

Effective January 1, 2013

Minimum Wage Law

The Rhode Island Minimum Wage Law requires all employers to pay wages no less than those indicated in the following schedule. Please note that both Federal and State Laws have been reviewed. Whichever law is best for the employee prevails.

Minimum Wage: **\$7.75 / hour**

Employees that are directly / indirectly tipped by the customer may be paid under the conditions below:

Tipped Employees: **\$2.89 / hour**

Tip Credit: **\$4.86** (difference between minimum wage \$7.75 and tip wage \$2.89)

Overtime: Federal and State Law requires payment of one and one half (1 ½) the regular wage rate for any hours worked in excess of 40 hours in any work week.

For multi-unit operations with similar ownership overtime must be paid for all hours worked over 40 hours, regardless of which location worked.

Overtime Tipped Employees: $\$7.75 \times 1.5 =$ **\$11.63 / hour**
minus tip credit **\$ 4.86 / hour**
\$ 6.77 / hour

Tip Pooling

The requirement that an employee must retain all tips does not preclude tip splitting or pooling arrangements among employers who customarily and regularly receive tips, such as waiters, waitresses, bellhops, counter personnel (who serve customers), busboys/girls and service bartenders. Tipped employees **may not be required to share their tips with** employees who have not customarily and regularly participated in tip pooling arrangements, such as dishwashers, cooks, chefs, and janitors. **Only those tips that are in excess of tips used for the tip credit may be taken for a pool.** Tipped employees cannot be required to contribute a greater percentage of their tips than is customary and reasonable.

Uniforms

Deductions From Wages for Uniforms and Other Facilities Under the Fair Labor Standards Act (FLSA)

Characteristics

The FLSA does not allow uniforms, or other items which are considered to primarily for the benefit or convenience of the employer, to be included as wages. Thus, an employer may not take credit for such items in meeting his/her obligations toward paying the minimum wage or overtime.

Requirements

Uniforms: The FLSA does not require that employees wear uniforms. However, if the wearing of a uniform is required by some other law, the nature of a business, or by an employer, the cost and maintenance of the uniform is considered to be a business expense of the employer.
Other Items: Employers at times require employees to pay or reimburse the employer for other items. The cost of any items which are considered primarily for the benefit or convenience of the employer would have the same restrictions as apply to reimbursement for uniforms. See attached for more information.



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Fact Sheet #16: Deductions From Wages for Uniforms and Other Facilities Under the Fair Labor Standards Act (FLSA)

This fact sheet provides general information concerning the application of the FLSA to deductions from employees' wages for uniforms and other facilities.

Characteristics

The FLSA does not allow uniforms, or other items which are considered to be primarily for the benefit or convenience of the employer, to be included as wages. Thus, an employer may not take credit for such items in meeting his/her obligations toward paying the minimum wage or overtime.

Requirements

Uniforms: The FLSA does not require that employees wear uniforms. However, if the wearing of a uniform is required by some other law, the nature of a business, or by an employer, the cost and maintenance of the uniform is considered to be a business expense of the employer. If the employer requires the employee to bear the cost, it may not reduce the employee's wage below the minimum wage of \$7.25 per hour effective July 24, 2009. Nor may that cost cut into overtime compensation required by the Act.

For example, if an employee who is subject to the statutory minimum wage of \$7.25 per hour (effective July 24, 2009) is paid an hourly wage of \$7.25, the employer may not make any deduction from the employee's wages for the cost of the uniform nor may the employer require the employee to purchase the uniform on his/her own. However, if the employee were paid \$7.75 per hour and worked 30 hours in the workweek, the maximum amount the employer could legally deduct from the employee's wages would be \$15.00 (\$.50 X 30 hours).

The employer may prorate deductions for the cost of the uniform over a period of paydays provided the prorated deductions do not reduce the employee's wages below the required minimum wage or overtime compensation in any workweek.

Other Items: Employers at times require employees to pay or reimburse the employer for other items. The cost of any items which are considered primarily for the benefit or convenience of the employer would have the same restrictions as apply to reimbursement for uniforms. In other words, no deduction may be made from an employee's wages which would reduce the employee's earnings below the required minimum wage or overtime compensation.

Some examples of items which would be considered to be for the benefit or convenience of the employer are tools used in the employee's work, damages to the employer's property by the employee or any other individuals, financial losses due to clients/customers not paying bills, and theft of the employer's property by

the employee or other individuals. Employees may not be required to pay for any of the cost of such items if, by so doing, their wages would be reduced below the required minimum wage or overtime compensation. This is true even if an economic loss suffered by the employer is due to the employee's negligence.

Employers may not avoid FLSA minimum wage and overtime requirements by having the employee reimburse the employer in cash for the cost of such items in lieu of deducting the cost from the employee's wages.

Typical Problems

(1) A minimum wage employee working as a cashier is illegally required to reimburse the employer for a cash drawer shortage. (2) An employer improperly requires tipped employees to pay for customers who walk out without paying their bills or for incorrectly totaled bills. (3) An employer furnishes elaborate uniforms to employees and makes them responsible for having the uniforms cleaned. (4) An employee driving the employer's vehicle causes a wreck, and the employer holds the employee responsible for the repairs, thereby reducing the employee's wages below the minimum wage. (5) A security guard is required to purchase a gun for the job, and the cost causes him/her to not earn the minimum wage. (6) The cost of an employer-required physical examination cuts into an employee's minimum wage or overtime compensation.

Where to Obtain Additional Information

For additional information, visit our Wage and Hour Division Website: <http://www.wagehour.dol.gov> and/or call our toll-free information and helpline, available 8 a.m. to 5 p.m. in your time zone, 1-866-4USWAGE (1-866-487-9243).

This publication is for general information and is not to be considered in the same light as official statements of position contained in the regulations.

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