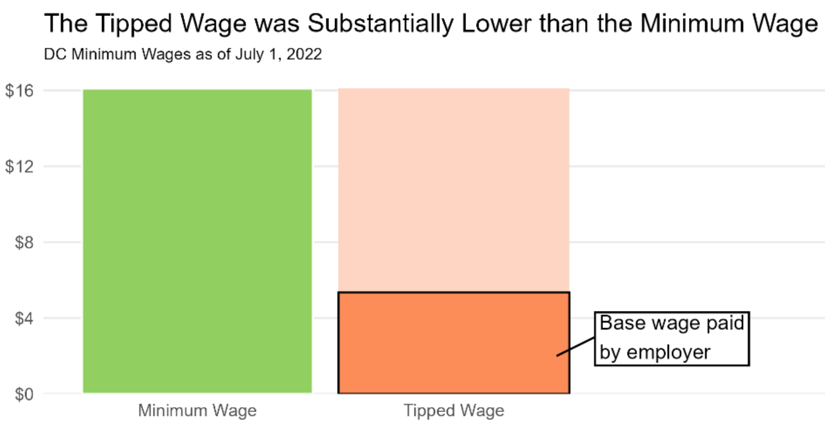
From: Tosha Skolnik
To: Professor Brooks
Subject: Initiative 82's Impact on Restaurant Workers in DC

Introduction

Initiative 82, enacted in 2023 and repealed in 2025, significantly increased the minimum wage for tipped workers in the District of Columbia (DC, or the District) despite only remaining in effect for two years. Yet with advocates on both sides of this controversial issue gearing up for another ballot initiative on tipped wages (potentially as soon as November 2026), questions remain about the policy's actual impacts. This brief will assess Initiative 82's impact on the restaurant industry, focusing particularly on how it has impacted restaurant workers.

Sub-Minimum Tipped Wages
At $17.95/hour ($18.40 as of July 1, 2026), the District has the highest minimum wage of any state-level jurisdiction in the country. However, not all workers qualify to receive the full minimum wage.[1] *Tipped workers*, who rely on gratuities paid directly by customers for most of their income, earn a sub-minimum base wage (aka the 'tipped wage') from their employers.



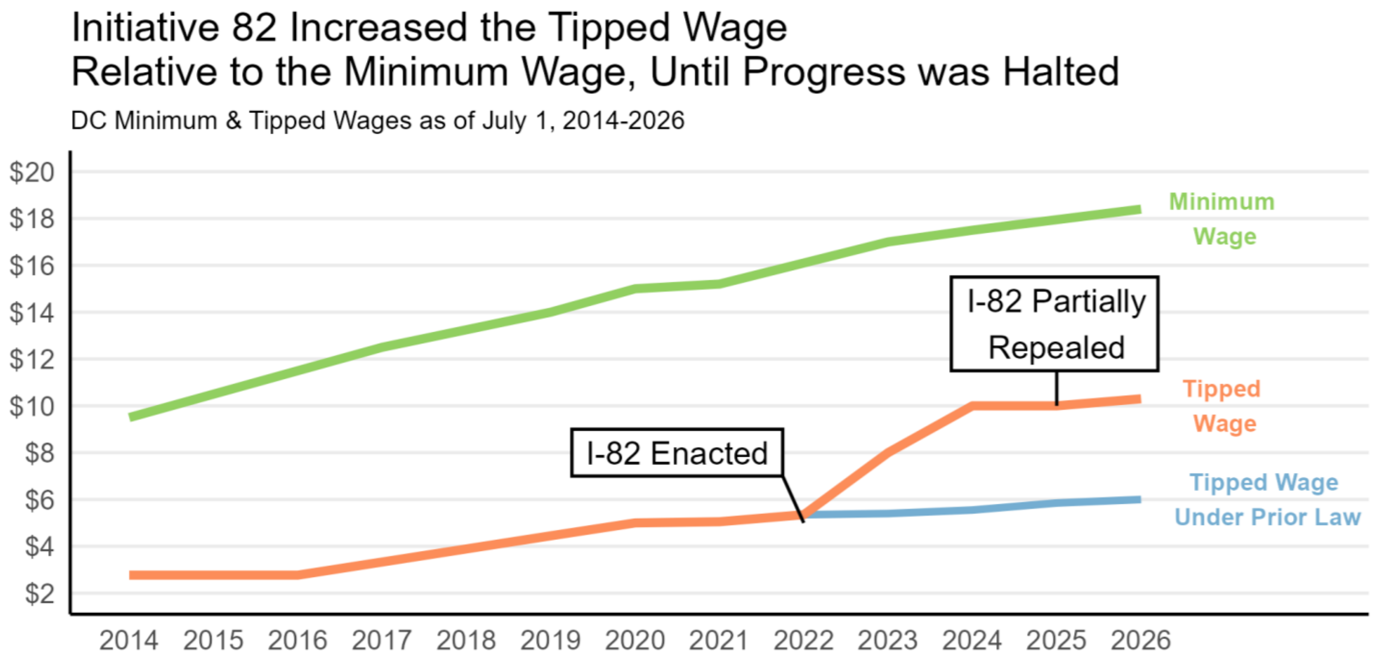
Prior to recent policy changes, the tipped wage in DC was $5.35/hour, less than a third the full minimum wage. Although District law requires that employers pay the difference between tipped workers' total earnings (base wages + gratuities) and the full minimum hourly wage, in practice most tipped workers earn enough from gratuities to reach the minimum wage, only earning the sub-minimum base wage from their employers.[2]

