

# Charging employees for training? The CFPB wants to know

I've been through lots of employer training. There was the afternoon course over several weeks teaching new hires how to write according to the company's style guide. (It went OK.) There was a one-day training on a new computer program in which the trainer very confidently said we could now chuck paper. (I was mildly rebuked for asking what was wrong with paper.) And I'll never forget the multi-day jaunt into newsletter layout and production, which did not go well at all.

No employee—even those who bailed out of the training—was charged for these courses, since each one furthered the company's interest. But this was back in the dim mists of antiquity. Now lots of employers are charging employees for basic skills courses, and employees are racking up debt they may not be able to repay.

The Consumer Financial Protection Bureau first raised this issue in March and now it's following through. It wants to hear from members of the public about their experiences with employer-driven debt. This includes the prevalence, pricing, and other terms of the obligations, disclosures, dispute resolution, and the servicing and collection of debts.

The CFPB is framing its inquiry in terms of consumer protection. Its [Request for Information](#) will be published in the *Federal Register* shortly.

## Two sources of debt, lots of questions

The CFPB has identified two primary sources of employer-driven debt:

- Training repayment agreements requiring employees to pay their employers or third parties for training they received if they separate voluntarily or involuntarily within a set time period.
- Debt owed to an employer or third party for the purchase of equipment and supplies essential to employees' work.

Some questions are directed to individuals with information about employer-driven debt at a marketing level. Other questions request information from employers, employees, and even independent contractors. These questions include:

- Did your employer evaluate your likelihood of repaying before originating the debt? If yes, how did they evaluate your likelihood of repaying?
- Did your employer collect any financial information or obtain a credit or consumer report on you before originating the debt?
- Was the debt incurred to a prospective employer or third party in order to get a job or to a current employer to keep your job or to become eligible for better wages, more complex duties, more hours or a formal promotion or both?
- How much is your debt?
- If you were required to obtain training, equipment, or some other item to obtain or advance your

employment, were you given choices in how to finance it and where or from what firm to obtain the training, equipment or other item?

- If you incurred employer-driven debt, have you had to pay back your employer? If yes, how have you made your payments (e.g., via payroll withholding, ACH, checks). If not, why not?
- Did any specific conditions trigger a requirement that you pay back your employer (e.g., leaving your job)?

The CFPB's jurisdiction is limited to consumer protection in the financial sector. While it couldn't ban these practices, it could require more disclosure to employees. It could probably move against third-party marketers.

## **Add your 2¢**

Employees don't read the *Federal Register*, so it's anyone's guess how many individual employees will respond. However, their unions, lawyers, or other reps will. The CFPB also wants to hear from you, especially if you're having trouble competing for employees against employers dangling so-called free training to job applicants.

The CFPB is soliciting comments through Sept. 7. You can submit your comments through the [Federal eRulemaking Portal](#). Be sure to reference Docket No. CFPB-2022-0038.