

HRCI aPHR® - Quiz Questions with Answers

Compensation & Benefits

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1.

Which of the following best represents the primary purpose of the Health Insurance Portability and Accountability Act (HIPAA)?

Protecting the privacy and security of individuals' medical information

Regulating safety in healthcare facilities

Establishing standards for healthcare pricing

Mandating minimum staffing requirements in medical offices

Correct answer: Protecting the privacy and security of individuals' medical information

HIPAA establishes national standards for the protection of individuals' medical records. It also ensures that people who leave their jobs can access health coverage and restricts employers from imposing health requirements for employees to be eligible for their benefits plans.

Safety in workplace facilities is regulated by OSHA. Standards for healthcare pricing are set by the Affordable Care Act. There is not a federal law that sets staffing requirements for all types of medical offices, but there are individual laws and state laws with different stipulations and purposes.

2.

An HR leader works at a complex company where each department's skills and qualifications are vastly different. They must undertake a job evaluation method that will allow them to map and align the jobs using a consistent rubric. The HR leader works on a project using five proprietary steps and evaluates each position based on accountability, know-how, and problem-solving. Which of the following methods is this HR leader MOST likely using?

The Hay plan

The factor comparison method

Job classification method

The point factor method

Correct answer: The Hay plan

The Hay plan uses three criteria: accountability, know-how, and problem-solving. The Hay plan is a propriety method developed by The Hay Group, and uses five steps for evaluation and approval.

The factor comparison method involves breaking each job down into detailed factors and assigning dollar amounts to each one. Leaders can then calculate how much a money role is worth depending on those dollar assignments. The point factor method is a quantitative evaluation practice that involves giving a numeric value to the skills and factors of each role to determine the pay scale but does not involve the assignment of dollar values to each factor. Job classification method is when roles are grouped together and given categories to help determine pay scales.

3.

Which of the following is NOT considered a type of time-based step rate system?

Flat-rate system

Cost of living adjustments

Combination step rate and performance

Automatic step rate system

Correct answer: Flat-rate system

A single-rate system, also known as a flat-rate system, is when each person with the same job in an organization makes the same amount of money regardless of merit or seniority.

Time-based step rate systems are when employee's pay is based on the amount of time they have spent on the job, including automatic step rate systems, step rate with performance considerations, combination step rate and performance, and cost of living adjustments.

4.

An executive for a company headquartered in rural Montana is finding it very difficult to recruit for their new offices in Manhattan. What type of compensation may this executive need to offer to attract new hires for their new offices?

Geographic differentials

Callback pay

Reporting time pay

Group incentives

Correct answer: Geographic differentials

Geographic differentials are offered when the cost of living is different for employees distributed in different regions of the country or the world. This executive may not be able to attract talent with the same compensation they offer people in rural Montana because the cost of living is different there.

Callback pay may apply when an employer asks an employee to come back to work after their regularly scheduled shift has ended. Reporting time pay is compensation paid to employees when they are required to report to work but are not actually assigned any tasks or work duties. Group incentives are designed to reward team achievements as motivations to work collectively.

5.

An employee's workplace strictly follows OSHA guidelines and prioritizes worker safety. One day, the employee is injured at work through no fault of their employer. Which of the following mandatory benefits is most likely to support this employee during their injury and recovery if they relinquish their right to sue the employer?

Workers' Compensation

Unemployment insurance

Social Security

Healthcare benefits

Correct answer: Workers' Compensation

Workers' Compensation is a form of insurance providing wage replacement and medical benefits to employees injured while working in exchange for the employee relinquishing their right to sue their employer for the tort of negligence.

Unemployment insurance is a government-provided benefit that offers temporary financial assistance to eligible workers who have lost their jobs through no fault of their own and are actively seeking employment. Social Security is the largest social welfare program in the US; it provides financial support to people over 62 years of age who have worked at least ten years. Social security has been extended to include disability, death, and survivors' benefits. Healthcare benefits are a form of compensation provided to employees fully or partially covering a range of medical expenses that can be structured with the employer paying for all or part of the premiums. Because this employee must relinquish their right to sue to receive support from this benefit, it is not likely to be healthcare.

6.

Which of the following is NOT considered a base pay system?

Hazard pay

Performance-based merit pay systems

Productivity-based systems

Person-based systems

Correct answer: Hazard pay

Hazard pay is when employees who work under adverse conditions are given additional compensation as a pay differential. This is not considered a base pay system, as it changes due to circumstances.

Base pay systems are designed to attract, motivate, and retain employees, and include performance-based merit pay systems, productivity-based systems, and person-based systems.

7.

An employee is being paid \$6.50 per hour. Which of the following laws is this person's employer most likely violating?

Fair Labor Standards Act (FLSA)

The Social Security Act

The Patient Protection and Affordable Care Act (PPACA)

The Consolidated Omnibus Budget Reconciliation Act (COBRA)

Correct answer: Fair Labor Standards Act (FLSA)

The federal minimum wage is \$7.25 per hour. The FLSA established minimum wage requirements along with regulations regarding child labor, overtime pay, recordkeeping, and hours worked.

The Social Security Act established a system of programs to support eligible Americans in retirement. The programs are financially supported by employee and employer contributions and include benefits such as retirement benefits, survivor benefits, and Medicare. A national health insurance marketplace was created by the Patient Protection and Affordable Care Act (PPACA).

8.

Which of the following best describes the purpose of the Employee Retirement Income Security Act (ERISA)?

To establish guidelines for employee retirement plans

It requires employers to provide retirement plans

To provide healthcare benefits for retired employees

To prevent discrimination against employees of retirement age

Correct answer: To establish guidelines for employee retirement plans

The main focus of the Employee Retirement Income Security Act (ERISA) is to establish regulations and guidelines for employee retirement plans.

This law does not require employers to provide plans, but it regulates the plans that employers choose to provide. The law's main focus is retirement benefits, not healthcare benefits or age discrimination.

9.

An employee has arrived at their hourly position expecting to work 8 hours. The employer has over-scheduled personnel for this day, and tells the employee they are not needed. The employee was counting on these hours and the money they would earn. Which of the following types of compensation would guarantee at least partial compensation for this employee?

Reporting time pay

Callback pay

Geographic differentials

Group incentives

Correct answer: Reporting time pay

Reporting time pay is compensation paid to employees when they are required to report to work but are not actually assigned any tasks or work duties.

Callback pay may apply when an employer asks an employee to come back to work after their regularly scheduled shift has ended. Geographic differentials are offered when the cost of living is different for employees distributed in different regions of the country or the world. Group incentives are designed to reward team achievements as motivations to work collectively.

10.

Which of the following lists contains only forms of indirect compensation?

Profit sharing, 401(k), healthcare

Social Security, merit pay, piece rate

Differential pay, disability insurance, commissions

Bonuses, unemployment insurance, cash awards

Correct answer: Profit sharing, 401(k), healthcare

Indirect compensation includes Social Security, unemployment insurance, disability insurance, profit sharing, 401(k), healthcare, and vacation and sick leave.

Types of direct compensation include base pay, commissions, bonuses, merit pay, piece rate, differential pay, and cash awards.

11.

Once per year, employees have the opportunity to make changes to their health benefits elections. Which of the following is the BEST term to describe this annual period of change?

Open Enrollment

Coverage Adjustment Time

Plan Reconsideration

Delta Window

Correct answer: Open Enrollment

Open Enrollment is the term that describes the annual period of time when employees may make changes to their benefits selections. The rest of the year, employees are unable to make changes unless they have a qualifying life event.

The incorrect answers are fabricated terms.

12.

Which of the following best describes the main focus of the Fair Labor Standards Act (FLSA)?

Minimum wage and overtime pay

Whistleblower protections

Workplace safety regulations

Equal pay for equal work

Correct answer: Minimum wage and overtime pay

The FLSA was enacted in 1938 and established a federal minimum wage. It also requires employers to pay nonexempt employees overtime pay for hours worked over 40 hours per week.

Workplace safety regulations are covered by other laws, such as the Occupational Safety and Health Act (OSHA). Equal pay for equal work is covered under other laws, such as the Equal Pay Act. The Whistleblower Protection Act (WPA) addresses whistleblower protections.

13.

A candidate for hire at a company has less experience than the job posting has requested. They have high potential and have proven to be hard working and quick learning, but they are early in their career and are requesting a lower salary than the predetermined pay bands the company has designed for the role. The HR manager is uneasy about offering less than the allocated bands but the hiring manager is excited about the opportunity to bring someone on board for less than they previously thought necessary. Which of the following BEST describes this candidate's potential pay?

