

Speaker 1:

Welcome to PayTalk the podcast for payroll professionals, with your host Nina Talley. In the podcast, we explore the human side of payroll. By speaking with global industry leaders who provide their unique insights to help listeners better understand the issues important to them and their careers.

Nina Talley:

Hey everyone. Thanks for joining us for PayTalk. The podcast that brings you payroll's human side. I'm your host Nina Talley. And today we're joined by Michael O'Toole, esquire in-house counsel at the American payroll association. Mike, how are you doing today?

Mike O'Toole:

I'm doing fine. I just escaped a little weather trouble in my area yesterday with a hurricane Isaias. Yes, but it's a beautiful day here today and I'm ready to go.

Nina Talley:

Awesome. Well, as some of our listeners may know, Mike is the author of The Payroll Source, which is unofficially known as the Payroll Bible. Before we dive into the meat of today's episode. Mike, can you give us a brief overview of how you came to write The Payroll Source?

Mike O'Toole:

Sure, first thank you Nina for inviting me to join you today. I'm really happy to do my first PayTalk podcast.

Nina Talley:

We're really happy to have you.

Mike O'Toole:

And offer a little background on the creation of The Payroll Source. I must say that the Payroll Bible nickname, when I first heard it and it used to make me a little bit nervous and think that maybe a lightning bolt might strike somewhere near anybody who said that, but so far, that hasn't happened. So while I was working for a legal publishing firm in the eighties and nineties, I had a background writing, editing, and managing newsletters and books that dealt with various parts of employment law. The last few years included payroll products in the areas I managed and after our division was sold to another publisher, my new bosses, and I went to a meeting that included APA's executive director, Dan Maddux has been executive director now for about 28 years, to discuss the possibility of the APA, putting its name on a payroll compliance book that my company would publish.

Mike O'Toole:

Now during the meeting for various reasons, I felt the deal might not work out, but I noticed that APA's educational materials that they used in their seminars were not quite up to what a growing professional association should have. And I kept that in the back of my mind.

Mike O'Toole:

So when my employer moved us from North Jersey down to Washington, DC, I decided not to go along. That autumn a woman who managed the payroll for me on a day-to-day basis was actually hired by Dan to write a payroll compliance newsletter for APA. It was called payroll currently. And to this day it remains an important benefit of APA membership.

Mike O'Toole:

Soon after that, I called Dan and talked to him about letting me write the book, that had been discussed at that meeting with my former employer. And the upshot of that was that a few months later, I started working for APA in 1993, with the purpose of writing a payroll reference work and textbook that could take the complex, legal material that all payroll people have to deal with and make it easily understood by them at whatever education level they came into their job with.

Mike O'Toole:

So the book eventually came to be called The Payroll Source and it took me over a year to research it, write it, edit it before it was published in April of 1994. One thing I learned Nina during that process is that if you ever want to learn a lot about a subject research and write a book about it.

Nina Talley:

Very solid advice. And I love that this was a seed that you planted in yourself and nurtured, you saw this need and you kept it with you and circled back to it. I think that that's a really incredible example of how small decisions can make huge impacts on industries. And it's one of the reasons why I'm so excited to have you and your expertise on the show today. Is all of our lives have pivoted recently. And in some cases even slowed down. I think that this is an excellent time to begin thinking about strategy in our lives and in our careers. And when it comes to a payroll career, one of the most effective ways to develop your professional life is through certifications. And obviously as the author of The Payroll Bible, you have a little bit of background on what certifications can make the most impact in a career. So why don't you tell us a little bit about what you think is the most important certification for payroll professionals to keep in mind?

Mike O'Toole:

Well, Nina just as it was about 12 years ago during the last great recession and financial crisis, you need to earn a credential that can set you apart and indicate that you can be trusted with leading the payroll department. And it's a great way to make yourself attractive and valuable to any business. The payroll area in a company is what costs the most of that company in terms of salaries, benefits, etc, but also on the compliance side and the horrors of non-compliance. And in the payroll industry that credential that people needed was the certified payroll professional designation. Also known as the CPP. Now having those three little letters after your name means that your employer is getting someone who knows how to deal with some of this complex corporate compliance stuff and the expensive noncompliance landmines that can blow you up. If you're not paying attention. Now, APA developed CPP long time.

