

SECTION 13-1 Hiring New Employees

To fill openings in your business, you can either recruit new employees or pay an employment agency to locate a candidate for you. The cost of recruiting may include advertising fees; interviewing expenses, such as travel costs for job candidates; and hiring expenses, such as moving costs for new employees.

$$\text{Total Recruiting Cost} = \text{Advertising Expenses} + \text{Interviewing Expenses} + \text{Hiring Expenses}$$

Fill in the total recruiting costs in the table below.

	Position	Advertising Expenses	Interviewing Expenses	Hiring Expenses	Total Recruiting Cost
1.	Statistician	\$ 212.50	\$ 56.80	\$ 3,952.00	
2.	Analyst	350.50	762.20	5,012.90	
3.	Instructor	615.84	8,262.48	7,467.97	
4.	Director	68.40	396.42	2,147.80	
5.	Accountant	253.82	910.48	4,697.80	

6. Commerce Bank hired Pete Drexel as its new branch office manager, at an annual salary of \$39,500.

Advertising Costs: \$421.27
 Interview Expenses: P. Drexel \$85.25
 L. Lindsay \$94.60
 Search Agency Fee: 15 percent of first year's annual salary

What was the total cost of recruiting Pete Drexel for this position? _____

7. To search for a new vice president, your company hired the Executive Placement Agency to locate candidates for the position. The agency's fee is 25 percent of the first year's salary, if you hire one of its candidates. You have also run advertisements in professional magazines for a total cost of \$849.04. You interviewed 3 people:

<u>Denise Hoffman</u>	<u>Omar Kalifa</u>	<u>Magena Hurit</u>
Applied through the agency	Answered ad	Applied through the agency
Travel Cost: \$490	Travel Cost: \$104	Travel Cost: \$229

You hired Magena Hurit at an annual salary of \$44,600. Your company paid her moving expenses of \$1,564.80, plus relocation expenses of \$8,100. What was your total recruiting cost? _____

8. A major Midwestern university hired Executive Search Consultants to assist in finding a new president. The consultant's fee is a flat \$68,000. Advertisements cost \$3,160.96. The search committee brought 3 finalists to the campus for interviews.

	<u>Delmar Alfred</u>	<u>June Day</u>	<u>Leonides Reyes</u>
Transportation	\$410.25	\$ 42.50	\$694.30
Lodging and meals	118.80	197.46	212.40

The university selects Delmar Alfred as its new president. Moving expenses of \$914.40 plus relocation costs of \$5,500 were paid by the university. What was the total recruiting cost? _____

SECTION 13-2 Administering Wages and Salaries

Your business may have a wage and salary scale for the positions in the company. A cost-of-living adjustment is a raise in your salary to help you keep up with inflation. A merit increase is a raise in your salary to reward you for the quality of your work.

$$\text{New Salary} = \text{Present Salary} + \text{Cost-of-Living Adjustment} + \text{Merit Increase}$$

Find the new salary in the table below.

	Job Title	Present Salary	Cost-of-Living Increase	Merit Increase	New Salary
1.	Clerk	\$13,520.00	\$ 301.30	\$ 452.60	
2.	Manager	32,400.00	1,580.00	2,517.00	
3.	Programmer	22,500.00	1,283.00	658.47	
4.	Accountant	34,640.00	1,232.00	1,232.00	

- Jalen Russell is the credit manager at Value Line Shops. His annual salary is \$34,650. Next month he will receive a 5.5 percent cost-of-living adjustment and a 4.0 percent merit increase. What will be his new annual salary? _____
- Sherry Spencer is the Senior Vice President for her company. Her annual salary is \$76,425. She received a 6.4 percent merit increase this month. What is her new annual salary? _____
- Andres Carillo will receive a promotion next month. He will receive a 12.5 percent salary increase, in addition to a 5.5 percent cost-of-living adjustment and a 6.8 percent merit increase. His present annual salary is \$26,990. What will be his new annual salary? _____
- Atsuko Nagayama is the head computer analyst for Data Program Controls, Incorporated. She will receive a 5.5 percent cost-of-living adjustment in her salary this month. Her present annual salary is \$42,000. What will be her new annual salary? _____
- After working at a company for 8 months, you received your first performance review last week. As a result, you have been given a 7.5 percent merit increase based on your present annual salary of \$21,640. What is your new salary? _____
- Killian Manufacturing awards merit increases based on performance and uses a sliding scale for cost-of-living adjustments. Employees at Killian who earn less than \$18,000 receive a cost-of-living adjustment of 7.5 percent. Employees who earn \$18,000 to \$25,000 receive a cost-of-living adjustment of 6.5 percent. Employees who earn \$25,000 or more receive a cost-of-living adjustment of 6.3 percent. Find the new annual salary for these 5 Killian employees. Their merit increases are given.