Green circle rates

Red circle rates

Compa-ratios

The range spread

Correct answer: Green circle rates

Green circle rates are when employees are paid less than the previously accepted minimum rate for their jobs. Green circle rates can set a dangerous precedent, and should only be used in extreme cases to avoid discrimination and maintain compensation strategy integrity.

Red circle rates are when employees are paid above the predetermined pay bands. Red circle rates are sometimes used when an employee's pay has been elevated to the top of the predetermined range, but they are high-performing and deserve a raise. Compa-ratios are comparisons to the job market that allow companies to understand if they are offering above market averages if the compa-ratio is more than 100 percent, or below market averages if the compa-ratio is below 100 percent. The range spread is a calculation that represents the dispersion of pay and is represented as a percentage.

14.

A worker on an assembly line is paid based on how many units of work they produce. Which of the following best describes this compensation structure?

Productivity-based system

Time-based step rate system

Performance-based merit pay system

Single-rate system

Correct answer: Productivity-based system

Productivity-based systems are when employees' pay is determined by their output and include straight piece-rate systems and differential piece-rate systems.

Time-based step rate systems are when employee's pay is based on the amount of time they have spent on the job, including automatic step rate system, step rate with performance considerations, combination step rate and performance, and cost of living adjustments. A single-rate system, also known as a flat-rate system, is when each person with the same job in an organization makes the same amount of money regardless of merit or seniority. Performance-based merit pay systems are when pay is based on the individual employee's job performance.

15.

A person with a back problem is told by their insurance company that they must get a referral from their primary care physician before they will cover a visit to a specialist. Which of the following types of insurance is this person MOST likely to have?

Health Maintenance Organization (HMO)

Preferred Provider Organizations (PPOs)

Managed healthcare plans

Fee-for-service plan

Correct answer: Health Maintenance Organization (HMO)

A Health Maintenance Organization (HMO) is the most common type of managed healthcare plan and requires members to choose primary care physicians (PCPs) who must refer them to specialists if specialized care is needed.

Preferred Provider Organizations (PPOs) allow members to visit any type of doctor, even specialists, as long as they are in-network, without requiring referrals from primary care physicians (PCPs). Managed healthcare plans involve contracts with providers in a network that negotiate special reduced rates for members. A Fee-for-service plan is a model for payment where the provider is paid separately for each instance of care, rather than bundling the payments. This incentivizes providers to provide more care rather than a higher quality of care.

16.

Accountants at a company are paid based on their length of tenure in their roles and are given annual cost of living adjustments. Which of the following BEST describes this compensation structure?

Time-based step rate system

A single-rate system

Productivity-based system

Performance-based merit pay system

Correct answer: Time-based step rate systems

Time-based step rate systems are when employee's pay is based on the amount of time they have spent on the job. They include automatic step rate system, step rate with performance considerations, combination step rate and performance, and cost of living adjustments.

A single-rate system, also known as a flat-rate system, is when each person with the same job in an organization makes the same amount of money regardless of merit or seniority. Performance-based merit pay systems are when pay is based on the individual employee's job performance. Productivity-based systems are when employees' pay is determined by their output and include straight piece-rate systems and differential piece-rate systems.

17.

A team of scientists is used to working on their own. Their manager has asked them to complete a project that requires cooperation and teamwork. The scientists are not motivated to change their work styles. What type of compensation can this manager offer to motivate the scientists to work together?

Group incentives

Geographic differentials

Reporting time pay

Callback pay

Correct answer: Group incentives

Group incentives are designed to reward team achievements as motivations to work collectively.

Geographic differentials are offered when the cost of living is different for employees distributed in different regions of the country or the world. Callback pay may apply when an employer asks an employee to come back to work after their regularly scheduled shift has ended. Reporting time pay is compensation paid to employees when they are required to report to work but are not actually assigned any tasks or work duties.

18.

Every teacher in a school district is given the same compensation package regardless of their seniority, merit, or output. Which of the following BEST describes this pay structure?

A single-rate system

Time-based step rate systems

Performance-based merit pay systems

Productivity-based systems

Correct answer: A single-rate system

A single-rate system, also known as a flat-rate system, is when each person with the same job in an organization makes the same amount of money regardless of merit or seniority.

Time-based step rate systems are when employee's pay is based on the amount of time they have spent on the job, including automatic step rate system, step rate with performance considerations, combination step rate and performance, and cost of living adjustments. Performance-based merit pay systems are when pay is based on the individual employee's job performance. Productivity-based systems are when employees' pay is determined by their output and include straight piece-rate systems and differential piece-rate systems.

19.

An employee is laid off from the job they have had for three years. There were no problems with this person's performance, but their company needed to reduce their payroll headcount. This person plans to immediately start looking for work again. Which of the following benefits is most likely to financially support this person?

Unemployment insurance

Social Security

Workers' Compensation

Healthcare benefits

Correct answer: Unemployment insurance

Unemployment insurance is a government-provided benefit that offers temporary financial assistance to eligible workers who have lost their jobs through no fault of their own and are actively seeking employment.

Social Security is the largest social welfare program in the US; it provides financial support to people over 62 years of age who have worked at least ten years. Social security has been extended to include disability, death, and survivors' benefits. Workers' Compensation is a form of insurance providing wage replacement and medical benefits to employees injured while working in exchange for the employee relinquishing their right to sue their employer for the tort of negligence. Healthcare benefits are a form of compensation provided to employees fully or partially covering a range of medical expenses that can be structured with the employer paying for all or part of the premiums.

20.

Which statement best describes discretionary compensation programs?

***Discretionary* means the employer has some flexibility in how the plans are structured**

Discretionary compensation programs are mandated by federal law

Discretionary compensation programs are based solely on an employee's performance

Discretionary compensation programs are fixed and nonnegotiable

Correct answer: Discretionary means the employer has some flexibility in how the plans are structured

Some direct compensation programs are discretionary, so employers can design the plans to fit their business and motivational needs.

Regulated forms of direct compensation, including base pay, are guided by federal and state regulations. Discretionary compensation programs are not mandated by federal law, aren't necessarily based on employee performance, and are often variable and negotiable.

21.

Which of the following statements best describes pay transparency in the workplace?

Pay transparency is when employees are given access to information about the compensation structure and salary ranges within their organization.

Pay transparency involves disclosing individual employee salaries to the public.

Pay transparency is the practice of setting fixed, non-negotiable salaries for all employees within an organization.

Pay transparency increases race-based discrimination in the workplace.

Correct answer: Pay transparency is when employees are given access to information about the compensation structure and salary ranges within their organization.

Pay transparency gives employees information about the pay structure at their organizations, and allows them to see how decisions are made and compensation is set.

Pay transparency has the impact of decreasing discrimination in the workplace because everyone is told the acceptable salary range and how advancing in their careers will allow them to earn more money. If someone is being paid below the previously set range, they and their peers will be able to see that clearly. Pay transparency does not necessarily mean that information is shared with the public, but shared internally. Pay transparency does not mean that salaries are non-negotiable, but that there is an acceptable range that is disseminated to keep pay fair and standard according to the role's contribution to the company.

22.

Which of the following best describes the difference between direct and indirect compensation?

Direct compensation refers to monetary rewards provided to employees, while indirect compensation includes non-monetary benefits.

Direct compensation encompasses benefits such as healthcare and retirement plans, while indirect compensation includes base salary and bonuses.

Direct compensation is listed in the employee's offer letter, while indirect benefits are revealed once the person is fully employed.

Indirect compensation is given to employees through Professional Employment Organizations (PEOs) who share some legal responsibility with the primary employer.

Correct answer: Direct compensation refers to monetary rewards provided to employees, while indirect compensation includes non-monetary benefits.

Direct compensation includes forms of monetary rewards such as salary, bonuses, and merit-based pay. Indirect compensation is non-monetary and includes benefits such as healthcare, unemployment insurance, and 401(K) programs.

Both direct and indirect compensation may be listed in the employee's offer letter and agreed upon before the new hire begins their employment. Direct compensation may be given through PEOs and still be categorized as direct compensation. Healthcare and retirement plans are considered indirect compensation, while base salary and bonuses are considered direct compensation.

23.

What is the main difference between gainsharing and profit sharing?

Gainsharing rewards improved productivity, profit sharing is based on a percentage of earnings.

Gainsharing focuses on cost savings where profit sharing pays based on increased productivity.

Gainsharing rewards employees based on individual performance, while profit sharing rewards employees based on company-wide financial performance.

Gainsharing is a variable pay system, while profit sharing is a fixed pay system.

Correct answer: Gainsharing rewards improved productivity, profit sharing is based on a percentage of earnings.

Gainsharing rewards improved productivity, so incentives are paid out based on the delta between historical performance and an improvement in a certain period. Profit sharing is based on a percentage of earnings, not a change or improvement.

