

TIP CREDIT IS AN ESSENTIAL OPTION FOR EMPLOYEE EARNINGS & RESTAURANT GROWTH

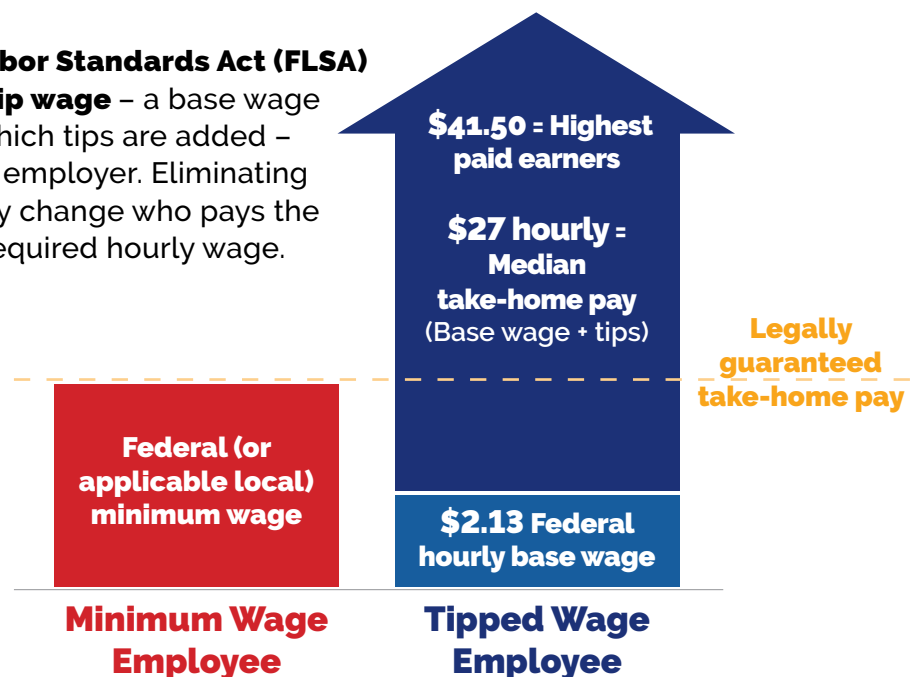
✓ Waitstaff at fullservice restaurants earn a median of \$27 an hour, with the highest paid tipped employees making \$41.50.

✓ Restaurant operators should have the option to pick the payroll model that works best for their small business, including the federal tip credit.

In most restaurants, tipped employees are the highest earning of the staff. This is why restaurant operators and tipped employees fight to protect the tip credit system. **Maintaining the tip credit and tipping system provides tipped employees with greater earning potential and restaurant owners with greater capacity to invest in their non-tipped employees and businesses.**

WHAT IS THE TIP CREDIT?

The Fair Labor Standards Act (FLSA) creates a tip wage – a base wage on top of which tips are added – paid by the employer. Eliminating this will only change who pays the minimum required hourly wage.



SAFEGUARDS IN THE TIP WAGE

If the combination of the tipped employee's base wage plus tips does not meet or exceed the local minimum wage for every hour worked, then the employer must make up the difference. **The notion that tipped employees make less than minimum wage is NOT true. Eliminating the tip credit is not a pay raise for tipped workers.**

The FLSA provides strong protections for workers and ensures that tipped employees never earn less than the local minimum wage. Restaurants face financial penalties if they do not pay tipped employees accurately.

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RISKS IN ELIMINATING THE TIP CREDIT AND TIPPING SYSTEM

The earning potential of a tipped wage is why many people choose restaurants as a first job, a side job for extra income, a job while in school, and as a career. **The tip credit and tipping system help restaurant operators provide employees with jobs, training, and career advancement.**

Eliminating the tip credit gives restaurant operators less flexibility in their business model and limits their hiring. It will also reduce employee earnings and hours, and go against the wishes of tipped servers across the country. A March 2022 Association survey found that 75% of customers prefer the existing tipping system.

The math is simple. Ending the tip credit and tipping system is bad for employees and restaurants.

POLICYMAKERS CAN PROTECT EMPLOYEE EARNINGS AND SUPPORT RESTAURANT INDUSTRY GROWTH

Tipped employees, restaurant owners, and customers have made it clear: the tip credit and current tipping system work. **They urge Congress to preserve the tip credit and tipping system, which have been a driving force in creating prosperity for workers and owners.**

