face similar reassignment — creates a strong inference of retaliatory motive, and the significant downgrade in working conditions (loss of indoor facilities, longer commute, isolation from the main crew) constitutes an adverse employment action

C. No, because jobsite transfers are administrative decisions that cannot constitute adverse employment actions

D. Yes, but only if the worker can prove the remote site assignment violates a specific provision of the collective bargaining agreement

36. A contractor operating on a Davis-Bacon covered project has plumbers who work 50 hours during a workweek. The prevailing wage specifies plumber wages of \$42.00/hour plus \$19.00/hour in fringe benefits. One plumber receives a \$210 nondiscretionary weekly master plumber premium. How must the overtime be calculated?

A. Overtime at 1.5 times the combined wage and fringe ($\$61.00 \times 1.5$) for 10 hours

- B. Overtime at 1.5 times only the base wage ($\$42.00 \times 1.5$) without the master premium
- C. No overtime because plumbers with master licenses are classified as exempt professionals
- D. The overtime premium applies to the cash wage plus the prorated master premium, while the fringe continues at straighttime — regular rate = $(\$42.00 \times 50 + \$210) \div 50 = \$46.20$; overtime premium = $\$46.20 \times 0.5 = \$23.10 \times 10 = \$231.00$; fringe at $\$19.00$ for all 50 hours

37. An employer terminates a worker after three documented incidents of operating a forklift while intoxicated over a 4month period. The employer has: a zerotolerance substance abuse policy signed by the worker, three positive onsite breathalyzer results (BAC ranging from 0.05 to 0.08), three written incident reports with supervisor and witness statements, a verbal warning after the first incident, a written warning after the second, and a final written warning stating the third positive test would result in termination. The worker files for unemployment benefits. What is the likely outcome?

- A. The worker will receive benefits because the BAC levels were below the legal driving limit of 0.08 in two of the three incidents
- B. The worker will receive benefits at a reduced rate because substance abuse is classified as a medical condition
- C. The worker will likely be denied benefits because operating a forklift while intoxicated on three documented occasions despite progressive warnings constitutes willful misconduct — operating heavy equipment under the influence creates an immediately dangerous situation for the operator and nearby workers, and the deliberate repeated pattern despite training and warnings establishes disqualifying conduct
- D. The unemployment agency will defer until the worker completes a substance abuse treatment program

38. An employer with 55 employees has a worker who requests FMLA leave to undergo inpatient treatment for posttraumatic stress disorder (PTSD) at a residential treatment facility. The treatment program is 6 weeks. The worker has been employed for 5 years. Under the FMLA, is this leave covered?

- A. Yes, because inpatient treatment for PTSD at a healthcare facility qualifies as a serious health condition — PTSD is a recognized mental health condition, the 6week residential treatment involves inpatient care with continuing treatment, the employer has 55 employees (above threshold), and the worker's 5year tenure exceeds eligibility
- B. No, because PTSD is classified as a behavioral condition rather than a medical condition under the FMLA

C. Yes, but only for the first 2 weeks because FMLA leave for mental health treatment is capped at 14 days

D. No, because residential treatment programs are classified as rehabilitation rather than medical care

39. An employer's I9 audit reveals that their HR coordinator has been accepting expired documents from all employees during I9 verification — specifically, accepting expired driver's licenses as List B identity documents. This practice has affected 30 employees uniformly. Under IRCA, what is the employer's exposure?

A. No exposure because accepting expired documents demonstrates the employer was not discriminating based on document type

B. Each I9 completed with an expired document constitutes a technical violation — while the practice was applied uniformly (avoiding a discrimination claim), employers must ensure List B documents are unexpired at the time of verification, and the 30 violations may result in civil penalties for systematic failure to properly verify document validity

C. Exposure limited to a single warning letter because uniform practices are classified as goodfaith procedural errors

D. No exposure because driver's license expiration dates are irrelevant to employment eligibility verification

40. An employer with 50 employees has a worker who has exhausted 12 weeks of FMLA leave following spinal fusion surgery. The worker's physician releases them with a permanent restriction: no lifting more than 20 pounds and no repetitive bending. The worker's regular job as a concrete laborer requires lifting bags of concrete mix (8094 pounds) and extensive bending for formwork. Under the ADA, what must the employer do?