Both gainsharing and profit sharing are based on company-wide performance. Cost savings are not a direct metric of gainsharing or profit sharing. Gainsharing and profit sharing are both variable systems based on organizational performance.

24.

Which of the following is not one of the five steps to completing a Hay plan for job evaluation?

Job classification

Create job evaluation boards

Revise all job descriptions

Design a compensation banding proposal

Correct answer: Job classification

Job classification is a separate type of evaluation process where roles are grouped together and given categories to help determine pay scale.

The five steps in the Hay plan are to train key representatives on the method, revise all job descriptions, create job evaluation boards, design a compensation banding proposal, and present the proposal to the board of directors (or equivalent).

25.

Which of the following lists contains only forms of direct compensation?

Bonuses, merit pay, differential pay

Social Security, profit sharing, healthcare

Merit pay, profit sharing, piece rate

Vacation time, unemployment insurance, base pay

Correct answer: Bonuses, merit pay, differential pay

Types of direct compensation include base pay, commissions, bonuses, merit pay, piece rate, differential pay, and cash awards.

Indirect compensation includes Social Security, unemployment insurance, disability insurance, profit sharing, 401(k), healthcare, and vacation and sick leave.

26.

Which of the following statements about the Fair Labor Standards Act (FLSA) is the most accurate?

It does not regulate overtime pay for work on weekends or holidays

It mandates overtime pay for any work done on weekend days (Saturday or Sunday)

It mandates overtime pay for hours worked on federal holidays (such as Christmas and the Fourth of July)

It regulates overtime and mandates overtime pay

Correct answer: It does not regulate overtime pay for work on weekends or holidays

While some organizations may choose to pay overtime for hours worked on weekends or holidays, it is not a federal requirement to do so. FLSA does regulate overtime pay but does not mandate pay on weekends or holidays.

27.

An employee has worked 50 hours in one workweek. Which of the following types of pay might this person qualify for based on this information alone?

Overtime pay

Hazard pay

On-call pay

Differential pay

Correct answer: Overtime pay

Overtime pay is when non-exempt employees are paid one-and-a-half times their regular pay rate for each hour worked over 40 in one workweek. While we cannot know if this person is exempt or non-exempt, we know they have worked over 40 hours in a workweek and therefore may qualify for this type of pay.

Hazard pay is additional compensation given to employees who are working in adverse conditions putting them at risk for health or safety reasons. On-call pay is offered to people who are required to remain on the premises or ready to work in case they are called in. A common example of on-call pay is when hospital staff are required to be at the hospital in case there is a need, but they are not on duty. Differential pay is when employees are incentivized to work unfavorable shifts using additional pay.

28.

Which of the following is NOT one of the five steps in the point-factor method of role value evaluation?

Collect market data

Identify key jobs

Weigh the factors according to their overall worth

Identify the compensable factors

Correct answer: Collect market data

While collecting market data may be an important step in some other evaluative methods, it is not one of the five point-factor method steps.

The five steps in the point-factor method are to identify key jobs, identify the compensable factors, weigh the factors according to their overall worth, divide each job factor into degrees ranging from high to low, and present a table of results.

29.

Which of the following benefits is not government-mandated?

Life insurance

Social Security

Unemployment insurance

Healthcare

Correct answer: Life insurance

Life insurance is considered an optional benefit that employers can choose to offer or not to offer. If it is offered, employees may have the option to participate in the plan or not.

There are federal laws that require employers to offer their employees or participate in programs including unemployment insurance, social security, workers' compensation, and healthcare.

30.

What information is typically included on an employee's pay stub?

Deductions from pay

List of indirect compensation in a pay period

Employee's upcoming scheduled shifts

Employee's bank account details

Correct answer: Deductions from pay

Pay stubs typically include pay data from the pay period, including overtime pay, regular pay, deductions, and garnishments.

Pay stubs typically focus on monetary compensation, and do not include information about indirect compensation, upcoming scheduled shifts, or the person's bank account details.

31.

An employee wants to understand if their pay is above or below the average for their role in the market. Which of the following would BEST answer this employee's question?

Compa-ratios

The range spread

Red circle rates

Green circle rates

Correct answer: Compa-ratios

Compa-ratios are comparisons to the job market; they allow companies to understand if they are offering above market averages if the compa-ratio is more than 100 percent, or below market averages if the compa-ratio is below 100 percent.

The range spread is a calculation that represents the dispersion of pay and is represented as a percentage. Red circle rates are when employees are paid above the predetermined pay bands. Green circle rates are when employees are paid less than the previously accepted minimum rate for their jobs.

32.

Which of the following best describes the role of federal laws in total rewards?

Federal laws provide guidelines and standards that organizations must follow

Federal laws protect employers, not employees

Federal laws ensure equal distribution of rewards among employees

Federal laws are primarily concerned with employee performance management

Correct answer: Federal laws provide guidelines and standards that organizations must follow

There are many federal laws that provide guidelines and standards that organizations must follow to remain compliant, including components such as minimum wage, overtime pay, and employee benefits.

These laws are mainly designed to protect employees. They do not mandate equal distribution of rewards but do set standards of fair compensation. While federal laws do address performance management, this is only one part of the standards organizations must follow and is not the laws' primary concern.

33.

An HR manager learns they earn less than one of their colleagues who is also an HR manager. When they inquire about the difference in pay, they are told their colleague is better in some key areas including employee relations and organizational design. Which of the following systems is this HR manager's organization MOST likely using to determine their pay?

Competency-based

Tenure-based

Skills-based

Knowledge-based

Correct answer: Competency-based

Competency-based systems, pay is determined by the employee's ability to perform in a recognized and required area, such as organization or labor relations.

Skill-based systems are when employees' pay is determined by the number of skills they possess and the depth of their ability in each skill. Organizations that pay based on a person's knowledge, level of education, and familiarity with a field may be using a knowledge-based system. Tenure-based systems base pay on a person's longevity in a role.

34.

Which of the following is LEAST synonymous with organization-based pay?

Group incentives

Pay-for-performance (PFP)

Profit-sharing

Gainsharing

Correct answer: Group incentives

Group incentives are designed to reward team achievements as motivations to work collectively. Group incentives are more specific and tied to individual performance than organization-based pay.

Organization-based pay ties compensation to business objectives and outcomes. Pay-for-performance, profit sharing, and gainsharing plans are all types of organization-based pay.

35.

An HR leader is working on a quantitative job evaluation project where they are assessing the value of different roles within their organization. Which of the following factors are they NOT likely to consider?

Market demand for the job role

Skill

Responsibility

Effort

Correct answer: Market demand for the job role

When evaluating the value of a role within an organization using quantitative methods, the four judgments considered are skill, effort, responsibility, and working conditions.

Market demand for the job role may be a factor in benchmarking practices and other considerations when evaluating roles. In this case, the leader is considering internal roles, so market demands are not likely to be involved.

36.

Which of the following types of information are NOT typically contained in payroll master files?

Performance reviews

Employee gender

Hours worked per day and per week

Marital status

Correct answer: Performance reviews

Performance reviews are not considered a payroll document to be included in the master file.

Master files include personal data, employment data, tax and payroll data, and organizational payroll data.

37.

Which of the following BEST describes merit-based pay?

A compensation approach where employees' pay increases are based on their performance and contributions.

A pay structure where all employees receive the same salary, regardless of their performance.

A pay system where employees' salaries are determined solely by their length of service with the company.

A compensation approach where employees are paid according to their output and measures of productivity.

Merit-based pay is a compensation approach where employees' pay increases are based on their performance and contributions. Organizations most often set up rubrics to measure performance and scorecards to evaluate how well a team member has performed in a given period.

A pay structure where all employees receive the same salary, regardless of their performance is a flat-rate system. A pay system where employees' salaries are determined solely by their length of service with the company is a time-based step rate system. A compensation approach where employees are paid according to their output and measures of productivity is a productivity-based system. This is different from merit-based pay which takes factors such as values and other contributions into account, rather than focusing only on work output.

38.

An HR leader goes through each role in their company and assigns numeric values to compensable factors to measure job worth relative to other positions in the company. Which of the following evaluation methods is this HR leader MOST likely using?

The point factor method

Job Classification Method

Benchmarking

The Hay plan

Correct answer: The point factor method

The point factor method is a quantitative evaluation practice that involves giving a numeric value to the skills and factors of each role to determine the pay scale.

Job Classification Method is when roles are grouped together and given categories to help determine pay scales. Benchmarking is a practice of considering the market value of a role when determining pay. The Hay plan uses three criteria including accountability, know-how, and problem-solving.

39.

