

# Employment Policies

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I N S T I T U T E

**TO: Interested Parties**

**FROM: Employment Policies Institute**

**RE: Flawed Analysis from DC's Office of Budget Director**

Summary: A recent memo from DC's Office of Budget Director states DC's restaurant industry "remains healthy" after enactment of Initiative 82. This conclusion is contradicted by multiple data sources.

- The best-available Bureau of Labor Statistics (BLS) data show DC's full-service restaurants and bars affected by Initiative 82 have lost 1,700 jobs (more than 5% of the industry's total workforce) since May 2023.
- The best-available BLS data shows DC's losses are disproportionately high compared to limited-service restaurants in the city not subject to Initiative 82, and to full-service restaurants in surrounding Virginia and Maryland counties.
- The report claims income is increasing for tipped workers, but wrongly uses data that does not accurately reflect earnings, due to confusing survey questions and small sample sizes. Individual-level data and quarterly employer-reported data show DC tipped workers have lost over \$11 million in total earnings under Initiative 82.

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**1. The memo states DC's restaurant industry "remains healthy." The best-available Bureau of Labor Statistics data show DC's full-service restaurants and bars affected by Initiative 82 have lost 1,700 jobs (more than 5% of the industries' total workforce) since May 2023.**

- The Bureau of Labor Statistics [Quarterly Census of Employment and Wages \(QCEW\)](#) provides a "[near universe](#)" of real-time employment, as it reflects mandatory employer reporting, compared to other BLS products that estimate based on a sample survey like Current Employment Statistics (CES).
- This data shows a [clear drop in employment](#) for full-service restaurants and bars since the implementation of Initiative 82 began in May 2023, which are most likely to employ tipped workers and be affected by Initiative 82.

## DC Full-Service Restaurant and Bar Employment

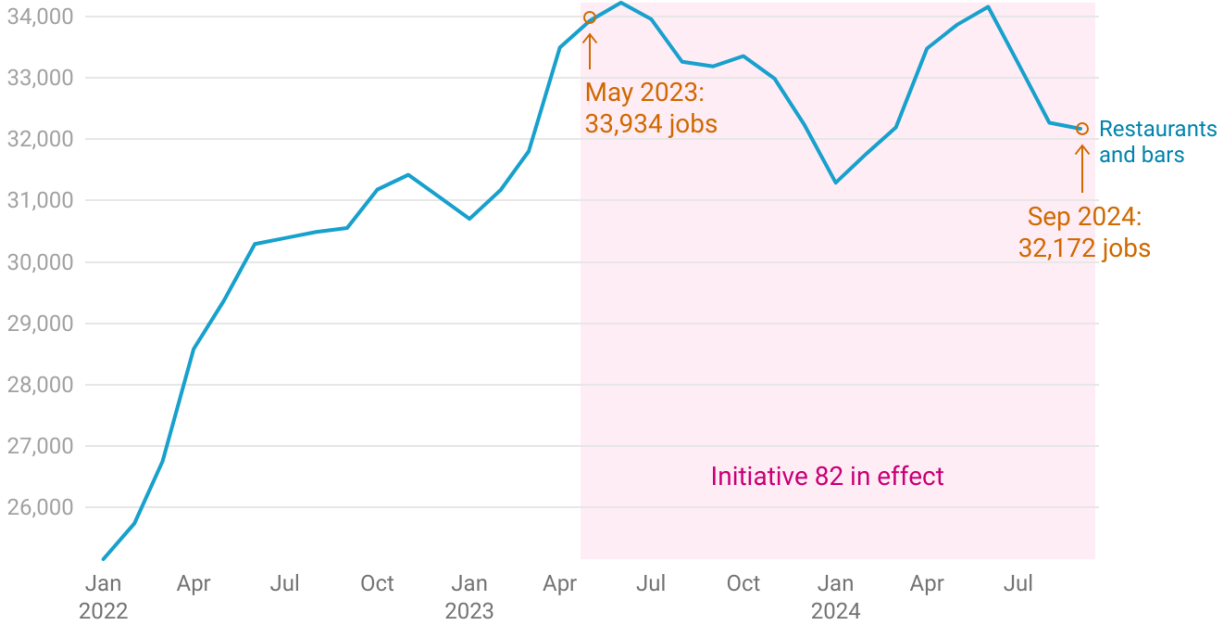
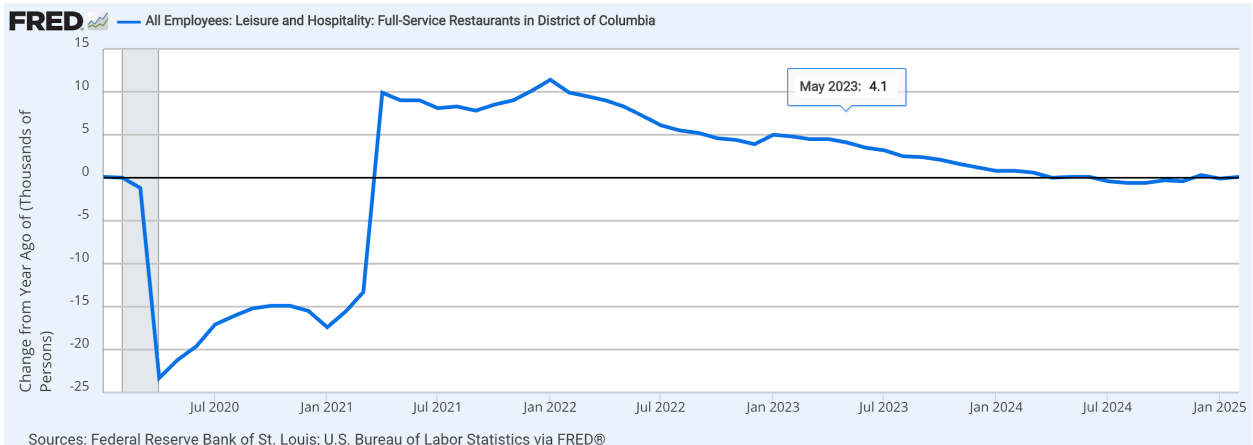