Initiative 82: Tipped Wage Elimination
In 2022, District voters enacted ballot Initiative 82 (I-82), which proposed to eliminate the subminimum tipped wage by progressively increasing it until 2027, when it would equal the full minimum wage.[3] I-82 was the second successful ballot initiative to propose eliminating the tipped wage in DC, although the prior attempt (Initiative 77, passed in 2018) was repealed by the DC Council before becoming official law. I-82 went into effect in May 2023, raising the tipped wage to $6/hour; the tipped wage rose to $8/hour in July 2023, and again to $10/hour in July 2024.

But the District faced mounting criticism from owners and workers in the restaurant industry, who said that the policy was hurting their businesses and hindering post-pandemic recovery. The Restaurant Association of Metropolitan Washington (RAMW) claimed that rising labor costs due to I-82 was forcing restaurants into a fatal cycle of raising prices and cutting staff, with many facing closures as owners looked to nearby jurisdictions with subminimum tipped wages. Based on surveys

[1] Federal employees are also not subject to DC's minimum wage laws
[2] https://www.epi.org/blog/d-c-council-should-support-tipped-workers-by-maintaining-i-82/
[3] D.C. Law 24-281. District of Columbia Tip Credit Elimination Act of 2022. https://code.dccouncil.gov/

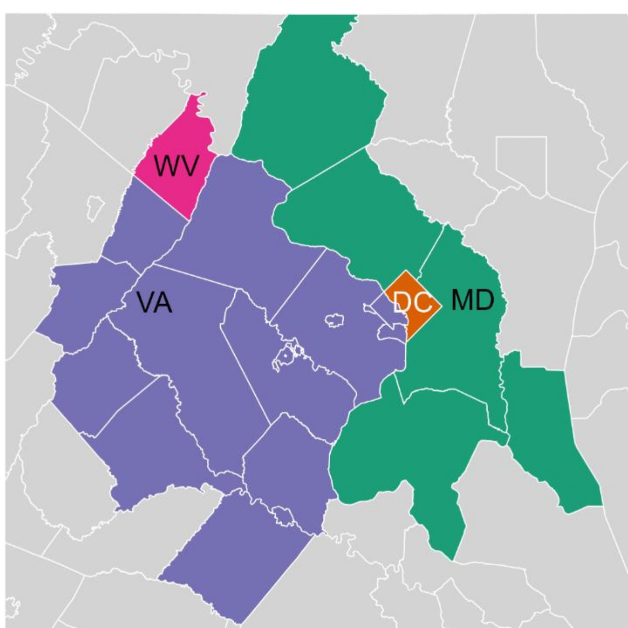
of their membership, RAMW reported that restaurant workers in the District were working fewer hours, earning less income, and searching for other work.[4]



In response to these concerns, the DC Council passed legislation in 2025 to partially repeal I-82. The new law, which emerged as a compromise after a long and contentious debate, froze the tipped wage at $10/hour until July 2026, after which it will more gradually increase until 2034, when it will stabilize at 75% of the full minimum wage.

Data

This brief compares data on the restaurant industry in DC with the other jurisdictions in the Washington Metropolitan Statistical Area (aka 'DC Metro Area'), which have all maintained the tipped wage. If I-82 had a significant impact on the employment or earnings of restaurant workers in the District, it is likely that data on these workers would diverge from regional trends after the policy was implemented.



The DC Metro Area includes the District, five counties in Maryland, 16 independent jurisdictions in Virginia, and one county in West Virgina.