A. Terminate the worker immediately because lifting and bending are essential functions of the concrete laborer position

B. Hold the laborer position open for an additional 6 months while exploring accommodations

C. Create a new lightduty concrete position that eliminates lifting and bending requirements

D. Engage in the ADA interactive process to evaluate whether the restrictions can be reasonably accommodated — potential accommodations include reassignment to available positions not requiring heavy lifting or repetitive bending (material coordination, tool room management, estimating assistant), or mechanical aids, and the employer must explore all options before concluding accommodation is impossible

41. A contractor operating on a DavisBacon covered project has carpenters who work 46 hours during a workweek. The prevailing wage specifies carpenter 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 plus \$17.00, and 6 hours at \$38.00 plus \$25.50 ($1.5 \times \$17.00$)

C. 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 continues at straighttime for all 46 hours

D. No overtime because carpenters earning prevailing wages above \$35.00/hour are exempt from FLSA overtime

42. An employer discovers that 8 nonexempt construction workers have been misclassified as independent contractors for the past 24 months. Each worker averaged 48 hours per week at \$35.00 per hour. What is the employer's primary FLSA exposure?

A. Significant exposure for unpaid overtime — each worker is owed the overtime premium ($\$17.50 \times 8 \text{ hours} \times \text{approximately } 104 \text{ weeks} = \$14,560$ per worker, totaling approximately \$116,480), plus the employer owes unpaid employer FICA taxes, potential FLSA liquidated damages doubling the back pay, and attorney fees

B. No exposure because workers who agreed to independent contractor status waived their overtime rights

C. Exposure limited to the FICA tax differential because overtime laws do not apply retroactively to reclassified workers

D. \$0 because the workers earned more than the minimum wage and therefore have no FLSA claim

43. An employer with 35 employees has a worker who reports that their supervisor makes repeated derogatory comments about the worker's disability (a prosthetic leg), including calling the worker "slow" and "half a person" in front of the work crew. The worker reports the harassment to HR. HR investigates and confirms the supervisor's conduct through 4 witness statements. What constitutes an appropriate employer response?

A. A verbal reminder to the supervisor about professional communication standards

B. Immediate corrective action proportional to the severity — which may include formal written warning or suspension, mandatory disability sensitivity training, reassignment to

prevent further contact between the supervisor and the affected worker if necessary, and thorough documentation of all corrective measures taken

C. Termination of the affected worker to remove them from the hostile environment and eliminate future harassment risk

D. No action required because comments about a prosthetic leg are protected under free speech

44. An employer terminates a 53-year-old estimator with 10 years of excellent performance reviews and replaces them with a 27-year-old college graduate at a 42% salary reduction. The employer cites "technology modernization" as the reason, claiming the younger replacement has better computer skills. Under the ADEA, what is the most significant flaw in the employer's defense?

A. The employer failed to provide the terminated estimator with ADEA-required written notice 45 days before the termination

B. The "technology modernization" rationale assumes older workers cannot learn new technology — this age-based stereotype, combined with 10 years of excellent reviews and no documented technology deficiency, suggests the "modernization" justification is a pretext for age discrimination

C. The younger replacement's college degree is not equivalent to the terminated estimator's professional experience

D. The employer is exposed because 10 years of excellent reviews contradicts any performance justification, the 42% salary reduction indicates cost-cutting correlated with age/tenure, and the "technology modernization" defense relies on an age-based stereotype rather than an individualized assessment of the terminated estimator's actual technology capabilities

45. An employer's workers' compensation carrier reports that the EMR will increase from 0.92 to 1.30 at the next renewal. The annual base premium at EMR 1.0 is \$300,000. What is the annual financial impact?

A. Premium increases by \$3,000 with no operational impact

B. Premium decreases because higher EMRs qualify the contractor for volume discounts

C. Premium increases from \$276,000 (at 0.92) to \$390,000 (at 1.30) — a \$114,000 annual increase — and the 1.30 EMR significantly exceeds the 1.0 prequalification threshold, disqualifying the contractor from safety-conscious projects and compounding the financial impact through lost bidding opportunities

D. The EMR increase triggers mandatory OSHA involvement in the contractor's safety program

46. A contractor organized as a sole proprietorship earns \$175,000 in net SE income with no W2 income. The Social Security wage base is \$168,600. After the 92.35% adjustment, adjusted SE income is approximately \$161,613. What is the approximate selfemployment tax?