What is the federal minimum wage as set by the Fair Labor Standards Act (FLSA)?

\$7.25 per hour

\$8.50 per hour

\$15.00 per hour

\$9.75 per hour

Correct answer: \$7.25 per hour

The federal minimum wage is \$7.25 per hour.

Some states have set higher minimum wages, such as \$15.00 per hour, but these are not required by federal law.

40.

A Director of Accounting evaluates all the compensation for roles in their organization. They look at compensable factors in each job and assign a dollar amount to the value of each of those factors. The director will use this calculation to determine the pay available to each jobholder in these roles. Which of the following methods of evaluation is this Director of Accounting MOST likely using?

Factor comparison method

The Hay plan

Point-factor job evaluation

Job classification method

Correct answer: Factor comparison method

The factor comparison method involves breaking each job down into detailed factors and assigning dollar amounts to each factor. Then, leaders can calculate how much a money role is worth depending on those dollar assignments.

The point factor method is a quantitative evaluation practice that involves giving a numeric value to the skills and factors of each role to determine the pay scale, but it does not involve the assignment of dollar values to each factor. Job classification method is when roles are grouped together and given categories to help determine pay scales. The Hay plan uses three criteria including accountability, know-how, and problem-solving.

41.

A junk removal company is called to do work in an abandoned factory. They suspect there is lead paint, asbestos, fiberglass batts, and other forms of potentially harmful materials. While the company is complying with all OSHA regulations and requirements for PPE (Personal Protective Equipment), they offer their employees additional compensation for working under these conditions and with these materials. Which of the following best describes this type of financial incentive?

Hazard pay

Overtime pay

On-call pay

Differential pay

Correct answer: Hazard pay

Hazard pay is additional compensation given to employees who are working in adverse conditions putting them at risk for health or safety reasons.

On-call pay is offered to people who are required to remain on the premises or ready to work in case they are called in. A common example of on-call pay is when hospital staff are required to be at the hospital in case there is a need, but they are not on duty. Differential pay is when employees are incentivized to work unfavorable shifts using additional pay. Overtime pay is when non-exempt employees are paid one-and-a-half times their regular pay rate for each hour worked over 40 in one workweek.

42.

Which of the following is inaccurate regarding the Family Medical Leave Act (FMLA)?

It requires employers to pay 100% of employee salaries during time off to take care of a personal or family emergency

It requires employers to allow time off to take care of personal or family emergencies but does not require them to pay employees during that time

It requires employees to provide 30 days' notice if the issue can be reasonably anticipated

It requires employers to provide 12 weeks of leave to care for a personal or family emergency

Correct answer: It requires employers to pay 100% of employee salaries during time off to take care of a personal or family emergency

FMLA requires employers to provide 12 weeks of unpaid leave to take care of a personal or family emergency.

It does not require employers to pay their employees during this time. Employees who can reasonably anticipate the emergency must give employers 30 days' notice of their intended leave.

43.

Which of the following is the correct way to calculate the range spread for a pay range?

Maximum pay minus minimum pay, divided by the minimum pay

Minimum pay times two, minus the maximum pay

Minimum pay plus the maximum pay, divided by two

Maximum pay divided by the minimum pay

Correct answer: Maximum pay minus minimum pay, divided by the minimum pay.

To calculate the range spread for a compensation range, one must take the maximum pay, subtract the minimum pay, and divide the result by the minimum pay.

The incorrect answers are fabricated calculations.

44.

What year did it become mandatory for employers to provide employees with healthcare benefits?

2010

1990

1985

1950

Correct answer: 2010

The Affordable Care Act, also called "Obamacare", was signed into law by President Obama in 2010.

The incorrect answers all came before the year healthcare became mandatory.

45.

An employee has worked 50 hours for their employer in a work week. They are curious about whether there is a federally imposed maximum hours per week that an employer can require an employee to work. According to the FLSA, which of the following is the federal limit for adults?

There is no federal limit

40 hours per week

50 hours per week

60 hours per week

Correct answer: There is no federal limit

The FLSA does not impose a federal limit on the number of hours per week an employer can require an employee to work.

46.

An organization uses a person-based system to determine how much they pay certain positions in their team. A customer service representative is paid more than their colleague because they have a higher level of education and familiarity with the customer service methodology. Which of the following systems is this organization MOST likely using in this example?

Knowledge-based system

Skill-based system

Competency-based system

Time-based systems

Correct answer: Knowledge-based system

Organizations that pay based on a person's knowledge, level of education, and familiarity with a field are most likely using a knowledge-based system.

Skill-based systems are when employees' pay is determined by the number of skills they possess and the depth of their ability in each skill. With competency-based systems, pay is determined by the employee's ability to perform in a recognized and required area, such as organization or labor relations. Time-based systems base pay on a person's longevity in a role.

47.

A person with health insurance is required to get a referral from their Primary Care Physician before seeing a specialist. Which type of coverage does this person MOST likely have?

Health Maintenance Organization (HMO)

Managed healthcare plans

Fee-for-service plan

Preferred Provider Organizations (PPOs)

Correct answer: Health Maintenance Organization (HMO)

A Health Maintenance Organization (HMO) is the most common type of managed healthcare plan and requires members to choose primary care physicians (PCPs) who must refer them to specialists if specialized care is needed.

Managed healthcare plans involve contracts with providers in a network that negotiate special reduced rates for members. Preferred Provider Organizations (PPOs) allow members to visit any type of doctor, even specialists, as long as they are in-network, without requiring referrals from primary care physicians (PCPs). A Fee-for-service plan is a model for payment where the provider is paid separately for each instance of care, rather than bundling the payments. This incentivizes providers to provide more care rather than a higher quality of care.

48.

Which of the following types of benefits are not mandatory and are not governed by federal law?

Paid vacation time

Social Security

Unemployment insurance

Base pay

Correct answer: Paid vacation time

There is no federal requirement for employers to grant paid vacation time.

Social Security is regulated by the Social Security Act. Unemployment insurance is regulated by the Federal Unemployment Tax Act (FUTA). Base pay is set by the Fair Labor Standards Act (FLSA).

49.

A factory increases its operating hours from an 8 am to 8 pm schedule to a 24-hour schedule. They have asked their employees to work overnight, but the employees do not want to do so. They decided to offer an additional \$5 per hour to people who work the overnight shift. Which of the following best describes this type of financial incentive?

Differential pay

Overtime pay

Hazard pay

On-call pay

Correct answer: Differential pay

Differential pay is when employees are incentivized to work unfavorable shifts using additional pay.

On-call pay is offered to people who are required to remain on the premises or ready to work in case they are called in. A common example of on-call pay is when hospital staff are required to be at the hospital in case there is a need, but they are not on duty. Overtime pay is when non-exempt employees are paid one-and-a-half times their regular pay rate for each hour worked over 40 in one workweek. Hazard pay is additional compensation given to employees who are working in adverse conditions putting them at risk for health or safety reasons.

50.

Which of the following is the threshold employers must pass before the Family Medical Leave Act (FMLA) applies to their organization?

50 employees

20 employees

30 employees

10 employees

Correct answer: 50 employees

FMLA applies to organizations with 50 or more employees.

Therefore, none of the other answers represent organizations that would be required to comply with FMLA.

51.

What is the primary purpose of market compensation surveys in the context of employee pay programs?

To learn what other similarly situated positions earn in the market

To determine employee benefits eligibility

To comply with federal regulations regarding pay standards

To assess employee satisfaction with current compensation packages

Correct answer: To learn what other similarly situated positions earn in the market

In market compensation surveys, an organization gathers data from various sources, such as industry reports, salary surveys, and competitor compensation practices, to assess compensation trends for specific job roles within the market.

There are no federal regulations requiring businesses to pay according to market trends. Employee satisfaction is surveyed using employee engagement surveys or metrics such as retention rates. Benefits eligibility is determined by internal factors rather than market rates.

52.

An employee's pay is determined by how well they adhere to company guidelines and values and how well they do at their job. Which of the following compensation strategies is this employee's organization most likely using?

Performance-based merit pay system

Productivity-based system

Single-rate system

Time-based step rate system

Correct answer: Performance-based merit pay system

Performance-based merit pay systems are when pay is based on the individual employee's job performance.

Productivity-based systems are when employees' pay is determined by their output and include straight piece-rate systems and differential piece-rate systems. Time-based step rate systems are when employee's pay is based on the amount of time they have spent on the job, including automatic step rate systems, step rate with performance considerations, combination step rate and performance, and cost of living adjustments. A single-rate system, also known as a flat-rate system, is when each person with the same job in an organization makes the same amount of money regardless of merit or seniority.

53.

