

John GUGGENMOS #1

I'd like to thank Chairman Mendelson, the Councilmembers, the Committee and Staff

I'm John Guggenmos, and 29 years ago I moved to Logan Circle from Laramie Wyoming to attend grad school at George Washington University. Logan circle was very different than, I slept on a blow-up mattress on a stone floor in the English basement with a growing mountain of student loans. However, thank God I could work as a waiter which allowed me time to study and make a living in DC possible. I indeed wasn't showered with money. Growing up I used chili stained plastic cool whip bowls for popcorn and storing leftovers in the frig, not the picture of privilege. I stumbled into the opportunity to acquire Tracks Nightclub as the managing partner in the early 90's during the past 27 years I've had the great experience of owning and operating several restaurants, lounges, bars, and nightclubs in NW and SE. Also, I'm currently serving as the Vice Chair for ANC 2F serving the neighborhood I've lived in for 29 years and running unopposed for another term. And, I want to be very clear as an owner-operator with over 27 years of experience in Washington DC alone, if initiative 77 isn't repealed, it's going to have a devastating effect on the thriving nightlife and vibrant restaurant community,

I need to start and immediately dismiss few silly canards.

I'm sure you heard the wild rumors that owners were forcing tipped workers to take a position against 77, to protest, that we threaten them how to vote. That is factually inaccurate; nothing could be further from the truth and as honest as one of our current President's 5 am tweets.

Also, let's dismiss the myth of enforcement of the minimum wage, that somehow, it's just too hard to enforce the law. Please sit at any restaurant and look at all of the credit cards being used is 80%, 90%? All you need is a calculator and the tipped worker's credit card report, and POS systems are very advanced. People making these claims are either unaware or in diffident to these facts. However, it's the difference between operating in the real world or the theoretical, policy world.

In the policy world, the statistical noise obscures the fact that money doesn't come from thin air. In the real world, a dramatic increase in cost has to be paid for, and we can't pretend that's not an integral part of the equation.

In the policy world you can manipulate data and studies giving the illusion of truth, but the real world that illusion crumbles when hard cuts have to be made. Math is still math!

In the policy world, there's a risk-free dramatic increase in higher income from somewhere for every establishment all over Washington and in the real-world owners will tell you that any price increase isn't taken lightly (just read the Yelp reviews after a price increase)

In the policy world, it's a simplistic assumption that initiative 77 as a public policy affect the entire industry uniformly. And in the real world, the high-end restaurant will pass the cost along, the chains and designed to absorb it and the moderately priced will struggle and exit.

First, I'd like to thank Councilmember Cheh for her email and your staffs time. And as I was listing to you speak on the Kojo Nnamdi show, you called the opposition to 77 as the biggest con job of the summer. So, at the time I thought that con job was an unfortunate choice of words for my valid concerns. However, I do agree there was a con job this summer. It was the outside groups from New York and California with exaggerated claims, with conclusions from tiny samples, (please read footnotes on ROC's material) and they repeated those unscientific numbers so often the public started to take the meaningless comparison percentages of 25 extrapolated IP addresses as "living in DC" as a meaningful scientific studies (just like Trump), and they pulled off a perfect well-executed Trojan Horse ballot initiative. State a popular position of a \$15 minimum wage, which was already the law, make it seem like if you didn't vote for initiative 77, \$15 wouldn't be the minimum wage everywhere in DC. Masking the controversial tip credit and the real motives in the middle between yet another law. The ROC and other strategists understood the wording of the ballot question frames what the voters perceive. We were well played. and that was the con job, and, at the end of the con, the conman always leaves town. They'll leave and go back to New York & California, Jane Fonda won't fly in anymore, and some of the people testifying today will fly back to their states, but we'll still be here in Washington DC, invested in our Community and caring about our Community.

Thank you to the Councilmembers and all of the cosponsors of the repeal, thank you for your leadership, and I urge the other Councilmembers to stand up for our DC Restaurant & Nightlife community, for tipped worker and safeguard the financial well-being of the District of Columbia and repeal 77.

Matthew Hanson

Director, DC Working Families

Opposed to "Tipped Wage Workers Fairness Amendment Act of 2018" (B22-0913)

Monday, September 17, 2018 Hearing

Committee of the Whole

Chaired by Chairman Phil Mendelson

Introduction

Thank you Chairman Mendelson and members of the DC Council for the opportunity to testify. My name is Matthew Hanson, I am a ward seven resident, a former tipped worker, and the Director of DC Working Families. I am here today to testify in support of the One Fair Minimum Wage ballot initiative that was approved by votes in June and against the proposed legislation to repeal it ("Tipped Wage Workers Fairness Amendment Act of 2018").

Respect the vote

Initiative 77 will gradually raise the tipped minimum wage, which is currently just \$3.89 per hour, to the regular minimum wage of \$15 per hour, plus tips. It's good for workers and good for the economy, but no matter how you voted, something much more fundamental is at stake.

When voters go to the polls, we expect our decisions at the ballot box be respected. We're usually united on this in DC. When Republicans in Congress have attempted to interfere in our local decisions, we have stood up against their efforts, regardless of where we stood on the issue because we understand it's important to respect the democratic process.

We should not have to come here today to say #HandsOffDC.

For many of us, this isn't just about defending a fair and equitable raise for tipped workers, it's about defending our decision at the ballot box. One, that voters took very seriously

Broad support for One Fair Wage

As a city, we've spent years debating this issue. In 2015/2016, we almost placed a similar initiative on the ballot but withdrew it when the Council passed a \$15 minimum wage, but only a \$5 tipped minimum wage.

Not satisfied to be left behind, the DC chapter of the Restaurant Opportunities Center, and their allies, bravely decided to continue the fight and give residents and voters the opportunity to decide this important issue. After two years of campaigning, it was finally approved by voters by a 10-point margin -- 47,230 to 37,504 votes or 55.74% to 44.26%.

More so, residents have expressed their support for One Fair Wage time and time again. You don't have to take my word for it, we've polled on this issue multiple times and each time it comes out on top. Ahead of the June primary this year, we polled voters and 70% said they supported "raising [tipped workers'] base minimum wage so that they earn the same minimum wage as every other minimum wage worker."

When the initiative was finally placed on the ballot, it was one of the most talked about, and hotly debated issues on the campaign trail.

Supporters literally had tens of thousands of conversations with voters across the District about the benefits, and need for One Fair Wage, and despite being outspent by opponents 3:10, it still passed.¹

Through petitions, polls and at the ballot box, residents and voters have made their position on the issue clear.

Raise the floor

Now, some tipped workers do well under the current system, and that's great, we want good jobs. Unfortunately, many do not and they struggle to make ends meet.

The average wage for tipped workers is less than that of non-tipped workers, there are huge racial and gender disparities in wages and tips for tipped workers and their poverty rate is dramatically higher than it is for others.

On top of that, while many of us think of bartenders and servers at fancy restaurants when we think of tipped workers, we should keep in mind that the about one third of tipped workers (5,600) do not work in restaurants. they work in nail salon and as hairstylists, bussers, and barbacks.

Customers and workers

You will hear from opponents today, even some tipped workers, who claim that initiative 77 is a bad idea, that it will raise prices, hurt workers and cost jobs, or that it will end tipping.

As long as we have a reasonable phase-in, nothing could be further from the truth. One Fair Wage is a tested system that works in cities and states across the country.

For instance, while the tipped minimum wage in DC is just \$3.89, it's already \$15 in San Francisco.

With a difference like that, you'd expect there to be a whopping price difference at similar restaurants and bars, but there isn't.

¹ The One Fair Wage Committee spent \$124,141. The No2DC77 and Save our Tips spent a combined \$370,044.

Two quick examples. At the Ruth's Chris Steak House in DC, the Live Maine Lobster costs \$29² and just one dollar more, \$30³, in San Francisco. At Rosa Mexicano in DC, the chile poblano costs \$20⁴ and only fifty cents more, \$20.50⁵ in San Francisco.

I think most customers would be happy to pay a little bit more, less than a cup of coffee, to raise the wages for workers.

On top of it all, restaurant workers in places like San Francisco do better in wages and tips than they do here in DC. There is less inequality between tipped and non-tipped workers too.

Reasonable compromise

With a reasonable phase-in, give voters what they want, provide restaurants time to adjust, maintain prices and raise the floor for all workers. This is not just a win-win, it's a win-win-win.

The tipped minimum wage is already increasing by about fifty five cents a year until it gets to \$5.00, so it clear that increasing the base wage is not a job killer. There is no reason that we could not raise the increase and extend the timeline until we reach our goal of One Fair Wage.

In fact, I would encourage you to ask opponents here today why this isn't an acceptable compromise?

So, instead of devoting valuable time again to debating the repeal of another popular policy, let's focus on how best to implement One Fair Wage. If not, and the Council repeals it, I suspect we will be back here in a couple years after voters have had the opportunity to put the issue back on the ballot.

In closing, I urge you to respect the will of voters and to work with us so we get to One Fair Wage. It's good for the economy, restaurants, tipped workers and it's what the people want.

Thank you for the opportunity to testify today.

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² https://www.yelp.com/biz_photos/ruths-chris-steak-house-washington?select=RHNwNx_-8yzH2CzJUPpwaQ

³ https://www.yelp.com/biz_photos/ruths-chris-steak-house-san-francisco?select=RrN_-g8M-qJDI28uep1glg

⁴ <https://rosamexicano.com/pennquarter/menus/dinner>

⁵ <https://rosamexicano.com/sanfrancisco/menus/dinner>



**PUBLIC HEARING TESTIMONY
COUNCIL OF THE DISTRICT OF COLUMBIA
COMMITTEE OF THE WHOLE**

“Tipped Wage Workers Fairness Amendment Act of 2018”

Bill 22-913

*introduced and co-sponsored by a
D.C. Council majority to*

Repeal Initiative 77

September 17, 2018

**Mark Lee
Managing Consultant
NO2DC77**

NO2DC77 is an ad-hoc community committee joining D.C. bar, restaurant, and nightclub tipped employees, hourly-wage and salaried venue staff, co-working nightlife and hospitality small business establishment managers and operators, local patrons, and neighborhood resident supporters opposed to enactment of Initiative 77 and supporting retention of the current tip credit formula and tip-wage system in the District.



Chairman Mendelson, Council Members, Council and Committee Staff:

My name is Mark Lee and I am proud to have assisted tipped workers and their workplace colleagues across our city in opposing Initiative 77.

I've been a District resident my entire adult life and throughout nearly four decades I've been a part of the hospitality community – first as a tipped worker myself.

I walked in the door of a small and unassuming neighborhood restaurant and bar, with no prior training or previous experience, and was hired for a food prep position. I soon became a tipped server and earned more money waiting tables than at my job at a downtown professional firm.

I subsequently worked in a variety of management positions at several venues, and would later become a small business owner serving the LGBT community as a nightlife event producer.

I have worked in, for, and with local restaurants, bars, and nightclubs. My personal story of professional advancement in an industry of opportunity for those with both a lack or a range of skills is similar to countless others, and I am pleased to serve this dynamic and diverse hometown enterprise sector as an advocate.

Here are a few things we both know:

- The overwhelming majority of tipped workers oppose Initiative 77 and understand it is a pay cut, not a pay raise, and that incomes will decline;
- Both tipped workers and venue operators at establishments of all types and sizes across the city are unified in urging you to repeal this proposal;
- The current tip-wage system and tip credit formula is a system that works, and works well for workers – and guarantees that all employees earn at least the minimum wage and retain the ability to make much more;
- Outlawing the tip-wage system will cause hourly-wage and salaried staff wages to stagnate due to massive new labor costs; and,

- If the Council fails to repeal Initiative 77 jobs will be cut, shifts will be eliminated, hours will be reduced, consumer prices will skyrocket, the District's nighttime economy will be harmed, and, yes, local establishments will close.

Today you're going to hear a slew of cooked-up data and half-baked statistics from theoretical policy wonks pushing this proposal that are nothing more than outright misrepresentations and extrapolated figures concocted from tiny dataset samples and utilizing meaningless aggregated numbers.

Don't be fooled - tipped workers aren't.

We strongly urge you to repeal Initiative 77 to protect the jobs, livelihoods, and incomes of tipped employees and our city's hospitality small businesses.

We'll be providing the Council with additional information to supplement this brief testimony today and I'd be happy to answer any questions you may have.



Thank you Councilmembers for holding this hearing today.

My name is Chelsea Silber. I am a D.C. resident and a bartender at Rose's Luxury in Eastern Market. I have been working in the restaurant industry for 10 years, and am grateful to be here today with many others in my industry on this early Monday morning.

My job as a bartender is partly to give people a memorable experience of cocktails, wine, and food.. but at the end of the day my job is to listen to people and their stories. Before I was a bartender I was a community organizer here in this city, and I learned that to understand an issue, you must understand the true depth of it. Over the past few months I have been to as many public events regarding this initiative as I can. I've sat in the office of the Restaurant Opportunities Center to listen to those who are for this initiative, been to local ANC meetings, and volunteered on election day.

Initiative 77, at the end of the day has a goal of eliminating the tip credit. It deems that this will help us as tipped employees. If I thought this initiative would do so, I would be first in line to offer my support.

However, having worked from 2014 to 2017 in California, I can tell you that the grass is in fact not greener in a state where this law has already passed. I have seen firsthand that this has done nothing to help wage enforcement, eliminate sexual harassment or address racial discrimination. Rather it puts an immense strain on the other half of our industry, the non tipped employees in the BOH. The cooks, the dishwashers, the true backbone of this industry. Increasing the base wage for tipped employees who already make well above the minimum wage due to the tips, threatens the jobs of those who are non-tipped workers.

This "one fair wage" made it so that the restaurant I worked at in Oakland was forced to eliminate the jobs of not myself, but our dishwasher and the majority of our cooks. We ended up switching from a full service restaurant to counter service.

If the desire of the council is to make changes that will create a more fruitful and sustainable industry, I urge you to repeal this initiative brought on by an outside interest group, and work with the trade itself - with the workers and restaurant leaders in THIS city. Over the next few hours you will hear the personal stories of many intelligent individuals, the heads of local think tanks, faith leaders, and politicians. I urge you to listen instead to the restaurant workers. Start keeping score of how many tipped employees in this city speak today and want you to repeal this initiative. I urge you to repeal this initiative. Listen to those who this initiative will impact. Keep score. Thank you for your time.

Chairman Mendelson and Distinguished Members of the Council,

My name is Paul Dean, and I am the Executive Director of the District of Columbia Brewers' Guild. I thank you for the opportunity to appear here today to testify on behalf of the thriving independent craft brewing community in the District, and to emphatically urge you to vote YES on Bill B22-0913 to repeal Ballot Initiative #77. Since 2011, the District has enjoyed a renaissance of craft beer production that currently features 6 nationally recognized production breweries, 5 popular brew pubs, and several new establishments under construction. These local independent breweries have created hundreds of new jobs, spurred new economic development throughout the City, generated significant tax revenue and serve as a source of civic pride among our citizens. However, if allowed to stand, Ballot Initiative #77's elimination of our tipping culture will have a devastating impact on the owners, operators, workers and patrons of Washington's brew pubs and production breweries, and put the very existence of our industry in jeopardy.

Impact on Brew Pubs

The initial impacts of Ballot Initiative #77 will be felt most poignantly on the City's brew pubs. Our City's brew pubs provide high quality food along with craft beer brewed on the premises. They employ large number of servers and bartenders that typically earn a salary that far exceeds the current minimum wage, and in the rare cases where tips fall short, the City's tip credit law guarantees the minimum wage is met.

This tried and true wage system in the District of Columbia has allowed owner/operators to attract motivated, high quality service staff to meet their growing operations. However, Ballot Initiative #77 would destroy this equilibrium. Like most restaurants, our Brewpubs operate on tight margins. The elimination of our tipping system would greatly increase labor costs, forcing Brewpub owners to make some difficult business decisions that would hamper their ability to operate in a competitive market. To make ends meet, our Brewpubs would either be forced to cut hours and reduce the number of service staff they employ, or pass along cost increases to their customers by either increasing the retail price of food and beer or adding service charges to each bill.

The production of small batch craft beer is an expensive proposition, and price increases could force Brewpubs to cease beer production and close their doors if they are unable to provide their product at competitive prices.

A reduction in the labor force would not only make it very difficult for the Brewpubs to continue to provide quality service, but it would also lead to a reduction of tax revenue for the City. Furthermore, under the new system, it would be nearly impossible to attract quality waiters and bartenders, who would have opportunities to attract higher wages in the nearby Maryland and Virginia suburbs.

Impact on Production Breweries

Our City's production breweries would also feel the pinch of Ballot Initiative #77. First, all of our Production Breweries operate Tap Rooms, which are also staffed by tipped employees and for the same reasons outlined above, their continued operations would be in danger.

A more serious consequence, however, could be a loss of a significant market for their product. Much of the beer produced by District breweries is consumed in bars and restaurants located in the City. These establishments are willing to pay a premium for locally produced craft beer to meet customer demand for high quality product brewed right here in D.C. However, if these same bars and restaurants need to cut costs to maintain staffing as a result of Ballot Initiative #77, they may be forced to save money by buying cheaper, nationally produced beer to serve to their customers. Less demand could force local breweries to seek markets elsewhere (a more expensive proposition), cut production, or even shut down. This will have a devastating impact on the existing breweries and discourage new entrants into the market.

Bad Policy

In conclusion, Ballot Initiative #77 is just plain bad policy, and if allowed to stand the negative impact on the brewing industry would be felt for decades. I thank Chairman Mendelson and Councilmembers Gray, Todd, T. White, Bonds, Evans, and McDuffie for their courage in introducing this legislation and urge all members to vote for its passage.

Thank you.

My name is Avalon Barnes.

I live in Centreville, VA and work at Mate Lounge in Ward 2.

Thank you, council members, for giving me the opportunity to speak about my concerns with initiative 77.

I work part-time bartending at Mate Lounge along with running a business selling high end and local products to bars and restaurants in the DC area. I have been in the Restaurant industry collectively for 12 years and couldn't imagine doing anything else. The money I make bartending allows me the ability to grow my business. If initiative 77 passes, both sides of my income will suffer. As a tipped employee my restaurant will have to raise food and beverage prices, which will deter guests from dining as often as they normally would on a weekly basis. As a Sales Business Owner my income will take a hit due to restaurants not being able to afford products I offer in efforts to keep their cost low to offset the solid hourly wage increase. It should be noted that, just because our wage may increase, it does not mean that guest's income will. As a knowledgeable bartender and sales person, the ability to UP-Sell will become even MORE difficult because of this.

I hope you understand the work that we have done to fight 77. We have been fighting against an organization that are NOT entirely tipped workers and have NOT been tipped workers. Not to mention the fact that this is what the MAJORITY of them do for a living. We are not lobbyist or politicians. We are bartenders, servers, back of the house staff, owners and operators. I myself have taken time away from my Husband, family, work, and life in general. All of which I love I very much, in efforts to fight against 77. I choose to make the commute into DC to work because I can make more money in DC with the Tipped Credit than I can in VA.

The fact that NON-Tipped workers were able to dictate our lively hood is deeply frustrating. Which is why I created a petition for Tipped-Workers like myself who commute from VA & MD. This is only a fraction of the commuters in the city.

I was always taught that service industry is sales, and tips are our commission. If everyone gets a flat fee what's your incentive to go above and beyond. I have worked sales jobs that are based completely on commission. I have never seen that business model attacked as much as ours has been.

I have spoken with guest from Oregon and Washington State about 77 and they encouraged me to fight against it. They informed me that the service has declined, and the menu prices have gone up tremendously which has resulted in them dining out less.

This is the DC industry workers point. No matter how much you love something if it doesn't love you back you become complacent. It's a fate that nobody wants.

Council members, Please, help keep the tipped credit along passion of hospitality in the DC service industry.

Good morning, Chairman Mendelson and esteemed members of the Council. Thank you for taking the time to listen to my testimony today.

My name is Laura Pacholkiw, and I have worked in the restaurant industry as both a server and bartender for 12 years now - 10 of which I have been employed as a tipped worker in DC. I am a native Washingtonian. My grandparents immigrated to DC as refugees of war. I have lived in this area my entire life.

I currently bartend at a popular neighborhood bar located on U Street in Ward 1. I have been able to not only sustain a life in this ever-growing city of ours, but also to build up a life, steadily improving my finances; and I do this through the excellent money I make via tips. The tipping system works for me. I have paid for my college tuition via tips, I have purchased vehicles via tips, I have traveled around the world via tips. I intend to buy my first home via the money I make via tips. And at the end of the day, I pay my bills via tips. The money I make via tips has put a roof over my head, clothes on my back, and food in my stomach. The tipping system as it currently stands gives me tremendous financial independence. I am standing before you today to implore you to repeal initiative 77.

Unlike what our opponents will have you believe, it is absolutely not true that the only people making good money via tips are the one who are employed in corporately-owned 5-star restaurants. My place of employment is a small neighborhood bar, independently owned and operated, and I make a great living through the tips I make there. My small neighborhood bar would not be able to sustain an exponentially higher labor cost as will be the case if initiative 77 is not repealed. My place of employment, like 96% of all bars and restaurants in DC, is a locally-owned, small business running on razor-thin profits. Eliminating the tip credit, as initiative 77 proposes to do, will drive labor costs through the roof and my place of employment will be forced out of business and I will be out of a job. Allowing me to work on a tip-credit system also frees up overhead costs to my coworkers who are not tipped employees: think, dishwashers, line cooks, etc. They can get paid an hourly wage substantially higher than the minimum because my employers can operate on the tip-credit system for me. And that's great. These people are the backbone of our industry and deserve to be well compensated. And yet, they will be amongst the first to go to cut down on labor costs if initiative 77 is not repealed. Initiative 77 is not only harmful to me as a tipped worker, it is detrimental to non-tipped restaurant workers as well.

Initiative 77 is also detrimental to the economics of our city. It raises the overhead costs of operating a restaurant and creates an environment where only big-moneyed corporate restaurants might survive. This is NOT what DC is about; this is not the charm and allure that has made DC a top food and nightlife destination over the past decade. The restaurant industry has been a pioneer in the revitalization of decaying neighborhoods; breathing new life into places that are now tourist destinations such as the U Street Corridor or H Street Northeast. Initiative

77 promises to kill that growth when the cost of doing business in this city forces our local operators to pack up and move their business just down the road into Maryland or Virginia. The vibrant growth this city has seen over the past decade will come to a screeching halt.

When an initiative is purposefully convoluted, such as initiative 77 is, it is bad law. Initiative 77 is a poorly-written, deceptive piece of legislation. Two out of the three ballot points on the initiative are already DC law! The Board of Elections failed the city and its voters by allowing this duplicitous initiative pushed by an outside organization be admitted on a primary ballot with historically low turn out. It is now up to DC Council to do the right thing and repeal, for my sake and those of thousands of my colleagues.

Thank you.

Good morning Chairman Mendelson and members of the council.

My name is Billy Martin, fourth generation owner and operator of Martin's Tavern which is the oldest family owned restaurant in Washington DC. I am here today call on the Council to repeal initiative 77.

I have worked many positions growing up and had a tipped position for almost 18 years. If it were not for the tipping system, I would not be where or who I am today. I am sure this holds true for many in this room and throughout Washington DC.

In the hospitality industry, you must work hard to be the best in every aspect or you won't survive. Tipped employees must be top level salesman, not order takers. That is what intuitive 77 will do if you allow it to become law, promote order takers, poor service.

I ask you to consider this, over the last 30 years or more, the hospitality Industry has had to endure many changes. Like increased regulations, taxes, government fees, miscellaneous fees, cost of goods and yes increases in wages. However, our commodities are basic food and

drink, and there is a limit as how much we can charge for these commodities.

Business levels and staffing fluctuate like when party lines change in the white house, or the stock market and or economy take a down turn. I have seen where professionals from layers, architects to doctors come to us for jobs during these times, because they know just how lucrative waiting tables or bartending can be for supplementing their income and life style.

I have tipped employees who have worked many years for me, whom you will hear from later today, making \$30.00 an hour or more who are fearful of this law!

The completion in this industry for servers is extreme! There is no shortage of tipped positions throughout Washington as the opposition will want you to believe. If a person has any experience we are willing to hire.

If the opposition brings up wage theft, that is an enforcement issue and not a wage issue.

The Nation's Capital is not like any of the 50 states! It is where top level business from all over the world is conducted. The hospitality business in DC has grown immensely; attracting all types of restaurants and chefs from all over, even Michelin has come to the Nation's Capital giving out many stars

Intuitive 77 will be the preverbal straw that breaks the camel's back, causing the restaurant industry, as a whole, to change as we know it! Diminishing the level of service and number of restaurants that the nation's capital is known for!

Thank you for letting me and others from the hospitality industry to testify before you today. We appreciate those of you who have taken a stand with us and I hope those of you who are on the fence will really take to heart the message from the workers themselves who are directly affected.

Not overturning intuitive 77 will destroy the livelihood of many individuals, families and business throughout Washington DC, our nation's capital.

First and foremost, I would like to extend my deepest appreciation to all of the members of our council that stood in support of Tipped Workers in Washington, D.C. against Ballot Initiative 77. To: Chairman Phil Mendelson, Chair Pro Tempore Councilmember Kenyan R. McDuffie, At-Large Councilmember Anita Bonds, and Ward Members: Jack Evans, Brandon T. Todd, Trayon White, Sr. and Former Mayor and Chairman Vincent C. Gray-Thank you for listening to the Workers in the District! Thank you for understanding the ill effects that a bad bill could cause if it were passed into law. I am proud and grateful as a resident that as elected officials, you have the clear conscience to protect the income and livelihood of a significant portion of this city's labor force.

To All Members of the Council:

I would personally like to thank you all for listening to Tipped Workers in D.C. and all affiliated groups with regards to Ballot Initiative 77, now being considered as Bill B-22-0913. I am very much respectful of the burden you share for having to reconsider a bill that was voted on by the residents of the District. I am also conscientious of the awesome power bestowed upon you as a body, willfully, by the people to at times, rethink any law that has the potential to add undue burden or outright fail local residents or any group with the intent it was meant to protect or endorse better standards for. I hope that you will exercise your better judgment and do what is best for local workers and residents in the District of Columbia.

My name is Karim Soumah. I was born in D.C. and raised right outside of this city in neighboring Silver Spring. I have lived in Ward 2 going on 18 years and congruent with that time has been my tenure as member of our local service industry. Discounting my first job as a Barista at a local kiosk at the Union Station food court when I was 14, I started off bouncing around as a part-time waiter with "0" to an accrued "very little" amount of experience at a couple of small restaurants to supplement my then part-time job as a legal assistant, before I landed at more "established" and recognizable restaurants downtown where there was a higher volume of foot traffic and established dining crowds. Early on, I recognized that the corporate and stiff environment wasn't for me, but I persevered, because I needed the money. Plagued and encouraged by the hypocrisy of corporate agents; managers played favorites, exploited women, and denied minorities opportunities. If you didn't follow certain rituals like: getting drunk with the managers after work, you were outcast. Plain and simple. By 2008, our nation's economy crashed along with my time in the field of law. I had become a paralegal by then, but couldn't find a job that paid as well as what I had earned before the financial crisis. I didn't have a degree, so I plunged full time into the service industry, but this time, I decided to only work for smaller businesses with owners who had skin in the game and with whom I could have direct contact with if it pertained to anything serious that concerned me. I wanted to work in a safer environment where biases were only related to the effort that you put forth for the business. After my recent experiences, I was looking for a work environment that provided a meritocracy. Fortunately, I worked my way up to a wealth of opportunities through the experience I was able to garner over the years as this moment also happen to coincide with the rise of the small business owned concept restaurants that began sprouting all around the city. I have had the pleasure and have reaped the professional interests of being able to have an in

depth look at how our dynamic scene in D.C. began to flourish! I benefited and gained opportunity under the leadership of small business owners such as Jamie Leeds (Hank's), Paul Carlson (Vinoteca), Khalid and Diane Pitts (Cork Wine Bar and Market), and Ris Lacoste (Ris). All owners continue to hire diverse staffs (with 0 regard for race, gender, creed, or religious affiliation) and provide safe working environments that guarantee a competitive rate and chance for upward movement. They all are involved in their communities and are very mindful of their reputations. They are all very fearful of enforcement measures in D.C. and are respectful of our licensing laws and governance against wage theft and wage inequities. They fear and respect our system, because non-compliance has consequences and is bad for business. Since 2008, I have been able to afford to live in this city. It is not easy, but this industry has allowed me to keep up with the exorbitant costs. In my early days, I was either subjected or witnessed many things that are thankfully less prevalent now in this business. I'm glad to see small businesses swarm into this city and essentially force corporate giants to reconsider investing here. I appreciate how much more evolved we are as an industry anytime I travel. I had to gain a certain level of experience and respect for the business, but all in all, the service industry has been good to me in Washington, D.C.

Simply put: I was, and remain a DEFINITE NO on Initiative 77. It is a bad law that has very incomplete solutions to very complex problems and the organization that has pushed for "Yes" (Restaurant Opportunities Centers) did not take into account the voices and desires of actual tipped restaurant employees. The initiative was poorly written and basically said it was pushing for a minimum wage increase that was already taking effect. And who doesn't want minimum wage increased? Servers and bartenders are not the same tipped employees as those working in nail salons and fast food establishments like McDonald's-and yes, they do deserve a living wage. There should be a distinction made there without punishing restaurant workers. Workers in D.C. know that the damage done by this bill will be irreversible and will stunt the development of one of the fastest growing industries in this city. This is to eliminate the wage credit. This is to eliminate tips. Tips that help me afford a city that has an average rent of \$2,072-743 sq. feet. The median (59% of local residents is \$1, 501-743 sq. feet). To survive you must make triple the amount of your rent in salary. To survive in Washington, you need to make at least \$54, 036-before taxes, not the \$28, 800 40 hours a week at \$15 an hour promises you. That is a laughable solution to a system that already provides people with enough money to live and flourish in this area. I also do not appreciate the divisive rhetoric inspired by the MeTooMovement which has conflated this matter. Is there harassment in the restaurant industry? Hell, yes! There is certainly room for improvement. Some way to fix that would be to stop making women part of the "experience". My colleagues and I universally believe that you should let women and men servers and bartenders wear the same uniform, have equal opportunities for good shifts, and have the same opportunities for advancement. How NOT to protect women? Take away their income. The tacky and nasty politics distorted what could have been very constructive discourse. Instead, ROC spread straight lies to get their way. At any given time they were connecting NO on 77 to Trump, the NRA, racism, to sexual abuse and harassment. They have spent the entire summer telling people around D.C. that the councilmembers that support repeal are the puppets of powerful restaurant owners. ROC is now pushing the idea that only wealthy white people voted NO on 77, and people of color voted "Yes", and that overturn would be racial injustice. That is cynical, opportunistic, and an absolute lie. Again, no one asked restaurant people, who come in all colors and who have all said: NO. This is cheap, and we see it

used time and again (especially by the GOP). Do we really need more lying and misdirection in this town?? If you can't make your point on the merits without lies, then your point is not a good one.

In conclusion: Initiative 77 is a bad proposal that does not support workers in D.C. It should NEVER go into law. It does not "fix" anything and both sides are forecasting that implementing this as law will increase prices, and will make rent hard to pay in this city. This bill will hurt the very people ROC purports that it will protect. It will provide more problems than solutions the proponents are seeking and will create less desirable jobs. This is a hard matter to consider, but the Council MUST REPEAL Ballot initiative 77, because Local Workers have spoken and DO NOT want this.

Thank you kindly for taking the time read this. I appreciate you. Repeal this bill and the Workers in D.C. will appreciate you, more.

Regards,

Karim Soumah

Ward 2 Resident

Tipped Worker: Ris Restaurant –Ward 3

9/17/2018

Sophia Miyoshi

Hello my name is Sophia Miyoshi and I thank the Council for giving me the opportunity to speak on this very important issue.

I have worked in the restaurant industry for seven years. Throughout this time I learned that working in this industry is hard work that requires physical, mental and emotional labor. And that additionally it is one in which abuses, biases and harassment can run rampant. On top of the intensity of our work we also have to sexual harassment from customers, coworkers and even bosses, racial discrimination in hiring and promotion practices, immigration threats, and general daily abuses.

Because of what I experienced and witnessed working in restaurants -- all that was tolerated and normalized -- I wanted to do what I could to help improve the industry that I hold so close to me. I became a member at the Restaurant Opportunities Center and eventually was brought on as a community organizer, which is what my role is today.

I am here in support of Initiative 77.

Councilmembers, I urge you to not repeal this initiative. It's difficult to watch the repeal get passed in good faith when there is evidence of monetary incentives from business owners and the National Restaurant Association. Especially when DC has already cast their vote. There has been a lot of noise on Initiative 77 but we can't forget that at the end of the day it is a progressive policy that will raise wages and lift the floor for low-wage workers.

I am not here to argue tipping practices, although I can tell you I have worked in two states as a tipped worker receiving \$7/hr to \$13/hr and in both places I received a good amount of tips, but I also had a paycheck I could rely on.

What I will say is that restaurant work is a profession, and therefore should be treated like one. Working in the restaurant industry has been highly devalued and many people who are not in the industry do not see or treat these jobs as a career. It is not possible for our industry to be truly professionalized when we are being paid \$3 to \$5 an hour. Professionalism starts with professional wages.

**Committee of the Whole
Public Hearing
Bill 22-913, Tipped Wage Workers Fairness Amendment Act of 2018
Monday, September 17, 2018**

Testimony of Ericka Taylor
Council Liaison, One Fair Wage Coalition

Good morning, Chairman Mendelson and Committee members. Thank you for calling this hearing today. My name is Ericka Taylor and I'm the Council Liaison for the One Fair Wage Coalition.

I'm here to urge you not to repeal Initiative 77. My reasons are numerous, but I'll only address a few. First, replacing the tipped minimum wage with one fair standard is a matter of equity. According to the national think tank, the Economic Policy Institute, DC tipped workers are predominantly women, and they experience a poverty rate nearly twice that of other workers. That demonstrates gender inequity. Additionally, people of color, who make up 66% of the tipped workforce, are often tipped less than their white counterparts, according to a report by Cornell University's School of Hotel Administration. That demonstrates racial inequity. Furthermore, data from the U.S. Department of Labor indicates that, compared to all other states, D.C. has the highest hourly wage gap between tipped and non-tipped workers, at a difference of \$9.86 an hour. That only reinforces DC's troubling status as the "state" with the highest level of income inequality in the country. The tipped minimum wage allows these disparities to persist.

The second point I'd like to make is that I've seen One Fair Wage work. I left DC to attend graduate school in the other Washington several years ago. As was my habit, I tipped 20% or more when I dined out, only to discover that Washington is a One Fair Wage state. Did my tipping habits change? Of course not. And I would hazard to guess that most of you, and most people, in general, don't tip a little less in Maryland than when you eat out in Virginia because Maryland's tipped employees receive a higher wage.

Some opponents of the initiative will point out that many fair wage states have always had pay equity, so their success isn't comparable as they've never had to transition from one pay model to another. New York, however, raised its tipped minimum at the end of 2015—and not only did the sky not fall, but “restaurant workers at full-service establishments saw their average salaries go up 6.4%, a larger increase than in any neighboring state,” according to a policy brief by the Institute for Policy Studies and Restaurant Opportunities Center. This shift didn't cause a decrease in employment, either. Instead full-service restaurant jobs went up 1.1%.

Eliminating the tipped minimum wage is not only the right thing to do, but evidence shows that tipped workers in One Fair Wage states have lower poverty levels than in subminimum wage states. Plus, the tipping rate in those locations is actually higher than in DC.

When this legislation comes up for a vote, please vote on the side of racial, gender, and economic equity. Thank you for your time. I'm happy to answer any questions.

Good morning. First of all I would like to thank you Chairman Mendelson and the entire council for taking the time this morning. My name is Luis Valle and I'm from the metropolitan area. I've been a server for the past 15 years. Earning tips has helped me better myself and have grown. I was able to go to get a higher education because of tips. My parents immigrated to this region in 1994 fleeing the terrorist attack of the shining path in Peru in the early nineties. We came here not knowing the language, without any property and with hope for a better life. My parents work in tip wage jobs and rose to the middle to the middle class. They bought a house and were able to provide for their children. They are the American dream and was done because of the tips they earned. My parents couldn't afford to pay for my college education but insisted that I attend college. I applied for some scholarships, grants but that was not enough. I entered the hospitality business and was able to pay for my education from the TIPS I earned. Currently tips is helping provide for my family. I too I'm living the American because of the opportunities that the hospitality business provides and the advantages of earning tips offer. I believe Initiative 77 detrimental to this city and the employees that work in this industry. After the primary election I notice that people had decreased tipping or even didn't tipped altogether. One person even thanked me for the raise I received and drew a line across the tip portion of the check. I don't see myself being able to support for my family with initiative 77 as a law as I'm able to do it right now. If initiative 77 is not repealed I have to ask myself a life changing question, Do I leave the city that I love and have worked in my entire adult life and find employment in Maryland or Virginia or do I get a second job in the District spent significantly less time with my family. I'm a career server and very proud to be one. I work hard like many servers around the city and they don't want Initiative 77. Please listen to the servers that work in this industry every day. Hear our voices. Don't let some out of state group who doesn't understand this city put our livelihood in jeopardy. The council has always look out for the best of the people and the city. They have always done the right thing even when the best thing was not popular. Most of you know that initiative 77 is bad and that's why you were against it. I'm just asking to do the right thing. Please give the residents the same opportunities as my parents had. And don't let their hard work to better their family go to waste. Please repeal initiative 77.

Luis Valle

Sheena Wills, Bartender DC9 Nightclub

September 17, 2018

AGAINST Initiative 77

Mr. Chairman, council members. My name is Sheena Wills and I am a tipped worker at DC9 nightclub and resident of ward 1. I am here today to advocate for the repeal of Initiative 77. When I first learned of it, I did my own research. I spoke with my friends in other so-called one fare wage states. Their stories were all the same. They made more money hourly, but their bars and restaurants are switching to more fast-casual models so there isn't a need for as many servers. A close friend that moved from DC to the Bay Area said to me that he is not making as much money there as he did here. He works in a restaurant that isn't open 7 days a week to offset the costs of having a full staff. He told me stories of bars and restaurants that instituted a tip pool as a solution only to have owners and managers skim off the top and steal their tips. Everything that the ROC claims that Initiative 77 would eliminate is still happening to tipped wage employees.

So we tipped employees of DC set out to inform the public of what we learned by making our own t-shirts and wearing our buttons and volunteering at events to let the public know how we felt about the ROC and the falsehoods they were spreading. How a member of their board of directors admitted on video that they project a lot of DC businesses will close and it will take time to recover. How they say they are representing workers, but when workers tried to RSVP to a community breakfast to try and meet their founder Saru, we were denied entry.

We reached some of them and are grateful that they sided with us. Those that believed the gaslighting and race baiting tactics of ROCs campaign turned vicious. I was verbally assaulted at the polls; my friends were called racists and many horrible names simply for disagreeing with the ROC. They took a couple sad stories of people that had unfortunate incidents and turned our neighbors and regulars against us. The council is our last hope of being protected from becoming another notch in the ROCs belt. The tipped workers of DC would love to work with the council to implement laws and protections for workers that improve our industry and our city. Please listen to the majority of workers and stand with us. Repeal Initiative 77.

Thank you to Chairman Mendelson and the committee as a whole for giving me the opportunity to speak today about my experiences as a tipped worker and why I think Initiative 77 is a bad law that needs to be repealed.

My name is Elizabeth Palumbo, I was born in DC and have lived in the city for 14 years. I currently live and work in Ward 5. I began working in the food and beverage industry in the early 2000s, eventually leaving college in order to work in restaurants because I was making great money and developing my skills in hospitality. I loved what I was doing and I was good at it. Over the years I've worked as a host, food runner, barista, server, bartender, floor manager and even done some prep work in the kitchen. The more skilled I became, the more opportunities within the industry became available to me, just like in any other professional field. Over the last decade I have worked exclusively in restaurants in Wards 5 and 6. I'm currently the tasting room manager for DC Brau Brewing and a tipped employee. Without the schedule flexibility and on-the-job training of the hospitality industry, I wouldn't have been able to develop the skills necessary for me to hold my position with DC Brau.

The current tipping structure has not only afforded me the income necessary to live in the city for the last decade and a half, but also allowed me the learning opportunities and schedule flexibility that led to my current position. I was able to represent DC Brau at beer events and festivals, which in addition to building my skill set, also allowed for networking opportunities. I had availability to lend a hand on the canning line on extra busy days at the brewery, or work a private event. My willingness and ability to participate in all of these things certainly played a part in my employers decision to to ask me to manage the tasting room when the time came.

I've worked in the industry for some time now, and I've watched as my peers began opening bars and restaurants of their own. I've seen the culture begin to shift in the right direction, with many of the newer owner/operators leading the way. So many of us have worked so hard to make DC's food and beverage industry what it is today. which is why we are asking for a repeal of 77. We know what is needed for our industry to progress, and it's not a higher hourly rate or the abolition of tipping. Please respect the workers wishes and the wishes of all who support us by repealing initiative 77 so that we can find a solution that works for all of us. Please respect that we know what's best for our industry and help us to make changes that would actually benefit us, rather than allowing the general public to decide the fate of our livelihood.



Carla Snider <carla@martinstavern.com>

Alejandros statement

1 message

Martin's Tavern <alejandro@martinstavern.com>
To: Carla Snider <carla@martinstavern.com>

Mon, Sep 17, 2018 at 8:18 AM

Alejandro is my name I work at Martins Tavern for more than 13th years. i started working as a assistant server in 2005. When I started working assistant server my wife and I got two kids I was making approximately \$18 to \$20 dollars per hour including tips and hourly paid,making this income I got to be able to paid Insurance for my kids and plus Oder expeensives, Family keeps growing!! feel the need to work my way up and started working as a server 3 years later finally I hit the goal doing server and I was able to bring the income to afford the family however in the next ten years family grew up by having more kids and moved from server to ten bar on weekends plus working full time manager and same establishment during the weekdays,, However now with the initiative#77 taking away the tips for the people Work in the restaurant industry making 15\$ hourly paid im sure I won't be able to afford the family not even paid my insurance do I get any benefits from the 77? No i don't

Now Ama start thinking in working numbers In my head sure I'm gonna have to find some other job to do in addition from what I do because I'm very sure if the 77 pass all mom in pop restaurant will go out of business and sum other ones will raise the process in the food people will leave unhappy with the survice will lose the motivation for not making tips, as a manager running restaurants I'm sure no restaurant will afford to pay that money in pay roll however I'll invite as a resident in the DMV to vote against the 77 and rejected and we'll keep the system we have is not broken.

Sincerely Alejandro Villanueva

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Council Witness Testimony: Valerie Graham

Witness # 30

Thank you, Council Chairperson Mendelson, Council Member Bonds, Council Member Evans, Council Member Gray, Council Member MacDuffie, Council Member Todd and Council Member White for listening to tipped workers and co-sponsoring the Bill to Repeal Initiative 77. Council Member Allen, Council Member Grosso, Council Member Nadeau and Council Member White, thank you for your support of tipped workers in the months leading up to the primary election and for listening with open minds today.

Thank you, Restaurant Opportunities Center for raising consciousness about tipped workers within our industry who are not thriving and for getting people talking about possible solutions to important issues within our profession. While I disagree with your rhetoric and your tactics, and am strenuously opposed to the dishonest, damaging and poorly worded initiative that you managed to get on the primary ballot, I applaud your efforts to amplify the voices of bar and restaurant employees who are struggling.

My name is Valerie Graham, and I am testifying today in favor of the Repeal of Initiative 77.

I grew up in Montgomery County, Maryland. I've lived in Ward 4 for 20 years, raised my daughter, now 22 years old and a recent college graduate in this city, tended bar in dc for over twenty years, sometimes as a source of secondary income and at other times as my primary employment. In my two decades in the industry, I've worked at different types of places, from dive bars to casual fine dining. I've served customers at the Rock Sports Bar across from the MCI Arena, Velocity Grill (Inside the MCI Arena), Chi Cha Lounge, Melios Greek Restaurant, Republic Gardens, Colonel Brooks Tavern, Johnny K's, Gazuza, AIR, Science Club, U Street Music Hall, the Drink Company Pop-Ups, Primrose and Jack Rose Dining Saloon, which is my current full-time place of employment. While most of my experience has been behind the bar, I have also worked a bit on the management side. Bartending has given me an opportunity to earn much-needed primary or secondary income while offering me the flexibility that I needed to balance my financial and familial responsibilities.

In my experience within this industry, I have worked with people from all walks of life. I've worked alongside people who were raising families, supporting themselves through school, earning income that allowed them to pursue their passion in the arts, starting their own businesses, preparing for their dream jobs or a big move. I've also worked with returning citizens and people who were working to transition from life crises, including sudden job loss and homelessness. The diversity of our industry and low barriers to entry have made it possible for people to create new beginnings in their lives. We are not voiceless victims. We are not wage slaves, manipulated into supporting our owners' interests. We are not selling our bodies for tips. We choose this industry, with full knowledge of the pay structure, because it works for us. We choose these jobs because the majority

of us make far more than the standard minimum wage. We are rational actors making economically sound decisions that work in our lives and it is insulting to suggest otherwise.

The DC Bar and Restaurant Industry represents a complicated economic ecosystem. Over 90 percent of our restaurants qualify as small or family-owned businesses. Bars and restaurants employ thousands of people and use the goods and services of a vast array of purveyors, many of them locally sourced. Our thriving industry has supported the growth of local breweries, wineries and distilleries. Many of our beloved restaurateurs have gotten their starts working in the DC industry. Any significant change to the operating budgets of every restaurant in our city will have a ripple effect that negatively impacts one of the largest job-creating sectors in our local economy. This is not good policy.

The fact that there are individuals in our industry who are struggling to survive is indeed a social justice issue that deserves to be addressed in a thoughtful and impactful way. Initiative 77 does not accomplish this. The interests of the most vulnerable in our community will not be well-served by the dismantling of our industry. With Initiative 77, ROC uses an axe where a scalpel would be more effective.

Almost quadrupling front-of house wages over a period of six years represents a massive disruption in the way restaurants and bars operate. That money has to come from somewhere. Revenue is not infinite and there is a threshold of price increases beyond which customers will make different economic choices (e.g. going out to eat less frequently). Right now, management teams are developing contingency plans in the event that Initiative 77 goes into effect, and as you can imagine, it involves doing more with less. It means that back-of house workers will see their wages stagnate and be required to absorb more duties. It means that there will be fewer opportunities for staff to transition into management opportunities. It means reduction of hours and elimination of positions. It means that some family-owned restaurants will not survive.

ROC is fond of citing their own questionable statistics, accusing tipped workers who are against Initiative 77 of being manipulated by our nefarious owners and managers while demanding that we provide statistical proof that their referendum will have a damaging effect on our industry. The burden of proof is not on us to prove that our community and our colleagues will be negatively affected. We are not the industry disruptors, moving state by state to impose a one-size-fits all solution on diverse and complicated economic systems. We know our jobs, our city and our industry. We know what is best for us.

Initiative 77 is a bad law. It was poorly written and seems to have been deliberately crafted using confusing language—two thirds of the initiative are already established as law—and without any acknowledgement of the elimination of the tip credit. The opposition to Initiative 77 among tipped workers is loud and clear. This initiative will hurt us.

Please listen to tipped workers and vote in favor of the Repeal of Initiative 77. Thank you.

Good morning City Councilmembers, thank you for giving us the opportunity to speak about the repeal of Initiative 77. My name is Brett Johnson and I am a bartender at Larry's Lounge and DuPont Italian Kitchen. I live in Ward 5 and work in Ward 2. I have been a resident in the District of Columbia since June of 2006 and have worked as a tipped employee for over 10 years. I am proud to call the District home. I can walk through any neighborhood I have lived or worked in and I run into friends. Friends to me are regulars I met in the District, friends I knew, and businesses that were able to stay alive or gain strength. If Initiative 77 takes effect I will not be able to have these amazing District experiences I have had, due to money loss.

I understand that all voters were allowed to vote but not enough voters represented and not enough voters knew the facts. The voters not know or understand, barbacks and food runners make an hourly wage and sometimes get paid more than servers and bartenders because most places tip out what sales or service or time is used. It is absolutely strange to put tipped employees together. I do not work in a hair salon and sometimes I work at a bar, without support staff and not a restaurant. Not all tipped positions are alike, and I don't believe it makes sense to place all tipped employees under the same payment structure. This is where I lose the people trying to put tipped employees and the District into a certain place and payment plan.

I have always worked for locally owned and operated businesses in the District and I'm more afraid of losing local businesses because of what the District of Columbia decides. If local businesses cannot afford hourly salaries for the people in their business then service will go down and eventually close. To me the District of Columbia, the place I call home, could lose so many talented people and local businesses due to this Initiative 77. Thank you for the time to listen to our voices.

Justin Robinson

Good Afternoon,

Thank you Chairman Mendehelson and the Committee of the Whole for allowing me to voice my opinion on this very important issue. My name is Justin Robinson. I am a native Washingtonian, Ward 1 resident and a full time tipped worker for the last 8 years here in D.C.. I currently work as a bartender at the 9:30 Club in Ward 1 and also as a server and bartender at Rose's Luxury in Ward 2.

I am here to ask you to vote in favor of the Tipped Wage Workers Fairness Amendment Act of 2018 because I believe that allowing Initiative 77 to take effect would represent a true threat to the thriving restaurant industry here in D.C..

As minimum wages have gone up in places without a tip credit, restaurants there have had to find ways to cope by doing things such as:

- cutting hours
- moving to counter service (including a new concept called "fast-fine" dining) instead of full service
- eliminating tipping in favor of a service charge
- And worst of all letting staff go or closing their doors altogether.

These effects are very real, and even some proponents of the initiative acknowledge them as necessary evils to make sure everyone is guaranteed the minimum wage. The problem is that under current law passed by this council that guarantee already exists.

Last year the Department of Employment Services commissioned a study examining the minimum wage in D.C.. In their analysis they estimated that almost 25% of restaurant workers experience some sort of wage theft. However, of those 8,214 workers paid below the legal minimum wage, roughly 70% are not tipped employees. The rate of minimum wage violations for tipped restaurant workers comes in at a much lower 10.2%.

Make no mistake, I want those people to earn the wages they deserve and for their employers to be held accountable, but initiative 77 does not do that. Instead of focusing on that 10% who need help, it forces 100% of the restaurants and bars in D.C. to deal with the negative consequences that come with losing the tip credit, while doing nothing to stop the employers who are stealing wages from tipped and non-tipped employees alike.

I understand why the prospect of overturning an initiative passed by your constituents gives you pause. I've even heard it compared to how Congress meddles in our local affairs. To that I would say that unlike Congress, we actually voted for you to lead us. It's moments like this when that leadership is needed most. My industry, my livelihood, and my ability to continue to call Washington, D.C. my home deserve more thought and consideration than a simple popular vote.

Thank you Chairman Mendelson, and the council as a whole for listening to tipped workers and introducing the bill and giving me this opportunity to speak on why I want initiative 77 repealed for myself, my family, and my future in The District.

My name is Dawn Williams, a Ward 5 resident for 6 years, and a DMV area resident since 2003. Starting in 2004, in my 2nd year at Howard University, I began supporting myself as a part time tipped wage employee.

I never planned on this being my career, it's not why I came to DC or went to Howard, but it is the pathway that was created because of the tip credit. I was working part time paying rent while going to school. But when I realized I really loved my current job, I decided to stop taking out student loans and turn this part time job into a full time career, and I was great at it. That decision changed my life. I stayed in DC, I started a family. My son starts Pre-K3 at Langley Elementary soon, and all of this, my life as I know it, is happening because of my work ethic and the respect it has earned and the tips that I have made because of the effort I put in everyday.

77 is a harmful law that doesn't address the issues it is claiming to fix in a meaningful way. 77 throws money at problems and has no actual policy that might help workers. DC already has a law saying tipped employees who don't make minimum wage must be paid the difference, so we are already guaranteed minimum wage. So I have to stop and ask, why? If so many people, tipped workers, like myself are against it, who is this for?

If someone wants just to make minimum wage, there are jobs for that person. But the time, thoughtfulness and energy that I give to my career everyday, deserves a greater potential than minimum wage and what I bring home in tips reflects that.

Hospitality is a skill that I developed with time, patience, and practice. It takes specific types of individuals to succeed in this profession. This career wasn't made for everyone. It is more than just a job to me, hospitality is my life and my livelihood.

A tip credit system has given me more freedom in job flexibility and a greater growth potential. It has created an industry where there are more potential jobs because we aren't limited by a flat unlivable wage for all of us, that means more potential for people to get hired. The lower base wage creates more jobs which translate to more potential tips. And that for me has always meant I have made more money than the minimum wage was offering. This is also creating more opportunity all across our city as it grows and small local ownership is becoming the norm.

To know what hospitality workers really need requires the lived experience of people who do this everyday. I thank the voters who thought this would be helpful, but unfortunately they were voting for a poorly and naively written law that will not be proactive in any way for DC's growing restaurant and bar industry.

I want to continue to grow my career and family here, my tips make that possible, but without the tipping system I would absolutely consider moving elsewhere with my family. That's not what I want but if 77 is not repealed I would rather do that than risk losing hours, shifts, and income.

I want 77 repealed so that we in the hospitality and nightlife industry can work together to create solutions that work for everyone involved not some outside interest group who knows nothing about us and who we are. I thank you for introducing this repeal because it is a first step in the right direction to keep this bad law from slowing or even stopping our potential growth together as a city and our industry community.

**Testimony to the DC City Council Hearing on the Proposed Repeal of
Voter-Approved Ballot Measure INITIATIVE 77
17 September, 2018**

Thank-you Chairman Mendelson, Committee members and all members of the DC Council for this opportunity today to share my views and experiences, the reasons I voted for Initiative 77 to phase out the sub-minimum wage for tipped workers, and the reasons I think the proposed Bill 22-913 to repeal the resulting Minimum Wage Amendment Act of 2018 would be both a terrible injustice on the issues, and a grave political error in our current context.

My name is Ann Eveleth. I live in Petworth, as a resident of Ward 4, where I am a registered voter. I am also currently employed as a restaurant server, and I have worked in the industry for more than 15 years spread across my working life, including nearly six years here in the District. The proposal to overturn the will of the majority of voters who supported Initiative 77 not only threatens the benefits I expected to gain as a restaurant worker by having my industry (finally!) upgraded to 21st century labour standards, but also directly threatens to flush my own vote in favour of the initiative down the toilet, along with those of the other 47,229 voters who will be retroactively disenfranchised by such a move, especially in most of the NE and SE quadrants of the District. Those are, by the way, the quadrants whose demographics are most represented as workers in the restaurant industry here.

I am here to testify strongly in favour of Initiative 77, and equally to strongly oppose the proposal to OVERTURN THE WILL OF THE VOTERS in a District where we are already subject to the inequity of taxation without representation in Congress; already subject to a semi-colonial "caretaker" relationship with our federal government as a result of this lack of statehood, and currently ruled by a semi-literate proto-fascist in the White House, whose own party cannot even hold back his dalliance with noxious forces ranging from the Charlottesville KKK to Russia's modern Czar Putin. Even before discussing the reasons why Initiative 77 and especially the underlying commitment to the "radical notion" that the BOSSES HAVE TO PAY THEIR WORKERS is important, I am first compelled to express the shock and outrage - and deep concern - that I felt upon hearing that this Council was even considering overturning a popular vote. Here. In this Solid Blue District. Now. Under This Administration. This Lawless Administration that is flushing everything but the kitchen sink down the toilet. Except the one thing it can't yet flush - Our Right To Vote. Unless we let them take that too. Unless this Blue Council wants to hand THAT privilege to THIS White House? Has anyone involved in this current proposal stopped for a moment to consider what else might be inside this Pandora's Box? With all due respect, I must ask: Really?

I began my first restaurant job as a high school student in downriver Detroit, as soon as I was old enough to legally work in something better than the farming jobs that we were able to find as kids. The so-called "tipped minimum wage" then, in the 1980s, was about \$1.85/hr federally. Today, in 2018, more than 30 years later, it still sits at \$2.13/hr. That's basically an increase of ONE PENNY A YEAR OVER THREE DECADES in the federal minimum wage for tipped workers. Which is an interesting time period for that to happen - or shall we say, for nothing to happen, to change the archaic practice of enabling employers across large swathes of the service sector of our economy to simply NOT PAY WORKERS ANY SIGNIFICANT WAGES, FORCING US TO RELY (EXCLUSIVELY IN PRACTICE) ON THE WHIMS OF CONSUMERS FOR OUR LIVELIHOODS. It's an interesting period because its also roughly the same period in which the service economy massively outpaced, and replaced, the manufacturing base of our economy as a source of employment. We've seen a microcosm of this in the shorter time-span since the Great Recession of 2008, as many people who lost jobs across the economy mostly ended up finding

their recovery somewhere in the service sector - and often in the restaurant industry. Especially women. Women just like me.

I worked my way through college on a string of service jobs as a mostly tip-based worker. Then I went to the UK and worked in pubs for a solid hourly wage plus tips, while I worked my way into my chosen fields. And then I moved on to other work, in other places. I moved back to the US right into the headwinds of the recession, and when the job that brought me to DC went pear-shaped, I headed back into the restaurant industry, like many others. If I hadn't generally been one of the luckier workers in the industry to the extent that on balance I have earned above minimum wage, and sometimes well above it, I would not have relied on it to finance my education, nor would I have returned to it after other years spent in salaried work with real benefits. So my story is not one of consistently low earnings, but I have definitely passed through places in the industry where the combination of low price points, poor location, inept management and economic fluctuations ensure that many of the most vulnerable categories of workers DO CONSISTENTLY STRUGGLE TO MAKE THE MINIMUM WAGE. And I have personally worked MANY shifts where low volume and over-staffing by management have ensured I earned less than half the minimum wage, so I do know how that feels.

However, speaking of consistency, the fact that I cannot be sure from one day to the next, one week to the next, let alone one month to the next, what my income will be makes it almost impossible to manage long-term questions like debt or other financial planning. The oft-cited provision that employers of tipped workers "have to make up the balance" if our tips do not bring us up to minimum wage is basically a joke - on us. They get to average it out over a pay period, so even if you work an entire week in a dead zone (like a snowstorm or a hurricane where you are sometimes still expected to get to work even tho there are no busses or trains, and taxis can charge you a \$15 fee just to get into the cab, only to wait out your shift with no customers), as long as you have a couple of good days the next week, your paycheck will still be a big fat ZERO!

Zero paychecks! That's what I get mostly. In August (a slow month for the DC restaurant industry) I got my first two direct deposits ever from the job I have worked for nearly three years. One was \$4 (for two weeks' pay); the other was \$40. Only because it was a really slow month. Do you really think in three years there were no other slow periods? But at least my current employers are trying - thanks to ROC and others who fought (against the same people who are leading this fight to suppress our wages) to force the industry to pay us sick leave - I actually received my first paid sick leave ever in this industry a little while back. It was only the minimum wage, but I was really grateful to have that money to make up for the days I couldn't work. So many other times over the years I've just worked when I was sick, coughing and spluttering and feverish and vomiting. The same people who are leading the fight against one fair wage for all also fought against paying us sick leave.

Then there's the restaurant owners who really are not trying at all. I had one who paid us all as "independent contractors". Yes, of course it's illegal. And you can make a career out of taking that fight through the system - or you can just find another job and keep moving. If you can.

The idea that restaurant workers have the time, or the power, to individually fight their employers over the calculations of every single paycheck is a fantasy. We shouldn't have to. If they were required by law to pay us a regular minimum wage that was not dependent on our tip income, we wouldn't - there wouldn't be so many slippery loopholes for our money to fall through. And we also shouldn't have to compete with our co-workers over shifts, sections and other inequities that are exacerbated by the fact that every shift brings the question: "To earn or not to earn? Will I make enough to pay for my transport today?"

Restaurant service work is a highly-skilled profession. Servers and bartenders are not typically the high-school kids you might find working the till at a counter. We are expected to bring knowledge, skills and experience with us to the job, and to acquire more of all three in short order to keep our new jobs. These are not minimum wage-level positions. We deserve to be paid BOTH a full minimum wage AND tips - and the people behind this push to suppress our wages are saying we are not worth it, so we have to choose. They are wrong!