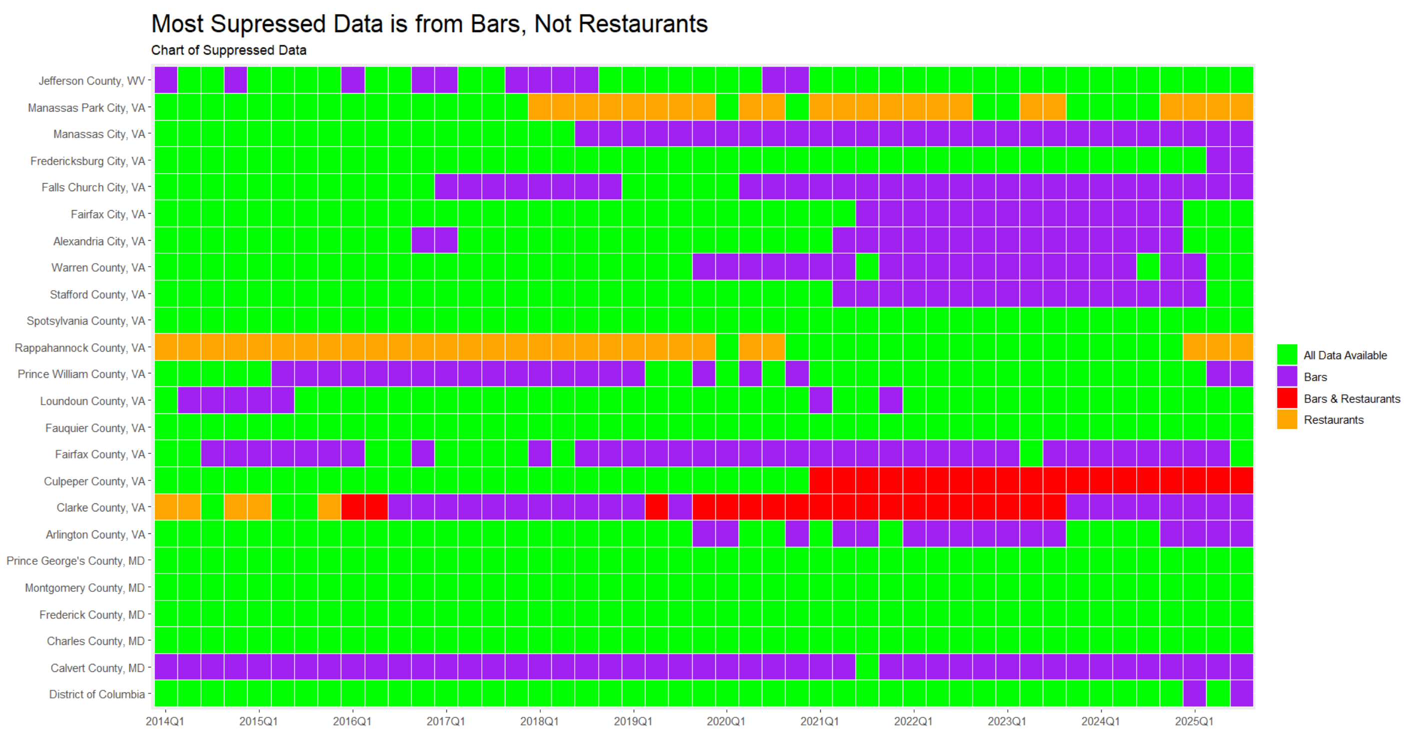
To assess I-82's impact, this brief analyzes data from the Bureau of Labor Statistics' Quarterly Census of Employment and Wages (BLS, QCEW). The QCEW blends administrative data from unemployment insurance programs with survey data collected by BLS, reporting robust and reliable firm-level information on

[4] https://www.ramw.org/articles/blog/viewpoint-why-dc-must-repeal-initiative-82

employment. It reports detailed industry data (allowing for analysis of full-service restaurants) at geographic levels ranging from regions to cities.

Cleaning the Dataset

The chart below represents the original dataset pulled from the BLS website, which includes data on full-service restaurants (which does not include fast food or cafeteria-style establishments) and bars for each independent jurisdiction in the Washington Metro Area, for each fiscal quarter from 2014 to 2015-Q3 (the last available data). Unfortunately, data is sometimes suppressed for privacy reasons (typically when there are too few establishments or employees within a jurisdiction), showing blank values in the dataset. As indicated in the chart below, the vast majority of suppressed data was for bars, with the exception of four jurisdictions in Virginia with suppressed restaurant data.