A. Approximately \$24,727 — Social Security 12.4% on \$161,613 (below the \$168,600 wage base) = \$20,040; Medicare 2.9% on \$161,613 = \$4,687; no additional surtax because adjusted SE income is below \$200,000; total \approx \$24,727

B. \$26,775, at flat 15.3% on \$175,000 without the 92.35% adjustment

C. \$20,040, using only the Social Security portion without Medicare

D. \$16,161, at 10% flat rate on the adjusted income

47. An employer with 40 employees has a written antiharassment policy. A worker reports sexual harassment by a coworker to the designated HR manager. The HR manager investigates, confirms the harassment, and transfers the harasser to a different jobsite. Two months later, the HR manager learns the harasser has resumed similar behavior toward a different worker at the new jobsite. What is the employer's obligation?

A. No further obligation because the employer already took corrective action by transferring the harasser

B. The employer must take escalated corrective action because the initial remedy (transfer) was demonstrably ineffective — the harasser continued the same behavior at the new location, requiring stronger discipline (suspension, termination, mandatory counseling) to actually stop the conduct, and the employer's knowledge of the resumed behavior creates a heightened duty to protect workers at the new site

C. The obligation is limited to investigating the new complaint without reference to the prior incident

D. No obligation because the new victim at the different jobsite must file a separate complaint through the same reporting process

48. An employer with 55 employees has a worker who requests 3 weeks of FMLA leave to care for their elderly mother recovering from a stroke. The mother requires assistance with daily activities and lives 350 miles away. The worker has been employed for 7 years. Under the FMLA, is this leave covered?

A. No, because FMLA parental care leave requires the parent to live within 75 miles

B. No, because the 350mile distance makes the leave request logistically unreasonable

C. Yes, but limited to 1 week because FMLA parental care for parents living more than 200 miles away is restricted

D. Yes, because the FMLA provides up to 12 weeks of leave to care for a parent with a serious health condition — a stroke requiring daily assistance qualifies, the employer has 55 employees (above threshold), the worker's 7-year tenure exceeds eligibility, and there is no geographic limitation on where the employee provides parental care

49. A contractor organized as an S Corporation has two equal shareholders who both work fulltime. The company earns \$480,000. Each shareholder takes a salary of \$95,000 and a distribution of \$145,000. The IRS determines a reasonable salary for each is \$135,000. What is the total additional FICA exposure for both shareholders combined?

A. \$0, because the IRS accepts equal salaries for shareholders performing comparable work

B. \$6,120, calculated on only one shareholder's reclassified amount

C. Approximately \$12,240 — the IRS reclassifies \$40,000 per shareholder (\$135,000 reasonable minus \$95,000 paid) from distributions to salary, subjecting \$80,000 combined to the 15.3% FICA rate ($\$80,000 \times 0.153 = \$12,240$), plus penalties and interest

D. \$44,370, calculated at 15.3% on the full \$290,000 in combined distributions

50. A contractor organized as a partnership earns \$550,000. Partner A (60%) has a \$330,000 distributive share with \$35,000 in W2 income. The Social Security wage base is \$168,600. After the 92.35% adjustment, adjusted SE income is approximately \$304,755. What is Partner A's approximate selfemployment tax?

A. Approximately \$26,347 — Social Security 12.4% on \$133,600 ($\$168,600 - \$35,000$ W2) = \$16,566; Medicare 2.9% on full \$304,755 = \$8,838; additional Medicare surtax 0.9% on \$104,755 (adjusted SE income exceeding \$200,000) = \$943; total $\approx \$26,347$

B. \$50,325, at flat 15.3% on \$330,000 without adjustments

C. \$16,566, using only the Social Security portion without Medicare

D. \$46,628, at 15.3% on the adjusted income without the W2 offset

Practice Exam 37: Answer Key and Explanations

1. C — The IRS reclassifies \$45,000 ($\$175,000$ reasonable minus $\$130,000$ paid) from distributions to salary at the 15.3% FICA rate: $\$45,000 \times 0.153 = \$6,885$, plus penalties and

interest. The IRS requires shareholders who perform substantial services to pay reasonable compensation before taking tax-advantaged distributions. Single-shareholder SCorps with disproportionate salary-to-distribution ratios are primary audit targets.

