

# Understanding Job Losses in the District of Columbia

Nearly 1,000 Jobs Lost Since Implementing I82

Tip-credit elimination activists have upheld Washington, D.C. as a paragon of anti-tipping measures for their nationwide minimum wage advocacy. However, these activists have skewed data and ignored the evidence that shows Initiative 82 has wreaked havoc on restaurants and their employees in the District. The latest jobs report shows full-service restaurant employment continues to decline because of the measure.

After Initiative 82, a ballot measure to eliminate the District's tip credit by 2027, was passed by voters in November 2022, restaurants in D.C. began bracing for impact. An Employment Policies Institute survey of roughly 100 restaurants in the city found most were planning to raise prices, lay off employees, or reduce employees' scheduled hours sometime before the full implementation of the law in 2027. Roughly one year under the law, the job loss consequences operators warned about are already a reality.

D.C. restaurants have experienced two wage hikes in the past year: up to \$6 per hour on May 1, 2023 and up to \$8 per hour on July 1, 2023. Restaurants are facing a third increase up to \$10 per hour on July 1 – an 87% total increase under Initiative 82.

This May marked a full year under Initiative 82 in D.C. The best federal data available shows D.C.'s full-service restaurant employment has declined as a direct response to the implementation of Initiative 82, even after accounting for normal seasonal variation. Prior to Initiative 82, D.C.'s full-service restaurant industry was booming with added jobs. Initiative 82 has killed that momentum and is now seeing net job losses since the policy went into effect.

The latest federal employment data released June 25, 2024 finds:

- District of Columbia full-service restaurant employment has a **net loss of 925 jobs since the beginning of Initiative 82** in May 2023. This is while District of Columbia's **total employment has been rising** – D.C. total employment increased by nearly 1% over the same period since May 2023;
- This represents a **3.1% percent net employment loss for the full-service restaurant industry** since May 2023, when Initiative 82 was first implemented; and
- Prior to Initiative 82, the **last year-over-year loss this large** in the full-service restaurant industry **was in April 2002** (barring COVID effects in 2020).

## SEASONALLY ADJUSTED DATA: THE BEST ESTIMATE OF THE NUMBER OF JOBS IN REAL-TIME

- D.C. full-service restaurants have dropped 925 jobs since May 2023 (a 3.1% net loss compared to total employment prior to Initiative 82). (Figure 1)
  - In the same period the year before, D.C. full-service restaurants added nearly 4,000 jobs from May 2022 to May 2023, more than a 15% industry employment increase. (Figure 2)
- By comparison, D.C.'s total nonfarm employment has been steadily increasing – adding 7,200 total jobs over the same period (May 2023 to May 2024), representing a 0.94% total employment increase. (Figure 2)
  - In the same period the year before, D.C. total employment added a similar number of jobs (8,800) from May 2022 to May 2023, a 1.2% increase.
- D.C. full-service restaurant employment growth rates have stagnated: while averaging 1.20% increases in monthly employment the year before, since May 1, 2023, average monthly employment growth is negative (-0.24%). (Figure 3)
- Before Initiative 82 took effect, D.C. had not seen steeper losses in full-service restaurants since the pandemic, and prior to that, April 2002. (Figure 4).

1 U.S. Bureau of Labor Statistics and Federal Reserve Bank of St. Louis, All Employees: Leisure and Hospitality: Full-Service Restaurants in District of Columbia [SMU11000007072251101SA], retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/SMU11000007072251101SA>, June 25, 2024.

2 U.S. Bureau of Labor Statistics, All Employees: Total Nonfarm in District of Columbia [DCNA], retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/DCNA>, June 26, 2024.

