

# Memo: D.C. Restaurant Job Losses Under Initiative 82 Are Two Times Greater than Job Losses in the Surrounding Metro Area

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## Summary

- On January 15, the District’s City Council Committee on Executive Administration and Labor held a hearing on the impacts of Initiative 82.
  - The District’s full-service restaurant employment losses a year under Initiative 82 were twice as large as the surrounding Washington metro region, according to Bureau of Labor Statistics seasonally revised data.
  - During the hearing, Councilmember Frumin asked about the differences between D.C. restaurant employment and that of the larger metro area, citing numbers from the raw version of this BLS dataset.
    - Even using this data, compared to the larger metro area, D.C. has had greater restaurant job losses under Initiative 82.
  - Several other speakers in the hearing made claims that D.C. restaurant employment has increased. These are also not true:
    - A claim that D.C. added jobs between March 2023 and March 2024 is false: both raw and revised BLS datasets indicate full-service restaurant jobs in D.C. fell over this chosen period by -3.5%.
    - The use of a *New York Times* article to claim D.C. did not lose jobs because of Initiative 82 is also misleading, as the reporter subsequently issued corrections to her story due to the inaccuracy of her analysis.
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## Findings

Initiative 82, which is eliminating the District of Columbia’s tip credit by 2027, has already cost jobs for the city. These concerning trends are unique from previous years in the District, and also distinct from surrounding metro area (less D.C.) employment trends.

On January 15, the D.C. Council’s Committee on Executive Administration and Labor held a hearing to receive input from local restaurant employees and operators on how the law has affected their livelihoods.<sup>1</sup>

### ***Finding #1***

EPI testimony included insights from federal Bureau of Labor Statistics State and Local Area Employment (SAE) data<sup>2</sup> describing changes in District of Columbia full-service restaurant employment since the implementation of Initiative 82 began on May 1, 2023. This presentation relied on the *seasonally-adjusted* version of the SAE data – which is revised by BLS to account for normal seasonal hiring trends which “makes it possible to observe the cyclical and other nonseasonal movements.”<sup>3</sup>

This dataset shows the isolated unique consequences suffered by employees in D.C. compared to the surrounding region – the negative change in restaurant employment was more than double in DC in the year following Initiative 82 than the surrounding Washington metro region.

- In the year following Initiative 82’s implementation (May 2023-2024), D.C. **lost 3.5%** of full-service restaurant employment.
  - Comparatively, the larger Washington metro region (Washington, Arlington, and Alexandria) excluding DC lost just 0.7% of full-service restaurant employment.
- In the year prior to Initiative 82’s implementation (May 2022-2023), D.C. **gained 15.3%** in full-service restaurant employment.
  - Comparatively, the larger Washington metro region (Washington, Arlington, and Alexandria) excluding DC gained 7.5% of full-service restaurant employment.
- Using a difference-in-differences approach, **the District’s full-service restaurant employment growth rate dropped nearly 19 percentage points** under Initiative 82 from the previous year, **more than doubling** the losses for the larger Washington metro area’s full-service restaurant employment (8.2 percentage points).

Revised BLS Data on Full-Service Restaurant Jobs (Seasonally Adjusted)		
Date	D.C. metro region (Less D.C.) <sup>4</sup>	District of Columbia <sup>5</sup>
May 2022	62,962	25,712
May 2023	67,702	29,656
May 2024	67,208	28,621
May 2022-23	7.5%	15.3%
May 2023-24	-0.7%	<b>-3.5%</b>
PP Change	-8.2 percentage points	<b>-18.8 percentage points</b>

**Finding #2**

During the hearing, Councilmember Frumin quoted another dataset<sup>6</sup>, the raw SAE data released by BLS before it undergoes revisions.<sup>7</sup> Even using this version of the data, D.C.’s restaurant employment growth rate decline is still upwards of 18 percentage points in its first year under Initiative 82 compared to the year before. This loss is more than double the job loss rate in the larger Washington metro area.

- In the year following Initiative 82’s implementation (May 2023-2024), D.C. **lost 3.3%** of full-service restaurant employment.
  - Comparatively, the larger Washington metro region (Washington, Arlington, and Alexandria) excluding DC lost 0.7% of full-service restaurant employment.
- In the year prior to Initiative 82’s implementation (May 2022-2023), D.C. **gained 15.1%** in full-service restaurant employment.
  - Comparatively, the larger Washington metro region (Washington, Arlington, and Alexandria) excluding DC gained 7.3% of full-service restaurant employment.

Raw BLS Data on Full-Service Restaurant Jobs (Not Seasonally Adjusted)		
Date	D.C. Metro Region (Less D.C.) <sup>8</sup>	District of Columbia <sup>9</sup>
May 2022	64,400	26,500
May 2023	69,100	30,500
May 2024	68,600	29,500
May 2022-23	7.3%	15.1%
May 2023-24	-0.7%	<b>-3.3%</b>
PP Change	-8.0 percentage points	<b>-18.4 percentage points</b>

**Finding #3**

A representative from D.C. Jobs with Justice claimed D.C. added jobs between March 2023 and March 2024<sup>10</sup>, despite the policy not going into effect until May 2023. A look at both the raw and revised data sets above shows this claim is false: both indicate full-service restaurant jobs in D.C. fell over this chosen period by 3.5%.