Mike O'Toole:

It was 1985 when it first developed it. As a way to reach one of its founding goals, to boost recognition for payroll, the way it's practiced today. And as a professional discipline. At one way to obtain recognition and promote the practice of payroll as profession, was to convince the people working in payroll, and this took some convincing. To convince them and their employers that their work was not

only important since payroll is most company's largest expense, but that it took a certain group of acquired skills that go way beyond calculating just timecards and applying tax rates.

Mike O'Toole:

Offering the CPP designation was a way for APA to raise the profile of payroll and establish a professional discipline out of what was historically known as a back office function. Like the paymaster with the green eyeshade handing out envelopes of cash, almost like a cashier at a casino.

Nina Talley:

Exactly.

Mike O'Toole:

And the payroll professionals who hold a CPP designation have shown their employers that they're way beyond that. They deserve a seat at the table when strategic plans and decisions are made and they can not only keep the compliance rules at bay, but help contribute to a company's bottom line.

Nina Talley:

You mentioned there about getting a seat at the table. Can you outline a little bit about what a CPP designation can actually tangibly do for somebody's professional career?

Mike O'Toole:

In a general sense, it means you have the type of knowledge that can actually help. Let's take for an example, your company is planning a merger and acquisition. There are certain things that a payroll professional with a CPP will know to look for when you are negotiating that deal. That can save you lots of money in unemployment taxes and other types of taxes that the movers and shakers in your company may not otherwise think of.

Mike O'Toole:

Now, recently I got an email from an APA member who lives and works in Alaska. Who's been in various jobs around payroll for over 20 years. She's a certified public accountant, but she told me that her career didn't really take off until she added the CPP. And she said she was the only person in Alaska at that time that had both a CPA and a CPP designation.

Mike O'Toole:

That's something.

Nina Talley:

That is something.

Mike O'Toole:

Now, when she prepared for and took the CPP exam, she had to do it twice because she didn't qualify for the re-certification credits that she needed to re-certify. So she took the exam twice, which most people really try to avoid, but she used The Payroll Source and one of our other tools [PayTrain 00:09:37] as her study tools. So wherever she worked after that, she became the trusted SME, the

subject matter expert for all things payroll. And she found that her job duties and her opportunities for both professional and financial growth expanded exponentially after that.

Nina Talley:

That makes a lot of sense. And it also matches up nicely with some of the actual hard data and metrics. And so just to give our listeners a quick metric that really underlines the potential impact of the CPP designation, the APA's 2019 survey of salaries and the payroll profession found that the starting salary for a payroll manager without a CPP designation was around 74,000 a year versus the nearly 85,000 for those with a CPP designation. So that's a difference of more than 10,000 a year or 15%, and that can have a real impact on somebody's life and is a real incentive towards getting the CPP. So with that in mind, can you recommend some specific steps for a payroll professional to help prepare for the CPP? You mentioned that it's pretty difficult. So how can individual prep for it?

Mike O'Toole:

It is quite a difficult exam. And as with anything that's worth having in any major project, Nina, you have to make sure you give yourself enough time to prepare, to take the CPP exam. Now in surveying our exam takers, after they've taken the exam, we found that the majority of those who passed said preparation should begin at least six months in advance. That's a long time.

Nina Talley:

Yeah.

Mike O'Toole:

That's a long time to prepare for anything.

Nina Talley:

That's equivalent to taking the bar exam.

Mike O'Toole:

Don't remind me. Now, first you have to make sure you meet the criteria to take the exam. Not everybody qualifies to take it. So you need to check the CPP exam candidate handbook. You can download from our website. I said, not just anyone can take the CPP exam. You need three years of recent payroll experience or some combination of experience and attendance at APA educational course. Now, once you've decided that you think you might be qualified to take the exam, then you have to prepare to take the test itself. Now, there are several methods available to help payroll professionals study for the exam. There are self study tools, including The Payroll Source, my personal favorite and APA's online training tool PayTrain. As I mentioned earlier, people use those tools to successfully prepare. There's also what we call the APA CPP bootcamp, a series of 20 virtual classes with a live instructor, and the course is spread out over several months.

