

October 17, 2025

The Honorable Kathy Hochul
Governor of the State of New York
New York State Capitol Building
Albany, NY 12224

RE: A584C, the Trapped At Work Act - Requesting Signature

Dear Governor Hochul:

On behalf of the undersigned organizations, **we write to request your signature on A584C (Assemblymember Steck and State Senator May)**, which would prohibit the exploitative employer practice of imposing Training Repayment Agreement Provisions (widely known as TRAPs) on employees, which put workers on the hook for thousands of dollars in debts owed directly to their employers if they quit, change jobs, or are laid off.

Every year, tens of millions of Americans leave their jobs. But for many of them, this can come with a surprise: a bill. That's because more employers are relying on "stay-or-pay" contracts to trap workers, requiring them to pay a penalty if they leave a job. The most common type of stay-or-pay contract is a TRAP, though many other types have been discovered tucked away in employment contracts. TRAPs and other types of stay-or-pay contracts are often forced on workers as a condition of employment, undermining a workers' job mobility and bargaining power over working conditions, and leveraging crushing financial penalties when a worker does dare to leave. This threat of having to pay back a debt to their employer can indenture workers into unsafe or exploitative working conditions, chilling workers from advocating for or seeking better wages or working conditions elsewhere.

A584C would end employer debt TRAPs by amending the Labor Law to prohibit contracts that lock workers into jobs through debt under New York law. This bill prohibits stay-or-pay contracts as unlawful contracts against public policy under labor law. The bill exempts the repayment: of sums that were advanced to the worker by the employer (unless those sums were for training for the worker's current job); any property the employer sold or leased to the worker; funds subject to the conditions of a sabbatical leave; and of funds that are part of a program subject to a collective bargaining agreement. A584C would allow the Labor Commissioner to assess civil penalties for violation and promulgate any necessary rules and regulations. The bill would allow workers who are sued to collect a debt that is prohibited by A584C to recover attorney's fees upon a successful defense.

Although this bill would prohibit some of the worst instances of employer-driven debt in the state, it lacks the enforcement provisions necessary to ensure that workers everywhere benefit

from these protections. For this reason, we urge the Governor to introduce a private right of action via a chapter amendment.

- **A Growing Number of Employers Trap Workers in Unfair and Unsafe Jobs Through Debt.**

TRAPs are becoming increasingly prevalent throughout workplaces across the country. A 2024 study found that **1 in 12 workers in the U.S. are subject to a TRAP.**¹ In 2023, the Consumer Financial Protection Bureau (CFPB)'s comprehensive report on employer-driven debt included examples of TRAPs where workers were indebted to their employers between \$4,000 and \$30,000.² Through TRAPs, employers shift the costs of doing business onto workers, including on-the-job training. In other types of stay-or-pay contracts, employers have demanded departing employees pay them for not providing a 4-month notice of resignation, the salary of their replacement, liquidated damages, or even “lost profits” if they leave their job before fulfilling a minimum work commitment. Often buried deep in employment contracts that a worker must sign as a condition of employment, particularly in highly concentrated labor markets, such as healthcare, retail, and aviation.

Healthcare Workers: In a 2022 survey of registered nurses, almost 40 percent of nurses who started their career in the past decade reported being subject to a TRAP for new graduate “residency” programs. These new graduate nurse programs often provided on-the-job training that employers previously provided at no cost to the nurse.³

Retail Workers: PetSmart workers in California filed a class action lawsuit against the retail giant for requiring these trainee pet groomers to sign a \$5,000 TRAP. Workers described that training mostly consisted of completing “supervised grooms” while they groomed dogs for paying customers. Workers reported that the work was stressful with low wages, but they were afraid to leave with a debt hanging over their head. When workers did leave, some had their credit score damaged after PetSmart used debt collectors for the TRAP, making it hard for workers to rent an apartment.⁴

Transportation Workers: Former cargo airline pilots reported that an airline company imposed a 2-year work commitment for providing training that all airlines are required

¹ J.J. Prescott, Stewart Schwab and Evan Starr, “First Evidence on the Use of Training Repayment Agreements in the U.S. Labor Force,” Promarket (2024), <https://www.promarket.org/2024/03/27/first-evidence-on-the-use-of-training-repayment-agreements-in-the-us-labor-force/>.

² See Consumer Financial Protection Bureau, “Consumer risks posed by employer-driven debt,” CFPB Office for Consumer Populations (2023), <https://www.consumerfinance.gov/data-research/research-reports/issue-spotlightconsumer-risks-posed-by-employer-driven-debt/full-report/>.

³ Rachel Berger, “Caught in a TRAP,” National Nurse Magazine (2022), <https://nnumagazine.uberflip.com/i/1489186-national-nurse-magazine-october-november-december-2022/15>.