An HR leader considers three main criteria when evaluating the relative value of positions in their company. They look at each role's accountability, know-how, and problem-solving. Which of the following evaluation methods is this HR leader MOST likely using?

The Hay plan

The point factor method

Benchmarking

Job Classification Method

Correct answer: The Hay plan

The Hay plan uses three criteria including accountability, know-how, and problem-solving.

The point factor method is a quantitative evaluation practice that involves giving a numeric value to the skills and factors of each role to determine the pay scale. Job Classification Method is when roles are grouped together and given categories to help determine pay scales. Benchmarking is a practice of considering the market value of a role when determining pay.

54.

Which of the following best describes the pay requirement for overtime hours worked as set by the Fair Labor Standards Act (FLSA)?

Not less than one and a half times the regular rate of pay

Not more than twice the regular rate of pay

Equal to the regular rate of pay

Half the regular rate of pay

Correct answer: Not less than one and a half times the regular rate of pay

FLSA requires employers pay no less than one and a half times an employee's regular rate of pay for overtime hours worked.

The other answers do not reflect the overtime pay requirement.

55.

A founder at a company is about to lay off an employee for the first time. They have 25 employees and need to know whether the Consolidated Omnibus Budget Reconciliation Act (COBRA) applies to their business. Which of the following is the threshold at which employers must comply with COBRA?

20 employees

10 employees

30 employees

One employee

Correct answer: 20 employees

Employers with over 20 employees must comply with COBRA to provide a continuation of benefits after qualifying events at which people would otherwise lose coverage.

Therefore, an employer with 30 employees would have to comply, and employers with 10 employees or one employee would not. However, 20 employees is the threshold.

56.

An HR manager is putting together a program using non-quantitative methods for evaluating jobs in their organization. Which of the following methods is MOST likely a non-quantitative method?

Use a whole-job comparison to rank the jobs

Assign a numerical value to the skills required for each job and add up the numbers to give a score.

Utilize point-factor methods using a measurable scale

Employ factor comparison methods using a defined scale

Correct answer: Use a whole-job comparison to rank the jobs

Non-quantitative job evaluation methods include whole-job comparisons. This is a way of giving each job in an organization a ranked position. The process is quick and relatively easy, but it does not give a lot of context around why one job is valued higher than another, how much higher it is, or how much more it should really be paid based on the evaluation.

The remaining answers are all aspects of quantitative methods of job evaluation, assigning numerical values to job components. This method takes longer and is more difficult, but it gives the evaluator more information about why certain jobs are valued higher than others, how much higher they are, and some clues as to what they should be paid.

57.

An HR manager does a calculation to determine how wide the gap is in a pay band between the highest and the lowest pay offered. They take the maximum pay for a job, subtract the minimum pay for the job, and divide the result by the minimum pay. They then express this as a percentage. Which of the following has this HR manager MOST likely calculated?

The range spread

Compa-ratio

Red circle rates

Green circle rates

Correct answer: The range spread

The range spread is a calculation that represents the dispersion of pay, and is represented as a percentage.

Compa-ratios are comparisons to the job market; they allow companies to understand if they are offering above market averages if the compa-ratio is more than 100 percent, or below market averages if the compa-ratio is below 100 percent. Red circle rates are when employees are paid above the predetermined pay bands. Green circle rates are when employees are paid less than the previously accepted minimum rate for their job.

58.

At the start of a physical year, an organization announces that it will distribute the difference between last year's earnings and this year's earnings to its employees. Which of the following BEST describes this type of pay?

Gainsharing

Group incentives

Differential pay

Profit sharing

Correct answer: Gainsharing

Gainsharing is when an organization measures a baseline of performance, and measures the change over a set time. They then pay their employees based on this change.

Profit sharing is when companies distribute a percentage of their profits to their employees to motivate performance. Group incentives are designed to reward team achievements as motivations to work collectively. Differential pay is paid to employees to incentivize them to work shifts under adverse conditions.

59.

A company is experiencing a high rate of highly talented and high-potential employees leaving for new opportunities. Which of the following terms BEST describes this phenomenon?

Talent bleeding

Talent fight

Unregrettable turnover

Talent flight

Correct answer: Talent bleeding

The term for talent and high potential employees leaving an organization is talent bleeding.

Talent flight and talent fight are fabricated terms. Unregrettable turnover is when employees who were underperforming or otherwise not contributing leave.

60.

A small company is grouped together with several small companies to purchase medical insurance for their employees with stronger membership numbers than if they were all to seek coverage individually. What is the best term to describe this type of group negotiation?

A Health Insurance Purchasing Cooperative (HIPC)

Health Savings Account (HSA)

Health reimbursement accounts (HRAs)

High-deductible health plans (HDHP)

Correct answer: A Health Insurance Purchasing Cooperative (HIPC)

A Health Insurance Purchasing Cooperative (HIPC) negotiates lower costs for health insurance by grouping multiple employers together and using the strength of numbers to decrease premiums, thereby giving small organizations access to plans typically only available to larger organizations.

A Health Savings Account (HSA) allows employees to make contributions into a tax free account, and use the money for eligible medical expenses. High-deductible health plans (HDHP) cost employees less with low premiums, but have very high deductibles so if they do incur high expenses, it may cost more during years where a lot of care was needed. Health reimbursement accounts (HRAs) are not health insurance, but reimburse employees for out-of-pocket medical expenses that may not be covered by insurance.

61.

An employee at a company is enrolled in their company's health care plan. This person gets married and wants to terminate their coverage so they can enroll in their partner's plan. Under which of the following circumstances is this change typically allowed outside the regular open enrollment period?

Up to 30 days after a qualifying life event

On the day of a qualifying life event

Only at the beginning of a fiscal year

Upon receiving a promotion at work

Correct answer: Up to 30 days after a qualifying life event

Given that this employee files for the change within 30 days of their marriage, they should be able to change coverage because marriage is a qualifying life event.

The incorrect answers are fabricated and do not reflect the reality of qualifying life events.

62.

Which of the following best describes the focus of the Social Security Act?

Creating a system of support programs for retirement benefits and insurance

It requires employers to provide and financially support retirement plans

It created a national health insurance marketplace

Mandating minimum wage requirements for all workers

Correct answer: Creating a system of support programs for retirement benefits and insurance

The Social Security Act established a system of programs to support eligible Americans in retirement. The programs are financially supported by employee and employer contributions and include benefits such as retirement benefits, survivor benefits, and Medicare.

Minimum wage requirements are established by the Fair Labor Standards Act (FLSA). There are no federal laws that require employers to provide retirement benefits. A national health insurance marketplace was created by the Patient Protection and Affordable Care Act (PPACA).

63.

An employee has been with an organization for a long time and has received raises within their pay band. The role above them, CFO, is already taken, and there are no higher positions or pay bands available to this person. It is time to issue raises and this person is high performing, but they already make the top of their position's range. Their manager is asking their HR representative to increase this person's pay to more money than the company has allocated for this role. Which of the following BEST describes what this manager is asking for?

Red circle rates

Green circle rates

The range spread

Compa-ratios

Correct answer: Red circle rates

Red circle rates are when employees are paid above the predetermined pay bands. Red circle rates are sometimes used when an employee's pay has been elevated to the top of the predetermined range, but they are high-performing and deserve a raise.

Compa-ratios are comparisons to the job market; they allow companies to understand if they are offering above market averages if the compa-ratio is more than 100 percent, or below market averages if the compa-ratio is below 100 percent. The range spread is a calculation that represents the dispersion of pay and is represented as a percentage. Green circle rates are when employees are paid less than the previously accepted minimum rate for their jobs.

64.

A company's executives calculate how much money their company has made in a year. They take their total revenue and subtract all of their expenses. They take 50% of this amount and distribute it to their employees. Which of the following best describes this form of pay?

Profit sharing

Gainsharing

Differential pay

Group incentives

Correct answer: Profit sharing

Profit sharing is when companies distribute a percentage of their profits to their employees to motivate performance.

Gainsharing is when an organization measures a baseline of performance, and measures the change over a set time. They then pay their employees based on this change. Group incentives are designed to reward team achievements as motivations to work collectively. Differential pay is paid to employees to incentivize them to work shifts under adverse conditions.

65.

Which of the following is not a qualifying life event that allows employees to make changes to their benefits elections outside of the open enrollment window?

Starting an educational program

Divorce

Birth of a child

Adoption of a child

Correct answer: Starting an educational program

Qualifying life events include loss of coverage, marriage, divorce, birth or adoption of a child, or a dependent turning 26 years old.

There is no qualifying life event status for those beginning educational programs.

66.

A 62-year-old person leaves their job and begins receiving assistance from the largest social welfare program in the United States. Which of the following programs is this person MOST likely engaging with?