Mike O'Toole:

It makes use of both PayTrain and material from The Payroll Source. In addition, many of our local APA chapters host what they call exam study groups that use APA study materials, and even some colleges and universities offer instructor led classes using PayTrain. Now last but not least APA offers its own learning progression series of courses that are designed in all to cover the knowledge, skills, and abilities

that may be tested on the exam. Nina, everybody learns differently. And at APA, we provide a wide variety of study tools and methods to choose from. So you can pick the one or more than one that suits you best.

Nina Talley:

That's really incredible that there are so many options for preparation. And I'm sure that that has shifted recently as all of our lives have sort of changed with the pandemic. How has some of the administration of either the CPP or these pre prep exams and boot camps, how are those being administered now?

Mike O'Toole:

Well, Nina ever since we started the first CPP exam 35 years ago, when it was offered as a paper and pencil test, and it took six to eight weeks to get the results. And you spoke of the bar exam before, that's almost as long as it took for me to learn whether I passed or not. And since then APA has been quick to adapt to technological advances ever since that time.

Mike O'Toole:

So from those humble beginnings, we moved on to eventually wind up with a computer based exam that provides instant results at more than 250 testing locations around the US-

Nina Talley:

That's awesome.

Mike O'Toole:

And in Canada. Yes it is. And in offering those instant results, I remember when we first decided we were going to do that. I was a little nervous about that too, I thought, well, maybe we're going to need some kind of hotline we can send people to after they've spent so long studying for this exam and four hours taking the exam and then find out right away that they didn't pass. I felt we might need counselors or some kind of hotline that they could call to talk them down and tell them it was okay that you could take it again, but-

Nina Talley:

You can take it again.

Mike O'Toole:

We haven't really run into any problems. And a number of people have failed once and then taking the exam other times and passed to gain their CPP. So I guess my fears were a little unfounded at that point.

Nina Talley:

Well, it's nice to know immediately so that you know what your next step is. Do you need to go cry into your pillow for a day and then begin to prepare again. That's a pretty awesome that it has rapidly evolved in that way. And that the APA is constantly trying to figure out new ways to make these trainings and the certifications engaging and accessible. I think that's so important in today's world

Mike O'Toole:

Right now, when the coronavirus pandemic hit out of the blue earlier this year, now we knew this was going to change things for us. We were going to have to adapt again to provide our, our members and exam candidates with a way that they could continue to test and earn that sought after a credential that they need, given that some testing centers were closed for several months, some still remained closed and some candidates are uncomfortable entering a testing center at this time. Now working with our testing vendor Pearson VUE, since May 27th, we've actually been able to offer remotely proctored exams online, that exam candidates can take at home or in the office wherever they have a strong internet connection and a quiet place with no interruptions to complete the exam. And so far our interviews with those who've taken remotely proctored exam have praised this method as a great way to meet their needs in these uncertain times.

Nina Talley:

Well, that's awesome to hear that type of good feedback and that I know that there are definitely perks and pluses to having an actual in class proctored exam, but it is incredible to see the ways that we have flexed. The APA has flexed in order to still facilitate blossoming careers. The world didn't stop with COVID-19. It kept going. We just had to figure out how to make it work. And I think it's awesome that there's this great feedback coming from these remote classes because that is a scary change.

Mike O'Toole:

One example shows how even within this adaptation and then having the remotely proctored exams, we have to constantly tweak and examine things because we had one person who was sitting for the exam. I believe they were taking it in their office. And during the test, somebody walked behind them from one end of the room to the other. And part of our rules are that no one else can be in the room. So the person was disqualified from completing the rest of the exam. Now it was near the end of the exam and it turned out that the person had already passed, had gotten enough questions, right to pass the exam. So we got a special dispensation from the testing vendor to allow this person to gain their CPP. Even though there was a technical violation of our procedures. So you have to constantly adapt to changing situations when you start something new like that.

