

HOW TIP CREDIT HELPS RESTAURANT EMPLOYEES, OPERATORS, & CUSTOMERS

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

✔ **Tipped employees never make less than the prevailing minimum wage—in fact, they often make much more.**

In a fullservice restaurant, everyone benefits from the tip credit.

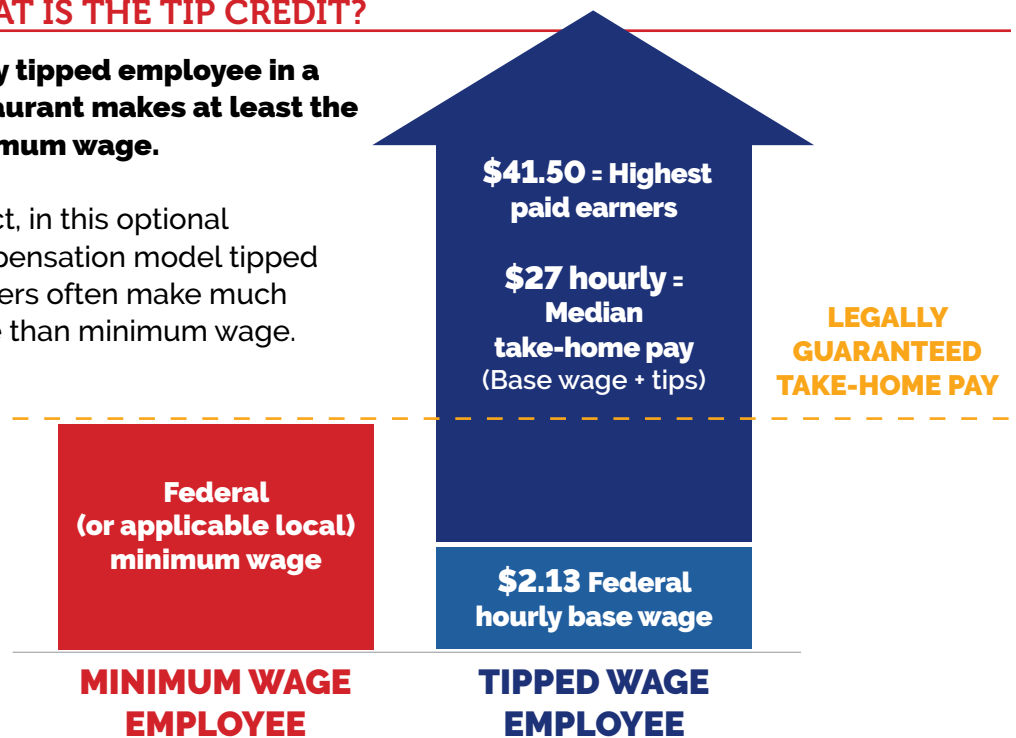
The tip credit compensation model maximizes server earnings, allows operators to hire ample waitstaff, and keeps menu prices affordable. That's why restaurant employees, operators and a majority of customers nationwide support the tip credit model.

However, in Congress, and in communities around the country, there are efforts to eliminate tipped incomes through legislation and the ballot box.

WHAT IS THE TIP CREDIT?

Every tipped employee in a restaurant makes at least the minimum wage.

In fact, in this optional compensation model tipped workers often make much more than minimum wage.



HOW THE TIP CREDIT WORKS

In the tip credit model, operators pay tipped workers a base wage, on top of which they earn tips. Operators must make up the difference if the base wage and tips don't meet the minimum wage.

The Fair Labor Standards Act created the tip credit with strong worker protections, including financial penalties for employers if they do not pay tipped employees accurately.

LEARN MORE

Visit
Restaurant.org/TipCredit

HOW TIP CREDIT HELPS RESTAURANT EMPLOYEES, OPERATORS, & CUSTOMERS

RESTAURANT EMPLOYEES, CUSTOMERS & OPERATORS SUPPORT THE TIP CREDIT

Nationally, tipped servers take home a median of \$27 an hour, with the highest-paid employees making more than \$41 an hour.

The high earning potential the tip credit provides is what draws servers to a career in the restaurant industry.

That's why restaurant workers want to preserve—not eliminate—the tip credit. And according to a March 2022 Association survey, the vast majority of consumers do too.

Eliminating the tip credit would force restaurant operators to raise prices and reduce the hours employees can work or cut jobs entirely.

A March 2022 Association survey found that 75% of customers prefer the existing tipping system.

RISKS IN ELIMINATING THE TIP CREDIT

Eliminating the tip credit would force restaurant operators to raise prices and reduce the hours employees can work or cut jobs entirely.

Since a phase-out of the tip credit began in Washington, D.C., in May 2023, restaurant operators have seen a decline in customer traffic and fullservice restaurants have been forced to cut more than 3,000 jobs.

When the tip credit is eliminated, restaurant operators, tipped servers and local dining scenes suffer.

POLICYMAKERS MUST PROTECT THE TIP CREDIT

Restaurant workers want to preserve the tip credit and the high earning potential it provides. A majority of U.S. consumers support the tip credit, too. **The restaurant industry urges Congress to preserve the tip credit at the federal level to protect restaurant owners' operational freedom and restaurant employees' high earning potential.**

