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The Cost of Restaurant Staff: What Can You Charge Them For?

Posted by [Brette Sember](#) on 7/18/16 7:30 AM in [Restaurant Management](#), [Restaurant Metrics](#)



All restaurateurs know that wages are just *one* of the expenses when it comes to the cost of a restaurant staff. Aside from essentials like uniforms and discounted or free food, there are those seemingly uncontrollable expenses. Broken glasses, overcooked meat, and wrongly comped meals are among the mistakes and bad decisions that can negatively affect your bottom line.

Accidents are inevitable in the kitchen, and most of the time, no one is terribly at fault. Having said that, the price of these errors can add up quickly. This puts restaurant owners and managers in a tough spot. More often than not, they are the ones covering the costs, and employees can get off scot-free.

So as a restaurant owner, what can you charge restaurant staff for, and what is considered your responsibility?

Understanding the Wage and Hour Laws

Before taking a look the different categories of employee chargebacks, it's important to understand the federal wage and hour laws. The **federal minimum wage is \$7.25** an hour, and in most cases you cannot impose chargebacks that would bring an employee's wage below this minimum.

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Many restaurant owners pay their front of the house staff a base rate of less than \$7.25 an hour and make up the difference by claiming a tip credit. So, if you pay a server only \$2.25, you would claim a tip credit of \$5.00, bringing their hourly wage up to the federal minimum. That tip credit must be paid, even if they don't collect enough tips to cover it. And if their tips exceed the amount needed to cover the tip credit, that excess cannot be dinged for chargebacks.

Charging for Errors and Losses

Many restaurants make a habit of charging employees for mistakes such as breaking dishes, allowing customers to walk out without paying their bill, and winding up with a shortage in the cash drawer. Under federal law, you are entitled to deduct the **cost of mistakes** from an employee's wages, but, as explained above, only if the employee is paid more than minimum wage (including the tip credit) and the deduction does not drive the pay below the minimum. Even if your employee earns big tips, you **can't deduct** those costs against tips that exceed the tip credit. Consequently, it is often difficult to charge employees for these losses without violating the federal wage laws. Some states have laws that further restrict when and how deductions for mistakes can be taken, so be sure to check your state's laws.



Keep in mind that a server who writes in an extra zero on a tip, slips a bottle of your finest champagne into his backpack, or comps meals for friends without authorization has committed willful theft, and you can easily fire the employee, or even pursue criminal charges against them.

Uniform Costs

You want your staff to look presentable and to maintain the image you've chosen for your restaurant, so you can require them to wear a **uniform**. Under federal law, restaurants are permitted to require that employees wear a uniform as long as it is not discriminatory — for example, you cannot require women to wear a uniform that is far more expensive than that required of men. If you provide the uniform, you may deduct its cost from the employee's pay, but only if the deduction does not push the employee's pay below the minimum wage. The cost can be prorated over several paychecks to avoid triggering this rule, but employees who earn only minimum wage (including any tip credit) can't be required to pay for a uniform.

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You can also deduct the cost of maintaining the uniform (such as dry cleaning) from the employees' pay - again - as long as they earn more than minimum wage and the cost doesn't drive them below the minimum. In some states, restaurants are not permitted to charge employees for uniforms that carry the restaurant's name or logo and which wouldn't qualify as street clothes, so be sure to check your state's laws.

Credit Card Fees

When a **tip** is placed on a credit card, you can deduct the credit card fee (often 2 to 3 percent) from the employee's tip. As with most cases, this rule applies only if deducting that cost will not push the employee's pay below the minimum wage.



Meals

Many restaurants ask staff to be present for a "family meal," and some restaurants offer a meal during an employee's breaks. The cost of these meals can then be deducted from the employee's paycheck, **even if doing so drives the employee's pay below the federal minimum**. But if an employee does not want a **meal**, it **cannot** be charged to them. Moreover, employees cannot be charged for meals that are provided for the restaurant's convenience, as when you offer meals so that you can minimize employees' break times. In any event, the amount deducted for a provided meal cannot be the amount you charge the public for that meal; it must cover only your cost of the meal, with no markup.

Charitable Giving

Some restaurants institute **charitable giving** campaigns and strongly encourage all employees to take part. Charitable giving has to be voluntary, however, so you can't deduct a donation from an employee's check unless he or she has authorized it.

Great employees who show up on time, love what they do, and make the customers happy with their work are the best thing any restaurant manager could ask for. Make sure that you, in turn, treat them well and only charge them for what you legally can. Still have questions? [Get advice](#) from a lawyer specializing in labor and employment.

Additionally, be aware that while there are standards across a federal level, many states have even *more* restrictions. Check your state's guidelines to make sure there aren't any extra rules you should be aware of!