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Before the United States Senate Committee on Banking, Housing, and Urban Affairs

On Employer-Driven Debt

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Chairman Brown, Ranking Member Toomey, Members:

Thank you for the opportunity to testify before you today about employer-driven debt, an increasingly prevalent and multi-faceted problem affecting workers in a variety of sectors, up and down the wage scale.

I am an attorney and the Executive Director of Towards Justice. Towards Justice is a non-profit legal organization that uses impact litigation, policy advocacy, and collaboration with workers and workers' organizations to build worker power and advance economic justice. We are deeply concerned about the growth of employer-driven debt, which corporations far too often use to abuse their power and keep workers trapped in their jobs. We have litigated several cases involving employer-driven debt, in which our clients assert claims under a range of protections, including anti-trafficking laws, labor standards laws, and consumer protection laws.

I am here today to testify about the harms of employer-driven debt and to urge interagency collaboration, regulatory oversight, and vigorous enforcement of consumer and worker protection laws to address those harms.

Introduction:

We should understand employer-driven debt broadly to capture the many ways in which workers become consumers of credit as part of their employment relationship. Sometimes the relevant creditor is a third party—like companies that provide short-term loans to workers, in the form of purported early access to their wages. Sometimes the creditor is the employer itself—like companies that require workers to agree to pay back the costs of training if they leave their jobs before the end of a contractual commitment period, as in training repayment agreement provisions (TRAPs).[1]

Employer-driven debt is an increasingly pervasive problem. Its growth is a function, among other things, of employers using new strategies to undermine worker bargaining power in the face of a tight labor market; increased scrutiny of non-compete and other direct restraints on worker mobility; increased misclassification of workers as independent contractors; and the growth of new financial products that facilitate the extension of credit in the employment relationship.

Some frame employer-driven debt as an innovation of employers and the financial services sector that we should celebrate—and seemingly insulate from any regulatory oversight. They suggest that these forms of debt are essential to workers who need access to credit to make ends meet, training to advance their careers, or the costs of starting-up a job.

But workers' difficulties meeting financial demands and advancing professionally do not arise because they lack access to credit. They arise because far too many workers still do not earn

[1] *See generally* Student Loan Borrower Protection Center, *Trapped at Work, How Big Business Uses Student Debt to Restrict Worker Mobility*, June 2022, https://protectborrowers.org/wp-content/uploads/2022/07/Trapped-at-Work_Final.pdf.

a living wage or even a predictable schedule that allows them to meet their basic financial obligations. And far too many employers seek to shift onto their workers their own costs while undermining their workers' bargaining power by making it costly for them to seek out jobs where they might be treated better or paid more.

In other words, employer-driven debt does not solve problems created by our labor market; it obscures problems like insufficient wages and unfair scheduling. Not only that, it exacerbates those problems, by driving down workers' wages and undermining worker bargaining power through the impediments it creates to worker mobility.

The Dangers Posed by Employer-Driven Debt:

Employer-driven debt can cause several overlapping injuries to workers and to the labor market. More than one of these dangers may arise in a single case, but they each present distinct categories of harm that highlight the importance of interagency collaboration, regulatory oversight, and enforcement of worker and consumer protection laws.

This Committee should pay attention in particular to the following three dangers of employer-driven debt: (1) employer-driven debt can restrain worker mobility, undermining worker bargaining power; (2) employer-driven debt can shift employers' costs onto workers; and (3) employer-driven debt can obscure low wages and poor working conditions. As with so many other abuses in our marketplace, these challenges disproportionally affect immigrants and people of color.

Employer-driven debt can undermine worker mobility:

Perhaps the most concerning feature of employer-driven debt is how corporate employers use it to restrains worker mobility. The threat of going to work elsewhere is essential to a worker's leverage to obtain better working conditions and higher wages. Workers trapped in their jobs may be stuck with low pay, dangerous conditions, abusive treatment, or work that does not allow them to advance professionally. Even workers who do not intend to leave their jobs benefit from the theoretical risk that if their wages are too low, they will find other work. For this reason, there is strong evidence that non-compete agreements suppress wages for the workers covered by them.[2] Far too many workers in a variety of industries experience similar restraints on their ability to find employment elsewhere because they are bound to their employer through the threat of debt collection if they leave their jobs before the end of a contractual commitment period.