	Jim Spar	Tama Beggins	Ralph Stokes	Doug Garcia	Janice Stites
Annual Salary	\$18,000	\$21,750	\$31,860	\$14,615	\$27,916
Merit Increase	6%	3½%	5.1%	0.7%	6¼%
New Annual Salary	_____	_____	_____	_____	_____

Student _____

Date _____

Class _____

Instructor _____

SECTION 13-3 Employee Benefits

Employee benefits are offered in the form of various types of insurances, pension plans, and paid vacations. The total of your benefits is often figured as a percentage of your annual gross pay.

$$\text{Rate of Benefits} = \frac{\text{Total Benefits}}{\text{Annual Gross Pay}}$$

Find the rate of benefits in the table below. Round to the nearest tenth of a percent.

	Job Title	Annual Gross Pay	Total Benefits	Rate of Benefits
1.	Administrator	\$23,140	\$7,520	
2.	Clerk	18,600	2,790	
3.	Programmer	19,750	2,070	
4.	Receptionist	15,600	1,844	
5.	Assistant	24,416	3,489	
6.	Vice President	92,412	9,867	

7. Juan Fuentes is a computer processing supervisor. His annual salary is \$32,190. Benefits consist of \$1,881.73 in vacation time, holidays worth \$1,287.60, health insurance premiums of \$2,300 paid by the employer, Social Security of \$1,995.78, Medicare of \$466.76, and unemployment insurance of \$541.06.

- a. What are the total benefits? _____
- b. What is the rate of benefits? _____

8. Teri Schenk is employed as a supermarket cashier. Her annual salary is \$17,470. Benefits consist of 1 week paid vacation, 8 paid holidays, 80 percent of a total health insurance package consisting of \$2,100, 3 percent unemployment insurance, 6.2 percent Social Security, and 1.45 percent Medicare.

- a. What are the total benefits? _____
- b. What is the rate of benefits? _____

9. You work in a payroll office. Complete the form below. Remember 6.2 percent of the first \$84,900 of the annual salary is deducted for Social Security and 1.45 percent of all income is deducted for Medicare.

Position	Annual Salary	Vacation	3% Health Ins.	3.6% Unemp. Ins.	6.2% Soc. Sec.	1.45% Medical	Total Benefits
Manager	\$82,100	3 wk:					
Receptionist	18,600	2 wk:					
Clerk I	17,900	2 wk:					
Clerk II	15,400	2 wk:					

- a. What is the rate of benefits for the manager? _____
- b. What is the rate of benefits for the receptionist? _____
- c. What is the rate of benefits for clerk I? _____
- d. What is the rate of benefits for clerk II? _____

SECTION 13-4 Disability Insurance

Disability Insurance pays benefits to individuals who must miss work because of an illness or injury. Most independent retirement systems compute long term disability benefits based on a percent of the final average salary.

$$\text{Annual Disability Benefit} = \left[\text{Years Worked} + \text{Expected Retirement Age} - \text{Present Age} \right] \times \text{Rate of Benefits} \times \text{Final Average Salary}$$

Disability Insurance under Social Security is based on your inability to work and is available from the Social Security Administration. Supplemental Security Income (SSI) is a program run by the Social Security Administration for the elderly, the blind, and people with disabilities. The basic monthly SSI benefit is \$531 for one person and \$796 for a couple. This may vary if the state adds to the SSI benefit.

In the table below, find the annual and the monthly disability benefit using the independent retirement system formula given above.