I sympathise with those of my co-workers in the industry who think they are on the right side of this issue by opposing Initiative 77 on the grounds that they fear losing more lucrative tip income if our wages are normalised. It's a reasonable fear - but it is also unfounded, and heavily propagandised by the very people who have been suppressing our wages forever!

The National Restaurant Association ("the other NRA") has been representing big corporate restaurant interests on K St for decades. They - and their notorious one-time head and ill-fated Republican presidential contender Herman Cain - have been single-minded in their loyalty to the grand ole antebellum "tradition" of building an entire industry's business model around the principle of unpaid labour. And they have buttered a lot of politicians' coffers to keep it that way. For decades. They are behind this push to OVERTURN THE WILL OF THE VOTERS OF THIS DISTRICT. And they have been behind every push to undermine voters in every state that has attempted to flush out this antiquated system, from Maine to Minnesota to Michigan, and now DC. Their fingerprints - inclusive of an extraordinary amount of anti-union, anti-labour rhetoric - have been all over the so-called "Save Our Tips" campaign from Day 1!

I also have sympathy for those decent employers among the small business owners of the industry - for the bosses whose workers like them so much they want to defend them. In an industry with more than its fair share of scoundrels, it's only natural to want to protect an establishment where things are better than most. But if not paying workers, and making all workers rely on the whims of customers for their livelihood, was really the only possible business model, it would already be extended to other industries. It's not. (Although who knows - the NRA and its allies on the far-right of the political spectrum are still promising to rescind the minimum wage entirely, so maybe if they get their way here, it'll give the whole idea a boost?)

Where there is a will to find a workable business model that does not rely on unpaid labour, there will be a way to make it work. I am confident that those owners who really do have the best interests of their workers at heart will start working on finding it when they have a definite time-frame in which they must do so. But I am also confident that despite its propaganda, the NRA and its multiplicity of sub-groups, front-groups and astroturf groups in DC (and coming in from other states to muddy our waters here) do NOT have the interests of these "better than most" genuine small business owners at heart. They certainly do not have our interests as workers in the faintest reaches of their sights.

This issue both IS and IS NOT about the DC restaurant industry. It's about us because we stand to benefit from a process that will finally end a vestige of our feudal past, and because we will have to find a way to sit down and make a roadmap to ensure the best possible outcomes for everyone. But it's also not about us, because this is a national issue. It's about the rights of workers across this country, across a service industry that is gobbling up all employment prospects, and shunting us between relying solely on the whims of customers through tips, on the one hand, and radical casualisation, outsourcing and "the gig economy" on the other. A booming service economy in which workers literally have NO RIGHTS. While the NRA and other K Street lobbyists spin tales about non-profits like ROC "building unions" (horrors!).

And it's about MUCH MORE than us if this Council votes to OVERTURN THE WILL OF THE VOTERS in this solid blue district, inviting every single red dot on the map to do the same.

I urge this Council to abandon this proposed act to disenfranchise DC voters in respect of the vote to approve Initiative 77, and to instead work with the relevant parties to find a path to implementation that addresses all legitimate concerns.

Thank-you for your time and consideration.

Ann Eveleth

Monday, 9/17/2018

Room 500

Bill 22-913, Tipped Wage Workers Fairness Amendment Act of 2018: Committee of the Whole
Public Hearing

Chairperson Mendelson and members of the committee,

My name is Nathan Luecking, I am a Ward 6 resident and a school social worker at Anacostia High School. I am speaking today in support of initiative 77.

As a high school social worker in Ward 8, a big part of my job is to help students manage the difficult circumstances of poverty. The reality is, a great many of our Ward 8 families are reliant on single-parent income from low wage work. Many of these jobs fall under the category of "tipped wage" earnings.

While various barriers discourage our parents from working at the high-end restaurants uptown (transportation, distance, zip code and class discrimination), there are often jobs available in Ward 8 as hairdressers, nail technicians, parking lot attendants, and food delivery drivers, all of which are considered tipped wage work in DC.

I'm reminded of one parent in particular, whose daughters attend Anacostia High School. Her girls brag that she is the best hairdresser around, and all the young ladies want her expertise before the first day of school. Mom does well on tips when folks have money to spend, like back to school, or after tax refund season. However, for the rest of the year, she struggles to make predictable income, and some months she can't pay rent or utilities.

While Mom is dependent on tips from her customers, her employer gets paid regardless of whether her customers tip well or not. She would frequently be in disputes with her employers over what she was owed, versus what she was paid. Because of her tipped income, there was some gray area that her employers would exploit.

When Initiative 77 passed I was excited, finally higher, more predictable pay for our ward 8 families! Now mom would be able to bank on a steady income stream, and her employers would have a harder time denying her earnings.

I was also excited for Ward 8 residents who followed 77 closely and made their voice heard at the ballot box. Anacostia High School is a polling place, so I was able to chat with folks after they cast their vote. I remember talking to a grandma and her daughter who voted yes on initiative 77, and were hopeful that it would pass. They had been Ward 8 voters their entire life and grandma voted in every election since the 70's.

Clearly I was horrified to discover that City Council was moving to repeal the decision that my home Ward, and work Ward overwhelmingly voted in favor of. For City Council to reverse the will of the voters, assumes that Ward 1, Ward 4, Ward 5, Ward 6, Ward 7 and especially Ward 8 residents either voted for something they didn't understand, or naively voted against their interest. This is both condescending and anti-democratic. For anyone who thinks Ward 8 voters

are not paying attention to this issue, they are underestimating what happens when you play with a Ward 8 voter's money. If City Council repeals this law, it will be a dark day for the Council and one that voters won't soon forget.

Thank you for allowing me to speak.

Nathan Luecking, LICSW



- Thank you, Chairman Mendelson and the Committee of the Whole / DC Council, for allowing me an opportunity to share my comments on Initiative 77. I am here today to testify in FAVOR of Initiative 77's full implementation.

- My name is Gregory Cendana, I live in Washington, DC in Ward 8 and I go to restaurants, tip all the time and will continue to do so even as there are more efforts like Initiative 77 that are part of a larger vision to eliminate the two tier tipped wage system that disadvantages working families in the restaurant industry, particularly women and people of color.

- As a DC resident for more than 10 years and a voter who voted in favor of Initiative 77, I want to start by saying that repealing Initiative 77 would be Undemocratic.
 - It disheartens me to see such a move by members of DC Council to undermine the will of the voters, especially when they understand the long and ongoing fight for DC Statehood where we have taxation without representation.
 - Furthermore, as co-chair alongside Heather Lavery of the DC Asian American and Pacific Islander Democratic Caucus, repealing Initiative 77 would do what our caucus works to combat each day--the disempowerment of voters, particularly Black voters and other voters of color in a place that touts its diversity and prides itself in pushing progressive legislation.

- In a majority of occupations, workers are not reliant on tips to supplement their wage.
 - When I go to clothing or other retail stores, I engage with customer-facing workers, but I'm not expected to tip them to receive service, let alone pay a portion of their salary.
 - As a business owner myself and President of Can't Stop! Won't Stop! Consulting, I understand the importance of creating jobs, my responsibility to pay those wages and at a rate that matches folks across the industry and workforce.
 - In non-tipped industries, employers are expected to pay their workers a living wage, \$15 by 2020. It should be the same in tipped industries--tipped workers should phase into earning the same wages as the general workforce.
 - I strongly believe that we should not only care about the vegetables and the animals that we are eating, but also about the people who are bringing that food to our table.
 - This is why I was one of the people who helped organize "dine ins" at restaurants in DC like Florida Avenue Grill in Ward 1 and Le Mirch in Ward 2 that are high road employers who are supporting their employees, taking the lead in offering One Fair Wage and serving as an example for the industry.
 - Initiative 77 is critical for the single moms in DC who are raising kids off tips and are living in poverty at 3 times the rate of the DC workforce or the Lesbian, Gay,



- Bisexual, Transgender and Queer community, which I am also a proud member, who have to suffer from sexual harassment in order to make a good tip because customers pay their basic wage, not their employer.
- As a former minimum wage worker and as a former tipped restaurant worker that worked in California, I know these realities all too well and have seen firsthand that people do not stop tipping when One Fair Wage is implemented.
 - I support Initiative 77 because when I dine out, I expect to receive superb customer service, but I also expect that all of the restaurant's workers are being treated with dignity and respect and are paid a living wage by their employer.
 - My tip isn't meant to be a substitute for a worker's base wage or a subsidy for employers so they don't have to pay a fair base wage their workers.
 - My tip is meant to be a supplement in acknowledgment of good service – a thank you for the service – on top of a fair base wage the server should be receiving.
 - What many people don't know is that tipping is rooted in the US history of Slavery and started in feudal Europe.
 - American restaurants and railway companies fought hard to keep tipping so they wouldn't have to pay recently freed black slaves who were now employed by those industries.
 - It's unfortunate that the other NRA, the National Restaurant Association, has funded the campaign against Initiative 77 and are filling the coffers of elected officials, including those who offered the repeal legislation to uphold the racist two tier wage system.
 - Since Initiative 77 passed I have NOT stopped tipping restaurant workers when I receive good service and do not plan to do so.
 - We need to defend voters' decision at the ballot box and fully implement Initiative 77, enacting One Fair Wage and providing better wages and better tips for workers across the industry. Thanks again for your time and consideration.

Bill B22-0913; September 17, 2018
Stacy Malary Testimony
Tipped Worker
Ward 3 Resident

Thank you to Chairman Mendelson and the Committee of the Whole for the opportunity to share why Initiative 77 must be repealed. My name is Stacy Malary and I have been a hospitality industry professional for 18½ years and a Ward 3 resident for 13 years now. The current tipping structure has enabled me to build a career in the DC service industry as a direct result of the good wages that I earn from tips. However, enacting Initiative 77 will change all of that. I spoke with many DC voters and guests after the election that were confused about the wording on the ballot, had no idea what a tip credit even was or weren't sure if they should tip at all anymore. Some of my colleagues even received handwritten notes on receipts left by guests exclaiming "YES on 77!" with no tip included for their service. This is why I am here today to share with you the reasons why Initiative 77 must be repealed. Tipped workers are united against this initiative and, unlike what proponents claim, it will negatively impact our wages. I am here, quite frankly, to defend my livelihood.

I am a college-educated woman that chose the profession of a tipped worker in part due to the financial opportunities it affords me. I have spent over 18 years developing and honing my craft, exceptional guest service and knowledge as it pertains to this industry. If Initiative 77 is written into law, you would be pulling the rug out from under me and my earning potential, as well as undermining the effort I have invested in my career for almost two decades. And for what reason? This initiative duplicates already existing law. With the tip credit, DC tipped workers are guaranteed the minimum wage. The Fair Shot Amendment Act of 2016 was signed into law in June of 2016 ensuring tipped employees receive \$15 an hour by 2020.

Proponents of Initiative 77 claim it will eliminate wage theft and sexual harassment, when in fact, it will do neither. Please bear with me for a moment. If wage theft is an issue, then why not specifically tackle it with better regulations and enforcement? If sexual harassment is an issue, then why not educate folks on how to recognize and combat it in the workplace? If my faucet has a leak, I don't buy a new dishwasher. I fix the leak. The truth is, I am aware that wage theft unfortunately occurs and, as with any other industry, sexual harassment is a serious problem. Initiative 77, however, does nothing to combat either. Initiative 77 is just a bad law. Period.

It is the duty of the Council to act in the best interest of the District of Columbia and its residents. Initiative 77 is a bad law that will have negative ramifications across a currently thriving DC restaurant and bar industry, as well as jeopardize the livelihoods of thousands of workers. The Council must fulfill its obligation and repeal Initiative 77. Please listen to the workers. We don't want this law. Therefore, I implore the Council to repeal Initiative 77.

Thank you again Chairman Mendelson and the Committee of the Whole for your time and allowing me the opportunity to speak to you today.

Symone Wilson
DC9 Nightclub
#35

First, I'd like to say thank you to Chairman Mendelson and the rest of the council for giving me the opportunity to speak here today.

My name is Symone Wilson, and I have worked at DC9 Nightclub for 7 years as security, a barback and a bartender. I entered the service industry when I was 21, after dropping out of college due to mental health issues.

This industry literally saved my life. I didn't have a home, enough income, and I struggled to feed myself. I have been more stable in the past few years than I have been in a long time. I can finally afford therapy, to see a doctor a few times a year, pay my student loans and medical bills, and financially support my mother and an ailing brother. It goes without saying that this legislation has upturned my life and threatened the stability I've fought so hard to get and maintain. Any plans I had for the future, like going back to school or moving to a new home, are on hold until this is resolved.

Since 77 has passed, I have overheard or had direct conversations with patrons who have no idea what they voted on. They didn't realize the implications of their vote, or they thought they were voting to uphold what they had previously voted on. They don't know whether to tip anymore, they think the proposed "raise" was effective immediately and just stopped tipping altogether, or they believe this lets them off the hook from tipping at all. Sometimes they leave nasty messages on checks in lieu of a tip. Bolder customers have even made it known in no uncertain terms that they don't believe that I'm a skilled worker and don't deserve the wages I currently make. Any supporters of 77 I have engaged with at work never come from a place of caring, but from a place of disdain or some attempt to "save me".

The opposition has said "don't overturn the will of the people", but that is exactly what they did when they came into town and steamrolled over the wishes of thousands of bar and restaurant workers in the District. The lives and the futures of DC's service industry workers has been put into the hands of a majority that largely don't work in our industry, and don't have the same experiences that we do. It's frightening and infuriating that a vote for a deceptively-worded bill has the power to derail my life and that of others in this industry, and no one seems to be listening to the people who are directly affected by this. We are not children. We don't need saving. We are intelligent human beings who have managed to carve out a comfortable living in a competitive industry.

This initiative has ripples far and wide. To someone like me, who came to this city by myself, the restaurant industry has become my family and support system. I don't want to see that broken up because my friends can't afford to live here anymore or keep their businesses afloat, so I am asking you * to repeal this initiative. There are many ways in which our industry can be reformed and improved, but this bill is the antithesis of that.

Thank You

To the esteemed Council:

My name is Nick Schieber, currently I am a part owner of Jackie Lee's. We are a neighborhood bar and restaurant located at 116 Kennedy st nw in Ward 4. Previously I tended bar at Red Derby, also in Ward 4, for 10 years. I am a CAREER service industry professional and I am here to ask you to repeal Initiative 77.

If implemented 77 will drastically affect the operation of my business. I will be forced to increase prices and decrease staffing. Unfortunately for me, my business model is mainly focused on offering affordable prices, and more importantly on excellent and genuine customer service. We offer \$3 beers (\$2 at happy hour) and affordable food options because it is important for us to be accessible to EVERYONE in our community. Initiative 77 will likely make my business model unsustainable and I fear that if implemented I will be forced to close my business.

I would like also like to add perspective from a bartender's position, as at this point I have had more experience in that role than business owner. Bartending for me wasn't a job as many people in this dialogue have characterized it. For me Bartending was a CAREER, one that I was able to make a good living at. I was able to save up money for a down payment on a house in DC, a feat that many many people in all career fields are unable to achieve in this real estate market. I would not have been able to do that and continue to pay my mortgage on a \$15 per hour wage where tipping culture will likely be eliminated.

There is much more that can be said against Initiative 77, but for brevity's sake I will leave you with this. While it's proponents claim that this initiative will help those in the service industry, in this city with our unique climate of independently owned and operated bars and restaurants where servers and bartenders are making on average \$20-\$40 per hour and owner/operators are working within razor thin profit margins Initiative 77 will do much more harm than good. I ask you to please vote to repeal initiative 77.

Thank You.

Trupti Patel:

My name is Trupti Patel and I happen to be a bartender that is also the candidate for the Advisory Neighborhood Commission 2A03. Before entering the service industry, I unfortunately admit, that I held the prejudices and biases associated with the industry, this isn't a real job, this something you do until you get that real job etc. The hospitality industry would become my primary source of income when my father was diagnosed with stage 4 brain cancer.

In an instant my mid-level management career ground to a halt with finding a source of income that would provide the number one priority of flexibility. The harsh reality and ugly truth was I needed a "job" that would allow me to leave with little to no consequences, minimal responsibility and the ability to get hired instantly.

I'd learn quickly that this wasn't some "job", but an occupation people created a life with, performed the duties with pride and dignity only to have no appreciation, recognition, or gratitude for the work done. Those prejudices and biases I fell prey too would rear it's ugly head as a way for people to justify their disparagement towards someone who provides "service".

The absolute grace and equanimity that members of the hospitality industry display is divinity in action. We will create joyful memories for major life milestones, and provide empathy and support during those bad days. All off this while 1 in 7 tipped workers live in poverty in the nation's capital. The very people who perform an action to make your life easier may not have eaten that day or may be sleeping on the streets.

The last seven years in the industry I have borne witness to the best and worst of colleagues, patrons, and management. An industry where employees are treated with depraved indifference and inhumanity from patrons and colleagues, with the worst of it coming from owners and management.

An industry, where my colleagues would become my family: the ones who would provide sanctuary from the visciditudes of life, the vital emotional support system I still need as I grieve and adapt to a reality in which my father no longer roams this Earth, and the reason I have been able to make a full recovery from a shattered elbow that left me unable to work for 3 months.

Last week my "sister" suffered an emotional breakdown at work. She was at her breaking point to be at work on a day/shift where all of us (2 bartenders and 6 servers) were on the floor for at least 3 hours with no patrons due to bad weather. The indifference displayed by management to all staff that was in clear economic anxiety was the straw that broke the camel's back. To hear "it's just one bad day, it'll pick up later on in the week" is not a comforting response when you're living on a economically precarious shift to shift pay cycle. Demoralized the tears of frustration would become sobs so strong it would wrack her body. I'd learn later on that she had become homeless due to the economic instability of being a tipped service worker and that all of her

belongings were to be auctioned off that day. She was counting on coming to work and being able to earn an income that day-but when your income potential is put at the mercy of the unpredictable factors such as weather, unfair scheduling, and whims of generosity from strangers it's in reality economic roulette each shift. What else could she do, but act like her world wasn't falling apart all and pretend to all those around that everything was fine.

I support One Fair Wage, as it would reduce the exploitation of the most vulnerable and marginalized who are in the shadows struggling to survive. It would reduce economic anxiety and ensure a measure of economic dignity. It forces us all to examine and ask the ever-essential question "What type of society do we want to be?" My moral, ethical and spiritual compass is grounded in the belief that we should and want to be a nation that where anyone who is willing to work hard and work full time they should not have to worry how they are going to eat and if they are going to have a place to sleep that night. It's as Gandhi would say " Be the Change" in the world you want to see.

For supporting One Fair Wage myself and fellow colleagues became targets to online and offline bullying, name-calling, intimidation, and retaliation in attempts to silence us and to stop the movement. One night while out with friends I was nearly assaulted by a fellow industry worker who opposes the initiative. My employer has cut me down to one shift a week for advocating for dignity and humanity in this profession. I'm able to endure the indignities rendered due to the generosity of my surviving parent and the legacy of another parent who passionately believed one's economic status should not be a judge of one's character.

I am before you today sacrificing that one shift to tell you and share the narrative of the most vulnerable, many of whom I work side by side, do indeed exist. I refuse to allow their voices to be diminished and drowned out by the elitist high end tip earners. Your attempt to repeal this initiative sends a message to myself and my beloved family, some of whom are the tired, poor, and hungry of this city and profession that they are inconsequential; that their struggles and hardships to pursue the American Dream and exist with dignity are met with callousness that is inhumane. This is in direct violation to the promise that Lady Liberty sends out to the world when she lifts her torch guiding the way.

Initiative 77 is the response to a racist economic business model that flourishes under deliberate pay inequity. A system designed to keep workers in poverty and economic anxiety. This piece of legislation is a step in the direction needed. The time has come to face and address the challenges a flawed compensation model presents. It reflects a system that does NOT work for everyone. Initiative 77 is not about hurting those who already do well, but ending the last vestige of legalized Jim Crow era practices.

In spite of fear-mongering and deceptive rhetoric on June 19th voters made their voices heard. The message was loud and clear end the exploitation of 29,000 tipped workers and pay them one fair wage with tips on top. The attempt to overturn the will of the people through repeal sets a dangerous precedent, and is blatant voter suppression. Citizens are rightfully outraged that public servants who are hired by them to work for them have been sent a message that DC

voices, especially the African-Americans, do not matter and that the voice of the National Restaurant Association (NRA) is more powerful.

I stand before you in fiery dissent fighting for the industry, the city, the country, the society, and the world I want it to be, and frankly should be. For me that means holding this democratic body accountable to the very people whom you work for and that it's your sacred responsibility to carry out the will of the people and to respect the democratic process.

An entire nation is watching to see if we live up to the founding ideals this country was built on, those same ideals that no other place in the world can compete with. The allure and magic that captivates immigrants with the great "American Dream" and being the "Beacon of Light"

In solidarity with love and loyalty from a 1st generation Indian-American immigrant for those family members--the most vulnerable and marginalized--the voices who must be heard and have a rightful seat at the table.

Testimony for Stephanie Strazisar in support of Bill 22-913, Tipped Wage Workers Fairness Amendment Act of 2018

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406-531-5920 cell

Chairman Mendelson, city council members of the District of Columbia, thank you for holding this public hearing today on the Tipped Wage Workers Fairness Amendment Act of 2018. As a tipped worker, I appreciate the opportunity to testify. I am against initiative 77 and I am supporting its full repeal. And am here to urge you to do the same.

My name is Stephanie Strazisar. I am going to reclaim the number 45, often associated with Donald Trump's presidency, and my assigned testimony number. Apparently, some of the proponents of 77 think that those of us that support repeal are a part of a shadowy, Trump supporter group. Well, I am not a supporter of number 45. I am the proud daughter of a union member and a union retiree. I am also a former union researcher, former fundraiser for pro-choice Democratic women, and former first responder. I have worked in the service industry at various times of my life for 13 years. For the past seven years I have worked as a bartender and server at Meridian Pint in Ward 1 and have worked at 3 Stars Brewing Company in Ward 4 for several years. I currently am a resident of Ward 1.

Most of my income comes from the tips I make at Meridian Pint. I was able to put myself through school to earn a degree with this income and continue to work there as the work available in my field of study does not compensate me enough to live in DC.

I have emailed city council members my opposition to Initiative 77 both before and after the June 19 primary vote and have met with Councilmember Brienne Nadeau and Councilmember Elissa Silverman to discuss my opposition to the initiative. I have attended my ANC meetings as well as town halls. Many of my ANC commissioners are also regular patrons of my workplace.

The initiative language is duplicitous. 77 misled voters to thinking that their YES vote would ensure that minimum wage would increase to \$15/hour throughout DC. It also misled voters into thinking that tipped workers do not receive the minimum wage. The Fair Shot Minimum Wage Amendment Act of 2016 that all of you unanimously supported already guaranteed both to happen. Thank you for your support of this Fair Shot legislation.

The tip credit and fair shot minimum wage amendment puts a "floor" on what I can make. For that I am thankful. But I fear that 77 will put a "ceiling" on tipped restaurant workers wages. There is a huge difference between a minimum wage and a living wage. If tipped workers can make a living wage, then why stifle that ability? Often, we feel forced to defend our livelihoods. The public gets to vote on our income, yet we can't vote on their income.

As I mentioned, tipped restaurant work allowed me the financial means and time flexibility to complete my degree. If small and independent restaurants are forced to cut hours and positions due to 77, I fear my co-workers, including those that work in support roles such as barbacks, food runners, and hosts, will not have this same opportunity.

I also fear that past co-workers that have felonies and have been incarcerated, that rely on tips to support themselves and their families, will have less income and will have difficulty finding other work that supports them. For some, federal financial aid to go to school is not a reality. And while there is legislation to protect against discrimination in job hiring, we all know that there are stigmas and biases that are still faced. I know several members of council are working on eliminating employment barriers for this community.

I fear the same for co-workers that may have difficulty finding work due to their gender identity and expression.

As some of you may be aware, the service industry provides a low barrier to entry for employment. You do not need a degree and you do not need to have perfect English-speaking proficiency. The industry also provides quick upward mobility. I know of co-workers that started working security at the door, as dishwashers, and barbacks, and worked their way up to management. Some even own or invest in businesses now. If hours and positions get cut, and if tipped income stagnates due to 77, the opportunity for my co-workers to grow and improve may not be a reality.

I find some of the arguments for 77, such as its “ability to lessen sexual harassment,” victim shaming. As a woman that has faced sexual harassment in politics, as a firefighter, and in a restaurant, I do not appreciate being victim shamed. That somehow making a higher tipped wage per hour will eliminate this behavior. We have seen in Hollywood and corporate America that this is not the case.

Finally, I am worried about the cascading effects of 77. The “Made in DC” community, to include craft beer, independent distilleries, local butchers and charcuterie producers, farm to table purveyors, etc. depends on local restaurants and businesses for a portion of their sales. Council members fought to support these groups through the “Made in DC” legislation. If their accounts begin to dwindle, as restaurants close, they will also lose business.

I know that many of you are facing some very loud voices at every turn of your support for repeal. Know that we appreciate you listening to us, the workers, and our interest in repealing 77. While it is well intentioned, it creates challenges and problems for our community and does little to solve many of the issues it claims to address. It will jeopardize our abilities to make a living wage and afford to live and work in DC.

Thank you for your time. I am grateful for this opportunity. Please do not hesitate to reach out to me and others after this hearing if you need any additional information to inform your decision-making to overturn 77.

My name is Pearl Rose. I have worked as a tipped worker for nine years until recently, within the last month. I've worked at numerous restaurants from local sports bars all the way to James Beard nominated fine-dining establishments. From my very first job, and through the years, I have been distraught by the income instability and by employers' lack of empathy in following regulations put in place to protect workers' well-being. Woodberry Kitchen was in gross violation of OSHA regulations for bathroom use during my time there, forcing a staff of thirty-seven people to share a single, ill-kept bathroom. They have since relaxed due to pushback from employees. I experienced wage-theft there as well, some of my tip-out going right back into the pockets of its millionaire owners.

I do not feel that the income employers purport upon hiring holds up over time, leaving it difficult to account for basic living expenses. I may be told I will earn \$30 per hour, when on average, including slow nights, it's closer to \$17.

I have worked as a bartender, server and as support staff; busser and food-runner. I can say that support staff, who also depend primarily on tips, are typically paid much less. Support staff are often immigrants, people working more than one job, supporting many others. I don't believe they are being fairly represented in this hearing. I believe they are told they will lose their jobs or much of their incomes if Prop 77 moves forward. I never saw them outside with signs. They are an important part of the tipped workers of DC. They are not here today.

I have been pressured to vote no on 77. My most recent employer required us to hand out "vote no" cards with every customer's check. The Save Our Tips campaigners visited us numerous times, asking us to sign up for their cause or we may lose our incomes or jobs. I received numerous emails detailing how to email my council members and testify against Prop 77. I know of an industry colleague who was let go from her job because she wouldn't solicit customers to vote no. Many of my friends in the industry are pro Prop 77 but scared to come here today. There is misinformation and fear-mongering from the part of employers and restaurateurs.

Tipped workers, especially the lowest-earning ones, are scared for their livelihood to a degree that keeps them from feeling able to speak up. I believe this may lower the ceiling for higher paid tipped workers, such as bartenders and servers, but the median is skewed by the few highest earners. Most tipped workers can't live in the District or live with their parents, I know because they're my friends. I believe Prop 77 may lower the ceiling but raise the floor, the floor on people who support and serve this city every day, and who deserve legislation to show that the city supports them as well.

DC City Council Address

Thea Bryan

September 17th, 2018

I have been bartending on and off for many years. Most recently I have been working at a well-established restaurant called Arucola in Chevy Chase. On a recent Saturday night when it was pouring down rain I made \$27. Not because no one was tipping but because it was dead due to the torrential downpour outside. Why am I not being paid because it's raining? \$3.89 is not a fair wage and it doesn't make up for times when business is slow, like Jan, Feb, Aug, when it's raining, or snowing.

One of the biggest arguments against this is that raising the min wage will lead to job loss, shifts cut, restaurants closing and overall mayhem. Yet the minimum wage in DC has doubled since 2011. That means back of house workers including cooks, dishwashers, hostesses and even some managers have had steady pay increases. We have not seen a massive influx of restaurant closings, in fact quite the opposite. There has been steady restaurant growth over the last eight years, according to Jessica Sidman of the Washingtonian, "Washington's dining scene is thriving. The District's restaurant-tax revenue increased by more than \$41 million from 2011 to 2015".

There has been a lot of conversation as to why more tipped workers aren't speaking out in favor this initiative. I can give you my personal experience which is the endless harassment I have received. There has been a concerted effort to find out where I work. Per the threats people want to come in and "not tip me" or "get me fired". I have felt the wrath of other coworkers, with whom I generally have great working relationships. Only to hear them false claims about I77 being a push to stop tipping. This is untrue. The misinformation on this has been ubiquitous and unyielding. Interesting that the same coworkers fighting against this were just weeks later complaining about not being able to make ends meet with their tips. Fearmongering of the loss of livelihood has caused many to engage in vitriolic rhetoric against anyone who is perceived as a threat"

I want to address some of the arguments against Initiative 77. One of the more absurd arguments is that people will leave DC and go to MD or VA to go out to eat and drink. The

#51 Petra Geier

Good morning, Chairman Mendelson and the Committee of the Whole. Thank you for hearing my plea as to why Initiative 77 must be repealed.

My name is Petra Geier, and I live in Ward 5. I have been in the hospitality industry for 34 years. It is an industry I truly enjoy. I have made honest, fair wages as a tipped employee.

The way our system is currently structured, I can afford to live in a nice house, take lovely vacations, have nice things and even put a little aside as savings. Unfortunately, this has started to change. I have some guests who are currently confused about this new tipping system and even wonder if they should still tip their server, even though the initiative is not yet in full effect.

You must repeal Initiative 77. We, the industry employees who this initiative affects, do not want it. I do not know a single member of this field who wants to see it in action. It will be devastating to our profession. I will no longer be keeping my tips. In order to afford the new wages for all servers, bartenders, bussers, food runners and all other tipped employees, my employer and other D.C. establishments will have to cut hours, food costs, and restaurant maintenance. Quality of service, product and guest experience will suffer.

As a result, not only will I and my coworkers be making lower wages, we'll be working fewer hours. We might need to find other types of employment or other cities in which to work. I made \$27 an hour last year in a profession in which I have learned the details of ingredients and preparation of our food menu. I learned our extensive wine list and hand crafter cocktails. It is a very different environment from McDonald's, where there is no table-side service and no one to personally take care of you. for \$15 an hour, that service that you like and expect will go away. The D.C. restaurant scene, currently one of the most esteemed in the nation, will no longer exist as we know it.

I truly hope this is not the end result this esteemed council is looking for. Please repeal Initiative 77 for me and everyone else in my industry "family." That is how we see each other: Family. Please let us stay together, working here in D.C.

Monday, September 17, 2018

Testimony AGAINST

Bill 22-913, Tipped Wage Workers Fairness Amendment Act of 2018

By

Woong Chang

Good morning, Chairman Mendelson and councilmembers. My name is Woong Chang, and I've been living and working as a tipped worker in DC since 2009. I'm here today, not only as a restaurant worker but also as a deeply concerned citizen, to urge the city council to respect the will of the voters and vote no on this preposterous bill named, "Tipped Wage Workers Fairness Amendment Act of 2018". I wish I could start today by thanking you all for holding this public hearing, but the truth of the matter is that this is a hearing that shouldn't even be happening in the first place. We are gathered here today to discuss whether our elected officials should overturn the result of a democratic election—the exact same election where you were voted into the office. I surely hope that you notice the unbelievable level of hypocrisy here. As a tipped worker, I'm extremely disappointed, and as a citizen of DC, I am outraged by this despicable abuse of power.

Let's be crystal clear on something here. At the CORE of your job, as an elected official, is to be the voice of the people you represent. By repealing this initiative, you are violating the most essential part of your job responsibility and going directly against the will of the people whom you are supposed to represent. I would consider that gross incompetence and consider anyone who votes for this bill to be unfit to be an elected official. Please do not forget who you work for in the first place.

I'm personally having a hard time understanding why we are still discussing the merits of this initiative today. We've had this discussion many times before today. We've debated, argued, and disagreed already. At the end of all of this, in clear and definitive terms, the voters of DC have spoken. 7 out of 8 wards voted in favor of Initiative 77. We, your constituents, have decided that we should eliminate the tipped minimum wage. The citizens have spoken, and your job, as our democratically elected officials, is to carry out the will of the voters, PERIOD. We should be having a conversation about how to implement this initiative effectively. Instead, we are still discussing the initiative itself. That time has passed. We've been there and done that.

You've seen and heard every story, statistic, and data (both anecdotal and scientific).

I could sit here today and tell you all about my experience as a tipped worker on the West Coast, and how the restaurant industry is thriving despite this doomsday scenario that the opposition paints. But, you've heard that before.

I could tell you about how every pay period, I got a \$300-\$400 paycheck in CA, but here in DC, I receive a check that says "This is not a check" with a fat zero. But, I'm sure you've heard that before too.

I could tell you that this initiative is really meant for the bottom quartile tipped workers, mostly support staff like busser, barbacks, and polishers, in the restaurants who are not here today because they are busy working 2 or 3 jobs. Also, as the most marginalized sector of the industry, they have a lot of fear coming out publicly in support. But, I'm sure you've heard that too.

But, here's something that I haven't heard much. In fact, this is why I'm fighting for the elimination of tipped minimum wage. My dream, ever since I started in the restaurant industry, has been to see the day that my industry is "professionalized". Not that education is everything, but I graduated from a prestigious university with a degree in Neuroscience. I could've gone into many other professions that are more socially respected. Yet, I chose to work in restaurants. This is my chosen profession. This is what I love to do and this is what I am passionate about. I have no doubt in my mind that every single restaurant worker who is here today to testify regardless on which side of the issue they stand, is incredibly passionate about this industry. You simply will not last long term without the love and passion for this industry. Despite this passion, love, and work that we put in, I can't tell you how many times I've heard things like:

"What do you want to do when you grow up?"

"So, what do you really want to do?"

"I'm sure you surely don't want to work in restaurants all your life."

These are from guests, but I've also heard from employer and management:

"If you don't like it, get out of my restaurant. I can get some other server for super cheap."

"What do I care if I keep you here for 8 hours? You don't cost me anything."

"You are the cheapest labor in the restaurant. If it were up to me, I would have you clean the bathroom too."

For me, this issue goes beyond just an economic issue. It's a matter of human dignity and professional respect. As long as we are paid \$3.89/hr, we'll always be treated like we are worth \$3.89/hr because we are worth \$3.89/hr.

In conclusion, I would just like to close by saying thank you to 5 councilmembers who have not signed onto this ridiculous bill that I consider a direct attack on our democracy and a huge disrespect to voters. And, I would like to remind the other 7 councilmembers that it should be an honor and a privilege to serve and represent the public. Just because you have the power to repeal does not mean you should. Please do the job that you were sent here to do and represent the will of the people who sent you here in the first place. Please do not disrespect us the voters. Thank you.

My name Marie-Reine Viollin. I have been working as a waitress in Washington DC for more than twenty years and I am currently employed at Bistrot Lepic restaurant located 1736 Wisconsin Avenue, NW Washington DC 20007.

I am very concerned with the new proposal to change the way wait staff would be compensated in the future. In the present condition wait staff receive a minimum wage of \$3.89 and we receive gratuities [from 15% and up] from our patrons. Under these conditions at Bistrot Lepic this brings our minimum wages at more than \$20.00 an hour.

With this new proposal I will be paid \$15.00 an hour that is a huge cut in my salary. Our restaurant, as many other small enterprises, operates with a small margin of return thus they will be constrain to raise the price of the menu to include the service. In consequence the customers will have to pay higher prices and taxes.

Customers commuting from Virginia and Maryland encounter many challenges [parking, parking cost] thus adding more expenses to dine in Washington DC. The business will suffer greatly because less customers will be eager to come to Washington DC. As a result the restaurant owner will be forced to reduce the hours of the staff.

Many small restaurant businesses will be forced to close under this new proposal or move to Virginia, and I will be out of job!

Thank you, Chairman Mendelson and The Committee of the Whole, for the opportunity to testify. My name is Chris Kennedy and I am a resident of Ward 6. I have more than 15 years of restaurant industry experience, both as an employee and, as of last year, an owner of Reliable Tavern in Park View. I also hold a PhD in economics and I am a tenured professor at George Mason University. I believe this combination of experience and training gives me a unique perspective on the quality and limits of the body of research on minimum wage changes, as well as the specific risks facing the DC restaurant and bar industry.

So, what does the research say? In general, not much. Most studies of have shown little or no impact on jobs and income for restaurant workers. This is despite well-established predictions from economic theory when you set a floor on wages, employment is likely to drop, and specifically among those workers who are not critical to operations. In the restaurant industry, this means busers, hosts, food runners, lunch- and weekday-night servers, and others in entry-level or part-time roles. Why the discrepancy? There are two main reasons.

1. Research on large, mandated minimum wage hikes is limited, and even researchers who generally support increasing the minimum wage recognize that large increases are likely to have negative consequences for employment. Initiative 77 would represent a nearly 400 percent increase in base wage for tipped employees when fully implemented in just over seven years, and hence falls outside the majority of examples studied by economists.
2. It is difficult to get detailed data on establishment (restaurant) level employment, or even data on different subgroups of workers. This matters because Initiative 77 represents a very specific intervention in which labor costs for one group of workers is increasing. In response to eliminating the tip credit, a restaurant may decide to lay off a buser and require waiters to instead clear tables. In aggregate data, lost income to that buser would be partially offset by the additional income to waiters, as they no longer tip out the buser. This same pattern—a reallocation of responsibilities between roles—can also affect overall employment, obfuscating losses among the lowest-productivity workers (e.g., a restaurant eliminating the role of food runner and instead hiring an extra kitchen staff to handle delivery to tables). Because we can't see data on specific classes of workers, we might see minimal impact on aggregate income or employment, but that doesn't capture the real pain experienced by certain classes of workers.

A recent study of a minimum wage increase in Seattle by the National Bureau of Economic Research (the premier, nonpartisan national economic research center) tackled these problems with a data set that included different classes of workers. They “low-skilled” restaurant workers (defined as earning less than \$19 per hour) experienced a 6 percent to 7 percent drop in hours and lower monthly pay (<http://www.nber.org/papers/w23532>), likely a result of businesses changing the way they operate: ending service during low-revenue shifts, thinning out staff, and moving to buzzer/counter service, as economic theory suggests. Recent stories from San Francisco (as reported by the NY Times, <https://www.nytimes.com/2018/06/25/dining/san-francisco-restaurants-service.html>) and other locations lends further credence the claim that rising minimum wages are leading to fewer service jobs at new establishments, which increasingly rely on self-service in response to higher labor costs. This pattern is also supported by research from the Economic Policy Institute (a left-leaning think tank supporting Initiative

77) released last Wednesday (<https://www.epi.org/publication/tipped-workers-do-better-in-cities-where-they-are-paid-the-regular-minimum-wage-and-the-restaurant-industry-continues-to-thrive-why-dc-should-implement-initiative-77/>). EPI found private servers and bartenders to make up a larger proportion of private sector employment in DC (2.8%) than both San Francisco (2.6%) and Seattle (1.9%), which have both eliminated the tip credit, suggesting a lower reliance on front-of-house staff in the food service industry in the latter two areas.

Another reason to worry about Initiative 77 arises when considering the impacts on growth in the bar and restaurant industry in DC which, as many here likely know, has been significant in recent years. Again, citing the pro-Initiative 77 EPI research, from 2010 to 2017, the number of full-service establishments in DC increased by 3.9% annually, whereas growth in San Francisco and Seattle has been lower at 1.5% and 2.6%, respectively. Job growth in this sector has been 6.2% annually (4.2% and 3.5% for SF and Seattle). DC's tip credit has allowed businesses to keep labor costs reasonable even in the face of rapidly rising rents, while also providing opportunities for significant job growth for entry-level and experienced service industry professionals.

In summary, Initiative 77 is likely to have negative consequences for workers, and especially the entry-level workers at the lower end of the earning range that 77's proponents claim to want to help. Initiative 77 will also represent a significant labor cost increase for restaurants and will be the equivalent of throwing a wet blanket on DC's restaurant scene at a time of unprecedented innovation and expansion, a particular risk for those areas of the city that are only now beginning to experience this sort of investment.

I want to thank you for your action on this important issue, and especially my council member Charles Allen for his open mind and rapid responses to inquiries following the primary election. I urge you to carefully consider the risks of Initiative 77, and to vote to repeal quickly to avoid creating uncertainty and risking any disruption to our vibrant and growing restaurant industry.

Chris Kennedy, PhD

**Associate Professor of Environmental and Resource Economics
Department of Environmental Science and Policy, George Mason University**

Co-owner, Reliable Tavern, Park View, Washington, DC

Committee of the Whole

**Public Hearing on
Bill 22-913**

**Tipped Wage Workers Fairness
Amendment Act of 2018
September 17, 2018**

**Testimony of Kathy Hollinger, President
Restaurant Association of Metropolitan Washington**

Good morning Chairman Mendelson, councilmembers and staff. I am Kathy Hollinger, President and CEO of the Restaurant Association Metropolitan Washington (RAMW). Thank you for holding this important hearing today and re-examining an initiative that would hurt the local restaurant and bar community. Today, we are here to talk not only about compensation but the lives of the people this will affect. You have heard and will hear from local workers and employers that Initiative 77 doesn't work for them. The people 77 directly impacts don't want it, which is why your balanced approach in reviewing this matter is so important.

I am here today not only representing our one thousand plus members comprised of operators, food distributors and service providers, but am also standing with restaurants across the city as well as restaurant workers in the District. Our local DC restaurant community stands united in support of repealing Initiative 77, and I encourage you to listen to the stories of the local business owners and employees.

You have heard, and likely will hear, 77 proponents cite studies, data and hypotheses concerning the positive effects of eliminating the tipped wage and the tip credit. You will hear statistics quoted from other markets, none of which, incidentally, have eliminated the tip credit within the last seventeen years. Which is why the Pro-77 argument of "it works in X market it will work here" is flawed. DC is a unique market. In DC 95.9% of full-service restaurants and 82.9% of all restaurants are independently operated. DC has more independently operated restaurants than all of the states without a tip credit, and all but one state in the entire country. Being unique is not an excuse, it is what makes our dining scene so spectacular and these independently operated restaurants and their employees will be negatively impacted the most by 77.

Every market is different and unique, but through my conversations with my counterparts across the country and through data, the one DC consistent thing we have learned from eliminating the tip credit is that jobs will be eliminated too. Job growth in California's fullservice restaurant segment slowed significantly following the elimination of the tip credit in 2001. In the three years prior to the elimination of the tip credit, California's fullservice restaurants added jobs at an average annual rate of 4.4 percent, according to data from the Bureau of Labor Statistics. In the three years after the elimination of the tip credit, job growth averaged just 1.9 percent per year. San Francisco's fullservice restaurants' annual employment fell from a 2.7 percent annual increase to a 1.6 percent annual employment decrease after the tip credit was eliminated. In Washington State most restaurants no longer have bussers, because they cannot afford to pay that position. In the state of Washington restaurants employ three fewer people per average than the national average, and while nationally the restaurant employment number grew, it actually shrank in Washington.

We must also look at the simple math of this issue. Tripling the front of the house payroll, even over time will have an effect on employment. Even ROC reluctantly concedes that point. Operators will make do with less wait staff, eliminate bussers and food runners and automate functions whenever possible—not to mention eliminate overtime and available shift hours. When labor increases, other costs sky rocket such as property and casualty insurance. Insurance professionals estimate that Workers Comp coverage could increase by as much as \$800-\$1000 per tipped employee per year. Bottom line: there will be fewer jobs. And I ask you to please not just view these as statistics, view them as individuals who have lost their jobs. People whose livelihoods have been taken away.

And while I have been focusing on numbers, there is, however in this case, something much more compelling than reams of data and columns of numbers. You have heard today, and will continue to hear, the stories from tipped workers who actually work, right here, in the District of Columbia. People who are invested in this city, work in this city, pay taxes in this city, live in this city and love this city—the very people that you,

members of the Council represent. They have told you they are against 77 and in support of a full repeal and do not need anyone from New York, California or voters who do not work in the industry to tell you how they should to be compensated.

Before I end, let me say something that should be obvious: Every worker is entitled to be paid at least the minimum wage. That is the law. Period. Numbers released from DOES showed that the failure of tipped workers to receive the full minimum wage has not been a serious problem in DC, and if compliance is the issue, let's talk enforcement.

Again, thank you for giving me the opportunity to testify before you today, but today is really not about me and instead about the tipped workers that live and work in DC. I am happy to answer any questions.

Committee of the Whole

**Public Hearing on
Bill 22-913**

**Tipped Wage Workers Fairness
Amendment Act of 2018
September 17, 2018**

**Testimony of Andrew J. Kline, General Counsel
Restaurant Association of Metropolitan Washington**

Good morning Chairman Mendelson and members of the Committee of the Whole. I am Andrew Kline and I am General Counsel to RAMW. Thank you for giving me this opportunity to testify on behalf of the restaurant industry on this most important issue.

You heard from most of us just two and a half years ago, when the Council considered this very issue. I will not repeat the points I made then, which are being made clearly by others today. Instead, I raise a number of questions for you to ponder and perhaps discuss with other witnesses as you consider repeal of a ballot initiative, the campaign for which was marked with half-truths, half-baked studies, questionable data and outright lies.

Let's start with the proponent's campaign slogan: Employees are promised "Better Wages, Better Tips". But the New York based instigators of this law which they claim is needed for our workers, say that "this system of tipping needs to go". So which is it?? Better tips? Or tips need to go?

Why did the proponent's ballot initiative language promise an increase in the minimum wage when that was already law? This Council passed legislation increasing the minimum wage almost two years before the initiative appeared on the ballot.

It is concluded in a recent study cited in support of the law of Initiative 77 that the median hourly wage for servers and bartenders working in the District of Columbia is \$14.41 an hour. If true, this would mean that one-half of ALL servers and bartenders earn less than this figure. Now, we have been asking for months, as similar statistics have been cited and we hope you will ask: WHERE do these servers and bartenders earning less than \$14.41 an hour work?? As the proponents have said in the hearings right here in these chambers in the past, they view this fight as being about IHOP, Denny's and Applebee's. But we do not have many of those here in the District. I have spoken to many workers over the course of the last year and I am utterly unable to reconcile this conclusion with the reality of our DC marketplace. There are dozens and dozens of workers here today. Perhaps they can tell you? If not, I think we must question conclusions supposedly based on "data" in light of what we ourselves can observe and discover. Data is great, but we must use our own eyes and minds to judge whether the data can be correct based on we ourselves observe.

I hope you will consider these and other questions and seek answers to them as this hearing proceeds. At the end of the day, I am confident you will come to the same conclusions you did two years ago as to what is best for our tipped workers and our industry. If so, the law of initiative 77 must be repealed.

Thank you. I am happy to answer any questions.

Esteemed members of this Council, my name is Joshua Chaisson. I am a co-founder and Vice President of the Restaurant Workers of America (RWA). RWA is a national non-profit organization that we launched in January. Our organization was born out of our victory for tip credit reinstatement in my home state of Maine. In Maine we lost our tip credit in 2016 through a ballot initiative, and through a grassroots effort by tipped workers our legislature righted this injustice.

We formed a facebook group called the Restaurant Workers of Maine and began speaking to our legislators. After much hard work our legislators listened to the people who were most intimately impacted by this law change and he sought out to help us. After a very extensive email and phone campaign, and the longest public hearing in our state's history we had garnered bipartisan support, and ultimately won reinstatement.

During our public hearing many of us brought paystubs from the first quarter of 2016 and 2017 to show legislators that we were in fact losing money because of our wages going up slightly. We shared stories from across the state that guests had lowered their tip percentage and saying things like "you make minimum wage now do you still think I should leave 20%?" Ultimately the law change that was alleged to help us was hurting us and cutting our earnings off at the knees.

Very few of us in Maine had an appetite for one unfair wage, so we followed the money behind the ballot initiative and learned that Restaurant Opportunities Center or ROC was alleging to speak for our industry, claiming to be a worker advocacy group. Many of us wondered what ROC's endgame was. My research led me to quotes like "ultimately the system of tipping needs to go", and "we want the non-union restaurant industry to feel threatened by the union or by us" both said by Saru Jayaraman, ROC's President. Recently a ROC/RAISE owner said, "Eliminating the tip credit is the first step to getting to no tips." ROC touts the phrase "tips on top" but they regularly speak out of both sides of their mouths. While we recognize that this new law may not end tipping, ROC's end goal is just that... to end tipping entirely.

During the local fight over Initiative 77 ROC really showed us all who they are. Board Member Jessica Wynter Martin called Frank Mills an Uncle Tom for supporting the tip credit during open debate. ROC's Woong Chang said he thinks that if 77 is enacted that businesses will close and people will lose their jobs. ROC continues to show that they are the Scientology of the restaurant industry and they don't care that the same workers they purport to help want nothing to do with them. ROC wants to upend, redesign and ultimately destroy the restaurant industry.

The real Restaurant Workers of America want to save the tip credit and help save our industry, tip culture and ultimately our livelihoods. Today this distinguished panel will hear from tipped workers, sharing with you what we love about our jobs. We will quell the notion that we need to be "saved" or that we have any interest in the false raise within this Initiative. We will show that often we look at our coworkers like family and treat each other as such. A huge swath of bartenders and servers are college educated, and we choose to serve because we love the freedom and flexibility of our schedules, we like the social environment, and most importantly we make great money.

I certainly hope that DC will follow Maine's lead by listening to we the workers. Help the workers of this great city and Repeal Initiative 77.

Repeal of Ballot 77 Testimony

September 17, 2018

David Moran, Area Director of Operations, Clyde's Restaurant Group &
Chairman Restaurant Association of Metropolitan Washington

My name is David Moran and I am the Area Director of Operations for the Clyde's Restaurant Group and currently the Chairman of the Restaurant Association of Metropolitan Washington. Clyde's owns and operates six restaurants in the District of Columbia – the Old Ebbitt Grill, The Hamilton, Clyde's of Gallery Place, Clyde's of Georgetown, 1789 Restaurant and The Tombs. We employ over 1200 people in the District and nearly 60% of them are tipped employees.

Our tipped employees are some of the highest compensated individuals at our restaurants (including managers) earning an average of 20% of their sales. They earn an average over \$20/hour with many earning over \$30/hour and our top earners averaging over \$40/hour. When we last discussed this issue in front of the Council in 2016, we compromised with many of those supporting the elimination of the tip-credit by agreeing to the current minimum wage scheduled that will reach \$15/hr in 2020 and a tip-wage that would be one-third of that. We hoped, as I'm guessing many of you on the Council did too, that we had heard the last of this issue, but we now know that was not the case.

We learned pretty soon after that 2016 agreement, that ROC, a New York based restaurant union was back here in Washington with a new strategy – the ballot initiative. Their initiative was written to be misleading and confusing and took advantage of the voting public that did not fully comprehend the tip-credit compensation model. Most who signed the petition to get the initiative on the ballot and/or who voted for it back in June were under the impression that they were voting to give tipped employees at least minimum wage when that has always been the law.

While restaurant operators had already been vocal on this issue over the last five years, it has been our tipped employees themselves rallying earlier this year and continuing now, that speaks volumes as their way of lives and compensation are at stake. Many of my employees have asked me why does the public get to vote on how I get paid? Their voices and energy have been nothing short of inspiring and amazing. It was these voices and efforts that successfully changed the mind of many voters. Polling in the Spring of 2018 had the Initiative 77 passing with a 70% margin only to see that shrink to the 55-45 margin it passed with in June.

At Clyde's we average approximately 12,000 hours per week of tipped employees so changes to the tip credit have a dramatic effect on our business. The elimination of the tip-credit would increase our labor cost by nearly \$7M per year. That coupled with the rising cost of back-of-house labor with the scheduled increase of minimum wage would erase all profitability and force us to make drastic decisions to stay in business. Those changes would include but not limited to laying off staff, cutting hours, reducing training, reducing and/or eliminating contributions to local schools and other local fundraisers. The ultimate change would be to simply eliminate tipping by adding a service charge and pay all of our staff an hourly wage – which is the real goal of ROC. We firmly believe that these changes would have negative impact on our employees, our business and our thriving restaurant community in the nation's capital. As stated before this Council many times, this is a solution in search of a problem. We urge you to listen to our voices and those of our tipped employees and repeal Initiative 77.

Council Hearing 9/17/18

Rose Previte

Public Witness, Owner, Compass Rose and Maydan Restaurants

Thank you for having me today. My name is Rose Previte, co-owner of Compass Rose and Maydan restaurants.

I'm not here today to reiterate the facts and figures about my employee's hourly pay going down if this initiative is not repealed, I echo what many of my friends have already said. I know you know the facts, that this legislation hurts workers, it doesn't help them as ROC and their supporters have said. You already know that under current DC law I am required to insure all my tipped workers make minimum wage. Period. So 77 wasn't necessary. You already know that if it's not repealed, it will make it harder for tipped workers to make the amount of money they rely on to support themselves and their families.

I'm here because my staff asked me to fight for them and for their right to not have a cap on their ability to make well beyond the minimum wage. They asked me to fight for them so they can continue to be the strong middle class workers that they are. These are the reasons my tipped employees asked me to come here and fight for them and for the repeal of this initiative.

You know I'm a good operator and I follow the already existing law, like the majority of other independent owners... those independent owners who make up 96 percent of restaurant ownership in our city. Like the law already says, my tipped staff, always makes at least minimum wage.

So if I'm going to fight for them then I have to ask you to fight for us. As elected representatives it's not just your job to represent our needs but to protect us when the system fails to. In this tale of the problem that never was, mercenaries and interlopers from other cities came in to ours and

manipulated our system for their gain. They see us as weak and easy prey since you councilmembers are all we have. We pay our federal taxes but have no federal representation. You all are all we have to protect us from people like this. People who care nothing about DC and don't understand it. We are not New York. We are not LA. We are not Seattle. I hope you ask many of the public witnesses in favor of initiative 77 today where they are from and where they live. Many of them have been flown in from other cities to lobby you and speak today for legislation that means nothing to their day to day lives.

The power of repeal that we are asking you to exercise was created for times and situations like this. It is legal and constitutional to ask you to overturn an initiative that was created to deceive your constituency. It is your responsibility to use this power to protect the tipped workers of DC. I hope you would feel some level of the outrage that I feel from the nerve of these people who think they can tell us, the proud, rising city that we are, how to run our businesses and our city. So I'm asking you to fight for us.

Good Afternoon and Thank you for the opportunity to speak to you today. My name is Simone

Barron and I have worked in the Full Service Restaurant Industry for nearly 33 years. I have worked in several cities across the country, including Indianapolis and Chicago. Today I am coming to you from ground zero of the \$15, the land of no tip credit and high minimum wage, Seattle Washington, where I have been a tipped worker for the past 17 years. I here to tell warn you of the dire consequences that will come if you do not repeal Initiative 77. Here are some of the things we are seeing in Seattle right now.

- Loss of hours. As the wage rises, employers are cutting hours.
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- Loss of Tips. As the wage rises without the tip credit, customers are tipping less because they think we are adequately compensated by \$15, which is an absolute poverty wage in a city like Seattle.
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- Loss of Tip Lines. Many full service employers in Seattle have taken away tip lines and replaced them with Service Charges. I currently work under this model and lose anywhere between \$25 and \$50 or more a shift depending. The minimum wage increase does not even begin to cover that loss.
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- Stagnant Flat Wages. Some restaurants have eliminated gratuity or commissions altogether, creating a flat stagnate wage. Under this model as well as the Service Charge Model, there is no way to maximize income by use of skills. No restaurant running on those razor thin margins can pay a flat wage coming in at what FOH have the ability to make.
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- Loss of Jobs. We are seeing restaurants that employ lots of workers in a Full Service concept, go to a counter or limited service concept operating with far less employees and in some cases replacing them with kiosks, ipad and other forms of technologies. Some fleets of support staff jobs have just disappeared. There have been a handful of restaurants that have left Seattle, closed their doors because, as one restaurant manager told me, "we are bleeding money, and are no longer profitable".

The raise in the minimum wage without a tip credit will upset the sustainable balance that we know works for us. It has pushed more of us closer to making minimum wage when we were doing pretty good. Remember that cost of living increase built into tipping? Almost all economists including federal reserve chair Jerome powell state that wages in the US have been stagnant for 40 years. Why would Roc cast policy that ultimately eliminates a compensation model that includes a cost of living increase and push workers into that stagnant wage? Ask yourselves, why would ROC want workers not making tips and making a stagnant wage. Elimination of a tip credit will eliminate tips.

I would love to speak to any of you one on one and inform you on how this stuff is playing out in Seattle and how it is negatively affecting Full Service workers who have no tip credit. I am here all day tomorrow. My contact information is at the bottom of my speech. Thank you!

Slmone Barron 206.371.1810 simonebrnn@gmail.com

If you want a vibrant restaurant culture with healthy employees, you need to repeal 77. If you want to support workers pockets over the pockets of ROC and the SEIU, you need to repeal 77.

Good afternoon Chairman and Members of the DC Council.

My name is Jill Tyler and I am a Co-Owner of Tail Up Goat located in Ward 1.

Our restaurant opened in February of 2016 and we employ 47 people. Over 40 of our staff are DC residents and about half are Ward 1 residents.

I am here adding my voice urging you to repeal Initiative 77. I stand united with my staff in our overwhelming agreement that 77 is bad for the industry we hold dear and have chosen as a career path. I was a tipped employee for over 15 years before becoming a small business owner. If I were still a tipped employee I would be standing here asking for the same thing – a full repeal of 77.

This legislation will change the DC Economy. Jobs will be lost and businesses will close or drastically change their models. No industry can survive a 300% increase of a cost.

Ramifications of this legislation cannot be understood by pointing to other cities. Many small businesses in those cities being pointed to are reeling under similar changes. Their businesses have limped along as they've attempted to adjust to new market conditions. They are now changing their models to survive. Look at the meteoric rise of fast casual in those markets. Guess what fast casual means? Fewer jobs. Fewer tipped jobs.

If 77 is not repealed the impacts of this legislation will show themselves as time passes. All changes will not happen overnight but changes there will be. There will be less investment in our city's hospitality sector as Virginia and Maryland become better business opportunities. Storefronts will sit vacant. Jobs will be lost. Dining out will fundamentally change because service itself will decline as restaurants are forced to layoff staff.

Initiative 77 is bad policy. It was full of misleading information and poorly written to create confusion when it was read on the ballot. It does more to further a special interests groups' agenda than it will help the DC hospitality industry. Proponents of 77 know that and are doing their best to create a campaign of smoke and mirrors. That is why they have thrown every hot button issue at the initiative claiming it will solve sexual harassment and wage theft because the initiative doesn't stand up on it's own.

If we were to create legislation to address wage theft, 77 wouldn't be the answer.

If we were to create legislation to address sexual harassment in the work place, 77 wouldn't be the answer.

If we were to ask ourselves how to better enforce current laws and go after bad operators, 77 wouldn't be the answer.

Initiative 77 will not solve these issues, issues that do need our attention and oversight.

Testimony of Diane Gross – Owner, Cork Wine Bar & Market
Hearing on Repeal of Initiative 77
September 17, 2018

Hello, my name is Diane Gross. Thank you for having me here today to urge you to repeal Initiative 77. I own Cork Wine Bar, a small 70 seat restaurant in the bustling 14th Street Corridor. We opened Cork, 10 1/2 years ago, before there were any big or small destination restaurants on 14th Street. When we were opening Cork – one our main goals was to create a neighborhood space for both customers and employees to enjoy.

Let me tell you about those employees. They are like our family, they are smart, thoughtful, funny and they enjoy the work that they do. We have at least a dozen folks who have worked for us for 5, 6 and some even 10 ½ years. People stay at Cork because they are compensated well, have a good work environment, have benefits and know that we take care of each other. That is a snapshot of my restaurant. We don't make a ton of money, We also take great pains to make sure that our restaurant remains affordable to folks in the neighborhood. It's a tough balance every day. No employee at my business makes less than minimum wage. Most make over, including servers who average over \$25 an hour. Our current system works well for those tipped employees who pay their rent, put themselves through school and provide for their families. In fact, our opposition to 77 was directly influenced by concerns of our tipped employees. You know that by law Cork must pay everyone at least minimum wage – tipped employees have that insurance policy. Payroll companies make it easy to comply with the law. I believe that is the norm.