The amount of the debt and its purported justifications can vary. On one extreme, some immigrant healthcare workers are bound to their employment with staffing agencies through so-called "breach fees" or "liquidated damages" provisions of between $20,000 and $50,000 if they

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[2] Alexander J.S. Colvin and Heidi Shierholz, *Noncompete agreements: Ubiquitous, harmful to wages and to competition, and part of a growing trend of employers requiring workers to sign away their rights*, Economic Policy Institute, December 10, 2019, https://www.epi.org/publication/noncompete-agreements/.

leave before the end of their contract.[3] Those fees, which are often many times a worker's monthly wages, purportedly are justified by a range of costs including bringing the worker into the country, training, and the supposed damages that follow from the worker leaving their job earlier. In these contexts, employer-driven debt may amount to involuntary servitude and the threat of collecting on that debt a threat of "serious harm" designed to coerce workers into continuing to work for their employer in violation of federal and state trafficking laws.[4]

Employer-driven debt ties workers to their employment in a variety of other ways. TRAPs, for example, require a worker to repay the costs of training, sometimes provided by the employer and sometimes provided by a third party, if the worker leaves their job before the end of their contract term, which is often several years. These debts often far exceed the reasonable value of the training to the worker.[5] And in many cases, the training at issue is not for the worker's benefit at all but is really standard training provided for the employer's benefit.[6] By threatening workers with debts that can amount to several months of rent, TRAPs often force workers to make the impossible choice between putting up with low wages, bad working conditions, or even abusive treatment or risk aggressive debt collection, marks on their credit, and financial ruin.

Employer-driven debt shifts the costs of doing business onto workers:

Especially when accompanied by misclassification, employer-driven debt may shift onto workers an employer's business costs. Misclassification schemes may promise workers the "American dream" of independence or small business ownership in exchange for the worker paying for costs the employer should bear by financing those costs, sometimes through a third party and sometimes through the employer itself.

Consider, for example, cleaning companies that sell their low-wage cleaning workers on purchasing a purported cleaning franchise and the tools and equipment necessary to provide cleaning services.[7] These purported franchisors may then finance those costs for their misclassified workers. The worker satisfies payment obligations through deductions off their pay.[8] In many cases, workers in these industries take home less than minimum wage at the end of the week, while the company minimizes its own financial risk and overhead. In some situations,

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[3] Josh Eidelson, *Nurses Who Faced Lawsuits for Quitting are Fighting Back*, BusinessWeek, Feb. 2, 2022, https://www.bloomberg.com/news/features/2022-02-02/underpaid-contract-nurses-who-faced-fines-lawsuits-for-quitting-fight-back#xj4y7vzkg.

[4] *See, e.g.*, *Paguirigan v. Prompt Nursing Emp. Agency LLC*, 286 F. Supp. 3d 430 (E.D.N.Y. 2017). Towards Justice is counsel in cases involving similar practices.

[5] *See, e.g.*, *Montoya v. CRST Expedited, Inc.*, 404 F. Supp. 3d 364, 398–99 (D. Mass. 2019)

[6] *See* Taylor Telford, *PetSmart offered free training. But it saddled employees with debt.*, Wash. Post, Aug. 4, 2022, https://www.washingtonpost.com/business/2022/08/04/petsmart-dog-grooming-training-labor-lawsuit/.