Nina Talley:

That makes a lot of sense. And it's also unexpected to have that type of flexibility in this situation. I do want to praise the Proctor for that, praise the APA for making these remote tweaks. It's really important. And as we've clearly discussed, and there really isn't any way around it, the CPP is an absolute beast. I looked up some of the metrics on it. It has a roughly 50% pass rate. So it's just 50% of the people who take the CPP fail. And that's very scary. And which is one of the reasons why it should only be undertaken by payroll professionals who have seriously prepared for three to six months before taking the CPP. Now, many payroll professionals have not taken that six months to prepare to say that you're not quite ready for it. What are other certifications that you would recommend payroll professionals look into to help get them to that point?

Mike O'Toole:

Well, first Nina, I'm going to go back to your statement about the pass rate being close to 50% and that's true. And in years past, it used to be a little higher. It's been as high as in the low 60%, but not that recently. And that's due to all the new rules and regulations and material that's become part of what a payroll professional has to do on their job each day. And our surveys that we do to adjust the exams and the exam questions clearly show that over the years.

Mike O'Toole:

But now as for those who are not quite ready to take the CPP exam. During the first 15 or so years of the CPP exam, we recognize a need for a more basic certification credential, for those who are at the beginning of their payroll journey or those who work in other departments and interact with payroll like HR and benefits and finance, and those who work in the broader realm of parallel support services.

Mike O'Toole:

These individuals also wanted to show that they had the payroll knowledge, they needed to do their jobs as well, but they weren't quite ready to tackle the CPP exam. In 2000, after a few years of research and surveys in development, APA introduced the fundamental payroll certification, the FPC. Most of the individuals who sit for the FPC exam have spent maybe up to two years, working in payroll, or they work for a vendor in the payroll industry, such as a software provider or a service bureau for those who stay in payroll beyond that point, the FPC is a great way to take those first steps towards CPP certification, especially for people who've been out of school for awhile. And for whom the thought of sitting for a several hours long exam is quite terrifying.

Nina Talley:

It sounds like the FPC is like the training wheels for the CPP, preparing you and getting you comfortable in that area.

Mike O'Toole:

That is a good way to explain it. Nina. Now, as of late June of this year, we had more than 5,700 people currently holding their FPC designation and about 10,500 holding a current CPP designation. All for a total of more than 16,200 payroll professionals, with a certification.

Nina Talley:

For many career-minded payroll professionals certification is the answer to increased credibility, better career opportunities and better pay. And the American Payroll Association is here to help you prepare for it. The APA has two comprehensive bootcamps that will prepare you to take that next step. The certified payroll professional bootcamp will prepare you for the CPP exam and the fundamental payroll certification bootcamp will prepare you for the FPC exam. The APA's boot camps are multi-session, virtual courses that will provide you with the tools and resources to effectively study the material, practice and apply your learning confidently to pass either the CPP or the FPC exam.

Nina Talley:

In addition to an expert, APA instructor leading you through the content outline of the exam, FPC bootcampers get access to PayTrain fundamentals and CPP bootcampers get access to PayTrain both online learning systems of the APA. There you'll have unlimited time to practice and study at your own pace all while having fun with the educational online games. The APA stands by its ability to prepare payroll professionals for the exams. So if you are ready to take that next step in your career, then go to www.americanpayroll.org and click on the courses and conferences tab, and then certification for more details. Take control of your certification success and let the APA give you the confidence and knowledge to pass either the CPP or the FPC exams.

Nina Talley:

I think that it's really exciting to sort of ponder the journey that those people are on and the platform that the APA certification and the CPP certification and the FPC certification, the platform that it gives you to launch your career. I keep thinking back to that metric of a nearly 15% increase in salary and it's worth the work and the effort. And I think that it's really important to note that your certification journey doesn't end when you pass the exam. When you get the FPC designation, when you get the CPP designation, your journey isn't over there. So like anything worth doing, you need to keep yourself up to date and you need to stay sharp. So what's next for someone who has passed the CP?