Social Security

Unemployment Insurance

Workers' Compensation

Healthcare Benefits

Correct answer: Social Security

Social Security is the largest social welfare program in the US; it provides financial support to people over 62 years of age who have worked at least ten years. Social security has been extended to include disability, death, and survivors' benefits.

Unemployment Insurance is a government-provided benefit that offers temporary financial assistance to eligible workers who have lost their jobs through no fault of their own and are actively seeking employment. Workers' Compensation is a form of insurance providing wage replacement and medical benefits to employees injured while working in exchange for the employee relinquishing their right to sue their employer for the tort of negligence. Healthcare Benefits are a form of compensation provided to employees fully or partially covering a range of medical expenses that can be structured with the employer paying for all or part of the premiums.

67.

According to the Fair Labor Standards Act (FLSA), how long must employers maintain payroll records?

Three years

Ten years

The life of the company

The life of the individual

Correct answer: Three years

According to FLSA, employers must retain all payroll documents for three years. There may be longer retention rates mandated by states, but the federal requirement is three years.

The incorrect answers are fabricated lengths of time that do not reflect the federal requirement.

68.

An HR leader is working on creating a compensation structure for their organization. They are grouping the positions into clumps with grades and classifications, including professional, technical, administrative, and clerical. Which of the following systems is this HR leader MOST likely using?

Job Classification Method

Benchmarking

Point factor method

The Hay plan

Correct answer: Job Classification Method

Job Classification Method is when roles are grouped together and given categories to help determine pay scales.

Benchmarking is a practice of considering the market value of a role when determining pay. The point factor method is a quantitative evaluation practice that involves giving a numeric value to the skills and factors of each role to determine the pay scale. The Hay plan uses three criteria including accountability, know-how, and problem-solving.

69.

The "golden gilded age" of compensation management represented a time when compensation data became more available for HR leaders interested in benchmarking their organization's salary ranges against the labor market. Which of the following timeframes represents the "golden gilded age"?

1990s to early 2000s

2010s to present day

1980s

1945 through the 1950s

Correct answer: 1990s to early 2000s

The "golden gilded age" of compensation management was ushered in by the use of technology and centralized data in the Internet age.

The incorrect answers are fabricated periods unrelated to the "golden gilded age" of compensation management.

70.

What term describes the practice of comparing jobs against compensation surveys that are specific to the type of work and industry the company works within?

Compensation benchmarking

Job evaluation

Parallelling pay

Cost evaluation

Correct answer: Compensation benchmarking

Compensation benchmarking is when companies use market data to determine fair pay within their organization. Leaders may choose to lead the market (pay higher than what is common or average), lag the market (pay less), or match the market (pay the averages).

Job evaluation is the broader term that describes how employers assess the 'worth' of different jobs within their organization; it may include benchmarking. Parallelling pay is a fabricated term. Cost evaluation is a calculation of how much money has been or will be spent on a project, hire, product, or endeavor.

71.

Which of the following best defines a pay grade within an organization's compensation structure?

A pay grade represents the range of salaries or wage rates assigned to jobs with similar responsibilities and requirements.

A pay grade refers to the number of employees within a particular department or division of the organization.

A pay grade indicates the level of performance achieved by individual employees within the organization.

A pay grade reflects the number of years of experience an employee has within the organization.

Correct answer: A pay grade represents the range of salaries or wage rates assigned to jobs with similar responsibilities and requirements.

Organizations looking to codify their compensation structure may create pay grades for groups of positions in their company. This saves time and increases pay equity by giving roles bands of acceptable pay that leaders can offer their team members.

The incorrect answers may be factors in considering an employee's pay but do not accurately represent the definition of a pay grade.

72.

A construction worker is determined to have 20 essential abilities and a profound depth of 10 abilities. They are paid higher than their colleague who has ten essential abilities, and a profound depth in five abilities. Which of the following systems is this worker's organization MOST likely using?

Skill-based

Competency-based

Time-based

Knowledge-based

Correct answer: Skill-based systems

Skill-based systems are when employees' pay is determined by the number of skills they possess and the depth of their ability in each skill.

Organizations that pay based on a person's knowledge, level of education, and familiarity with a field may be using a knowledge-based system. With competency-based systems, pay is determined by the employee's ability to perform in a recognized and required area, such as organization or labor relations. Time-based systems base pay on a person's longevity in a role.

73.

An employee works the morning shift at a cafe. They work from 6am until noon. Around 2pm, the cafe experiences an unexpected rush. The cafe owner asks this employee to return to work, and says they will give them some additional compensation above their regular hourly rate for their time. Which of the following best describes this form of additional compensation?

Callback pay

Reporting time pay

Geographic differentials

Group incentives

Correct answer: Callback pay

Callback pay may apply when an employer asks an employee to come back to work after their regularly scheduled shift has ended.

Reporting time pay is compensation paid to employees when they are required to report to work but are not actually assigned any tasks or work duties. Geographic differentials are offered when the cost of living is different for employees distributed in different regions of the country or the world. Group incentives are designed to reward team achievements as motivations to work collectively.

74.

Which of the following laws created a national insurance marketplace where employees and the unemployed can shop for health insurance?

Patient Protection and Affordable Care Act (PPACA)

Fair Labor Standards Act (FLSA)

The Social Security Act

The Health Insurance Portability and Accountability Act (HIPAA)

Correct answer: Patient Protection and Affordable Care Act (PPACA)

A national health insurance marketplace was created by the Patient Protection and Affordable Care Act (PPACA).

The Social Security Act established a system of programs to support eligible Americans in retirement. The programs are financially supported by employee and employer contributions and include benefits such as retirement benefits, survivor benefits, and Medicare. Minimum wage requirements are established by the Fair Labor Standards Act (FLSA). HIPAA is best known for protecting patient medical records.

75.

Which of the following is NOT considered a type of person-based system of compensation structure?

Tenure-based

Knowledge-based

Skill-based

Competency-based

Correct answer: Tenure-based

Tenure-based is when pay is based on seniority or the time spent in a role, and is considered a factor of time-based step rate systems.

The three types of person-based systems are knowledge-based, skill-based, and competency-based systems.

76.

Which of the following is not a regulated provision established by the Fair Labor Standards Act of 1938?

Paid family leave

Child labor

Overtime pay

Minimum wage

Correct answer: Paid family leave

Paid family leave is not a federally mandated provision, but some states and localities have implemented paid family leave laws.

The five main areas of regulation established by the Fair Labor Standards Act (FLSA) are child labor, recordkeeping, hours worked, overtime, and minimum wage.

77.

A doctor is required to be at the hospital in case there is an influx of patients who need medical attention. They are not considered on duty and are able to eat, read a book, watch a movie, or even sleep. What type of compensation may be offered to this doctor for this type of shift?

On-call pay

Overtime pay

Hazard pay

Differential pay

Correct answer: On-call pay

On-call pay is offered to people who are required to remain on the premises or ready to work in case they are called in. A common example of on-call pay is when hospital staff are required to be at the hospital in case there is a need. but they are not on duty.

Differential pay is when employees are incentivized to work unfavorable shifts using additional pay. Overtime pay is when non-exempt employees are paid one-and-a-half times their regular pay rate for each hour worked over 40 in one workweek. Hazard pay is additional compensation given to employees who are working in adverse conditions putting them at risk for health or safety reasons.

78.

Which of the following structures of health insurance plans incentivizes providers to provide more treatments because they are paid per the quantity of care, not the quality of care?

Fee-for-service plans (FFS)

Managed Healthcare Plans

Health Maintenance Organization (HMO)

Preferred Provider Organization (PPO)

Correct answer: Fee-for-service plans (FFS)

A Fee-for-service plan is a model for payment where the provider is paid separately for each instance of care, rather than bundling the payments. This incentivizes providers to provide more care rather than a higher quality of care.

Managed healthcare plans involve contracts with providers in a network that negotiate special reduced rates for members. A Health Maintenance Organization (HMO) is the most common type of managed healthcare plan and requires members to choose primary care physicians (PCPs) who must refer them to specialists if specialized care is needed. Preferred Provider Organizations (PPOs) allow members to visit any type of doctor, even specialists, as long as they are in-network, without requiring referrals from primary care physicians (PCPs).

79.

The Employee Retirement Income Security Act (ERISA) mandates that employees become eligible to participate in retirement plans at what distinction?

1,000 hours worked in a 12-month period.

500 hours worked in a 24-month period.

40 hours worked in one workweek.

90 hours worked in one month.

Correct answer: 1,000 hours worked in a 12 month period

The Employee Retirement Income Security Act (ERISA) mandates that employees become eligible to participate in retirement plans once they have completed 1,000 hours worked in a 12-month period.