[7] *See, e.g.*, *Roman v. Jan-Pro Franchising Int'l, Inc.*, No. C 16-05961 WHA, 2022 WL 3046758, at *17 (N.D. Cal. Aug. 2, 2022)

[8] *See, e.g.*, *Castillo v. Cleannet USA, Inc.*, Cal. Super. Ct., 17-562611 (2017), Compl., https://legalaidatwork.org/wp-content/uploads/2017/11/Optimize-Complaint.pdf.

as the worker faces mounting financial pressures, the employer will continue extending loans to the worker, which the worker must continue to work off. The result is a harsh and predatory debt spiral, coupled with a form of modern indentured servitude.[9]

Employer-driven debt obscures low wages and poor working conditions:

Employers often use employer-driven debt to obscure low wages and poor working conditions. One example of this pattern arises when an employer suggests that debt does not have a cost if the employer forgives it after a worker completes a commitment term with the employer. Consider, for example, PetSmart's alleged suggestion that its "groomer training" is free, when in fact PetSmart imposes debt obligations on the workers who receive that training and forgives the debt, allegedly, only after the employee has worked for the company for two years.[10] Debt of this form often has substantial costs; most importantly, because there is a financial penalty for leaving the employment, the employer has more bargaining power than it would otherwise have and may thus be able to pay its workers less because it is costly for them to find higher paying work elsewhere.

Earned wage access products may also be deceptive. Creditors may fail to disclose that short-term loans of this sort have extraordinary effective interest rates. Additionally, the existence of these and similar products can help to obscure from workers the fact that the employer's wages are too low or their scheduling practices too unfair and unpredictable to ensure that workers have sufficient and predictable income to allow them to consistently make ends meet.

Consider, for example, hotel employees in Philadelphia, who complained that their employer's scheduling practices made it difficult for them to earn consistent income without getting a second job. Many of those workers became reliant on so-called "mini loans" extended by their employee credit union, which allowed them quick access to cash when their weekly wages were not enough to pay rent or put food on the table. The problem was that the lender allegedly failed to disclose the true costs of that credit, which included various fees and charges. This meant, according to the workers who filed suit, that the employer and its related creditor were, together, able to offer workers unpredictable schedules and low wages while giving them access to enough credit to keep them in their jobs, without disclosing the true costs of that credit to workers.[11]

This pattern may be common, especially in the service and retail sectors. Workers in this sector often struggle with unpredictable and variable schedules that can make it difficult for

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[9] *Id.*

[10] *See* note 6, *supra.* Towards Justice is counsel in the case described in this article.

[11] *See Marriot workers' lawsuit says inconsistent schedules and credit union loans are a predatory mix*, Phila. Inquirer, Feb. 18, 2019, https://www.inquirer.com/news/marriott-credit-union-lawsuit-payday-loans-20190218.html.

workers to plan ahead or earn consistent wages across workweeks.[12] An employer is much more likely able to get away with providing workers with twenty hours of work in some weeks and forty hours in other weeks, when the worker can *borrow* funds that between paychecks. In these cases, the employer uses early wage access as a subsidy for its unfair scheduling practices and low wages.

Applicable Legal Protections and the Importance of Inter-Agency Collaboration

The various problems posed by employer-driven debt to workers in this country implicate several interrelated legal protections and federal agencies' jurisdictions. In many cases, several legal protections may be implicated by the same type of practice—misclassified workers, trapped in their jobs by start-up costs financed through their employer may be protected by labor standards laws, credit discrimination laws, and laws prohibiting trafficking and unfair methods of competition.

In other cases, workers may be protected by either labor standards laws or consumer protection laws. If a TRAP seeks to recoup costs for training that was principally for employee's "personal, family, or household use,"[13] then the employer is effectively operating a for-profit school and extending private student loans subject to federal disclosure requirements.[14] If the training is for the employer's benefit, then the employer is seeking a kickback against wages, potentially in violation of federal and state wage-and-hour laws.[15]

Because of the interrelated legal and policy issues implicated by employer-driven debt, the federal government should take bold action, across agencies, to address the serious and multifaceted harms employer-driven debt causes workers.

