Mike Tipping
Senator, District 8

THE MAINE SENATE
131st Legislature

3 State House Station
Augusta, Maine 04333

Dear Representative Roeder and my colleagues on the Labor and Housing Committee, thank you for the opportunity to present LD 741, An Act to Prohibit Training Repayment Agreements by Employers.

There has been a troubling trend in recent years of more employers requiring employees to sign contracts that contain training repayment agreement provisions (or TRAPs), mandating that a worker repay training expenses, sometimes tens of thousands of dollars, if they leave the company within a certain period of time.

These provisions were once unheard of. They first began to be used only in high-wage jobs for significant amounts of education in previous decades. Now, they're everywhere, from trucking companies to police departments to beauty salons. They've become a way for some employers to attempt to limit employee mobility without increasing wages or improving benefits or working conditions.

Over the last few years, corporate consultants have begun to recommend TRAPs as a way of retaining employees in a more favorable employment landscape for workers, where labor conditions have led them to have more career mobility and bargaining power. In 2020, almost 10% of workers surveyed by Cornell said they were bound by a TRAP.

In one high-profile case, now the subject of a class-action lawsuit, PetSmart recently began charging dog groomers a $5,500 training fee if they quit or are fired in the first two years of their employment.

A federal judge referred to TRAPs as "indentured servitude," and that's exactly what they are. They can effectively trap workers, especially low-income workers, in their current job for years.

Not all states allow TRAPs. California bans them for certain sectors and Connecticut bans them outright. Both continue to host some of the highest numbers of Fortune 500 business headquarters in the country. The federal Consumer Financial Protection Bureau is currently considering rules that could limit TRAPs nationwide as part of their attempt to regulate non-compete clauses.

In addition to snaring employees, TRAPs also harm the economy as a whole. They prevent workers from being able to choose their own career path or pursue opportunities in high-demand and better-paying jobs.

I've had some initial discussions with the Department of Labor over the structure and enforcement of this provision and I've provided the language of a potential amendment that could better place this prohibition within a current worker protection statute.

Thank you for your time and I'm happy to take any questions.

Chair, Labor and Housing Committee
*State House: (207) 287-1515 * Fax: (207) 287-1585 * Toll Free: 1-800-423-6900 * TTY: 711*
*Michael.Tipping@legislature.maine.gov * legislature.maine.gov/senate*

§629. Unfair agreements

1. Work without compensation; return of compensation. A person, firm or corporation may not require or permit any person as a condition of securing or retaining employment to work without monetary compensation or when having an agreement, oral, written or implied, that a part of such compensation should be returned to the person, firm or corporation for any reason other than for the payment of a loan, debt or advance made to the person, or for the payment of any merchandise purchased from the employer or for sick or accident benefits, or life or group insurance premiums, excluding compensation insurance, that an employee has agreed to pay, or for rent, light or water expense of a company-owned house or building. This section does not apply to work performed in agriculture or in or about a private home.

[PL 2007, c. 524, §1 (RPR).]

2. Loan; ~~D~~debt; advance. For purposes of this subchapter, "debt" means a benefit to the employee. "Debt" does not include items incurred by the employee in the course of the employee's work or dealing with customers on the employer's behalf, such as cash shortages, inventory shortages, dishonored checks, dishonored credit cards, damages to the employer's property in any form or any merchandise purchased by a customer. "Debt" does not include uniforms, personal protective equipment or other tools of the trade that are considered to be primarily for the benefit or convenience of the employer. As used in this subsection, "uniforms" means shirts or other items of clothing bearing the company name or logo. The employer may not mandate that an employee pay for the cleaning and maintenance of a uniform, but may have a written agreement whereby the employee chooses to have a payroll deduction for the cost of cleaning and maintenance. The cost or value of training provided or required by the employer does not constitute a "loan," "debt," or "advance" for the purposes of this subchapter. An employer may not require or permit an employee to enter into an agreement requiring the employee to financially reimburse the employer for the cost or value of training provided or required by the employer upon separation from employment.

[PL 2007, c. 524, §1 (RPR).]

3. Penalty. An employer is liable to an employee for the amount returned to the employer by that employee as prohibited in this section.

[PL 2007, c. 524, §1 (RPR).]

4. Deduction of service fees. Public employers may deduct service fees owed by an employee to a collective bargaining agent from the employee's pay, without signed authorization from the employee, and remit those fees to the bargaining agent, as long as:

A. The fee obligation arises from a lawfully executed and implemented collective bargaining agreement; and [PL 2007, c. 524, §1 (RPR).]

B. In the event a fee payor owes any arrears on the payor's fee obligations, the deduction authorized under this subsection may include an installment on a payment plan to reimburse all arrears, but may not exceed in each pay period 10% of the gross pay owed. [PL 2007, c. 524, §1 (RPR).]