

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

Prepared by: Rebekah Paxton, Research Director at the Employment Policies Institute

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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.



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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/FIJQghkb48E?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/FIJQghkb48E?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/FIJQghkb48E?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.