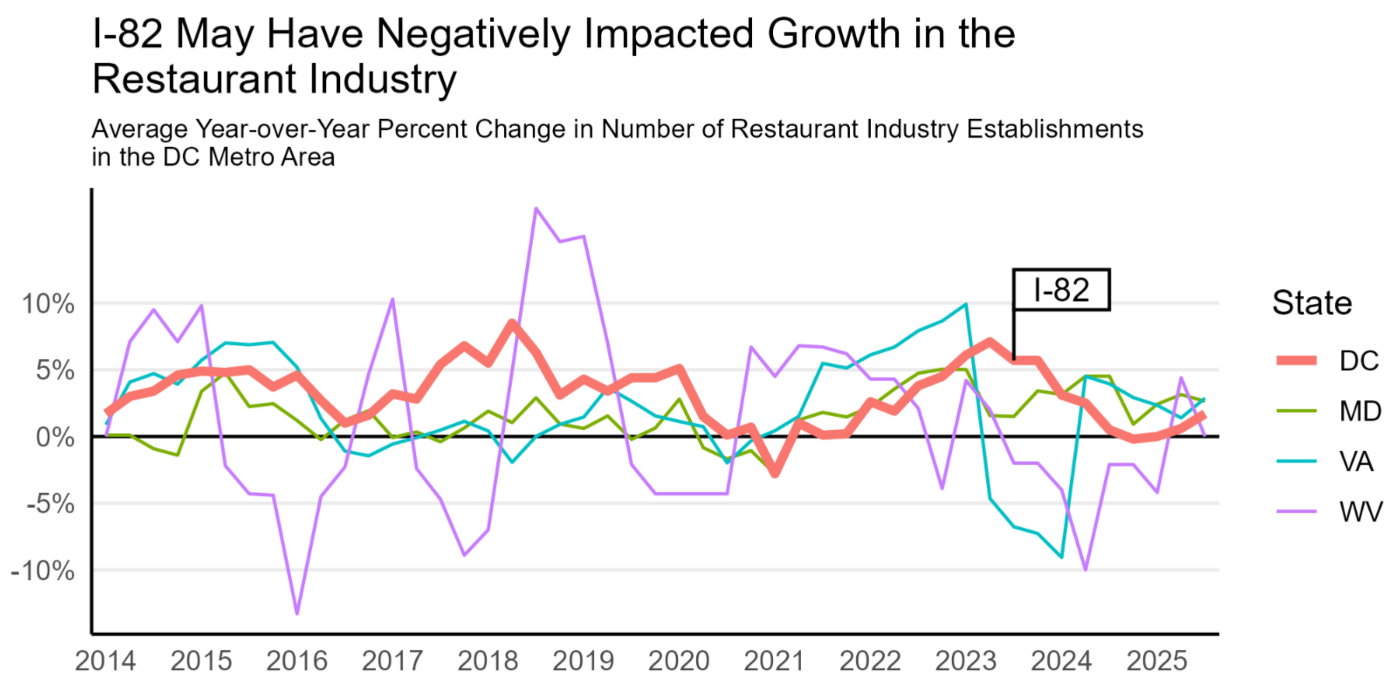
In order to analyze comparable data across all jurisdictions, this brief excludes bar employment (keeping only data on full-service restaurants), and excludes data from Manassas Park City, Rappahannock County, Culpepper County, and Clarke County Virginia.

