

Can I demand reimbursement of training costs?

Q. I am a small employer. I invested a lot of money and time training a certain employee who just quit less than a year after I hired him. In the future, I would like to have all my employees sign an agreement stating that if they quit within a year, they will repay me at a rate of, say, \$200 a month for the money I spent training them. Would this be OK?

A. While I certainly understand your frustration, the Michigan Supreme Court has outlawed such agreements and sees this as a violation of the Michigan Wages and Fringe Benefits Act.

MCL 408.478 provides that “an employer, agent or representative of an employer, or other person having authority from the employer to hire, employ, or direct the services of other persons in the employment of the employer shall not demand or receive, directly or indirectly from an employee, a fee, gift, tip, gratuity or other remuneration or consideration, as a condition of employment or continuation of employment.”

In 2000, the Michigan Supreme Court ruled that this section was designed to prevent kickbacks or payments to an employer in return for employment.

The court, however, did state that employers that offer to fund employees’ education (such as college courses) with the understanding that the employees will repay, unless they remain with the employer for a specific period are not in violation of MCL 408.478(1) because such programs are optional and not a condition of employment or continued employment. That’s different than training that is job specific and a condition of employment.