FIGURE 1: D.C. FULL-SERVICE RESTAURANTS: EMPLOYMENT LEVELS

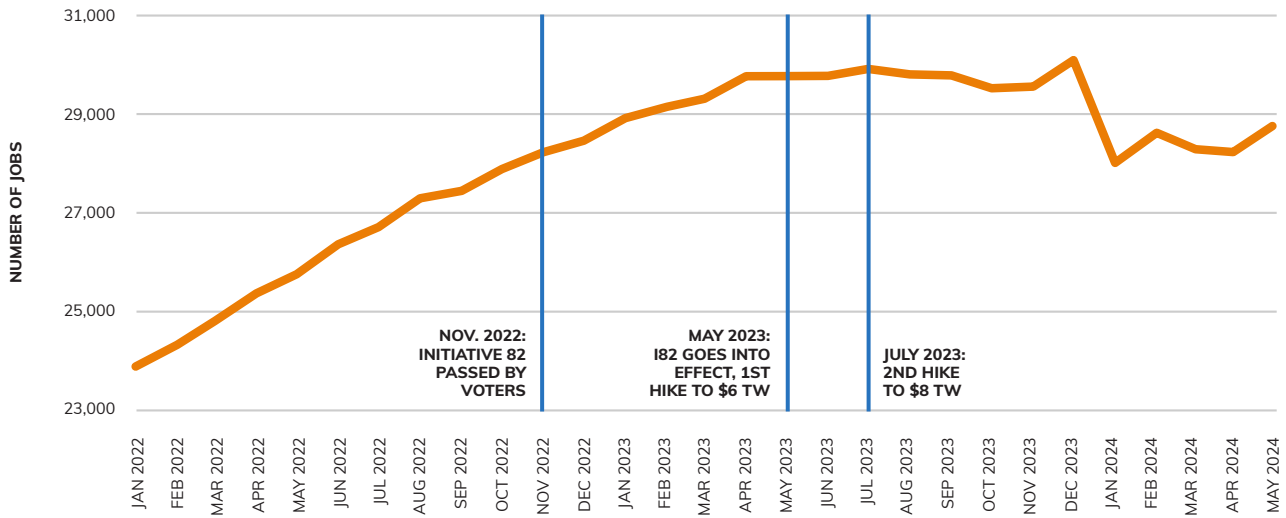


FIGURE 2: YEAR-OVER-YEAR PERCENT CHANGE IN D.C. EMPLOYMENT