The real issue, as we have heard time and again, is enforcement and bad actors who don't make up the difference. But raising the base wage doesn't solve those problems – they will only persist and deepen. We would be the first to support thoughtful legislation that addresses real issues of enforcement and bad actors. But this hastily passed, poorly worded, misleading initiative doesn't do that.

You have heard from a lot of operators and I think we are all genuinely concerned about the real life impacts on our businesses large or small. Smaller ones like mine will struggle more because they have less flexibility, less places to make up the substantial

increases to payroll, taxes and insurance that will be the result of this Initiative. We are mom and pop shops, operating in neighborhoods, with regular clientele and often extremely small margins. We simply can't afford this giant experiment.

We will be forced to

- increase food prices, cut hours and employees.
- Use less staff, making existing staff will work harder, sacrificing service quality
- Potentially implement a service charge system giving employers ultimate discretion over what tipped employees make.

Also think about the tangential effects - benefits for employees, charitable activities, community events/involvement, educational opportunities – these will all be first things to go as margins decrease. It's never been just about payroll – it's about how we operate.

We are here fighting for repeal because we love what we do and we want to keep doing it. We love creating wonderful hospitality each night. But at the end of the day we are running a business and it has to make sense – as costs go up we figure out how to absorb it so guests will return but this will be too much.

Each year many women, like myself 11 years ago, consider opening new restaurants in DC. It's hard enough – we don't need more barriers. We need to be creating building blocks for a prosperous entrepreneurial community – one that thrives on creativity, new ideas and hard work. But as it gets more complicated, expensive and onerous it becomes less attractive and all the good ideas and hard work aren't enough to make it successful. We are riding a wonderful expansion of hospitality in our City, that is local and diverse and thriving. We need to think about what DC needs and what works for our City and not the priorities of outside groups and people who don't know or work in our local hospitality community.

September 17, 2018
Chairman Phil Mendelson
Chairman, Committee of the Whole

Chairman Mendelson and fellow Council Members,

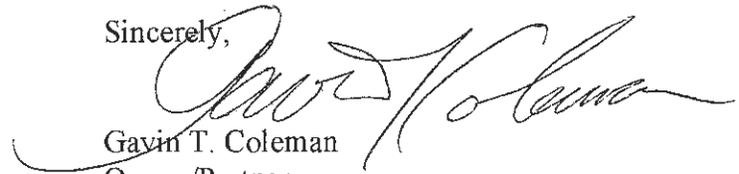
Thank you for having me here today to voice my support for the repeal of Ballot Initiative #77.

I own and operate my family's restaurant, The Dubliner Restaurant & Pub, which first opened its doors on Capitol Hill almost 45 years ago. I am also a partner of Sixth Engine, a small neighborhood restaurant located in the Mount Vernon Triangle and The Salt Line, located in the growing Capitol Riverfront neighborhood, and a member of the executive committee of the Restaurant Association of Metropolitan Washington. Like the majority of tipped workers and restaurant operators, many of them here today, I was very concerned by the passage of Initiative #77. This initiative addresses a problem that does not exist in our city. Servers and bartenders in my restaurants make far more than minimum wage and they are terrified what this will do to their earnings. As an operator, I will be forced to find new ways to make up for the huge increase in my payroll, payroll taxes, and insurance. The money must come from somewhere and margins are too slim in our business to just absorb the added cost. Increasing menu prices and adding service charges will be some of the ways operators deal with the new law. The others go directly against what this initiative hopes to accomplish, better jobs for DC restaurant workers. Shifts will be cut, hours will be limited and overtime will be eliminated. I often hear the other side say this initiative will help reduce the pay gap between the front and back of the house workers. If I have to triple the amount I am paying all of my tipped workers, where and when do you think I am going to find the money to increase pay for my cooks and dishwashers? I was a firm supporter of increasing minimum wage to \$15/hour. The District and the surrounding area are expensive and every worker deserves a living wage.

However, this initiative is going to take money out of the pockets of the very workers it claims to champion, while at the same time stopping the growth of DC's most vibrant industry.

As a business owner, restaurant operator, employer of over 175 employees in the District and a Ward 6 resident it is hard for me to see an outside group come in and try to push their national agenda on our city. This initiative was passed on a primary ballot with historically low turnout and, to say the least, misleading language. Again thank you for the time to speak with you on what no doubt is a very long day for all of you. I hope the council will show their support for DC restaurants and tipped workers, by passing a full repeal of Ballot Initiative #77, allowing our world class restaurant community to continue to grow in the nation's capital.

Sincerely,

A handwritten signature in black ink, appearing to read "Gavin T. Coleman". The signature is fluid and cursive, with a long horizontal flourish extending to the left.

Gavin T. Coleman

Owner/Partner

The Dubliner Restaurant & Pub

Sixth Engine

The Salt Line

Jackie Greenbaum 11-71

Thank you, Chairman Mendelson and members of the Committee of the Whole for holding this hearing and providing the opportunity to testify on why Initiative 77 should be repealed. I applaud those on the Council who put forth this legislation and fervently hope you remain strong in its defense. I assure you the city is with you.

My name is Jackie Greenbaum. I am a DC native and resident; I currently reside in Ward 1 where I've lived for over 10 years, and I am a DC restaurant owner. I co-own Bar Charley in Ward 2, El Chucho in Ward 1, and Little Coco's in Ward 4—all small, neighborhood restaurants.

Between my 3 restaurants, I have nearly 100 employees, most of whom are DC residents. For me, this is about layoffs. I analyzed last week's payroll at Little Coco's, my newest restaurant, which has not yet turned a profit. Under Initiative 77, my current weekly payroll would go from a little over 10,000 to almost \$15,000--a whopping \$245,000 annual increase. There is no scenario I can come up with to cover these costs that doesn't have layoffs as a major component. I have already begun to explore changing our restaurants to counter service. I estimate I would have to lay off at least 30% of my staff, maybe more. For those remaining, I'd have to shorten hours of service and drastically reduce the numbers of shifts available. My server friends in San Francisco have told me that this is exactly what has happened there. Shifts have dried up and hours have been reduced; they now have to work 2 jobs to make the same amount of money they used to make from one. Full service restaurants are becoming a thing of the past there in favor of a trend called "fast-fine" where servers are non-existent, precisely because service labor has become unaffordable.

It is claimed that the only service employees opposing 77 are privileged white males in expensive restaurants. Well, I'm here to tell you that my restaurants serve \$3 tacos and \$12 pizzas and my very diverse service staff makes 2 to 3 times the minimum wage across the board, female and male alike. They're buying homes, they're starting families, they're supporting children as single mothers. I fear what this initiative holds in store for them and dread the day I have to tell them their job is gone.

This is an ideological cause being forced upon us without regard for its economic consequences. No one pushing this agenda has done the math, and they don't care that it doesn't add up. The starry-eyed idea that we can simply raise prices or add service charges to cover such a massive cost increase is a fantasy.

A complex economic issue such as this should not have been reduced to a few lines on a ballot; especially when the first line stated this was a vote to raise the general minimum wage to \$15, misleading voters. It is the council's duty to act in the best interest of our city. Because the consequences could be so disastrous for DC's economy and workers, in this case, doing what's best for the city means repealing 77. Thank you for having the courage to do so.

Dr. Yvonne Slosarski
September 17, 2018
Ward 6 resident
yvonneslosarski@gmail.com

My name is Dr. Yvonne Slosarski, and I'm a lecturer, researcher, and organizer who specializes in political-economic communication. This means that I analyze arguments about economic data, theory, and policy.

The *Washington Post* Local published my op-ed on 77, and I'll submit that in writing to the Council. Today, though, I'll make just two points: First, we don't know exactly how 77 will affect the hospitality industry. However, and this is my second point, 77 – like all minimum wage increases – can make the city a more equitable place to work, to live, and –yes— even to eat.

Instead of indisputable facts about how 77 will affect the industry, what we have is anecdotal evidence from other states and limited studies, whose results often contradict each other. So, when people make definitive predictions – like “there will be fewer restaurant jobs” – they are not basing these predictions on INDevidence. The effects of 77 will be determined by how the city implements and monitors the measure and how willing industry operators are to use their entrepreneurial creativity to pay their staff.

77 also offers us the chance to ask whether we want more restaurants whose operators won't pay the minimum wage. In 2017, DC operators complained that the Wharf would exacerbate what they called the “restaurant staffing crisis.” Might we have too many unaffordable restaurants? And are those restaurants serving longtime communities or are they accelerating DC's displacement problem?

Moreover, DC wage data shows significant disparities in tipped work. 2017 data from the Bureau of Labor Statistics shows that DC waiters at the low end made \$24,000 annually, while those on the high end made \$66,000. You must consider the tipped workers who can't publicly testify for 77 but who would benefit from it – those who are either working or who are influenced by operators who have lobbied against 77 at work, which, when you consider the power dynamics, is highly problematic.

As you vote, I urge you to think of the wait staff who make the median of \$11.86 an hour and the bellhops who make a median of \$12.58 an hour. Then think about how much your mortgage is, how much rent is, and how much public transportation costs. You have the power to fulfill the voters' will and make DC a more equitable city. I urge you not to repeal Initiative 77.

Committee of the Whole, Bill 22-913, Tipped Wage Workers Fairness Amendment Act of 2018

Testimony of Eric Atilano, Ward 4 Resident

Good afternoon,

My name's Eric Atilano and I'm a Ward 4 resident, a civil rights lawyer and I manage an EEO office charged with preventing discrimination, sexual harassment and retaliation. I'm also a staunch labor and workers rights supporter. For these reasons, and many others, I'm deeply troubled by the effort to repeal Initiative 77.

Some argue that 77 should be repealed because the Restaurant Industry, including owners and some very vocal tipped workers don't support it. But 77 is a pro-worker law and therefore it shouldn't surprise anyone that it's facing the same opposition that virtually every pro-worker law has ever faced – often times from the very same workers those laws are intended to protect because of scare tactics and fear-mongering from their bosses. The Equal Pay Act was opposed by many women because they believed, based on fear mongering by their employers that they'd be worse off if the law passed because costs for employers would rise. It was the same when OSHA passed health and safety regulations; several workers opposed these safety measures for the same reasons. And the same is true in virtually every effort to unionize a workforce.

Passing the EPA, OSHA and similar laws wasn't easy, or even applauded by many of the people most impacted by those laws. Fortunately, there were workers, citizens and elected officials with courage, foresight, integrity, a strong moral compass and the ability to think beyond their own self-interests to pass and uphold these laws. We're not asking you to champion this movement, we're simply asking you to uphold the vote that so many female workers fought for and won.

As an expert on sexual harassment and retaliation, I know that when victims speak, we must listen. And if for some reason that doesn't persuade you, DOL and EEOC studies show that sexual harassment and retaliation in the restaurant industry is rampant because of the power differential and pressures created by the tipped wage system. I've met numerous courageous women who've fought for this law only to be harassed by their co-workers, bosses and the entire restaurant industry. I can only imagine the trauma and disappointment they felt when they learned the Council moved to repeal 77.

Many argue that 77 will hurt restaurant owners, but a financial burden, which we all know the market will correct for, is nothing compared to the pain and suffering these brave women have endured under the tipped system for too long. Rather than continue to subsidize the industry on the backs of workers, I believe you're capable of bold and creative ways to help the industry thrive. Perhaps through commercial rent control or subsidizing energy efficient initiatives. Repealing a law that protects women, lifts people of color out of poverty and has been proven to work in other states is short-sighted and wrong, and I ask that you follow your moral compass and vote to keep 77 in place.

Greetings Council Members!

My name is Taneisha Hasan, **I am a server at Hank's Oyster Bar.** I've been in DC's restaurant industry since I moved to the area in 2010.

Certainly, serving wasn't the first position I applied for after finishing grad school. **However, it was the only that afforded a livable wage, without the need for multiple jobs.** Like many college grads, I tried tirelessly to use my degrees. But working a full-time corporate position, in addition to serving nights and weekends to make ends meet, became overwhelming. Many of the corporate jobs I held were often underpaying and emotionally taxing.

In 2015, I left my full-time corporate position, and went back to serving full-time. It is one of the best decisions I've ever made. Since then, I've started my own company; a dream of mine since I can remember. But there is no way, I could have grown my company in the way I have, let alone started, without the money I make from tips.

For industry workers, tipping is like any other professions monetary compensation for continuing one's education. **The more know the more you grow.** But sadly, Roc and those behind Initiative 77 are suggesting otherwise.

- Roc suggests the practice of tipping encourages sexual harassment, **I do not agree.** I am a woman, and I've never felt obligated to permit the sexual advances of a guest, to receive a better tip. My service and knowledge speaks for itself.
- Roc suggests the service industry discriminates against minorities, **I do not agree.** I am black, and I have flourished in this industry. I've worked in some the most well-known establishments in the city.

I could not be any blacker, or any more of a woman than I already am. Initiative 77 **will not** help the people it suggests it will. Please do not let the deceptive motives of Roc ruin the lives of **DC service workers or its thriving hospitality industry.**

Thank you.

Michael Richmond TESTIMONY

September 17, 2018

Bill 22-913, Tipped Wage Workers Fairness Amendment Act of 2018

Thank you councilmembers for allowing me to speak. My name is Michael Richmond and I've been working in the restaurant industry for 16 years. I'm the General Manager of Rose's Luxury and was opening AGM at Pineapple and Pearls. I am a DC resident and a ward 3 homeowner.

I'm urging the council to repeal Initiative 77.

Today we are going to hear about the sanctity of democracy being violated.

Where was this call when we had a 3 part initiative with a singular yes/no response?

Where was this call when 2/3rds of the initiative was already Law

or when a city wide referendum was held during a primary election?

If you don't believe me that the ballot language was biased.

Look no further than Councilmember Cheh. When she first read the ballot initiative her response to us was ... "That sucks for you guys"

One of the things that bothers me the most is how many people think that the "7 states" adopted similar laws. Let's be clear about one thing, none of those states have had a tip credit in the past 20 years if they EVER had a tip credit at all. Not a single restaurant has phased out a tip credit from \$3.89 to \$15.00. So for the ROC to brand them OneFairWage states is not only misleading it's factually inaccurate. The ROC had nothing to do with those states removing their tip credit. In fact, those states got rid of the tip credit before OneFairWage even existed.

2017 BLS data shows the Median wage for Servers in San Francisco is \$14.32. The minimum wage in 2017 was \$13.00. That's a \$1.32/hr difference. Is that what "tips on top" looks like? \$1.32 an hour. Over half of the restaurant servers in SF make less than \$1.50/hour and you wonder why servers in DC don't buy the "Better Tips" garbage being put out by the ROC.

Lastly, with my 16 years experience, I'm here telling you that things will change. Prices will go up, schedules will change and restaurants will downsize their staff.

Taking FOH from 3.89 to \$15.00/hr will cost restaurants \$23,000 per employee

That will also increase % rent, It will remove their FICA tax credit, insurance premiums will go up.

Workmans comp will go up, It will increase the cost on our industry by \$51.6 million per employee.

I am an employer that offers: health insurance, Dental insurance, gym membership

Vacation days Holidays off Parental leave, But when I speak against Initiative 77, I'm told that I don't care about my employees. That I'm not looking out for their best interest.

The fact of the matter is we need a better law. We need one that works for us by us. There are better solutions out there than 77. And we should seek them out.

The reality is at the end of the day,

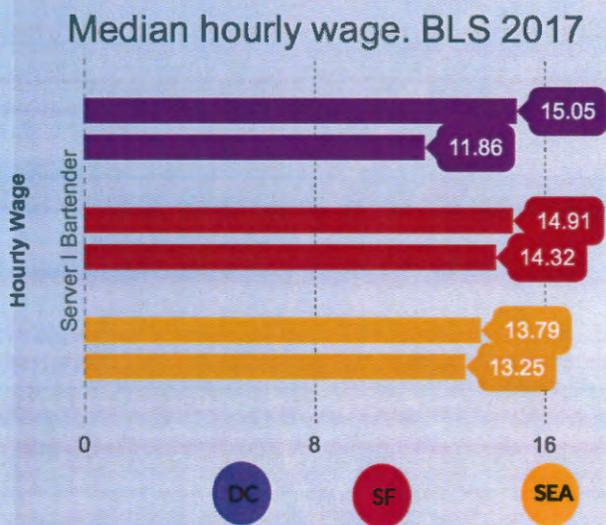
I'm the one that has to say, "sorry I can't do a 5th shift anymore, we can't afford the overtime." I'm the one that has to sit across the table from somebody and tell them that we couldn't afford insurance any longer.

I'm the one that has to say goodbye to somebody I've invested my time in because we had to cut positions. But don't believe me, believe the people that haven't spent the past 16 years in a restaurant.

The Lie of "Tips on Top"

How much are people making?

Let's look at the median income for servers and bartenders in DC, San Francisco and Seattle from the 2017 BLS Data.



So how much are they making in tips?

To be fair across the board the 2016 Minimum wage will be used to calculate tips. SF and SEA have been a one fair wage city for the time period of the BLS data.



Over 50% of servers in San Francisco make less than \$1.50 / hr in tips. Is this "Tips on Top" ?

So what does this mean?

It means that you won't get tips on top with one fair wage at the rate that you had gotten before.

Even if you don't like using the BLS data, any median hourly rate for Seattle or San Francisco will show a significant decrease in hourly tip earnings compared to DC. There literally is no proof that they are making "better tips." All you have to do is take that average and subtract the starting wage (\$13.00 / hr typically).

ROC never forgets to say "tips on top" when talking about removing the tipped minimum wage and try to woo people with the idea that they are going to get \$15.00 an hour plus the tips they are making now.

How much will it cost?

- Wage:**
- increasing pay from \$3.89 to \$15.00 is a \$11.11 increase in wage
 - Lets assume full time employment with no overtime (40 hours)

$$\$11.11 * 40 = \underline{\$444.40 \text{ per week}}$$

$$\$444.40 * 52 = \underline{\$23,108.80 \text{ per year}}$$

% Rent:

- typically landlords will charge business about 8% of gross sales after a certain threshold
- Lets assume a restaurant meets this threshold requirement
- Covering the wage increase through price raises will increase gross sales

$$\$23,108.80 * 8\% = \underline{\$1,848.70 \text{ per year}}$$

Fica Credit

- If restaurants go to a flat wage or institute a service charge like is being done in some SF and NY restaurants they stand to lose the FICA credit.
- The FICA credit allows employers to get a rebate against their tax liability for 7.65% of tips above the federal minimum.
- The average server in DC makes \$17.48 and the Federal Minimum wage is \$7.25

$$\$17.48 - \$7.50 = \$10.23 / \text{hr}$$

above the federal minimum wage

$$\$10.23 * 7.65\% = \$0.78 \text{ tax credit per hour}$$

$$\$0.76 * 40 = \$31.20 / \text{week tax credit}$$

$$\$31.20 * 52 = \underline{\$1,622.40 \text{ per year}}$$

The Industry

- There are 2,233 restaurants in Washington DC
- There are 23,200 tipped workers in Washington DC
- That's about 10 tipped employees per establishment
- Factoring in Wage, % Rent and the Fica Credit Restaurants could see an increase of **\$26,579.90 per employee**

$$\$26,579.90 * 10 \text{ employees} = \underline{\$265,799 \text{ per restaurant}}$$

$$\$26,579.90 * 2,233 = \underline{\$59,352,916.70 \text{ increase to the industry per employee}}$$

$$\$26,579.90 * 23,200 = \underline{\$616,653,680 \text{ increase to the entire industry}}$$

\$600 million dollars of added cost to the industry in D.C.

What a better Law looks like

Tip Credit is a Must

Restaurants in the District were birthed utilizing the tip credit. It's an integral part of their model so it has to be kept

Minimum wage is a Must

While the tip credit works well for healthy restaurants, they may not be good for lower grossing restaurants so pushing them to the minimum wage will help lower earning workers.

Guarantee a higher rate

If restaurants and bars are going to claim their employees make WAY more than the minimum wage then we should make them put their money where their mouth is and guarantee a premium.

Tax the Tips - ish

One of the biggest reasons we can't go after bad operators is because trials are expensive. We should tax the tips that are being credited towards the minimum to help fund the Attorney General's office and implement better support for wage theft.

These are the steps

Step 1: Define the Minimum wage

\$15.00

Step 3: Make the Tipped guarantee
3 times the Tipped wage

\$7.50 * 3 = \$22.50

Step 2: Make the Tipped Wage
50% of the minimum

\$15.00 / 2 = \$7.50

Step 4: Payroll tax the tips used
towards the guarantee at a higher
rate to help fund enforcement

\$22.50 - \$7.50 = \$15.00
The \$15.00 / hour gets
taxed at a higher rate
through payroll

Why would this work ?

It forces restaurants that are most susceptible to being unable to meet the tip credit requirement to simply pay the minimum wage. For restaurants currently operating successfully under the current system, this forces them to guarantee a higher minimum in order to use the tip credit. It's a way of keeping the ceiling high while at the same time lifting the floor. It also ensures that the wage is always tied to CPI

We know what's next.

Health care is a huge issue for restaurant workers and we're quite sure that it will become a requirement. Keeping in mind the cost of doing business and tight margins will better allow operators to be able to offer health care than if you removed the tip credit altogether.

Doug Foote - Initiative 77 - September 17, 2018

Good evening, councilmembers. My name is Doug Foote, and I've lived in D.C. for ten years. For four of those years, I worked on workers' rights issues at the union affiliate organization Working America.

Chairman Mendelson has said the purpose of this hearing is to determine whether or not Initiative 77 is a good policy. Other councilmembers have asserted that DC voters didn't understand Initiative 77 when we approved it by a wide margin in June.

What's missing from this debate is that one fair wage as a policy is not new or novel. Alaska, California, Hawaii, Minnesota, Montana, Nevada, Oregon, and Washington State have all implemented one fair wage. You'll hear more from experts on this later, but the restaurant industry is alive and well and the practice of tipping is alive and well in those states. What has changed is that the poverty rate among tipped workers has gone down.

Contrast this reality -- the actual, measurable experiences of eight states -- with the predictions of disaster from the No on 77 campaign. Our city was blanketed with signs urging us to vote NO to "save our tips," when this exact policy has not ended tips in any other state where it has been enacted.

Please also look at the coalition that supported 77. It ranges from unions like SEIU 32BJ to women's organizations like NOW to LGBT rights groups like Trans United Fund to racial justice groups like BYP 100 to immigrant rights groups, reproductive rights groups, and on and on.

Is it likely that all these groups were tricked into supporting something they didn't understand? Or is it more likely that they saw 77 as a time-tested policy solution to the high poverty rate among DC's tipped workers?

As a consumer, I want to go to restaurants, order drinks, take cabs, and more in a city where the people I interact with are being fairly compensated *by their employers* for their hard work, with tips as a gesture of thanks, not a necessity for survival.

As a DC voter, I want my elected leaders to look at data and concrete information as part of their decision-making, particularly when considering the very radical step of completely overturning the results of an election.

Last June, DC voters let solid research and clear evidence guide us to a moral vote in favor of fairness and dignity for servers, bartenders, busboys, bellhops, nail technicians, and everyone else in a tipped position.

The Council can serve us best by following this same path: Look at the evidence and respect the voters of DC. Do not overturn Initiative 77.



September 17, 2018

To: Chairman
Mendelson and
Distinguished
Members of the
Council

Re: BILL B22-0913 TO
REPEAL BALLOT INITIATIVE
#77

Thank you for the opportunity to testify today. My name is Leah Cheston and I am the Co-Owner of Right Proper LLC, dba Right Proper Brewing Company – Shaw Brewpub & Kitchen, located at 7th and T Street NW, DC in Ward 1. I am here today to support Bill B22-0913 to repeal Ballot Initiative #77. I'd like to thank Chairman Mendelson and Councilmembers Gray, Todd, T. White, Bonds, Evans, and McDuffie for introducing this bill and I ask all members to vote YES.

My story is like many other restaurateurs in DC – I started many years ago as a host and worked my way up to manager and eventually an owner. This is an industry and a city that embraces that transition. A transition that happens not because you want to get rich - the restaurant industry is not the place for that - it's a labor of love when you want to build something for the community. The primary difference I have felt between being a manager and a small business owner is the liability and the risk – the risk of losing everything you have spent your life and your soul building. It's an angst that keeps you up at night. In my 5 years of owning a business, nothing has brought more of that angst than Ballot Initiative #77. I know the proposal to eliminate the tip credit comes well-intended and seems non-threatening on the surface. However, when you build your entire business model on certain costs, and then those costs increase 5 times due to a single law change, the model no longer works.

Let me address some of the arguments in favor of Ballot Initiative #77:

"You can adjust. They did it in San Francisco and Seattle and they're doing fine." The main difference here is these markets are insulated, there is no where else to go. DC is not. We will lose employees to Maryland and Virginia where they can make more money. We will lose customers to Maryland and Virginia where the restaurants will be less expensive. Additionally, I've spoken to many members of the Brewers' Association with locations in these areas, and they have had to close restaurants or switch to counter service.

Another argument is "but you have time to adjust." While the law is currently scheduled to phase in over several years, this is not necessarily a positive. This law as currently written will leave several years of "grey area." Customers will not know whether to leave a tip or how much, or if the service charge goes to their server or the restaurant. It's likely that each restaurant will react slightly differently, which will create a confusing customer experience. Restaurants will have to adapt, but those too far ahead or behind of the curve will suffer.

Perhaps the biggest argument and the most misleading, is "tipped workers deserve to make a living wage." Yes, they do, and they do. I employ 55 people at Right Proper Shaw, 70% of which are tipped employees. I calculated the average hourly wage after tips for the entire year of 2017. The average hourly pay for our starting tipped position,



the backwaiter, was \$20.99 per hour. The average hourly pay for servers was \$24.82 per hour, and \$32.43 per hour for bartenders. For full-time employees, that's an average annual equivalent ranging from \$43,659 to \$67,454. Now, if the tip credit is eliminated, the FOH labor costs would increase 5 times, which would cause a domino effect of increased payroll taxes and increased worker's comp insurance. When I plugged these numbers into our budget, we immediately go from a cash-flow positive company to a cash-flow negative company. If we did nothing, we would have to close our doors in a few months. We would have to make up the difference of an 18% loss, just to keep our doors open. This would look like an increase in menu prices, a service charge that goes to the restaurant, and/or a decrease in staffing or a change in the service model. The domino effect would kick in again, as all these things would have a false sense of increased revenue, which would increase percentage rent, insurance, taxes, and more, not to mention we'd also have to account for a possible decline in business due to the increased prices. Furthermore, the guest is not likely to leave an additional 20% tip after facing a 20% increase in their dining experience. Thus, the chances of the bartender making \$17 an hour in tips to add onto the \$15 per hour, to get them where they are now, are very slim. Our tipped employees are smart, and they are very good at what they do. They deserve the current system, because it works. And they deserve all the benefits that we can currently afford to offer them, such as paid vacation time, a retirement plan, a health insurance plan, and a flexible spending plan.

One last argument I hear is that maybe the tipped workers at my restaurant do well, but what about other restaurants. First, my restaurant is very casual, with a guest average of \$20 per person, so I imagine we are on the lower end of the spectrum in terms of employee wages. More importantly, DC already has policies in place to ensure all establishments are meeting the required minimum wage after tips. Businesses with tipped workers are required to report wages for all tipped employees on a quarterly basis to the DC Department of Employment Services. I fully support the enforcement of this policy and any consequences DOES imposes on businesses that are not in compliance with the reporting or meeting minimum wage for their employees.

Finally, I know it takes courage to overturn something that was passed in a public vote. I ask you to consider the incredibly low turnout of the June primary, the misleading language on the ballot, the very complicated issue and what's at stake. What's at stake is a wonderfully local, independent, passionate and successful restaurant industry.

Thank you very much for your time today and I welcome any questions you may have.

Kind Regards,

Leah Cheston

Co-Owner, Right Proper Brewing Company, Shaw Brewpub & Kitchen

Testimony of Leo Gertner

National Employment Law Project

On B22-0913, “Tipped Wage Workers Fairness Amendment Act of 2018,” Which Repeals Initiative 77 and Preserves the Two-Tiered Wage System for Tipped Workers

Hearing before the Council of the District of Columbia

September 17, 2018

Leo Gertner
Staff Attorney

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Thank you, Chairman Mendelson and members of the Committee of the Whole for the opportunity to submit written testimony on B22-0913, "Tipped Wage Workers Fairness Amendment Act of 2018," which would repeal Initiative 77, a ballot initiative that voters approved in June that gradually raises the tipped minimum wage until it reaches \$15.00 in 2025 and fully eliminates the tip credit by 2026, guaranteeing one fair wage for all workers regardless of occupation.

My name is Leo Gertner and I am a staff attorney at the National Employment Law Project (NELP). NELP is a non-profit, non-partisan research and advocacy organization specializing in employment policy. We are based in New York with offices across the country. Our staff are recognized as policy experts on a wide range of workforce issues, such as unemployment insurance, wage and hour enforcement, and—as is relevant for today's hearing—the minimum wage. We have worked with dozens of city councils, state legislatures and the U.S. Congress on measures to boost pay for low-wage workers and improve labor standards. We track both the economic experience of state and local jurisdictions that have increased their wage floor, and the academic research on the minimum wage. As a result, we have developed a strong expertise on the analysis of minimum wage policy.

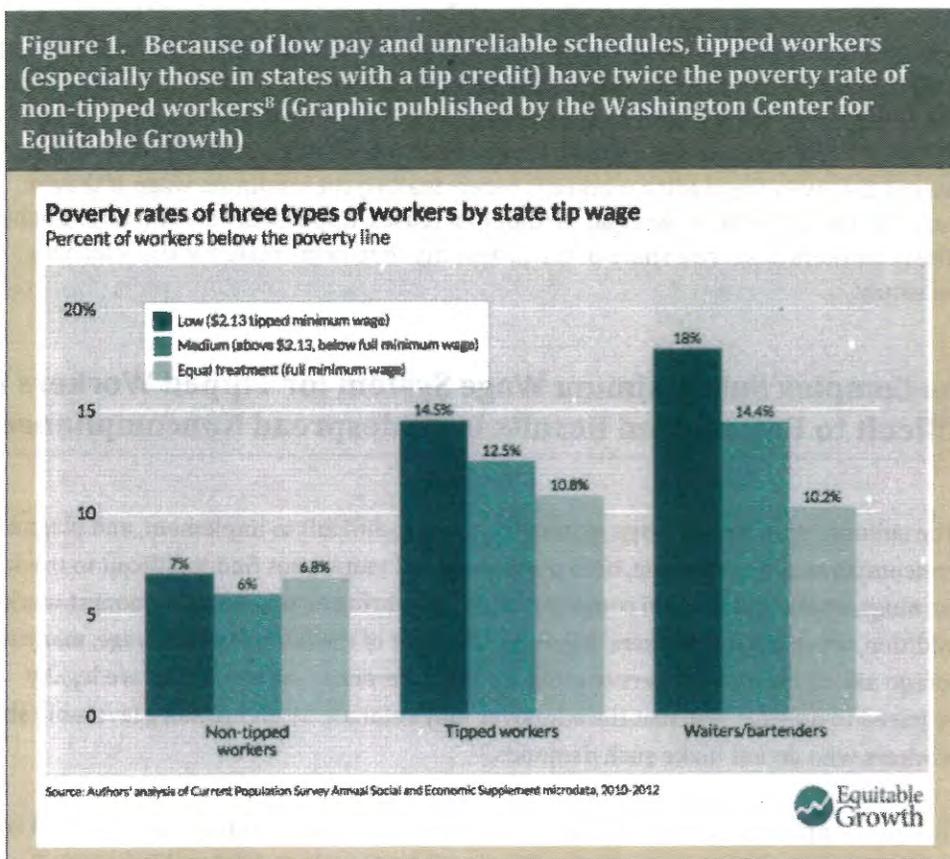
NELP testifies today against the repeal of Initiative 77 and in support of eliminating the subminimum cash tipped minimum wage so that tipped workers receive the full minimum wage directly from their employer. As evidenced by Initiative 77's approval, there is growing national momentum for raising pay for the nation's millions of tipped workers such as restaurant servers, food delivery workers, and many others at the heart of some of our fastest growing industries. As a result of the current two-tiered wage system, tipped workers earn low median wages, suffer from higher rates of poverty, and face unpredictability in their take home pay. Moreover, while employers are supposed to make up the difference when tips are not enough to bring a worker up to the full minimum wage, in practice, such tracking is difficult and compliance is spotty. D.C. should follow the lead of the seven states that have done away with the subminimum wage for tipped workers and who also enjoy thriving service industries.

Contrary to Restaurant Industry Claims, D.C.'s Tipped Workers Earn Low Wages and Suffer High Rates of Poverty Due to the Precariousness of Tipped Work

- According to the Economic Policy Institute's latest analysis of American Community Survey data, **the median hourly wage in the District for tipped workers is \$14.41, including tips.**¹ Servers and bartenders made slightly less at \$14.24.² This is compared to median hourly earnings of \$32.45 for non-tipped workers in the District.³ This means that many tipped workers are typically earning just enough in tips to bring them a little bit above the minimum wage—far below the types of high tips some in the restaurant industry claim to be the norm.
- Tipped work is inherently uneven and often unpredictable. While most of us expect to be paid the same for every day or hour we work, for tipped workers this is often not the case. For example, restaurant servers can earn substantially more on Friday or Saturday nights, but much less on other days of the week. Bad weather, a sluggish economy, the changing of the seasons, a less generous customer, and a host of other factors can also cause sudden drops in their tipped income and lead to economic insecurity.
- As a result of tipped wages and the precariousness of the tipped occupations, tipped workers in D.C. experience poverty at three times the rate of non-tipped workers.⁴ The overall poverty rate among non-tipped workers in D.C. is 4.5 percent.⁵ For tipped workers overall, it is 13.7 percent, while for servers and bartenders it is a bit higher at 13.9 percent.⁶ Disparities by gender and race show the treatment even among tipped workers is extremely

unequal. Women workers experience poverty at a rate of 15.7 percent compared to 11.8 percent for men, while Black tipped workers have a poverty rate of 18.5 percent compared to 12.1 percent for white workers.⁷

- In states with a tip credit system, poverty among tipped workers is more prevalent. According to data from 2010–2012, while the poverty rate for *non-tipped* workers ranged from 6.0 to 7.0 percent in states with a tipped subminimum wage, for *tipped* workers, the poverty rate jumped to more than twice that rate—between 12.5 and 14.5 percent. See Figure 1. Poverty among *servers and bartenders* in those states was even more alarming: 18.0 percent in states that follow the federal tipped rate of \$2.13, and 14.4 percent in states with tipped subminimum wages between the federal tipped floor and the full minimum wage. See Figure 1. *This means that in states with a tip credit, tipped workers are more than twice as likely to live in poverty as non-tipped workers.* In comparison, the poverty rates for tipped and non-tipped workers in One Fair Wage (equal treatment) states, while still in need of improvement, did not diverge as greatly from one another (Figure 1).



- Tipped workers are forced to live on unpredictable incomes and schedules. Their take-home pay fluctuates widely depending on the seasons, the shift they are given, and the generosity of patrons. The lack of stable incomes for tipped workers makes it difficult to plan a family budget.
- Due to the dual pressure of low or precarious pay and high costs of living, nearly half of all tipped workers in the U.S. are forced to rely on public benefits. According to research by the University of Berkeley and the Economic Policy Institute, nationwide, around 46 percent of *tipped workers* and their families rely on public programs—a significantly higher share than the 35.5 percent of *non-tipped* workers and their families who also rely on these programs.⁹

A Third of All Tipped Employees in D.C. Work Outside of the Restaurant Industry

- Approximately a third of tipped workers in D.C. do not work in the restaurant industry. These workers include hair stylists, manicurists, cosmetologists, bellhops, hotel concierges, taxi drivers, delivery drivers, parking lot and garage attendants, and car wash workers.¹⁰ As the public debate around Initiative 77 clearly showed, these workers are less visible in D.C.'s economy. They make the same \$3.89 per hour waiters and bartenders earn, but they work in industries where sometimes tipping is not widely adopted or consumers do not even realize that they are subject to a lower tipped wage rate.
- These tipped workers play an important role in making D.C. a vibrant city and tourist destination, providing crucial personal care, accommodation, and transportation services. And yet, like restaurant workers, they struggle to pay the rent and feed their families with unstable and meager incomes. For example, according to 2017 statistics, median wages for parking lot attendants in D.C. are \$12.09 an hour and for baggage porters, \$12.58. To put these wages into perspective, D.C.'s workforce as a whole earns a median wage of \$32.45 an hour.¹¹ The minimum wage in 2017 was \$11.50 until July 1 and \$12.50 after that.¹² That means that even the median worker is barely making the minimum wage, if they're earning the minimum wage at all. Without increases, tipped workers will be left behind. These workers deserve a share of the prosperity they help create for D.C.'s thriving economy.

The Complex Subminimum Wage System for Tipped Workers Is Difficult to Enforce and Results in Widespread Noncompliance

- The subminimum tipped wage system is complex, difficult to implement, and plagued by noncompliance. For example, both employers and employees find it difficult to track tip earnings, a task that is often complicated by tip sharing arrangements amongst workers. In addition, when tipped workers' earnings fall short of the full minimum wage, many will forego asking their employers to make up the difference—as employers are legally required to do—for fear that the employer may retaliate by giving more favorable shifts to workers who do not make such demands.¹³
- Given the implementation challenges inherent in the subminimum wage system, it is not surprising that a 2014 report by the Obama Administration's National Economic Council and the U.S. Department of Labor found that one of the most prevalent violations amongst employers is failing to properly track employees' tips and make up the difference between an employee's base pay and the full minimum wage when tips fail to fill that gap.¹⁴ A survey found that more than 1 in 10 workers employed in predominantly tipped occupations earned hourly wages below the full federal minimum wage, including tips.¹⁵
- Not surprisingly, the U.S. Department of Labor found an 84 percent noncompliance rate among the nearly 9,000 full-service restaurants it investigated from 2010–2012. Violations included tip credit infractions and other forms of wage theft, resulting in \$56.8 million in back pay for affected workers.¹⁶

The Lower Subminimum Wage for Tipped Workers is a Unique, Unfair, and Unnecessary Subsidy for Employers in the Restaurant Industry

- The intended purpose of tips is to reward good service rather than to serve as a substitute for the wages directly paid by employers. In states where a tip credit is allowed, however, tips have become a means for employers to transfer responsibility for paying employees' wages onto the customer. This mainly benefits employers in the restaurant industry and other service industries where the majority of tipped workers are employed. No other industries are subsidized this way.
- Employers in the restaurant industry are among the most avid users not only of the tipped subminimum wage, but also of the standard minimum wage, and they are among the least likely to offer workplace benefits—such as health insurance, paid sick leave, and paid holidays—making the industry one of the least generous.¹⁷
- The restaurant industry is one of the most profitable sectors of the economy. According to the National Restaurant Association, nationwide industry sales were expected to reach \$799 billion in 2017—equivalent to 4 percent of the U.S. gross domestic product.¹⁸ The industry employed 14.7 million workers last year, or roughly 10 percent of the nation's workforce, a number that is expected to increase by nearly 11 percent by 2027.¹⁹ These figures suggest a healthy and profitable industry that could withstand the gradual elimination of the tipped subminimum wage at the national level.

States Without a Subminimum Wage for Tipped Workers Have Fast-Growing Restaurant and Hospitality Sectors

- Seven states do not have a tipped subminimum wage. The seven One Fair Wage states are California, Nevada, Washington, Minnesota, Alaska, Oregon, and Montana. And, as noted above, many local jurisdictions—including Minneapolis, Seattle, and various cities and counties in California—that have adopted a \$15 minimum wage have done so without adopting a lower minimum wage for tipped workers.²⁰
- While restaurant industry lobbyists often argue that eliminating the tipped subminimum wage would hurt restaurants and their workers, the facts belie those claims. In particular, the restaurant industry in One Fair Wage states is strong and projected to grow faster than in many of the states that have retained a subminimum tipped wage system. According to projections by the National Restaurant Association (NRA), nationwide restaurant sales were expected to reach \$799 billion in 2017, a 4.3 percent increase over 2016. And according to their own projections, restaurant employment in the seven states without a tipped minimum wage will grow in the next decade at an average rate of 10.7 percent.
- Many of the states with the strongest restaurant job growth do not allow a tipped minimum wage for tipped workers, and require employers to pay tipped workers some of the country's highest base wages. For example, restaurant employment in California—which has no subminimum wage for tipped workers and is phasing in a \$15 minimum wage—is projected to grow by 10 percent during the 2018–2028 period.²¹ In California, the minimum wage is now \$10.50 per hour for small employers (25 or fewer employees) and \$11.00 for large employers (26 or more employees), and the minimum wage will reach \$15 for all employers by 2023.²² In Oregon, where the minimum wage will increase to between \$12.50 and \$14.75 by 2022,²³ and which has no tipped subminimum wage,

restaurant employment is projected to grow by 12.9 percent during that same period.²⁴ And in Washington State, where the minimum wage will increase to \$13.50 by 2020,²⁵ restaurant employment growth during the same period is expected to grow by 11.4 percent.²⁶ And in San Francisco in 2015, a year after the city began transitioning to a \$15 minimum wage, the Golden Gate Restaurant Association reported that the restaurant industry was thriving,²⁷ with sales and employment growing faster than in 2014—the year San Francisco adopted a \$15 minimum wage. Today, San Francisco's economy continues its positive trajectory, with the city's unemployment rate dropping to 2.6 percent in November 2017²⁸ (nearly 50 percent lower than its jobless rate three years earlier in 2014),²⁹ and restaurant employers voluntarily raising wages and benefits above the legal minimum in order to attract and retain talent.³⁰

- Moreover, a 2015 Cornell Hospitality Report looked at the impact of minimum wage increases on restaurant employment and business growth levels over twenty years across the United States. It found that raising the minimum wage (including the tipped wage) will raise restaurant industry wages but will not lead to “large or reliable effects on full-service and limited-service restaurant employment.”³¹

A One Fair Wage System in D.C. is a Matter of Basic Fairness

- A subminimum wage for tipped workers has not always existed. Until 1966, there was no federal subminimum wage for tipped workers.³² But with the 1966 expansion of the Fair Labor Standards Act (FLSA) to cover hotel, motel, restaurant, and other leisure and hospitality employees who had previously been excluded by the FLSA, the law was amended to allow employers to pay tipped workers a subminimum wage of 50 percent of the full minimum wage.³³ In 1996, tipped workers' pay decreased further when a Republican-controlled Congress raised the federal minimum wage from \$4.25 to \$5.15, but froze the tipped minimum wage at \$2.13. This policy decoupled the tipped wage from the full minimum wage for the first time in the history of U.S. wage law, setting up over two decades of a frozen minimum wage for tipped workers³⁴ in most of the nation.
- The gradual elimination of the subminimum wage for tipped workers is crucial to improving the lives and economic prospects of low-wage workers in D.C. Tipped workers in the city are disproportionately low-income and D.C. residents as well as workers of color, therefore the benefits of gradually raising and eventually eliminating the tipped minimum wage will be most felt by these workers.³⁵ Without raising the tipped wage, a significant share of the District's lowest-paid workers will continue to be at an increased risk of poverty and various forms of harassment and discrimination.³⁶ As inflation erodes the real value of the tipped wage, tipped workers will become progressively more dependent on the generosity of customers to earn their livelihoods and avoid poverty. D.C. tipped workers already suffer from the largest gap between the tipped and non-tipped wage in the country.
- The D.C. Council has a historic opportunity to preserve a popular law that brings fair pay for D.C.'s tipped workers and addresses the economic insecurity that workers face when their income depends on tips left by customers. To repeal Initiative 77 would be a step backwards for D.C.'s hard-working service workers and for D.C.'s thriving economy.

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Troncoso TESTIMONY

Monday, September 17th at 11:00 am

Room 500 (the Council Chamber) of the John A. Wilson Building (1350 Pennsylvania Ave. NW)

Chairperson, members of the committee, thank you for the opportunity to testify in support of bill 22-913, the Tipped Workers Fairness Amendment Act of 2018, which would modify or repeal Initiative 77.

I'm Shannan Troncoso, chef and proprietor of Brookland's Finest, an independently-owned neighborhood restaurant serving an underserved area of North East Washington, DC. We are located in Ward 5, where I am also a registered voting resident. For over 4 years, I have proudly employed people from our neighborhood in my kitchen and front of house. I also strive to serve local food and beverages, to support DC's small business community.

Removing the tip credit will kill jobs in my neighborhood. I will have to lay off staff. I will ^{have to} pay all staff members, for whom this is often their very first job, the same wage I would experienced staff members. This will affect my ability to increase wages for employees who have been with me for over 10 years. The tip credit allows me to have people with a range of experience and qualifications come in to learn and grow within our restaurant, and take their experiences elsewhere in the city, which has a thriving hospitality and food culture. We must teach and help each other to be successful. We need to ensure the next generation can continue to flourish in our industry without having to join a union or work for a large corporation.

Initiative 77 will require businesses to raise prices, increasing the cost of dining out that is particularly noticeable for neighborhoods like mine in North East. I will have to cut cost of goods, compromising the quality my customers have come to expect, and impairing my continued support of local businesses.

Ultimately, this means I will have to hire less experienced staff, I will lose tenured staff, and I will have to source food from places outside our DC market. All of this will obviously change the culture of the restaurant and the dining experience.

This Initiative limits opportunity to expand my business or open new businesses, which depends on cost, affordability, and the ability to hire and retain quality staff. This mainly impacts women and people of color, whom often have a harder time accessing capital to start and expand our businesses. Maryland and Virginia have a more business-friendly environment. Simply, I will go there instead. This will drive independent businesses, which are the backbone of the DC restaurant and bar culture, out of the District, opening up to corporate interests that are better equipped to absorb the increased cost of operating under Initiative 77; completely changing DC's atmosphere. And, Not for the better.

In Closing, While the original intentions of Initiative 77 were good, and I agree we should do more to tackle the problem of discrimination and sexual harassment in the food service industry. 77, as proposed, would not yield these intended results. The hospitality industry has always provided opportunity for job seekers who lack experience or education, may have a criminal record, are single parents with tough schedules, need supplemental income, or want a total career change. Eliminating the tip credit means that business owners won't be able to take a chance on these workers. This means my employees, my neighbors, and members of my community the Initiative proposes to support, will have less opportunity to make more than an actual living wage. The jobs and restaurants simply will not be here.

THE DECLINE OF DEMOCRACY AND INCREASED DIVISIONS IN DC

The District many soon face a crisis of democracy. The majority on the DC Council is poised to ignore the majority of voters who favored Initiative 77, the effort that requires businesses to increase the wages of workers whose salaries depend on tips. Their unjustified proposed action will contribute to the decline of the democratic process. Rescinding the election results will be a brutal assault on the rights of the majority who favored the new wage increase. The Council's possible action is fully inconsistent with "the consent of the govern." Democracy is the prevailing principle of "we the people." Its highest power is vested in the people but reflected by their elected representatives.

The fundamental deficit involved is that many citizens already feel reduced appreciation of the three branches of government including the electoral process which many maintained is significantly dominated by money. The anemic turnout in the June primary further suggest that residents are less involved because they don't trust our leaders or feel out of sync with the direction or results of government. The electoral process became more fragile especially after Florida in 2000. Concern about voting has especially increased among African Americans and Latinos who are the target victims of gerrymandering, the purge of voters, and acts of suppression or face new requirements for identification. The repeal would disenfranchise voters who favored the initiative. It also will nullify the foundational democratic notion of "one person, one vote." This initiative was a means to increase the income of many who work full-time and yet remain poor while income inequality increases for the wealthy in the District.

Voters need to be able to trust our electoral process. Our leaders have offered no cogent or compelling justification to rescind this effort strongly promoted by the moneyed restaurant lobby who argue about increased cost for customers. But many residents dining out or treating clients to lunch or dinner also greatly benefited recently from the Trump trillion dollar tax cut. It appears that the majority on the Council are more focused on protecting people of privilege while ignoring the needs of the poor. The criterion of justice requires wages that ensures a standard of living in keeping with the dignity of the human person.

The disturbing reversal of the voter's preference becomes more problematic and complicated and the results vividly reflect the city's economic divide. The initiative was passed by 56% of voters but only 17% of registered residents voted. The majority of workers in this industry are people of color. Whites predominate managerial and higher paying positions. A comic element is that there are no fancy restaurants east of the river except Denny's while there has been an explosion of new restaurants. Higher income precincts west of Rock Creek Park voted it down while people on the east side voted overwhelmingly in support. The Council should have respected and held as sacred the outcome. It first should have explored alternatives to honor and maintain the foundational principle of a democracy consistent with the will of the people. The Council's majority rushed to disregard the judgment of the majority and offered no viable compromise. Oddly the mayor and the majority on the Council presented no compelling rationale to overturn the initiative except their vanity or personal perspective or doing the bidding of campaign contributors. No opinion was sought from the Attorney General regarding the legality of the intended action to void the outcome. Similar overturning of citizen's initiatives has been enacted four times by the Council since 1980. But this proposed action involves the vote! District leaders always scoffed when Congress threatened to void local legislation. The possible overturning of the election outcome by the Council is the height of hypocrisy.

Alexis de Tocqueville observed ages ago that the success of democracy depends on our ability to effectively engage in “the art of association” essential to self governing people. It is a pax de deux, a chorography involving the people partnered with its leaders. Many in communities of color face new existential fear about their diminishing influence or participation in elections. The fundamental challenge is whether our electoral process can represent and reflect increased solidarity and as a community.

Raymond S. Blanks formerly served as an assistant dean at The Catholic University of America and is now retired.

Josh Phillips
GM / Partner
Espita Mezcaleria
1250 9th Street NW
Washington, DC 20001
Business Owner in Ward 2
Resident of Ward 1

To the Council,

I have been an outspoken advocate against 77, and now for the full repeal of Initiative 77. Simply put, Initiative 77 is a wrecking ball when a sledge hammer will do. Initiative 77 has been put forth to supposedly address 3 issues in our industry:

1. Wage Theft
2. Sexual Harassment
3. Racist Tipping Patterns

The text of the law doesn't mention any of these. It just mentions raising the tipped base wage to match the regular minimum wage. It doesn't mention these 3 goals because it does nothing to address them.

Wage Theft

Wage theft is about enforcement, not about wage. Operators that pay under the table, or steal tips, or find other ways to underpay their staff are already in breach of the existing laws. If they are willing to break the law now, why does anyone think they will not continue to do so even with a higher base wage? If anyone was serious about addressing this problem, there are several ways we can address it without negatively impacting a major industry in our city.

We could change wage and tip reporting to come from third party payroll companies and require their use. This would be a straight forward, high impact, low burden change. Pretty much everyone uses a 3rd party payroll company due to the complexities of taxes and benefits. Those payroll companies are all very used to government reporting and are much better equipped to do it in a timely and accurate manner. These could be standardized reports that can be audited digitally, automatically at low cost and high accuracy.

We could change the penalty structure for those caught practicing wage theft. I have independently spoken to several members of the council about how harsh I think these penalties should be, but as it stands right now, I honestly could not tell you what the mandatory penalties are for wage theft. In my personal opinion, wage theft is a crime. If you are a criminal, you are not allowed to receive a liquor license.

We could change the theft reporting practices, making it easier to anonymously report this crime. This would be as simple as having multilingual call centers for wage theft reporting as well as revamping the website to be more direct and adding a wage theft hotline to the required workers' rights posters.

Sexual Harassment

I imagine this is supposed to address sexual harassment from guests because it does literally nothing to address the concerns of sexual harassment from management and coworkers. That is a societal issue affecting every industry, and ours is no different. I am happy to see so many people speaking up against bad actors, even in our own DC industry community. As far as sexual harassment from guests goes, nobody asks your wage before they decide to harass a worker. It is the dynamic of serving someone and usually the involvement of alcohol that causes this form of harassment.

The best form of protection from sexual harassment from guests is a strong, well defined, fair tip pool and a corporate culture that values their workers more than a few bucks of revenue. Well-structured tip pools mitigate the loss of a single table if management needs to throw them out. A tip pool like this means that the loss to an individual may only be a couple dollars instead of a significant portion of their income. Good management realizes that happy workers lead to better service which leads to more revenue, so it is honestly in a company's best interest to lose the short-term revenue to protect their staff.

Racist Tipping

Like sexual harassment from guests, this is best handled by a well-run tip pool. Again, nobody asks how much your base wage is before leaving a racist tip. The solution to this is the same as the solution to sexual harassment. Both are company culture issues. Companies that don't put their team first have high turnover. These are two straight forward issues to address.

Tip Pooling

What I'm not recommending is mandating tip pools. Each restaurant has a different pool that matched the need of the restaurant and the team's incomes. They evolve over time as restaurants evolve. It would be a terrible reality if there were a government mandated tip pool that didn't allow for the flexibility to address each restaurant's unique needs.

Effective tip pools are expensive and time consuming to execute, but the benefits to staff retention and stability are plain to see. Some tipped employees do not like working in pooled houses and gravitate towards those that don't pool. Many prefer the stability. I would personally like to see tip pooling incentivized but with the requirement that any changes to a restaurant's tip pool policies are submitted in writing to DOES in case there is a wage theft dispute. By having the policy on record at DOES, the restaurant's can be held accountable to their own tipping policy that their employees have agreed to.

Business Development

Currently the restaurant industry in DC is booming. We are gaining national and international recognition as a dining destination. We're attracting real tourist revenue and tax dollars. We're attracting and developing seriously talented hospitality professionals.

There are currently underserved neighborhoods that need restaurants and restaurant jobs. 77 going to effect in this city will chill full service restaurant development, but especially in those wards that have the fewest restaurants. Creating restaurants in underserved areas is a positive thing. Creating jobs in

the Wards that people live in, so they don't have to essentially pay a transportation tax on their income is a good thing. Enacting laws that minimizes the chance of that investment is a bad thing.

Everyone talks about wanting to find ways to encourage investment in Wards 7 & 8. By making it more difficult to operate a profitable business, it further reduced the likelihood that people will invest the large sums of money required to open a restaurant.

Restaurants are a large capital investment to open. My restaurant, Espita Mezcaleria, cost about \$1.9M all in including later development of our patio. Optimistically, we will repay that investment in 5-7 years. We have bet our livelihoods and careers on it. Espita was developed in what has become one of the premier dining neighborhoods in DC. When we signed the lease, there was still violent crime almost weekly over the summers. Restaurants are very frequently the investment that first goes into a neighborhood, creating good jobs.

Our Wages

At Espita, our tipped workers are all guaranteed at least \$18/hour using an extension of the concept of the tip credit. Most of our tipped workers besides our servers have a higher base wage than the minimum tipped base wage. It is only higher so we can stay competitive in this tight labor market. Our servers make on average about \$31/hour unless they work primarily brunch shifts in which case they might make slightly less. Our bartenders make around \$35/hour. Our barbacks make around \$21/hour. Our food runners/bussers make \$18+/hour. Our hosts make \$18+/hour. These are the competitive wages that we need to keep people happy in these roles. They are not minimum wage employees. They are skilled professionals. They are generally pretty happy, and we have incredibly low turnover for this industry.

Like most restaurants, our kitchen employees make less than our front of house tipped employees. They make between \$13.75/hour for unskilled positions and up to \$18/hour for skilled cook positions. These are the worker's whose income is most at risk. They are the lowest paid workers in every restaurant and will likely be the first to be cut if we must drastically increase the pay of our sales and support staff (the front of house).

Changing the Math

As an existing operator of an incredibly pro-employee restaurant, I look at this law and see an unsustainable increase of roughly \$6,000 per week in our operating costs to raise all our tipped workers to \$15/hour. This change is not going to happen in a vacuum. Food costs will rise over the same period. Utilities will cost more. Rent will increase. People have told me that all the other things will rise, so why not increase wages too. Those other things will rise at a predictable slow pace along with inflation. This wage increase will far outpace inflation. We've all done the math and most restaurants are going to have to increase their prices to the tune of about 32-37% to offset this wage increase, not including rising other costs.

This gets to the concept of price elasticity of demand. As prices increase, demand decreases. It is a simple concept. If it was just a 20% increase and the cost to consumers was the same, I think we would all rally behind the change. It is not. Payroll is tied to a number of things, as is raising prices (and hopefully revenue). Payroll taxes, FICA tax credit, percentage rent, workers' comp insurance, and several other costs go up in tandem with increasing payroll and revenues. To cover all these costs,

restaurants need to increase revenues beyond 20%. This simple concept is what is terrifying the entire industry. If prices rise beyond 20%, then sales go down, not up. This is an industry with incredibly small margins. Most of us live on 5-8%. We simply cannot absorb these costs without fundamentally changing how we operate. And that means we need to find ways to cut costs. Most of us have already driven our food costs as low as we can while still offering a product we're proud of. The biggest cost in every restaurant I know details on is labor. The vast majority of the rest of our costs are not that controllable. Utilities are pretty much what they are. You need a PR agent. You need to spend money on professional services (accounting, legal). Services like credit card fees, reservation services, and misc. technology are not going to get cheaper. Rent is going to go up, not down in this scenario.

The place where we're all going to be forced to cut is labor. We're going to try to figure out how to do the same work with fewer people.

Definition of a Tipped Worker

The definition of a tipped worker in this city and probably the country is a problem. As it stands now, if you make \$30 or more per month you qualify as a tipped worker. This is a nonsense definition. I would propose creating a new class of worker that is eligible for the tip credit. If you are a worker in a full service restaurant **with a liquor license** that qualifies to receive tips (must have direct interaction with the guests), then you are eligible for the tip credit.

Restaurants with liquor licenses have drastically higher check averages and drastically higher tip income. A diner worker is not going to see a \$20 tip on a table of two because the check total is probably only \$20, while a \$10 tip per guest is pretty much the average at our restaurant because the check average per person is about \$50. The potential for high income is much higher at restaurants that serve alcohol.

Full service restaurant workers are the ones that don't want 77. Changing this simple definition and giving a full repeal would classify other current tipped workers as non-tipped workers and subject them to the full minimum wage, while allowing full service restaurant workers to keep the tip credit. Problem solved.

77 as a Whole

What many of us can't understand is why 77 exists. We fought this fight two years ago and won. The restaurant industry and majority of tipped workers don't want this change. Raising the tipped base to match the minimum wage and eliminating the tip credit allows restaurants to create tip pools that can now include traditionally non-tipped employees and the restaurant itself. It paves the way towards eliminating tips entirely. It does these things in the face of competing markets across the river and state lines that still have the tip credit. Two years ago, we compromised. This year we want a full repeal.

If the people behind 77 actually want to address wage theft and harassment, then let us write laws that actually do that, but don't put our industry at risk. Let this industry continue to flourish. Let us spread into neighborhoods that need us. Let us drive tourism dollars with national and international press about how amazing the food scene is in DC. We create good middle-class jobs for this city. If we want to fix the problems in our industry, let's do it, but not at the cost of killing the industry.

Testimony of Kesh Ladduwahetty, Chair of DC for Democracy
Before the Committee of the Whole
Regarding B22-0913 - Tipped Wage Workers Fairness Amendment Act of 2018
September 17, 2018

My name is Kesh Ladduwahetty, and I am a DC voter who voted in favor of Initiative 77 fully understanding what it meant.

I am here on behalf of DC for Democracy, whose members voted twice to endorse One Fair Wage: first in 2016 in support of the \$15 minimum wage ballot initiative led by DC Working Families, and this year for Initiative 77. Our members also fully understood what Initiative 77 meant.

DC for Democracy supports Initiative 77 because the status quo fails the vast majority of tipped workers, including those who do not work in the restaurant industry, and we find the evidence compelling that Initiative 77 would help these workers.

We stand with the 4,220 DC waiters and waitresses who made an hourly wage less than \$11.86 and an annual wage less than \$24,680 in 2017¹. These are the DC waiters & waitresses in the bottom 50% of their profession. They need a higher minimum wage.

We stand with the 11,764 tipped workers who receive less than minimum wage of \$12.50 an hour².

We stand with the 8,214 workers in the restaurant and other food service industry whom the DC Department of Employment Services has determined are victims of wage theft, a full 25% of workers in the restaurant industry. They need One Fair Wage³.

DC for Democracy stands with the wait staff at Dennys, who have to work much harder to earn minimum wage, waiting on 6 customers per hour, compared to wait staff at Eddie V's, a fine dining restaurant⁴.