Application of the consumer protection laws:

Employers and other creditors in the employer-driven debt space may not appreciate the potential applicability of consumer protection laws to their activities. But just because a company is operating as an employer does not mean that they are not also extending credit to their workers, and just because they think they may have successfully avoided application of the employment laws to their activities—for example by classifying their workers as independent contractors—does not mean that consumer financial protection laws do not apply when they extend credit to their workers. In many cases, employer-driven debt is a consumer credit product, and it implicates traditional consumer protection laws in a variety of ways.

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[12] Stephanie Wykstra, *The movement to make workers' schedules more humane*, Vox, Nov. 15, 2019, https://www.vox.com/future-perfect/2019/10/15/20910297/fair-workweek-laws-unpredictable-scheduling-retail-restaurants.
[13] 15 U.S.C. § 1602(i).
[14] 15 U.S.C. § 1638(e).
[15] *See, e.g.*, 29 CFR § 531.35 ("The wage requirements of the [FLSA] will not be met where the employee "kicks-back" directly or indirectly to the employer or to another person for the employer's benefit the whole or part of the wage delivered to the employee.").

Where it misrepresents or obscures the costs of credit, employer-driven debt implicates protections against deceptive practices and the Truth in Lending Act (TILA).[16] Earned wage access programs, for example, may appear to provide early access to wages, but they are a short-term loan, whose costs are sometimes not disclosed to workers.[17] In some cases, the effective interest rates on these loans may exceed state interest rate caps. At the very least, TILA applies to these products and requires disclosure of the finance charges, fees, and costs of the credit to workers. That minimum level of transparency helps to ensure that workers appreciate that these programs may not be a free benefit, but rather that their employer may be shifting onto them the costs of credit to compensate for low wages and inconsistent scheduling.

Consumer protections against unfair, deceptive, and abusive acts and practices in the provision of consumer financial products may also be implicated by credit products extended by an employer.[18] Where, for example, TRAPs are extended to workers to cover training costs that are principally for "personal, family, or household use," disclosure requirements apply to require that employers disclose the true costs of those products. In many cases, TRAPs are private educational loans and employers should be subject to the special disclosure requirements applicable to other private student loan providers. Additionally, it may be deceptive to describe as "free" TRAPs or other forms of employer-driven debt that is forgiven if the worker completes a commitment period to the employer. Finally, it may be unfair or abusive for employers to use TRAPs or other consumer credit products in the employment relationship to undermine worker mobility, especially where the debt far exceeds the reasonable value of training or other benefits provided to workers.

The collection of employer-driven debt by employers or third parties also implicates the Fair Debt Collection Practices Act (FDCPA)[19] and the Fair Credit Reporting Act (FCRA).[20] In particular, where an underlying debt is illegal and unenforceable, for example because it violates wage and hour laws or even federal trafficking laws, as described below, the FCRA may provide protections for workers against having those debts reported to credit reporting agencies,[21] and the FDCPA protects against aggressive debt collection by collection agencies. These protections are especially important in the employer-driven debt context because employers and third parties frequently use the threat of credit reporting and debt collection to keep workers trapped in their jobs.

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[16] 15 U.S.C. § 1601, *et seq.*

[17] Letter from Ninety-Six Consumer, Labor, Civil Rights, Legal Services, Faith, Community and Financial Organizations and Academics Urging CFPB to Reverse Earned Wage Access Actions, Oct. 12, 2021, https://www.nclc.org/images/pdf/banking_and_payment_systems/fintech/CFPB-EWA-letter-coalition-FINAL2.pdf.

[18] *See, e.g.*, 12 U.S.C. § 5536(a)(1)(B).

[19] 15 U.S.C. § 1692, *et seq.*

[20] 15 U.S.C. § 1681, *et seq.*

[21] 15 U.S.C. § 1681s-2(a)(1)(A) ("A person shall not furnish any information relating to a consumer to any consumer reporting agency if the person knows or has reasonable cause to believe that the information is inaccurate.").

