

Starbucks restructures 'shift supervisor' position in Mass.

The move was a response to a recent court ruling on tip pooling in the state

[Lisa Jennings](#) | Jan 29, 2013



Starbucks is restructuring the “shift supervisor” position this month in its Massachusetts stores as a result of a recent court ruling that prohibits employees in a managerial role from participating in tip pools there.

In November, the First Circuit Court of Appeals in Massachusetts affirmed an earlier district court ruling that Starbucks’ tip-sharing policy violated state law. At issue was whether shift supervisors — hourly workers that perform the same duties as baristas and more — could share in the gratuities left by customers.

Across the restaurant industry, tip pooling has been a challenging issue. In several states, current and former restaurant chain employees have filed lawsuits citing violations of federal and state laws that regulate the sharing of tips. Starbucks, however, has been snagged by such lawsuits in several states because the shift supervisor position falls into somewhat of a grey area, depending on the language of the various state laws.

Massachusetts state law prohibits employees with managerial responsibility from sharing tips. Under the ruling, Starbucks’ shift supervisors were determined to have certain supervisory duties and therefore could not participate in tip pools — leaving the coffeehouse chain liable for reimbursing baristas who were forced to share their gratuities between 2005 and 2011.

Starbucks could be responsible for paying about \$14 million in damages, according to the ruling, though the court has not yet determined the amount, said Jaime Riley, a spokeswoman for the company.

In California, state laws also prohibit managers from sharing in tips, and a similar lawsuit was filed by baristas there. The class action made it to the state Supreme Court where, in 2009, it was declined review, essentially upholding earlier rulings that permitted shift supervisors to share in tips.

In New York, another class-action suit against Starbucks is pending before the state Court of Appeals. Like in California, the federal trial court in New York dismissed a similar challenge by baristas, and, so far, the courts have determined that Starbucks’ shift supervisors can share in tips. A definitive ruling by the state court of appeals is expected later this year.

Reworking the hierarchy to create opportunity

In Massachusetts, Starbucks began rethinking the shift supervisor position immediately after the November ruling, said Riley. Earlier this month, the updated store operations structure was communicated to workers at Starbucks units across the state.

The chain has reworked the hierarchy to create something of a hybrid position between “shift supervisor” and “assistant store manager” to increase management presence in each store and offer better career opportunities, Riley said. The result is a new position called “shift manager,” which offers what Riley described as a competitive compensation and benefits package that in part makes up for the loss of tips.

Shift managers will not be allowed to participate in tip pools, she said.

Existing shift supervisors have been offered the choice of applying for a shift manager position or of moving to a barista position. The latter has a lower pay scale, but baristas can share in tips. All shift supervisors will also be eligible for a bonus in pay that will help them through the transition, Riley said, though she declined to offer specifics on pay.

The Industrial Workers of the World Starbucks, or IWW Starbucks, a labor organization, characterized the bonus as \$350 and said the starting wage for shift supervisors was increased from \$11 to \$13.89 per hour, affecting more than 300 employees. Shannon Liss-Riordan, an attorney representing the Starbucks baristas in the class-action suits in both Massachusetts and New York, said she was pleased to see the coffeehouse chain raise the pay of shift supervisors in Massachusetts.

“That’s exactly the right result,” she said. “Shift supervisors will be compensated and baristas will get more money in tips, and that’s really what the legislature intended.”

IWW Starbucks also hailed the move as a victory. The group said Starbucks shift supervisors had filed a petition complaining about the loss of income that would result from the tip-pool ruling and that workers had threatened a strike.

Riley, however, said the changes in Massachusetts were solely a response to the court ruling and not a reaction to any petition or proposed strike by the IWW.

“Starbucks is a company that prides itself on open and direct communication with its partners, which is what we call our employees, and we respect their free choice to unionize,” she said. “But not one single Starbucks store is unionized.”