

# American Payroll Association (APA)

**Review Dates:** March 1989, July 1993, December 2002, and February 2008.

**Effective Dates:** See specific examinations.

**Organization Description:** The American Payroll Association (APA), a nonprofit professional association, was founded in 1982 and is committed to enhancing the quality of the payroll profession by offering educational opportunities, fostering the exchange of payroll expertise at the local level, representing payroll concerns in Washington, DC, and offering professional certification programs for those in the payroll industry. APA has evolved so that today it has chapters in 144 nationwide locations with more than 23,000 members and offices in New York, NY, Washington, DC, Las Vegas, NV, and San Antonio, TX, which houses APA Corporate Headquarters and the Payroll Learning Center. APA's educational offerings are defined by more than 250 nationwide training events; the APA Payroll Learning Center with more than 50 classes annually; audio seminars; computerized payroll training; web-based payroll training; resource texts; and educational videos.

The APA Certification Program for the Certified Payroll Professional Examination (CPP) serves to: (1) provide the industry standard of knowledge for payroll professionals; (2) utilize the certification as a competency measurement for employers; (3) encourage professional growth and individual study within the payroll community; and (4) recognize formally those colleagues who meet the requirements of the APA Certification Board. The CPP designation exemplifies the highest level of professional credentialing that can be achieved by someone in the payroll industry. This designation is awarded only to those who have attained a high level of professional competency through both knowledge and experience. Currently, more than 7,000 individuals are Certified Payroll Professionals.

The APA Certification Program for the Fundamental Payroll Certification Examination (FPC) serves to: (1) provide the industry standard of knowledge for entry-level payroll practitioners and peripheral practitioners; (2) utilize the certification as a competency measurement for employers; (3) encourage professional growth and individual study within the payroll community; and (4) recognize formally those colleagues who meet the requirements of the APA FPC Committee.

**Organization Contact:** American Payroll Association, 660 North Main Avenue, Suite 100, San Antonio, TX 78205-1217, (210) 226-4600, ext. 238, Fax: (210) 224-5814, www.americanpayroll.org.

**Source of Official Student Records:** American Payroll Association, 660 North Main Avenue, Suite 100, San Antonio, TX 78205-1217, (210) 226-4600, ext. 238, Fax: (210) 224-5814, www.americanpayroll.org; or the College Credit Recommendation Service, American Council on Education, One Dupont Circle NW, Suite 250, Washington, DC 20036-1193, e-mail: credit@ace.nche.edu.

## How Examination Results Are Reported:

### CPP EXAMINATION

**September 2007–Present:** A scaled score of 300 represents the minimum level of knowledge that must be demonstrated to pass the examination. A scaled score of 300 corresponds to a passing point in the range of 67 percent to 77 percent of the test questions answered correctly. The exact percent required to pass is determined by equating procedures that ensure the cut is set at the same level of candidate knowledge regardless of any variation in difficulty among examination forms. The appropriate level of candidate knowledge was initially determined through a standard setting study and subsequent examinations passing scores are equated to that level. A test score (scaled score) of 300 or greater is required to qualify for college credit consideration.

**June 1991–August 2007:** A scaled score of 300 represents the minimum level of knowledge that must be demonstrated to pass the examination. It is expected that a scaled score of 300 will correspond to a passing point in the range of 75 percent to 85 percent of the test questions answered correctly. The exact percent required to pass is determined by equating procedures that ensure the cut is set at the same level of candidate knowledge regardless of any variation in difficulty among examination forms. The appropriate level of candidate knowledge was initially determined through a standard setting study. A test score (scaled score) of 300 or greater is required to qualify for college credit consideration.

**Prior to June 1991:** A scaled score of 300 represented the minimum level of knowledge that must be demonstrated to pass the examination. The scaled score of 300 was set to correspond to a passing score

achieved by answering 70 percent of the test questions correctly.