We appreciate that the Consumer Financial Protection Bureau is looking closely at this problem.[22] It is critical that consumer protection agencies, especially the CFPB, bring their enforcement, regulatory, and supervision authority to bear on this problem.

Application of wage-and-hour protections alongside consumer protections:

Employer-driven debt also implicates the labor standards laws. Most importantly, where employers seek to recover or do in fact recover costs that are principally for their own benefit, then the employer-driven debt agreement is an agreement to kickback wages to the employer, which could bring a worker's wages below minimum wage.[23] If the debt obligation becomes due at the end of a worker's employment, then the kickback is measured only against the last week of wages, meaning that in most contexts, the kickback will be a minimum wage violation.[24] But even where the debt does not bring the worker's wages below minimum wage, the kickback may be a violation of state wage payment laws.

A kickback of this sort occurs in the TRAP context where the training does not provide a meaningful transferable benefit to the employee, like licensing or certification that the employee could use to obtain future employment, but rather is training provided by the employer that is principally for the employer's benefit. It could also occur where the employer purports to lend the worker the costs of hiring or recruiting the worker or other costs the employer should bear and then forgives those costs only if the worker remains in the employment for an entire contract period. We should understand those arrangements as being no different from an employer requiring the employee to pay back their wages if the employment relationship terminates.

Kickbacks of this sort are especially common in the misclassification context, where employers may finance for workers start-up costs or the costs of tools or equipment, like the costs of a truck or franchise fees.[25] Framing these kickbacks as business loans may help the employer sell predatory and misclassified work as the opportunity to be an entrepreneur. But these purported loans are a kickback against wages whether the employer collects them through deductions off wages or through a debt obligation that accelerates if employment is terminated within a certain period.

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[22] CFPB Launches Inquiry into Practices that Leave Workers Indebted to Employers, June 9, 2022, https://www.consumerfinance.gov/about-us/newsroom/cfpb-launches-inquiry-into-practices-that-leave-workers-indebted-to-employers/.

[23] 29 C.F.R. § 531.35; *see also Montoya v. CRST Expedited, Inc*., 404 F. Supp. 3d 364 (D. Mass. 2019) (employer prohibited from deducting loan repayment).
for training costs to the extent they brought the wages below the minimum wage).

[24] See Arriaga v. Fla. Pac. Farms, L.L.C., 305 F.3d 1228, 1237 (11th Cir. 2002), *Chao v. Bauerly*, 2005 WL 1923716, at *4 (D. Minn. Aug. 11, 2005) ("Thus, to the extent that the training reimbursement agreement withheld minimum wages for the hours worked by the employees during their final pay period, the agreement violates the FLSA and is unenforceable.").

[25] *See, e.g.*, *Villalpando v. Exel Direct Inc*., No. 12-CV-04137-JCS, 2015 WL 5179486, at *15 (N.D. Cal. Sept. 3, 2015).

To address these problems, it is critical that agencies like the United States Department of Labor (DOL) vigorously enforce wage-and-hour protections in the employer-driven debt context. Because of the proliferation of misclassification arrangements, insulated by forced arbitration, it is often difficult for workers to address these challenges through private enforcement. Additionally, because workers cannot seek injunctive relief under the FLSA,[26] it may be difficult for them to bring private suit to protect themselves from employer-driven debts until the employer has recovered those debts. Until that point, some courts may conclude that suits seeking to invalidate the debt are seeking injunctive relief. This reasoning would be incorrect, as a minimum wage violation occurs as soon as the minimum wage is not paid "free and clear," and damages for "unpaid minimum wages" in this context could include debt cancellation.[27] But the DOL could sidestep these arguments and provide protection to workers whose employers keep them trapped in jobs through the employer's mere *threat* of collecting the debt, which is an illegal kickback against wages.