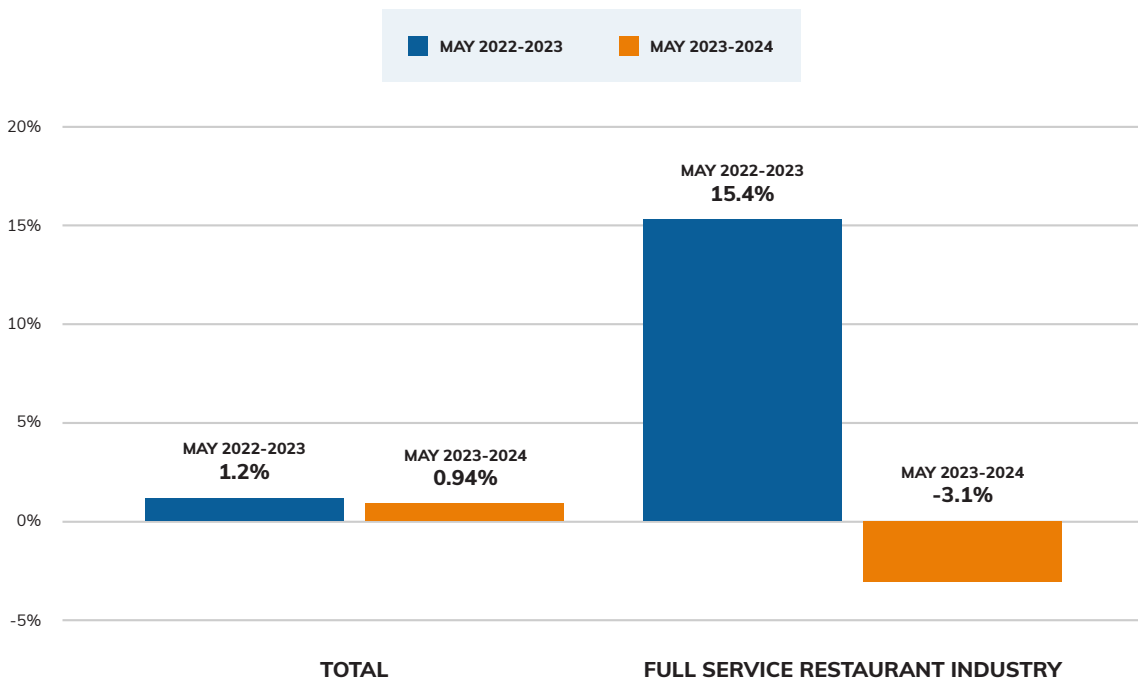


FIGURE 3: D.C. FULL-SERVICE RESTAURANTS: ANNUAL EMPLOYMENT GROWTH RATE

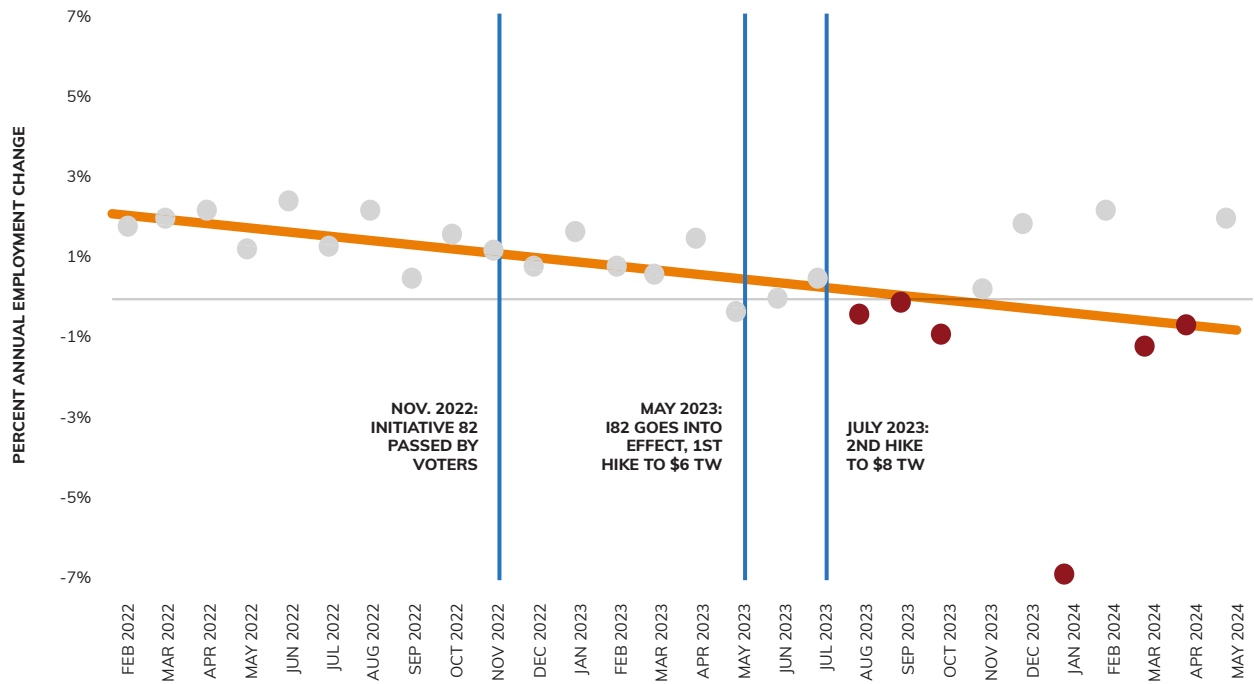
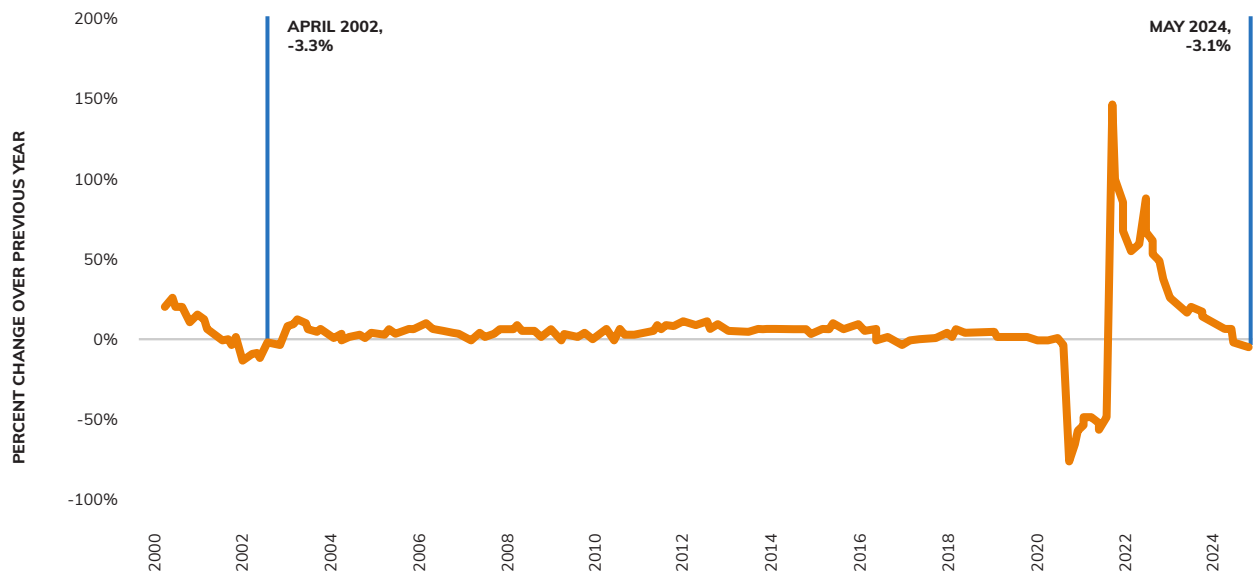