Analysis

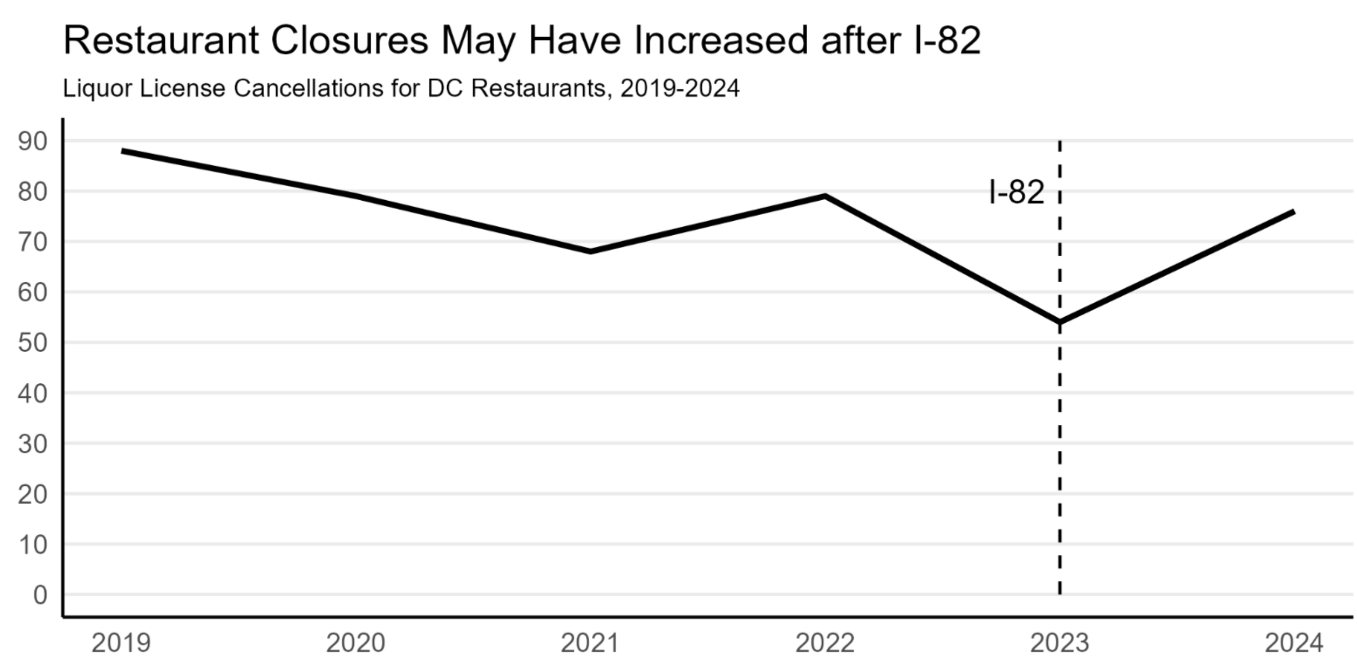
Impact on Restaurant Establishments

Looking at the average year-over-year percent changes in the number of full-service restaurants across the jurisdictions in the DC Mero Area, the data suggest a possible negative impact from I-82.

After I-82 was enacted, the District experienced a notable decrease in restaurant industry growth, although this decline began in the fiscal quarter before I-82 first took effect. While DC Metro Area jurisdictions in VA and WV also experienced declines in growth during this same period, growth in MD remained relatively constant. This is a break from previous trends: in the immediate post-pandemic period, DC and MD experienced very similar rates of growth in the restaurant industry, while in the pre-pandemic period DC consistently had a higher rate of growth than MD.