It is also critical that agencies like the CFPB and DOL coordinate to ensure that employer-driven debt does not slip between the cracks of agency authority. This is especially true because in many cases, one agency's authority will pick up where another's ends. For example, an employer arguing that its TRAP is not covered by TILA because the training is not for "personal, family, or household use" is acknowledging that its TRAP seeks to recover a kickback against wages because it seeks to recoup training costs that were primarily for the employer's benefit. Alternatively, an employer may argue that its TRAP seeks to recoup the costs of training that is principally for the benefit of the employee—by, for example, giving them meaningful opportunities for professional advancement. But by arguing that the training is not principally for the employer's benefit—but is instead training principally for the benefit of the employee—the employer is effectively admitting to operating a for-profit school and extending private student loans to its workers to cover the costs of that schooling. In that context, the consumer protection laws should apply just as they would to any private institution of higher learning and student loan lender.

In other words, in many cases, employers cannot insulate their abuses of power from all agencies at the same time, but agency coordination, especially between the DOL and CFPB, is essential to ensure that no worker falls between the cracks.

Application of anti-discrimination protections:

Employer-driven debt disproportionately harms immigrants and people of color. Members of these groups are disproportionately excluded from our most hard-fought labor standards protections,[28] left behind by our labor market, and burdened by a generational wealth

[26] *See, e.g.*, *Roberg v. Henry Phipps Est.*, 156 F.2d 958, 963 (2d Cir. 1946).
[27] *See, e.g.*, *Stein v. HHGREGG, Inc.*, 873 F.3d 523, 534 (6th Cir. 2017)
[28] Rebecca Dixon, NELP Executive Director, *From Excluded to Essential: Tracing the Racist Exclusion of Farmworkers, Domestic Workers, and Tipped Workers from the Fair Labor Standards Act*, Hearing before the U.S. House of Representatives Committee Education and Labor Workforce Protections Subcommittee, May 3, 2021, https://edlabor.house.gov/imo/media/doc/DixonRebeccaTestimony050321.pdf.

gap.[29] As a consequence, they may be especially vulnerable to employers that sell their workers on the false promise of the American dream, autonomy, and entrepreneurial opportunities in exchange for entering into a debt to their employer. Very often these jobs do not provide meaningful opportunities for professional advancement or financial mobility. Instead, they can come with crippling debt that can keep workers trapped—perhaps the purported franchise fees imposed on a misclassified worker and financed by the employer or the costs of recruitment to the United States, loaned to the worker and forgiven only if the worker remains in the employment for a several-year-long commitment period.

Where employers target immigrants and people of color with these schemes, they are engaging in a form of reverse red lining that implicates the anti-discrimination laws. Agencies like the CFPB and the Equal Employment Opportunity Commission (EEOC) should collaborate to investigate these practices. Importantly, because the CFPB's authority to enforce the Equal Credit Opportunity Act (ECOA) is not limited by the requirement that the underlying credit be for "personal or household use,"[30] it has the authority to address employer-driven debt even in contexts where the employer frames the credit relationship as a small business loan and even where the worker may in fact be an independent contractor under federal employment laws.

Application of competition laws:

Employer-driven debt also implicates competition laws in various ways, especially insofar as it is designed to keep workers trapped in their jobs.

In recent years, regulators and lawmakers have curtailed the use of non-compete agreements and other restraints on worker mobility that arise in the contractual relationship between the employer and worker. In July 2021, President Biden issued an executive order calling upon the Federal Trade Commission (FTC) to "curtail the unfair use of non-compete clauses and other clauses and agreements that may unfairly limit worker mobility."[31] Around the same time, Oregon,[32] Nevada,[33] and Washington D.C.[34] imposed new state-level restrictions on non-compete agreements, following in the footsteps of California, North Dakota, Oklahoma, Maine, New Hampshire, Rhode Island, Washington, Hawaii, New Hampshire, Illinois, and, more

[29] Aditya Aladangady and Akila Forde, *Wealth Inequality and the Racial Wealth Gap*, Feds Notes, October 22, 2021, https://www.federalreserve.gov/econres/notes/feds-notes/wealth-inequality-and-the-racial-wealth-gap-20211022.html .