2. A — Adding both change orders ($\$30,000 + \$25,000 = \$55,000$) pushes the contract from $\$700,000$ to $\$755,000$, exceeding the $\$750,000$ restricted cap by $\$5,000$. The contractor should recognize the cap exceedance before accepting and either decline one change order, consult the ACLB, or apply for an unrestricted license upgrade.

3. D — The contractor should contact the ACLB to determine reinstatement requirements. Depending on Board policy and the circumstances of the voluntary surrender, the contractor may need to reapply as a new applicant meeting all current requirements. A voluntary surrender may not preserve automatic reinstatement rights, and regulations may have changed during the 2-year absence.

4. B — A parking structure is a multistory building requiring structural design, concrete framing, and building code compliance. These characteristics place it within the Building Construction classification, not Highway Construction. The HY classification covers roads, bridges, and horizontal pavement — not elevated multistory structures with structural framing systems.

5. C — The unrestricted commercial license has no per-project dollar cap. Once the ACLB grants the unrestricted license, the contractor can take on projects of any value. However, the contractor should ensure their bonding capacity, working capital, and operational resources can support a $\$3,500,000$ project's demands.

6. D — Overhead rate: $\$375,000 \div \$2,500,000 = 15\%$. Allocation: $\$1,250,000 \times 15\% = \$187,500$. Total cost: $\$1,437,500$. Selling price: $\$1,437,500 \div 0.93 = \$1,545,699$. Dividing by $(1 - \text{margin})$ ensures profit equals exactly 7% of the selling price.

7. B — The bid documents reserved the owner's right to accept any combination of alternates. As long as the evaluation criteria were disclosed and applied consistently, the owner can award based on the base bid plus selected alternates. This is standard public procurement practice that allows owners to match scope selections to budget.

8. A — Total days: $15,000 \div 350 = 42.86$ days. Total hours: $42.86 \times 8 \times 4 = 1,371$ hours. Cost: $1,371 \times \$44.00 = \$60,343$. The productivity rate represents the combined crew output, so total labor includes all workers' hours over the full duration.

9. C — After adding excluded scope ($\$55,000$), the adjusted low bid becomes $\$235,000$. Comparing normalized quotes: $\$218,000$, $\$225,000$, $\$235,000$, $\$240,000$. The $\$218,000$ complete quote is the lowest bid with full scope and the specified 20-year warranty. Using incomplete quotes without normalization guarantees cost overruns.

10. D — The contractor should request a bid deadline extension citing the complete roofing system change issued only 2 days before the deadline. If denied, the contractor must decide whether to bid with an estimated metal roof premium (accepting pricing risk) or decline to bid. Submitting without acknowledging the addendum creates a nonresponsive bid.

11. A — The Phase I assessment represented the site as free of underground storage tanks. The buried fuel oil tank differs materially from this representation. The contractor relied on the assessment when pricing. This is a Type I differing site condition, and the \$68,000 removal and remediation cost is the owner's responsibility.

12. B — Selfperformed: $\$35,000 \times 1.15 = \$40,250$. Subcontracted: $\$120,000 \times 1.08 = \$129,600$. Total: $\$40,250 + \$129,600 = \$169,850$. The different markup rates apply to each category based on who performs the work.

13. C — Under termination for convenience, the contractor receives payment for completed work (\$2,000,000), material commitments (\$80,000), demobilization (\$45,000), and a reasonable profit on work performed. The contractor does not receive anticipated profit on the unperformed 60%. This is the key distinction between convenience termination and breach.

14. D — The conditional waiver was conditioned on receipt of \$82,000. The subcontractor received only \$50,000, so the condition was not fully satisfied. Lien rights for the unpaid \$32,000 remain intact. The alleged punch list deficiencies have not been formally identified, further weakening the GC's justification for withholding.