	Name	Years Worked	Expected Ret. Age	Present Age	Rate of Benefits	Final Average Salary	Annual Disability Benefit	Monthly Disability Benefit
1.	A. Brown	18	60	48	2.0%	\$49,860		
2.	R. Garcia	9	55	32	1.8%	32,500		
3.	T. Mustafi	28	62	59	2.1%	48,830		
4.	P. Pappas	16	65	39	1.9%	45,800		
5.	S. Stein	33	60	57	2.0%	52,848		
6.	W. Moore	14	55	46	1.7%	33,850		

- Thomas Johnson has contributed to Social Security for the past 22 years. He becomes disabled while working and qualifies for Supplemental Security Income (SSI). Find the monthly SSI benefit for Johnson and his wife. _____
- Alice Walker has worked for Extended Care Facility for the past twelve years. Her employment is covered by Social Security. She becomes disabled and qualifies for SSI. If she is single with no dependents, how much will she receive monthly in SSI benefits? _____
- Mario Ramirez had worked for the Western State University system for 21 years when he suffered a stroke and became disabled. Ramirez is 58 years of age and planned to retire at the age of 62. His final average salary is \$74,820. Western State has a rate of benefit of 1.9 percent. What is his monthly disability benefit? _____
- Sheronda Williams, age 43, was an employee of Transcontinental Rail System for 20 years when she became permanently disabled. Normal retirement age for Transcontinental is 55. The rate of benefit is 2.1 percent. Williams' final average salary was \$47,485. Find her monthly disability benefit. _____

SECTION 13-5 Workers Compensation and Unemployment Insurance

Workers compensation insurance covers employees' medical expenses and lost wages if they're hurt on the job. The premiums are paid by the employer and vary by state, total payroll, and type of business. The premium for workers compensation insurance is computed by multiplying a base rate, normally per \$100, by the total payroll.

$$\text{Premium for Workers Compensation Insurance} = \text{Base Rate} \times \text{Total Payroll}$$

Unemployment insurance is a federal and state program that provides financial aid to qualified persons who, through no fault of their own, become unemployed. These premiums are also paid by the employer. The federal unemployment tax (FUTA) rate is 6.2 percent of the first \$7,000 of taxable wages. Normally, 5.4 percent of that goes for the state unemployment tax (SUTA), leaving 0.8 percent for federal. If the state rate is 2.0 percent, then 4.2 percent would be left for the federal.

- The base rate for workers compensation insurance for roofers in one state is \$16.95 per \$100 paid to employees. The total monthly payroll for Certified Roofing Contractors is \$15,738. What is the monthly premium for workers compensation insurance?
- In the same state as Problem 1, the owner of Variety Store pays the base rate of only \$2.24 per \$100 paid in wages. The payroll for the store for the month of October is \$14,830. What is the monthly premium for workers compensation insurance?
- The Landscape Company has 6 employees. It has some unemployment during the winter months and, therefore, must pay a state unemployment tax (SUTA) of 5.4 percent. That leaves 0.8 percent for the federal unemployment tax (FUTA). Compute the federal and state unemployment tax if their annual wages are as given:

Employee	Annual Wage	Amount Taxed	FUTA (0.8%)	SUTA (5.4%)
Andy Cole	\$34,750	\$7,000		
Tricia Gomez	29,268	7,000		
Ben Abdulmin	25,000	7,000		
Tom Smith	7,575	7,000		
Mary Beans	6,836	6,836		
Sam Cook	5,194	5,194		

- The law offices of Jones and Jones has good experience with respect to layoffs and, as a result, pays a SUTA rate of only 1.1 percent on the first \$7,000 of each employee's annual wage. The FUTA rate would, therefore, be 5.1 percent (6.2% - 1.1%). Find the federal and state unemployment insurance tax paid on the wages of these 4 employees.

Employee	Annual Wage	Amount Taxed	FUTA (5.1%)	SUTA (1.1%)
Malik Jones	\$125,000	\$7,000		
Ahmad Jones	135,000	7,000		
Tamika Sams	24,800	7,000		
Thomas Links	4,685	4,685		

Student _____

Date _____

Class _____

Instructor _____

SECTION 13-6 Travel Expenses

If you travel for your business, you will be reimbursed for your authorized expenses. Travel expenses usually include transportation, lodging, and meals.

$$\text{Total Travel Expense} = \text{Cost of Transportation} + \text{Cost of Lodging} + \text{Cost of Meals} + \text{Additional Cost}$$

Fill in the table below.