[30] Official Interpretation of Reg. B, 12 C.F.R. pt. 1002, supp. I, § 1002.1(a)-1. *See also id.* at § 1002.2(j)-1. *See, e.g., Bartlett v. Bank of Am.*, 2014 WL 3773711, at *4 (D. Md. July 29, 2014), aff'd, 603 Fed. Appx. 209 (4th Cir. 2015).

[31] https://www.whitehouse.gov/briefing-room/presidential-actions/2021/07/09/exo21kjuecutive-order-on-promoting-competition-in-the-american-economy/

[32] https://olis.oregonlegislature.gov/liz/2021R1/Downloads/MeasureDocument/SB169/Enrolled

[33] https://www.leg.state.nv.us/App/NELIS/REL/81st2021/Bill/7300/Text

[34] https://www.dcregs.dc.gov/Common/NoticeDetail.aspx?NoticeId=N102934

recently, Maryland,[35] Virginia,[36] and Colorado,[37] all of which ban the use of non-compete agreements, particularly for low-wage workers. The Department of Justice (DOJ) has also highlighted how non-compete agreements may implicate the antitrust laws, especially where they are imposed by employers with substantial market power.[38]

Employer-driven debt, when tied to the termination of the employment relationship, should be treated like any other contractual restraint on worker mobility. This is especially true because there is evidence that some employers have migrated away from explicit restraints on worker mobility—like non-compete agreements—and have shifted to using employer-driven debt like TRAPs to impede workers' ability to leverage the threat of exit for higher wages and better working conditions.[39] Where employer-driven debt agreements undermine worker bargaining power in these ways, they function like non-compete agreements, and should be subject to the antitrust laws, laws regarding unfair competition, and state regulation of non-compete agreements.

Anti-trafficking and peonage laws:

Finally, the law does not permit employers or others to provide a work opportunity in exchange for a worker's promise to indenture themselves to their employer through debt. These sorts of work arrangements harken back to Nineteenth Century peonage used to subjugate former slaves, [40] and they are precisely the kind of exploitation that our anti-trafficking and peonage laws were designed to prohibit. Where the threat to collect a debt is a threat of "serious harm," it is a violation of federal prohibitions against forced labor.[41]

While most employer-driven debt may not rise to the level of trafficking, it is critical for federal agencies, including the CFPB, the DOL, the FTC, and the DOJ to coordinate to identify the most predatory and exploitative work arrangements and address them under laws prohibiting forced labor and debt peonage.

Conclusion:

Traditionally, consumer, labor standards, and competition laws have been viewed as separate spheres that address separate problems and provide separate solutions. But employer-driven debt blurs these lines to the point of meaninglessness. The result is that enforcement and

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[35] https://law.lis.virginia.gov/vacode/title40.1/chapter3/section40.1-28.7:8/
[36] https://mgaleg.maryland.gov/mgawebsite/laws/StatuteText?article=gle§ion=3-716&enactments=false
[37] https://leg.colorado.gov/bills/hb22-1317
[38] Stmt. of Interest, Beck v. Pickert Medical Grp., No. CV21-02092, Nev. Second Judicial District Court (Feb. 25, 2022).
[39] *See* note 1, *supra*, at 12.
[40] *Tobias Barrington Wolff*, The Thirteenth Amendment and Slavery in the Global Economy, 102 Colum. L. Rev. 973, 982 (2002).
[41] 18 U.S.C.§ 1589(a)(2).

oversight often fall through the cracks, as corporations take advantage of a lack of coordination among advocates, enforcers, and regulators working in different spheres.

Of course, workers in this country do not care if their problems are properly characterized as employment problems, consumer problems, competition law problems or problems falling under any other possible label. What matters is that government is there to police abuses of corporate power that make it hard for everyday working people in this country to make ends meet through work. We appreciate this Committee's attention to this important issue.