¹ BLS data for District of Columbia (May, 2017): https://www.bls.gov/oes/current/oes_dc.htm#00-0000 (downloadable spreadsheet).

² DC DOES Report (November, 2017): https://does.dc.gov/sites/default/files/dc/sites/does/page_content/attachments/Minimum%20Wage%20Impact%20Study%20Report_r1.pdf

³ DC DOES Report

⁴ [FiveThirtyEight.com: <https://projects.fivethirtyeight.com/tipping-workers-minimum-wage/>]

We stand with the 19% of DC bartenders and servers who live in poverty⁵.

We stand with the 67% of restaurant workers who feel pressured to put up with sexually suggestive looks or gestures, and the 25% of restaurant workers who have been told to flirt with guests⁶.

We speak on behalf of the black restaurant workers, who accordingly to a 2014 study by sociologists Brewster and Lynn, make significantly less due to implicit bias in customer tipping, on the level of \$4 per hour less than white workers⁷.

These are the people the status quo exploits, and these are the people that 47,230 DC voters -- a decisive majority in every ward except Ward 3 -- were seeking to help when they voted for Initiative 77.

Clearly there are people who benefit from the status quo, namely restaurant owners and the best paid bartenders and wait staff at fine dining restaurants, who are largely white and male. It is not surprising that restaurant workers in the top 10% of the payscale like the status quo. But we should judge the status quo NOT by the satisfaction of the privileged few whom it benefits, but by the injustice towards the bottom 75% whom it has failed.

The poor, the underpaid, the exploited, the female, the people of color, the poorest waiters and waitresses, bartenders, parking lot attendants, bellhops, nail salon workers, food preparation workers, barbers -- these are the people that Councilmembers must keep in mind as you consider taking the momentous step of overturning the will of the voters in order to protect a status quo that was engineered by a failure of public policy, perpetuated by the lobbying might of the restaurant industry, and continues to exploit the vast majority of tipped workers.

Thank you.

⁵ The Case for Eliminating the Tipped Minimum Wage (May 25, 2016): <https://www.nelp.org/publication/case-for-eliminating-tipped-minimum-wage-washington-dc/>

⁶ Ibid

⁷ "Black Restaurant Workers get Smaller Tips" Tom Jacobs, September 4, 2014, <https://psmag.com/economics/racism-black-restaurant-waiters-service-industry-servers-get-smaller-tips-901211>

Dear Council Member,

I am writing on behalf of all the single parents, students, immigrants, and countless of family generations—the backbone of the tipped hospitality industry that thrives in DC. With the passing of Initiative 77, I can't help but to ask myself the emanating question: How is punishing the people at the bottom of the totem pole, allow you to achieve Initiative 77's bottom line?

Though our grievances are completely anecdotal, there is no denying the common issues that you have heard today from every walk of life. Initiative 77 interferes with three core virtues that every American extolls: opportunity, freedom, and value. Fundamental tenets of capitalism to which our economy epitomizes. The freedom to allow the customer to decide—not require, how they would like to tip. The freedom to allow us to have the opportunity to be rewarded on how much we are valued for our services provided. The skills and talents possessed by a qualified employee merit compensation beyond a minimum wage [REDACTED]. For the work I do, and the amount of physical, emotional, and mental stress I endure, I believe I am worth more than minimum wage. Because let's be frank, service can make or break your dining experience. Good customer service is hard work. If you've ever been on the receiving end at DMV, or dealt with a disgruntled patron whom insists that there isn't enough alcohol in her dry gin martini, you can definitely empathize with our grievances that Initiative 77 warrants regarding our wages. We pour our energy and soul into the patrons that respect our value of the craft, therefore their freedom to express their appreciation through monetary reward should not have a glass-ceiling. This will help maintain the quality and keep the standard of great service alive.

“One Fair Wage” [REDACTED] is not a viable wage for any employee residing in DC. Many voters who have never worked in this industry are not privy to the laws that govern our tipped minimum wage. Particularly that employers are required by law to compensate pay when the rare circumstance arises which the summation of our tips do not fulfill the minimum wage requirement. Bartenders and servers entering this field understand the tipped minimum wage salary and enter it willingly. Guest tipping practices (which are already unpredictable) will decrease significantly once they believe that we are earning a “living wage.”

The significant misconception is that employees are being paid what they are worth once this policy is implemented but that is not necessarily true due to the fact that the manager will never have as much information as the guests do about the server/bartender's performance. The guest interacts directly with the employee and has every opportunity to audit their performance. Therefore, they can chose garner for themselves what is appropriate for the value of the service received. This not only incentivizes the employee but it also helps foster personal development and customer service skills while implementing their expertise and providing a unique catered experience.

Dear Council Member,

I am writing on behalf of all the students, faculty, and staff of the University of California, San Diego. We are deeply concerned about the proposed changes to the University's governance structure. We believe that these changes will undermine the academic freedom and the quality of education that we are proud to provide. We urge you to reject any changes that would weaken the University's ability to serve the public interest.

Through the University's own governance structure, we have achieved a reputation for excellence in research and education. We have produced some of the world's most innovative and influential work. We have also provided a high-quality education to thousands of students. We believe that these accomplishments are the result of the University's commitment to academic freedom and the highest standards of scholarship. We are concerned that the proposed changes will undermine these values and the quality of our education.

[REDACTED]

We believe that the proposed changes will undermine the University's ability to serve the public interest. We are concerned that the changes will weaken the University's ability to attract and retain the best faculty and students. We are also concerned that the changes will undermine the University's ability to conduct research and provide a high-quality education. We urge you to reject any changes that would weaken the University's ability to serve the public interest.

[REDACTED]

We believe that the proposed changes will undermine the University's ability to serve the public interest. We are concerned that the changes will weaken the University's ability to attract and retain the best faculty and students. We are also concerned that the changes will undermine the University's ability to conduct research and provide a high-quality education. We urge you to reject any changes that would weaken the University's ability to serve the public interest.

The University of California, San Diego is a public institution. We are committed to providing a high-quality education to all students, regardless of their background or financial resources. We believe that the proposed changes will undermine this commitment and the quality of our education. We urge you to reject any changes that would weaken the University's ability to serve the public interest.

Many employees utilize this personal growth and development to open up their own establishments. Unfortunately, if this initiative is not repealed, many small businesses will not thrive. They would have to absorb the cost and therefore will be stretched thin, causing them to downsize in every facet in their restaurant. Financially adjusting to this policy will trickle down to the consumer. In effect, increasing the cost for services provided will reduce the diversity of food and drink received due to the establishment consciously trying to keep food costs as low as possible. There is a certain group of talented individuals that will no longer find the service industry as attractive. They will take their effervescent, diligent selves and leave district en masse to pursue their career in the neighboring pro-tipping states to supplement their income. As a result, their positions will be replaced with personalities likened to the other minimum wage fast-food chains, which interactions are seemingly dull and detached. Eventually, there will be no one left to offer the quality of many services that consumers so desperately crave.

Claiming that our current pay structure promotes sexual harassment and racial discrimination is deflecting from what truly needs to happen to mitigate this behavior. It is the responsibility of the employer to establish and facilitate a zero tolerance environment for their staff. Fortunately the "Me Too" movement of our time is helping facilitate workers to feel more comfortable reporting the harassment that they have endured. The notion that making these uncouth human beings pay more for their meal to support my wage increase, will not make them think twice about suppressing their predatory and racist behavior.

I have worked in hospitality for over fifteen years. I purposely decided to go into this industry in particular, bc I wanted to be paid for value of my service—not the hours worked. I never would have been able to be a full-time student and finance my graduate degree if I had to commit to a five day typical hourly work week if it wasn't for the current structure of this industry. There are not many enterprises that allows me to achieve this.

All we ask for is a resolution to Initiative 77's social concerns without interfering with our income. I understand that this policy thrives in lucrative cities such as San Francisco, but this is not a one-size-fits all implementation. Let's allow time to reveal if this policy thrives in those cities and survey the results that it has warranted on the industry workers, quality of services provided, and above all if it has addressed and resolved your concerns that has brought you to allow this bill to pass. Please remember that we all have chosen this industry for a reason. We are rational actors in our local economy. We are not asking to be rescued.

Thank you for your time,

Nadia Cortez
Bartender, Jack Rose Dinning Saloon

Hello my name is Michael McGavran I have lived in DC since 1995 and worked as a tipped employee in DC since 1997 (choosing to leave a job in corporate sales). I have strong reservations about the implementation of initiative 77. This plan to blow up the business model in such an abrupt and cavalier fashion will have negative impacts on jobs and the city as a whole as the currently thriving restaurant industry will be within 3 years a shell of it's current self. I feel that the council should repeal Initiative 77 not only because of the negative impact it will have on workers and employers but because the negative impact it will have on the city as a whole. Once these businesses start closing it will be too late to recover these jobs as they move to Virginia and Maryland. The will of the people argument is moot in the case of DC since the city council has a responsibility to the city to make sure bad laws are not implemented that would negatively affect the community as a whole. Maine recently corrected a mistake that was made when they implemented a similar law and repealed it within 6 months. A great check and balance system that in this case is needed to correct the course of this runaway ship.

While I have no problem with raising the minimum wage I did have a problem with the way the initiative was worded as it sounded like the voters were helping people in the service industry out but nobody seemed to want to listen to the actual workers that this new law would affect directly. We were essentially unanimously against this so called help. It would seem that enforcement of current laws should be a priority as opposed to making new laws that do not even address the issues ROC claims plague our industry (wage theft, sexual harassment,

etc). The real need is to maybe bulk up the D.O.E.S. and allow them to perform more audits and get bad seeds out of the industry.

How many neighborhoods in DC have had restaurants as one of the main catalyst taking them from derelict areas to destinations of interest while building up the tax base for the city as well as allowing people to get entry level to managerial level jobs. This law will hurt the economy and jobless rate while doing nothing that this outside group promises. I would implore you to keep DC thriving and growing by repealing this unwanted special interest group's attempt to sabotage a thriving industry so they can force people to unionize and make money off the workers whose lives they are attempting to disrupt as we speak. Repeal of 77 is good for the workers, owners and residents of Washinton DC please do the right thing and vote for repeal. Thank you for letting me speak.

HELLO, THANK YOU TO CHAIRMAN PHIL MENDESON AND THE COUNCIL AS A WHOLE FOR YOUR TIME TODAY AS YOU HEAR TESTIMONY FROM SO MANY IN OUR COMMUNITY ON SUCH AN IMPORTANT ISSUE.

MY NAME IS JASON BERRY AND I'M A SMALL BUSINESS OWNER IN WASHINGTON DC. I OWN TWO RESTAURANTS IN THE DISTRICT, SUCCOTASH AND MI VIDA, AS WELL AS SUCCOTASH IN MARYLAND AT NATIONAL HARBOR. I ALSO RESIDE IN WARD 2. I'VE BEEN IN THE HOSPITALITY INDUSTRY FOR 30 OF MY 46 YEARS AND I LOVE WHAT I DO.

I MOVED TO WASHINGTON DC FIVE YEARS AGO TO START MY OWN COMPANY BECAUSE THE REGION WAS WELCOMING TO BUSINESS, OFFERED A TALENTED, DIVERSE WORKFORCE AND BECAUSE THE RESTAURANT BUSINESS HERE WAS AND IS GROWING BY LEAPS AND BOUNDS.

SMALL BUSINESS IS THE DRIVER OF THE DC ECONOMY. UNLIKE STATES SUCH AS CALIFORNIA OR NEW YORK, DC IS WITHIN AN EASY COMMUTABLE DISTANCE TO THE BUSINESS WELCOMING STATES OF MARYLAND AND VIRGINIA. MAKING THIS CHANGE TO THE WAY TIPPED WORKERS ARE TREATED WILL DESTROY THE RESTAURANT BUSINESS IN DC AND CAUSE CUSTOMERS, TIPPED EMPLOYEES AND NEW BUSINESS TO MOVE TO OTHER, MORE WELCOMING PARTS OF THE DMV AREA OR LEAVE THE REGION ALTOGETHER.

PERSONALLY, I HAVE TWO SIGNED LEASES FOR TWO NEW RESTAURANTS IN DC: ONE AT THE WHARF AND ONE IN THE BALLPARK NEIGHBORHOOD. I'M SERIOUSLY CONSIDERING THE TERMINATION OF THOSE LEASES BEFORE I START CONSTRUCTION BECAUSE INVESTING IN DC RESTAURANTS IS NO LONGER ATTRACTIVE WITHOUT THE TIP CREDIT. THE 300 JOBS I PLAN TO CREATE WITH THESE TWO NEW RESTAURANTS ARE IN JEOPARDY.

RESTAURANTS ARE VERY SMALL MARGIN BUSINESSES. I'VE RUN THE NUMBERS AND MY 5-7 PERCENT MARGIN WILL AT BEST BECOME A BREAK EVEN BUSINESS, IF FORCED TO PAY MY STAFF THE FULL MINIMUM WAGE WITH NO TIP CREDIT.

THE CHALLENGE OF THIS LAW IS THAT IT'S SIMPLY UNFAIR. WHY?:

1. IT'S PUNISHING ALL OF THE GOOD EMPLOYERS LIKE ME THAT FOLLOW THE LETTER OF THE LAW AND ENSURE EVERYONE IS PAID AT LEAST THE MINIMUM WAGE WITH THEIR EARNED TIPS. WHILE I DON'T MAKE MY LIVING FROM TIPS, I CAN CONFIDENTLY SAY THAT I PAY 100% OF TIPS COLLECTED TO MY HOURLY TEAMMATES. WE SUBMIT OUR QUARTERLY TIP REPORTS AND DO SO PROUDLY. NOBODY SHOULD MAKE UNDER THE MINIMUM WAGE AND WE SUPPORT THAT.
2. PAYING OUR TEAMMATES THE MINIMUM WAGE IS ALREADY THE LAW. IF SOME BUSINESS OWNERS AREN'T FOLLOWING THE LAW, PUNISH THEM. IT MAKES NO SENSE TO PUNISH EVERYONE FOR THE TRANSGRESSIONS OF THE FEW. THIS IS NOT HOW GOVERNMENT SHOULD WORK.
3. THIS LAW DOES NOT CEASE THE HARRASSMENT OF WOMEN OR MINORITIES. IF THAT IS THE GOAL, THIS WILL DO NOTHING TO STOP THE BAD BEHAVIOR OF THE FEW GUESTS THAT ACT INAPPRORIATELY. PROTECTING OUR TEAMMATES AND PROVIDING A SAFE AND WELCOMING ENVIRONMENT IS UP TO ME AND MY MANAGEMENT TEAM. INITIATIVE 77 WILL NOT SOLVE THAT PROBLEM.

DC IS AN UP AND COMING POWERHOUSE RESTAURANT COMMUNITY WHICH HELPS TO DRIVE EMPLOYMENT AND OUR ECONOMY. THIS LAW SPECIFICALLY TARGETS RESTAURANTS FOR NO LOGICAL REASON. IT WAS DISHONESTLY WORDED ON THE BALLOT TO FIX A PROBLEM THAT DOESN'T EXIST. ROC IS NOT PART OF THE DC COMMUNITY AND ONE OF THEIR KEY GOALS WHENEVER THEY PLANT A TEMPORARY FLAG IS TO DISRUPT CAPITALISM AND FURTHER DESTROY THE ENTREPRENEURIAL SPIRIT THAT HAS MADE OUR COUNTRY WHAT IT IS TODAY.

WE SEEK A CLEAR REPEAL OF INITIATIVE 77 AND I URGE YOU TO VOTE WITH EVERY SINGLE TIPPED EMPLOYEE AND SMALL BUSINESS OWNERS TO PROTECT OUR TIPS AND OUR RESTAURANT COMMUNITY'S SURVIVAL. AND I I DO MEAN SURVIVAL, AS PASSING THIS INITIATIVE WILL DESTROY JOBS AND GUT THE RESTAURANT COMMUNITY IN DC.

THERE IS PRECEDENT FOR REPEALING BAD LAW AND IT'S THE CITY COUNCIL'S JOB TO PROTECT OUR COMMUNITY.

I APPRECIATE THE CITY COUNCIL'S OPENNESS TO REPEAL THIS BILL AND THANK YOU FOR YOUR TIME TODAY!

**Testimony of Brittany Alston
Policy Analyst, DC Fiscal Policy Institute
Committee of the Whole
In opposition of B22-0913 - Tipped Wage Workers Fairness Amendment Act of 2018
September 17th, 2018**

Chairman Mendelson and councilmembers, thank you for the opportunity to testify this morning. My name is Brittany Alston and I am the workforce development policy analyst with the DC Fiscal Policy Institute. DCFPI promotes budget and policy choices to expand economic opportunity for DC residents and to reduce income inequality in the District of Columbia, through independent research and policy recommendations. I would like to use this testimony to express support for Initiative 77 and opposition to the proposed repeal. In 2016, Mayor Bowser introduced the Fair Shot Minimum Wage Act of 2016. She stated, “Cities and states across the country are proving that decent wages and strong business climates are not mutually exclusive.” The District has been a leader among cities and states around the country in enacting legislation that protects the rights of workers and raises the quality of work for District residents. By eliminating the subminimum wage for tipped workers, the District can continue along this path.

Tipped jobs in the District are often low paid jobs.

Although a small number of tipped workers are employed in high-end restaurants where they earn significant amounts in tips and receive higher incomes, high-earning servers are not representative of DC’s tipped workforce. Currently, the annual median wage for bartenders and servers is approximately \$31,000 and \$25,000, respectively. The median annual wage for a hairdresser is about \$30,000. The MIT Living Wage Calculator, which considers regional costs of living, estimates that a District worker with two children must make \$32.50 per hour, or \$68,000 annually¹, to adequately provide for her family — more than twice what a bartender or hairdresser in the District make.

Living on tips does not provide sufficient, predictable income or economic security. Tipped workers — about 70% of whom are people of color — experience a poverty rate nearly twice that of other workers. In the District, the poverty rate of tipped workers in D.C. is 13.7 percent—more than three times the poverty rate of non-tipped workers (4.5 percent) and Black tipped workers have a poverty rate of 18.5 percent.² According to the Economic Policy Institute, average wages for tipped workers are nearly 40 percent lower than for all workers. Currently, 16% of DC’s tipped workers have incomes that qualify them for SNAP benefits. In the District, most tipped work is low wage work.

Tipped work is also volatile work. Tips can vary widely based on extremely arbitrary factors, such as weather, the time of one’s shift, and even whether the tip is paid via credit card or cash. A server

¹ Massachusetts Institute of Technology. “Living Wage Calculation for District of Columbia.” MIT defines the living wage as the hourly rate an individual must earn to support their family, if they are the sole provider and are working full-time. The calculations take into account local costs of typical expenses, including food, child care, medical, housing, transportation, as well as local tax rates. <http://livingwage.mit.edu/counties/11001>

² Ibid, 2

working the lunch shift at Denny's on a rainy weekday may work just as hard, doing the same work, as a server at a high-end restaurant on a Saturday night, but the tip discrepancy between these two workers would be quite stark.

Black workers and female workers in DC's tipped jobs often make less than their white, male peers do. Black tipped workers take home 23 percent less per hour than white tipped workers. Women tipped workers earn 8 percent less per hour, and 20 percent less annually than their male counterparts. In a system with a higher guaranteed base pay, customer biases will not determine whether or not a tipped worker is able to pay her bills on time.

Tipped workers are much better off when they are paid the full minimum wage.

The first two major cities in the United States to adopt a \$15 per hour regular minimum wage were Seattle and San Francisco. These increases came after both state and local hikes to the minimum wage. They are strong comparisons to the District. In both cities, workers receive the regular minimum wage as a base wage and are still able to earn tips.

Servers and bartenders in San Francisco earn 20 percent more per hour than their counterparts in D.C., and servers and bartenders in Seattle earn 7 percent more than their counterparts in D.C. Similarly, bellhops in San Francisco earn about \$5,000 more per year than they do in the District. Overall, there is a smaller earnings gap between tipped workers and non-tipped workers in San Francisco and Seattle.³

Workers in states with one fair wage are also significantly less likely to live in poverty, compared to workers in states with a tipped minimum wage. Tipped workers in states with One Fair Wage have a poverty rate of 10.2%, as compared to 18% for tipped workers in states where they only earn a subminimum wage.

There is also no shortage of work for tipped workers in One Fair Wage States. Among all seven states that provide the full wage, the National Restaurant Association itself projects that restaurant employment will grow 11.2 percent over the next 10 years, just slightly less than the 12.3 percent projected nationwide.⁴ San Francisco and Seattle have continued adding new dining establishments over the next year and this growth has been complemented by steady employment growth.⁵

Contrary to restaurant industry claims, Initiative 77 would provide workers a higher base wage plus any tips from patrons, a system that can result in higher total earnings for tipped workers. Living on tips is not enough. Initiative 77 provides much-needed security to an industry characterized by volatile wages.

Thank you for the opportunity to testify today and I welcome any questions you may have.

³ Bureau of Labor Statistics (2016). Quarterly Census of Employment and Wages.

⁴ National Employment Law Project. "Minimum Wage Basics: Overview of the Tipped Minimum Wage."

⁵ Bureau of Labor Statistics (2016). Quarterly Census of Employment and Wages

Thank you to Chairman Mendelson and to the DC Council for giving me the opportunity to testify in support of full implementation of Initiative 77

My name is Griffin Tanner and I've lived in DC for 6 years and I am a Ward 1 resident. I worked in the restaurant industry in DC for three years first as a runner and later as a bartender. However, this past June, I transitioned out of the service industry.

I was a part of a privileged demographic of restaurant workers who are in the industry only temporarily. I have found that much of the opposition to Initiative 77 has come from folks like me who are least affected by the oppressive pay structure and that troubles me.

The council should not overturn this initiative because of the protests of restaurant owners and temporary participants in the industry. Instead the council should respect the vote of myself, the majority of district's residents, and those workers who are held down by the current wage structure. Overturning the initiative would be an **egregious breach of democracy**.

My own experiences working in the service industry show why initiative 77 would be a positive change for service workers.

When initially hired as a bartender, I earned 7 \$ an hour + tips, but, about half a year into the job, our employer suddenly lowered the base wage to 3 \$ an hour. That's over a 50% decrease in base wage because our tips were quote on quote high enough. This dramatically lowered my expected earnings and affected my financial planning and security. About half of our staff quit. I considered leaving but was in the middle of pursuing a degree and not in a position to search for a new job so I had to rearrange my finances and cut back on spending to deal with the decrease in earnings.

Now, The company was not wrong for doing this because it was completely within their legal right. However, workers should not be subjected to this kind of unpredictability in earnings, whether it's from changes to their base wage by their employer, or from other characteristics in the industry such as inconsistencies in tipings throughout the year. With I-77, a stable base wage would prevent such unpredictability.

I strongly believe there is a way to implement Initiative 77 so that restaurants see higher revenues and tipped workers take home higher earnings. Because of the gradual increase per year until 2026, companies will have time to evolve and rebuild their pricing strategy to account for paying their employees a living wage.

Please, respect the decision made by DC voters. Tipped workers deserve a fair wage just like in California, Nevada, and Alaska.



CACTUS CANTINA AND LAURIOL PLAZA

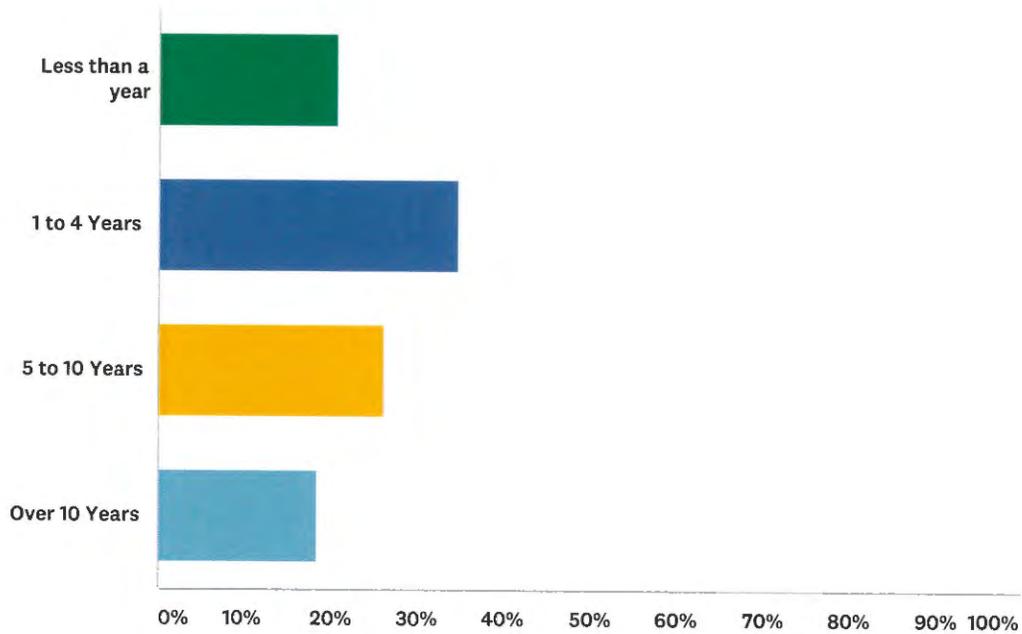
Tipped employee survey

9/17/18



Q1 How long have you been a tipped employee?

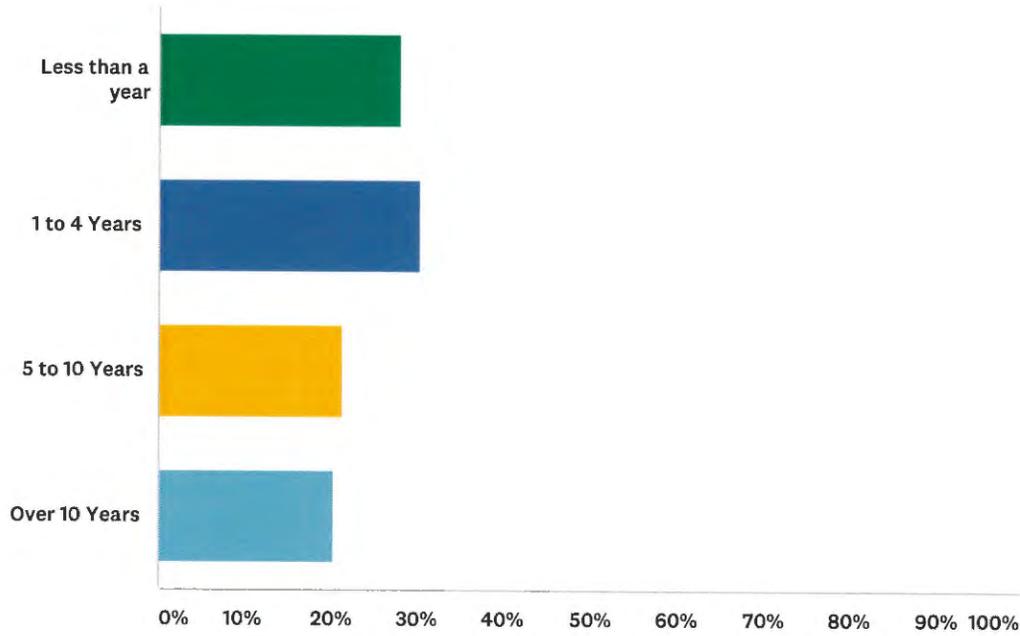
Answered: 92 Skipped: 4



ANSWER CHOICES	RESPONSES	
Less than a year	20.65%	19
1 to 4 Years	34.78%	32
5 to 10 Years	26.09%	24
Over 10 Years	18.48%	17
TOTAL		92

Q2 How long have you worked at Cactus Cantina/Lauriol Plaza Restaurant

Answered: 89 Skipped: 7



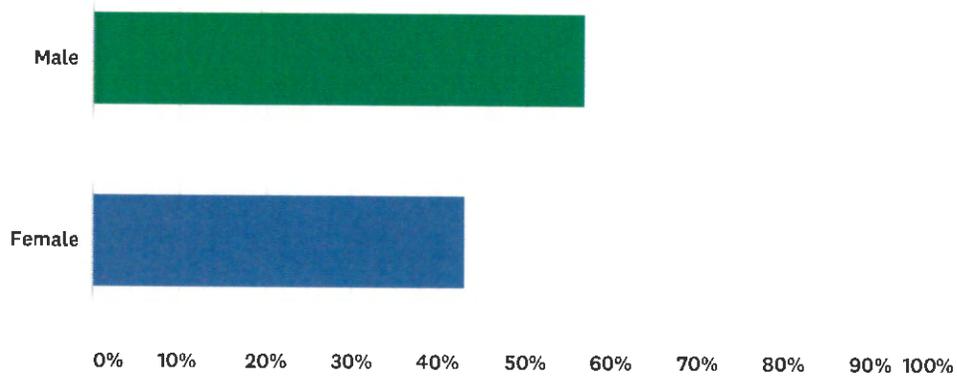
ANSWER CHOICES

RESPONSES

Less than a year	28.09%	25
1 to 4 Years	30.34%	27
5 to 10 Years	21.35%	19
Over 10 Years	20.22%	18
TOTAL		89

Q3 What is your Gender

Answered: 95 Skipped: 1



ANSWER CHOICES

Male
Female
TOTAL

RESPONSES

56.84% 54
43.16% 41
95

Q4 What Year Were You Born?

Answered: 77 Skipped: 19

#	RESPONSES	DATE
1	30 years to 39 years 1988	9/17/2018 9:15 AM
2	20 years or younger 1999	9/17/2018 9:06 AM
3	30 years to 39 years 1985	9/17/2018 9:04 AM
4	30 years to 39 years 1988	9/17/2018 9:03 AM
5	30 years to 39 years 1988	9/17/2018 8:53 AM
6	30 years to 39 years 1988	9/17/2018 8:51 AM
7	21 years to 29 years 1990	9/17/2018 8:49 AM
8	21 years to 29 years 1992	9/17/2018 8:47 AM
9	21 years to 29 years 1992	9/17/2018 8:46 AM
10	20 years or younger 1999	9/17/2018 8:28 AM
11	21 years to 29 years 1997	9/17/2018 8:26 AM
12	21 years to 29 years 1992	9/17/2018 8:23 AM
13	21 years to 29 years 1992	9/17/2018 8:20 AM
14	21 years to 29 years 1995	9/17/2018 8:07 AM
15	30 years to 39 years 1987	9/16/2018 12:20 PM
16	40 years to 49 1968	9/16/2018 12:19 PM
17	30 years to 39 years 1986	9/16/2018 12:18 PM
18	20 years or younger 2000	9/16/2018 12:16 PM
19	40 years to 49 1967	9/16/2018 12:15 PM
20	40 years to 49 1973	9/16/2018 12:14 PM
21	30 years to 39 years 1987	9/16/2018 12:12 PM
22	20 years or younger 2000	9/16/2018 12:10 PM
23	21 years to 29 years 1997	9/16/2018 12:08 PM
24	21 years to 29 years 1989	9/16/2018 12:07 PM
25	21 years to 29 years 1997	9/16/2018 12:06 PM
26	20 years or younger 1988	9/16/2018 11:47 AM
27	50 years and older 1962	9/16/2018 11:46 AM
28	21 years to 29 years 1991	9/16/2018 11:45 AM
29	21 years to 29 years 1988	9/16/2018 11:43 AM
30	50 years and older 1957	9/16/2018 11:41 AM
31	21 years to 29 years 1990	9/16/2018 11:38 AM
32	21 years to 29 years 1992	9/16/2018 11:32 AM
33	30 years to 39 years 1980	9/16/2018 11:30 AM
34	21 years to 29 years 1995	9/16/2018 11:27 AM
35	20 years or younger 1999	9/16/2018 11:26 AM

36	30 years to 39 years	1987	9/16/2018 11:24 AM
37	21 years to 29 years	1993	9/16/2018 11:21 AM
38	40 years to 49	1971	9/16/2018 11:18 AM
39	21 years to 29 years	1997	9/16/2018 11:17 AM
40	50 years and older	1958	9/16/2018 11:16 AM
41	30 years to 39 years	1987	9/16/2018 11:14 AM
42	21 years to 29 years	1998	9/16/2018 11:13 AM
43	30 years to 39 years	1979	9/16/2018 11:11 AM
44	20 years or younger	1998	9/16/2018 11:10 AM
45	21 years to 29 years	1996	9/16/2018 11:09 AM
46	20 years or younger	2000	9/16/2018 11:07 AM
47	30 years to 39 years	1978	9/16/2018 11:06 AM
48	21 years to 29 years	1997	9/16/2018 11:04 AM
49	21 years to 29 years	1995	9/15/2018 7:31 PM
50	30 years to 39 years	1986	9/15/2018 7:27 PM
51	20 years or younger	1998	9/15/2018 7:23 PM
52	30 years to 39 years	1983	9/15/2018 7:16 PM
53	40 years to 49	1972	9/15/2018 7:12 PM
54	50 years and older	1962	9/10/2018 11:56 AM
55	40 years to 49	1975	9/10/2018 11:54 AM
56	21 years to 29 years	1991	9/10/2018 11:51 AM
57	40 years to 49	1969	9/10/2018 11:50 AM
58	21 years to 29 years	1995	9/10/2018 11:42 AM
59	30 years to 39 years	1983	9/10/2018 11:31 AM
60	30 years to 39 years	1985	9/10/2018 11:30 AM
61	21 years to 29 years	1992	9/10/2018 11:20 AM
62	50 years and older	1981	9/10/2018 11:18 AM
63	30 years to 39 years	1988	9/10/2018 11:13 AM
64	21 years to 29 years	1994	9/10/2018 11:12 AM
65	30 years to 39 years	1986	9/10/2018 11:11 AM
66	21 years to 29 years	1992	9/7/2018 11:33 AM
67	30 years to 39 years	1985	9/7/2018 11:28 AM
68	40 years to 49	1970	9/7/2018 11:25 AM
69	40 years to 49	1978	9/7/2018 11:21 AM
70	21 years to 29 years	1991	9/7/2018 11:19 AM
71	21 years to 29 years	1994	9/7/2018 11:14 AM
72	21 years to 29 years	1997	9/7/2018 11:12 AM
73	20 years or younger	1998	9/7/2018 11:11 AM
74	21 years to 29 years	1990	9/7/2018 11:09 AM
75	20 years or younger	1998	9/7/2018 11:08 AM
76	21 years to 29 years	1994	9/7/2018 11:07 AM

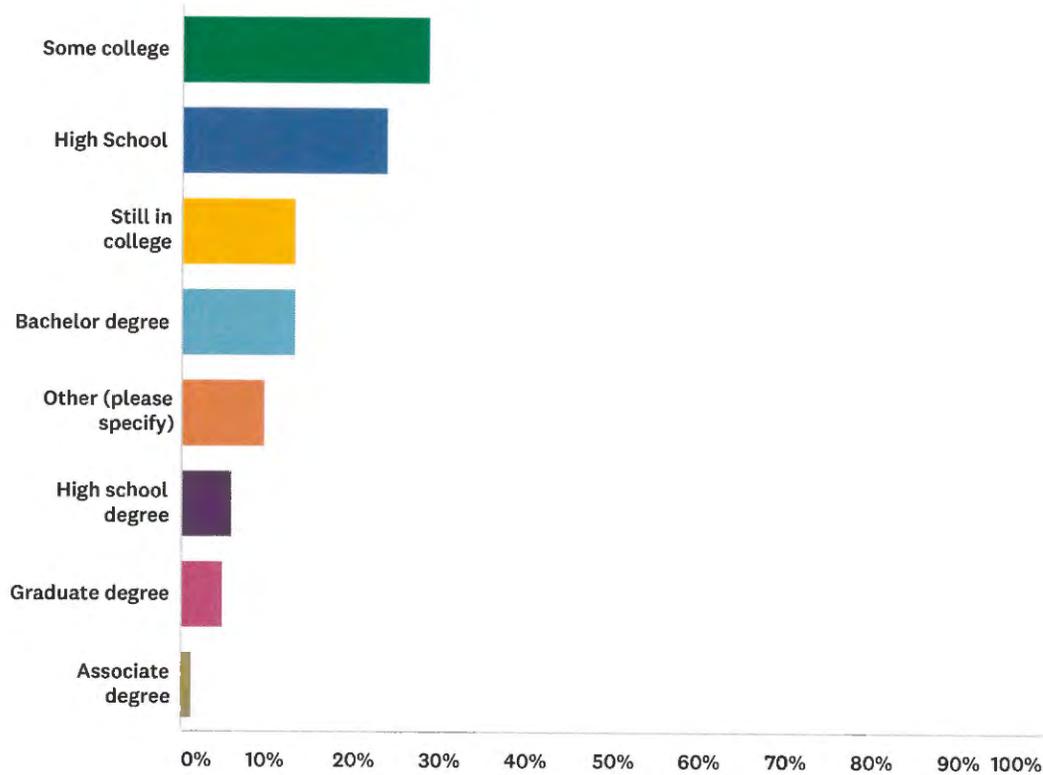
77

20 years or younger 1998

9/7/2018 11:05 AM

Q5 What is the highest level degree you have completed?

Answered: 84 Skipped: 12



ANSWER CHOICES	RESPONSES	
Some college	28.57%	24
High School	23.81%	20
Still in college	13.10%	11
Bachelor degree	13.10%	11
Other (please specify)	9.52%	8
High school degree	5.95%	5
Graduate degree	4.76%	4
Associate degree	1.19%	1
TOTAL		84

#	OTHER (PLEASE SPECIFY)	DATE
1	High School Graduate	9/16/2018 12:15 PM
2	High School Graduate	9/16/2018 12:08 PM
3	High School Graduate	9/16/2018 12:06 PM
4	High school	9/15/2018 7:12 PM
5	High School Graduate	9/7/2018 11:28 AM
6	High School Graduate	9/7/2018 11:25 AM

7 Not listed

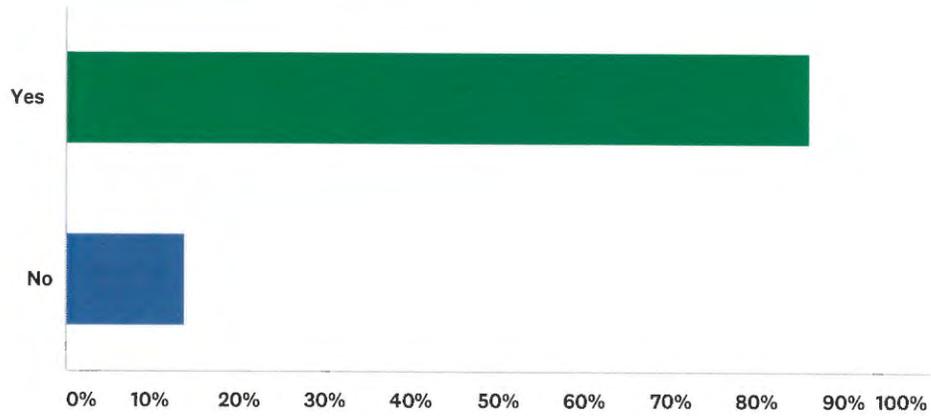
9/7/2018 11:21 AM

8 Not listed

9/7/2018 11:19 AM

Q6 Are your origins Spanish, Hispanic, or Latino?

Answered: 94 Skipped: 2



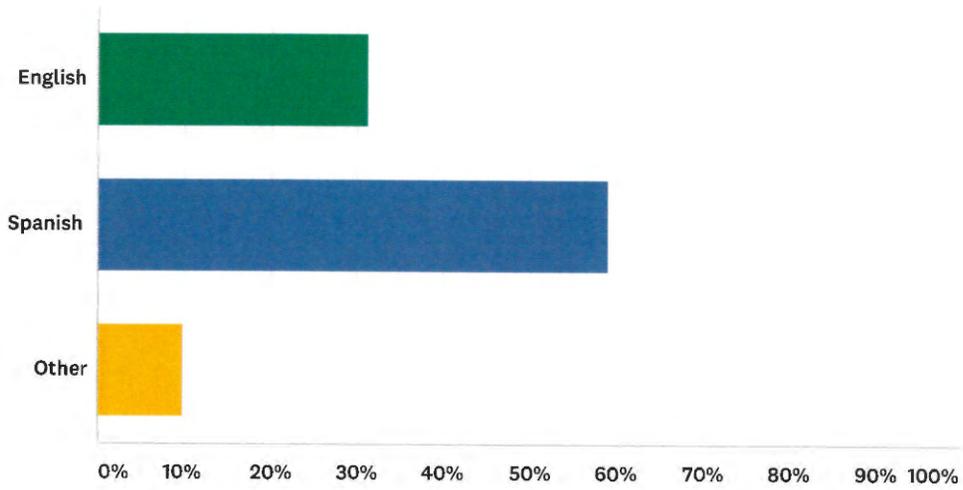
ANSWER CHOICES

RESPONSES

Yes	86.17%	81
No	13.83%	13
TOTAL		94

Q7 What was your first language?

Answered: 61 Skipped: 35



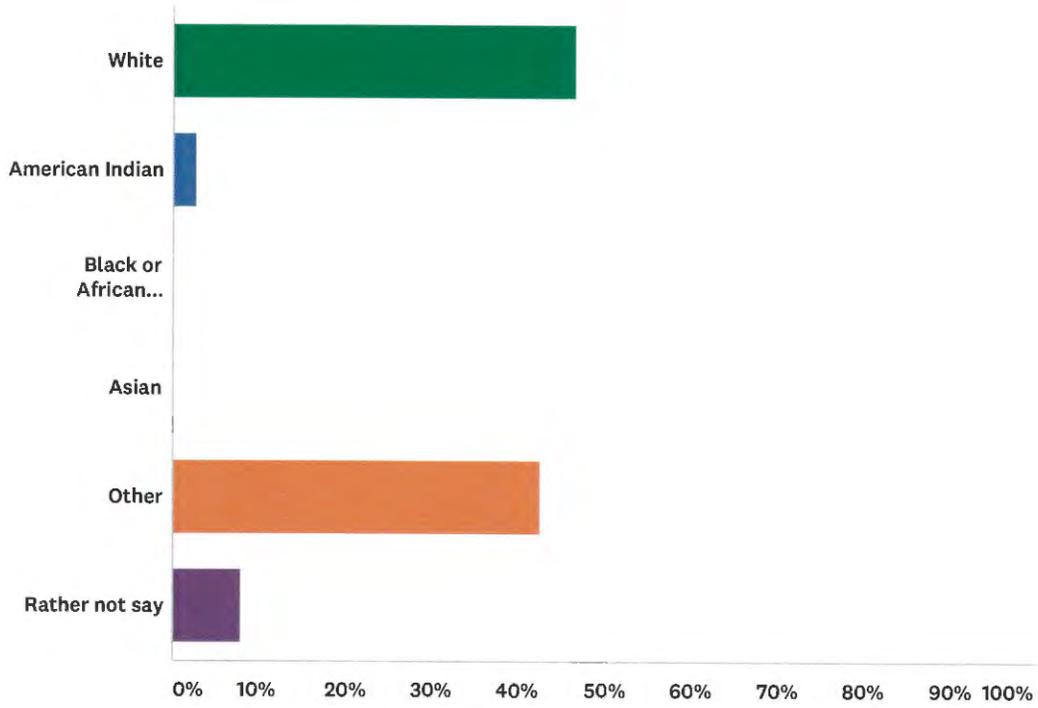
ANSWER CHOICES

RESPONSES

English	31.15%	19
Spanish	59.02%	36
Other	9.84%	6
TOTAL		61

Q8 Please circle all that apply:

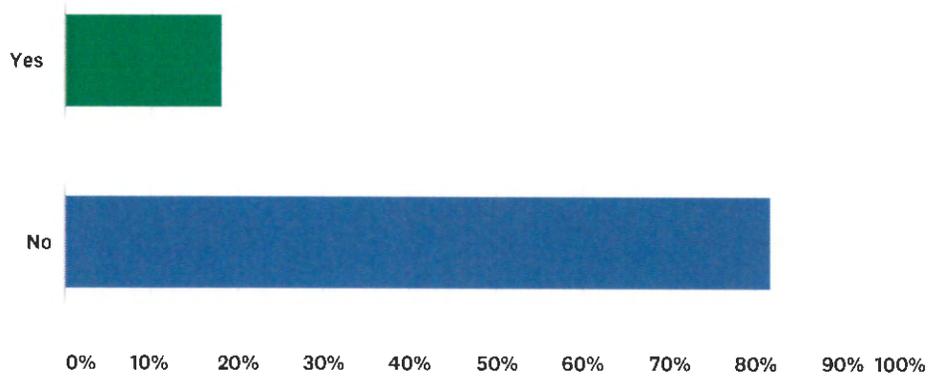
Answered: 75 Skipped: 21



ANSWER CHOICES	RESPONSES	
White	46.67%	35
American Indian	2.67%	2
Black or African American	0.00%	0
Asian	0.00%	0
Other	42.67%	32
Rather not say	8.00%	6
Total Respondents: 75		

Q9 Are you a single parent?

Answered: 88 Skipped: 8



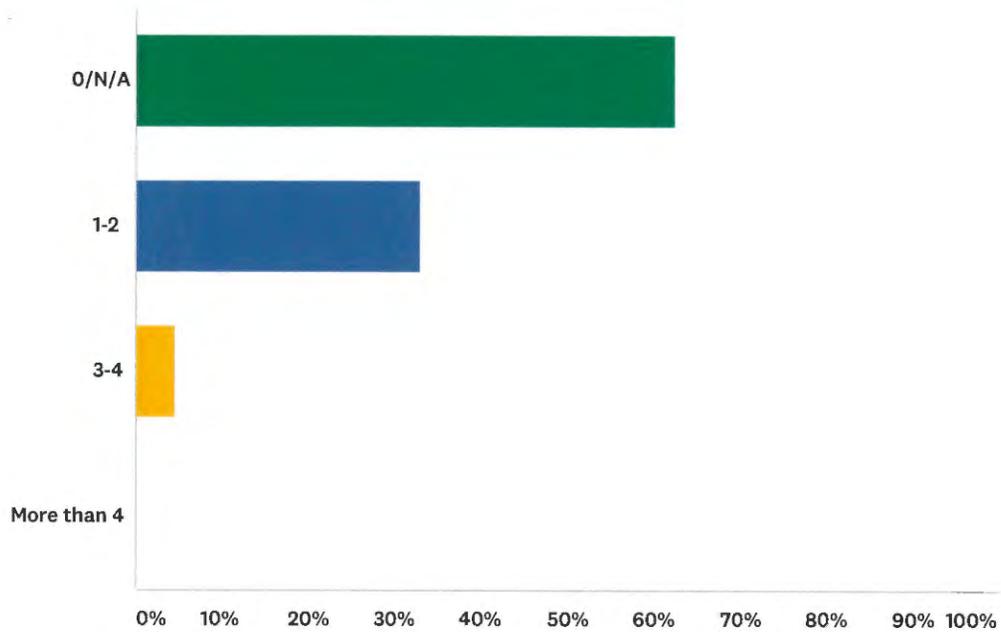
ANSWER CHOICES

RESPONSES

Yes	18.18%	16
No	81.82%	72
TOTAL		88

Q10 How many children or dependents are you responsible for?

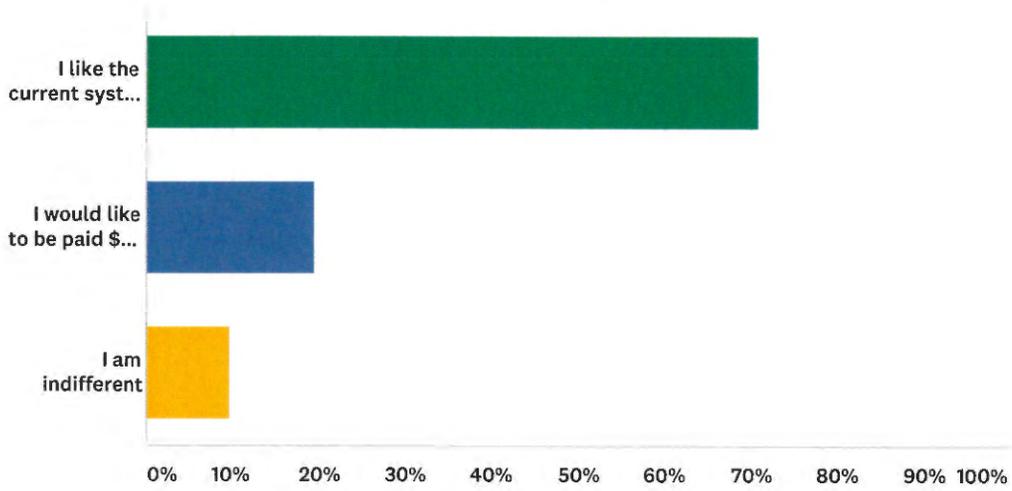
Answered: 88 Skipped: 8



ANSWER CHOICES	RESPONSES	
0/N/A	62.50%	55
1-2	32.95%	29
3-4	4.55%	4
More than 4	0.00%	0
TOTAL		88

Q11 Which best describes your current feelings toward how you will be paid in the future?

Answered: 93 Skipped: 3



ANSWER CHOICES

RESPONSES

ANSWER CHOICES	RESPONSES	
I like the current system of wages	70.97%	66
I would like to be paid \$15 per hour with a chance of some tips	19.35%	18
I am indifferent	9.68%	9
TOTAL		93

Q12 Please explain why you chose to be a tipped employee

Answered: 60 Skipped: 36

#	RESPONSES	DATE
1	Fast money for college	9/17/2018 9:08 AM
2	Money for college	9/17/2018 9:06 AM
3	I can work on my start up business	9/17/2018 8:53 AM
4	I am earning money for college	9/17/2018 8:28 AM
5	Money for college	9/17/2018 8:26 AM
6	I am a single mother of 2 children. I need the cash at the end of my shift to buy food and diapers and to pay my rent. If I am desperate for money I can work more and get more money.	9/17/2018 8:23 AM
7	It leaves me free in the day to be an underpaid intern on the hill.	9/17/2018 8:20 AM
8	Me gustaria ser pagado 15 por hora, porque es mas practico y comodo	9/16/2018 12:12 PM
9	Quisa es mejor a que me paguen por hora porque le estan pagando seguro en cambio resive propina a cada rato. Por ejemplo si el negocio estan no nos taca propina	9/16/2018 12:10 PM
10	I choose to be at tipped because the hours allows to me attend to [raise] my kid, also the hours I work help me to attend to school.	9/16/2018 11:43 AM
11	I like cash at the end of the shift	9/16/2018 11:41 AM
12	I prefer the current way that the restaurant is doing, because the tip which the customer wrote or gave you in cash sometimes is better than being paid by hours. Other example is some of the customer who come here to lauriol plaza expect to have a good or excelent service from ours (the servers). However I want to sard and put my opinion clear about other kind of customers. I think that could be a good suggestion for managers or a person who can charge some tips, when large parties are coming, maybe is better to include the tip and avoid misunderstanding	9/16/2018 11:38 AM
13	I get pay at the end of the shift, I have more time for my kid	9/16/2018 11:32 AM
14	The convenience of being paid every time that I finish my shift	9/16/2018 11:30 AM
15	I need money to pay rent and to eat food, I also like working with people	9/16/2018 11:26 AM
16	I like to walk out with cash every shift	9/16/2018 11:21 AM
17	Flexible schedule, good money and money is received every shift	9/16/2018 11:17 AM
18	Compensation after every working shift makes it worth it	9/16/2018 11:14 AM
19	Por que me gusta el dinero en efectivo	9/16/2018 11:13 AM
20	Make more money than hourly employees	9/16/2018 11:10 AM
21	I like cash at the end of the shift. It allows me to attend school.	9/16/2018 11:09 AM
22	I like cash at the end of the shift	9/16/2018 11:07 AM
23	Me gusta el dinero en efectivo al final del turno para criar a los ninos	9/16/2018 11:06 AM
24	Money & hours allows for school work	9/16/2018 11:04 AM
25	Cash at the end of the shift is more beneficial than waiting every 2 weeks.	9/15/2018 7:31 PM
26	Because its a job to make good money and have fun.	9/15/2018 7:27 PM
27	I feel as though with my experience over the last 3 months I have a better chance at making more money only on tips. And I like being paid at the end of the night knowing how much money I make each day.	9/15/2018 7:23 PM
28	Me gusta por propina porque puedo estudiar y tengo tiempo para mis hijos	9/15/2018 7:16 PM

29	Me gusta el dinero en efectivo por que con mis propinas ayuda para pagar la universidad de mis hijos y mas.	9/15/2018 7:12 PM
30	Porque siempre ha frabiajato (sp????) asi	9/10/2018 11:56 AM
31	Me gusta el diner en efectivo al final del turno y ademas con lo que gano solviento mis necesidades	9/10/2018 11:55 AM
32	Me gusta porque recibo el dinero mas rapido	9/10/2018 11:52 AM
33	Yes, I like getting cash eventually	9/10/2018 11:51 AM
34	I like cash at the end of the shift	9/10/2018 11:50 AM
35	I prefer get cash at the end of the day	9/10/2018 11:48 AM
36	Me permite asistir a la escuela	9/10/2018 11:47 AM
37	Well because in the end of the shift I need the cash to buy anything for my son, when in check I have to wait more than 15 days to have my money and it help me to pay my collage	9/10/2018 11:46 AM
38	me permite asistir a la escuela, trabajar y criar a los ninos	9/10/2018 11:45 AM
39	Me gusta recibir efectivo al final de todas las noches	9/10/2018 11:43 AM
40	I liked cash at the end of the shift. Allows me to save money fasters	9/10/2018 11:42 AM
41	Asisto a la escuela	9/10/2018 11:31 AM
42	Me permite tener mas tiempo con la familia, la escuela, tengo mas posibilidades de ahorrar un poco mas para el futuro do mis hijos...me gusta el servicial cliente	9/10/2018 11:30 AM
43	El \$ que hago me permite pagar mis billes en mi casa y ir a la escuela por las manana	9/10/2018 11:21 AM
44	I like working in the hospitality industry because I enjoy being around people and meeting new people. It also allows me to [have] a flexible schedule to attend school	9/10/2018 11:20 AM
45	Porque lo que gano por propina me permit solventar todas mis gastos	9/10/2018 11:18 AM
46	Work and raise children and allows me to attend school	9/10/2018 11:13 AM
47	I choose to be a tipped employee. I enjoy the instant gratification for my hard work. Being a tipped employee helps me to feel in control of my money	9/10/2018 11:12 AM
48	Money compared to the hours allows me to attend school	9/10/2018 11:11 AM
49	Porque de esa forma recibo dinero por mi trabajo ralizado y no por solo presentarme a un trabajo regularmente	9/7/2018 11:33 AM
50	Me gusta el sistema actual porque al final del forno me llevo el dinero en efectivo. Le compro la comida de mis hijos por eso me gusta	9/7/2018 11:28 AM
51	Me gusta el sistema actual porque al final del forno me llero el diner asi me sale mejos para comprar las cosas a mis hijas	9/7/2018 11:25 AM
52	Me gusta por propina porque tengo horas para la escuela y mas tiempo para mis hijos	9/7/2018 11:21 AM
53	Naci con vocacion a atencion al cliente	9/7/2018 11:19 AM
54	Cash is very helpful, also an incentive to provide best service possible	9/7/2018 11:14 AM
55	It gives me time to attend school, and in general, being a tipped employee seems to be more beneficial money wise	9/7/2018 11:12 AM
56	It feels like I can usually make more \$\$\$ [with] my tips, even if some customers do not tip correctly	9/7/2018 11:11 AM
57	Cash at the end of shift. More incentive to provide a better service for patrons. Hours are convenient	9/7/2018 11:09 AM
58	Good money for college student	9/7/2018 11:08 AM
59	I need to make money to support my artistic endeavors and pay for basic needs and save up for my future	9/7/2018 11:07 AM
60	I am already used to receiving cash at the end of the shift	9/7/2018 11:05 AM



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Thank you Chairman Mendelson and the Committee of the Whole / DC Council, for giving me this opportunity to share my comments on Initiative 77. I am here to today to testify in favor of the full implementation of Initiative 77.

My name is Diana Ramirez and I am the Director of the Restaurant Opportunities Center of Washington, DC.

In 2016, ROC was part of the DC Fight for \$15 which was collecting signatures for Initiative 76 to increase the regular minimum wage to \$15 INCLUDING tipped workers. But Mayor Bowser, in an attempt to keep it off the ballot, proposed an increase in the Minimum Wage to \$15 an hour and only \$7.50 for tipped workers. Council then brought the tipped wage down further, to only \$5/hr by 2020. Restaurant were left behind, as we often are, from a full wage.

ROC members came together and filed a ballot initiative once again, this time, with the purpose of getting on the ballot. And that is what citizen's initiatives are for--to give a voice to constituencies who are often ignored, oppressed, and forgotten by their elected officials.

We collected almost forty thousand signatures to get on the ballot. We had conversations with people on the streets of DC who responded in mostly two ways "What?! Restaurant workers only make \$2.77/hr from their employer? I didn't know that--where do I sign?" or "Oh yeah, I used to be a tipped worker. Where do I sign?" And despite the Restaurant Association's greatest efforts to keep us off, we made it on the ballot.

Both sides of this issue campaigned, told their story, and asked DC Voters for their support. DC voters spoke LOUD AND CLEAR. WE WANT INITIATIVE 77! We want all workers to get the same minimum wage from their employer, regardless of their occupation. We don't want women to have to suffer from two times the rate of sexual harassment just to feed their kids. We don't want women tipped workers to rely on food stamps at 4 times the rate of the DC workforce. We don't want tipped professionals to continue working under this "separate but equal" system that is the sub-minimum wage for tipped workers that is a vestige of Jim Crow era.

The restaurant association's misleading 'Save our Tips' committee contributed hundreds of thousands of dollars to oppose Initiative 77. Some of the biggest financial backers of the misleading 'Save our Tips' committee were national and regional actors that have been brought to task around issues of wage theft. Just four companies, that are 'Save our Tips' donors, combined have wage and hour settlements of \$58.22 million dollars. Unsurprising

that they have been advocating and moving money to protect a wage system that breeds wage and tip theft.¹

'Save our Tips' donors have also made hefty political contributions during the most recently election cycle. The Washington Post recently found that Chairman Mendelson himself accepted more than \$30,000, from restaurant businesses and executives opposed to Initiative 77, for his reelection campaign, and even took it upon himself to provide a private prep session for workers testifying in opposition to Initiative 77.²

Throughout this process it has felt that we have faced unnecessary obstacles, when we have only been working to exercise our democratic rights. When we've only been working to earn a wage higher than three dollars an hour, when we've only been fighting to slowly increase tipped workers wages to what everyone else makes.

The majority of tipped workers, the majority of ROC's membership, the majority of voters, in most wards, were 'nonwhite.' In fact, the largest support for Initiative 77 came from primarily Black Wards 5, 7 and 8.³

DC's commitment to Fair Elections is about ensuring that voters of color and those typically disenfranchised from the political process are represented and heard. The move to repeal Initiative 77 is thus particularly disappointing. It stresses a commitment to pay to play politics at a moment when it feels, across the country, that our democracy is in peril and that communities of color are under constant attack.

The nail salon workers, the runners, the barbacks, valets, and other tipped workers **NEED YOUR HELP**. You have the opportunity to set things right by them. You have the opportunity to lead the nation in protecting some of the most vulnerable workers in our country.

The subminimum wage is a racist, sexist law that must change. The future of the , our our democracy, depends on it.

We have the opportunity to work together to create change and it's our obligation to do so.

¹See Appendix A.

²Nirappil, F. (September 14, 2018). D.C. Council to hold first hearing on repealing Initiative 77, the tipped wage hike Washington Post. https://www.washingtonpost.com/local/dc-politics/dc-council-to-hold-first-hearing-on-repealing-initiative-77-the-tipped-wage-hike/2018/09/14/dcddb6e6-b774-11e8-a7b5-adaaa5b2a57f_story.html?utm_term=.c7426e088f15

³Ibid.

Appendix A.