Mike O'Toole:

Well, you're certainly right about that Nina. CPP certification lasts for five years after the end of the year when you pass the exam. So if your career is going to take you beyond those five years in payroll. Many of our members consider themselves what we call payroll lifers. They've come to be joined to the payroll crowd. Maybe they didn't start that way. Maybe they were in accounting or finance or HR. And somebody said, Oh, you're good with numbers. Why don't you do the payroll? And they found out that they loved it because it was a combination of their talent with numbers and their feeling for the people who they pay, and then they've gotten their CPP, but they're going to stay in payroll. Now you can renew your certification through continuing education by accumulating 120 hours of what we call recertification credit before the end of that five-year certification period.

Mike O'Toole:

Or if you're brave, you can take the CPP exam again during the fifth year. Now I've come across countless CPPs during my almost 28 years at APA who swear they will do almost anything to earn enough recertification credit hours. So they never have to sit for the CPP exam again in their payroll careers, because they know it's going to be harder than the first time. And they can avoid that by taking all these educational classes, they gain them there. They're what we call RCHs, the recertification credit hours.

Nina Talley:

That's very interesting. And so can you tell me a little bit about those courses that they can take?

Mike O'Toole:

Well, as long as a class has some relevance to payroll, they can get recertification credit for it. Now, of course we hope they use APA's courses to do that. And we do offer a lot of classes, a lot of free webinars, a lot of education that they can take through APA to earn those hours, but they can also earn recertification credit hours through classes offered by their vendor or by a local college that have something to do with payroll. So there are many different ways. A lot of these CPPs, they get classes offered through their local APA chapter and through statewide meetings that their chapters offer. So there are all different avenues to acquire this education.

Nina Talley:

Very interesting. And so you're on the path. You're getting your recertification every five years because it's a drop in the bucket of your payroll career. What would you recommend doing next? So the CPP, they have it in the bag. They get recertified every five years, or is there anything else that a payroll professional could do at that point to sort of elevate their positioning?

Mike O'Toole:

Indeed, there is Nina. Now, and they can, what I call up their game a little bit by making the most of educational opportunities in areas that are new to payroll and are changing and expanding. In the last 10 or 15 years, two things have exemplified these new developments in payroll. The importance of strategic leadership for those who are payroll managers and payroll directors and beyond. And that's in the highest cost area of US business. I got to emphasize that again, payroll costs companies the most money. So having a strategic leader, running your payroll means you're going to help save money and maybe even earn more money.

Mike O'Toole:

And then there's the expansion of the payroll function as a global responsibility in a world that keeps getting smaller to meet the need for education in these areas for our members. APA developed the strategic leadership certificate program, which focuses on attaining the qualities of effective leaders and the global payroll management certificate program and advanced global payroll management certificate program. Focusing on the particular challenges faced in managing a global payroll and building a world class global payroll organization. Our global payroll education is provided through APA's newest subsidiary, the Global Payroll Management Institute. Now successful completion of these courses earns the attendee, a certificate, acknowledging their participation, providing more evidence of that payroll professionals, depth and breadth of knowledge in these very important new aspects of their payroll responsibility.

Nina Talley:

And I think that one thing that's also probably very important about getting engaged with these global payroll programs and completing strategic payroll certificates is it shows that you're hungry. It shows that you have a true need and a passion for making yourself a better payroll professional, which will then trickle out through, your business, your corporation, and into people's lives. And I think that just showing that hunger, showing that hustle, it says a lot for a person. And I know that it would make me feel better if somebody had that type of strategic certification and was handling my payroll.

Mike O'Toole:

Indeed, it shows that you are looking for what comes next in your chosen field. And that's what every company wants.

Nina Talley:

Exactly. And as COVID-19 just taught us, that is truly what will keep you afloat is looking for what's next and being prepared. So that's a great point. So now is the time in our podcast for something we like to call payroll nightmares. We ask our listeners to send us their payroll nightmares, to podcasts@americanpayroll.org, or leave us a comment on the APA's Facebook page. But for this episode, Mike has his own nightmare, slightly outside of the exact payroll nightmare zone to share about a time that he thought he was giving a motivational talk. Mike, why don't you share your nightmare with us.

