Critical Thinking Question

Your insurance firm processes claims through its newer, larger high-tech facility and its older, smaller low-tech facility. Each month, the high-tech facility handles 10,000 claims, incurs $100,000 in fixed costs and $100,000 in variable costs. Each month, the low-tech facility handles 2,000 claims, incurs $16,000 in fixed costs and $24,000 in variable costs. If you anticipate a decrease in the number of claims, where will you lay off workers. Can you please explain? 1