Save our Tips' campaign contributors have been found to *steal* workers' wages— they're unsurprisingly working to protect a wage system that breeds wage and tip theft.⁴

- Farmers Restaurant Group recently reached a **\$1.49 million dollar class-action settlement** —they were sued for violations of the tip credit, management even took a share of workers' tips.⁵
- Brinker International reached a **\$56 million dollar settlement** on a wage and hour class action lawsuit. The settlement resolved the claims of 120,000 class members.⁶
- Starr Restaurant's Talula's Garden, after being investigated by the Department of Labor, agreed to pay 63 workers nearly **\$400,000 in back pay and damages**.⁷
- Fig and Olive was sued by a collective of tipped workers for failure to pay its waitstaff federal and state minimum wage and failure to provide proper wages.⁸ Workers were awarded a **settlement of at least \$325,000**.⁹

⁴<https://efiling.oef.dc.gov/ContributionExpenditure/SearchResults>

⁵<https://tips-dc.org/d-c-restaurant-reaches-1-5-million-settlement-amid-tipped-pay-debate/>

⁶<https://tbowleslaw.com/2014/08/19/brinker-case-settles-for-56-million/>

⁷<https://www.phillymag.com/foobooz/2017/10/18/starr-olexy-wage-theft-statement/>

⁸<https://waiterpay.com/blog/fig-olive-restaurants-sued-for-pay-violations>

⁹https://www.pacermonitor.com/public/case/4530767/Corte_v_Fig_Olive_Founders_LLC_et_al

I am a DC resident I live in ward 2 and work as a server in Ghibellina on 14th street. I have been in restaurant industry for over 6 years. I am a professional server. I would like to underline the word "professional". Since the dc restaurant scene has started growing and developing, you cannot stay where you are, you have to constantly educate yourself and be up-to-date with food and beverage knowledge in order to be a qualified and sought after employee. It takes a lot of efforts and a lot of investments too. If Initiative 77 takes effect, there is no way that professional servers or bartenders will want to stay in this industry anymore and all that we have been building for decades will collapse. It will be just impossible to go to a restaurant for some great gourmet experience, this notion will not simply exist. Tip credit is a type of reward that you get for your hard work, for your knowledge, for your service as a host of your guest, as a guide to an imaginary food and drink tour that you take your patron on. How can one put a price tag (\$15/hr) on a different type of experience that you might get in a restaurant? I want to underline the word "restaurant" in this case, not counter service places, fast food chains, food carts, etc. How can one even up every single restaurant employee from a runner to a mixologist who have different responsibilities and completely different qualifications? My occupation, which is my hobby and passion, not always very easy but, for sure, very rewarding, is the way I afford living in DC and enjoying my life in full while being a minority. Besides this point, I want to sign off on all my colleagues' words about misleading description of Initiative 77 that tries to confuse people who do not know that tipped employees are already protected by law and minimum

wage is guaranteed for every restaurant worker. Imagine the enormous damage that Initiative 77 may cause to DC small businesses. Imagine decreasing amount of jobs and opportunities that restaurant industry creates so well nowadays. Let's not try to restore justice! Just ask any tipped restaurant worker in DC if they are happy with the current tip credit system and you will get your answer. We support the current tip credit system, we get paid much more than minimum wage, and we are against Initiative 77!

TESTIMONY IN OPPOSITION TO BILL 22-913

As prepared for delivery September 17, 2018

TO: Philip Mendelson, Chair, and Members of the D.C. Council

FROM: Julie Vogtman, Director of Job Quality & Senior Counsel, National Women's Law Center

* * *

My name is Julie Vogtman. I'm Director of Job Quality for the National Women's Law Center here in D.C. And while I appreciate the opportunity to deliver testimony today, I am deeply disappointed that I must do so to defend a democratically enacted measure that would improve the lives of so many women, men, and families in the District, in the face of this Council's threats to overturn it.

I and my colleagues at the Law Center advocated for Initiative 77 for reasons that I will expand upon in my written testimony but won't detail in these three minutes, since I know you've heard them before. In short, we support Initiative 77 because tipped workers in the District, most of whom are women and people of color, face an unacceptably high risk of poverty and economic insecurity. Because a workplace where customer whims dictate whether workers get paid creates an environment that is ripe for sexual harassment. And because having one fair minimum wage is good for workers, good for business, and simply the right thing to do.

I knew that the money and the power of the restaurant industry were against us. When the National Restaurant Association has worked to keep the federal tipped minimum wage at \$2.13 an hour for 27 years, it's no surprise to see it band together with the local industry to spread misinformation and keep wages low here, too. But I knew that the people were with us. And I thought that the Council that has enacted laws to guarantee paid family and medical leave and paid sick days, combat discrimination, protect women's access to reproductive health care, and so many other pieces of progressive legislation might be with us, too. I thought, at a minimum, that the Councilmembers who so vocally oppose the lack of voice that their constituents have in the halls of Congress just down the street might concede that they should respect the will of the more than 47,000 District residents who agreed: it is time for a fair minimum wage for everyone.

But today I'm here because that didn't happen. Because in cosponsoring this bill, a majority of this Council has already signaled its willingness to ignore D.C. voters. To silence the majority of voters in every ward but the wealthiest and whitest. To silence the people who voted for their neighbors and themselves to have a better shot at the income they need to support their families. To silence the women and men who have tolerated the worst from their customers and their bosses, just to make a living. To pretend that D.C. is different in some way – that sexual harassment, wage theft, and poverty don't happen to tipped workers here – when both hard data and working people tell us just the opposite.

So today, I ask you to listen to your constituents, and side with them rather than with the restaurant industry. I ask you to listen especially to the working people in this room who are risking their jobs by speaking up in support of Initiative 77. And I ask you not to take away a raise that so many tipped workers in the District need and deserve.

Thank you.

* * *

Note: The National Women's Law Center will also file more comprehensive written testimony in opposition to the proposed repeal of Initiative 77 and in support of One Fair Wage for the District of Columbia.

THANK YOU CHAIRMAN AND THE COUNCIL MEMBERS FOR GIVING ME THIS OPPORTUNITY TO TESTIFY.

MY NAME IS CHANDRA AND I AM WORKING IN HOSPITALITY INDUSTRY FOR 15 YEARS IN VARIOUS POSITIONS.

I WOULD LIKE TO BRING THE FOLLOWING TO YOUR ATTENTION IN SUPPORT OF INITIATIVE 77. THE BENEFITS OF HAVING IT AND THE CONSEQUENCES OF NOT HAVING IT.

RESPECT DEMOCRACY:

PEOPLE VOTED FOR INITIATIVE 77 IN THE SAME BALLOT THAT MANY OF YOU WERE SELECTED TO REPRESENT US.

YOUR VICTORY AND THE INITIATIVE 77 VICTORY ARE EACH SIDE OF THE SAME COIN. YOU CANNOT TAKE ONE AND IGNORE THE OTHER. IN DEMOCRACY "PEOPLES' VOICE IS GOD'S VOICE".

HIGHER EARNINGS:

IT IS SIMPLE MATH THAT \$15/HR WITH TIPS WILL GIVE MORE EARNINGS THAN \$3.89 WITH TIPS. IN THE STATES WHERE ONE FAIR WAGE IS IMPLEMENTED WORKERS GETS TIPS IN ADDITION TO THE ONE FAIR WAGE.

JOB GROWTH:

ONE 40 HOURS PER WEEK OF \$15/HR WITH TIPS, CAN BE SPLIT INTO TWO 20 HOURS PER WEEK OF \$15/HR WITH TIPS, EACH WITH GOOD EARNINGS WITHOUT ANY FINANCIAL BURDEN TO THE BUSINESSES.

CITY

District Line Daily: Where D.C. Has Failed Adult Learners, Charters Step In

In a city with an estimated 90,000 functionally illiterate adults

JUL 13, 2017 9 AM

A morning roundup of news, opinion, and links from City Paper and around the District. Send tips and ideas to citydesk@washingtoncitypaper.com.

The Washington Literacy Center estimates that 13.4 percent of city residents—some 90,000 adults—are functionally illiterate, unable to read a newspaper, a map, or fill out job applications. Yet “D.C. has never really had a comprehensive or strategic approach to delivering adult education and related services to the majority of those who need them,” says **Alex Donahue**, deputy director for policy and research at the 21st Century School Fund and a former D.C. Public Schools principal. [Which is why public charter schools for adults have stepped in.](#)

LEADING THE MORNING NEWS:

- Heat advisory in effect today: high 90s with heat index up to 105. [[ABC7](#), [Post](#)]
- Graduation rates are up in D.C., but students often enter college unprepared. [[Post](#)]
- A DCPS teacher examines this failure to educate, and offers a solution. [[WCP](#)]
- National Zoo welcomes birth of a baby Sumatran tiger from mom **Damai**. [[WTOP](#)]
- There is one statue of an African American woman in D.C. Time to diversify? [[WAMU](#)]
- Redevelopment of Whitman-Walker’s **Elizabeth Taylor** center to begin this fall. [[WBJ](#)]
- 55 layoffs after BET departs D.C. [[WBJ](#)]
- D.C. will try to make dangerous New York Avenue safer for everyone. [[NBC4](#)]
- Texas congressman demands a direct DCA to San Antonio flight. [[Post](#)]
- Inmate manages to save evidence after officer sexually assaults her in her cell. [[Post](#)]
- American flag burned outside World War II vet’s Alexandria home. [[NBC4](#)]

The discussion in reality

Written testimony submitted to:

The Council of the District of Columbia

1350 E street, NW

Washington, DC

By:

Angelyn Whitehurst

1309 Hamilton Street, NW

Washington DC 20011

In support of ROC

Hearing Number: # B220913

September 17th 2018

I, Angelyn Whitehurst, a resident of the District of Columbia submit the following testimony in support of referendum 77, passed by the people of Washington DC

Are we reliving the past through some unbelievable time warp?

Evidently, so and as evidence, I offer the following quote from "Black, Copper and Bright: the District of Columbia's Black Civil War Regiment" by C.R. Gibbs:

Chapter Two: Turn Back Pharaohs Army:

In 1861:

" The pay difference created great hardships among the soldiers' families making it nearly impossible for them to obtain food, shelter and clothing for their wives and children. The men of the the First USCT watched the debate on fair pay for black troops drag on. Even after equal pay in June 1864, the legal technicality that stood until after the end if the War, who were free on or before April 19, 1861."

Does this sound familiar? We are revisiting oppression of the past.

Mr. Gibbs in his book, further writes about the regiments commander, Colonel John Holman, a white man from Maine, who as an individual, advocated ... to better compensate his men, regardless of race color and creed. He used "ingenuous," attempts at better compensation for his troops.

Something that should not have been an obstacle or human right injustice.

The discussion in reality

More than one hundred and fifty seven years later, we have to advocated against the reversal of a referendum for fair wage equity, voted for legally, by the people of our city!

The people and voters passed a referendum for fair equity pay for wage tip earners in the Washington, the territory of District of Columbia.

Wage tip earners is a code word for black, brown, colored, poor, unskilled, return to society, immigrant, homeless, houseless, disabled physically and or mentally affected, the displaced, the aging in place and the non degreed, non skilled and unskilled. This is systemic discrimination that crosses every race, color creed, gender and other isms; is condemned and abhorrent; and does not abide by philosophy or intent enacted and mandated by our American Constitution.

What is Cheap Labor under heinous, vile terms:

When you maximize your profit by reappropriating and not paying workers what they truly earned and deserve.

Cheap labor: a norm accepted by by civil societies and Nations, like here, in Washington DC. The justification based solely on:

1. Too bad! That is the way it is! Get over it
2. That s business and I'm a businessman
3. I have to pay my bills, I have my family first and I cannot afford it.
4. The laws of is on my side. It caps your salary. I do not have to pay you more even though I know, it is not a livable wage!

Who is Cheap Labor: They are the "designated," by norms,laws and regulations: the Have not.

1. **Human beings, surviving, who accept less than monetarily, because that's all they can get and that is the best of the worse, they can get. Accepted because something is better than nothing: even though after paying round trip bus, metro fare, lunch, rent, utilities, insurance copays and groceries.**

The discussion in reality

2. Workers, who cannot find work in their skill set, those returning to work, the disqualified ex offenders, non degree, certificate, over skilled, under skilled, no skills; in modern employer needs.

This is not who, we are. We, as a city, that is battling against the inequity of not being equally accepted and seated in the Democratic operation of the United States, should not participate or contribute to the Reverse "U Turn", erosion born out of the greed for cheap labor at the cost of high technology Jim Crow for born out of heinous racial slavery. We are past that.

Let us not go back. Respect the referendum as mandated by the home rule of the people and City Washington, DC.

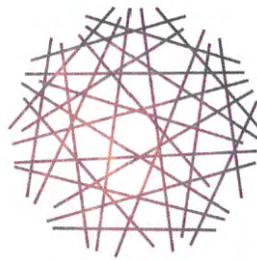
Let us not step back against the inhumanity of this social justice!

Thank you

Angelyn L. Whitehurst

1309 Hamilton Street, NW

Washington, DC 20011



**NATIONAL NETWORK OF
ABORTION FUNDS**

Testimony in Support of Initiative 77: Renee Bracey Sherman (September 17, 2018):

Thank you, Chairman Mendelson and the Committee of the Whole DC City Council, for giving me this opportunity to share my comments on Initiative 77. My name is Renee Bracey Sherman and I am a resident of Ward 4. I am the Senior Public Affairs Manager at the National Network of Abortion Funds and a member of the coalition All* Above All which unites organizations and individuals to build support for lifting bans that deny abortion coverage.

I am here to today to testify in favor of the full implementation of Initiative 77. In June, I went to the polls and voted yes on Initiative 77 in order to eliminate the subminimum wage and make an important step toward a world where all individuals are guaranteed economic security.

Repealing Initiative 77 would undermine my vote and the democratic process. Fifty-five percent of D.C.'s voters decided to phase out the subminimum wage and enact One Fair Wage for all workers. In most wards, including my own, the initiative passed with *more* than 55 percent of the vote.

When I supported Initiative 77 at the ballot box, not only was I voting my economic justice values, but I was also voting in support of my friends and loved ones who have worked in the restaurant industry and earned a subminimum wage. I know this all too well. For years, I worked in the retail industry and at one point depended on commission for my income. It wasn't sustainable, and like restaurant workers, it was difficult to live on a fluctuating, unpredictable income.

The comparison stops there though because I had the guarantee of a base minimum wage, a guarantee that restaurant workers in D.C. don't genuinely have. This initiative sought to rectify that -- that's what I and the rest of DC voters supported when we went to the polls. I believe each of us should be able to live, work and make decisions about our future, with dignity and economic security. Fair wages are critical to making this a reality for every person. You might wonder why I am so deeply in support of this as a reproductive justice advocate; well that's because economic justice and thriving wages goes hand in hand with the fight for reproductive justice and healthcare access. In D.C., because of interference by Congress through the Hyde and the Dornan Amendment, which ban federal funding and DC funding of abortion through Medicaid coverage, individuals living on low-incomes are forced to pay for abortions out of pocket. DC residents on Medicaid are not truly afforded access to comprehensive reproductive health care, including abortion, and then they're doubly punished when they cannot earn a living wage. For women in DC, a fair wage can mean the difference between being able to afford health care or going without. Fair pay can mean those struggling to get by have more options when deciding whether to become a parent. I know this reality -- I was 19 working in retail, barely earning minimum wage when I became pregnant and needed an abortion. I couldn't use my insurance and had to max out a credit card to pay the \$500 out of pocket. I can't imagine how much more I would have had to struggle if I were earning the substandard wage of barely over \$3 an hour like many restaurant workers. I support Initiative 77 so that everyone in D.C. can have that same access to healthcare, a safe workplace, and a living wage in reality, not just in words or hypotheticals. I urge the council to uphold the will of the people of D.C. and stand behind this momentous measure to advance economic justice and security.

My name is Violette Davis and I own The Looking Glass Lounge in the Petworth neighborhood in Ward 1. It is a bar that is often compared to Cheers. My business partner and I have been running Looking Glass for almost nine years now. 95 percent of our staff live in DC with 41 percent being able to walk to work. One of our charms is that people in our neighborhood come in, knows our staff and interacts with them, not as bartender to patron, but as actual people. My staff seems happy too, with more than half have been at Looking Glass for three or more years.

If 77 passes, our payroll will more than double. This will be practically impossible to make up. We have two bars, one being a speak easy style bar attached to a small patio. Currently we have this bar staffed every day. Our bartenders have their regulars and can close when they see fit. If 77 passes, we will most likely not staff this bar every evening. This not only takes a shift away from my staff, but it hurts the soul of my bar.

One thing that our business allows is flexibility. 32 percent of our staff have children under the age of 4. Cortney has been working for us for over four years now. She has an 8 year old and a 2 year old. One thing she is able to do, is come in early to set up the bar and then leave to pick up her daughter from school, returning later to work her shift. This is a flexibility that we can only allow now that the Bartender and Serving staff are not dependent on hourly wages.

Our kitchen is run by a young lady named Tamika. I have seen her grow from a novice cook when she started in 2013 to becoming our kitchen manager. Tamika is our highest paid hourly worker and yet she makes less hourly than our bartenders and servers make in an average night. I am pointing this out because it has been my mission to try to figure out how to pay our hourly workers more to make up the difference in pay between the back and front of house. But with rent rising every year, minimum wage increasing and new competition opening around us every month, we are having trouble maintaining as is. We have already had to cut back hours of our kitchen, have our barbacks come in for less hours, and not have doormen certain days. This is my main fear with 77. It is not so much for my servers and bartenders, for many will maintain their shifts, but it is for the support staff that are already making the lease amount of money and who's jobs are not as crucial in keeping our doors open.

In six years when our lease runs out, I have always had plans to either move Looking Glass or open a new bar or restaurant in DC. I have lived on the same three block radius for 15 years. The idea of moving has never crossed my mind until now. If 77 passes, I would not be able to open another place in DC and would most likely leave. Please just keep in mind that I am not just looking out for me, but I am looking out for all my staff and business. Yes, there are issues with the bar business, but the hourly paid to our bartenders and servers is not the right fight to be having.

Thank you for your time.

Violette Davis
Managing Partner
The Looking Glass Lounge

September 17, 2018

The Honorable Phil Mendelson, Chairman,
and Members of the District of Columbia Council
1350 Pennsylvania Avenue NW, Suite 504
Washington, DC 20004

Re: Hearing Before the Committee of the Whole of the District of Columbia Council
Re: The Council's Ongoing Efforts to Proactively Reverse the Will of DC Voters by
Blocking Efforts to Pay a Living Wage to All Tipped Workers in DC

Dear Chairman Mendelson and Members of the Council:

I wish I could begin by thanking you for holding a hearing to discuss important issues facing our city, though that would be wildly inappropriate because this hearing should not be happening. Rather than using this time to implement Initiative 77, which received the support of a strong majority of DC voters in 2018, this hearing represents your latest effort, taken up on behalf of your donors and special interests, to repeal it. And that's exactly what you'll do.

Many of you repeatedly claim to have spoken to 'hundreds' of workers in coming to your decision to oppose Initiative 77. That sounds nice, but the result in June makes it clear that the 'hundreds' you speak of do not speak for our city. Nor do they speak for the majority of tipped workers. These 'hundreds' you speak of are mostly white, mostly male, mostly economically secure, and mostly speaking out with the support of, and indeed encouragement from, their bosses. These 'hundreds' have been engaging in advocacy efforts that have been largely funded by your campaign donors. Many of these 'hundreds' are doing well enough to have the time and the means to skip work to be here today defending their interest in the status quo.

Even more ridiculous, many of these same 'hundreds' were the subject of a recent episode of John Oliver's show, where he covered astro-turf organizations that seek to improperly influence local policymakers. Mr. Oliver specifically mentioned "Save Our Tips" as one of these astro-turf organizations that is set up to be, in his words, 'deliberately misleading.' "Save Our Tips," Mr. Oliver noted, was created to resemble a grassroots advocacy organization made up of restaurant workers, but is actually a corporate advocacy group financed and run by restaurant owners and special interests that fight minimum wage increases across the country.

We are having this hearing today because our DC Council has either been tricked, or bought, by an organization employing methods so transparent and ridiculous that they were featured on *Last Week Tonight*. Think about that for a moment; John Oliver - a man who hosts a TV show that regularly features confetti and large puppets - has a better grasp of policymaking than almost every member of the DC Council. I'd be proud of him if it wasn't such a low bar.

Meanwhile, back in reality, the servers, bell staff, salon techs, valets and parking attendants who are being crushed by the inequities embedded in our current tipped wage system are unable to be here today, because they literally cannot afford to miss work.

I'm here today because I, too, have listened to hundreds of tipped workers, and once again I find myself at a hearing convened in the middle of a weekday, to speak on behalf of my neighbors who cannot be here to defend themselves. As has been the case with far too many consequential DC Council hearings in recent years, your lack of empathy, and your lack of interest in truly understanding this issue, means you've turned the opportunity to be heard into a privilege reserved for the few.

I'm here on behalf of workers who have told me they are scared to speak out because they've been told by their bosses that they'll be fired if they're caught doing so. For my neighbors who work in restaurants and hotels and salons and parking garages across DC, all of whom you seem to believe are undeserving of a living wage. The very workers a strong majority of DC voters voted to protect.

I'm also here to tell you that I've listened to women and people of color tell me in no uncertain terms that they are not able to make ends meet under the current tipped credit system. They're not being paid fairly, yet they cannot speak out in favor of Initiative 77 because they've been silenced by employers. They've been told by their bosses – many of whom are donors to your campaigns - that their social media is being monitored, and that positive posts about Initiative 77 will result in termination. Unfortunately, that didn't stop Councilmember Robert White from soliciting constituent input on Initiative 77 via Twitter, the very medium these workers couldn't use because their bosses were monitoring their words.

When I was running for a seat on the DC Council in the 2018 Democratic primary, I had workers tell me they wanted to join my campaign but were worried about being fired for doing so because their bosses supported my opponent, Charles Allen, a known opponent of Initiative 77. Workers told me they were afraid to speak to Charles Allen about this issue - even though he is their Councilmember - because they know he received campaign money from, and has relationships with, their employers. I met with countless restaurant workers during my campaign, all of whom supported Initiative 77, on the condition that I would not publicize these meetings, or the views expressed therein.

Whether knowingly or unknowingly, many of you have been complicit in a debate, and a process, that has stifled the voices of our most vulnerable neighbors and indeed instilled fear in many of them. I have no reason to doubt these stories, because in addition to hearing them directly from workers, as a vocal supporter of Initiative 77 I experienced some of these tactics myself. It was not unusual for me to receive demeaning messages from local restaurant owners and general managers attempting to silence or intimidate me. Their efforts were entirely unsuccessful, but these messages certainly made me understand why an employee whose livelihood depended on these people would be afraid to speak out.

The irony of your decision to subvert democracy by undermining the will of DC voters is that you've sided with those who have been subverting the will of their workers in order to ensure you don't hear them. You've amplified a message that isn't reflective of reality, and in doing so have become the oppressors yourselves. It is a sad day when our elected officials become just as harmful to our vulnerable neighbors as those causing the harm.

Make no mistake, your failure on this issue is not a matter of opinion, but a matter of numbers. You say you speak for the majority, when the vote total says you do not. You say primaries aren't the time to make important decisions, yet you view your own primary results as a mandate. The public supported Initiative 77, and it received more votes than most of you will ever receive in a primary no matter how hard you try. And yet, you sit here today with the unabashed belief that you possess the authority to override the will of the voters.

Indeed, anyone who takes a moment to review your campaign accounts knows your position on Initiative 77 is not based on numbers, facts or principle. A quick glance at your respective campaign filings shows you've collectively taken hundreds of thousands of dollars from restaurant owners and managers, many of whom aren't DC voters because they reside in places like Bethesda and McLean.

We understand that today's hearing is not about protecting tipped workers, it's about carrying the water for those donors. The majority of tipped workers cannot speak up without fear, and as such they are counting on their elected officials to have their backs. Shame on you for choosing to leave them behind simply because they do not contribute to your campaign coffers.

Chairman Mendelson, you may recall that you and I spoke briefly earlier this year, and you brought up workplace harassment. It was striking to me that you readily admitted that you did not understand how a woman who depends on tips would be subject to greater harassment than a woman who did not rely on those tips. We talked for a few minutes, and it was perfectly cordial, but I couldn't help but be completely embarrassed on your behalf.

It is a fact that women who work for tips are subject to more harassment in the workplace than those who do not. It's unfortunate that we've elected people who clearly lack the capacity, the empathy, or perhaps the willingness, to understand that fact.

I don't believe this DC Council has any interest in truly understanding this issue. That's why you're holding this hearing today, and it's why you'll ultimately repeal Initiative 77. Never mind the fact that every independent study shows that this policy improves worker pay and working conditions in the jurisdictions where it has become law. You're not interested in that because it would mean forcing your donors to take money from their pockets and give it to their workers. We're here today because it is less expensive for DC restaurant owners to give each of you a maximum donation than to pay their workers a living wage. Never mind the fact that thousands of DC's tipped workers live below the poverty line. Never mind the fact that DC is forced to subsidize the cost of housing and basic health care for these workers because their employers do not to pay them a living wage. Never mind the countless meals you've enjoyed in

DC over the years on the backs of the working poor. Never mind democracy, or basic human decency. This Council has been bought and paid for, and the check has come due.

I'd like to close with a sincere thank you to Councilmembers Cheh and Silverman for refusing to cave to the demands of local special interests, and for choosing to support Initiative 77 based on facts. It is my hope that the rest of your colleagues will find within themselves the principle, integrity and basic decency to follow suit.

Very truly yours,

[Sent via E-mail]

Lisa Hunter
Ward 6



TESTIMONY BEFORE THE COUNCIL OF THE DISTRICT OF COLUMBIA
COMMITTEE OF THE WHOLE
SEPTEMBER 17, 2018
BILL NO. 22-913, TIPPED WORKERS FAIRNESS AMENDMENT ACT OF 2018

Chairman Mendelson and members of the D.C. Council. My name is Daniel A. Katz and I am a Senior Counsel at the Washington Lawyers' Committee for Civil Rights and Urban Affairs. For some fifty years, the Washington Lawyers' Committee has labored to defend the rights of working people, and to address the issues of poverty, racism, and other forms of discrimination. Among these efforts are our workers' rights clinics, which each month assist over 100 low-wage District of Columbia workers who face wage theft, discrimination on the job, illegal terminations, and employers who otherwise do not comply with legal protections.

Proposition 77, which over an eight-year period will raise the minimum wage for tipped employees so that it equals the minimum wage for all employees, helps address the stark disparity in wages between tipped employees and other employees. We urge you to reject the attempt to repeal it.

One minimum wage for all workers has been the law in seven states – Nevada, California, Alaska, Montana, Minnesota, Washington and Oregon – and as of September 5, 2018, they were joined by Michigan. One minimum wage has been the law in San Francisco and Seattle, and recently became law in Flagstaff, AZ. Contrary to the assertions of the opponents, the restaurant industry in those states and cities continues to flourish, employment in those industries continues to grow, and, raising the minimum wages of tipped employees helps close the wage gap between tipped employees and those whose livelihood is not dependent on receiving tips.

Moreover, and vitally important to the residents of the District of Columbia, the gradual increase in the minimum wage for tipped workers will help to alleviate the stark racial and gender disparities among tipped workers. Racial disparities in wages, income, and wealth severely impact people of color in the District. According to studies produced by the District of Columbia Fiscal Policy Institute, the median household income for Black District residents is approximately one-third of that for white residents, and for Latino families, approximately one-half of that of white residents. Similarly, the median wage for white residents is nearly double that of Black and Latino residents. And the wealth gap – which measures savings, assets and debt – is even starker. The median wealth of white families is over twenty times that of Black or Latino families.^{1, 2}

We urge the Council to view this attempt to eliminate the potential gains for tipped workers in the context of racially and gender-based income, wage and wealth gaps. Stated succinctly, raising the tipped worker minimum wage is a step towards equity for thousands of workers of color and women who are tipped employees.

The majority of tipped work is low-wage work. The median annual wage for non-tipped employees in the District of Columbia is \$69,462. Meanwhile, the median annual wage for tipped employees, including their tips, is 34% of that figure, or \$23,798.00.^{3, 4}

As a result of these low wages, tipped employees experience poverty at a much higher rate than their non-tipped colleagues. Tipped employees in the District of Columbia have a poverty rate of 13.7%, which is more than three times the 4.5% poverty rate for non-tipped employees. Approximately 70% of tipped employees in the District of Columbia have incomes that are so low that they qualify for Medicaid or subsidized health insurance. Only one-third of non-tipped employees qualify for these public benefits.^{5, 6}

Racial and gender differences exacerbate the income disparities between tipped and non-tipped workers in the District of Columbia.

Including tips received, the median Black tipped worker earns, on average, 29% less per hour than her white counterpart. Including tips received, the median Hispanic tipped worker earns approximately 18% less per hour than her white counterpart. Similarly, poverty rates for tipped workers vary by race or ethnicity. For example, nearly one in five Black tipped workers, compared to 12% of white tipped workers, live in poverty.⁷

The gender gap is similarly disturbing. On average, tipped male workers earn 20% more annually than tipped female workers. Studies by the Economic Policy Institute and other experts demonstrate that a much higher portion of female than male tipped workers are single heads of households, who, because of their family responsibilities, work less hours. Because of childcare and other family responsibilities, these workers are not in the position to negotiate their schedules to maximize earnings. Low wages and less-than-full-time work directly contribute to child and family poverty. Studies indicate that two-thirds of children who live in poverty live with at least one adult who is working.^{8, 9}

What do these figures tell us?

It's evident – raising the tipped minimum wage will raise the wages for thousands of workers of color and women, and help reduce poverty and the racial and gender income gap

Contrary to the assertions of the opposition, one fair minimum wage has not negatively impacted employment in the restaurant industry. According to the National Restaurant Association – the industry trade group – the restaurant industry in every one of the states with one fair minimum wage is slated for strong employment growth over the next 10 years – with the lowest growth projected in Montana at 7.7%, and the highest in Nevada at 15.9%. Only Montana's projected 7.7% employment growth is lower than the District's projected 8.8% growth in restaurant employment.¹⁰

In addition, economic studies indicate that tipped workers in the states that do not allow a sub-minimum wage for tipped employees, earn, on average, 15% more than employees in states that permit a sub-minimum wage. This statistic indicates that, contrary to Proposition 77 opponents, customers do not reduce their tips simply because their servers are receiving a higher minimum

wage.¹¹

The experience of the restaurant industry in San Francisco and Seattle – two cities with one fair minimum wage – similarly demonstrates that raising the minimum wage for tipped employees is not detrimental to the industry. Since 2010, the period during which the minimum wage for all workers in those cities increased to \$15/hour, full-service restaurant employment increased by 3.2% in San Francisco and by 3.5% in Seattle. This compares favorably with the 4% increase in the District. Meanwhile, wage increases for restaurant workers in those two cities outpaced the wage growth in the District.¹²

What do these figures tell us?

It's evident – increasing the minimum wage received by tipped workers has not negatively affected the growth of the restaurant industry.

Increasing the minimum wage for tipped workers will help narrow the wage and income gaps suffered by workers of color and women. It will help District of Columbia families who too often are in poverty because their bread winners are low wage tipped employees.¹³ It is good public policy, and we urge you to reject any attempt to repeal Initiative 77.

Thank you.

¹ “Economic Inequality in DC Reflects Disparities in Income, Wages, Wealth an Economic Mobility,” District of Columbia Fiscal Policy Institute, August 2018
<https://www.dcfpi.org/all/economic-inequality-in-dc-reflects-disparities-in-income-wages-wealth-and-economic-mobility-policy-solutions-should-too/>

² “Why D.C. Should Implement Initiative 77,” Economic Policy Institute, September 2018
<https://www.epi.org/publication/tipped-workers-do-better-in-cities-where-they-are-paid-the-regular-minimum-wage-and-the-restaurant-industry-continues-to-thrive-why-dc-should-implement-initiative-77/>

³ “Economic Inequality in DC Reflects Disparities in Income, Wages, Wealth an Economic Mobility,” District of Columbia Fiscal Policy Institute, August 2018
<https://www.dcfpi.org/all/economic-inequality-in-dc-reflects-disparities-in-income-wages-wealth-and-economic-mobility-policy-solutions-should-too/>

⁴ “Why D.C. Should Implement Initiative 77,” Economic Policy Institute, September 2018
<https://www.epi.org/publication/tipped-workers-do-better-in-cities-where-they-are-paid-the-regular-minimum-wage-and-the-restaurant-industry-continues-to-thrive-why-dc-should-implement-initiative-77/>

⁵ “Economic Inequality in DC Reflects Disparities in Income, Wages, Wealth an Economic Mobility,” District of Columbia Fiscal Policy Institute, August 2018
<https://www.dcfpi.org/all/economic-inequality-in-dc-reflects-disparities-in-income-wages-wealth-and-economic-mobility-policy-solutions-should-too/>

⁶ “Why D.C. Should Implement Initiative 77,” Economic Policy Institute, September 2018
<https://www.epi.org/publication/tipped-workers-do-better-in-cities-where-they-are-paid-the-regular-minimum-wage-and-the-restaurant-industry-continues-to-thrive-why-dc-should-implement-initiative-77/>

⁷ “Why D.C. Should Implement Initiative 77,” Economic Policy Institute, September 2018
<https://www.epi.org/publication/tipped-workers-do-better-in-cities-where-they-are-paid-the-regular-minimum-wage-and-the-restaurant-industry-continues-to-thrive-why-dc-should-implement-initiative-77/>

⁸ “Economic Inequality in DC Reflects Disparities in Income, Wages, Wealth and Economic Mobility,” District of Columbia Fiscal Policy Institute, August 2018
<https://www.dcfpi.org/all/economic-inequality-in-dc-reflects-disparities-in-income-wages-wealth-and-economic-mobility-policy-solutions-should-too/>

⁹ “Children, Young Adults Stuck in Poverty – Census Data Shows Millions Left Behind,” Center for Law and Social Policy (CLASP), September 2018.
https://www.clasp.org/sites/default/files/publications/2018/09/2018_censusdatabrief.pdf

¹⁰ “News & Research, State Statistics,” National Restaurant Association, September 2018
<https://www.restaurant.org/News-Research/Research/State-Statistics>

¹¹ “Valentine’s Day is Better on the West Coast – At Least for Restaurant Servers,” Economic Policy Institute, February 2017
<https://www.epi.org/blog/valentines-day-is-better-on-the-west-coast-at-least-for-restaurant-servers/>

¹² “The New Wave of Local Minimum Wage Policies: Evidence from Six Cities,” Institute for Research on Labor and Employment, University of California at Berkeley, September 2018
<http://irle.berkeley.edu/files/2018/09/The-New-Wave-of-Local-Minimum-Wage-Policies.pdf>

¹³ “Restaurants Can Continue to Thrive Under Initiative 77,” District of Columbia Fiscal Policy Institute, August 2018
<https://www.dcfpi.org/all/restaurants-can-continue-to-thrive-under-initiative-77/>

Testimony of David Cooper before the D.C. Council in opposition to B22-0913 and for making D.C. a ‘one-fair-wage’ city

Testimony • By **David Cooper** • September 17, 2018

Chairman Mendelson, members of the committee, thank you for allowing me to speak with you today. My name is David Cooper. I am the Senior Economic Analyst at the Economic Policy Institute (EPI). EPI is a nonpartisan, nonprofit research organization in Washington, D.C., whose mission is to analyze the economy through the lens of the typical U.S. working family. EPI researches, develops, and advocates for public policies that help ensure that the economy provides opportunity and fair rewards for all U.S. workers, with a focus on policies to support low- and middle-income households.

I am testifying today in opposition to the repeal of Initiative 77, the voter-approved measure that gradually raises the District's tipped minimum wage over eight years, at which point the same minimum wage would apply to all District workers, regardless of whether they receive tips. Such "one-fair-wage" systems are already in place in eight states.

Last week, EPI published a report, which I authored, that analyzes the tipped workforce in D.C. and compares tipped workers in D.C. with tipped workers in San Francisco and Seattle—two cities that have one-fair-wage policies. The report notes the problems created by having a separate lower tipped minimum wage, the bad incentives and enforcement challenges it creates, and most importantly, goes into detail on the harm that it causes tipped workers. I have included the report (Cooper 2018) with this testimony.

Today, I want to highlight a few key research findings from the report and from other research that speak to some of the arguments that have been put forward against Initiative 77.

First, one of the primary arguments made against raising base wages for tipped workers is that it will severely damage city businesses—particularly the restaurant industry—leading to closures and layoffs. This argument is essentially the same one that is made every time a minimum wage increase of any kind is proposed anywhere. These claims have been researched exhaustively, with the overwhelming conclusion of the academic literature being that moderate increases in minimum wages largely have their intended effect: raising wages for low-wage workers with little to no impact on employment levels or overall business trends (see Cooper, Mishel, and Zipperer 2018; Schmitt 2013; and Luca and Luca 2018).

In the one study that has looked at changes in the tipped minimum wage, Allegretto and Nadler (2015) analyzed the impacts of higher tipped minimum wages on workers in the restaurant industry over 20 years of data and arrived at the same conclusion: higher tipped minimum wages were associated with higher restaurant industry wages, and little, if any, change in employment levels.

Indeed, as the new report (Cooper 2018) shows, in cities that have adopted one-fair-wage policies, tipped employment and industries that employ tipped workers continue to grow. As shown in **Table 1**, over the last four years, full-service restaurant employment in D.C. has grown by an average of 4.0 percent per year. In San Francisco, a one-fair-wage city with a \$15 minimum wage for all workers, full-service restaurant employment grew by an average of 3.2 percent per year over the same period. In the Seattle MSA, full-service

Table 1

Full-service restaurant establishments, employment, and average weekly wages in the District of Columbia, San Francisco, and the Seattle MSA, 2010–2017

Full-service restaurant establishments			
	District of Columbia	San Francisco	Seattle-Tacoma-Bellevue MSA
2010	718	1,586	3,025
2013	789	1,706	3,098
2017	914	1,758	3,567
<i>Annual average change 2010–2017</i>	3.9%	1.5%	2.6%
<i>Annual average change 2013–2017</i>	4.0%	0.8%	3.8%
Full-service restaurant employment			
	District of Columbia	San Francisco	Seattle-Tacoma-Bellevue MSA
2010	19,525	28,193	54,402
2013	24,399	32,462	59,455
2017	28,266	36,558	67,802
<i>Annual average change 2010–2017</i>	6.4%	4.2%	3.5%
<i>Annual average change 2013–2017</i>	4.0%	3.2%	3.5%
Full-service restaurant average weekly wages			
	District of Columbia	San Francisco	Seattle-Tacoma-Bellevue MSA
2010	\$481	\$470	\$394
2013	\$509	\$519	\$431
2017	\$571	\$643	\$522
<i>Annual average change 2010–2017</i>	2.7%	5.3%	4.6%
<i>Annual average change 2013–2017</i>	3.0%	6.0%	5.3%

Note: Wages include base wages and tips.

Source: EPI analysis of Quarterly Census of Employment and Wages data from the Bureau of Labor Statistics, 2010–2017

Economic Policy Institute

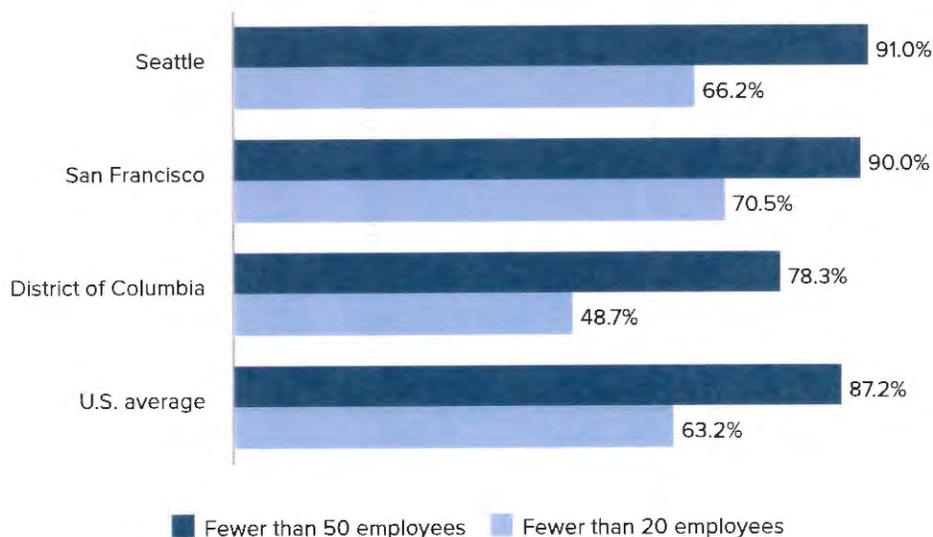
restaurant employment grew by 3.5 percent per year. So while D.C.'s restaurant boom has outpaced these cities in recent years, it hasn't been by that much.

Second, there have been claims that D.C. is different from these other cities because it has

Figure A

Restaurants in D.C. are less likely to be “small businesses” than restaurants in San Francisco or Seattle

Share of full-service restaurant establishments in the District of Columbia, San Francisco, Seattle, and nationally that have fewer than 20 or 50 employees



Note: Values for Seattle reflect all of King County, Washington.

Source: EPI analysis of County Business Patterns data (U.S. Census Bureau 2016)

Economic Policy Institute

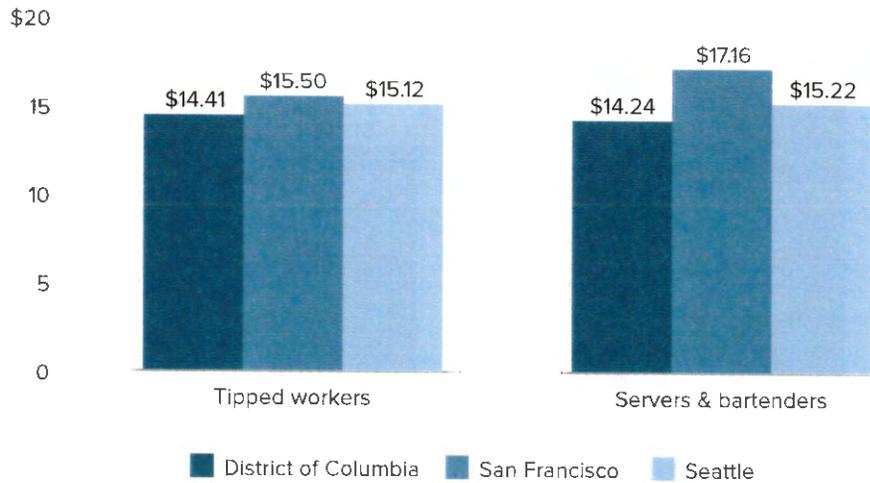
a large share of small, independently owned businesses. I can't speak to the ownership of D.C. restaurants, but we do know empirically that D.C. does not have an unusually large share of “small business” restaurants. As shown in **Figure A**, County Business Patterns data from the Bureau of Labor Statistics (BLS) indicate that D.C. actually has a *smaller* share of “small business” restaurants than either San Francisco or Seattle¹ (Cooper 2018). That holds true whether “small business” restaurants are defined as those with fewer than 20 employees, or those with fewer than 50 employees. Though not shown in the figure, County Business Patterns data also reveal that the District also has a smaller share of small business restaurants than Boston, New York City, or the U.S. average as a whole. Restaurants in D.C. tend to be larger establishments than in most of the rest of the country.

Third, pay for tipped workers is higher in both San Francisco and Seattle than it is in D.C. As shown in **Figure B**, among servers and bartenders, the median hourly wage in San Francisco (including both base wages and tips) is 21 percent higher than the median wage for those workers in D.C. In King County, Washington, it's 7 percent higher. These findings from my research (Cooper 2018) are consistent with existing research on wages for tipped workers in one-fair-wage states compared with states with lower tipped minimum wages (Allegretto and Cooper 2014). The findings are also consistent with Bureau of Labor Statistics Occupational Employment Statistics data on wages of waiters and waitresses.

Figure B

Tipped workers earn more per hour in San Francisco and Seattle than they do in D.C.

Median hourly wage of all tipped workers and of servers and bartenders, in San Francisco, Seattle, and the District of Columbia (2017 dollars)



Notes: Wages include both base wages and tips. Values for Seattle reflect all of King County, Washington.

Source: EPI analysis of American Community Survey microdata, pooled years 2012–2016 (Ruggles et al. 2018)

Economic Policy Institute

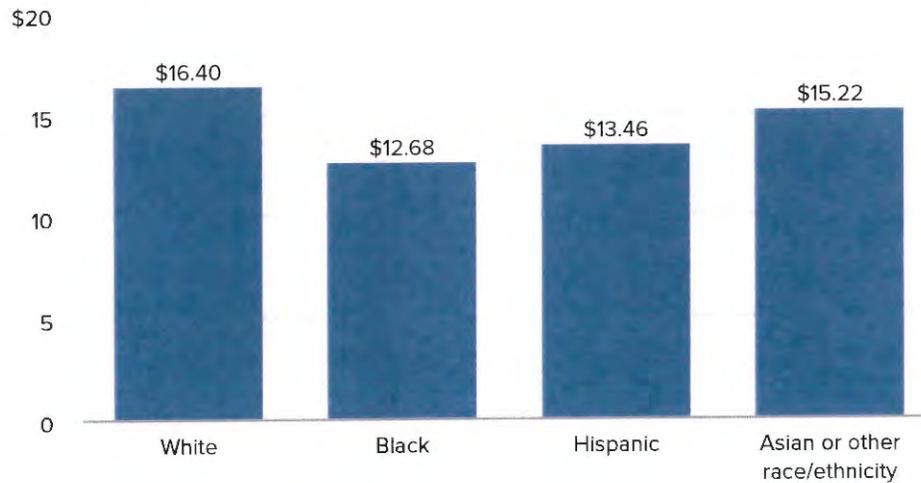
Finally, as you hear from tipped workers on this issue, be aware that the experience of tipped work is not the same for all tipped workers and there are significant disparities in pay within the D.C. tipped workforce. As shown in **Figure C**, my analysis finds that the typical black tipped worker in D.C. receives 23 percent less per hour than the typical white tipped worker; Hispanic tipped workers receive 18 percent less per hour. **Figure D** shows that women tipped workers in D.C. earn 8 percent less per hour and 20 percent less per year than men tipped workers because they tend to work fewer hours per week. We can surmise that at least some of this disparity in hours is involuntary. Again, these median hourly and annual wage figures include base wages and tips.

The upshot of all of this is simple: Tipped workers are better off in places where they get the regular minimum wage regardless of tips, and in those places, the industries that employ tipped workers have adapted, and continue to operate successfully. There is no empirical basis for repealing Initiative 77.

Figure C

White tipped workers in D.C. are paid more than tipped workers of color

Median hourly wages of District of Columbia tipped workers, by race/ethnicity (2017 dollars)



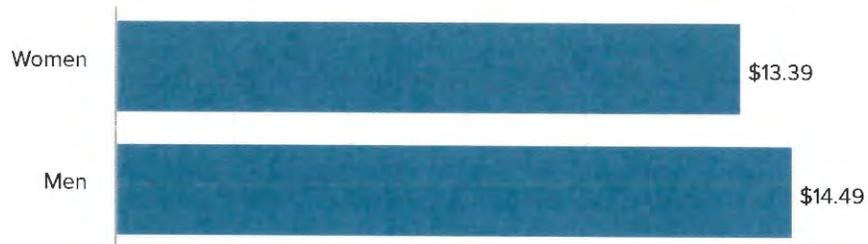
Notes: Wages include both base wages and tips. Data are for tipped workers whose place of work is in the District of Columbia. Hispanic workers include Hispanics of any race, and the race/ethnicity categories are mutually exclusive (e.g., "white" refers to non-Hispanic white). Tipped occupations are listed in Appendix Table A1 of Cooper 2018.

Source: EPI analysis of American Community Survey microdata, pooled years 2012–2016 (Ruggles et al. 2018)

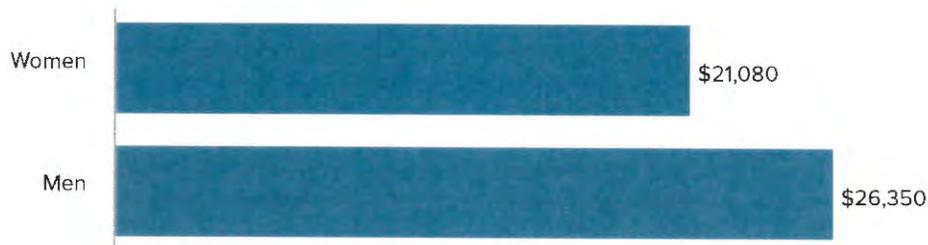
Economic Policy Institute

Figure D **Tipped men workers are paid more than tipped women workers in D.C.**

Median hourly wages of District of Columbia tipped workers, by gender (2017 dollars)



Median annual wage income of District of Columbia tipped workers, by gender (2017 dollars)



Notes: Data are for workers whose place of work is in the District of Columbia. Wages and annual wage income include both base wages and tips. Tipped occupations are listed in Appendix Table A1 of Cooper 2018.

Source: EPI analysis of American Community Survey microdata, pooled years 2012–2016 (Ruggles et al. 2018)

Economic Policy Institute

Endnote

1. Data for Seattle reflect all of King County, Washington.

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Why D.C. should implement Initiative 77

Tipped workers do better in “one-fair-wage” cities; restaurants continue to thrive

Report • By [David Cooper](#) • September 12, 2018

Summary: In San Francisco and Seattle—“one-fair-wage” cities where tipped workers are paid the regular minimum wage regardless of tips—tipped workers receive higher take-home pay and restaurants big and small are operating successfully.

Summary and key findings

In June, voters in the District of Columbia passed Initiative 77, a ballot measure that raises the District's tipped minimum wage over eight years until it is equal to the District's regular minimum wage in 2026. In doing so, District voters opted to follow the lead of eight "one-fair-wage" states where tipped workers are treated no differently than other workers and receive the same minimum wage as a base wage, regardless of tips.¹ The city of Flagstaff, Arizona, also recently voted to gradually raise its lower tipped minimum wage until it reaches the level of the regular minimum wage.

Although Initiative 77 passed with 56 percent of the vote, D.C. mayor Muriel Bowser and members of the D.C. Council have publicly stated that they intend to overrule the will of the voters and repeal Initiative 77 (Jamison 2018; D.C. Board of Elections 2018). They claim that letting the initiative take effect would unduly harm the restaurant industry in D.C., leading to layoffs and closures. Opponents of the measure—led by the National Restaurant Association and the Restaurant Association of Metropolitan Washington—have also claimed that raising the base wage for tipped workers would ultimately do more harm than good, on the premises that tipped workers will lose their jobs, restaurant patrons will tip less, and businesses will move to a no-tipping model.

There is no evidence to support these opponents' claims. In fact, the evidence overwhelmingly indicates that in one-fair-wage cities and states—where tipped workers are paid the regular minimum wage regardless of tips—tipped workers receive higher take-home pay, customers still tip, and restaurants big and small are operating successfully, just as they do in the District of Columbia.

This report analyzes the tipped workforce and restaurant industry in Washington, D.C., and compares findings for D.C. with two prominent one-fair-wage cities that, like D.C., have enacted \$15 minimum wages: San Francisco and Seattle. Tipped workers in San Francisco receive the regular minimum wage as a base wage, regardless of any

SECTIONS

1. Summary and key findings • 1
2. Background • 3
3. Who are D.C.'s tipped workers? • 6
4. How do wages, incomes, and poverty rates of tipped workers compare with those of nontipped workers? • 8
5. There is significant inequality within the D.C. tipped workforce • 11
6. Tipped workers are better off in one-fair-wage jurisdictions where they receive the regular minimum wage before tips • 16
7. How does D.C.'s restaurant industry compare with Seattle's and San Francisco's? • 20
8. Conclusion • 26

Endnotes • 26

Appendix • 29

References • 39

tips. Tipped workers at large employers in Seattle also receive the regular minimum wage as a base wage regardless of tips, and tipped workers at small employers in Seattle must be paid a base wage no less than \$1.00 below than the regular minimum wage. That means tipped workers in both cities were paid much higher minimum wages than D.C. tipped workers during the period of our analysis (even though the \$15 minimum wage had not yet been fully phased in in either city during the study period).

Tipped workers include restaurant servers and bartenders but also barbers, hairstylists, and other workers in occupations that customarily receive tips. (Appendix Table A1 provides the list of tipped workers included in this analysis.) Among the key metrics examined are wages, poverty rates, and tipped workers' earnings as a share of nontipped workers' earnings; these provide a measure of the relative welfare of tipped workers in each city.

Key findings for the District of Columbia include:

- Tipped workers in the District of Columbia are disproportionately people of color (who account for 70 percent of the tipped workforce, but only 55 percent of the overall workforce).
- The majority of tipped workers (65 percent) work full time, and tipped workers are more likely than workers overall to be District residents (24 percent versus 19 percent).
- The median wage of tipped workers in D.C. is \$14.41 per hour, inclusive of tips, which is 44 percent of the median hourly wage of nontipped workers in D.C. And because tipped workers get fewer hours on average, median tipped workers in D.C. annually earn only 34 percent of the median annual earnings of nontipped workers.
- There are significant pay disparities within the tipped workforce. Black tipped workers are paid 23 percent less per hour (in wages and tips) than white tipped workers. Women tipped workers are paid 8 percent less per hour, and 20 percent less annually, in wages and tips than men tipped workers. Women tipped workers tend to work fewer hours per week than men, for reasons that are likely involuntary for some.
- The poverty rate of tipped workers in D.C. is 13.7 percent—more than three times the poverty rate of nontipped workers (4.5 percent). Black tipped workers have a poverty rate of 18.5 percent.

Key findings comparing D.C. with one-fair-wage cities Seattle and San Francisco:

- Servers and bartenders, and tipped workers more broadly, earn more per hour (including both base wages and tips) in one-fair-wage cities than they do in the District of Columbia. Servers and bartenders in San Francisco earn 21 percent more per hour than their counterparts in D.C. Servers and bartenders in Seattle earn 7 percent more per hour than their counterparts in D.C.²
- There is less inequality between tipped and nontipped workers in one-fair-wage cities than in the District of Columbia. Tipped workers in Seattle and San Francisco have median annual wage earnings (including tips) that are 45 percent and 42 percent,

respectively, of the median for nontipped workers. In D.C., tipped workers' annual wage and tip earnings are only 34 percent of nontipped workers' earnings.

- Tipped workers in Seattle and San Francisco are roughly twice as likely as nontipped workers to be in poverty; in the District of Columbia, tipped workers are three times as likely as nontipped workers to be in poverty.
- Tipped workers make up a *larger* share of the overall workforce (including public, private, and nonprofit sectors) in both San Francisco and Seattle than they do in the District of Columbia. Tipped workers in the District make up the same share of the private-sector workforce as tipped workers in San Francisco and an only slightly greater share (by 0.9 percentage points) than the tipped workers' share of the private-sector workforce in Seattle. Paying tipped workers the regular minimum wage does not appear to have reduced the prevalence of tipped work in these two one-fair-wage cities.
- Restaurants in the District of Columbia are less likely to be “small businesses” than restaurants in Seattle and San Francisco. This holds true for both restaurants with fewer than 50 employees and restaurants with fewer than 20 employees.

The next section provides background on the tipped minimum wage and Initiative 77. The subsequent section describes D.C.'s tipped workforce, noting important racial and gender disparities among tipped workers. The section after that compares wages, incomes, and poverty rates of tipped workers in D.C. with those of tipped workers in Seattle and San Francisco. The final section compares the restaurant industry in D.C. with the restaurant industries in Seattle and San Francisco.

Unless otherwise noted, the analyses in this report are based on American Community Survey (ACS) microdata. All hourly wage and annual wage income values are inflated to 2017 dollars. The various workforces described are workers whose place of work is within the specified jurisdiction, regardless of where they live, e.g., D.C. tipped workers are workers whose place of work is in the District of Columbia, though they may live in Maryland or Virginia. For data related to race and ethnicity, “white” workers refers to non-Hispanic white workers, “black” workers refers to non-Hispanic black workers, and “Hispanic” workers include individuals of any race who identify as Hispanic in the Hispanic ethnicity question.

Background

Under existing law in the District of Columbia—and in much of the rest of the country—there is a regular minimum wage and a separate “tipped minimum wage” that applies to workers who customarily receive tips. As Allegretto and Cooper (2014) explain in detail, in these areas tipped workers can be paid an hourly rate as low as \$2.13 per hour, provided the tips they receive over the course of a week raise their effective hourly wage rate (combining both base pay and tips) to at least the regular minimum wage (\$2.13 is the federal tipped minimum wage, applicable in jurisdictions that have not enacted higher subminimum wages). If a worker's tips are inadequate, employers are supposed to “top

off” their pay—that is, employers are supposed to raise the worker’s base wage for that week just enough to bring their total earnings up to a regular minimum wage income.

In D.C. the regular minimum wage is currently \$13.25 per hour, having attained that rate in July 2018 under a schedule of gradual increases established by a 2016 D.C. Council ordinance that raises the regular minimum wage in the District to \$15.00 an hour by July 1, 2020. The legislation, which adjusts the regular minimum wage for inflation after 2020, also increases the tipped minimum wage to \$5.00 an hour by 2020. In July, the tipped minimum wage increased from \$3.33 per hour to \$3.89 per hour.

Thus, as of July 1, 2018, employers in the District of Columbia may pay any worker who regularly and customarily receives tips a base wage as low as \$3.89 per hour, provided that worker’s weekly tips are sufficient to bring their total earnings (base wage plus tips) up to at least \$13.25 per hour.³ In other words, as long as tipped workers are receiving at least \$9.36 per hour in tips (\$13.25 minus \$3.89), the wage they receive from their employer need only be \$3.89 per hour.

Under this system, if employers are fully complying with the law, tipped occupations guarantee only a minimum wage income—pay above and beyond the minimum wage is entirely at the discretion of customers. In fact, even when generous customers want to reward good service by leaving a good tip, that goodwill can be effectively negated later in the workweek by stingier patrons, bad weather, slow business, patrons displeased by a kitchen mix-up affecting their order, or a manager with a grudge who assigns a worker only small parties—anything that results in periods in which the tipped worker is not receiving similarly strong tips.

For example, consider a server who is paid the tipped minimum wage and works a Monday night for six hours, during which time she receives \$100 in tips. If she stops working for the week, she’s made a pretax income of \$123.34 (\$3.89 times 6, plus \$100) or an hourly wage of \$20.56 per hour. It’s worth noting that of the \$100 she received in tips, \$56 essentially went to her employer. How? Under existing law, her employer must ensure that she receives \$13.25 per hour through base wages and tips. Thus, for six hours of work, she is guaranteed \$79.50; however, the law allows her employer to reduce her base wage dollar-for-dollar out of tips up to \$9.36 per hour—meaning that the first \$56.16 (6 times \$9.36) in tips that she receives during that six-hour shift effectively goes straight to her employer. It is money the employer would have had to pay as base wages, had the server not received any tips.

Now, consider what happens if that same server works two more six-hour shifts that week, but the weather is bad, business is slow, and she only receives another \$70 in tips over those two shifts. She has now worked 18 hours and received \$170 in tips. Even though she has now worked three times as many hours, her employer need only pay her \$3.89 per hour for those additional 12 hours, reducing her hourly take-home pay to \$13.33 per hour, before taxes—just above the District’s minimum wage.

Cooper (2017) explains that this unusual system—no other country worldwide employs a similar system for service industries—creates a host of problems for tipped workers. It means their weekly and monthly incomes are unstable, making it difficult to budget.

Tipped workers' incomes are subject to racial and gender biases, and research has shown that restaurant customers are often discriminatory in how they tip (Lynn et al. 2008). Because the bulk of a restaurant worker's pay is at the customer's discretion, restaurant worker advocates assert that pressure to ensure customer satisfaction forces restaurant workers to tolerate high rates of sexual harassment (Casteel 2018). Workers in other tipped occupations face similar pressure to please the customer at all costs, lest their earnings take a hit.

Although employers are legally supposed to ensure that the tipped workers they employ receive at least the full minimum wage for all hours worked each week, there is considerable evidence that employers often do not meet this obligation. For example, studies have shown that workers in the food and drink service industry experience wage theft at significantly higher rates than workers in other industries (see Cooper and Kroeger 2017 or Bernhardt et al. 2009). In fact, in August 2018 one of the largest restaurant groups in the District of Columbia settled a \$1.5 million lawsuit with nearly 1,000 employees for failing to "top off" tipped workers' wages and for not providing sick leave (Steingart 2018).