⁴ Dave Jamieson, “A PetSmart Dog Groomer Quit Her Job. They Billed Her Thousands Of Dollars For Training,” HuffPost, https://www.huffpost.com/entry/petsmart-dog-groomer-billedtraining_n_62ebe32ae4b0c55016181768.

to provide. The company paid well below market rates for pilots, and only \$12.50 per hour during the training period. When one pilot decided to pursue a better opportunity, the company told them they would have to pay \$20,000 for the alleged costs of the training.⁵

- **State Regulators Have Identified TRAPs as an Ongoing Concern for Workers.**

The growing use of TRAPs in the Empire State is what led Assemblymember Steck to first introduce the *Trapped At Work Act* in 2023 following a constituent reaching out to his office after being sued by her employer over a TRAP. In testimony before the New York State Senate, the Bureau Chief of the New York Attorney General's Office Labor Bureau highlighted that their office has received complaints about TRAPs in recent years.⁶

In 2022, New York Attorney General (AG) James announced a settlement agreement with Albany Med Health System after finding that it required foreign-educated nurses, primarily from the Philippines, to pay up to \$20,000 if they resigned or were fired within the first three years of employment at the hospital. If a nurse failed to pay the fee, the contract provision threatened legal action and reporting to immigration authorities, further violating the Trafficking Victims Protection Act, because of their threat of serious legal and financial harm to coerce these workers to continue working at the hospital.

Earlier this year, New York AG James reached a settlement with Advance Care Staffing (ACS), a healthcare staffing company, to recover over \$660,000 for foreign-recruited nurses who were subjected to exploitative stay-or-pay contracts. Her settlement comes after ACS was sued by a former nurse and the Biden Administration's U.S. Department of Labor. These suits alleged that ACS recruited nurses from abroad, then required them to sign contracts that required them to work for the company for at least three years or pay tens of thousands of dollars—plus paying the company's lost profits, attorneys' fees, and arbitration costs. According to recent docket filings, ACS resolved all three matters for a total settlement of \$1.19 million, plus significant policy changes (memorialized in part through a consent decree with the U.S. DOL). The proposed settlement is pending court approval.

- **TRAPs and Other Stay-Or-Pay Contracts Restrain Workers From Leaving Or Complaining About Unsafe and Unfair Working Conditions.**

Employers are using the threat of debt collection as an exploitative tool to trap workers into jobs, often with low wages and substandard working conditions. TRAPs can also silence whistleblowers and chill workers from acting collectively to improve working conditions. In

⁵ Dave Jamieson, "When This Pilot Quit Her Job, Her Employer Billed Her \$20,000," Huffington Post (2023), https://www.huffpost.com/entry/ameriflight-pilot-training-repayment-provisions_n_63a2214ee4b04414304bc464.

⁶ New York State Office of the Attorney General, "Impacts of non-compete agreements on the labor market and economic development, and possible legislative solutions, such as S3100/Ryan," (2023), https://www.nysenate.gov/sites/default/files/karen_cacace_oag_labor_bureau - testimony.pdf.

healthcare workplaces, about a third of nurses who have been subject to a TRAP reported feeling restrained from complaining about unsafe staffing or other unsafe or unfair working conditions.⁷

- **For A584C's protections to be meaningful, they must be privately enforceable.**

In its current form, A584C's worker protections can only be enforced by the Commissioner of Labor and the Attorney General. However, government enforcement is not and cannot be a substitute for individual counsel, and the bill in its current form therefore leaves individual workers without recourse. Although the bill provides for fee shifting, that is in the limited instance where an employer has sued a worker to collect on an unlawful debt and the worker successfully defends themselves.

Governor Hochul has the opportunity to ensure workers across the state benefit from these protections by introducing a private right of action through a chapter amendment. By allowing individual workers to enforce their own rights, the Governor would ensure greater compliance and that any worker who is unlawfully subjected to a TRAP or similar stay-or-pay provision can enforce their rights without first having to be sued in a debt collection action. For low-income workers to practically benefit from a private right of action, it must include a fee shifting provision in the event that they are successful, so that they can retain legal counsel on contingency.

For these reasons, we respectfully request your signature for **A584C** and for chapter amendments to ensure workers benefit from the bill's meaningful protections.

Sincerely,

Protect Borrowers
American Economic Liberties Project
Asian American Legal Defense and Education Fund
Consumer Reports
National Center for Law and Economic Justice
National Employment Law Project
National Employment Lawyers Association/New York
New York State Nurses Association
New Yorkers for Responsible Lending (NYRL)
Open Markets Institute
Towards Justice
UAW Region 9A

Cc: Office of Assemblymember Phil Steck
Office of Senator Rachel May

⁷ National Nurse Magazine (2022), note 3.