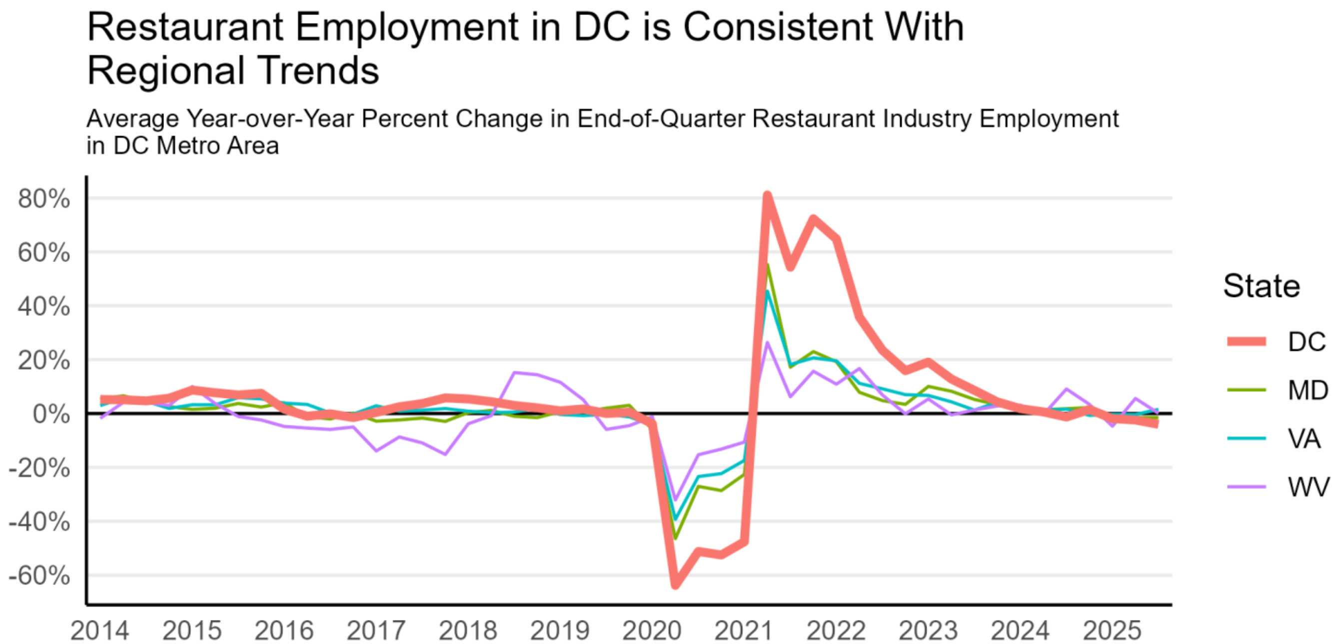


Data from the DC Alcohol Beverage and Cannabis Administration (ABCA), which issues liquor licenses, suggest that it is possible this decline in growth was caused by a rise in restaurant closures. Liquor license cancellations, which happen at the request of the license-holder or due to non-payment of annual fees, show a clear increase in 2024, which may indicate a higher number of restaurant closures than in previous years. However, this dataset is less reliable than the QCEW; I excluded 2025 from the chart below because the data was clearly incomplete, but I do not have any method for testing the reliability of data from previous years.

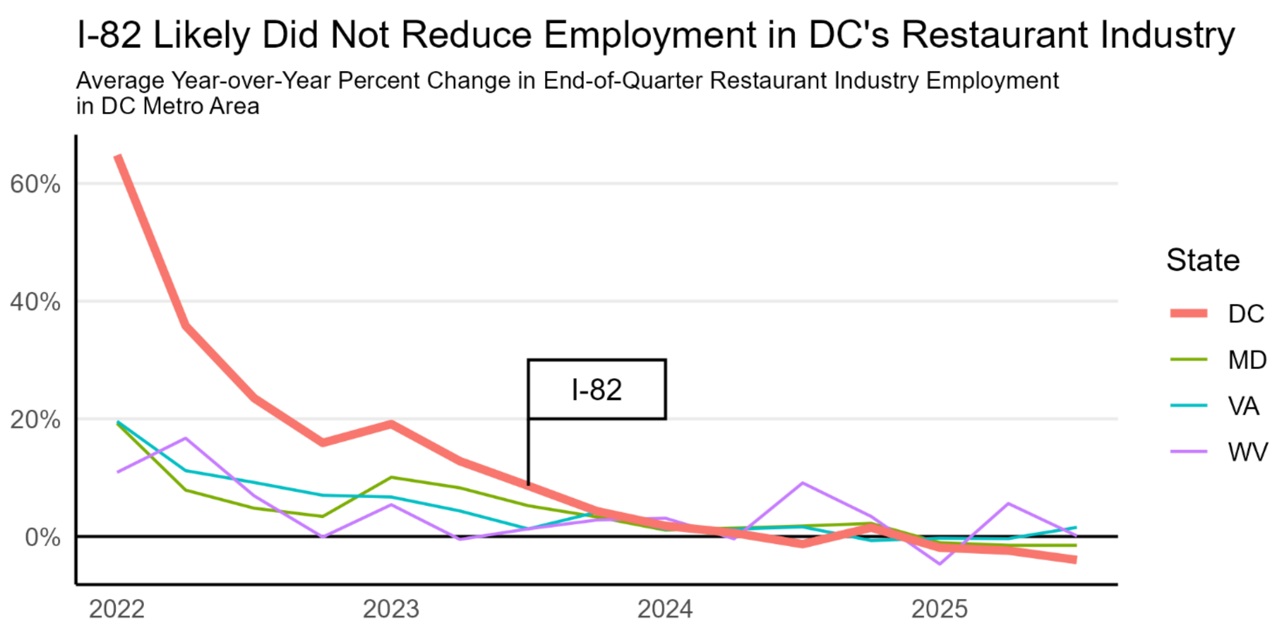


Impact on Restaurant Workers
Returning to QCEW data on the restaurant industry, data on restaurant workers in the District suggests that I-82 did not have a significant impact on their employment or earnings.