Proponents of the tipping system claim that tips ensure good service, yet Lynn (2001) shows that quality of service often has little relationship to tip amounts. Check size is the only consistent determinant of tip amounts. This may encourage tipped workers to attempt to inflate customers' bills, but it also encourages tipped workers to vie with each other for the busiest shifts, the largest service sections, and the biggest parties—all factors that are at the discretion of supervisors. In this type of environment, it is not realistic to expect that workers will be able to police their employers to ensure proper compensation. If a worker demands that her paycheck be "topped off" because of insufficient tips, there is nothing to stop her employer from subsequently giving her fewer shifts, smaller parties, or simply firing her.

In June 2018, voters in the District of Columbia passed Initiative 77, a ballot measure that gradually raises D.C.'s tipped minimum wage over eight years until it is equal to the regular minimum wage in 2026. At that time, tipped workers in D.C. will be paid the full regular minimum wage for every hour they work, regardless of any tip income. This is how tipped workers are currently paid in eight states: Alaska, California, Hawaii, Minnesota, Montana, Nevada, Oregon, and Washington State.⁴ The city of Flagstaff, Arizona, also recently voted to gradually raise its lower tipped minimum wage until it reaches the level of the regular minimum wage. As Cooper (2017) shows, tipped workers in these states—sometimes called "equal treatment" or "one-fair-wage" jurisdictions—have higher typical (median) take-home pay and lower poverty rates than tipped workers in states that have a separate lower tipped minimum wage. Moreover, these one-fair-wage states continue to have vibrant restaurant industries, including in cities that have enacted high local minimum wages, such as San Francisco and Seattle.

Since the ballot measure's passage, D.C. mayor Muriel Bowser and several members of the D.C. Council have indicated that they do not support the measure and may act to repeal the initiative. As the following sections in this report show, repealing the initiative would be a loss for some of the most vulnerable workers in the city, particularly women, single mothers, and black workers.

Table 1

Employment counts and shares of workers in the District of Columbia for all workers, all tipped workers, and servers and bartenders

	Estimated workforce	Share of total workforce	Share of tipped workers
<i>All D.C. workers</i>	812,100	100.0%	n/a
<i>All tipped workers</i>	16,100	2.0%	100.0%
<i>Servers and bartenders</i>	10,500	1.3%	65.5%
<i>Tipped workers, excluding servers and bartenders</i>	5,600	0.7%	34.5%

Notes: Data are for workers whose place of work is in the District of Columbia. “Tipped workers” includes workers in tipped occupations listed in Appendix Table A1. “Servers and bartenders” includes waiters, waitresses, and bartenders, a subset of all tipped workers.

Source: EPI analysis of American Community Survey microdata, pooled years 2012–2016 (Ruggles et al. 2018)

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Who are D.C.’s tipped workers?

There are approximately 16,100 tipped workers in the District of Columbia—equaling 2.0 percent of the overall D.C. workforce, as shown in **Table 1**. Roughly two-thirds (10,500) of these workers are waiters, waitresses, and bartenders—hereafter referred to collectively as “servers and bartenders.” Because they make up the lion’s share of the tipped workforce, servers and bartenders dominate discussions of tipped minimum wage policy. However, workers in other tipped occupations may also be paid base wages below the regular minimum wage. In the District, there are 5,600 workers in other traditionally tipped occupations, such as nail salon workers, hairstylists, bussers, and barbacks. (**Appendix Table A1** lists the occupations considered “tipped workers” in this report and shows the share of D.C.’s tipped workforce in each occupation.)

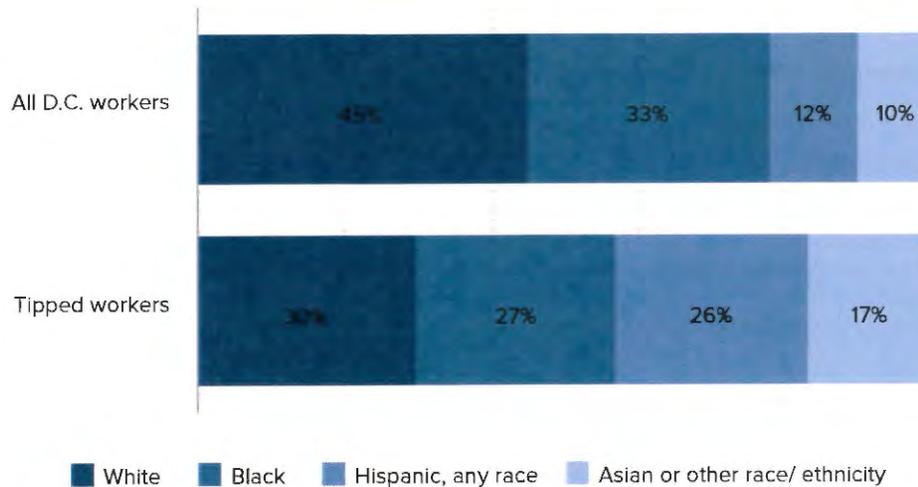
Appendix Table A2 presents demographic characteristics of the District of Columbia’s overall workforce, the nontipped workforce, the tipped workforce, and servers and bartenders. As the table shows, men and women are equally represented among the District’s tipped workers. This is somewhat surprising since nationally, tipped workers are far more likely to be women: two-thirds of U.S. tipped workers are women and nearly 70 percent of U.S. servers and bartenders are women (Allegretto and Cooper 2014).⁵ The fact that D.C.’s tipped workforce has such an atypically large proportion of men may reflect particular characteristics of the city’s restaurant industry, such as its high concentration of fine dining or generally higher-end restaurants; however, this report does not contain data that can verify this theory.

As shown in **Figure A**, tipped workers are disproportionately people of color. Roughly 45 percent of the D.C. workforce is white, yet only 30 percent of D.C.’s tipped workers are white. Hispanic workers make up only 12 percent of the overall D.C. workforce, yet they

Figure A

Tipped workers in D.C. are disproportionately people of color

Composition of District of Columbia workforce by race/ethnicity, all D.C. workers and tipped workers



Notes: Data are for workers whose place of work is in the District of Columbia. Hispanic workers include Hispanics of any race, and the race/ethnicity categories are mutually exclusive (e.g., “white” refers to non-Hispanic white). Tipped occupations are listed in Appendix Table A1.

Source: EPI analysis of American Community Survey microdata, pooled years 2012–2016 (Ruggles et al. 2018)

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constitute over a quarter of all tipped workers. Black workers make up 27 percent of tipped workers—slightly larger than the share of Hispanic workers among tipped workers, yet a smaller share than black workers’ 33 percent share of the overall workforce. Workers who are Asian or identify as some other race or ethnicity make up 17 percent of tipped workers despite being only 10 percent of the overall D.C. workforce.

Tipped work, particularly in restaurants, is commonly thought to be part-time work, e.g., jobs held by college students while they’re in school or secondary jobs for people wanting to supplement their income. It is true that nationally a minority of tipped workers (46.5 percent) maintain a full-time schedule (Allegretto and Cooper 2014). But in the District of Columbia, most tipped workers work full time. As shown in **Figure B**, 65 percent of D.C. tipped workers work full time. Another 30 percent work at least 20 hours per week.

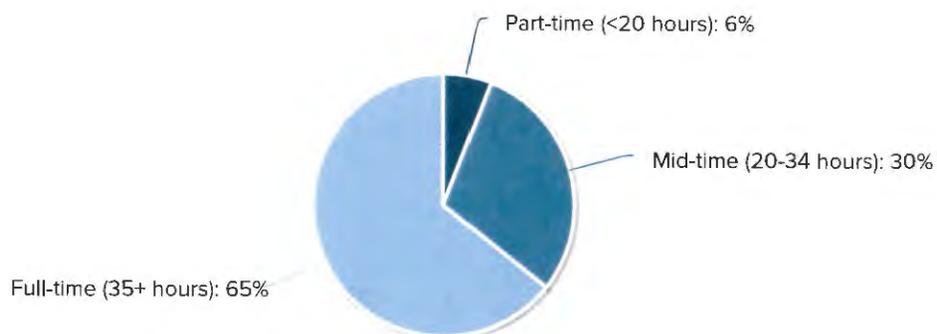
Notably, tipped workers in the District of Columbia are more likely than D.C. workers overall to be residents of D.C. **Figure C** shows that nearly a quarter of tipped workers who work in the District also live in the District, compared with only 19 percent of the overall workforce. In other words, the tipped minimum wage is a policy that disproportionately affects D.C. residents.

Appendix Table A2 also shows a number of other ways that D.C.’s tipped workforce differs

Figure B

Most tipped workers in D.C. work full time

Composition of tipped workforce in the District of Columbia, by usual weekly hours worked



Note: Data are for workers whose place of work is in the District of Columbia.

Source: EPI analysis of American Community Survey microdata, pooled years 2012–2016 (Ruggles et al. 2018)

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from the overall D.C. workforce. For example, tipped workers in D.C. tend to be younger than the overall D.C. workforce. However, the overwhelming majority of D.C.'s tipped workers (79 percent) and servers and bartenders (73 percent) are age 25 or older. And the District's tipped workers are older than tipped workers nationally, 62 percent of whom are 25 or older (Allegretto and Cooper 2014). The data also show that while D.C.'s tipped workers typically have less formal education than the overall D.C. workforce, a majority have at least some college experience. One in four D.C. tipped workers has completed a bachelor's degree or more education.

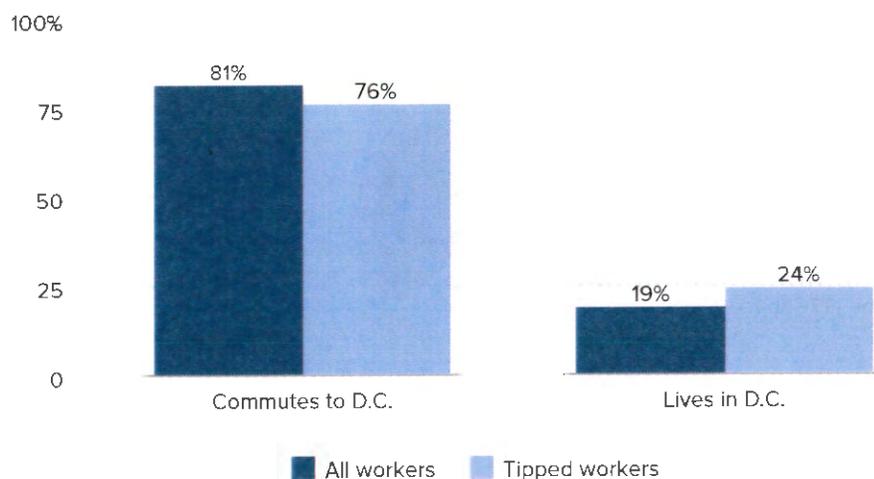
Largely consistent with tipped workers nationally (Allegretto and Cooper 2014, Table 2), more than a quarter (28 percent) of D.C. tipped workers have children. And 10 percent of D.C. tipped workers are single parents, a slightly higher percentage than in the overall D.C. workforce.

How do wages, incomes, and poverty rates of tipped workers compare with those of nontipped workers?

Tipped work is overwhelmingly low-wage work, even including income from tips. (The hourly and annual wage income values throughout this report all include base wages and

Figure C **Tipped workers in D.C. are disproportionately District residents**

Composition of District of Columbia workforce, by residency, all workers and tipped workers



Note: Data are for workers whose place of work is in the District of Columbia.

Source: EPI analysis of American Community Survey microdata, pooled years 2012–2016 (Ruggles et al. 2018)

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tips.) As shown in **Figure D**, the median hourly wage of tipped workers in D.C.—as reported in the American Community Survey (ACS)—is \$14.41, inclusive of tips. The median hourly wage of servers and bartenders is \$14.24.⁶ In contrast, the median hourly wage of nontipped workers in D.C. is \$32.45—meaning that the typical tipped worker is paid roughly 44 percent of what the typical nontipped worker is receiving.

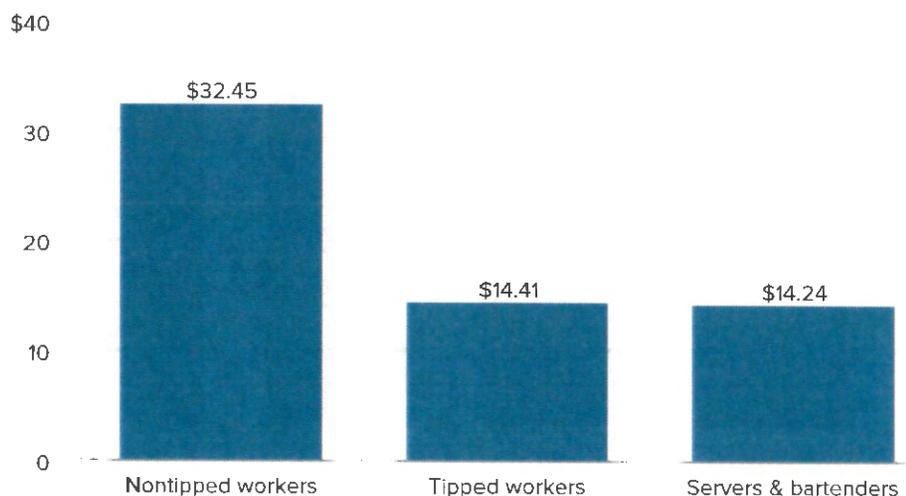
Earnings gaps between tipped and nontipped workers are even more pronounced when considering annual wage income (base wages and tips). As shown in **Appendix Table A3**, nontipped workers in the District have median annual wage income of \$69,462. The median annual wage income of tipped workers in the District is \$23,798 (34 percent of the median annual wage of D.C. nontipped workers) and the median annual wage income of servers and bartenders is \$22,763 (33 percent of the median annual wage of D.C. nontipped workers).

The annual earnings gap for tipped workers relative to nontipped workers is larger than the hourly earnings gap because tipped workers work fewer total hours throughout the year. In many cases, this may not be voluntary. As previously discussed, the tipping system encourages tipped workers to compete for access to the most lucrative shifts, and there is nothing to prevent managers from giving preference in scheduling to some workers over others. Work hours in many tipped occupations are irregular, often responding unpredictably to changes in customer traffic. And most tipped workers do not have paid

Figure D

Tipped workers in D.C. earn far less per hour than nontipped workers

Median hourly wages of nontipped workers, tipped workers, and servers and bartenders in the District of Columbia (2017 dollars)



Notes: Wages include both base wages and tips. Data are for workers whose place of work is in the District of Columbia.

Source: EPI analysis of American Community Survey microdata, pooled years 2012–2016 (Ruggles et al. 2018)

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time off, so any time dedicated to vacation, visiting family, or any other nonwork activity often comes at the expense of paid work hours. As shown in Allegretto and Cooper 2014, less than half (45 percent) of all workers in accommodation and food service industries nationally have paid vacations, and only 36 percent receive paid holidays. These percentages likely greatly overstate the percentage of tipped workers who receive paid time off because they include managers and supervisors in accommodation and food services, who are not tipped workers. The District of Columbia only began requiring hospitality industry employers to provide paid sick leave in 2016, and compliance remains problematic (see Steingart 2018).

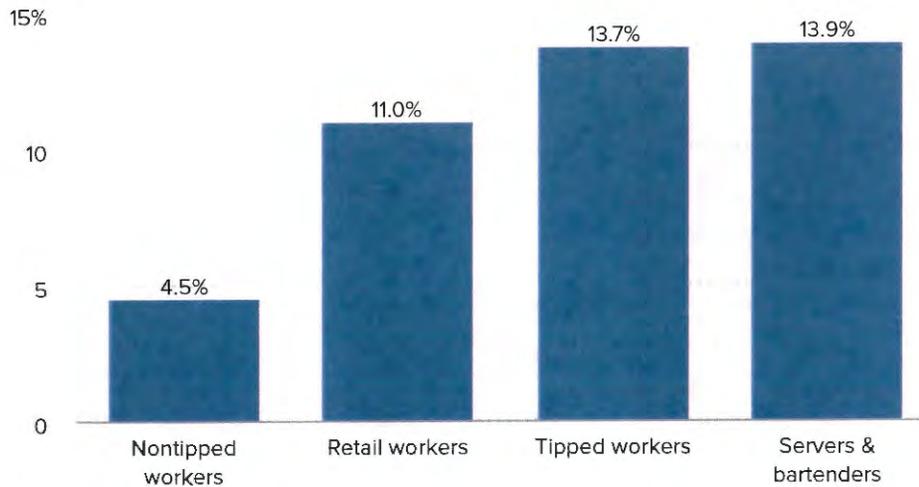
As a result of their low hourly wages and low annual earnings, tipped workers experience poverty at far greater rates than nontipped workers. As shown in **Figure E**, tipped workers in the District of Columbia have a poverty rate of 13.7 percent—more than three times the 4.5 percent poverty rate of nontipped workers in D.C. Servers and bartenders in D.C. have a poverty rate of 13.9 percent. Even when compared with workers in other low-wage industries, tipped workers are still more likely to be in poverty. The same ACS data used throughout this report shows that retail workers in the District of Columbia have a poverty rate of 11.0 percent—still high, but 2.7 percentage points lower than that of D.C. tipped workers.

The data in Appendix Table A2 further show that a large proportion of tipped workers are

Figure E

Tipped workers in D.C. experience poverty at three times the rate of nontipped workers

Poverty rates of nontipped workers, retail workers, tipped workers, and servers and bartenders in the District of Columbia



Notes: Data are for workers whose place of work is in the District of Columbia. Tipped worker occupations are listed in Appendix Table A1.

Source: EPI analysis of American Community Survey microdata, pooled years 2012–2016 (Ruggles et al. 2018)

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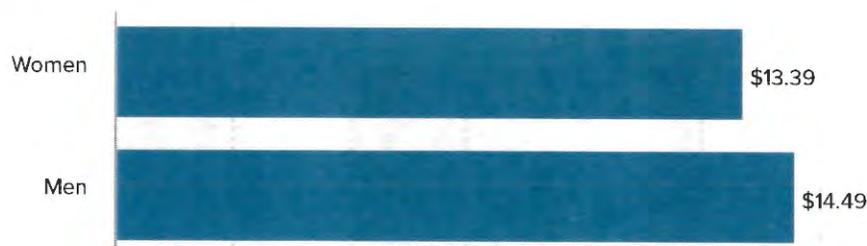
either in poverty or remain close to it. Nearly one-third (31 percent) of all tipped workers have total family incomes within 200 percent of the poverty line (14 percent are in poverty and 18 percent are just above the poverty line). In comparison, only 11 percent of nontipped workers have total family incomes within 200 percent of the poverty line. About 70 percent of tipped workers in D.C. have incomes within 400 percent of the poverty line—that means that about seven in 10 D.C. tipped workers qualify for either Medicaid or subsidized health insurance on the healthcare exchanges.⁷ For comparison, only 28 percent of nontipped D.C. workers would similarly qualify for healthcare assistance.

There is significant inequality within the D.C. tipped workforce

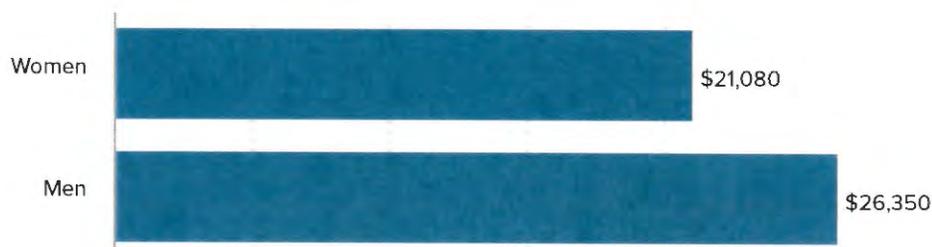
Although low hourly wages, low annual incomes, and high poverty rates are common features among tipped workers generally, there are significant disparities in job quality and economic outcomes within the tipped workforce.

Figure F **Tipped men workers are paid more than tipped women workers in D.C.**

Median hourly wages of District of Columbia tipped workers, by gender (2017 dollars)



Median annual wage income of District of Columbia tipped workers, by gender (2017 dollars)



Notes: Data are for workers whose place of work is in the District of Columbia. Wages and annual wage income include both base wages and tips.

Source: EPI analysis of American Community Survey microdata, pooled years 2012–2016 (Ruggles et al. 2018)

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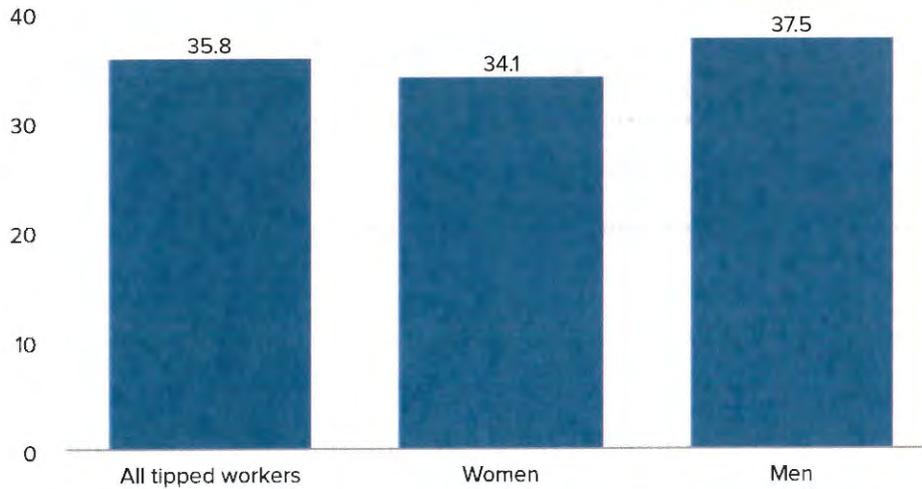
Disparities by gender

Figure F shows that tipped men workers in D.C. are paid significantly more than tipped women workers, both on an hourly and annual basis. The top panel of Figure F shows that the median hourly wage (including tips) of tipped men in D.C. is \$14.49 per hour, compared with a wage of \$13.39 per hour for women in D.C.—an 8 percent gap. On an annual basis, the difference is even starker: the median annual wage income of tipped men in D.C. is \$26,350, while tipped women in D.C. have a median annual wage of only \$21,080—more than \$5,000 (or 20 percent) less per year. All data on hourly wages, annual wage income, poverty rates, and average weekly work hours, by gender, race/ethnicity, and family status, are presented in **Appendix Table A4**.

Figure G

Tipped men workers in D.C. get more hours than tipped women workers

Average weekly work hours of District of Columbia tipped workers, all and by gender



Notes: Data are for workers whose place of work is in the District of Columbia. Tipped occupations are listed in Appendix Table A1.

Source: EPI analysis of American Community Survey microdata, pooled years 2012–2016 (Ruggles et al. 2018)

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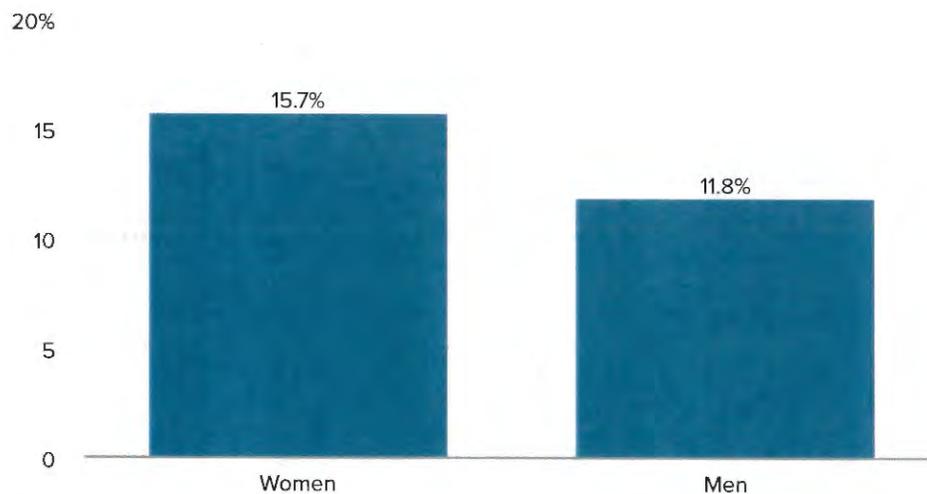
As with the differences in annual income between tipped and nontipped workers, some of the earnings gap between tipped men and tipped women workers is a function of hours. As shown in **Figure G**, tipped men in D.C., on average, work 3.4 more hours per week than tipped women. However, as with tipped workers overall, some tipped women workers in D.C. are likely working fewer hours not by choice. Women are more likely than men to be caregivers and thus may face greater constraints on their available work hours. Women may also face discrimination in requesting schedules. Because income for tipped workers is so dependent upon optimizing one’s schedule to maximize potential tips, tipped workers often must negotiate their work schedule in the same way that other workers negotiate pay. As Gould, Schieder, and Geier (2016) note in the context of salary negotiation, “men and women face different social incentives for negotiation, and there is evidence that women are more likely to be penalized when they negotiate.” It stands to reason that women face similar disadvantages in schedule negotiation as they do in salary negotiation.

As a consequence of their lower hourly pay, fewer weekly hours, lower annual income, and greater likelihood of having children under their care, tipped women workers in D.C. have significantly higher poverty rates than tipped men workers.⁸ **Figure H** shows that tipped women workers in D.C. have a poverty rate of 15.7 percent—nearly 4 percentage points higher than the poverty rate of tipped men workers in the District.

Figure H

Tipped women workers in D.C. are more likely to be in poverty than tipped men workers

Poverty rates of District of Columbia tipped workers, by gender



Notes: Data are for tipped workers whose place of work is in the District of Columbia. Tipped occupations are listed in Appendix Table A1.

Source: EPI analysis of American Community Survey microdata, pooled years 2012–2016 (Ruggles et al. 2018)

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Disparities by race and ethnicity

Just as there are significant earnings disparities among D.C. tipped workers by gender, there are also large gaps in hourly wages and annual wage incomes by race and ethnicity. As in earlier analyses, hourly wage and annual wage incomes include wages and tips.

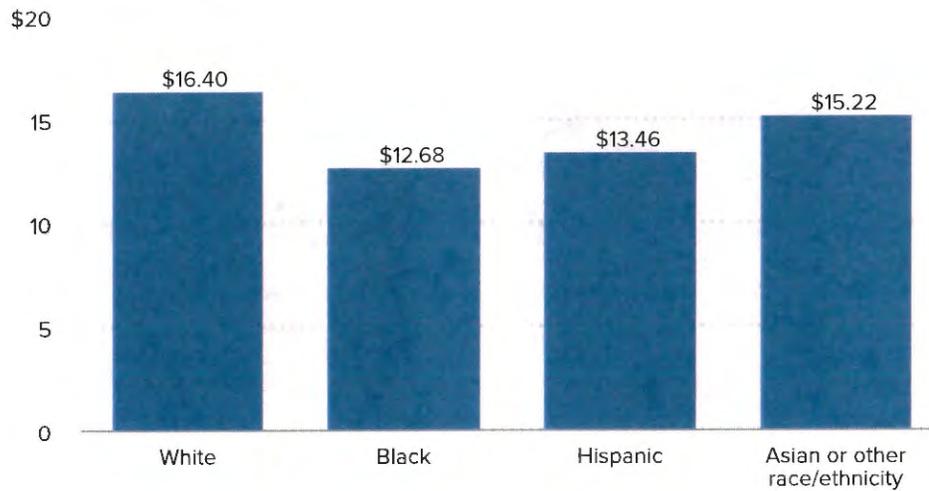
The top panel of **Figure I** shows that non-Hispanic white tipped workers are paid hourly wages that are noticeably higher than those for tipped workers of color. With an hourly wage of \$16.40, the median white tipped worker earns \$3.72 (or 29 percent) more per hour than the median black tipped worker, who receives only \$12.68 per hour.⁹ The median hourly wage for Hispanic workers is \$13.46—that’s 6 percent higher than the median for black tipped workers, but still 18 percent less than that of white tipped workers. Tipped workers who identify as Asian or of some other race or ethnicity have a median hourly wage of \$15.22.

The bottom panel of Figure I shows that these disparities remain—with some relative changes—when considering annual wage income. White tipped workers have a median annual wage income of \$27,810—more than \$6,400 (or 30 percent) higher than the \$21,393 median annual wage income of black tipped workers. The median annual wage income of Hispanic tipped workers is \$24,832—11 percent less than that of white tipped workers—and the median annual wage income of tipped workers who are Asian or some

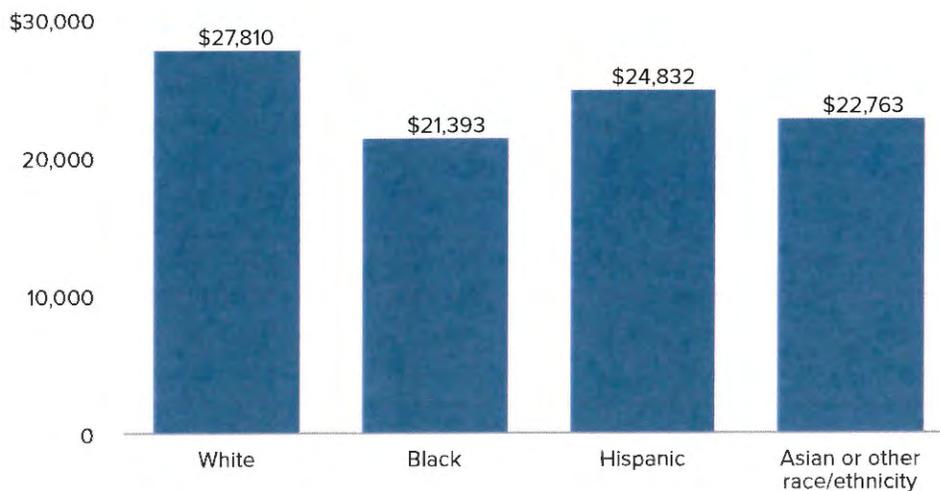
Figure 1

White tipped workers in D.C. are paid more than tipped workers of color

Median hourly wages of District of Columbia tipped workers, by race/ethnicity (2017 dollars)



Median annual wage income of District of Columbia tipped workers, by race/ethnicity (2017 dollars)



Notes: Wages and annual wage income include both base wages and tips. Data are for tipped workers whose place of work is in the District of Columbia. Hispanic workers include Hispanics of any race, and the race/ethnicity categories are mutually exclusive (e.g., "white" refers to non-Hispanic white). Tipped occupations are listed in Appendix Table A1.

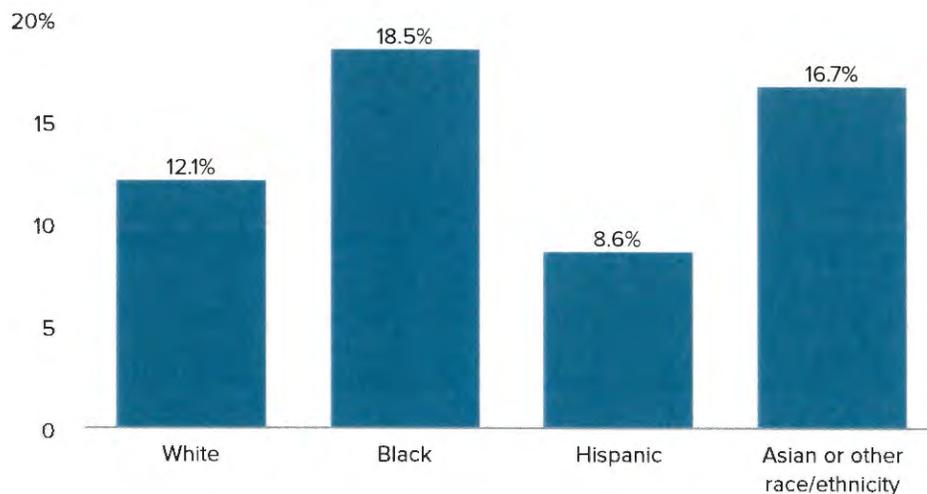
Source: EPI analysis of American Community Survey microdata, pooled years 2012–2016 (Ruggles et al. 2018)

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Figure J

Black tipped workers in D.C. are far more likely than white or Hispanic tipped workers to be in poverty

Poverty rates of District of Columbia tipped workers, by race/ethnicity



Notes: Hispanic workers include Hispanics of any race, and the race/ethnicity categories are mutually exclusive (e.g., “white” refers to non-Hispanic white). Tipped occupations are listed in Appendix Table A1.

Source: EPI analysis of American Community Survey microdata, pooled years 2012–2016 (Ruggles et al. 2018)

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other race or ethnicity is \$22,763—18 percent less than that of white tipped workers.

Poverty rates for tipped workers vary noticeably by race and ethnicity, with some perhaps unexpected differences. As shown in **Figure J**, black tipped workers in D.C. have the highest poverty rate of any group at 18.5 percent—nearly one in five of these workers are in poverty. In contrast, Hispanic workers have the lowest poverty rate among D.C.’s tipped workforce, at 8.6 percent. The poverty rate for white tipped workers is 12.1 percent, and for tipped workers who are Asian or some other race or ethnicity, 16.7 percent.

Tipped workers are better off in one-fair-wage jurisdictions where they receive the regular minimum wage before tips

As noted earlier, one-fair-wage jurisdictions are those that have eliminated the subminimum wage for tipped workers, requiring that tipped workers be paid the full regular minimum wage for every hour they work, regardless of any tip income. Cooper (2017) compares wages and poverty rates of tipped workers in one-fair-wage states with

wages and poverty rates of tipped workers in states that use the federal \$2.13 per hour tipped minimum wage as well as in states that have a tipped minimum wage higher than \$2.13 per hour, but still below the regular minimum wage. The report shows that tipped workers in one-fair-wage states receive significantly higher hourly wages and have lower poverty rates than tipped workers in states with lower tipped minimum wages. For example, restaurant servers in one-fair-wage states have median hourly wages that are 20 percent higher, and poverty rates that are 7.4 percentage points lower, than tipped workers in states that use the federal \$2.13 per hour tipped minimum wage (Cooper 2017, Table 1 and Figure A).

Still, skeptics of the District of Columbia's Initiative 77 question whether the city's tipped workers will be better off if D.C.'s tipped minimum wage is gradually raised and then eliminated in favor of a single minimum wage, given that the city's regular minimum wage—currently \$13.25 and scheduled to rise to \$15.00—is relatively high compared with minimum wages in much of the rest of the country. City-level data presented here strongly indicate that the answer is yes: Tipped workers are unambiguously better off in cities that have eliminated their lower tipped minimum wages, even when those cities have a relatively high regular minimum wage.

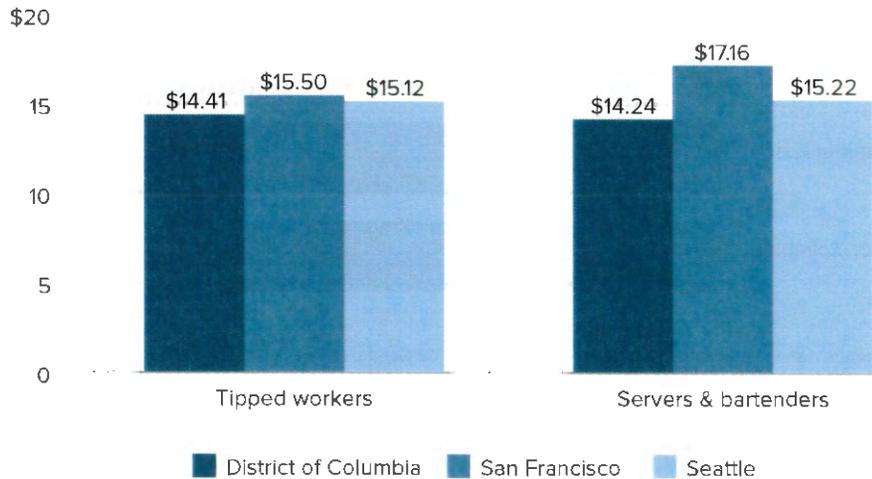
The first two major cities in the United States to adopt a \$15 per hour regular minimum wage were Seattle and San Francisco.¹⁰ These cities' minimum wage hikes came on the heels of prior increases—both city and state—that had put their minimum wages well above the federal minimum wage of \$7.25 an hour. Notably for our analyses below, both Washington State and California are one-fair-wage states—meaning that tipped workers are treated no differently than nontipped workers. Tipped workers there receive the regular minimum wage as a base wage, regardless of any tips.¹¹ Thus, while the \$15 tipped minimum wage had not yet been fully phased in for workers in either city during the years of our pooled data (2012–2016), both cities effectively already had tipped minimum wages ranging from just over \$9.00 to well over \$13.00 an hour in the years of the study period—far higher than the federal tipped minimum wage of \$2.13 per hour and the \$2.77 tipped minimum wage in the District of Columbia in 2014.¹²

As shown in **Figure K**, the median wages (base wages and tips) of tipped workers in Seattle and San Francisco are \$15.12 and \$15.50 per hour, respectively, 4.9 percent and 7.5 percent higher than the median wage of tipped workers in the District of Columbia.¹³ Restaurant servers in Seattle and San Francisco do even better than the overall tipped workforce relative to their peers in D.C. In Seattle, the median restaurant server earns \$15.22 per hour, 6.9 percent more than in the District of Columbia. In San Francisco, the median restaurant server earns \$17.16 per hour, 20.5 percent more than the median server in D.C. **Appendix Table A5** presents additional wage data on restaurant servers from the Occupational Employment Statistics (OES) that are largely consistent with these ACS-based findings. According to the OES data, the median wage of waiters and waitresses is 21 percent higher in the San Francisco-Redwood City-South San Francisco metro division than it is in D.C. In the Seattle-Bellevue-Everett metro division, the median wage of waiters and waitresses is 16 percent higher than in D.C. The wage gaps between servers and nontipped workers reported in the OES data are also similar to what we find in the ACS, with larger gaps in D.C. than in the Seattle and San Francisco regions.

Figure K

Tipped workers earn more per hour in San Francisco and Seattle than they do in D.C.

Median hourly wage of all tipped workers and of servers and bartenders, in San Francisco, Seattle, and the District of Columbia (2017 dollars)



Notes: Wages include both base wages and tips. Values for Seattle reflect all of King County, Washington.

Source: EPI analysis of American Community Survey microdata, pooled years 2012–2016 (Ruggles et al. 2018)

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Tipped workers in Seattle and San Francisco also have annual earnings closer to the annual earnings of their city’s nontipped workers. **Figure L** shows that in Seattle, the median annual wage income (base wages and tips) of tipped workers is 45 percent of the median annual wage of nontipped workers; in San Francisco, tipped worker median annual earnings are 42 percent of nontipped worker median annual earnings. In other words, in these one-fair-wage cities, tipped workers typically make a little less than half of what the typical nontipped worker earns in a year. In contrast, tipped workers in D.C. typically only make about a third of what nontipped workers are paid: the median annual earnings of tipped workers in D.C. is only 34 percent of the median annual earnings of nontipped workers.

Appendix Table A6 shows tipped and nontipped workers earnings in 2017 dollars in all three cities, as well as earnings of servers and bartenders and the overall workforce. D.C. has the highest median annual wage income for nontipped workers, at \$69,462, yet tipped workers in the District have a median annual wage of only \$23,798.

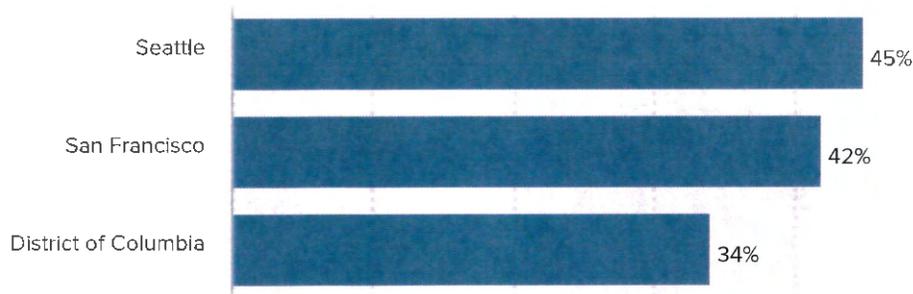
In San Francisco, the nontipped median annual wage is \$60,269—13 percent lower than in D.C.—while San Francisco tipped workers’ median annual wage of \$25,538 is 7 percent higher than in D.C.

In Seattle, the median annual wage for tipped workers is \$22,763—4 percent less than the tipped worker median annual wage in D.C. However, the median annual wage of

Figure L

In one-fair-wage cities, tipped workers have earnings closer to those of nontipped workers

Median tipped worker annual earnings as a share of nontipped worker annual earnings in San Francisco, Seattle, and the District of Columbia



Notes: “Earnings” refers to all wages, salaries, and tips. Values for Seattle reflect all of King County, Washington.

Source: EPI analysis of American Community Survey microdata, pooled years 2012–2016 (Ruggles et al. 2018)

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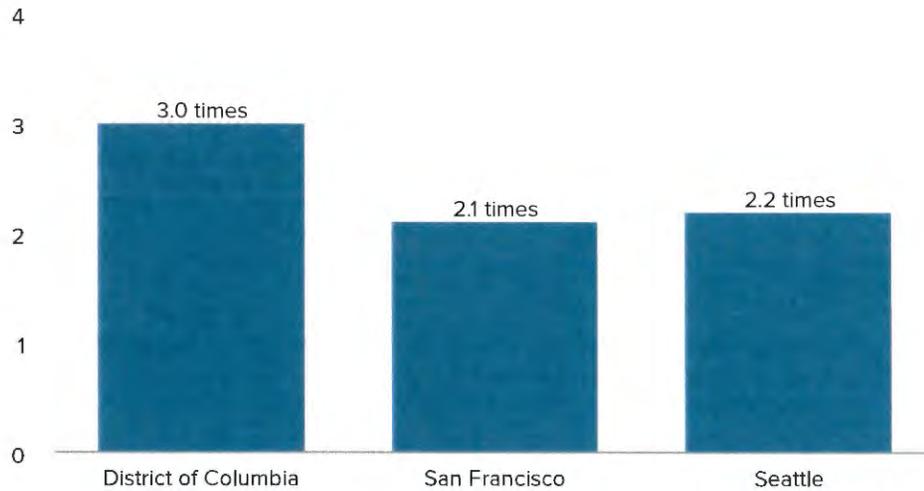
nontipped workers in Seattle is only \$50,593—27 percent less than in D.C. In other words, tipped workers in Seattle have annual wages comparable to tipped workers in D.C. despite the fact that wages in Seattle overall are significantly lower than in the District of Columbia.

Again, consistent with Cooper’s (2017) state-level findings, poverty is less concentrated among tipped workers in cities that have eliminated their separate tipped minimum wage. As shown in **Figure M**, poverty rates of tipped workers in both Seattle and San Francisco are roughly twice the poverty rates of nontipped workers. Because tipped workers typically have lower incomes than nontipped workers, even in one-fair-wage cities, tipped workers’ high relative poverty rates in these cities are not surprising. However, they stand in stark contrast to the relative poverty rates of tipped workers in the District of Columbia, who experience poverty at three times the rate of the nontipped workforce. The data in Appendix Table A6 show that poverty rates of tipped workers across the three cities are similar, but poverty rates overall and among nontipped workers are moderately higher in both San Francisco and Seattle than in D.C. Whatever other factors are contributing to these cities’ higher prevalence of poverty, the strong base wage for tipped workers seems to moderate how these factors impact the tipped workforce.

Figure M

Poverty is more concentrated among tipped workers when they have a lower tipped minimum wage

Ratio of tipped worker poverty rate to nontipped worker poverty rate in San Francisco, Seattle, and the District of Columbia



Note: The ratios show how much more likely tipped workers are to be in poverty than nontipped workers. The values for Seattle reflect all of King County, Washington.

Source: EPI analysis of American Community Survey microdata, pooled years 2012–2016 (Ruggles et al. 2018)

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How does D.C.’s restaurant industry compare with Seattle’s and San Francisco’s?

Opponents of Initiative 77 have claimed that raising and gradually eliminating the lower minimum wage for tipped workers will badly damage the District of Columbia’s booming restaurant industry, leading to closures, layoffs, and worse economic outcomes for the workers the policy is intended to help. Many of these claims are similar, if not identical, to claims routinely made by business groups in response to proposals to increase regular minimum wages (see National Employment Law Project 2013). As explained by Cooper, Mishel, and Zipperer (2018) and Schmitt (2013), over the past several decades, research on the effect of higher minimum wages has grown ever more conclusive that moderate increases in minimum wages largely have their intended effect: raising wages for low-wage workers with little to no impact on employment levels.

Indeed, these findings were recently confirmed by Allegretto et al. (2018), who analyzed the impact of city minimum wages of \$10 or higher on workers in food service industries in Chicago, Oakland, San Francisco, San Jose, Seattle, and Washington, D.C. The authors

state that they “cannot detect significant negative employment effects. Our models estimate employment effects of a 10 percent increase in the minimum wage that range from a 0.3 percent decrease to a 1.1 percent increase, on average.”

In the one study that has looked specifically at changes in the tipped minimum wage, Allegretto and Nadler (2015) analyzed the impacts of higher tipped minimum wages on workers in the restaurant industry over 20 years of data and arrived at the same conclusion: higher tipped minimum wages were associated with higher industry wages, and little, if any, change in employment levels.

Data presented here on the full-service restaurant industries in Seattle and San Francisco show that the restaurant industries in these cities are still successful. In fact, the restaurant industry—particularly small restaurants—is an even bigger part of the local economy in those cities than it is in the District of Columbia. Both Seattle and San Francisco have higher concentrations of tipped workers and boutique restaurants than the District of Columbia. As noted earlier, because of state and local legislation, both Seattle and San Francisco have had tipped minimum wages far higher than the District of Columbia for decades.

Table 2 shows employment counts and shares of tipped workers and servers and bartenders in the District of Columbia, San Francisco, and King County, Washington (the county that includes Seattle). As previously noted, the roughly 16,000 tipped workers in D.C. represent 2 percent of the overall District workforce. San Francisco has roughly 21,000 tipped workers (about 30 percent more than D.C.) in a total workforce of only about 687,000 (15 percent less than D.C.). San Francisco’s tipped workers constitute 3 percent of the city’s overall workforce. The roughly 30,000 tipped workers in King County account for 2.4 percent of the county’s total workforce. Similarly, in San Francisco and King County, servers and bartenders make up larger shares of the total workforce than they do in the District of Columbia.

Of course, as the seat of the federal government, D.C. has a much larger concentration of government and nonprofit workers than both San Francisco and King County. Table 2 also shows employment counts and shares for tipped workers and servers and bartenders in the private sector and the broader nongovernment sector, which includes both private, for-profit businesses and nonprofit entities (tipped occupations can exist in all three sectors).¹⁴ The data show that when only considering the nongovernment sectors, there is still a slightly higher concentration of tipped workers in San Francisco (3.4 percent) than in D.C. (2.9 percent). King County’s tipped worker share of the nongovernment workforce (2.7 percent) is nearly the same as D.C.’s. Among just servers and bartenders in the nongovernment sector, San Francisco has a slightly higher concentration (2.1 percent) than D.C. (1.9 percent). King County has a slightly lower concentration (1.6 percent) of servers and bartenders, though this difference may simply be because King County encompasses both the city of Seattle and parts of the surrounding suburbs.

Looking only at workers in the private, for-profit sector, tipped workers make up the same shares of the private-sector workforce in both D.C. and San Francisco, at 3.9 percent. The tipped worker share of total private-sector employment in King County is lower, at 3.0

Table 2

Tipped workforce counts and shares in D.C., San Francisco, and King County, Washington

	District of Columbia	San Francisco	San Francisco relative to D.C.	King County, Wash.	King County, Wash., relative to D.C.
Total workforce	812,100	687,200	85%	1,261,900	155%
Tipped workers	16,100	20,700	129%	30,500	189%
<i>Share of total workforce</i>	2.0%	3.0%		2.4%	
Servers & bartenders	10,500	12,500	119%	17,600	168%
<i>Share of total workforce</i>	1.3%	1.8%		1.4%	
Total nongovernment workforce	541,300	600,200	111%	1,104,000	204%
<i>Share of total workforce</i>	66.7%	87.3%		87.5%	
Nongovernment tipped workers	16,000	20,600	129%	30,100	188%
<i>Share of nongovernment workforce</i>	2.9%	3.4%		2.7%	
Nongovernment servers & bartenders	10,400	12,500	120%	17,500	168%
<i>Share of nongovernment workforce</i>	1.9%	2.1%		1.6%	
Private-sector workforce	361,200	464,200	129%	878,800	243%
<i>Share of total workforce</i>	44.5%	67.5%		69.6%	
Private-sector tipped workers	14,300	17,900	125%	26,000	182%
<i>Share of private-sector workforce</i>	3.9%	3.9%		3.0%	
Private-sector servers & bartenders	10,100	12,200	121%	16,900	167%
<i>Share of private-sector workforce</i>	2.8%	2.6%		1.9%	

Note: Data are for workers in the specified sector whose place of work is in the specified jurisdiction.

Source: EPI analysis of American Community Survey microdata, pooled years 2012–2016 (Ruggles et al. 2018)

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percent—again, some of this may be because King County encompasses a broader area than just the city of Seattle. Servers and bartenders make up nearly equivalent shares of the private sector in San Francisco and the District of Columbia, at 2.6 percent and 2.8 percent, respectively. In King County, servers and bartenders account for 1.9 percent of private-sector employment—lower than their shares in D.C. and San Francisco, again likely due at least in part to the differences in the geographic units being compared.

The upshot of these data is that in two cities where tipped workers are paid the regular minimum wage, tipped workers make up a larger share of the overall workforce than in D.C., where tipped workers make a subminimum wage. Tipped workers make up similar, if not equal, shares of the nongovernment and private-sector workforces in San Francisco as well. The concentration of tipped occupations in King County is lower than it is in D.C., although this may be largely because King County encompasses a broader geographic

area than just the city of Seattle, where there are likely higher concentrations of restaurants and other employers of tipped workers.

The District of Columbia has experienced a boom in its restaurant industry in recent years. **Table 3** presents data on full-service restaurant establishments, employment, and wages for the District of Columbia, San Francisco, and the Seattle-Tacoma-Bellevue metropolitan statistical area (henceforth the “Seattle MSA”) from the Quarterly Census of Employment and Wages (QCEW).¹⁵

The data show that D.C. has experienced strong growth in the number of full-service restaurant establishments and in restaurant employment since 2010, with the number of establishments increasing by an average of 3.9 percent per year from 2010 to 2017, and restaurant employment growing by 6.4 percent per year from 2010 to 2017—faster, in both cases, than restaurant establishment and employment growth in San Francisco and in the Seattle MSA. It is worth noting, however, that over the past four years, as all three cities have begun to phase in raises to their minimum wages, the growth rates in D.C., San Francisco, and the Seattle MSA have started to converge (with one exception). From 2013 to 2017, growth in the number of restaurant establishments in the Seattle MSA averaged 3.8 percent, compared with 4.0 percent in D.C. (San Francisco’s 0.8 percent growth rate in this measure is the outlier.) Similarly, restaurant employment in the Seattle MSA grew by 3.5 percent and San Francisco restaurant employment grew by 3.2 percent—in both cases slower than D.C.’s 4.0 percent, but not dramatically so.

However, from 2013 to 2017, average weekly wages (base wages and tips) grew much faster in Seattle and San Francisco restaurants than they did in D.C., rising by 5.3 percent in the Seattle MSA and by 6.0 percent in San Francisco, compared with 3.0 percent growth in D.C.

D.C.’s restaurant scene has a lower concentration of “small business” restaurants than other cities

Finally, it is important to recognize that D.C.’s restaurant boom has not been entirely an emergence of small, locally owned, boutique restaurants. In fact, the share of the District’s restaurant industry made up of “small businesses” has actually shrunk since 2010 (and this is true for both businesses with fewer than 20 employees, and for businesses with fewer than 50 employees). **Appendix Table A7** shows that the share of District restaurants with fewer than 50 employees fell by 2.4 percentage points from 2010 to 2016, the most recent year for which relevant data are available. As the table shows, this is a larger reduction in the small-business share of the industry than occurred in both San Francisco (down 2.2 percentage points) and King County, Washington (down 1.2 percentage points). The share of restaurants in D.C. that have fewer than 20 employees fell by 5.9 percentage points from 2010 to 2016.

As of 2016, the most recent year of available data, the share of restaurants in the District of

Table 3

Full-service restaurant establishments, employment, and average weekly wages in the District of Columbia, San Francisco, and the Seattle MSA, 2010–2017

Full-service restaurant establishments			
	District of Columbia	San Francisco	Seattle-Tacoma-Bellevue MSA
2010	718	1,586	3,025
2013	789	1,706	3,098
2017	914	1,758	3,567
<i>Annual average change 2010–2017</i>	3.9%	1.5%	2.6%
<i>Annual average change 2013–2017</i>	4.0%	0.8%	3.8%

Full-service restaurant employment			
	District of Columbia	San Francisco	Seattle-Tacoma-Bellevue MSA
2010	19,525	28,193	54,402
2013	24,399	32,462	59,455
2017	28,266	36,558	67,802
<i>Annual average change 2010–2017</i>	6.4%	4.2%	3.5%
<i>Annual average change 2013–2017</i>	4.0%	3.2%	3.5%

Full-service restaurant average weekly wages			
	District of Columbia	San Francisco	Seattle-Tacoma-Bellevue MSA
2010	\$481	\$470	\$394
2013	\$509	\$519	\$431
2017	\$571	\$643	\$522
<i>Annual average change 2010–2017</i>	2.7%	5.3%	4.6%
<i>Annual average change 2013–2017</i>	3.0%	6.0%	5.3%

Note: Wages include base wages and tips.

Source: EPI analysis of Quarterly Census of Employment and Wages data from the Bureau of Labor Statistics, 2010–2017

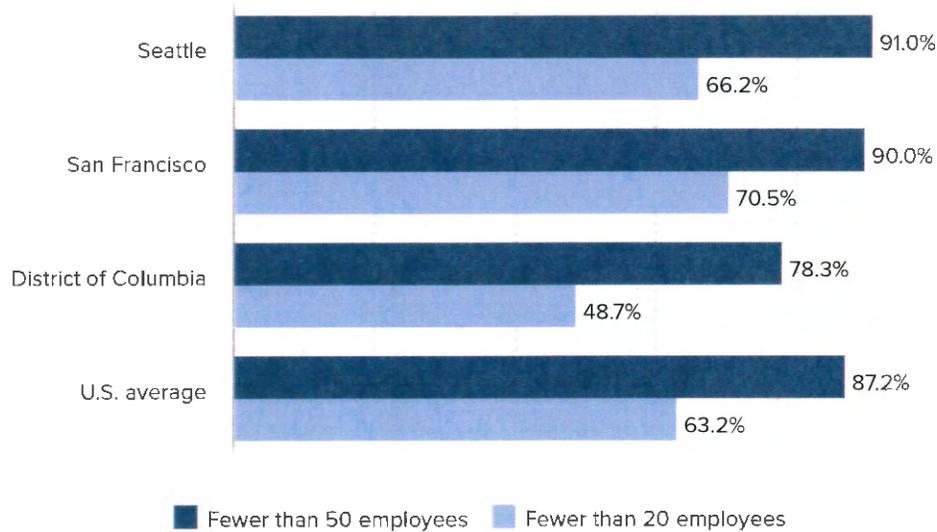
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Columbia that were “small businesses” was much smaller than in one-fair-wage cities San Francisco and Seattle. **Figure N** shows that in King County, Washington (where Seattle is located), 66.2 percent of all restaurants have fewer than 20 employees, and 91.0 percent have fewer than 50 employees. Similarly, in San Francisco, 70.5 percent of all restaurants

Figure N

Restaurants in D.C. are less likely to be “small businesses” than restaurants in San Francisco or Seattle

Share of full-service restaurant establishments in the District of Columbia, San Francisco, Seattle, and nationally that have fewer than 20 or 50 employees



Note: Values for Seattle reflect all of King County, Washington.

Source: EPI analysis of County Business Patterns data (U.S. Census Bureau 2016)

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have fewer than 20 employees and 90.0 percent have fewer than 50 employees. In contrast, restaurants in the District of Columbia are much more likely to be large employers: less than half (48.7 percent) have fewer than 20 employees, and only 78.3 percent have fewer than 50 employees. This is low compared with San Francisco, Seattle, and the U.S. as a whole—nationally, 63.2 percent and 87.2 percent of restaurants have fewer than 20 and 50 employees, respectively. (Though not in the scope of this report, the District of Columbia is an outlier compared with other major cities as well, including New York, Boston, and Portland, Oregon.)¹⁶

Why restaurants in the District of Columbia tend to be larger than restaurants in other major cities is not obvious. Whatever the reason, the notion that the restaurant industry in the District of Columbia is unique for its prevalence of small businesses is false. Many cities—including those where tipped workers are paid the regular minimum wage as a base wage—have a larger proportion of small-business restaurants than D.C. does.

Conclusion

When voters in the District of Columbia elected, by a 12-point margin, to gradually raise and eliminate the lower minimum wage for tipped workers, they were opting for a policy change that has been law for decades in seven states, and that has unambiguously improved economic outcomes for tipped workers there.¹⁷ Contrary to false rhetoric from Initiative 77 opponents, the data show that tipped workers have higher hourly pay (including both base wages and tips) in cities and states where they are paid the regular minimum wage as a base wage. This holds true in the two major cities—Seattle and San Francisco—that were first to adopt \$15 minimum wages. In these cities, there is little evidence that the one-fair-wage policy is hurting tipped workers. In fact, tipped workers make up larger shares of the overall workforce in those cities than they do in the District of Columbia, and they make up similar shares of the private-sector workforces. The restaurant industries in those one-fair-wage cities continue to grow.

If the District of Columbia’s city council members choose to overturn the will of the voters and undo Initiative 77, they will be doing a disservice to a segment of the city’s workforce that is disproportionately low-income, workers of color, and living within city limits. The facts show little justification for such a choice.

Endnotes

1. The states that have adopted one-fair-wage laws are Alaska, California, Hawaii, Minnesota, Montana, Nevada, Oregon, and Washington. In Hawaii, tipped workers may be paid a base wage \$1.00 less than the regular minimum wage, but only if their combined base wage plus tips is at least \$7.00 more per hour than the regular minimum wage.
2. In both Seattle and San Francisco, wages of the overall workforce and of nontipped workers are lower than wages for those groups in D.C. This strongly suggests that it is these cities’ adoption of a one-fair-wage policy that is leading to higher wages for tipped workers there.
3. Initiative 77, which passed in June 2018, would set the current tipped minimum wage at \$4.50 (see One Fair Wage DC 2018). However, the initiative has not yet taken effect, and the tipped minimum wage under existing city ordinance still applies. Under current law, the District’s tipped minimum wage is scheduled to rise to \$4.45 on July 1, 2019, and to \$5.00 on July 1, 2020.
4. In Hawaii, tipped workers may be paid a base wage \$1.00 less than the regular minimum wage, but only if their combined base wage plus tips is at least \$7.00 more per hour than the regular minimum wage.
5. National shares from Cooper and Allegretto were calculated from pooled 2011–2013 Current Population Survey Outgoing Rotation Group microdata; D.C. shares in this report are calculated from pooled 2012–2016 American Community Survey microdata.
6. The ACS hourly wage data used in this report may even overstate true hourly earnings for tipped workers. According to the May 2017 Occupational Employment Statistics, the median hourly wage of waiters and waitresses in the District of Columbia was \$11.86.

