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New York DOL Clarifies Trapped at Work
Date, by Solomon Abramov, Esq., 11-3-20

The New York State Department of Labor (NYDOL) has issued guidance to clarify questions about the Trapped at Work Act, which takes effect December 19, 2026. The guidance addresses repayment arrangements, bonuses and relocation assistance, performance and misconduct.

As previously reported, the Act generally prohibits employers from requiring employment, to enter into agreements requiring payment to the employer The law was amended in November to narrow its scope, revise certain exceptions and

The NYDOL guidance provides employers with additional direction policies before the law takes effect.

Existing Agreements Generally Are Not Covered

One of NYDOL's most significant clarifications concerns existing agreements, or new or amended agreements, *entered into on or after December 19, 2026*.

Accordingly, an agreement entered into before the effective date repayment or retention period extends beyond December 19. Employ agreements on or after the effective date because new or amended

Voluntary Repayment Arrangements May Be Permissible

NYDOL also clarifies that a repayment agreement that is genuinel not a condition of employment and therefore is not prohibited

The guidance applies this principle to several arrangements. For satisfying specified performance targets and require repayment i targets were met. Similarly, an agreement may require repayment before the date on which that leave otherwise would have been ea

The Act also expressly permits repayment agreements involving vo or real estate. NYDOL further clarifies that lawful wage advance regulations are not prohibited by the Act.

These examples illustrate the flexibility available to employers should ensure that voluntary agreements are not conditions of em and hour laws.

Bonus and Relocation Clawbacks

The Act permits certain agreements requiring repayment of financ payments or benefits that are not tied to specific job performan

Under this exception, repayment may generally be required when a terminated for misconduct, provided the job s duties and requirer repayment where the employer terminates the employee for a reaso were misrepresented to the employee.

For example, the guidance explains that an employee whose positi to repay a signing bonus under this exception.

NYDOL Clarifies Meaning of "Misconduct"

The statute permits repayment in certain circumstances when an er

NYDOL states that misconduct means behavior detrimental to the er condition. The guidance further indicates that misconduct may in of termination.

Because the reason for termination may determine whether a repayr the basis for termination when seeking repayment under one of th

Educational Expenses and Transferable Credentials

The Act also permits certain agreements requiring employees to r associated with obtaining a transferable credential.

NYDOL clarifies that exam and licensing fees may qualify when th credential must either be widely recognized by employers in the employer s specific business practices or provide skills or qual other employers in that industry. Employer-specific training and

These arrangements must satisfy specific conditions. The agreeme contract, and obtaining the credential cannot be a condition of employee agrees to the contract. That amount cannot exceed the er the required employment period, without accelerating the payment repayment following an employer-initiated termination unless the

What Employers Should Do Before December 19

New York employers should review agreements and policies that re and relocation arrangements, educational reimbursement agreement

Employers should pay particular attention to new agreements, and after December 19, 2026. Employers considering new repayment arr their terms, timing and enforceability under applicable law. The appropriately be structured as voluntary arrangements. Existing review where repayment obligations depend on the reason for sepa

The guidance provides employers with useful clarification about However, whether an agreement complies with the Act will depend

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