

# Instructional Scenario

## Keeping Financial Records: Payroll Deductions, Gross Pay, and Net Pay



**Course/Duty Area:** Office Specialist III: Keeping financial records

**Scenario:**

You help with the payroll for a local clothing store. You have several employees. Each store employee is paid a different hourly rate and works different hours each week. An employee's hourly rate is multiplied by the number of hours worked to determine gross pay. After gross pay is determined, several deductions are calculated and subtracted. The following items are deducted:

- Federal tax
- Social Security tax
- Medicare tax
- State tax

The percent of each deduction varies, and a quick web search can yield those percentages. The gross pay minus all deductions equals an employee's net pay. Use a spreadsheet to organize and compute pay for all employees.

**Big Question:**

How much money does an employee earn after payroll deductions?

**Focused Questions:**

- What is *gross pay*?
- What is *net pay*?
- What are typical deductions from a payroll?
- What percent is each payroll deduction?
- How are payroll deductions calculated?
- How are gross and net pay calculated?

**Project-Based Assessment:**

Spreadsheet with sample employee earnings during a standard pay period.

*Instructional scenario submitted by Greg Corder, Thomas Harrison Middle School, Harrisonburg City Schools*