

When new employee quits, know the legal way to recoup your training costs

It's expensive to train employees, especially if the job is highly specialized. Smart employers protect their investments by having new employees sign an agreement to repay training costs if they leave soon after receiving the valuable benefit.

Here's how to recoup those costs: First, make it clear as soon as employees are hired that they'll have to pay back at least some costs if they quit before a certain date.

If the employee leaves before that date, you can withhold any accrued vacation or other pay due after termination. Plus, you can demand the rest if withholding doesn't cover the whole amount.

Just don't mess with the employee's final paycheck. As the following case shows, the employee should receive that last check in full and on time.

Recent case: The Oakland Police Department hired Courtney Gordon as a police officer and sent her to the police academy. She signed an agreement saying she'd repay the city on a sliding scale: the full \$8,000 training cost if she left within the first year, with nothing due if she remained on the police force for five years.

Gordon quit within two years. She got her last paycheck in full, but got nothing for her accrued sick and vacation balances. The police department took those amounts and applied them to her training cost debt. Then it demanded the balance due.

Gordon sued, alleging that the demand for money was illegal under the Fair Labor Standards Act.

The court dismissed her case, saying the agreement was clear Gordon had agreed to what amounted to a loan for the cost of the training when she was hired. Therefore, the demand for payment was legitimate. (*Gordon v. City of Oakland*, No. 09-16167, 9th Cir., 2010)

How to calculate the ROI of your training costs

Execs often call on HR to prove that their training budgets are paying off. Find a formula to quantify which training produces results at www.theHRSpecialist.com/trainingROI.