	Name	Miles Traveled	Cost at \$0.345/mile	Meals	Lodging	Total Travel Expense
1.	H. Salkowski	240.5	\$ 82.97	\$ 67.71	\$ 98.60	
2.	O. Wines	1,980.9	683.41	71.04	168.40	
3.	S. Irelan	410.5	141.62	51.60	64.90	
4.	J. Jablonski	1,070.2	369.22	80.40	148.10	
5.	T. Mears	2,540.6	876.51	180.41	260.80	

- Tom Maxwell is a consultant. This month his travel expenses include: airfare, \$2,690; taxi fares, \$98.60; meals, \$290; hotels, \$590; miscellaneous, \$38.00. What is Tom's total travel expense? _____
- Tamika Clark is the County Superintendent. She travels to the 3 schools in her district every month. This month her travel expenses include: 246 miles traveled at \$0.31 per mile; meals, \$180.70; miscellaneous, \$46.90. What is her total travel expense this month? _____
- You went to Kansas City for a 3-day conference last week. Your travel expenses include the following: airfare, \$220; taxi fare, \$26.80; meals, \$127.80; hotel, \$89.90 per night for 2 nights; conference registration fee, \$150. What is your total travel expense? _____
- Rosa Jiminez, a systems engineer, spent 3 days at the Education Center doing bench marks on a bill-calc program. Her expenses included \$289 airfare, \$40 taxi fare plus 15 percent tip, \$75 per night at a hotel for 2 nights, 2 dinners at \$19.60 and \$27.90 plus 20 percent tip for each, and \$12.50 each for 2 breakfasts including tip. What is her total travel expense? _____
- James Pappas drove to a 1-day business conference. He drove 224 miles round trip. His meals cost \$21.90 plus 5.5 percent tax and 20 percent tip. Registration at the conference cost \$55. He is reimbursed at \$0.32 per mile plus gas. His car gets 28 miles per gallon and gas cost \$1.499 per gallon. What is his total travel expense? _____

Student _____

Date _____

Class _____

Instructor _____

SECTION 13-7 Employee Training

In-service training is often available to employees. Your company may grant you release time to attend these special classes. Release time allows you to attend the training sessions and still receive your regular wages while you are away.

$$\text{Total Training Cost} = \text{Cost of Release Time} + \text{Cost of Instruction} + \text{Additional Cost}$$

Find the total trainings costs in the table below.

	Purpose of Training	Number of Days	Daily Cost of Release time	Daily Cost of Instruction	Daily Cost of Supplies	Total Training Cost
1.	Marketing New Products	3	\$486.00	\$ 132.60	\$78.40	
2.	Fuel Saving Tips	4	359.00	29.40	77.90	
3.	Management Training	2	794.00	1,240.00	48.96	
4.	New Phone System	2	176.04	150.00	87.90	

- Two orthopedic surgeons attend a 3-day conference on minimally invasive knee surgery. Release time costs \$890 per person per day, registration fee is \$1,060 per person, lodging and meals cost \$175 per person per day, and supplies cost \$194.60 per person. What is the total training cost? _____
- The Graphics Company is sending 4 of its designers to attend a 3-day workshop on computer assisted graphics (CAG). The daily cost of release time is \$173 per person. The registration fee is \$68 per person. Each designer is also given a \$50 per day miscellaneous allowance. What is the total training cost for the company? _____
- You are going to a 7-day conference. The cost for release time will be \$94.90 per day. The registration fee will be \$580. Your travel expenses for these 7 days will be \$764.80. What will be the total cost of your training? _____
- Six supervisors attend an in-service training session on better interpersonal communications. The 1-day session is conducted by a licensed psychologist at a cost of \$670. Release time for 3 of the supervisors is \$85 each; release time of the other 3 is \$78.90 each. Supplies cost \$21.50 per person. What is the total training cost? _____
- Nine salespersons at Corner Furniture attended an 8-hour new products conference. The average hourly rate of pay for the 9 salespersons is \$9.86. The sales manager, who has an annual salary of \$44,800, conducted the 1-day session after a 1-day prep period. Lunch was provided for the 9 salespersons and the sales manager at a cost of \$11.80 per person. What is the total training cost? _____

