

Karl M. Hegbloom  
Portland, OR  
Home Phone: (503) 471-8792  
Email: [hegbloom@pdx.edu](mailto:hegbloom@pdx.edu)

March 27, 2005

To all it may concern,

I used to be a cook in a restaurant<sup>1</sup>. I earned \$7.75 an hour, and worked hard for it. The wait staff is paid \$6.50 an hour (Oregon minimum wage) by the restaurant, plus the tips left by guests, that they pick up off the tables. On a busy night in a successful restaurant, an average waiter, I've been told<sup>2</sup>, can rake in 15–17% of their gross sales in tips. Since I've never waited tables or seen the books at any restaurant I've worked at, I don't know what the average waiter's gross sales actually is. I was told, as far as I can recall, that the restaurant I work at can bring in \$2000 or more in a very busy hour. I was also told that the location I work at has a yearly gross sales of around 3 million dollars. I think that it amounts to anywhere from \$30 to \$70 an evening per waitron, in tips. Some waiters make that much in tips in as little as 4 hours.

Cook	\$7.75/hr * 7hr	=	\$54.25
Dishwasher	\$6.50/hr * 7hr	=	\$45.50
Waiter, low	(\$6.50/hr * 7hr) + \$30	=	\$75.50
Waiter, high	(\$6.50/hr * 7hr) + \$70	=	\$115.50

In the table above, you can see the gross income of each type of worker for a 7 hour shift. A waiter who picks up \$30 in tips gets  $\$75.50 / 7\text{hr} = \$10.79/\text{hr}$ , and one who rakes in \$70 keeps  $\$115.50 / 7\text{hr} = \$16.50/\text{hr}$ .

Typically, the waiters do not share any of the tip money with the kitchen workers. Since there is no law that says they have to, and there is rarely a management policy saying they must share the tips, they more often than not don't share, and keep it all to themselves. I've worked in many restaurants, and only in one of them did I receive any tipshare. (And there, it was a quite low percentage of what they took in. I was "lucky" to receive \$5 or \$10 for a busy friday night.) There seems to be an unspoken silence-policy among waiters around the amount of tips they take in. I think they don't want kitchen staff members finding out how much they really make. Whenever I ask questions about how much they take in an evening, most often they talk around it and don't really answer the question. It is very much a taboo for them to discuss tips with the back of house workers.

We work just as hard as they do. We produce the food they serve, and wash the dishes the food is served on and cooked in, making it possible for them to earn those tips. It is hard work, requires considerable professional skill, and does not pay very much. (If it did, perhaps the menu price would be too high.) I would be much happier with my job if the pay was better. Without cooks and dishwashers, there would be no food to serve, no dishes to serve them on, and thus, no restaurant.

---

<sup>1</sup>It was the Lloyd Center Red Robin. Today while I was eating there, I questioned the waiter; he said he makes average \$10.00 an hour in tips and does not share with the cooks because "they make more an hour".

<sup>2</sup>By a waitress I questioned.

I think this situation is unfair. We deserve a share of the tips they take in, but aren't given one. *We* do a lot of work for those tips, too. In essence, they are stealing from us. I would like someone who knows how to, to write a bill and try to get a law passed saying that waiters must share the tips with the kitchen staff.

I think that all tips for a business day should be rung in, accounted for, and collected by the restaurant, then divided among all of the workers who clocked in that day, according to how many hours they worked. You'd divide the day's total tips by that day's total man-hours, then each worker would receive that amount per hour worked, as tips, in addition to their hourly wages. This would give everyone who worked a fair and even share of the tip money.

We would receive those tips on our paychecks. This would have the advantage, of forcing all tip income to be officially reported as income. I imagine it would amount to millions, if not billions, of dollars a year in additional income tax revenues, since many waiters do not report all of their tips. They report part of them, to avoid getting in trouble for tax evasion, and pretend that they get less in tips than they really do. Management seldom enforces tip reporting, and often helps them cheat, or condones cheating, if not actively, then passively, by not enforcing the law. They wink and look the other way.

I do not know what kind of penalty there would be for cheating, or how it will be enforced. I guess it amounts to stealing and tax evasion. I'll leave that stuff up to the lawyers who draft the bill, and to congress.

There are several reasons why I believe that the Tipshare Law would be a fair law and widely supported.

- Tip money is paid, by the guests of the restaurant, as a gratuity. I think that most restaurant guests who leave a tip expect that the money will be shared with the kitchen staff. Many people might be surprised to learn that in the majority of restaurants, the waiters keep all of the tips for themselves. I believe that restaurant patrons will see the Tipshare Law as a fair law. Finally, the gratuity money they leave on the table will be shared fairly by *all* of the people who made their dining experience what it was, instead of being pocketed by an “Eddie Haskell”<sup>3</sup> cheater.
- Tip income is not paid by the owner of the restaurant, as wages. The restaurant does not have an expenditure there. I believe that restaurant owners will support a Tipshare Law, since it will allow them to increase the income, and thus, improve the job satisfaction, of their kitchen staff at virtually no cost to the restaurant—it would cost them little more than some book-work to enforce the law that I hereby propose be enacted.
- Much (probably the greater share) of tip income is not reported as income. The Tipshare Law could be written to require that the tips be accounted for and collected by the restaurant. Since the restaurant would hold the money and pay it on our paychecks, we would pay income tax on our shares of the daily tips, through the same “withholding” mechanism that taxes our wages. There must be a way to keep this from becoming a scoff law, like the current tip-reporting requirement is. With the extra income-tax revenue, what could you do? I'm sure you can find a Good Way to spend that money.
- I also believe that the restaurant and hotel worker's unions will support the bill, for obvious reasons. I, as a cook, think that other kitchen workers will definitely support it. I hope that you find this request appealing also, and that you will put it on your To-Do queue. (The sooner the better, please, I need more to live on while I attend college. I'm getting out of the kitchen, since it currently doesn't pay well enough to afford to have a family.)

---

<sup>3</sup>The character on Leave it to Beaver who was very polite while parents were around, but rude otherwise.

Please feel free to contact me. If you know Congressmen in other states, or the federal government, who might like this idea, please forward this letter to them. Forward copies to anyone you feel ought to see it, of course. I am planning to show copies of this letter to other culinary workers around Portland. Perhaps you and the other Representatives will receive similar letters from some of them. I may also set up an email discussion list and perhaps a web site. I would very much like to see some newspaper publicity concerning this situation. Please let me know what action you plan to take. I've never been involved with anything like this before, and this is the first time I've written a letter to the government. I think I'm doing what I'm supposed to, to try and get this to happen, but if there's anything else I can or should do, please tap me an email or give me a call and let me know what that is.

Concerned Citizen,



Karl M. Hegbloom [hegbloom@pdx.edu](mailto:hegbloom@pdx.edu)

---

Pertinent web link(s):

- [Restaurateur Challenges IRS Tip Law](#)
- [Tip Pooling in California](#)
- ["Must I share tips?"](#)

That one brings up an interesting point. I know for a fact that many waitresses will pretend, to the IRS, to only earn minimum wage, even though they have considerably more than that (especially a cocktail or fine dining waitress). They think that's what the law says, and that what they are doing is legal.

- [Restaurant's Tip Pooling Violated the FLSA](#)
- [Tip tax credit](#)
- [Another point of view](#)