7. Income in the income-to-poverty calculations reflect total family income from all sources, not just wage and tip income.
8. The ACS data indicate that 17 percent of tipped women workers in D.C. are married with children—roughly equal to the share of U.S. tipped workers overall that are married with children. However, 18 percent of tipped women workers are single parents—markedly higher than the 10 percent share of the national tipped workforce. Unfortunately, the ACS sample size of tipped workers in D.C. is not large enough to produce statistically precise shares of tipped workers by both gender and family status. Thus, while these findings are suggestive and seem plausible, they are not statistically different from the overall national tipped workforce shares and are not published in this report.
9. The wage data in this report are the average over the period from 2012 to 2016, yet all values have been inflated to 2017 dollars using the Consumer Price Index for all urban consumers (CPI-U). The overall minimum wage in the District of Columbia was \$11.50 from January to June 2017 and was \$12.50 from July to December 2017.
10. Seattle enacted its own minimum wage in 2014 by city council ordinance. For employers with 500 or fewer employees, the minimum wage is currently \$14.00 an hour and will reach \$15.00 an hour January 1, 2019, with annual indexing thereafter. With annual indexing, the minimum wage for Seattle employers with more than 500 employees is currently \$15.45. San Francisco changed its minimum wage in 2014 by a ballot measure. The minimum wage is \$15.00 an hour with annual indexing beginning January 1, 2019. See EPI's [Minimum Wage Tracker](#) (EPI 2018).
11. The Seattle minimum wage ordinance allows businesses with fewer than 500 employees worldwide to credit a portion of tips against the regular minimum wage if they provide health insurance to their employees. As of January 1, 2018, this credit can lower tipped workers' base wage to \$11.50 per hour, provided workers receive at least \$15 an hour in total compensation. This credit decreases each year and will be fully eliminated by 2025.
12. More details on the history of the three jurisdictions' minimum wages can be obtained from Washington State Department of Labor & Industries 2018; Seattle Office of Labor Standards 2018; San Francisco Office of Labor Standards Enforcement 2018; and Allegretto and Cooper 2014, Appendix Table A1.
13. The place of work identified in the ACS microdata does not isolate the city of Seattle from the rest of King County, Washington. Thus, all statistics for Seattle reflect values for all of King County. Because wages in city centers are typically higher than in the surrounding region, reported wage values likely understate true tipped worker wages in Seattle.
14. It may strike some readers as odd that tipped workers could exist in the government or nonprofit sectors, but they can—although some employed through contractors may be misidentifying their employer. For example, a restaurant server at a university, a union hall, a professional association, or a government building is still a tipped worker. In some of these situations, tipped workers may technically be employees of some private contracted service provider. But it is likely that in responding to a survey, workers in such situations may not correctly identify—and may not even know—their true employer. See Katz and Kreuger 2016 for a discussion of these arrangements.
15. The entire state of Washington is a one-fair-wage jurisdiction, meaning tipped workers' base pay must equal at least the state's minimum wage, which was \$9.32 in January 2014 and \$11.50 as of January 2018, and which will reach \$13.50 in 2020 (Washington State Department of Labor & Industries 2018). Additionally, within the Seattle-Takoma-Bellevue MSA, three cities—Seattle, Tacoma, and SeaTac—have all raised their local minimum wages in the last few years to rates

higher than the state rate (see Seattle Office of Labor Standards 2018; City of Takoma 2018; and City of SeaTac 2018).

16. EPI analysis of County Business Patterns data (U.S. Census Bureau, various years).

17. Hawaii changed its tipped minimum wage policy to become a one-fair-wage state in 2014. The other seven one-fair-wage states have all had one-fair-wage policies in place for decades.

Appendix
Table A1

Employment counts and shares of tipped workers in the District of Columbia, by tipped occupation

Occupation	Count	Share
<i>Bartenders</i>	2,700	17.0%
<i>Waiters and waitresses</i>	7,800	48.4%
<i>Nonrestaurant food servers</i>	300	1.8%
<i>Misc. food preparation and serving-related workers including dining room attendants (bussers) and bartender helpers (barbacks)</i>	1,400	8.6%
<i>Gaming service workers</i>	>20	0.1%
<i>Barbers</i>	400	2.5%
<i>Hairdressers, hairstylists, and cosmetologists</i>	2,600	16.0%
<i>Miscellaneous personal appearance workers, including nail salon workers</i>	900	5.5%
Total	16,100	

Note: Tipped occupations are those that customarily receive tips and in which at least some workers may be paid less than the regular minimum wage as a base wage. See Allegretto and Cooper 2014 for further details.

Source: EPI analysis of American Community Survey microdata, pooled years 2012–2016 (Ruggles et al. 2018)

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Appendix

Demographic characteristics of all workers, nontipped workers, tipped workers, and servers and bartenders in the District of Columbia

Demographic category	All workers	Nontipped workers	Tipped workers	Servers & bartenders
<i>Total</i>	812,100	796,000	16,100	10,500
<i>Shares of workers in each subcategory</i>				
<i>Gender</i>				
<i>Women</i>	48%	48%	50%	47%
<i>Men</i>	52%	52%	50%	53%
<i>Age</i>				
<i>Less than 25</i>	7%	7%	21%	27%
<i>25 to 39 years</i>	38%	38%	44%	45%
<i>40 to 54 years</i>	34%	34%	23%	17%
<i>55 years or older</i>	21%	21%	13%	11%
<i>Education</i>				
<i>Less than high school</i>	6%	5%	12%	8%
<i>High school</i>	13%	13%	25%	23%
<i>Some college/associate degree</i>	19%	19%	37%	40%
<i>Bachelor's degree or more education</i>	62%	63%	26%	29%
<i>Race/ethnicity</i>				
<i>White</i>	45%	46%	30%	36%
<i>Black</i>	33%	33%	27%	25%
<i>Hispanic, any race</i>	12%	11%	26%	25%
<i>Asian or other race/ethnicity</i>	10%	10%	17%	14%
<i>Usual weekly hours of work</i>				
<i>Part-time (<20 hours)</i>	3%	3%	6%	6%
<i>Mid-time (20–34 hours)</i>	8%	8%	30%	33%
<i>Full-time (35+ hours)</i>	89%	89%	65%	62%
<i>Family status</i>				
<i>Married parent</i>	29%	29%	18%	13%
<i>Single parent</i>	9%	9%	10%	10%
<i>Married, no children</i>	20%	20%	11%	11%
<i>Single, no children</i>	43%	43%	61%	66%
<i>Income-to-poverty level</i>				

Appendix
Table A2
(cont.)

Demographic category	All workers	Nontipped workers	Tipped workers	Servers & bartenders
<i>In poverty</i>	5%	4%	14%	14%
<i>101%–200% poverty</i>	7%	6%	18%	16%
<i>201%–300% poverty</i>	8%	8%	21%	20%
<i>301%–400% poverty</i>	9%	9%	18%	18%
<i>400%+ poverty</i>	70%	71%	29%	30%
<i>Missing poverty status</i>	1%	1%	2%	2%
<i>Household income</i>				
<i>Less than \$25,000</i>	3%	3%	10%	10%
<i>\$25,000–\$49,999</i>	9%	8%	21%	20%
<i>\$50,000–\$74,999</i>	12%	12%	19%	18%
<i>\$75,000–\$99,999</i>	12%	12%	13%	13%
<i>\$100,000–\$149,999</i>	22%	22%	17%	18%
<i>\$150,000 or more</i>	42%	43%	20%	21%
<i>Residency status</i>				
<i>Lives outside D.C.</i>	81%	81%	76%	74%
<i>Lives in D.C.</i>	19%	19%	24%	26%

Notes: Data are for workers whose place of work is in the District of Columbia. Tipped occupations are listed in Appendix Table A1. Income-to-poverty level is specific to each person's family size and composition. In 2017, the poverty threshold for a single person under age 65 with one child was \$16,895. Values may not sum due to rounding.

Source: EPI analysis of American Community Survey microdata, pooled years 2012–2016 (Ruggles et al. 2018)

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Wages, incomes, poverty rates, and average weekly hours of all workers, all tipped workers, and servers and bartenders in the District of Columbia

	Median hourly wage (2017\$)	Median annual wage income (2017\$)	Poverty rate	Average weekly work hours	Average annual work hours
<i>All D.C. workers</i>	\$31.96	\$67,387	4.7%	41.5	2,075
<i>Nontipped workers</i>	\$32.45	\$69,462	4.5%	41.6	2,083
<i>All tipped workers</i>	\$14.41	\$23,798	13.7%	35.8	1,694
<i>Servers & bartenders</i>	\$14.24	\$22,763	13.9%	35.7	1,668

Notes: Data are for workers whose place of work is in the District of Columbia. Tipped occupations are listed in Appendix Table A1. Wage and annual wage income values for tipped workers include both base wages and tips.

Source: EPI analysis of American Community Survey microdata, pooled years 2012–2016 (Ruggles et al. 2018)

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Appendix
Table A4

Wages, incomes, and poverty rates of tipped workers in the District of Columbia, by demographic group

	Median hourly wage (2017\$)	Median annual wage income (2017\$)	Poverty rate	Average weekly work hours
All tipped workers	\$14.41	\$23,798	13.7%	35.8
Gender				
Women	\$13.39	\$21,080	15.7%	34.1
Men	\$14.49	\$26,350	11.8%	37.5
Gender gap (women/men)	-7.7%	-20.0%	3.9 ppt.	-9.3%
Race/ethnicity				
White	\$16.40	\$27,810	12.1%	36.2
Black	\$12.68	\$21,393	18.5%	34.3
Hispanic, any race	\$13.46	\$24,832	8.6%	35.8
Asian or other race/ethnicity	\$15.22	\$22,763	16.7%	37.7
Black relative to white	-22.7%	-23.1%	6.4 ppt.	-5.1%
Hispanic relative to white	-17.9%	-10.7%	-3.5 ppt.	-1.0%
Family status				
Married parent	\$15.92	\$26,741	6.0%	36.6
Single parent	\$11.96	\$20,694	21.0%	33.4
Married, no children	\$16.53	\$24,875	11.1%	36.2
Single, no children	\$13.74	\$23,083	15.3%	35.9

Notes: Data are for workers whose place of work is in the District of Columbia. Tipped occupations are listed in Appendix Table A1. Wage and income values for tipped workers include both base wages and tips. Hispanic workers include Hispanics of any race, and the race/ethnicity categories are mutually exclusive (e.g., "white" refers to non-Hispanic white).

Source: EPI analysis of American Community Survey microdata, pooled years 2012–2016 (Ruggles et al. 2018)

Economic Policy Institute

Appendix Table A5 **Median wages from the May 2017 Occupational Employment Statistics, by occupation and city or metro division (2017 dollars)**

	District of Columbia	San Francisco-Redwood City-South San Francisco metro division	San Francisco relative to D.C.	Seattle-Bellevue-Everett, Wash. metro division	Seattle relative to D.C.
<i>All occupations</i>	\$33.82	\$27.55	82%	\$24.30	72%
<i>Waiters & waitresses</i>	\$11.86	\$14.32	121%	\$13.76	116%
Relative to all occupations	35%	52%		57%	
<i>Bartenders</i>	\$15.05	\$14.91	99%	\$13.89	92%
Relative to all occupations	45%	54%		57%	

Source: May 2017 Occupational Employment Statistics from the Bureau of Labor Statistics

Economic Policy Institute

Median wages, incomes, and poverty rates of all workers, tipped workers, and nontipped workers in the District of Columbia, San Francisco, and King County, Washington

	District of Columbia	San Francisco	San Francisco relative to D.C.	King County, Wash.	King County, Wash., relative to D.C.
<i>Hourly wages (2017 dollars)</i>					
Overall workforce	\$31.96	\$28.57	89%	\$24.51	77%
Nontipped workers	\$32.45	\$29.50	91%	\$24.79	76%
Tipped workers	\$14.41	\$15.50	108%	\$15.12	105%
Relative to overall workforce	45%	54%		62%	
Relative to nontipped workers	44%	53%		61%	
Servers & bartenders	\$14.24	\$17.16	121%	\$15.22	107%
Relative to overall workforce	45%	60%		62%	
Relative to nontipped workers	44%	58%		61%	
<i>Annual wage income (2017 dollars)</i>					
Overall workforce	\$67,387	\$57,971	86%	\$49,032	73%
Nontipped workers	\$69,462	\$60,269	87%	\$50,593	73%
Tipped workers	\$23,798	\$25,538	107%	\$22,763	96%
Relative to overall workforce	35%	44%		46%	
Relative to nontipped workers	34%	42%		45%	
Servers & bartenders	\$22,763	\$28,880	127%	\$21,393	94%
Relative to overall workforce	34%	50%		44%	
Relative to nontipped workers	33%	48%		42%	

Appendix
Table A6
(cont.)

	District of Columbia	San Francisco	San Francisco relative to D.C.	King County, Wash.	King County, Wash., relative to D.C.
<i>Poverty rate</i>					
<i>Overall workforce</i>	4.7%	7.1%	1.51	6.2%	1.31
<i>Nontipped workers</i>	4.5%	6.9%	1.52	6.0%	1.32
<i>Tipped workers</i>	13.7%	14.5%	1.06	13.0%	0.95
Relative to overall workforce	2.9	2.0		2.1	
Relative to nontipped workers	3.0	2.1		2.2	
<i>Servers & bartenders</i>	13.9%	14.8%	1.06	14.4%	1.04
Relative to overall workforce	2.9	2.1		2.3	
Relative to nontipped workers	3.1	2.1		2.4	

Note: Hourly and annual wages include both base wages and tips.

Source: EPI analysis of American Community Survey microdata, pooled years 2012–2016 (Ruggles et al. 2018)

Economic Policy Institute

Numbers and shares of full-service restaurants that are “small businesses” in D.C., San Francisco, and King County, Washington

District of Columbia					
	Total establishments	Establishments with 1–49 employees	1–49 share of total	Establishments with 1–19 employees	1–19 share of total
2010	705	569	80.7%	385	54.6%
2011	723	584	80.8%	393	54.4%
2012	742	586	79.0%	370	49.9%
2013	771	617	80.0%	394	51.1%
2014	806	639	79.3%	398	49.4%
2015	834	649	77.8%	405	48.6%
2016	881	690	78.3%	429	48.7%
<i>Average annual change 2010–2016</i>	4.2%	3.5%	-2.4 ppt. (total change)	1.9%	-5.9 ppt. (total change)
<i>Average annual change 2013–2016</i>	4.8%	3.9%	-1.7 ppt. (total change)	3.0%	-2.4 ppt. (total change)
San Francisco					
	Total establishments	Establishments with 1–49 employees	1–49 share of total	Establishments with 1–19 employees	1–19 share of total
2010	1,755	1,618	92.2%	1354	77.2%
2011	1,764	1,623	92.0%	1322	74.9%
2012	1,784	1,636	91.7%	1333	74.7%
2013	1,847	1,699	92.0%	1375	74.4%
2014	1,893	1,718	90.8%	1369	72.3%
2015	1,922	1,738	90.4%	1376	71.6%
2016	1,917	1,726	90.0%	1352	70.5%
<i>Average annual change 2010–2016</i>	1.5%	1.1%	-2.2 ppt. (total change)	0.0%	-6.7 ppt. (total change)
<i>Average annual change 2013–2016</i>	1.3%	0.5%	-2.0 ppt. (total change)	-0.6%	-3.9 ppt. (total change)

Appendix
Table A7
(cont.)

San Francisco					
	Total establishments	Establishments with 1–49 employees	1–49 share of total	Establishments with 1–19 employees	1–19 share of total
			change)		change)
King County, Wash.					
	Total establishments	Establishments with 1–49 employees	1–49 share of total	Establishments with 1–19 employees	1–19 share of total
2010	2,140	1,973	92.2%	1518	70.9%
2011	2,160	1,991	92.2%	1514	70.1%
2012	2,188	2,018	92.2%	1532	70.0%
2013	2,261	2,088	92.3%	1567	69.3%
2014	2,301	2,105	91.5%	1564	68.0%
2015	2,356	2,141	90.9%	1581	67.1%
2016	2,454	2,232	91.0%	1625	66.2%
<i>Average annual change 2010–2016</i>	2.4%	2.2%	-1.2 ppt. (total change)	1.2%	-4.7 ppt. (total change)
<i>Average annual change 2013–2016</i>	2.8%	2.3%	-1.4 ppt. (total change)	1.2%	-3.1 ppt. (total change)

Source: EPI analysis of County Business Patterns data (U.S. Census Bureau)

Economic Policy Institute

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Independent Research. Poverty Solutions. Better DC Government.

**Testimony of Ed Lazere, Executive Director, DC Fiscal Policy Institute
At the Public Hearing on Bill 22-0913, The
Tipped Wage Workers Fairness Amendment Act of 2018
DC Council Committee of the Whole
September 17, 2018**

Chairman Mendelson and members of the committees, good morning and thank you for the opportunity to speak today. My name is Ed Lazere, and I am the Executive Director of the DC Fiscal Policy Institute. DCFPI is a non-profit organization that promotes budget choices to reduce economic and racial inequality and build widespread prosperity in the District of Columbia through independent research and thoughtful policy recommendations.

I am here today to speak in opposition to this bill to repeal Ballot Initiative 77, which had the support of 56 percent of DC voters. Repealing the initiative would mean taking away a needed pay increase from 29,000 workers who currently rely almost entirely on tips for their income.

As you have heard today, while some workers have been able to make a living under a two-tiered minimum wage system, this does not in any way mean that it is a system that works well for everyone. Tipped jobs in DC and across the nation often are very low-paid, including restaurant servers and bartenders, but also the less-visible tipped workers such as restaurant bussers, parking garage attendants, hotel bellhops, and hairdressers. The median income for these workers in DC is close to \$30,000¹, well below the cost of living in the District. This is not surprising, given the low base wage paid by employers, currently less than \$4 an hour. As you have heard today from other witnesses, this system also results in substantial inequities based on race and gender.

Public policy should aim to ensure that people working hard can support themselves, and it should aim to reduce racial and gender inequities. The DC policy, enshrined in law, that allows some employers to pay a very low minimum wage, lower than the standard minimum wage paid by most employers, is the source of the low pay and inequities we see among tipped workers. These facts form the strong policy arguments for phasing out the sub-minimum wage for tipped workers, as called for in Initiative 77. As you have heard today, incomes for tipped workers are higher in communities where tipped workers are paid the full minimum wage directly by their employers.²

To be sure, there are important issues of economic policy at play with Initiative 77, for both workers and business owners. These issues should be informed as much as possible by research.

The best evidence we have on the impact of paying tipped workers in DC the full minimum wage comes from seven states where this already is the policy—California, Washington State, Oregon, Nevada, Minnesota, Montana, and Alaska. There are promising signs from the experiences in these seven states that DC restaurants can pay their tipped workers more and continue to thrive. This research shows that tipping continues at similar rates as in communities with lower tipped wages, resulting in higher incomes for tipped workers. It also shows that restaurant prices in these

communities are higher than in DC, but not by a substantial margin, and that the restaurant industries are strong.

Tipping Will Continue under Initiative 77

Tipping in restaurants and other workplaces is part of American culture and is common across the country, regardless of the base wage paid to tipped workers, especially since patrons are unlikely to know what tipped workers are paid. The average tipping rates in the seven states where tips are on top of the full minimum wage are as high as the tipping rate in DC. This data on tipping rates suggests that tipping will continue as DC moves to implement Initiative 77 over several years. When combined with data showing higher wages for tipped workers in these One Fair Wage states, this available evidence suggests that tipped workers will benefit from the combination of a higher base wage and continued tips.

Menu Prices in DC Will Rise Modestly under Initiative 77

There is only limited research on the impact of raising the tipped minimum wage on prices, but the available information shows that price increases would be modest. For example, when San Jose voted to increase its minimum wage from \$8 an hour to \$10 an hour over two years, with almost all of the increase enacted in the first year, economists from the Institute for Research on Labor and Employment found that restaurants (both full and limited service) increased prices by just 1.45 percent on average.ⁱⁱⁱ

There are other indications that restaurants in One Fair Wage states are able to pay tipped workers more without increasing menu prices much. Some popular dining establishments in the District also have locations in Washington and California, which both have One Fair Wage.

- Gordon Biersch, for example, serves steak tacos for \$13.69 in Seattle and \$11.99 in DC, a 14 percent difference. Their legendary garlic fries are \$6.79 in the District and \$8.32 in Seattle, a 23 percent difference.
- The Daily Grill has a trout amandine on the menu for \$23.50 in the District and \$24.50 in San Francisco, a 4 percent difference.
- The brisket tacos at Rosa Mexicana are \$19 in San Francisco and \$18 in DC, a 6 percent difference.
- Selected menu items from IHOP and Denny's differ no more than two dollars in cost between One Fair Wage cities and the District. The Grand Slam is \$12.79 at Denny's in Seattle and \$10.79 in DC, an 18 percent difference.

TABLE 1

Tipping in "One Fair Wage" States Is Higher Than in DC

	Ave Tip Rate, 2017
DC	14.9%
Alaska	17.1%
California	15.2%
Minnesota	16.0%
Montana	16.4%
Nevada	16.6%
Oregon	16.4%
Washington	16.3%

Note: "Find Out Which States Give the Worst Tips," Time.com, August 11, 2017

Results are similar when looking at prices from non-chain restaurants. A search by the DC Fiscal Policy Institute for articles on the 10 best burgers in DC and San Francisco shows average prices of between \$14 and \$15 in both cities. CITATION AND TABLE

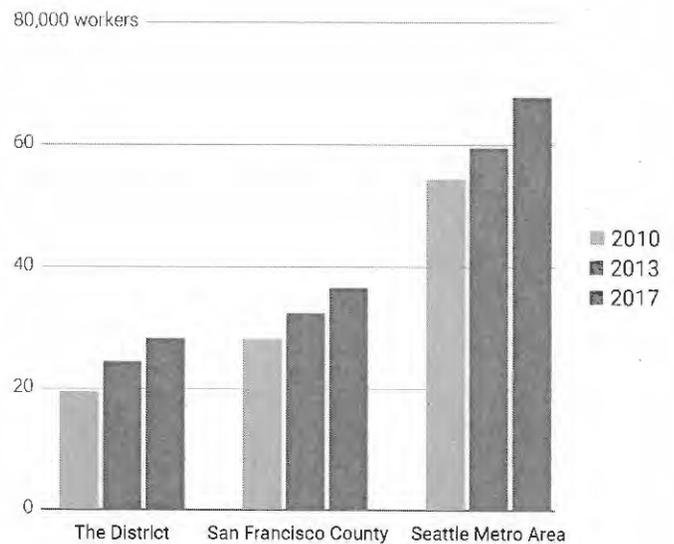
It is important to note that any price increases resulting from paying workers the full minimum wage would happen over a period of years as the minimum wage is increased. A 20 percent increase in prices over 10 years, for example, requires an average increase of 2 percent per year. That amounts to 30 cents per year on a \$15 item.

Restaurants Can Thrive Under Initiative 77

San Francisco and Seattle are examples of cities with thriving restaurant industries under One Fair Wage. Based on research by the Economic Policy Institute, full-service restaurant employment in San Francisco and the Seattle metro area increased by 3.2 percent and 3.5 percent respectively since 2010—similar to the 4 percent growth experienced in the District.^{iv} Meanwhile, San Francisco and Seattle outpace the District in wage growth for restaurant workers. Wages for District restaurant workers increased by 2.7 percent, as compared to 5.3 percent in San Francisco and 4.6 percent in the Seattle area. Servers and bartenders, and tipped workers overall, earn more per hour (base wages and tips) than they do in the District.

Thank you again for the opportunity to testify today, and I am happy to answer any questions.

Restaurants continue to grow in One Fair Wage States.



Source: EPI analysis of County Business Patterns data (U.S. Census Bureau)

ⁱ According to Bureau of Labor Statistics, OES data for May 2017, the median annual income in DC is \$24,680 for waiters, \$31,300 for bartenders, \$25,160 for parking lot attendants, and \$26,160 for hotel bellhops.

ⁱⁱ Economic Policy Institute, “Why D.C. Should Implement Initiative 77,” September 12, 2018.

ⁱⁱⁱ Institute for Research on Labor and Employment, “Are Local Minimum Wages Absorbed by Price Increases? Estimates from Internet-based Restaurant Menus,” November 2016.

^{iv} Economic Policy Institute, “Why D.C. Should Implement Initiative 77,” September 12, 2018.

Testimony of

**Michael D. Brown
United States Senator
District of Columbia**

**On Bill 22-913
Tipped Wage Workers Fairness Amendment Act of 2018
Before the Committee of the Whole
Council of the District of Columbia**

September 17, 2018

Thank you for letting me testify today about what I feel is an egregious action on the part of the Council. Since there are so many who have come forth to testify, I will not belabor my testimony but will simply read an op-ed I wrote which succinctly sums up my opinion.

Op-Ed

On Monday the DC Council will hold a hearing on a proposed bill to repeal Initiative 77, the controversial tipped-wage proposal which was overwhelmingly passed by voters in the June primary. This effort to overturn the will of the voters is outrageous. Ignoring the decision of those who cast a ballot is the ultimate form of voter suppression and is contrary to everything we fight for on Capitol Hill every day. How can we argue that Congress ignores the will of DC citizens and interferes with our right to self-government and then turn around and have our elected officials act exactly the same way? The hypocrisy here is so thick you could cut it with a knife. We have seven DC Councilmembers who are willing to treat the voters of the District with the same indifference that Congress does. The arguments they use to justify their attempted scurrilous subversion of democracy are exactly the same. In fact, two ultraconservative Republican Congressmen have proffered an amendment to block the implementation of Initiative 77, once again interfering with our right to self-govern. They use the

same old worn out excuses to justify this interference and now we have members of the Council talking to us in the same way, declaring: *“Voter turnout was too low; It’s bad legislation; The voters were confused; and We have an obligation.”* True, less than 19% of those registered voted. But these are the same people who reelected many of us and I don’t hear any councilmembers calling into doubt their own nominations on the basis of low turnout. They call it “bad legislation” and say people were “confused” ignoring the irrelevance of their opinion when weighed against the right of the voters to decide. Abraham Lincoln said it best: *“Elections belong to the people. If they decide to turn their back to the fire and burn their behinds, then they will just have to sit on their blisters.”* I voted against Initiative 77. In fact, I stood in front of polling places campaigning for reelection with a **“Vote NO #77”** button on and encouraged those who asked my opinion to vote against it. Like many others, I am disappointed in the outcome, but there is a sacred principle at stake here and it must be honored. The ultimate power in our democracy is vested in the voter. Our great nation was founded on this principle that the legitimate right to govern flows from the consent of the governed. If you ignore that consent, or lack thereof, you lose your legitimate right to rule. The issue is not whether this is the right choice or the wrong choice; it is the voters’ choice and that’s all that should matter. For many of us the outcome was disappointing, but for now we must, just as Lincoln said, “sit on our blisters.” Much of Initiative 77 doesn’t take effect until after the next election in 2020. There is plenty of time to put forth a new initiative. I will even help collect the required signatures to get it on the ballot. For now, however, we must stand up for the principles that we so often espouse and acquiesce to the will of the voters. When in doubt, we must do the right thing and in a democracy, accepting the decision of the voters is always the right thing to do.

Thank you. I am available to answer any questions.

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TIPPED WAGE WORKERS FAIRNESS AMENDMENT ACT OF 2018 (BILL 22-913)

Testimony for Dr. Sabiyha Prince, Coordinator, Membership and Political Education, Empower DC

Good afternoon and thank you for your time. My name is Sabiyha Prince – I am an urban anthropologist representing Empower DC and I count myself among the majority who voted for initiative 77 – to end the sub minimum tipped wage. I was motivated to do so for a number of reasons – primarily because of what I’ve learned from those whose life’s work is doing this research and standing with workers for social justice. I am also here because of the shared experience of friends and family who rely on tips for their survival – here I am referring to workers who receive no subsidies from parents or savings or any form of inheritances.

Despite the disinformation campaign put forth by representatives of the restaurant industry there are reliable data compiled by social scientists and historians on this issue. What we know is that tipped restaurant workers are more than twice as likely as other workers to fall under the federal poverty line – according to a study by the Economic Policy Institute and the Center on Wage and Employment Dynamics in 2017. This is because the average weekly earnings for an employee in a full service restaurant is \$274 based on Bureau of Labor Statistics data.

Currently there are seven states in the US, including CA, WA, OR, and MI, that do not allow differential treatment of the tipped workforce and these are referred to by experts not paid by the restaurant industry as **equal treatment** or **fair-wage states**. In these states workers receive a full, regular state minimum wage plus tips and there has been no evidence of customers tipping less or any documentation of decreases in net hourly wages and the growth in this industry – measured by the appearance of new restaurants - continues at excellent rates.

Research also shows that higher minimum wages do not decrease employment and that businesses have been able to absorb any additional labor costs incurred by wage fairness through increased productivity as well as reductions in turnover.

So that is a portion of the national picture. Looking locally, in DC, women, along with Black and Latinix workers, are disproportionately harmed by the fixed, low hourly rate for tipped workers hence they also have the most to gain from the increase that the public voted for. People of color in this rapidly gentrifying and costly city are keenly aware of this.

Then you add to this scenario the finding that the actual act of tipping has been found to be discriminatory – white servers receive larger tips than their Black counterparts for the same quality of service - we are discussing proposals with profound implications for ending racist practices. These factors need to be considered along with the fact that white servers at high end restaurants also earn more and drive up the income averages in this city in ways that are not reflective of all workers' earnings. The take away here is that there are subsets of servers who do well and this highlights the significant amount of inequality within Washington's wait-staffs; indicators that also illuminate the local, racialized discrepancies in opinion and votes around this issue.

Raising the wages of these particular workers pushes back against racism and gender inequality, mitigates poverty, and puts more money into the hands of local, working class consumers who most often spend their money with area businesses. It also has a trickle-down effect generating positive impacts for their households and children. Moreover, honoring the votes of DC residents is, of course, democratic but is also historically contextualizes a practice

that has its roots in the Jim Crow era where Black workers had to grin and suffer humiliation to ingratiate themselves to white customers reluctant to pay them a decent wage after slavery.

I advocate for respecting the will of the voters and looking more closely at what progressive locales have done across the country. I am concerned by the idea that we may allow the restaurant industry to set policy and mute the voices of the people. I'm concerned about the cases of wage theft and the vulnerability of low wage women workers in these workplaces. And finally, I urge you to consider the extensive research done by the Institute for Policy Studies and other think tanks who have a reliable track record around advocacy and civil and human rights. Thank you.

D.C. Restaurant Reaches \$1.5 Million Settlement Amid Tipped Pay Debate

A class-action lawsuit against a D.C. institution underscores the need for one fair wage.

September 3, 2018 | Negin Owliaei



Shutterstock

Farmers Restaurant Group, which manages some of the most popular restaurants in the D.C. metro area, agreed last month to pay out \$1.49 million to settle a class-action lawsuit with nearly a thousand of its employees. Workers in D.C. and Maryland say they were systematically underpaid and denied sick leave.

]

The allegations also include violations of the tip credit, which allows employers to pay workers a substandard tipped wage — currently [\\$3.89](#) in D.C. — while they're doing work that will bring in tips. Farmers Restaurant Group workers said they were paid the tipped wage while doing untipped work, and that they were required to share the tips they earned with their managers. Both practices run against Department of Labor [requirements](#).

The timing of the settlement couldn't be more damning for the many D.C. restaurant owners who have tried to push back against a recent ballot initiative that would eliminate the subminimum tipped wage. Voters passed the initiative to end the tip credit and mandate employers pay all workers a full minimum wage by healthy margins.

But the D.C. city council has already expressed interest in ignoring the will of the people and [overturning the proposition](#). While the council is unwilling to end the subminimum tipped wage, lawsuits like this one underscore the need to end a two-tiered system. The tip credit leaves workers vulnerable to wage theft, even as their employers prosper.

After all, Farmers Restaurant Group isn't suffering by any measure. Founding Farmers, the group's star restaurant, has a [city record](#) number of Yelp reviews. It's been one of the [most-booked](#) restaurants in the country for years, enough to warrant inclusion on the list of America's [highest-grossing](#) independent restaurants. Farmers Restaurant group was also certainly flush with enough cash to throw thousands of dollars in donations to the anti-77 campaign.

The restaurant group also sells itself on a purported community ethos they bring into their business. "Mindfulness, honesty, and accountability are ingrained in us because it is the farmer's way," they state on their website. Daniel Simons, one of the owners told [The Washingtonian](#) that their love for employees was key to the restaurant's popularity. To that end, the restaurant has an in-house masseuse available to staff.

When the allegations were initially reported, Simons told [The Washington Post](#) that he was "super confident we take great care of [their] people." Wage actions like the lawsuit were common among restaurants, he said, and "often unrelated to company culture, intent, or actual well-being of the staff." The plaintiffs, some of whom will receive awards topping \$25,000, would likely disagree. The restaurant group [denies](#) the allegations and says the payout isn't an admission of wrongdoing.

It might be surprising to D.C. restaurant goers that a city favorite that markets itself on its ethics has been accused of systematically abusing the rules. But it's likely not a shock to tipped workers across the country who are [especially prone](#) to wage theft due to the tip credit.

I spoke with several tipped workers ahead of the district's vote on Initiative 77, some of whom had dealt with wage theft on the job. TJ — a pseudonym used to protect her from retaliation on the job — told me about her experience recovering wages withheld by her employer. She says she went to the Department of

Employment Services immediately after her manager refused to pay her the money she'd rightfully earned on the job.

Luckily, TJ was acutely aware of the dangers of wage theft and had been carefully documenting her pay stubs and hours. Her caseworker said it was rare for workers to come in with such detailed notes about what they were owed, which made it easier for her to recoup her wages.

"I'm one of the lucky few that got her money back," TJ said, "and it's only because I kept meticulous records."

While TJ's an immigrant, she's also an U.S. citizen — which she says was immensely helpful. After hearing about her ordeal, the back of the house workers at her restaurant were quick to ask for her advice. TJ says their manager already "played fast and loose" with their paychecks. Immigrant workers often faced many additional barriers to recovering wages, from language difficulties to intimidation.

At best, some were made to feel that employee services couldn't provide them with assistance if they weren't U.S. citizens. At worst they were told, TJ relays, that questioning their pay could affect their immigration status. Given the hostile national conversation around immigration and the preponderance of immigrants at restaurants, it's not surprising that immigrant workers might not feel comfortable approaching an enforcement agency to recoup lost funds.

TJ is resolved to help other people on the staff understand the law and their rights. But in the restaurant industry, exploitation can be the norm. On top of that, the most vulnerable workers will already have the least amount of recourse to protect themselves. For TJ, it's a fundamental problem with how restaurants operate, and explains why tipped workers are so susceptible to wage theft. "The onus is always on the employee to make sure we're getting paid."

Negin Owliaei is a researcher at the Institute for Policy Studies.

Thank you, Chairman Mendelson and the Committee of the Whole / DC Council, for allowing me an opportunity to share my comments on Initiative 77. I am here today to testify in FAVOR of Initiative 77's full implementation.

Honestly, I wish we were not back here, as I am sure a number of us are. My name is Chantal Coudoux. I am a DC native who grew up in Ward 6, moved to Ward 4 and then returned to Ward 6. This city is part of me as is the restaurant industry. I have been a tipped worker on and off for more than a decade both here and in California. I also worked for ROC and another DC non-profit so I am happy to know that many of you who I have worked closely with on other issues are taking this very seriously. I am, however, astounded and angry that we are here having a discussion about an initiative passed with a majority of DC voters. The fact that the council has taken steps to repeal something that voters overwhelmingly approved while simultaneously denouncing the trump administration for its threats to DC's communities and autonomy is frankly inexcusable.

As a restaurant worker and as a DC native, your actions disgust me. Added to this is the fact that restaurants paid workers to protest 77 on election day, the fact that restaurants asked staff to wear no on 77 buttons, the fact that restaurants have taken actions against staff that refused or the fact that I know folks at bigger restaurant companies who are very pro 77 but could not be vocal for fear of losing their jobs. All of this is despicable.

As the daughter of a refugee, I prioritize the folks who work support staff roles for the most part, and do not make 60k or 80k a year in this industry; the folks who came to DC not because of the trendy restaurant scene but because of other global forces; the folk who if they lose their jobs, cannot just hounce to the next one; the folk who make restaurants run but aren't up front and center; the folk who might not speak English as their first language; the folk who like my father cannot vote in the U.S. because of immigration status or incarceration. These are the folks who are victims of wage theft, who will not bring up to an employer that they did not receive minimum wage because this would cost them shifts or their job entirely.

To be very clear, I am not one of those people. I was born with skin color privilege, the "right" nationality and the "correct" native language. But these folks are my blood and chosen family. I say all this not because they need me to "save them" or their tips or to speak for them, but in solidarity with workers whose voices were never heard in the conversation. I talked with these folks; I listened when they told me it did not matter if they spoke up or they were too scared to given the racist administration we are facing or they had no trust in a council to not overturn the initiative. Yes, industry people were split but, the electorate heard these lost voices. You apparently did not, just as you are choosing to ignore voices of the electorate.

I also say this because in a time when facts are being conflated and we are facing an administration that is dismantling things that our ancestors fought for it is important to be clear about where we stand. I do not stand with the servers and bartenders who have many privileges and voices in this fight; the ones for whom Chairman Mendelson is a hero.

Chairman Mendelson, a hero who shows up at meetings and promises the repeal of something voters, the very people who voted him into power, approved by more votes than for some council members, people in all but one ward of this city. And, repeal by the very governing body that approved his election to the position of chair.

I do stand with people in an industry that I love and care about who believe we all deserve to make a living wage in addition to our tips; that our tips should reflect our devotion to this industry.

We can continue to pretend that DC is a sanctuary city with all that broadly encompasses; we can continue to pass progressive policies that then get repealed or underfunded or completely stripped of any teeth or we can be the city that sets a moral compass during a time of increasing white supremacy and war on those living in poverty because of the very policies you all enact, or, in this case, repeal.

**TESTIMONY OF ANC 4D02 COMMISSIONER RENEE BOWSER
IN OPPOSITION TO BILL NO. B22-0913**

September 17, 2018

Good day. I am Advisory Neighborhood Commissioner Single Member District 4D02 Commissioner Renee Bowser, testifying today in my individual capacity, and a labor lawyer for more than 3 decades. I am urging DC Council to respect the will of DC voters expressed in the June 19 passage of Initiative 77. I urge the Council to reject the threats, fears, and unsubstantiated allegations of business decline and closure and job loss perpetrated by the DC restaurant industry.

DC voters engaged in fundamental democracy on June 19 when they voted to pass Initiative 77 and their vote should be respected! More DC citizens voted on Initiative 77 than voted in the Council Chair race. If we are to accept the will of the voters as to Council Chair results, there is no legitimate reason to reject the will of these same voters expressed in the passage of Initiative 77.

The restaurant industry now claims that Initiative 77 was misleading or confusing. DC law, at DC Code §1-1006.16, authorized the restaurant industry to challenge Initiative 77 at the Board of Elections and in Superior Court on the ground that it is misleading or confusing. But the Restaurant Industry filed no such challenge.

The restaurant industry claims low voter turnout justifies overturning the vote for Initiative 77. If low turnout marred the Initiative 77 vote so as to justify its repeal, that same low turnout similarly marred the vote for every candidate on the June 19 ballot.

No one knows what percentage of DC's electorate votes. Hattie Holmes is still on the voting rolls for my block and she died 16 years ago in 2002 and Hattie Holmes Senior Wellness Center is named in her honor! That means she's still counted in the percentage of DC residents who don't vote.

Tipped workers are the poorest minimum wage workers in the District of Columbia. In 2017, the District of Columbia Department of Employment Services found that "tipped occupations are lower-paid in general, and they are more susceptible to wage theft than other occupations if only for the reason that there are more possible ways for employers to withhold proper pay." Minimum Wage Impact Study, District of Columbia Department of Employment Services, Nov. 1, 2017 at 23. DOES also found that 56.6% of DC's tipped workforce made less than the minimum wage on an average in at least one week of the reference year and the agency expects the problem to increase over time because the tipped subminimum wage increases are smaller than the statutory minimum. Minimum Wage Impact Study at 25. National studies show similar levels of poverty among tipped workers as DOES found for DC workers. See, e.g., Sylvia A. Allegretto and David Cooper, Twenty-Three Years and Still Waiting for Change, Economic Policy Institute, July 10, 2014 at 3 (tipped workers have a poverty rate (12.8%) twice that of nontipped workers (6.5%)). You may want to believe the restaurant industry claims that

the tipped credit system is working and tipped workers are doing well; but the facts confirm the poverty of tipped workers based on this exploitative system borne of racism.

Enforcement will not fix the high levels of wage theft against tipped workers. DOES's findings show that the restaurant industry has the highest wage theft population in DC where the wage theft population is 25% of restaurant industry employment. Minimum Wage Impact Study, District of Columbia Department of Employment Services, Nov. 1, 2017 at 42. U.S. Department of Labor similarly found that “[t]rules for tipped workers are complicated and can be confusing for employers and employees alike. One of the most prevalent violations is the failure to keep track of employee tips and therefore the failure to ‘top up’ employees if their tips fall short of the full minimum wage.” The Impact of Raising the Minimum Wage on Women and the Importance of Ensuring a Robust Tipped Minimum Wage, White House National Economic Council, Council of Economic Advisors and Domestic Policy Council and US Department of Labor, March, 2014 at 7.

Restaurants can also exploit through required tip pooling arrangements. Neither federal or DC law limits the percentage of workers' tips that an employer can assign to a tip pool. The amendment to the federal Fair Labor Standards Act passed earlier this year allows employers who take a tip credit to impose tip pooling arrangements on tipped workers. Amendment to FLSA Section 3(m) Included in Consolidated Appropriations Act, 2018, U.S. Department of Labor Wage and Hour Division, Field Assistance Bulletin No. 2018-3, April 6, 2018. At base, the tipped credit system is an exploitative wage system. The burden is on the individual worker to report and enforce the law and that is why the levels of wage theft is so high because employers have the tools of retaliation, discrimination, and discharge. The restaurant industry has already crossed the line in telling their tipped workers that the passage of Initiative 77 will result in job loss because their statements contain a “threat of reprisal” and they are not “phrased on the basis of objective fact to convey an employer’s belief as to demonstrably probable consequences beyond his control.” Compare NLRB v. Gissel Packing Co., 395 U.S. 575, 618 (1969).

Renee L. Bowser
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Pay regular wages to everyone to avoid sexual and racial discrimination

Testimony on Bill 22 – 193
by Ulrich Hewer,
5721 Moreland Street, NW
Washington, DC 20015
202 363 7558

1. Not to pay the minimum wage, as is practice for other professions would mean that the woman with a small child who desperately needs the job would be at the mercy of the employer. Who will know whether she actually receives the minimum wage, or will she not dare to speak up when she does not receive the minimum wage, because she might lose her job. In an environment where the press reports about sexual harassment cases every day, we must not underestimate this risk. Since women make up a much higher percentage of the servicing staff, they suffer more than men from this form of discrimination. It should not be allowed to continue.

In Europe where minimum wages are paid, customers still give tips as they see fit – more for great service and less for average or poor service.

2. Tipping is a practice associated with slavery. The city of Washington should honor its civil rights history and be proud to pay full wages to all people of color.
3. The citizens of DC were asked to vote on the initiative and a majority was in favor of paying full wages and abolish the current practice.

To have this vote annulled by the DC Council would be absolutely inconceivable. How do we want to explain to our children that in democracies the majority votes may not carry the day?!!

Venorica Tucker
Monday, September 17, 2018
Written Testimony for Public Hearing #B22-0913

Thank you to the council for having us here and listening to our concerns about the possibility of ignoring the will of the people. Please do not ignore the will of the people, anyone who's considering the repeal of initiative 77, should think again. Residents went to the polls, and they voted favorably for Initiative 77. They did this because many of them work in this industry themselves or have family, friends and neighbors who are in that position.

My name is Venorica Tucker. I am a nearly 70 year old woman who has worked in the hospitality industry for most of my life. I was born in Washington, D.C. and have worked here all of my life. Most of that time, I have been a tipped worker. I discovered ROC and I support many of the programs they have initiated. Policies like ban the box, paid sick days, and their advocacy against sexual harassment in the workplace. I have been working to pass One Fair Wage because I know that this would make a tremendous difference for many people who work in this industry. This would allow them to support their families by earning income that they can rely on. Many of my friends who I know who work in this industry work between 2- 3 jobs. Upholding Initiative 77, or One Fair Wage, could lessen that burden.

Initiative 77 would afford them the opportunity to do extra things for their families, spend time together, take vacations, or care for a loved one when they are ill. That's why many people voted to see this pass. They see it as a way to a better life. And I know the D.C. Council wants all of their community members to have a better life. It seems unfair to say that a tipped worker doesn't deserve the same things that all other workers do.

We all know that the District of Columbia is a very expensive place to live. I have family and friends who live all over the city, and when you think where this city is going, with all of the improvements and renovations taking place, it's becoming more and more expensive to live here. We all know that \$15 is not a living wage, but it's a start.

Tips are not a salary. Tips are not guaranteed. Some customers come in and all they can afford is the food and beverage that they order. There are times that I've been left a \$0 tip. Tips are meant to be a bonus, and I shouldn't have to rely on them for the entirety of my wages. A \$15 minimum wage with tips on top would help to secure an income that would allow us to have livable wages in order to meet our obligations and responsibilities, pay our mortgages and rent, do things that other workers are able to do based on a steady income.

I am saying to you that I am hopeful, and I hope you can understand and appreciate where I am coming from. I ask you to uphold a \$15 min wage for tipped employees and One Fair Wage for all.

Hello,

My name is Sean Davis and I am here on behalf of the National Consumers League to urge the DC City Council to respect the will of the DC electorate and implement Initiative 77. Founded in 1899, the National Consumers League wrote the first minimum wage laws in the United States and including the 1918 law guaranteeing a minimum wage for women and children working in the District of Columbia, which was overturned by the Supreme Court.

According to the Washington Post, to live comfortably a D.C. resident has to be making at least \$80k. The average base salary for a waitress in D.C. is \$27,000 (including tips). This salary is clearly not nearly enough to live in D.C. let alone comfortably. To provide further context, the 1966 amendments to the Fair Labor Standards Act (FLSA) provided for a 50 percent “tip credit” for employers of tipped workers, allowing tipped workers’ income from tips to be counted toward half the regular minimum wage guaranteed to workers by the FLSA, with the newly established subminimum wage comprising the other half. This provision did not change until President Clinton signed into law the Minimum Wage Increase Act of 1996. The act eliminated the FLSA provision that required the tipped minimum wage to remain a certain percentage of the full minimum wage; however, this act only left restaurant workers further behind as the tipped minimum wage no longer was coupled with the regular minimum wage.¹ Additionally, the majority of restaurant workers are women and/or a people of color and while unbeknownst to some, the very custom of tipping is rooted in discrimination and racism.²

Initiative 77 corrects that injustice. For these workers, making a decent reliable wage is the difference between having enough to survive and being one paycheck away from being homeless. Restaurant workers should not have to depend on customers’ pre-conceived notions on tipping to make up their salary, which as we all know is not truly enough to live and thrive in Washington D.C. in the first place. Lastly, 47,230 D.C. residents voted in favor of Initiative 77, with a clear 55.74% majority. As a Washington D.C. native, I urge the DC City Council to consider the message that you are sending to D.C. and to the nation. Don’t repeal Initiative 77 thank you.

¹ Sylvia Alighetto and David Cooper. Twenty-three years and still waiting for change. Economic Policy Institute. July 10, 2014 <https://www.epi.org/publication/waiting-for-change-tipped-minimum-wage/>

² Id.

Testimony for Hearing 77:

Thank you, Chairman Mendelson and the DC Council, for giving me this opportunity to share my comments on Initiative 77. My name is Julia Reticker-Flynn and I am a resident of Ward 1 and have lived in Washington DC for over 14 years.

I am the Director of Youth Organizing at Advocates for Youth, a national non-profit that partners with youth leaders, adult allies, and youth serving organizations to advocate for policies and champion programs that recognize young people's rights to honest sexual health information and services. I am also a member of All* Above All, a coalition dedicated to lifting bans that deny abortion coverage.

As a resident, a voter, and a person committed to racial, economic, and reproductive justice, I am here to voice my support for initiative 77. I voted in favor of this initiative for three primary reasons. First, the initiative will reduce economic insecurity in DC, especially for women of color. Tipped workers in DC experience nearly twice the poverty rate of DC workers and female tipped workers are twice as likely as male tipped workers to experience poverty. By incrementally increasing the subminimum wage of \$3.33 over the upcoming years, we can take an important step in reducing poverty and increasing economic security in our nation's capital— which has the highest rate of income inequality in the country.¹

Second, I voted in favor of initiative 77 because it has the potential to make tipped workers safer by reducing the level of sexual harassment and assault. Tipped workers are particularly vulnerable to sexual harassment, intimidation, and assault in a workplace. Unfortunately, over 90% of restaurant workers in DC report sexually harassing behavior in their workplace. However, restaurant workers in states that have eliminated the tipped wage report lower rates of sexual harassment. Therefore, by increasing the tipped minimum wage to DC's minimum wage, we take an important step in challenging the staggering rates of sexual harassment in DC's restaurant industry.

Finally, I voted in favor of initiative 77 because raising the wage for tipped workers does not threaten the restaurant industry. Seven states have already eliminated the sub minimum wage for tipped workers and their restaurant industries are thriving. Workers' wages are higher, the restaurant industry continues to expand, and employment continues to grow. As a customer, I have dined out in many of these states including California and Nevada, and have always tipped at least 20% as I regularly do every time I eat out. I plan to continue to reward good service and to dine out even if prices gradually increase as workers' wages do.

Washington DC has the opportunity to be a leader on the East Coast in providing well paid and a safer work environment for tipped workers. We are a city that values workers, that champions efforts to reduce poverty, and that fights sexual harassment. Being a leader requires us to follow our values and, at times, to take a chance on making our city stronger. I am asking the City Council, to respect my vote and the vote of DC residents, to uphold our values as a city, and to enact the will of the people.

Thank you for your time and consideration.

¹ <https://www.dcfpi.org/all/income-inequality-dc-highest-country/>

Hello Council members,

My name is Ross Kone and first I want to start off with thanking you for your time today. I've worked as a tipped employee for the past 6 years in Adams Morgan at [Shenanigans Irish Pub](#). I started as a barback there my sophomore year of college while attending the University of Maryland. I was looking for some way to pay my way through college that would be most efficient with my schedule, and I happened to luck out.

As most my friends spent 40/50 hours of their time working on-campus jobs, I was able to sacrifice 20 hours of my Friday and Saturday nights, allowing me to free up the majority of my time, to advance my education. As most my friends finish their education with 10s to 100s of thousand dollars of debt, I payed my way through college with only a debt of a little less than 8,000 dollars.

After graduating I worked a 9-5 occupation in Baltimore Maryland, but continued to devote a [Saturday night](#) to bartending. Six months ago I quit that 9-5 lifestyle to bartend full time in DC, and it has been one of the best decisions I have made in the past two years. I'm happier, healthier, and more care free; one of the main reasons for this increased lifestyle has been the family I have made within this industry.

I urge you DC council members to repeal Initiative 77; this industry has not just supported me, but all of the fellow industry members I stand with today. We don't need help, we have each other. Thank you again for your time.

MARIA BARRY TESTIMONY

September 17, 2018

Bill 22-913, Tipped Wage Workers Fairness Amendment Act of
2018

Thank you to Chairman Phil Mendelson and the Committee of the Whole
for the opportunity to share why Initiative 77 must be repealed.

My name is Maria Barry and I've worked for 25 years in nonprofits in DC working toward social justice and creating opportunities for underserved communities. I am very active in DC and in my own community where I serve as an ANC Commissioner in Ward 4. For the past 9 months I have worked for two restaurant owners Geoff Dawson of Tin Shop and Billy Martin of Martin's Tavern working on special projects. In March I started helping out the Save Our Tips System campaign as the Field Director organizing tipped employees against 77. As I search for my next position in my career, I have found myself back doing shift work as a tipped work and am thrilled that we have a system that allows for server, like myself to have some cash flow in a flexible environment.

I am here to share my unique perspective having been on the ground working on this campaign. But first, I want to hone in on the fact that we do things differently in DC than other states (and unfortunately we are not a state) . Our ballot initiative process in DC requires that you the council reviews any initiative and amend, enact or repeal as to ensure the best interest of DC. That's part of the process. You are not not doing anything undemocratic quite the opposite. Sometimes voters get it wrong like they did for Prop 8 in CA that said only a man and a woman could marry. Or right here in DC the council overturned an initiative about mandatory

minimum sentencing. Our process states that Council needs to review that an initiative is good for the city. 77 is not--it is fixing a problem that does not exist.

My work on the campaign has brought me to all 8 wards in in the district. I've talked to thousands of tipped employees who are all adamantly opposed Initiative 77 and who don't accept the premise that an outside group like ROC is looking out for their best interest. I have personally been to fine dining establishments (like Fiola Mare) to neighborhood bars like Mr. Henry's, El Tamarindo, Brookland's Finest, Nanny O'Briens, Silver, Cheerz, at the Big Chair and Ben's Next Door. In every place I have gone I met the most passionate and motivated staff who are vehemently against eliminating the tipped credit. Every place I went and every person I spoke with owners, managers or tipped employees all supported the council in raising the overall minimum wage to \$15 and the tipped minimum to \$5 but are united in opposition to a flat wage. The current system works and everyone who is a tipped employee by law must make at least minimum wage through the tipped credit and their tips.

The restaurant community in DC are small businesses, not corporate empires. They are passion projects. We are not talking Darden Restaurants who owns the Olive Garden which is publicly traded.

In talking to restaurant workers I heard over and over that tipped employees love their work and they love working in an industry that values them. They are some of the hardest working people I have ever met and they deserve nothing but respect.

It is the duty of the Council to act in the best interest of the District and its residents. Please listen to the workers. We don't want this law. You must repeal Initiative 77.

Thank you for your time and I urge you to stand with the workers and repeal 77.

In January of 2004 the butterfly effect was released in theaters and we were asked to imagine a universe in which Ashton Kutcher is a serious dramatic Actor. To a lesser extent we were also asked to think about the impact that our actions have in the wider world.

Initiative 77 will benefit some in the short term, but the effect of these short-term gains will be long term losses for others. You have raised the price on labor without improving its value. The results are obvious and have been showcased worldwide time and time again.

For the workers that are retained there is a possible benefit, but it also means employers must decide who is worth keeping at that price. For those in the market for employment, finding a job just became that much harder. If no personnel changes are made, then customers will most likely shoulder the burden with higher costs. At that point it is for them to decide what the value of the services they enjoy really are.

I've worked minimum wage jobs, I've managed small businesses, I've overseen hiring and work hours and personnel reductions. I've worked as a deli clerk, a pizza cook, a bar back and bartender, I've collected signatures for petitions. I've work for Celestial Seasonings boxing tea for \$7.25 with the promise of a quarter raise and additional hours.

I kept those jobs because I understand that the minimum wage is zero. The employers who chose me, chose me because with each job I became more valuable with my knowledge and experience. I left those jobs because my skills and abilities increased over time. Or because we couldn't agree on what my time was worth.

These jobs were the lower rungs on what I hope is my climb to financial independence. Many workers become business owners and create opportunities for others. They should be able to decide where they work and for how much just as a business owner should decide the wages the pay and people they employ.

This initiative doesn't address the issues that really affect workers and it certainly doesn't address the issues it cited during the primaries. It fails to reach the moral heights it describes. The ROC has written a poorly cast drama and made us a reluctant cast. With this repeal maybe we can return to a less destructive trajectory.

Hello Councilmembers. I'm honored for this opportunity to speak today, in support of Initiative 77. I'm Taun Sterling (a Ward 5 resident), Communications Associate at the National Consumers League, a private non-profit advocacy group that has represented consumers and workers on marketplace and workplace issues since its founding in 1899.

I'm a recent transplant from Portland, OR, where I worked in the restaurant industry during and in-between interning. While there, I worked in a number of different positions at a few establishments. I've been a waiter, a dishwasher, a bike courier, a prep cook and freelancer for a food service and hospitality group. As you may be aware, Oregon does not have a subminimum wage, yet remains one of America's most vibrant and bustling food scenes. Because I was making standard minimum wage, I wasn't at the mercy of inconsistent tips or the constant fight for profitable shifts.

I was lucky enough to be able to make work in the industry work for me. I had roommates to save on housing costs and learned to live frugally. And thankfully rarely had need of healthcare services. These factors enabled me to build up enough financial padding so that an unexpected expense of a few hundred dollars would not be catastrophic for me.

But some of my colleagues weren't so lucky. And if you add a child or a chronic illness into the mix, things get exponentially more difficult.

The poverty rate of tipped workers in DC is more than three times the poverty rate of non-tipped workers. And the poverty rate of black tipped workers, in particular, are even higher¹.

In DC, 73 percent of tipped workers are (that's those in the restaurant industry and elsewhere) workers of color, nearly half are black workers, and 32 percent are immigrants². And these that work full-time year-round earn nearly 25 percent³ less than white workers in the same occupation.

It's clear to me that, should this initiative be implemented, it would serve to raise up our communities of color and dissolve some of the gender and racial inequalities faced in the hospitality and food service industries. It will also combat the effect that the current "separate but equal" wage system has on public perceptions of tipped professions as being anything other than professional occupations.

I urge the council to act, not in favor of the thriving minority, but in the interest of hard-working men and women who remain financially fragile despite their best efforts. They shouldn't serve at the mercy of the unpredictability that comes with tipped wage jobs.

Voters have made their choice, please respect it. Thank you all for your time.

¹ Seven Facts About Tipped Workers and the Tipped Minimum Wage
<https://www.epi.org/blog/seven-facts-about-tipped-workers-and-the-tipped-minimum-wage/>

² Same as 1st

³ Same as 1st

Spencer Thanouser Initiative 77 Testimony

Thank you Chairman Mendelson and to the rest of the Committee for the opportunity to share with you why I think Initiative 77 is a bad law and ought to be repealed. Additionally, I thank the Committee for going above and beyond to hold this hearing with so many witnesses and really listen to each one. It really does give me faith in our institutions.

My name is Spencer Thanouser and I have been working in the hospitality industry for 12 years in DC. I am a resident of Ward 1 where I am the General Manager at RedRocks Columbia Heights - a small, neighborhood pizzeria. Since 2008, I have worked there in nearly every capacity possible in a restaurant, from server, bartender, host, food runner, line cook, designing menus, creating new cocktails and menu items, I do human resources and IT management, web design, accounts receivable, I'm head of maintenance, you name it.

I would like to echo many of the excellent comments that have been made so far in support of the repeal of Initiative 77. I will try not to repeat too much that has already been said.

I would not have decided to make a career in this industry if it weren't for the ability to directly reap the value of my work, skills and effort. Initiative 77 will take that opportunity away from workers. I am providing testimony today because the Initiative will jeopardize the future of my employees and the restaurant itself.

The passage of Initiative 77 stands in direct contrast to what helped to build our thriving restaurant community in the first place, namely, the tip credit. It endangers the continued existence of robust restaurant scenes like the 11th street corridor in DC. In fact, I would say that Initiative 77 has already taken a toll on our area – I know of more than one restaurant in Columbia Heights is already struggling to make ends meet, or to continue operating at all. To be very clear, this kind of wage increase would be the final nail in the coffin for many independent restaurants in DC.

Our current pay rates for tipped workers at RedRocks are as follows:

Busser/Food Runner: \$9/hr + 9%-20% tip out from servers

Servers: \$3.89/hr + tips

Hosts: \$13.25/hr + 1% tipout from servers.

Bartender: \$7/hr + tips and 5%-10% tipout from servers.

Failing to repeal Initiative 77 and the massive labor increases that would entail because of the elimination of the tip credit for the restaurant would cause me, and other operators, to raise prices so high we risk pricing ourselves out of the market, or - the more likely scenario - we would simply stop offering full-service.

For example, instead of having a server, you would simply order from a cashier, take a number and your food will come out to you. Please bus your own table and the water station is over there. If you'd like another beer, please go ask the bartender for one.

That means fewer jobs because I'm combining the work of two to three servers and a busser into one person in order to save money for the business, because, if we don't we'll eventually go out of business.

This kind of change would also tangibly change RedRocks into something I no longer recognize, and I don't want to be charged with laying off my friends and co-workers. Frankly, it will transform our charismatic independent restaurants into fast-food restaurants. See the New York Times article I've attached, titled "San Francisco Restaurants Can't Afford Waiters. So They're Putting Diners to Work" for more information on this phenomenon. You can have as many people with Doctorates and JDs say otherwise, reality just doesn't match up. This will result in the loss of jobs and an economy that is worse off because you are turning a skilled position into essentially a cashier position.

Initiative 77 will make it harder than it already is for existing restaurants to continue as full-service operations due to increased labor costs. This will result in the elimination of well-paying jobs where minimum wage is *already* guaranteed and actual earnings are often quite a bit higher.

We have already shown willingness and execution in previous wage increases, so why do we all oppose this one? It is very *specifically* the elimination of the tip credit which we oppose, and which makes this a bad law. To be clear, none of us oppose the idea of rising wages and livable incomes for our employees.