FIGURE 4: ANNUAL CHANGE IN D.C. FULL-SERVICE RESTAURANT EMPLOYMENT



## DATA NOTES

There are several ways to measure the impact of this policy on employment. The U.S. Bureau of Labor Statistics (BLS) releases job data every month. These releases all provide important insight on how Initiative 82 is affecting job growth in the District of Columbia.

Monthly data comes from the Current Employment Statistics (CES) survey, which is based on a sample of American employers.<sup>3</sup> This data is released in two forms: the first release includes preliminary numbers, and the second release is adjusted for regular seasonal variations that don't pertain to business cycle or policy changes (called "seasonally adjusted").<sup>4</sup> Seasonally adjusted data provides a more accurate picture of abnormal changes in employment that aren't just a product of seasonal trends, compared to releases that are not seasonally adjusted.

Every monthly release, these numbers typically get revised by the Bureau of Labor Statistics to better reflect the true employment situation. Thus, reports from previous months may be higher or lower than the revised actual totals.<sup>5</sup>

- 3 Bureau of Labor Statistics Current Employment Statistics-State and Area (CES-SA) program. <https://www.bls.gov/opub/hom/sae/>
- 4 Bureau of Labor Statistics State and Metro Employment, Hours, & Earnings: Seasonal Adjustment, <https://www.bls.gov/sae/seasonal-adjustment/>
- 5 Bureau of Labor Statistics Current Employment Statistics-State and Area Revisions by State, <https://www.bls.gov/sae/tables/revisions/home.htm>