

Outback's tip policy: No rules, just wrong

Outback Steakhouse has agreed to pay \$1.25 million to Minnesota employees to remedy what servers at the restaurant chain said was an illegal tip-pooling procedure under state law.

Under the arrangement, bussers, hosts and servers had to pool their tips. However, servers sued, arguing that they were the ones who earned the tips, and that the Minnesota Fair Labor Standards Act prohibits employer-run, involuntary tip pooling.

Minnesota is one of the few states that do not allow employers to use a tip credit to make up the difference between the amount workers earn and the minimum wage.

Joseph Kadow, executive vice president of Florida-based Outback, said the company agreed to the settlement even though "We believe our tip-sharing practices were in accordance with Minnesota law."

Note: Minnesota's wage-and-hour law is stricter than the federal Fair Labor Standards Act.