Date	Raw Data	Revised Data
Mar 2023	28,700	29,350
Mar 2024	27,700	28,335
Difference	-1,000	-1,015
	-3.5%	-3.5%

**Finding #4**

Other testimony cited data reported by the *New York Times* to claim D.C. has gained jobs despite Initiative 82.<sup>11</sup> This is also false: reporter Priya Krishna issued a correction to her article<sup>12</sup> when it was pointed out she misread the Bureau of Labor Statistics data for national numbers instead of D.C. numbers.<sup>13</sup>

Unfortunately the correction is still misleading: the story now claims D.C.’s restaurant employment went up in September 2023 from the previous year – but cites the employment level for the *entire leisure and hospitality industry* – which includes much more than just full-service restaurants (for example, it includes fast food restaurants, hotels, and other arts and entertainment businesses where employees are not affected by tip credits).<sup>14</sup>

**Series Id:** SMU11000007000000001  
 Not Seasonally Adjusted  
**State:** District of Columbia  
**Area:** Statewide  
**Supersector:** Leisure and Hospitality  
**Industry:** Leisure and Hospitality  
**Data Type:** All Employees, In Thousands

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Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2022	57.5	59.3	62.0	66.7	68.4	69.3	70.5	70.8	71.8	72.6	72.6	72.1
2023	70.2	72.2	74.3	77.0	77.7	77.8	77.1	76.2	77.3	78.1	77.0	76.8
2024	72.7	74.9	75.5	77.3	79.4	79.8	78.6	77.4	79.7	78.8	79.4(P)	

P : Preliminary

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<sup>1</sup> D.C. City Council Committee on Executive Administration and Labor Roundtable on Tipped Wages in the District of Columbia: <https://lims.dccouncil.gov/Hearings/hearings/631>

<sup>2</sup> This data is presented by the Federal Reserve Bank of St. Louis in partnership with the Bureau of Labor Statistics: <https://fred.stlouisfed.org/tags/series?t=sae>

<sup>3</sup> State and Metro Area Employment, Hours, & Earnings: Seasonal Adjustment: <https://www.bls.gov/sae/seasonal-adjustment/>

<sup>4</sup> U.S. Bureau of Labor Statistics and Federal Reserve Bank of St. Louis, All Employees: Leisure and Hospitality: Full-Service Restaurants in Washington-Arlington-Alexandria, DC-VA-MD-WV (MD) [SMU11478947072251101SA], retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/SMU11478947072251101SA>, January 22, 2025.

<sup>5</sup> 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>, January 22, 2025.

<sup>6</sup> D.C. City Council Committee on Executive Administration and Labor, Roundtable on Tipped Wages in the District of Columbia, timestamp 1:10:42: <https://youtu.be/FIJQqhk48E?t=4241>

<sup>7</sup> As BLS conducts ongoing revision of these numbers, current levels slightly differ from the levels cited in Councilmember Frumin's question.

<sup>8</sup> U.S. Bureau of Labor Statistics and Federal Reserve Bank of St. Louis, All Employees: Leisure and Hospitality: Full-Service Restaurants in Washington-Arlington-Alexandria, DC-VA-MD-WV (MD) [SMU11478947072251101], retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/SMU11478947072251101>, January 22, 2025.

<sup>9</sup> 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 [SMU11000007072251101], retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/SMU11000007072251101>, January 22, 2025.

<sup>10</sup> Testimony by Eduarda Serafim, DC Jobs with Justice; D.C. City Council Committee on Executive Administration and Labor Roundtable on Tipped Wages in the District of Columbia: <https://lims.dccouncil.gov/Hearings/hearings/63>; <https://youtu.be/FIJQqhk48E?t=20252>

<sup>11</sup> Testimony by Clara Lincoln; D.C. City Council Committee on Executive Administration and Labor Roundtable on Tipped Wages in the District of Columbia: <https://lims.dccouncil.gov/Hearings/hearings/631>; <https://youtu.be/FIJQqhk48E?t=14331>

<sup>12</sup> Krishna, Priya. "D.C. Is Raising Restaurant Pay. What Does That Mean for the Rest of Us?" *The New York Times*, retrieved November 28, 2024. <https://archive.ph/OiFDj>

<sup>13</sup> Reason Foundation: <https://www.youtube.com/watch?v=Wvr0NhYfkO4&t=2s>

<sup>14</sup> U.S. Bureau of Labor Statistics, All Employees: Leisure and Hospitality in District of Columbia [DCLEIHN], retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/DCLEIHN>, January 23, 2025.