### FPC EXAMINATION

**September 2007–Present:** A scaled score of 300 represents the minimum level of knowledge that must be demonstrated to pass the examination. A scaled score of 300 corresponds to a passing point in the range of 75 percent to 86 percent of the test questions answered correctly. The exact percent required to pass is determined by equating procedures that ensure the cut is set at the same level of candidate knowledge regardless of any variation in difficulty among examination forms. A committee of subject-matter experts through a standard setting study initially determined the appropriate level of candidate knowledge and subsequent examinations passing scores are equated to that level. A test score (scaled score) of 300 or greater is required to qualify for college credit consideration.

**Fall 2000–August 2007:** A scaled score of 300 represents the minimum level of knowledge that must be demonstrated to pass the examination. It is expected that a scaled score of 300 will correspond to a passing point in the range of 65 percent to 75 percent of the test questions answered correctly. The exact percent required to pass is determined by equating procedures that ensure the cut is set at the same level of candidate knowledge regardless of any variation in difficulty among examination forms. A committee of subject-matter experts through a standard setting study initially determined the appropriate level of candidate knowledge. A test score (scaled score) of 300 or greater is required to qualify for college credit consideration.

**Summary of ACE Review:** The review took place at the American Payroll Association (APA) in San Antonio, TX, on February 21, 2008. The ACE team reviewed a total of four examination forms: two supported the review of the CPP examination and two supported the review of the FPC examination. Appropriate sets of materials were examined and a technical psychometric presentation was made. During the review, there was an extensive exchange of questions and answers covering the APA certification programs. The ACE review team was briefed on the procedures for administering examinations concluding that the procedures provided adequate integrity and security.

**Content Validity:** For each of the two examinations, topics are well structured, current, and clearly presented, with emphasis

placed on critical issues related to the payroll function without ambiguity or bias and in the body of knowledge found in most colleges and universities.

The FPC examination was found to contain material that: explores the basic concepts of payroll fundamentals and operations, including worker status, Fair Labor Standards Act (FLSA), and employee master file data; paycheck fundamentals, including voluntary and involuntary deductions, calculation of earnings, calculation of gross ups and calculation of employee taxes; tax reporting and payroll accounting concepts, including quarterly and annual reports, and payroll accounting; and professional payroll skills and responsibilities, including communication, customer service skills, problem solving, and compliance.

The CPP examination was found to contain material that: explores, in depth, payroll fundamentals and operations, including worker status, FLSA in the private and public sector, payroll records, payroll processing, and customer service; fundamentals for the calculation of paychecks, including calculation of earnings, special payments, employee benefits, employee taxes, and deductions; tax and regulatory compliance, including employment taxes, tax deposits, reporting requirements, federal taxation inquiries and notices, non-tax compliance reporting, and payroll penalties; accounting, including account classification, account balances, payroll journal entries, labor cost distribution, accruals and adjustments, accounting periods, financial statements, and account reconciliation; payroll and supporting systems, including feasibility studies, software evaluations, systems implementation, systems production control, system interfaces, security, documentation, and back-up and disaster recovery; and management administration, including policies and procedures, staffing, training, and job descriptions, internal control and audits, management skills and theories, and communication.

**Technical Adequacy:** All four examination forms reviewed (two forms each of CPP and FPC) appear statistically and technically sound, meeting all ACE standards and meeting and often surpassing industry standards as well. The domains measured appear to be adequately and clearly defined. The procedure for setting specifications (domains, objectives, tasks) is very detailed and is based upon extensive input from highly qualified subject matter experts regarding job analysis relevant

to the content being measured. This has resulted in specifications that appear to be closely tied to the level of competency sought by these examinations for which they claim to certify. Test reliability and validity appear adequate by industry and ACE standards. Development sequence is very sound: job analysis; content outline; item writing and review; pre-testing; Rasch calibration, and form assembly from the pool. Each step is working and reflects industry standards. APA staff, as well as their psychometric staff, are well qualified and trained to support an ACE approved program.