Chart: Employment Policies Institute • Source: U.S. Bureau of Labor Statistics Quarterly Census of Employment and Wages, NAICS 722511 and 722410 • Created with Datawrapper

- Even the Budget Director’s preferred BLS [monthly survey data](#), when comparing year-over-year changes, shows DC restaurant employment has flatlined, with the steep drop in annual growth rate corresponding directly to the start of Initiative 82.



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**2. The best-available quarterly employer-reported data show DC restaurants have uniquely suffered compared to regional neighboring jurisdictions.**

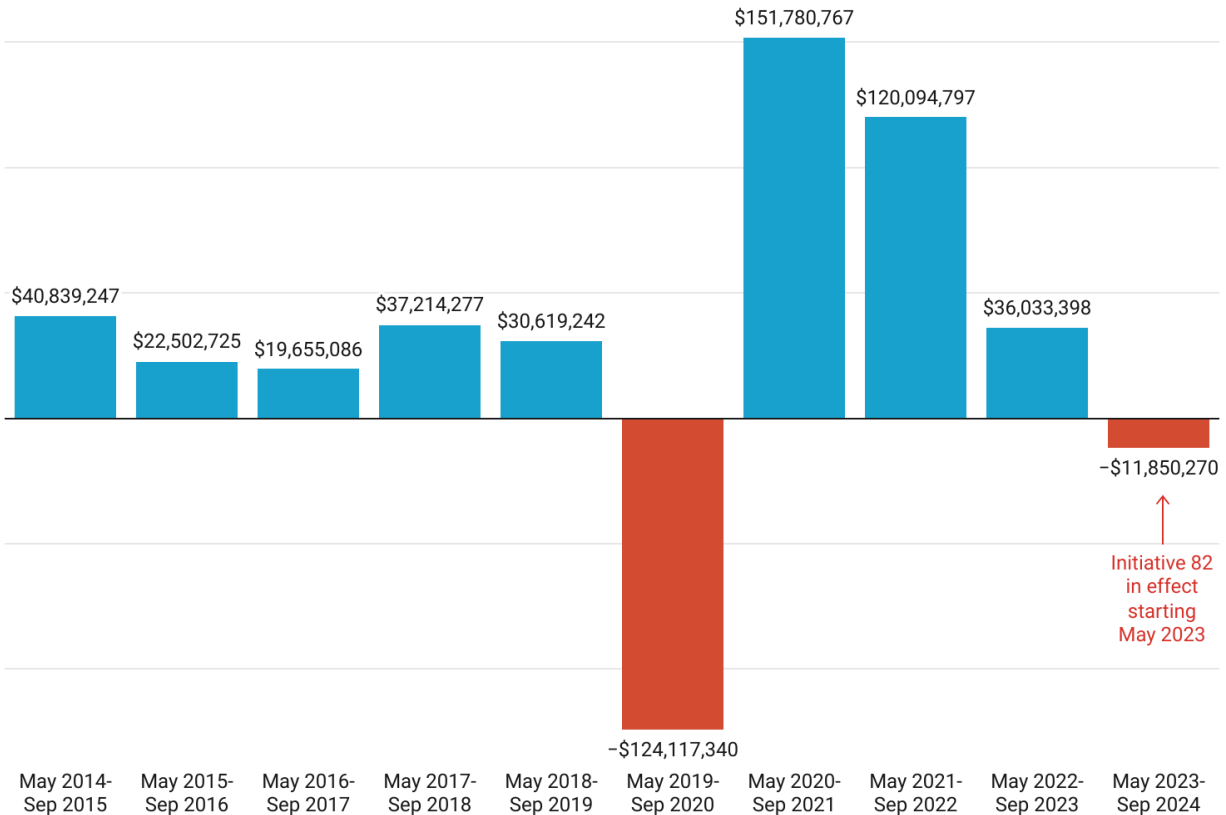
- Quarterly data on [full-service restaurants](#)<sup>1</sup> and [bars](#)<sup>2</sup> in DC lost 5.16% of industry employment since Initiative 82 began in May 2023. That is nearly four times larger than the Maryland and Virginia counties<sup>3</sup> immediately surrounding DC, which lost just 1.42% of industry employment over the same period.
- DC’s full-service restaurant losses are also four times larger than employment losses in the [limited-service \(fast food\) restaurant](#)<sup>4</sup> industry over the same period, which are generally aligned with limited service employment changes in the region.