15. B — The Spearin Doctrine holds that the owner impliedly warrants the adequacy of plans and specifications. The original design underestimated wind loads, requiring \$92,000 in additional bracing not shown on the contract drawings. The contractor relied on the structural drawings when pricing. The cost is the owner's responsibility through a change order.

16. A — Many contracts require owner approval for visible changes to the building's appearance. A verbal directive from the architect without documented owner confirmation is insufficient protection. The contractor should have verified the owner's approval before applying the new color. The position is weakened by relying on an unconfirmed verbal directive.

17. C — Firerated assemblies must match the exact UL listing specifications. A 1inch application provides only 1hour protection instead of the specified 2hour rating. The fireproofing must be corrected to 1.5 inches at the subcontractor's expense because the building code requires the full 2hour rating.

18. D — The contract documents failed to identify the existing Orangeburg pipe. The contractor relied on the documents when pricing plumbing connections. The actual condition (deteriorated Orangeburg requiring replacement) constitutes a concealed condition not represented in the contract documents. This is a Type I differing site condition.

19. A — The 10day deadline was March 22 (March 12 + 10 days). Payment on May 8 is 47 days late. The subcontractor is entitled to interest from March 22 through May 8 for the GC's breach of the contractual payment timeline. The paywhenpaid clause establishes a specific enforceable deadline.

20. B — The contract specifies deductive change orders at "direct cost savings." The deduction is \$108,000 in direct costs. The contractor retains the \$27,000 in overhead and profit. The deductive change order provision protects the contractor's margin on deleted scope.

21. D — $SPI = \$4,050,000 \div \$4,500,000 = 0.90$ (behind schedule). $CPI = \$4,050,000 \div \$4,300,000 = 0.942$ (over budget). $EAC = \$9,000,000 \div 0.942 = \$9,554,000$. Both indices below 1.0 confirm the project is behind schedule and over budget, projecting a \$554,000 overrun.

22. C — Singlepane glass has roughly twice the thermal conductivity of IGUs with lowE coating. The specification requires IGUs for thermal performance and energy code compliance. The subcontractor must remove and replace all 4,000 SF at their expense. The energy performance difference would result in substantially higher operating costs throughout the building's service life.

23. A — The 8day delay occurred on the critical path, which by definition has zero float. There is no "overall float" to absorb critical path delays. The project completion date extends by the full 8 days to 123 days. The owner's argument confuses total float on noncritical activities with critical path float, which is always zero.

24. B — The 12,000pound rigging operation and partial exterior wall removal create safety zones incompatible with public access. The installation should be scheduled during nonbusiness hours with city permits for sidewalk closure. A change order addresses offhours costs. Public safety during heavy rigging operations is nonnegotiable.

25. D — Temperatures reaching 18°F risk freezing concrete before it achieves adequate strength, creating permanent structural damage. The contractor should either reschedule until temperatures rise or develop an approved cold weather protection plan. Plastic sheeting alone is insufficient protection at 18°F.

26. B — The SPI improving from 0.88 to 1.01 demonstrates effective schedule recovery. The project has returned to onschedule status. However, the stable CPI of 0.97 indicates a minor 3% cost overrun that should be monitored. The schedule recovery is working, but the cost performance needs attention to prevent worsening.

27. D — CGL pays \$2,000,000 (peroccurrence limit for this single collapse). Umbrella pays \$5,000,000 (its full limit). Total coverage: \$7,000,000. Remaining: $\$11,000,000 - \$7,000,000 = \$4,000,000$ personal exposure. This illustrates the catastrophic gap when combined limits are insufficient for a severe single incident.

28. A — Bonding capacity: $15 \times \$165,000 = \$2,475,000$. Existing: \$2,100,000. Available: \$375,000. The \$2,000,000 request exceeds available capacity by \$1,625,000. The surety will deny unless the contractor substantially increases working capital or completes existing projects.

29. C — Premium difference: $(\$250,000 \div \$100) \times (\$18.50 - \$7.50) \times 1.08 = 2,500 \times \$11.00 \times 1.08 = \$29,700$. Structural concrete formwork carries significantly higher risk than interior finish carpentry, and the premium difference reflects this risk disparity.