Mike O'Toole:

Yes, I don't directly process payroll. So this is a little skewed version of a payroll nightmare at an APA statewide conference about 20/22 years ago, held by the local chapters in Pennsylvania. I delivered a keynote speech in a technical workshop. The keynote covered topics Nina quite similar to what we're addressing in this podcast today. The value of APA and the complexities of the profession, and the

importance of certification. Now, after the conference ended several of the organizers along with my wife and I spent the weekend together, winding down and debriefing. And one of the first things we did after mixing a batch of cocktails to celebrate the end of the conference was look over the speaker evaluations. As we looked through the evaluations for my keynote speech, the written comments from one of the first evaluations I read were from an attendee who said that after listening to me talk about the critical of payroll and the complexities of the job that made education and certification necessary. She had some sort of epiphany and realized that a career in payroll was not for her.

Mike O'Toole:

That really put me back on my heels a little bit. It made me quite the butt of many jokes that weekend. I was about ready to end my speaking career then and there rather than be thought of as a demotivational speaker. But luckily the others prodded me to keep reading the comments. And most of them were quite positive and thanked me for pointing out how important they and their work are and how they could use APA to create a career path in payroll. I believe that all experience probably helped me become a better speaker and an APA representative, despite the nightmare I had causing this attendee to take up a different career.

Nina Talley:

Well, maybe it was a wake up call. Some people don't want to take an exam that has a 50% fail rate. Some people just aren't cut out for it. And I think you probably did her a favor and I hope that wherever she is, she is happy and fulfilled and not taking the CPP.

Mike O'Toole:

I agree.

Nina Talley:

Thank you so much for sharing that with us. And I love that personal nightmare so much and I'm glad you had a cocktail with it to help ease it down. Here at PayTalk we don't really like to leave things on a negative note with the nightmares. So I have one more question for you, Mike. What is the best piece of payroll advice you have ever been given, or what is the best piece of advice that you wish someone had given you?

Mike O'Toole:

Well, again Nina I'm going to go a little off the payroll track here. Soon after I was hired at APA back in January of 93, the other employees and I were preparing to work at our annual Congress in San Francisco. And a few days before we left New York, Dan Maddux, our executive director gave a short talk to the staff about the Congress experience. That was mainly aimed at those of us like me, who had never worked at Congress before. Now during that talk, he said, one thing I've tried to take with me through all my years at APA. Our members work at very stressful jobs and are expected to produce paychecks without mistakes, 100% of the time.

Mike O'Toole:

So their expectations of their association, meaning APA and the association staff are very high. And you need to remember that while at Congress, I've tried to remember that advice in all aspects of my work with APA since then. Whether working at Congress writing and updating The Payroll Source or delivering

a workshop on new payroll laws and regulations. Now, as far as advice, I would like to advise our listeners next week to celebrate themselves and the people they pay during national payroll week, which is coming up very soon on September 7th to the 11th.

Nina Talley:

That's a really good piece of advice, and I think that a lot of times we can come with something flowery or professional, but just saying take the time to honor yourself, celebrate yourself in the work. And I think that payroll is, as you stated earlier, overlooked it hasn't really been seen as something important up until recently. And it's not just somebody sitting in the back with envelopes handing it out. It is a human being who is working really hard and understands the importance of salaries and payments and payroll.

Nina Talley:

And I think that that's a beautiful piece of advice, Mike. And I just want to say that I really appreciate you taking the time to share your expertise with me and with our listeners. I don't know many people who are more well versed in the power of payroll certifications than you. And it was a true pleasure to get to examine those finer details with somebody so well versed. I also want to say thanks to our listeners without you PayTalk would not be possible. Make sure you like and subscribe to us on your preferred podcast streaming service. That is the best way to support this podcast and ensure that we can continue to bring you the human stories that make payroll so personal. Until next time folks happy national payroll week. This has been your host Nina Talley with PayTalk.

Speaker 1:

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