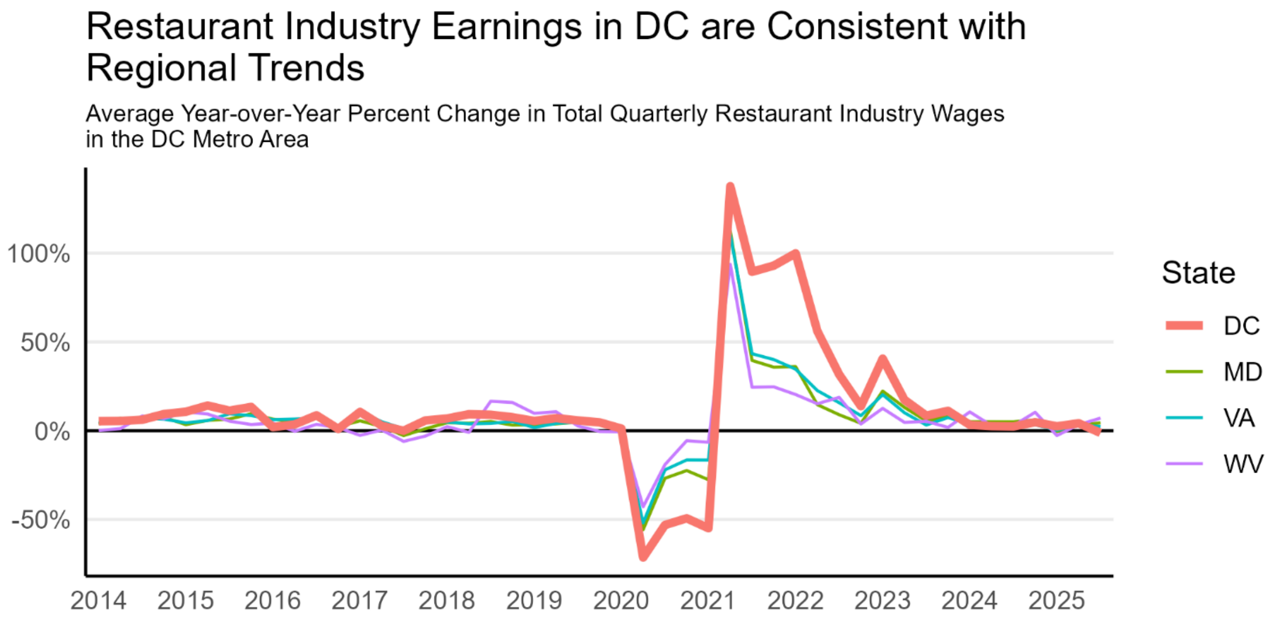
In year-over-year percent changes to total restaurant industry employment in the DC Metro Area, trends in the District appear consistent with regional trends throughout the time period.



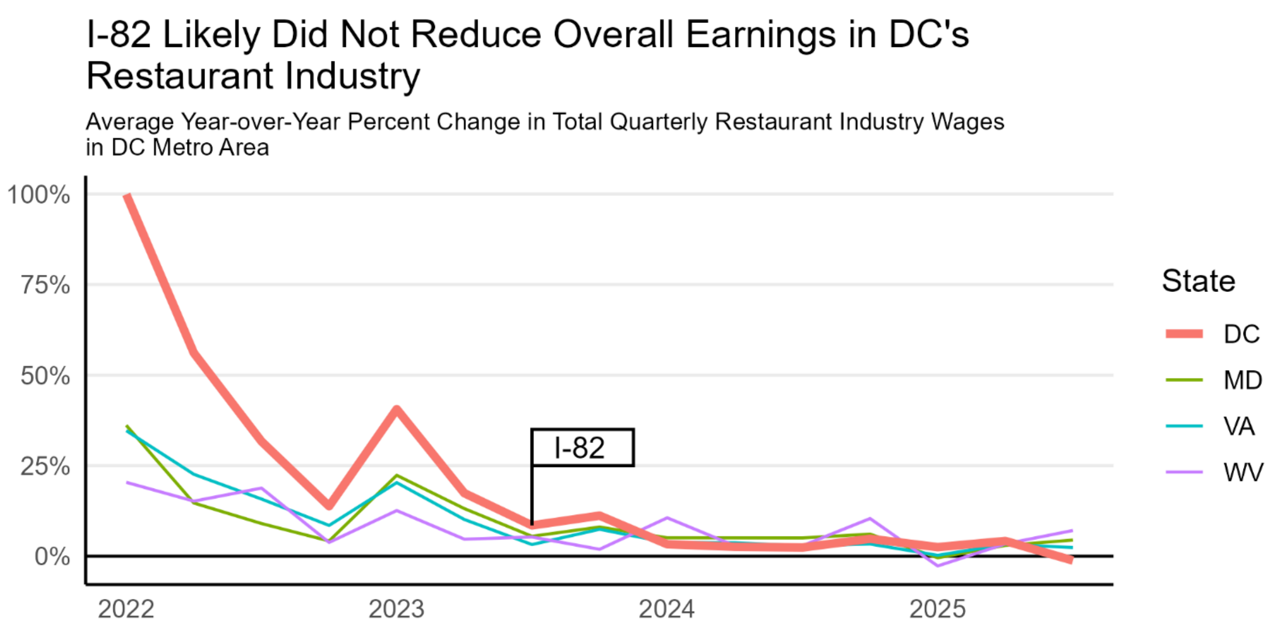
Looking closer at post-pandemic data, restaurant industry employment trends in the District remain consistent with the rest of the region, and there does not appear to be any significant change around I-82 implementation. These data suggest that despite declining growth in the industry, I-82 did not cause significant numbers of restaurant workers to leave the industry.