The incorrect answers are fabricated terms.

80.

Compensation and benefits are collectively known as which of the following?

Total rewards

Salary package

Payroll

Intrinsic motivations

Correct answer: Total rewards

The term total rewards is used to encompass all aspects of compensation and benefits.

The other answers are individual parts of total rewards packages and do not include all aspects of compensation and benefits.

81.

A Human Resources Leader has a quarterly goal to evaluate all jobs within an organization and give some context around how much each role should be paid relative to the role's value to the company. They have a lot of time and resources to complete this task and need to produce a detailed and specific rubric for pay. Which of the following methods is MOST likely to provide this level of detail for this HR leader?

Quantitative evaluation methods

Non-quantitative evaluation methods

Qualitative evaluation methods

Whole-job Comparison

Correct answer: Quantitative evaluation methods

Quantitative methods of job evaluation and assigning numerical values to job components takes longer and is more difficult, but it gives the evaluator more information about why certain jobs are valued higher than others, how much higher they are, and some clues as to what they should be paid.

Non-quantitative job evaluation methods include whole-job comparisons and qualitative methods. This is a way of giving each job in an organization a ranked position. The process is quick and relatively easy, but it does not give a lot of context around why one job is valued higher than another, how much higher it is, or how much more it should really be paid based on the evaluation.

82.

Which of the following is NOT a responsibility of the payroll function?

Shift scheduling

Control and security

Maintenance of records

Legal compliance

Correct answer: Shift scheduling

Shift scheduling is not considered a function that payroll is directly responsible for.

The four payroll function responsibilities are legal compliance, ongoing reporting, record maintenance, and control and security.

83.

An employee's mother has been in a car accident and needs 24-hour care. The doctors estimate she will need ten weeks of at-home care from a family member to recover. The employee is worried that their job may not be safe. Assuming that FMLA applies to this person's place of work, which of the following most accurately describes the protections they are provided?

This person should be given 12 weeks of unpaid time off

This person should be given ten weeks of paid time off

This person's leave would exceed the eight weeks provided by FMLA and may be fired for missing an additional two weeks

This person is not eligible for FMLA, which applies only to the employee and not to family members' care

Correct answer: This person should be given 12 weeks of unpaid time off

The Family and Medical Leave Act (FMLA) provides 12 weeks of unpaid time off and job protection to people who need to leave work to take care of personal or family medical cases. This person's mother needs care, and ten weeks is less than the allotted 12 weeks that the law guarantees. FMLA guarantees employee leave but does not require employers to pay their salaries during this time. Therefore, this person should be given 12 weeks of unpaid time off.

84.

An employee chooses a healthcare plan that has a low premium cost, but the required out-of-pocket cost before insurance covers care is high. Which of the following has this employee most likely chosen?

High-deductible health plans (HDHP)

A Health Insurance Purchasing Cooperative (HIPC)

Health Savings Account (HSA)

Health reimbursement accounts (HRAs)

High-deductible health plans (HDHP)

High-deductible health plans (HDHP) cost employees less with low premiums, but have very high deductibles so if they do incur high expenses, it may cost more during years where a lot of care is needed.

A Health Insurance Purchasing Cooperative (HIPC) negotiates lower costs for health insurance by grouping multiple employers together and using the strength of numbers to decrease premiums, thereby giving small organizations access to plans typically only available to larger organizations. A Health Savings Account (HSA) allows employees to make contributions into a tax-free account, and use the money for eligible medical expenses. Health reimbursement accounts (HRAs) are not health insurance, but reimburse employees for out-of-pocket medical expenses that may not be covered by insurance.

85.

An employee has been contributing tax-free to an account and is able to use the money they have accumulated to pay for certain eligible medical costs. Which of the following is this employee MOST likely using?

Health Savings Account (HSA)

A Health Insurance Purchasing Cooperative (HIPC)

High-deductible health plans (HDHP)

Health reimbursement accounts (HRAs)

Correct answer: Health Savings Account (HSA)

A Health Savings Account (HSA) allows employees to make contributions into a tax free account, and use the money for eligible medical expenses.

A Health Insurance Purchasing Cooperative (HIPC) negotiates lower costs for health insurance by grouping multiple employers together and using the strength of numbers to decrease premiums, thereby giving small organizations access to plans typically only available to larger organizations. High-deductible health plans (HDHP) cost employees less with low premiums, but have very high deductibles so if they do incur high expenses, it may cost more during years where a lot of care was needed. Health reimbursement accounts (HRAs) are not health insurance, but reimburse employees for out-of-pocket medical expenses that may not be covered by insurance.

Compliance & Risk Management

Compliance & Risk Management

86.

An employee has a complaint about how they have been treated at work. They believe they were given less favorable shifts because of the color of their skin. Which of the following government agencies is this person MOST likely to file a complaint with?

The EEOC

The DOL

The NLRB

OSHA

Correct answer: The EEOC is the Equal Employment Opportunity Commission

The EEOC is the Equal Employment Opportunity Commission which focuses on discrimination in the workplace.

The DOL is the Department of Labor which oversees over 180 laws related to employment regulations. These laws span from workplace standards to wages and hours. OSHA is the Occupational Safety and Health Act, which focuses specifically on health and safety. NLRB is the National Labor Relations Board which protects union activity and the treatment of unionized workers.

87.

Which of the following provides protections for workers against sexual harassment in the workplace?

Guidelines on Discrimination Because of Sex (1980)

The Civil Rights Act (1964)

The Lilly Ledbetter Act (2009)

The Uniform Guidelines on Employee Selection Procedures (1978)

Correct answer: Guidelines on Discrimination Because of Sex (1980)

The Guidelines on Discrimination Because of Sex (1980) was created by the Equal Employment Opportunity Commission (EEOC) in 1980 to help employers define sexual harassment in the workplace. Until these guidelines were released, employees and employers did not have a standard set to differentiate what constitutes sexual harassment.

The Uniform Guidelines on Employee Selection Procedures (1978) prohibits discrimination due to hiring processes, whether intentional or unintentional. The Lilly Ledbetter Act (2009) extended the statute of limitations on litigating cases of pay discrimination. The Civil Rights Act (1964) classified sex as a protected class but did not address sexual harassment in the workplace.

88.

A business purchases precious stones from a dealer in New Mexico and sells them at a shop in Florida. Which of the following best describes this type of transaction?

Interstate commerce

International transaction

Intrastate commercialism

Outerstate transaction

Correct answer: Interstate commerce

A transaction of interstate commerce involves the movement of goods or services between two or more states within the same country.

An international transaction involves more than one country. Intrastate commercialism takes place within a state. Outerstate transaction is a fabricated term.

89.

An employee is in debt, and creditors issue a garnishment to this worker's employer. Which of the following laws is most likely to impact the amount of money a creditor can receive from the employee's wages each week?

The Consumer Credit Protection Act of 1968

The Clayton Act of 1914

The Copeland "Anti-Kickback" Act of 1934

The Economic Growth and Tax Relief Reconciliation Act (EGTRRA) of 2001

Correct answer: The Consumer Credit Protection Act of 1968

The Consumer Credit Protection Act of 1968 imposed limits on garnishments that creditors can receive from employee wages. It also protected employees who have garnishments against their wages from being terminated as a result of a garnishment.

The Clayton Act of 1914 is a United States antitrust law designed to address anti-competitive practices, prohibit behaviors that build monopolies, and regulate mergers and acquisitions to promote competition. The Copeland "Anti-Kickback" Act of 1934 prevents companies working on federal contracts from requiring employees to pay for their position on the job. The Economic Growth and Tax Relief Reconciliation Act (EGTRRA) of 2001 dealt with pension plans and retirement conditions.

90.

Which of the following BEST describes the federal regulations about workers' compensation?

Federal law requires employers to provide workers' compensation, but rules are governed by the states.

Federal regulations mandate a uniform workers' compensation system across all states.

Workers' compensation is optional and left entirely to the discretion of individual employers.

Workers' compensation is managed by the federal government for all private and public sector employees.

Correct answer: Federal law requires employers to provide workers' compensation, but rules are governed by the states.

The federal government mandates that all employers provide employees workers' compensation insurance, but the states each set the rules about the specific policies and plans required.

The incorrect answers are fabricated and do not reflect the truth about workers' compensation. Federal regulations do not require all workers' compensaiton to be uniformly designed; it is not optional and it is not managed by the federal government.

91.

An employee has experienced discrimination based on their religion in the workplace. They file a complaint with a federal commission that will litigate the case and enforce the nation's civil rights rules. Which of the following laws created the commission that can litigate on behalf of this employee?