### **Certified Payroll Professional (CPP)**

**ACE Transcript Data:** APAE-0001

**Location:** Various U.S. locations and limited foreign locations

**Effective Dates:** September 2007–Present

**Description of Examination:** The CPP examination is administered at more than 130 assessment centers nationwide. Each of the centers offers the CPP examination during two four-week testing windows per year during the months of March and April and September and October. The examination consists of 190 multiple-choice questions, 25 of which are pretest questions that do not count toward the final examination score, but may qualify to appear as test items on upcoming exams. Each candidate receives a total testing time of four hours. The questions for the examination are obtained from members of the APA Certification Advisory Group and are reviewed and edited for construction, accuracy, and appropriateness by the APA Certification Board and the testing corporation that is responsible for scoring and designing the examination. To qualify to take the CPP examination, candidates must meet specific work experience requirements. Formal courses are not required before a candidate may take the examination. Most successful candidates, however, report a three- to six-month preparation period with formal classes and review courses, and/or some independent study before taking the examination. APA sponsors courses and publishes various manuals, software products, and web-based training to help candidates prepare for the examination.

#### **Skills Measured:**

**27.5% Core Payroll Concepts**—worker status, Fair Labor Standards Act, employment taxes, employee benefits, employee/employer forms, professional responsibility, methods and timing of pay, and customer service.

**23% Compliance**—escheatment, regulatory, reporting, record retention, and penalties.

**29% Principles of Paycheck Calculation**—compensation/benefits, involuntary deductions, voluntary deductions (pre and post tax), employer taxes and contributions, and “Net Disposable Take Home Pay.”

**8.5% Payroll Process and Systems**—maintain master file components, concepts and functionalities, disaster recovery plan, selection, implementation/upgrades, and maintenance/updates.

**6% Accounting**—accounting principles, general ledger account classification, payroll journal entry, and account reconciliation.

**15% Management and Administration**—policies and procedures, auditing, staffing employee development and core competencies, management skills and practices, and communication.

**Credit Recommendation:** In the lower-division baccalaureate/associate degree category, 3 semester hours in Payroll Accounting, 1 semester hours in Principles of Accounting, 2 semester hours in Business Mathematics, 2 semester hours in Information Systems; in the lower-division baccalaureate/associate degree or upper-division baccalaureate degree category, 1 semester hour in Business Law, 2 semester hours in Taxation, and 3 semester hours in General Management, for a total of 14 semester hours. (2/08)

### **Fundamental Payroll Certification (FPC)**

**ACE Transcript Data:** APAE-0002

**Location:** Various U.S. locations and limited foreign locations

**Dates:** September 2007–Present

**Description of Examination:** The FPC examination is administered at more than 130 assessment centers nationwide. Each of the centers offers the FPC examination during two four-week testing windows per year during the months of March and April and September and October. The examination consists of 150 multiple-choice questions, 25 of which are pretest questions that do not count toward the final examination score, but may qualify to appear as test items on upcoming exams. Each candidate receives a total testing time of three hours. The questions for the examination are obtained from members of the APA Certification Advisory Group and are reviewed and edited for construction, accuracy, and appropriateness by the APA FPC Committee and the testing corporation that is responsible for scoring and designing the examination. Although there are no eligibility requirements to

qualify to take the FPC examination, most successful candidates undertake some course of study. APA sponsors courses and publishes various manuals, software products, and web-based training to help candidates prepare for the examination.

**Skills Measured:**

**40% Core Payroll Concepts**—worker status, Fair Labor Standards Act, employment taxes, employee benefits, employee/employer forms, professional responsibility, methods and timing of pay, and customer service.

**22% Compliance**—escheatment, regulatory, reporting, and record retention.

**20% Principles of Paycheck Calculation**—compensation/benefits, involuntary deductions, voluntary deductions (pre and post tax), employer taxes and contributions, and “Net Disposable Take Home Pay.”

**12% Payroll Process and Systems**—maintain master file components, concepts and functionalities, and auditing.

**6% Accounting**—accounting principles, general ledger account balance, and payroll journal entry.

**Credit Recommendation:** In the lower-division baccalaureate/associate degree category, 3 semester hours in Payroll Accounting, 1 semester hour in Taxation, 1 semester hour in Principles of Accounting, 1 semester hour in Business Law, 1 semester hour in Information Systems, and 1 semester hour in Business Mathematics, for a total of 8 semester hours.  
(2/08)