|                                   | May 2023 | Sep 2024 | Percent Change |
|-----------------------------------|----------|----------|----------------|
| <b>Surrounding VA/MD Counties</b> |          |          |                |
| Full-service restaurants and Bars | 77,057   | 75,960   | -1.42%         |
| Limited-service restaurants       | 62,841   | 62,145   | -1.11%         |
| <b>District of Columbia</b>       |          |          |                |
| Full-service restaurants and Bars | 33,934   | 32,172   | <b>-5.16%</b>  |
| Limited-service restaurants       | 11,096   | 10,973   | -1.11%         |

**3. The report claims income is increasing for tipped workers, but uses data that does not accurately reflect earnings due to confusing survey questions and small sample size. Individual-level data and quarterly employer reported data show DC tipped workers have lost millions in total earnings under Initiative 82.**

- Data from the Bureau of Labor Statistics Quarterly Census of Employment and Wages (QCEW) shows DC workers at [full-service restaurants](#)<sup>5</sup> and [bars](#)<sup>6</sup> went from earning \$345.6 million in total quarterly earnings in the second quarter of 2023 (when Initiative 82 was first implemented in May 2023) down to \$333.8 million in the third quarter of 2024, the latest data available. This drop is unique from the same-length period in prior years – it represents the only decline in worker earnings in a decade, except for COVID-related losses in 2020.

## Change in Quarterly Tipped Worker Earnings by Time Period



Combines total quarterly earnings for workers in NAICS 722410 Drinking Places (Alcoholic Beverages) and NAICS 722511 Full-Service Restaurants.

Chart: Employment Policies Institute • Source: Bureau of Labor Statistics Quarterly Census of Employment and Wages • Created with Datawrapper

- On an individual level, survey data of local tipped workers<sup>7</sup> collected by the U.S. Census Bureau shows Initiative 82 has [lowered weekly earnings](#) for these workers, and even widened the earnings gap between highest- and lower-earning tipped workers.
- In the two years following the May 1, 2023 implementation date, the median DC tipped worker earned \$642 per week from their primary restaurant job. That is down roughly more than -5% from the median tipped worker’s weekly earnings in the two years before Initiative 82 was implemented. That amounts to over \$1,800 in lost earnings annually. For the lowest-earning 25 percent of workers, that loss nearly doubled to nearly -\$3,400 annually per tipped worker.

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## I N S T I T U T E

### Endnotes

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<sup>1</sup> NAICS 722511, Full-service restaurants.

<sup>2</sup> NAICS 722410, Drinking places (alcoholic beverages).

<sup>3</sup> EPI analyzed data for Arlington County, Fairfax County, Loudon County, Prince William County, Alexandria City, Fairfax City, Falls Church City, Manassas City, Manassas Park City Counties for Virginia; and Charles County, Frederick County, Montgomery County, and Prince George's County for Maryland.

<sup>4</sup> NAICS 722513, Limited-service restaurants.

<sup>5</sup> NAICS 722511, Full-service restaurants.

<sup>6</sup> NAICS 722410, Drinking places (alcoholic beverages).

<sup>7</sup> EPI analyzed U.S. Census Bureau data from the Current Population Survey Outgoing Rotational Group study (CPS-ORG), survey data typically used by economists to understand earnings at an occupation level. EPI reviewed tipped server, bartender, host, and busser positions and their usual weekly earnings before and after Initiative 82 went into effect, adjusted for inflation.