30. A — All treatments — nail removal, wound cleaning, antibiotic ointment, bandage, and tetanus booster — are classified as first aid under OSHA definitions. Tetanus shots and wound cleaning with nonprescription treatments are specifically listed as first aid. The worker returned to full duty with no restrictions.

31. B — Establishments with 20249 employees in designated highhazard industries including NAICS 238 must submit 300A Annual Summary data electronically through OSHA's ITA by March 2 of the following year. With 175 employees in specialty trade construction, this employer meets the threshold.

32. D — The worker was restricted from overhead drilling and repetitive gripping and reassigned to different duties for 4 weeks. "Restricted work or job transfer" is the most significant recordable outcome. The prescription medication independently triggers recordability, but restricted work takes precedence as the more significant classification.

33. C — Emergency surgery and extended hospitalization from a serious car accident unquestionably constitute a serious health condition. The son is 16 (under 18, qualifying as a covered dependent). The employer has 60 employees (above threshold) and the worker has 8 years of tenure (exceeding eligibility). The FMLA covers both hospitalization and subsequent recovery.

34. A — Straighttime + bonus: $(\$40.00 \times 48) + \$220 = \$2,140$. Regular rate: $\$2,140 \div 48 = \44.58 . Overtime premium: $\$44.58 \times 0.5 \times 8 = \178.33 . Total gross: $\$2,140 + \$178.33 = \$2,318.33$. The nondiscretionary precision bonus increases the regular rate and overtime premium.

35. B — Transferring a single worker to an inferior remote site immediately after filing a comp claim — when no other workers face similar reassignment — creates a strong retaliation inference. The significant downgrade in conditions (no indoor facilities, longer commute, isolation) constitutes an adverse employment action with suspicious timing.

36. D — Under DavisBacon, the overtime premium applies to cash wage plus prorated nondiscretionary bonuses. Regular rate: $(\$42.00 \times 50 + \$210) \div 50 = \$46.20$. Overtime premium: $\$46.20 \times 0.5 \times 10 = \231.00 . Fringe at \$19.00 straighttime for all 50 hours. The master premium increases the effective overtime cost.

37. C — Operating a forklift while intoxicated on three documented occasions despite progressive warnings constitutes willful misconduct. Operating heavy equipment under the influence creates an immediately dangerous situation. BAC levels below the legal driving limit are irrelevant — the employer's zerotolerance policy governs workplace equipment operation.

38. A — Inpatient treatment for PTSD at a residential facility qualifies as a serious health condition. PTSD is a recognized mental health condition requiring continuing treatment. The employer has 55 employees (above threshold) and the worker has 5 years of tenure (exceeding eligibility). The FMLA covers mental health conditions on equal footing with physical conditions.

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40. D — After FMLA exhaustion, the ADA interactive process applies. The employer must evaluate whether the lifting and bending restrictions can be accommodated through

reassignment to available positions, mechanical aids, or other modifications. The employer cannot terminate without completing the interactive process.

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

42. A — Misclassified independent contractors are owed overtime at 1.5 times the regular rate for hours exceeding 40. Each worker's weekly unpaid premium: \$17.50 \times 8 = \$140. Over 104 weeks: \$14,560 per worker. Total for 8 workers: \$116,480 in back pay, plus employer FICA, potential liquidated damages (doubling), and attorney fees.

43. B — Repeated derogatory comments about a worker's disability constitute disabilitybased harassment requiring prompt, proportional corrective action. Appropriate responses include formal written warning or suspension, mandatory sensitivity training, potential reassignment, and documentation. The confirmed witness statements support immediate discipline.

44. D — The "technology modernization" defense fails on multiple grounds: 10 years of excellent reviews contradict performance justification, the 42% salary reduction correlates costcutting with age/tenure, and the "modernization" rationale relies on an agebased stereotype rather than individualized assessment. Together these create strong evidence of pretext.

45. C — Premium at 0.92: \$276,000. Premium at 1.30: \$390,000. Increase: \$114,000 annually. The 1.30 EMR significantly exceeds the 1.0 prequalification threshold, disqualifying the contractor from safetyconscious projects and compounding the financial impact through lost bidding opportunities.

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