# Contracts 101: Debt Bondage through "Training Agreements"

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| **Author** | Tina Alberino |
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### The potential pitfalls of training agreements in the beauty industry How training agreements can unfairly bind employees to employers. How training agreements can be overly burdensome and legally questionable. How salon owners and professionals can navigate these tricky arrangements.

A [training agreement](http://medical-dictionary.thefreedictionary.com/training+agreement) is a contract between the owner of a salon and a worker, where the owner agrees to provide training (or to pay for training) for the worker. The terms of the agreement are generally written to ensure that the salon owner sees a return on her training investment. These contracts typically give a specified date or length of employment in order to "repay" the trainee's debt to the owner. If this contract is broken for any reason, the employee is usually required to repay money to the owner. For example, a clause of this nature might state something like, *"Employee agrees to work for Chop Shopz Nail Studio for a period no less than two (2) years. If Employee is terminated or resigns from Chop Shopz for any reason, Employee will be required to reimburse the owner of Chop Shopz two thousand dollars ($2,000) within seven (7) business days."* A lot of times, these contracts also contain binding arbitration clauses as well. [Which, as we've discussed, *in this post* you should never, ever, EVER sign.](https://thisuglybeautybusiness.com/?p=126) To clarify, business owners generally *cannot* charge their employees for standard employment training, which covers things like how to answer the phone, how to wipe down the mirrors, salon service protocols, or how to take inventory of backbar color. Those are business-specific operational procedures that business owners typically cannot charge for. It is considered the employer's responsibility to provide instruction to those employees on how to perform those business-specific tasks to their standards. Training agreements pertain to *professional training and development,*which covers things like advanced coloring techniques, new trend cuts, and other industry-specific skills that are not typically taught in schools or at basic levels. For this, salon owners absolutely can charge (and absolutely should), but they have to go about it the right way.

Stop writing your own contracts.

The problem with work agreements is that they're never clearly-defined and many aren't enforceable because the terms aren't legal.

* The "training fees" are usually over-inflated, arbitrary numbers, with no rhyme, reason, or practical method of justification.
* Salon owners fail to properly document training time and many of them fail to provide the training at all, instead using their "trainees" as receptionists, assistants, or cleaning staff.
* The wage deductions made to cover these "training expenses" often doesn't take into account applicable minimum wage requirements, which then causes an even bigger issue for the salon owner. (Many states do not allow wage deductions of any kind that aren't court ordered--and even those are strictly regulated.

As an alternative to training agreements, consider offering professional training services separately.

It is not illegal to require a staff member to have undergone advanced training as a prerequisite for employment. For example, I can require all job applicants to provide proof of e-file certification through Kupa to ensure the safety of my salon's clients. It is reasonable to hold your job applicants to a higher standard. You have the right as well to require that potential employees complete advanced training prior to their employment and you have the right to charge for that specialized training. However, you *do not* have a right to hold anyone in debt bondage, and many of the self-written agreements I have seen skirt that very questionable line. Owners, it is understandable that you want to ensure you see a return on that training investment. After all, you've donated your time, your skill, and your expertise--all of which have real monetary value. However, you need to consider the Thirteenth Amendment, which states, "Neither slavery nor servitude, except as punishment for a crime whereof the party shall have been duly convicted, shall exist within the United States, or anyplace subject to their jurisdiction." Contractually obligating any professional to remain under your employ for any period of time (or face legal or financial consequences for not doing so) may be considered unconstitutional. The Thirteenth Amendment prohibits the holding of a person in a condition of slavery, involuntary servitude, or debt bondage of any kind. The term "[involuntary servitude](http://www.lectlaw.com/def/i071.htm)" means a condition of servitude in which the victim is forced to work for the defendant by the use of threat of physical restraint, physical injury, or *by the use or threat of coercion through law or the legal process*.

When you threaten an employee with legal action and hefty fines for exiting employment, you are creating an atmosphere of compulsory service.

Conditional servitude by which the servitor is compelled to labor against his will in liquidation of some debt or obligation, either real or pretended, is "[debt-bondage](http://encyclopedia.thefreedictionary.com/debt+bondage)." Whenever a person requires another person to make a pledge of their labor or services as security for the repayment of a debt or other obligation, that pledge may violate that person's civil rights. Tread carefully, owners. Modern day slavery is not something you want to be found guilty of. **So, how can salon owners ensure that they receive fair compensation for their training expertise?** Offer the training separately to potential new hires and charge for them accordingly. This also allows you to feel out a potential new hire before you agree to provide them with employment. For example, as an educator, I provide training to licensees and students. They seek me out for the training and compensate me for it. They understand exactly what they're receiving for their money and for the duration of that training period, they are essentially my customer. At the end of the course, I provide them with a detailed skill evaluation so they know where they're excelling and where they may need improvement. I give them a certificate to show that they've put forth effort into furthering their skills and that I worked with them personally. If I like them, I write them a letter of recommendation free of charge. If I *really* like them, I offer them a job. I've seen them work and I've worked with them. By the end of their program, I know whether or not they're reliable, how they respond to constructive criticism, how willing they are to accept direction, and how fast they learn new skills. I've been able to evaluate them over the course of their training *and* *I was paid for it.* This system benefits both me and the potential new hire. The trainee has something tangible to show for her time spent in advanced training. If I choose to hire the trainee, I do not have to worry about taking a loss if she is unhappy working at my salon. I don't have to deal with taking her to small claims court to try and recoup the training costs. If she takes my employment opportunity, it will be at-will--and she's already been trained in my methods. Everyone wins. Set your professional training prices. Account for every hour spent in training and every penny spent on supplies and charge accordingly. If all goes well, offer the position. If it doesn't, you are under no obligation to do so.

Tear up those work agreements once and for all.

They have no place in our business, especially when there are less messy alternatives to accomplish your purposes. In addition to being questionably legal at best, it is poor management. When you essentially turn your employees into indentured servants, morale suffers. Don't do it. We're better than that. Industry professionals, when you sign a work agreement, you become a peon in a very literal way. A "[peon](http://legal-dictionary.thefreedictionary.com/peon)" is a slave indebted to a master. Stop signing work agreements.

* If an employer wants you to complete their professional training as prerequisite for employment, ask them to set a price for that training and pay for it up front.If the owner is legitimate and truly interested in turning you into a better professional (not using you as a servant for six months and charging you for the privilege), they will most likely prefer to have you pay for their expertise at once instead of indenturing you to them for two or more years.
* Make sure that you are clear on what you will be getting for your money and get it all in writing. If the owner violates that contract by failing or refusing to deliver what was promised, you will have the means to sue them in civil court to recoup your losses.
* If you are compensating someone for providing training, *you are their employer during that training period.*This means that you call the shots. They are on your dime. You are paying to be trained in advanced techniques; not fetch their color, wash their towels, answer their phones, or sweep up their hair. Do not be afraid to correct an trainer who forgets exactly what your role is when you're paying them for training.

Be smart about the documents you're writing and those you're signing. Please hire attorneys for guidance. This "act first, worry about the consequences later" style isn't benefiting any of you in this industry.

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