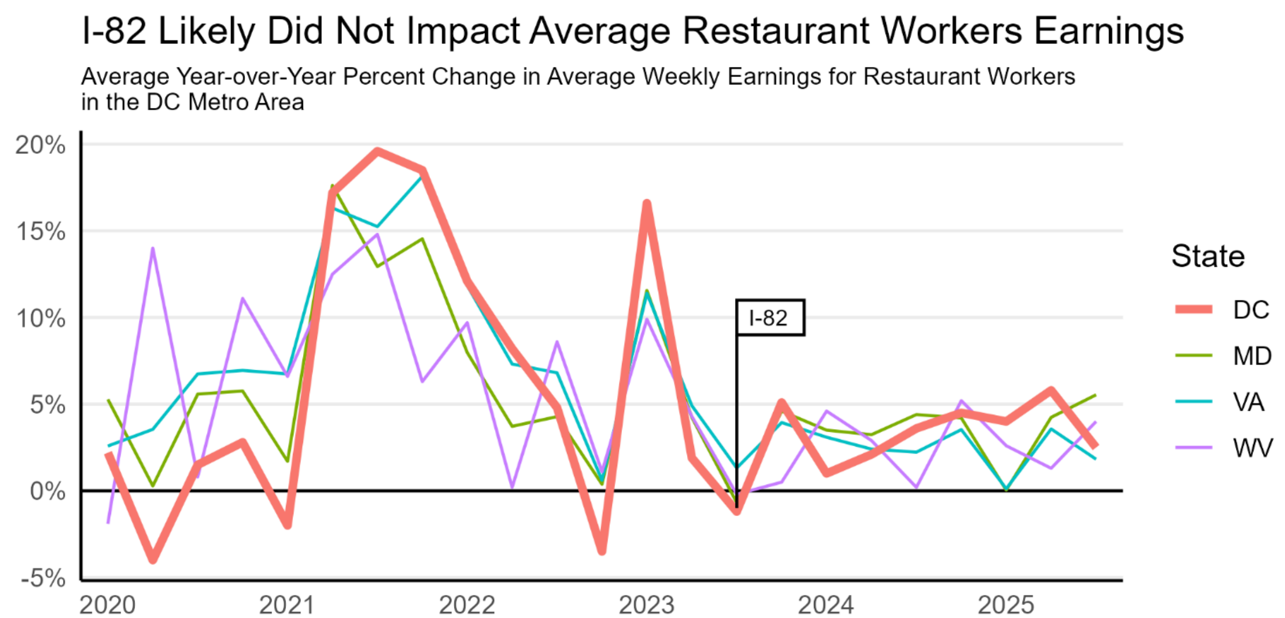
Likewise, year-over-year percent changes in total overall earnings for restaurant workers in the District appear consistent with regional trends throughout the time period.



In the post-pandemic period, there is no indication that trends in restaurant industry earnings in the District diverge from regional trends around I-82 implementation. These data suggest that I-82 has not significantly decreased restaurant workers' earnings.



Finally, data on year-over-year average weekly earnings for restaurant workers in the region does not indicate a drop in earnings after I-82 implementation. These data report average weekly income *per worker*, and would account for any differences in earnings trends caused by changes to the size of the workforce; the lack of a clear change in trends after I-82 implementation reinforce the conclusion that restaurant workers' individual earnings have not significantly decreased.



Conclusion

Initiative-82 has been one of the District's most publicly noticeable and controversial policy changes in recent years. Although there is much debate over the policy's impact, high-level data on the restaurant industry workers suggests that the District has largely remained consistent with regional trends. While it is possible that Initiative-82 has contributed to reduced growth in the restaurant industry overall, this reduced growth does not appear to have had a significant impact on employment or earnings of workers.

Data recently reported by the DC Office of the Chief Financial Officer indicated that although restaurant sales tax collections have increased since the pandemic, this increase has been driven entirely by rising prices, with real sales declining by 3.6%; the report notes that while I-82 increased labor costs for restaurants, food service establishments have faced rising costs across a variety of inputs (including rent, food costs, and other operating expenses). Future research may consider weighing the magnitude of these cost increases against each other to assess how much I-82 has contributed to restaurant operating costs in recent years.