The Equal Employment Opportunity Act

The Labor-Management Relations Act

The Immigration Reform and Control Act

The Fair Credit Reporting Act

Correct answer: The Equal Employment Opportunity Act

The Equal Employment Opportunity Act created the Equal Employment Opportunity Commission (EEOC), which can litigate cases of discrimination and enforce the regulations set in The Civil Rights Act and other employment laws.

The Labor-Management Relations Act of 1947 was the first legislation that regulated unions and prevented unions from unfair work practices and from demanding exclusivity in the workplace. The Immigration Reform and Control Act (IRCA) requires employees to prove their identities and their eligibility to work in the United States, and created the Form I-9. The Fair Credit Reporting Act prevents employers from running credit reports on their employees or candidates for employment without their consent and protects data security.

92.

Which of the following groups of laws contains laws that apply only to companies once they have 15 or more employees?

The Drug-Free Workplace Act, The Equal Employment Opportunity Act, and The Pregnancy Discrimination Act

The Clayton Act, The Consumer Protection Act, and The Employee Polygraph Protection Act

The Family and Medical Leave Act, The Mental Health Parity Act, and The Patient Protection and Affordable Care Act

The Worker Adjustment and Retraining Notification, The Civil Service Reform Act, and The Congressional Accountability Act

Correct answer: The Drug-Free Workplace Act, The Equal Employment Opportunity Act, The Pregnancy Discrimination Act

There are many laws that begin to apply to employers once they hit an employee headcount threshold of 15 or more employees. The Drug-Free Workplace Act, The Equal Employment Opportunity Act, and The Pregnancy Discrimination Act are three of them.

The Clayton Act, The Consumer Protection Act, and The Employee Polygraph Protection Act all go into effect for employers with one or more employees. The Family and Medical Leave Act, The Mental Health Parity Act, and The Patient Protection and Affordable Care Act apply to companies with fifty or more employees. The Worker Adjustment and Retraining Notification, The Civil Service Reform Act, and The Congressional Accountability Act all apply to employers with 100 or more employees.

93.

An employee has been passed over for a promotion at work and believes the choice was made based on their religion. This employee is using a government agency to use legal action against their organization. Which of the following laws granted authority to this government agency that will litigate on their behalf?

The Equal Employment Opportunity Act

The Drug-Free Workplace Act

The Americans with Disabilities Act (ADA)

The Civil Rights Act (Title VII)

Correct answer: The Equal Employment Opportunity Act

The Equal Employment Opportunity Act gave the Equal Employment Opportunity Committee the authority to use legal action against organizations discriminating based on race, color, sex, religion, and national origin, and requires employers to post the regulations that equal opportunity is the law.

The Drug-Free Workplace Act requires federal contractors to ensure a drug-free work environment as a condition of receiving a contract or grant from the federal government. The Civil Rights Act (Title VII) prohibits employment discrimination on the basis of race, color, sex, religion, and national origin. The Americans with Disabilities Act (ADA) protects the privileges of employment for people with physical or mental disabilities.

94.

Which of the following is NOT a term related to workforce restructuring?

Business Continuity

Divestiture

Acquisition

Merger

Correct answer: Business Continuity

Business Continuity is how a company will operate after an emergency has occurred. These are plans in place so the heavy lifting of planning has been done under normal circumstances, and people know how to behave to support the team in an altered state.

Divestiture is when a company reduces its resource allocation to an area of the business, often resulting in a reduction in force or layoffs. Acquisition is when one organization buys another. A merger is when two or more companies are combined into one.

95.

An employer is required by law to advertise open jobs at their organization to the state-run services. Which of the following laws has MOST likely created this requirement for this employer?

The Vietnam Era Veterans Readjustment Assistance Act (VEVRAA)

The Uniformed Services Employment and Reemployment Rights Act (USERRA)

The Work Opportunity Tax Credit (WOTC)

The Wagner-Peyser Act

Correct answer: The Vietnam Era Veterans Readjustment Assistance Act (VEVRAA)

The Vietnam Era Veterans Readjustment Assistance Act (VEVRAA) requires some employers to advertise their open jobs with state-run services.

The Uniformed Services Employment and Reemployment Rights Act (USERRA) protects the employment, reemployment, and retention rights of any person who serves or has served in the military's. "Retention rights" refer to the protections afforded to military service members against unfair termination or discharge from their civilian employment due to their military service. The Wagner-Peyser Act created offices to support people experiencing unemployment with job search assistance. The Work Opportunity Tax Credit (WOTC) supports people who face employment barriers by offering tax credits to organizations that employ them.

96.

There has been a conflict between a union and an employer. A third party is brought in to try to get to a consensus but will make a decision both parties must adhere to if an agreement cannot be reached. Which of the following is MOST likely being described?

Mediation arbitration

Collective bargaining

Labor negotiation

Contract negotiation

Correct answer: Mediation arbitration

Mediation arbitration is when a neutral third party initially attempts to facilitate a resolution through mediation, but if the parties are unable to reach an agreement, the mediator transitions into an arbitrator and makes a decision both parties must abide by.

Collective bargaining is the negotiation process mandated by the National Labor Relations Act (NLRA), where employers and labor unions negotiate terms and conditions of employment. Labor negotiation does not specifically capture the process where a third party tries to seek an agreement and then passes down a decision. Contract negotiation refers to the creation of agreements for employment including budgetary conditions.

97.

A worker from another country needs a specific type of training to perform an essential part of the next level of their job. This type of training is available in the United States, but not in their home country. Which of the following types of H Visas should this person apply for to be allowed into the US to receive their essential training?

H-3 Visa

H-2B Visa

H-2A Visa

H-1B Visa

Correct answer: H-3 Visa

The H-3 Visa is for individuals coming to the U.S. for training not available in their home country.

The H-2B Visa is for temporary non-agricultural workers. H-2A Visas are for temporary agricultural workers. H-1B Visas are for temporary workers in specialty occupations requiring specialized knowledge and a higher education degree.

98.

A state-run facility has hired a new person. They must input this new hire into their database, and collect child support funds from their paycheck. Which of the following laws is most likely related to this situation?

The Personal Responsibility and Work Opportunity Reconciliation Act

The Occupational Safety and Health Act (OSHA)

The Social Security Act (SSA)

The Service Contract Act (SCA)

Correct answer: The Personal Responsibility and Work Opportunity Reconciliation Act

The Personal Responsibility and Work Opportunity Reconciliation Act is a welfare law that enforces child support payments and requires states to have new hire reporting systems.

The Occupational Safety and Health Act (OSHA) requires employers to provide a safe and healthy workplace for employees. The Service Contract Act (SCA) applies to non-construction federal contractors that require employees to be paid minimum wage and benefits. The Social Security Act (SSA) established a system of benefits for social welfare and social insurance funded by payroll taxes.

99.

Which of the following types of cyber crimes involves an external party breaching a company's security to steal data?

Hacker theft

Inventory and supply security

Employee cyber-theft

Customer theft

Correct answer: Hacker theft

Hacker theft is when an external party, often referred to as a hacker, illegally accesses a company's digital systems to steal sensitive data or financial assets.

Employee cyber-theft is committed by someone within the organization. Customer theft involves theft by customers and more often happens in person rather than digitally. Inventory and supply security pertains to physical or logistical aspects of managing assets to sell or use for business purposes.

100.

An employee has discovered they are receiving less compensation than their colleagues in the same position. They have the same experience level and performance reviews but they are the only person in a protected class within their team. The person has been with the company for twenty years, and their manager explains that they are not likely to be successful in litigating against the company because the original discrimination happened so long ago. Which of the following laws addresses the statute of limitations in discrepancy litigation?

The Lilly Ledbetter Fair Pay Act

The Sarbanes-Oxley Act (SOX)

The Americans with Disabilities Act (ADA)

The Civil Rights Act of 1964

Correct answer: The Lilly Ledbetter Fair Pay Act

The Lilly Ledbetter Act resets the statute of limitations for filing an equal-pay lawsuit regarding pay discrimination each time an individual receives a paycheck that is deemed discriminatory, thereby making it easier for employees to litigate against employers with unfair pay practices.

The Sarbanes-Oxley Act (SOX) is a federal law enacted in 2002 that requires financial transparency in publicly traded companies to protect investors and consumers and prevent corporate and accounting fraud. This law applies to publicly traded companies with one or more employees. The Civil Rights Act of 1964 prohibits discrimination based on race, color, religion, sex, or national origin. The Americans with Disabilities Act (ADA) of 1990 is a civil rights law that prohibits discrimination against individuals with disabilities in all areas of public life, including jobs, schools, transportation, and all places that are open to the general public.