Initiative 77 will turn mine and my friends lives and businesses upside-down, and will make earning a good living as a restaurant server even harder to achieve. It will eventually cause the extinction of the casual, full-service restaurant in DC, and a new generation of "fast-fine" restaurants will come to take their place. This is already happening in places like California – please see the attached New York Times article to see what I'm talking about.

A livelihood is about more than the money you make. It also has to do with whether or not you enjoy where you work and the work you do. Does it afford the lifestyle you enjoy? How much is that worth to you? How would it feel for someone else to make that sort of decision for you?

With regard to fairness, as my father would say after one of many disagreements between me and my three brothers, "Fair isn't always Equal". I think it's something the council would do well to consider.

I strongly urge the council, which I thank for introducing a bill to repeal, to stand by their Chairman on this issue. Listen to the restaurant workers of DC– we don't want this law and we didn't ask for it. Repeal the initiative.

*Bill Croke: Co-owner Boundary Stone Public House Bloomingdale
Moreland's Tavern, 16th St Heights
All Purpose, Shaw*

Thank you, Chairman Mendelson and Committee Members for the opportunity to discuss my views on why I believe that Initiative 77 should be repealed; being bad for DC as a Tourist and Business destination, bad our Hospitality industry, but most importantly, bad for the Food & Beverage Service community; those same positions which many, many of us held at one time or another, while making our way thru' our careers!

My name is Bill Croke and I have worked continuously in Hospitality for nearly 55 years. My sons are active day-to-day owner/ operators of four Pubs/ Restaurants in DC.

They created and opened Boundary Stone in Bloomingdale in 2011, in Councilman McDuffie's ward. Together with the owners of our neighboring restaurant, The Red Hen, one of our sons created and opened All Purpose in Shaw, Councilman Allen's ward. Last year, they added All Purpose Waterfront, sticking with Councilman Allen, while our other son opened Moreland's Tavern, in 16th St Heights, Councilman Todd's ward. These businesses are successful, thankfully, based on the ethos of offering great food and great service; service that is rewarded with well above minimum take-home pay for our servers.

Our country's tipping culture, which #77 is seeking to dismantle, offers terrific rewards to those servers who hustle to satisfy their guest's needs. Both of our boys worked the bar trade in DC after leaving college and those earned tips helped them buy homes in the District, settle down and start families and now start their own businesses; that same opportunity that they're now offering to their wait-staff and bartenders, who will not have the same chance if #77 goes thru'!

Should we lose this appeal and Initiative 77 is implemented, there can be no doubt that there will be a change in the way pub/ restaurants, such as ours, are operated.....there will have to be, for us to remain viable businesses. The most likely first option will be a loss of jobs on the service side. In 1971/72, I was a waiter in Zurich, Switzerland, during the time that a government-mandated service-charge was imposed nationwide, replacing the prior custom of tipping. Guest complaints soared in the months following the change. Service levels dropped at our particular restaurant, which prior to the service-charge had a team of seven waiters per meal, cut to four, and then to three waitstaff with the addition of buffet service for breakfast, lunch, and dinner, as the owners fought to find the correct service formula to stay profitable. The main losers were initially the wait-staff, but with the drop in business came cuts in the kitchen and support staff also. Ultimately the restaurant closed within a few years.

Potentially, this downward spiral could happen in DC, starting as soon as next month, if #77 goes thru'.

Speaking as an owner, I fully support the periodic increase in minimum wage already published by the council, as

- a) it is only correct that everyone should get a regular cost-of-living increase and*

- b) it maintains the commercial basis of how all of us involved can continue to grow the business and continue to offer both work and growth opportunities to our team.*

Our business thrives on great service staff and they're the ones that are going to be impacted first and impacted hardest by this proposed change

On all of our behalves, I ask all Council Members for your support and your vote in repealing this initiative.

Thank you for your time.

My name is Brian Barrera. I am a resident of the District of Columbia: 12 years in Ward 2. I am a tipped bartender at small businesses in Wards 3 and 1, and have been a salaried manager for a small business in Ward 1. Hello.

On November 4, 2008 -- the night Obama was elected -- California passed Proposition 8, repealing the right of same sex couples to marry. Ultimately, that law was overturned by the courts. Why?

Because it was a bad law.

A well-funded group of outsiders rolled into town, and, through less-than-honest tactics, convinced a narrow majority of the public to vote to significantly impact the lives of a small group of people -- of which they themselves were not a part -- to suit their own self-righteous agenda.

Initiative 77 feels like that.

Nearly 10 years later, it's deja vu. A group of well-funded outsiders rolled into town, and, through less-than-honest tactics, convinced a narrow majority of the public to vote to significantly impact the lives of a small group of people -- of which they themselves are not a part -- to suit their own self-righteous agenda.

One of the methods used by proponents of 77 has been to portray us as a beleaguered class, put-upon, stolen from; as victims of circumstance with no options, unable to escape the long, underpaid hours we work that keep us in abject poverty.

This is an outright lie. I have lived a block south of Logan Circle for almost eight years, and I can assure you that I do not live in squalor. My two part-time, tipped jobs and I are doing just fine.

Another method they have used has been to avoid a forthright discussion about what the tip credit means.

Fundamentally, the tip credit means that small businesses, like the ones I have managed the books for and have been handsomely tipped at, are able to stay viable by keeping labor costs down. These are the small, quirky, neighborhood-focused, independently-owned places that I want to work for, to patronize, and to one day hopefully own.

A place where I can wear silly black t-shirts and be snarky and sassy to my customers and have real relationships with my owners and operators. A place that needs the tip credit to operate.

It has also been suggested that we need to be advocated for; that we don't know what we want or what's good for us.

It should be clear to everyone here that we are very capable of organizing ourselves, and that if we wanted a change like the one in 77, we would have organized it ourselves. But we didn't, and haven't, and instead fight it, because we are quite certain of what we want.

We are the tipped workers of DC and we want to keep the tip credit. We want a repeal of Initiative 77.

Eleven days after Prop 8 passed, I and 900 others marched on the Mall in protest. That morning, I wore this pin. It says: "Who voted on your marriage?" So I ask you now:

Who voted on your wages?

A law that affects only one group of people, not recognizing the wishes of that group of people, and then voted on by -- yet not affecting -- people *outside* of that group, is a bad law.

Initiative 77 is a bad law, and **must** be repealed. Thank you.



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ANN ARBOR, MI
48104



300 DETROIT ST
ANN ARBOR, MI
48104



2200 FULLER CT
ANN ARBOR, MI
48105

Thank you, Chairman Mendelson and the Committee of the Whole for this opportunity to share my comments on Initiative 77, which would phase out the use of the subminimum wage.

My name is Joel Panozzo. I own and operate The Lunch Room in Ann Arbor, Michigan. I have worked minimum wage jobs throughout the industry. From delivering newspapers starting at 11 years old. To slicing pizzas at 16. And line cooking at 26. I have worked for employers who have acknowledge the importance of a fair and equitable wage and have work for others that have placed profits over staff.

I started cooking with my nextdoor neighbor in her home kitchen 8 years ago. We started experimenting with doing pop-up dinners in a floral shop. We transitioned from pop-ups into a food cart six month later. Five years ago we opened our first brick-and-mortar restaurant. A year and half in we needed to expand our bustling bakery operation into its own location. And a year ago we open our third restaurant, a full table service concept. Before even hiring our first employee in our second season as a food cart, we considered the importance the fair and equitable wage of any future employees. I am here to testify in favor of the full implementation of Initiative 77. I support of phasing out the use of the subminimum wage in the restaurant industry and service industry at large.

As a business owner, I think it's important to pay all employees a living wage and by paying a living wage means actually respecting my employees. The restaurant industry is growing and changing. Now more than ever, there is money to be made in food. There is no reason that a person at each level of the restaurant operation can't take home enough money to put food on their own family's table. The industry is resilient and adapts to change all of the time. In the same way a restaurant can immediately adapt to the latest food trends, they can adapt to equitable wages of their employees. We have found equitable wages as a growing desire of our clientele. Not only are our guests interested in what is organic and gluten free, they want the person slicing their tomatoes, washing their dishes and delivering an app to their table to be healthy and paid a living wage.

The two-tiered wage system also can encourage an unsafe work environment. In a tiered wage system, it is not uncommon for a server's biweekly paycheck to not be able to cover a trip through the drive thru fast food. In this environment, the server relies on the tip at any

given table. It makes it more difficult to stand up to the guy at table 36 who is grabbing your behind. You need his tip to cover your rent that month. In states that have adopted One Fair Wage, they have seen workplace sexual harassment cut in half. A server can stand up to a manager who is asking her to unbutton a button or two or that same guy at table 36. Because she knows that even if she doesn't get a tip at table 36 or the manager doesn't give her the best section, she knows that her base wage could pay her bills.

In my workplace, the power dynamic is shifted. My employees can approach me about a guests that is making them uncomfortable or has inappropriately touched them. They have the power to stand up for themselves and demand a work environment free from sexual harassment. D.C. is ready for its servers, bartenders and nail stylists to go to work and not fear degrading sexual harassment.

Working towards a liveable wage was a conscious business decision that we made over time. We decided the initial sacrifices would in the end be the best for the business. The story timeline of our business reflects a similar timeline of Initiative 77. In the past eight years, we have not only been able to assure every employee a liveable wage, but also matching IRA retirement plan, earned time off, gym membership reimbursement, free usage of the public transportation system and a platinum health and dental plan that only requires a \$100 a month buy-in. I directly attribute our growth and continued turning profits to providing these benefits.

One of my number one stresses as a small business owner is hiring and training new staff. We have seen an increase in employee retention over the years. My staff come to work motivated and invested in the business' success. When a business owner is able to retain their staff, they can focus on growing their business and invested in their local community.

I am from the great state of Michigan that just this past month, the notoriously conservative Republican controlled legislature adopted a One Fair Wage ballot proposal to become law. These legislatures saw the value in the ballot measure. If a state like Michigan that is far to the right of the progressive District of Columbia can adopt One Fair Wage into law, the constituents and council members of D.C. can be ready for One Fair Wage.

A tipped wage tells an employee that they are less than. That they are not valued as full employee. Yes, this has been the system since the time of slavery in our country. But these are working professionals who have perfected a craft. It is time to value and pay these workers for the working professionals they are. If someone is working a 40 hour work week, they should no longer question their take home pay. A 40 hour work week should mean a paycheck where an individual can pay their rent, feed their family and possibly even visit the restaurant they work at as customers.

The constituents of D.C. voted overwhelming for Initiative 77. The ballot proposal in

Michigan was signed by over 400,000 people and was predicted to easily pass this November. The general population is ready for industry employees to earn a full wage. Now is the time, more than ever, for One Fair Wage to work in Washington D.C. As I said before, the restaurant industry in particular is resilient to trends and change. Just as poke bowls will fade out of popularity and new food trends will pop-up, it is time for the industry in D.C., in Michigan and across the country to embrace the elimination of the two-tiered wage system and say that every worker deserves a liveable wage.

Thank you for your time and consideration today.

A handwritten signature in black ink, appearing to read 'Joel Panozzo', with a horizontal line extending to the right.

Joel Panozzo

Co-Owner of The Lunch Room

September 17, 2018

To: Council of the District of Columbia, John A. Wilson Building
1350 Pennsylvania Ave., N.W., Washington, DC 20004

From: Teófilo Reyes, PhD, Research Director, Restaurant Opportunities Centers United

Good day,

Thank you, Chairman Mendelson and the Committee of the Whole / DC Council for the opportunity to speak to you today about wages and working conditions in the restaurant industry.

I am the Research Director for the Restaurant Opportunities Centers United as well as a Visiting Scholar with the Food Labor Research Center, at the Goldman School of Public Policy, UC Berkeley.

The mission of the Restaurant Opportunities Centers (ROC) United is to improve wages and working conditions for the nation's restaurant workforce. We represent thousands of restaurant workers, hundreds of employers, and thousands of consumers united for raising restaurant industry standards. One of the most important public policy steps to immediately improve the lives of thousands of tipped workers in Washington, DC is to phase out and eliminate the subminimum wage, as voters recently enacted through Initiative 77.

We know there are seven states that do not have a subminimum wage, and in those states tipped workers fare better on nearly every measure. If we compare the major metropolitan regions in those seven states with Washington, DC, we can see that tipped workers in DC, be they US born or foreign born, workers of color or white workers, women or men, all are more likely to live in poverty in DC. This is especially pronounced for women, where an additional one-out-of every ten tipped women workers lives in poverty in DC, compared to OFW metropolitan regions (29 percent compared to 18 percent).

According to the National Restaurant Association's data, restaurant industry employment will grow faster in all but one of those seven states when compared to DC. In certain cases, doubling DC's rate of growth.

We don't have to limit ourselves to One Fair Wage states. The National Restaurant Association projects that employment in Colorado, where the subminimum wage grew from \$6.28 to \$7.18 an hour, will grow by double the rate of DC over the next decade. Employment in Arizona, where the subminimum wage grew from \$7 to \$7.50, is projected to grow at over 2.5 times the rate of DC. It is a similar story in Florida and other states with a subminimum wage that dwarfs the wage in DC.

Together with Michael Paarlberg at the Institute for Policy Studies, we examined data from the Quarterly Census of Employment and Wages, which provides data on a county-by-county basis, to compare employment and wage patterns in the bordering counties of Pennsylvania and New York. In 2016, the wage for tipped workers in New York was raised from \$5 to \$7.50. In

Pennsylvania, it remained at \$2.83. In the bordering counties of New York, both wages increased and employment grew faster than in Pennsylvania.

Except for those DC restaurant owners who also operate restaurants in Las Vegas, and other One Fair Wage locations, it is understandable that restaurant owners would be concerned about a wage increase. Those concerns are similar to the concerns they felt when smoking was banned. However, as the reality around the country demonstrates, these fears are unwarranted. Restaurants will continue to thrive, in some cases buoyed by the increasing purchasing power of service industry staff.

Service industry staff has a separate concern about the effect of wage increases on tipping practices. All of the available data demonstrate that tipping is unaffected by wage increases. Some of the highest rates of tipping can be found in One Fair Wage cities and states, such as San Francisco and Alaska. Tipping is driven by cultural norms. As individuals travel from one state to another they do not change their tips based on the wage. An individual living in New Orleans, with a \$2.13 subminimum wage, does not tip less if they travel to Las Vegas, a One Fair Wage city. Likewise, an individual living in Las Vegas does not tip more when they travel to New Orleans. Tipping practices are largely static, although certain psychological ploys can be employed to encourage higher tipping. As a rule, individuals who are aware of tipping norms tip higher than individuals who are unfamiliar with tipping norms.

DC has lived a similar experience before. When Washington, DC first passed paid sick days legislation, it excluded restaurant workers at the insistence of scared restaurant owners. Many years later, the Council expanded paid sick days to restaurant workers and the industry continued to grow. The difference today is that the restaurant industry has adopted captive audience meetings, perfected by decades of anti-union campaigns, to scare restaurant workers into believing that they will lose their jobs if beneficial legislation is adopted. This has had a measurable effect in Albuquerque, New Mexico where voters narrowly rejected paid sick days legislation. We see this effect here today. However, voters in DC, educated largely by the industry that waged an aggressive Vote No on 77 Campaign chose a different path in DC and voted Yes. They approved Initiative 77 by a sizeable majority. The council should look to its experience with smoking bans and earned sick days legislation, and listen to the residents of DC.

Thank you.

I am Rev. Graylan Scott Hagler, Senior Minister, Plymouth Congregational United Church of Christ and Director, Faith Strategies. I am here today to ask that the DC City Council not overturn the votes of its citizens, but instead find a way forward that allows the will of the voters to be respected and carve out a way to get towards where Initiative 77 is trying to go.

The repealing of Initiative 77 sends a terrible message to the citizens of the District of Columbia. First among those messages is that the votes of DC citizens do not count, and only counts if it congruent with industry and economic interest and if it is not congruent with those interests then for the vote to be disregarded. The second among terrible statements is that though every ward voted for the Initiative and the only Ward to slightly defeat the Initiative was Ward 3, traditionally known as a rich and White ward and therefore sends the message that every other ward in the city must comply to the electoral perspective of ward 3. These optic seems racist to many of us in the city. What further smacks of racism is that we decry voter suppression all around the country, and we may dress up what is going on here with all kinds of seemingly rational rhetoric but currently this Council and the Chairman of this Council is engaged in the disenfranchising DC voters.

Mr. Mendelson I got a victorious and self-congratulatory email from you after the primary citing the turn out for you in Ward 7 and 8, which also voted for Initiative 77 but you insinuated that those who voted for Initiative 77 as did not know what they were voting for and therefore the vote was illegitimate. Using that same rationale I guess they didn't realize they were voting for you either and your vote should be rendered illegitimate, but I doubt that you see your vote in the same light.

I met with Pastors across the city and to suggest that my members and the members of our congregations did not know what they were voting for is condensing and patronizing.

How can we speak about the colonial nature of DC, the right for self-determination, the desires for a full delegation in congress and the right to vote when we crush the vote that has been voted.

Council members if you don't like what the voters voted, and you think it could be better then you need to have the discussion to make it better. You need to lead in working out a compromise that gives all a chance - where the voters are upheld, and tipped workers are strengthened. To simply repeal is to end the discussion, deny the vote,

discourage voting because to wipe out what was voted it to tell people that your votes don't count.

Finally I would suggest that if all the people who turned out here for this hearing had voted, then we might not have this dilemma before us today. You cannot have it both ways - votes make decisions in our country, and votes have consequences and if you didn't vote that also has consequences.

Thank you, Chairman Phil Mendelson and the Committee of the Whole, for the opportunity to share why Initiative 77 must be repealed. I appreciate that the council has attended tipped worker town halls and for your response to emails regarding opinions on this issue.

My name is Susan Lubet and I have worked in the hospitality industry for 32 years and I have lived and worked as a server in DC since 1989.

The current tipping structure has allowed me to live comfortably in the District, attain a college education, and to own a home. For most of my career, I have worked at restaurants open for dinner only. I used my daytime hours to supervise a painstaking renovation of an old home, attend college courses, do research at the Library of Congress and other research libraries, and to donate my time to local charities.

I call on the DC Council to repeal Initiative 77. This is a bad law because it duplicates already existing laws and would ultimately hurt the very people it is meant to help, workers like me.

Please repeal Initiative 77. Thank you.



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160

PUBLIC HEARING ON

Bill 22-913

“Tipped Wage Workers Fairness Amendment Act of 2018”

Before the Committee of the Whole

Councilmember Phil Mendelson, Chairman

Testimony of Yesim Sayin Taylor

Executive Director

D.C. Policy Center

September 17, 2018 11:00AM

John A. Wilson Building, Room 412

Good afternoon, Chairman Mendelson and the members of the Committee of the Whole. My name is Yesim Sayin Taylor and I am the Executive Director of the D.C. Policy Center, an independent, nonpartisan think tank focused on the District's economy and demography, and with a mission of advancing policies for a strong and vibrant economy in the District of Columbia. I thank you for the opportunity to testify on Bill 22-913, Tipped Wage Workers Fairness Amendment Act of 2018.

Last week, the Economic Policy Institute (EPI) published a report¹ in support of Ballot Initiative 77, which eliminated tip credits restaurants can claim against the minimum wage to bring the minimum wage for tipped workers to the same levels as every other worker. The report presents analysis that largely relies on the public use microdata sample (PUMS) from the American Community Survey for the period 2012-2016 in order to make a case that (a) wage gaps between tipped and untipped workers in DC are wider than in places where tip credits are not allowed, (b) the gaps are larger for minorities, workers with lower levels of education, or workers who are single parents; and (c) the gaps will decline and fewer workers will be in poverty if the District continues with the current plan to eliminate tip credits.

This study fails to meet standard tests of reliability, and its finding should be ignored.

The American Community Survey (ACS) is a very valuable resource, on which we also rely in our work at the D.C. Policy Center. However, we are also very familiar with its limitations: Like with any other survey, the ACS helps us infer population characteristics from a representative sample. The Census Bureau researchers construct each sample at the state level (including DC and Puerto Rico) adjusting for different characteristics of each state.² The estimates developed based on these samples are quite useful when making inferences

¹ Cooper, David (2018), "Why D.C. should implement Initiative 77: Tipped workers do better in "one-fair-wage" cities; restaurants continue to thrive." Economic Policy Institute, Washington DC, Available at <https://www.epi.org/publication/tipped-workers-do-better-in-cities-where-they-are-paid-the-regular-minimum-wage-and-the-restaurant-industry-continues-to-thrive-why-dc-should-implement-initiative-77/>

² See for a discussion on the accuracy of the data and how to conduct alternative tests of reliability for restricted samples: https://www2.census.gov/programs-surveys/acs/tech_docs/pums/accuracy/2012_2016AccuracyPUMS.pdf.

about the entire state population, but they become increasingly unreliable with each additional restriction. For example, the estimate for all males living in DC is more reliable (0.04 percent margin of error) than males in an age group (for example, 4 percent for ages 5 to 9), which, in return is more reliable than an estimate for a single age group (11 percent for males aged 21).³

Furthermore, the Census Bureau does not publish data summaries for all characteristics surveyed in the ACS. For example, estimated workforce size or median earnings for servers and bartenders are suppressed under the larger group of “food preparation and serving related occupations.” Researchers who want to build their own, more granular estimates must use the microdata sample the Census Bureau releases for each state. This is a subset of about 5 percent of ACS’s full sample, and therefore requires even more care.⁴

The EPI study pools PUMS samples for DC, MD, and VA to estimate that there are 16,100 tipped wage workers in DC. How confident should we be in this estimate? That one headline number pulls data on eight out of over 600 different occupational codes in three states.⁵ Just based on these two dimensions, the number could be 5,192 lower or higher—a margin of error of 32 percent. If you include race and ethnicity, further dicing and slicing the sample, your best guess, if you want to be certain with 90 percent reliability, is somewhere between 9,886 and 22,861—a margin of error of 39 percent.⁶

³ This information is based on the published data summaries using the 2012-2016 five-year ACS data. The data tables show an estimate of 306,674 males living in DC during the survey period with a margin of error of 0.04 percent (+/- 145) at a 90 percent confidence level. That is, we can say with 90 percent confidence that the male population in DC is somewhere between 306,529 and 306,815.

⁴ Estimates from the PUMS file are expected to be different from the previously released ACS estimates because they are subject to additional sampling error and further data processing operations. The additional sampling error is a result of selecting the PUMS housing and person records through an additional stage of sampling.

⁵ The District pulls workers from largely three jurisdictions: DC, MD and VA. Because ACS analysis is based on place of residence, unlike the BLS data, which is based on place of employment, states are a relevant dimension.

⁶ To compare, based on information collected from employers, the BLS estimates that in 2016—the last year of the five-year period in the EPI study—employers reported 20,560 employees in tipped wage occupations covered in the study. Bureau of Labor Statistics, U.S. Department of Labor, Occupational Employment Statistics, [September 15, 2018] [www.bls.gov/oes/].

Much of the rest in the study, including the comparison of tipped wage earnings to the median hourly earnings for all workers and claims about the poverty levels follow from this very unreliable sample. Importantly, the same problems plague their estimates for the comparison counties—San Francisco, CA and King County, WA, casting doubt on the study’s conclusions regarding the relationship between wage equality and elimination of tip credits.

There are other dubious uses of statistics in the study. For example, the study marshals the argument that banning tip credits have not reduced the prevalence of tipped work in San Francisco or Seattle (King County) by observing that tipped workers make a larger share of the workforce in these two jurisdictions compared to DC.

The comparison is inappropriate and provides no evidence to either support or debunk the claim. The relationship between the demand for restaurants, barbershops or nail salons and the total size of the workforce gets increasingly weak if a larger share of the workers commutes from other jurisdictions. In DC, the out-of-state workforce is twice the District’s labor force. In Seattle it is 8 percent; in San Francisco, it is 39 percent.

According to the National Restaurant Association, in 2017, DC restaurants had estimated sales of \$3.8 billion. If tips equaled 10 percent of this sales figure, the approximately 12,730⁷ waiters, waitresses, and bartenders, took home about \$380 million, or \$29,700 each in tips. Eliminating tip credits will reshuffle these earnings, benefitting some (including those working in the back of the house) and moving them out of or further away from poverty. But others will be poorer or left without a job. Hourly wage disparities could decline, but inequality, as a whole, might be aggravated if some lose their jobs or their earnings. The District and its Council should not roll the dice based on dubious stories.

Thank you for the opportunity to testify. I am happy to answer any questions.

⁷ According to the BLS Occupational Employment Statistics, <https://www.bls.gov/oes/current/oessrcst.htm>

Appendix Table 1 - Occupational Codes used to approximate tipped worker population

CODE	Occupation
4040	Bartenders
4110	Servers
4120	Non-restaurant Food Servers
4130	Misc. Food Preparation and Serving-Related Workers
4400	Gaming service workers
4500	Barbers
4510	Hairdressers, Hairstylists, And Cosmetologists
4520	Miscellaneous Personal Appearance Workers

Appendix Table 2 – Estimated size of and margins of error for the occupations that make up the tipped workforce in DC, by place of residence and occupation

State	Occupation (group)	Estimate	Margin of Error (+/-)
DC	Bartenders & Servers	4,186	21%
	Other tipped food service workers	1,034	48%
	Barbers, Hairdressers, Stylists, etc.	1,252	45%
MD	Bartenders & Servers	3,494	23%
	Other tipped food service workers	530	46%
	Gaming service workers	12	170%
	Barbers, Hairdressers, Stylists, etc.	1,474	41%
VA	Bartenders & Servers	2,832	31%
	Other tipped food service workers	445	68%
	Barbers, Hairdressers, Stylists, etc.	1,115	37%

Source: ACS 2012-2016 PUMS data.

Notes:

*The margin of error is derived from the *direct standard error* calculated using the replicate weights provided by the U.S. Census to create a sample distribution that best approximates the full ACS sample. The PUMS data is a subsample of the ACS sample. The confidence interval is 90%.

**For ease of reading, the data groups various occupations. The estimates and margins of errors are summed across these groups.



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Appendix Table 3 – Estimated size of and margins of error for the occupations that make up the tipped workforce in DC, by race/ethnicity and occupation

Race (group)	Occupation (group)	Estimate	Margin of Error (+/-)
White alone	Bartenders & Servers	4,716	19%
	Other tipped food service w..	462	70%
	Gaming service workers	12	170%
	Barbers, Hairdressers, Stylists..	1,090	35%
Black or African American alone	Bartenders & Servers	2,783	26%
	Other tipped food service w..	606	50%
	Barbers, Hairdressers, Stylists..	1,414	42%
Hispanic	Bartenders & Servers	204	107%
	Other tipped food service w..	126	141%
	Barbers, Hairdressers, Stylists..	141	163%
Asian Alone	Bartenders & Servers	841	35%
	Other tipped food service w..	293	67%
	Barbers, Hairdressers, Stylists..	741	59%
Other	Bartenders & Servers	1,968	47%
	Other tipped food service w..	522	70%
	Barbers, Hairdressers, Stylists..	455	83%

Source: ACS 2012-2016 PUMS data.

Notes:

*The margin of error is derived from the *direct standard error* calculated using the replicate weights provided by the U.S. Census to create a sample distribution that best approximates the full ACS sample. The PUMS data is a subsample of the ACS sample. The confidence interval is 90%.

**For ease of reading, the data groups various occupations. The estimates and margins of errors are summed across these groups.



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GRACE ANDERSON

PETITION TO OVERTURN INITIATIVE 77 IN WASHINGTON, DC
OVERTURN 77: SAVE OUR JOBS, SAVE OUR BUSINESSES, SAVE DC
Online Petition Link: <https://chng.org/2x35D0s>

Dear DC COUNCILMEMBERS,

We, the undersigned, are petitioning to **SAVE OUR TIP CREDIT** and are asking DC Council Members to **OVERTURN** Initiative 77 in Washington, DC. We are the tipped employees, the restaurant owners & hospitality operators, the family members of these workers, the people that depend on these small businesses in DC to thrive (e.g. cab drivers and vendors), and the DC residents that proudly support our local businesses.

Please hear our voices - we are counting on you to support us and make the informed decision to overturn this detrimental initiative. We are looking for you to continue to lead us in the amazing direction that DC's restaurant industry has been going. DC is known for its thriving, vibrant and diverse businesses - many of which are small, independent businesses that form the heart of DC!

If Initiative 77 is not overturned, this will have a severe, negative impact on all restaurants and their employees. Here are just a few of the very important reasons why this initiative should be overturned:

- Initiative 77 included several misleading statements asking voters to support provisions that are already law under the "Fair Shot Minimum Wage Act of 2016."
- Many voters were unclear as to what they were voting for due to the misleading language on the ballot.
- Initiative 77 was supported by less than 10% of District registered voters.
- This initiative will cut workers' pay and limits opportunities for advancement. Tipped workers will be making less as operators are forced to change their business model, while the public will tip less based on 77's passing, which has already been occurring.
- DC and its businesses will lose tax-paying workers that will look to Virginia and Maryland for employment.
- Tax-paying small business owners and operators who regularly create jobs for the District will have to cut staff and shifts to combat this new financial burden. Even worse, many of these small businesses will not survive this unforeseen strain that was not originally allocated for and will CLOSE.
- Tipped workers already receive the same minimum wage (if not MORE) as all other workers under the "Fair Shot Minimum Wage Amendment Act of 2016." Tipped workers will also receive the same increases yearly in proportion to increases in the CPI just like all other workers, which is already law.
- 96% of DC's 1,700 nightlife and hospitality establishments are locally owned-and-operated independent small businesses. This initiative hurts the small businesses. We are asking you to think of these workers and owners and protect them NOW.
- The tip credit allows restaurant owners to keep labor costs down while ensuring prices are reasonable for people dining out. Restaurants will be forced to raise their prices drastically to help cover costs. This will make it very difficult for average citizens to be able to afford eating out.
- Service standards that are now practiced at most restaurants would no longer exist. A restaurant will not be able to afford to fully staff their service floors which will lead to fewer people working, more automated service and substandard customer service.
- The other seven states that organizations are carelessly referencing are unlike DC's thriving and respected restaurant and tipped business culture. None of these states have had a tip credit in the past 20 years, if at all. Please protect what makes DC great.
- Far from being demeaning, the tipping system is empowering for servers and bartenders, allowing us to be respected for our craft and encouraging us to provide the best customer service possible.

We can find another way to combat concerning issues, but Initiative 77 is not the answer. It only creates more issues DC will not be able to recover from and the DC we all love and are proud of will not be the same. Let us work together for a better solution. But today, please help us by doing the right thing for DC, its businesses, and its visitors, and **SAVE OUR TIP CREDIT**. Please join us and **OVERTURN** Initiative 77.

SIGNATURES

<u>NAME</u>	<u>LOCATION</u>	<u>DATE SIGNED</u>
Natalie Jayo	Washington, DC	06/22/18
Gracie Anderson	Washington, DC	06/22/18
Christopher Smith	Washington, DC	06/22/18
Samantha Holley	Washington, DC	06/22/18
Danny Kammer	Washington, DC	06/22/18
Tawanna Moore	Olney, MD	06/22/18
Brian Baird	Washington, DC	06/22/18
Andrew Goldstrom	Washington, DC	06/22/18
Laura Pacholkiw	Washington, DC	06/22/18
Shon Smith	Washington, DC	06/22/18
Symone Wilson	Washington, DC	06/22/18
Michael Richmond	Washington, DC	06/22/18
Pj Abulencia	Rockville, MD	06/22/18
Justin Robinson	Washington, DC	06/22/18
Kari Zagar	Richmond, VA	06/22/18
Stephanie Strazisar	Washington, DC	06/22/18
Jaclyn Beasley	Cambodia	06/22/18
Josh Phillips	Washington, DC	06/22/18
Erin Humphrey	Washington, DC	06/22/18
Monique Dolbin	Herndon, VA	06/22/18
Brian Westlye	Washington, DC	06/22/18
Kelly Cosimano	Alexandria, VA	06/22/18
Patrick Davies	Washington, DC	06/22/18
Debbie Horne	Crofton, MD	06/22/18
Mario Guzman	Washington, DC	06/22/18
María Jaramillo-Leiva	Washington, DC	06/22/18
Sean Ryan	Washington, DC	06/22/18
Kim Decker	Alexandria, VA	06/22/18
Michael Stiltz	Fort Washington, MD	06/22/18
Joseph Roberson	Washington, DC	06/22/18
Joseph volpe	Arlington, VA	06/22/18
Catherine Murashchyk	Potomac, MD	06/22/18
Dave Rowles	Germantown, MD	06/22/18
Howard Greenberg	Washington DC, DC	06/22/18
Donald Norwood	Washington, DC	06/22/18
Amber Wallace	Washington, DC	06/22/18
Jairo Abrego	Washington, DC	06/22/18
Amanda Hamels	Washington, DC	06/22/18
Wilbert Servin	Washington, DC	06/22/18
Brian Nixon	Washington, DC	06/22/18
Mike McGavran	Washington, DC	06/22/18
Julia Smith	Washington, DC	06/22/18
Molly Horn	Washington, DC	06/22/18
Carl Rish	Arlington, VA	06/22/18
David Morris	Alexandria, VA	06/22/18
James Boyle	Washington, DC	06/22/18
Leslie Marinaccio	Washington, DC	06/22/18
Eugene Mosbrucker	Washington, DC	06/22/18
Anthia Smith	Washington, DC	06/22/18
Caitlin Coyle	Washington, DC	06/22/18
Valerie Torres	Washington, DC	06/22/18
Andy Paik	Alexandria, VA	06/22/18
Hallie Powell	Washington, DC	06/22/18
Brian Vasile	Washington, DC	06/22/18
Alexandra Blum	Washington, DC	06/22/18
Shelley Baden	Waldorf, MD	06/22/18
Donald Bryant	Washington, DC	06/22/18
Tricia Waite	Washington, DC	06/22/18
Didier Alegria	Charlotte, NC	06/22/18

Erich Wietmarschen	Ashburn, MD	06/22/18
Will Dever	US	06/22/18
Frank Mills	Washington, DC	06/22/18
Daniel Gorodetsky	US	06/22/18
Melissa Jackson	Hyattsville, MD	06/22/18
Svetlana Makarova	Washington, DC	06/22/18
Brooke Stonebanks	Washington, DC	06/22/18
Kristina Zaumseil	Washington, DC	06/22/18
Faye Honig	Washington, DC	06/22/18
Sachiko Roca	Halethorpe, MD	06/22/18
Matthew Weiss	Washington, DC	06/22/18
John Martin	Alexandria, VA	06/22/18
Monica Schulteis	Great Falls, VA	06/22/18
Leonard Wisner	Washington, DC	06/22/18
Christopher Francke	Washington, DC	06/22/18
James Richards	Arlington, VA	06/22/18
Angela DelBrocco	Washington, DC	06/22/18
Daniel Lobsenz	Washington, DC	06/22/18
Dawn Hodose	Washington, DC	06/22/18
Kayla Johnson	Washington, DC	06/22/18
Sara Kirner	Silver Spring, MD	06/22/18
Jennifer Thomas	Washington, DC	06/22/18
Amy Lubinski	Springfield, VA	06/22/18
Chelsea Silber	Washington, DC	06/22/18
Marcus Cook	Herndon, VA	06/22/18
Tony Bayne	Washington, DC	06/22/18
Marc Meijer	Arlington, VA	06/22/18
Matthew Scott	Crofton, MD	06/22/18
Nicolette Barraza	San Pedro, CA	06/22/18
Taylor Comstock	Washington, DC	06/22/18
Edward McKnight	Waldorf, MD	06/22/18
Alexa Stafford	Washington, DC	06/22/18
Kahara Crissman	Stafford, VA	06/22/18
Kevin Kirner	Silver Spring, MD	06/22/18
Jason Koitz	Washington, DC	06/22/18
Adam Harper	Washington, DC	06/22/18
Brendan Small	Washington, DC	06/22/18
Caitlin Schiavoni	Washington, DC	06/22/18
Anton Zaitcev	Washington, DC	06/22/18
Ashleigh Maples	washington, dc, DC	06/22/18
Lyndsey Arthurs	Arlington, VA	06/22/18
Brittany Ryan	Washington, DC	06/22/18
Jennifer Heiser	Washington, DC	06/22/18
Lior Gal	Washington, DC	06/22/18
Stephanie Milne	Washington, DC	06/22/18
Steven Lynch	Washington, DC	06/22/18
Kathrynn Dahl	Washington, DC	06/22/18
Roberta Scampoli	Washington, DC	06/22/18
John Bagwell	washington, DC	06/22/18
Susan Zaiontz	Washington, DC	06/22/18
Christy Schmidt	Washington, DC	06/22/18
Kelci Thompson	Washington, DC	06/22/18
David Wood	Alexandria, VA	06/22/18
Isabella Mansilla	Washington, DC	06/22/18
Scott Collins	Lorton, VA	06/22/18
Tamara Yeskel	takoma park, MD	06/22/18
Carlos Rios	Washington, DC	06/22/18
Alexandro BAez	Washington, DC	06/22/18
Matthew Aubrey	Fort Washington, MD	06/22/18
Joe Baez	US	06/22/18
Jordan Leverett	Washington, DC	06/22/18

Alexandra Salzman	Washington, DC	06/22/18
Matthew Cockrell	Washington, DC	06/22/18
Maxwell Hawla	Columbia, MD	06/22/18
Chris Lisko	Washington, DC	06/22/18
Kimberly Lanman	Washington, DC	06/22/18
Nataliya Levchenko	Washington, DC	06/22/18
Jessica Petro	Washington, DC	06/22/18
Raya Yeida	Washington, DC	06/22/18
Max Cabrera	Vienna, VA	06/22/18
Leah Waynberg	Washington, DC	06/22/18
Colin Kern	WASHINGTON, DC	06/22/18
Carly Sherman	Penfield, NY	06/22/18
Yana Tarakanova	Washington, DC	06/22/18
Josh Bishop	Washington, DC	06/22/18
Christina Portz	Washington, DC	06/22/18
Tony Diggs	Washington, DC	06/22/18
David Jordan	Salisbury, MD	06/22/18
Georgina Malloy	Washington, VA	06/22/18
Jennifer Smith	Washington, DC	06/22/18
Grant Kyle	Centreville, VA	06/22/18
Timothy Ryan	Buzzards Bay, MA	06/22/18
Tania Amador	Washington, DC	06/22/18
Stephen Bunch	Washington, DC	06/22/18
Maria Barry	Washington, DC	06/22/18
Bridget Gill	Washington, DC	06/22/18
Duane Shrader	Washington, DC	06/22/18
Rachel Waynberg	Washington, DC	06/22/18
Laura Habberstad	Washington, DC	06/22/18
Morgan T	Falls Church, VA	06/22/18
Michael Moore	Washington, DC	06/22/18
Charles Crouse	Alexandria, VA	06/22/18
Kyra Deminski	Washington, DC	06/22/18
Todd Shlanta	Alexandria, VA	06/22/18
T. Andrew Hunter	Washington, DC	06/22/18
Chris Ragan	Gainesville, VA	06/22/18
Jeremy Gifford	Washington, DC	06/22/18
John Diaz	Reston, VA	06/22/18
Kevin Rowe	Washington, DC	06/22/18
Christine Rogers	Washington, DC	06/22/18
Caroline Duncan	Washington, DC	06/22/18
Jamie Hess	Washington, DC	06/22/18
Linda Burnett	Huntington, WV	06/22/18
Sheena Wills	Washington, DC	06/22/18
Paul Gamino	Woodbridge, VA	06/22/18
Michael Wittie	Washington, DC	06/22/18
Brandon Flynn	Alexandria, VA	06/22/18
Michael Flynn	Halethorpe, MD	06/22/18
James Cray	Gaithersburg, MD	06/22/18
Ricardo Doig	McLean, VA	06/22/18
Zachary Powell	Arlington, VA	06/22/18
Jon Francke	Washington D.C., DC	06/22/18
Laura Laurentowicz	Washington, DC	06/22/18
Jeff Becan	Washington, DC	06/22/18
Chelsea Sexton	Columbia, MD	06/22/18
Emily Blumberh	Washington, DC	06/22/18
Christoher Powers	Washington, DC	06/22/18
Julie Stouffer	Washington, DC	06/22/18
Beth Cormack	washington, DC	06/22/18
Erica Henderson	Washington, DC	06/22/18
Jason Perkins	Washington, DC	06/22/18
Fernando Martinez II	Washington, DC	06/22/18

Cheryl Hori	Washington, DC	06/22/18
Elizabeth Gotay	Washington, DC	06/22/18
Michael Haresign	Washington, DC	06/22/18
Patrick Ryan	Arlington, VA	06/22/18
Leah Hamilton	Washington, DC	06/22/18
Ashton Acosta	Washington, DC	06/22/18
Brenda Choi	Los Angeles, CA	06/22/18
Courtney Brophy	Baltimore, MD	06/22/18
Abdelhabib Douhdouh	US	06/22/18
Shirelle Kouyate	Washington, DC	06/23/18
Nelson Greene	Washington, DC	06/23/18
Evan Rodger	Arlington, VA	06/23/18
Cope Disheroon	Alabama	06/23/18
Wilfredo Canales	Brooklyn, NY	06/23/18
David Nau	Washington, DC	06/23/18
Adwa Belai	Washington DC, DC	06/23/18
Zac Hoffman	Ashburn, VA	06/23/18
Lauren Ulrich	Washington, DC	06/23/18
Anastacia Malary	Washington, DC	06/23/18
Paul Kerins	Washington, DC	06/23/18
Paul Sargent	WASHINGTON, DC	06/23/18
Daniel Torres	Washington DC, DC	06/23/18
Kristin Colburn	Stafford, VA	06/23/18
Robert MacPherson	Washington, DC	06/23/18
Nicole Malloy	Washington, DC	06/23/18
Marlene Kukla	Manchester, NH	06/23/18
John Sargent	Alexandria, VA	06/23/18
Anna Sargent	Alexandria, VA	06/23/18
Alaina Miller	Washington, DC	06/23/18
Peter Bayne	Washington, DC	06/23/18
Debra Henderson	stafford, VA	06/23/18
Robert Gill	Arlington, VA	06/23/18
Gary Gross	Hyattsville, MD	06/23/18
Omar Maury	Washington, DC	06/23/18
Dougie Meyer	Washington, DC	06/23/18
Anya Kendell Augustine	ALEXANDRIA, VA	06/23/18
Stephen Rutgers	Washington, DC	06/23/18
Joni Lavery	WASHINGTON, DC	06/23/18
Brian Kuykendall	Kannapolis, NC	06/23/18
Taylor Johnson	Raleigh, NC	06/23/18
Chuck Dunn	Washington, DC	06/23/18
John Herbert	Washington, DC	06/23/18
Tiffany Ryan	Springfield, VA	06/23/18
Amaya Roberson	Halethorpe, MD	06/23/18
Kennedy Zibilski	US	06/23/18
Alexis Sargent	Alexandria, VA	06/23/18
Michele Andrews	Washington, DC	06/23/18
Johanna Hellrigl	Washington, DC	06/23/18
tyrone graham	US	06/23/18
Nicholas Hardt	Fairfax, VA	06/23/18
Nicole Caracia	Glen Burnie, MD	06/23/18
Rob Osta	Bethesda, MD	06/23/18
Kathleen Heet	Washington, DC	06/23/18
Franz Krolman	Washington, DC	06/23/18
Matt Johnson	Vienna, VA	06/23/18
Cameron Krout	Arlington, VA	06/23/18
Crystal Reyes	Nazareth, PA	06/23/18
Shaday Berrios	US	06/23/18
Deven Cook-Oliver	Washington, DC	06/23/18
avalon haas	Centreville, VA	06/23/18
ANDREW SHEALY	Washington, DC	06/23/18

Jackson Crowder	Washington, DC	06/23/18
Chris Kennedy	Washington, DC	06/23/18
Justus Staton	temple hills, MD	06/23/18
Stephanie Connon	Washington, DC	06/23/18
David Nevue	US	06/23/18
Weston Martin	US	06/23/18
Joelle Campbell	Washington, DC	06/23/18
Melissa Williams	Washington, DC	06/23/18
Ian Hollan	Washington, DC	06/23/18
Ryan Mccarthy	Fairfax, VA	06/23/18
Dameon Wiles	US	06/23/18
Trung Vu	Washington, DC	06/23/18
Anne Pale	US	06/23/18
Jessica Hixon	Washington, DC	06/23/18
Mary Eaton	Clifton, VA	06/23/18
Josephine Bowen	US	06/23/18
Mark Menard	Washington, DC	06/23/18
Marshall O'Connor	Washington, DC	06/23/18
José vargas	US	06/23/18
Jason Blanchette	Woodbridge, VA	06/23/18
Christina Blanchette	Woodbridge, VA	06/23/18
James Hohman	Washington, DC	06/23/18
Kimberlee Murphy	Baltimore, MD	06/24/18
robert Sonderman	Washington, DC	06/24/18
Connie Mosier	Mt. Hope, WV	06/24/18
Jessica Leiman	Brooklyn, NY	06/24/18
Sandra Basanti	Washington, DC	06/24/18
Timothy Karns	Washington, DC	06/24/18
Kathleen Sullivan	Washington, DC	06/24/18
Liz Crawford	Washington, DC	06/24/18
Nada Golden	Richmond, VA	06/24/18
Rifaat Basanti	Annandale, VA	06/24/18
Stephen McKeever	Washington, DC	06/24/18
Dave Kaminski	Arlington, VA	06/24/18
Ashley Oberdorff	Brooklyn, NY	06/24/18
Lauren Delaney	Washington, DC	06/24/18
Faith Alice Sleeper	Washington, DC	06/24/18
Natasha Mroczek	Richmond, VA	06/24/18
Mariana Habib	Annandale, VA	06/24/18
Grant Ross	US	06/24/18
Monica Mo	Sunnyside, NY	06/24/18
Koorosh Farchadi	Washington, DC	06/24/18
Anthony Dundas-Lucca	District Heights, MD	06/24/18
Annie Hutchinson	Washington, DC	06/24/18
Andrew Darneille	Washington, DC	06/24/18
mohamed Baraasi	US	06/24/18
LaQuinn Tucker	US	06/24/18
Richard Weiler	Alexandria, VA	06/24/18
Christine Tankersley	Charlottesville, VA	06/24/18
Dylan Conner	Arlington, VA	06/24/18
Paul Carlson	Washington, DC	06/24/18
Rita Basanti	Annandale, VA	06/24/18
Chad Wallace	Washington, DC	06/24/18
Young Kim	Washington, DC	06/24/18
Whitney Creamer	US	06/24/18
Jeanne Beglis	Arlington, VA	06/24/18
Andrew Manning	Arlington, VA	06/24/18
Harold LeTourneau	US	06/24/18
Paul Conley	District Heights, MD	06/24/18
Heather Jeweler	Annapolis, MD	06/24/18
Daniel Schultz	Washington, DC	06/24/18

Russell Beyer	Arlington, VA	06/24/18
Brian Michal	Alexandria, VA	06/24/18
Aaron Lager	Long Beach, CA	06/24/18
Patrick Pleshaw	Washington, DC	06/24/18
Filipp Zeldin	Columbia, MD	06/24/18
Jeremy Barker	Alexandria, VA	06/24/18
Mike Barrow	US	06/24/18
Lisa Schneider	Washington, DC	06/24/18
Evgeniy Pirmatov	Arlington, VA	06/24/18
Carlene Hastings	Washington, DC	06/24/18
Sergey Chalykh	Leesburg, VA	06/24/18
Austin Young	Washington, DC	06/24/18
Alina Hinojosa	US	06/24/18
Zarif Sharipov	Washington, DC	06/24/18
Thomas Holman	Arlington, VA	06/24/18
James Nelson	Washington, DC	06/24/18
Mark Daly	Laurel, MD	06/24/18
Jaffar Said	US	06/24/18
Olive Monthe	US	06/25/18
Evelyn Phipps	Washington, DC	06/25/18
Ross Lavin	Arlington, VA	06/25/18
isabelle janty	US	06/25/18
Bill Gentile	Washington, DC	06/25/18
Christin Bradley	Washington, DC	06/25/18
Marty V	District Heights, MD	06/25/18
Tiesha Cooper	Washington, DC	06/25/18
Will Vickers	Washington, DC	06/25/18
kirsten andersen	US	06/25/18
Yuliya Belaya	Clifton, VA	06/25/18
Kristen schaefer	Washington, DC	06/25/18
Thaddeus Brown	US	06/25/18
Sophia Comstock	US	06/25/18
Shola Hamilton	Arlington, VA	06/25/18
Gina Fox	US	06/25/18
Gina Capaccione	Hagerstown, MD	06/25/18
Jason Abell	Vienna, VA	06/25/18
Eliza Noel	US	06/25/18
Ismael Otarola	Vienna, VA	06/25/18
Alia Akhtar	Ijamsville, MD	06/25/18
Jackie Greenbaum	Washington, DC	06/25/18
Yulia Kulik	Silver Spring, MD	06/25/18
Jessica Jemielity	Arlington, VA	06/25/18
Ecaterina Comarscaia	Rockville, MD	06/25/18
Sheila McCool	US	06/25/18
Elizabeth Davis	US	06/25/18
Olya Rich	Gaithersburg, MD	06/25/18
Priscilla Hume	Washington, DC	06/25/18
Lizzi Pittman	Arlington, VA	06/25/18
Olga Ayhan	ALEXANDRIA, VA	06/25/18
Brendan Hurley	Alexandria, VA	06/25/18
Cynthia Cheremiah	US	06/25/18
Gratsiela Robeva	Bulgaria	06/25/18
Anastasia Hobe	Washington, DC	06/25/18
Joel Bailey	Washington, DC	06/25/18
Shawn Brown	US	06/25/18
Warren Hedderich	Washington, DC	06/25/18
Asia McCall	US	06/25/18
Michael Karns	Gaithersburg, MD	06/25/18
Do Dee	US	06/25/18
Brian Hillery	Washington, DC	06/25/18
Anastasiia Bondar	Hyattsville, MD	06/25/18

anael brodski	US	06/25/18
Rubin Harris	US	06/26/18
Amanda Preston	US	06/26/18
Chy Ling King	US	06/26/18
Oscar Vazquez	US	06/26/18
Erin Curry	Fairfax, VA	06/26/18
Melissa Smith	Washington, DC	06/26/18
Ryan Hubbard	Fort Washington, MD	06/26/18
Beau Scarberry	US	06/26/18
Joel Symons	US	06/26/18
Kaleb Baumeister	Fairfax, VA	06/26/18
Azam Abdelhadi	US	06/26/18
Donya Berhan	Washington, DC	06/26/18
Ranz Cunanan	Washington, DC	06/26/18
Isabel Serna	US	06/26/18
Herbert Locklear	US	06/26/18
Marie Maatouk	US	06/26/18
ex tra	US	06/26/18
Andrew Smith	Washington, PA	06/26/18
Theresa Baumeister	Dearborn, MI	06/26/18
Maggie Tucker	US	06/26/18
Jose Gutierrez	US	06/26/18
Adriana Salame Aspiazu	Washington, CA	06/26/18
Day Dia	US	06/26/18
Trina Hector	US	06/26/18
Alexander Taylor	US	06/26/18
Malik Gwyn	US	06/26/18
Sharon Smith	US	06/26/18
Alexandra Dunbar Fernandez	Washington, DC	06/26/18
Leslie Hunter	US	06/26/18
Kylie Madden	US	06/26/18
Erin O'Connell	Washington, DC	06/26/18
Tessica Reid	US	06/26/18
Art Quackenbush	US	06/26/18
Alysha Wall	US	06/26/18
J Maji	US	06/26/18
Ryan Brenner	Washington, DC	06/26/18
Makiya Stubbs	US	06/26/18
Mileah Hugh	US	06/26/18
Lauren Gronske	Arlington, VA	06/26/18
trizza tethis	US	06/26/18
Anthony Chatman	US	06/26/18
Erika Chavis	US	06/26/18
Faviola Garcia	US	06/26/18
Zaria Calaway	US	06/27/18
Eloni Green	US	06/27/18
Rachel Black	US	06/27/18
chad rector	US	06/27/18
Kathrin Kjos	Washington, DC	06/27/18
Alyssa Russell	US	06/27/18
Kayla M	Ronaoke Rapids, NC	06/27/18
Vanessa Wilson	US	06/27/18
David Williams	US	06/27/18
Gregory Goldsmith	Washington, DC	06/27/18
Joshua Eshelman	US	06/27/18
Nancy Valeski	Ashburn, VA	06/27/18
Sean Keezer	US	06/27/18
Alexander Makris	Washington, DC	06/27/18
Ni Bogota	US	06/27/18
Ali Sheikh	US	06/27/18
Gabrielle Stinson	US	06/27/18

Joshua Frescas	US	06/27/18
Robyn Parker	US	06/27/18
Theodore Ness	US	06/27/18
Lee Granados	Washington, DC	06/27/18
Richard Coreno	US	06/27/18
John Schmucker	US	06/27/18
Nick Wright	US	06/27/18
stan loona loona	US	06/27/18
Aedan Meier	US	06/27/18
Emily Cervantes	US	06/27/18
Christina Garcia	US	06/27/18
Erika Pineda	US	06/27/18
Brigette Castillo	US	06/27/18
Mario Mendez	US	06/27/18
Leslie Ortiz	US	06/27/18
Maria Mendez	US	06/27/18
Beverly Newton	US	06/27/18
Maegan Peckenpaugh	US	06/27/18
Ira Baker	US	06/27/18
Jennifer Vasquez	US	06/27/18
Abimael Carrasquillo	US	06/27/18
Cory Hummel	US	06/27/18
Matthew Maestas	US	06/27/18
Nicole Wood	US	06/27/18
Annabelle Byrnes	US	06/27/18
Cadi Bagley	US	06/27/18
JEFF JURAN	US	06/27/18
Jayla rankin	US	06/27/18
Seth Hyslop	US	06/28/18
Jayden Hickman	US	06/28/18
Ed Dixon	US	06/28/18
Janice McGlynn	US	06/28/18
Dana Johnson	US	06/28/18
Mariales Pina	US	06/28/18
Kaitlyn Reaves	US	06/28/18
Sean Stinson	Maricopa, AZ	06/28/18
Israel Elznic	US	06/28/18
isaac tham	US	06/28/18
Delilah Barbosa	US	06/28/18
Jennessa Perez	US	06/28/18
Jacinda Zabel	US	06/28/18
christine laing	US	06/28/18
Karen Deckel	US	06/28/18
Emily Cuthbert	US	06/28/18
Shere John	US	06/28/18
Vaidehi Tandel	US	06/28/18
Student Students	US	06/28/18
Daniel Twofeathers	US	06/28/18
Shaina Horn	US	06/28/18
Erica Volz	US	06/28/18
Neil Peryea	US	06/28/18
Richard Magann	US	06/28/18
Richard Fergusson Jr	US	06/28/18
Alejandra Alvarez	US	06/28/18
Jacob Hernandez	US	06/28/18
Steve Davis	US	06/28/18
Anna Stafford	US	06/28/18
LINDA COOPER	US	06/28/18
Daphne Ding	US	06/28/18
Ildiko Laurinyecz Gucciardo	US	06/28/18
Nicola McGivern	Belfast, UK	06/29/18

Frances Robinson	Covent Garden, UK	06/29/18
Aysha Scott	Washington, DC	06/29/18
Angel Hart	Boston, MA	06/29/18
Stylianios Varvounis	Mount Pleasant, DC	06/29/18
Jenny MCWilliams	US	06/29/18
Luis serrano	US	06/29/18
Risa Dimond	US	06/29/18
Nickos Papageorge	Washington dc, DC	06/30/18
stefan wisinski	Vilnius, Lithuania	06/30/18
Larissa Matwijiw	Dallas, TX	06/30/18
Alyssa S	Laurel, MD	06/30/18
Martin Rodriguez-Rangel	Washington, DC	06/30/18
Elsebeth Papageorge	Arlington, VA	06/30/18
Blaine King	Washington, DC	06/30/18
Lisa Church	Hyattsville, MD	06/30/18
Jordan Hall	US	06/30/18
Meg Oconnor	US	06/30/18
Stephanie Golden	US	06/30/18
Lindsey Karlsson	olney, MD	07/01/18
Edward Ramos	Wadsworth, OH	07/01/18
David Urban	Annapolis, MD	07/01/18
Alyssa deWolfe	Alexandria, VA	07/01/18
Erika Gude	Washington, DC	07/01/18
Lauren O'Heney	Washington, DC	07/01/18
Amanda Tiemann	Bowie, MD	07/01/18
Jaun Lemus	Chevy chase, MD	07/01/18
Keyosha Kirkland	District Heights, MD	07/01/18
Urana Metzger	Columbia, MD	07/01/18
Julia Miller	Rockville, MD	07/01/18
Samantha Horton	Washington, DC	07/01/18
Michelle Bartenfelder	Alexandria, VA	07/01/18
Brianna Geddings	Lorton, VA	07/01/18
Meagan Bradford	Winchester, VA	07/01/18
Will Poston	Washington, DC	07/01/18
Vanessa Calvillo	Potomac, MD	07/01/18
Michael Hemminger	Houston, TX	07/01/18
Nikki Estraca	Severna Park, MD	07/01/18
Cindy Queen	Somerville, MA	07/01/18
Krista DAmelio	Washington, DC	07/01/18
Nicole waters	Germantown, MD	07/01/18
Michele Waters	Olney, MD	07/01/18
Morgan Davis	US	07/01/18
Jason Bellin	Washington, DC	07/01/18
Ed Howard	Washington, DC	07/01/18
Linda Glick	US	07/01/18
Dilberhan Shermat	Washington, DC	07/01/18
Luiza Carson	Washington, DC	07/01/18
Amirah Mae Willy	District Heights, MD	07/01/18
Raymond Cowles	US	07/01/18
Amy Potter	Silver spring, MD	07/01/18
Nicole Barton	Annapolis, MD	07/01/18
Saul Alvarado	Brooklyn, NY	07/01/18
Strahinja Jovanovic	Washington, DC	07/01/18
Katie Potter	Silver Spring, MD	07/01/18
Joanna Marie	Arlington, VA	07/01/18
Colleen Callan	Washington, DC	07/02/18
Melissa Klein	Washington, DC	07/02/18
Victoria Freeman	Arlington, VA	07/02/18
Anna Trump	US	07/02/18
Thomas Pattison	Washington, DC	07/02/18
Mariela Lopez	US	07/02/18

Phuong Nguyen	US	07/03/18
Sean Orourke	US	07/04/18
Alice Gu	US	07/05/18
Lavinia Charles	US	07/05/18
Ian Blackman	US	07/05/18
danita shaw	US	07/07/18
Erick Oribio	US	07/12/18
Sheila Andrews	Washington, DC	07/12/18
Jason Zink	US	07/13/18
Nicole Gross	Edgewater, MD	07/14/18
Jomer Calderon	US	07/19/18
Joseph Heninger	Arlington, VA	08/02/18
Ryan Aston	Washington, DC	08/16/18
Chris Goad	Seattle, WA	08/17/18
Thomas r Biscoe jr	US	09/05/18
Nicole Male	US	09/11/18
James Hanley	Silver Spring, MD	09/12/18
Johnathan Tipan	Washington, DC	09/12/18
Susan Lee	Taylorsville, NC	09/12/18
Ashley Saunders	Washington, VA	09/13/18
Jocelyn Larson	Washington, DC	09/13/18
Luke Erwin	Baltimore, DC	09/13/18
julie costello	Washington, DC	09/13/18
Sierra Janjua	Washington, DC	09/13/18
Michelle Sabatini	Washington, DC	09/13/18
Eh Ooo	US	09/13/18
John Martinelli	Washington, DC	09/13/18
Lauren Bardin	Washington, DC	09/13/18
Nicky ANDERSON	US	09/13/18
Cloey Waddington	US	09/13/18
Ammaar Khan	US	09/14/18
Bob Bob	US	09/14/18
Isaiah Morphis	US	09/14/18
Logan Witt	US	09/14/18
Andrew bienaime	US	09/14/18
Julian Carrillo	US	09/14/18
christy sims	US	09/14/18
Nicole Federici	Washington, DC	09/14/18
Chance Malek	Washington, DC	09/14/18
Caitlyn mohr	US	09/14/18
Christopher Anderson	Arlington, VA	09/14/18
Rosetta Martin	US	09/14/18
Oscar Molina	Arlington, VA	09/15/18
Gerri Stouffer	Reading, PA	09/15/18
Yume Shapiro	US	09/15/18
Dawn Williams	Washington, DC	09/15/18
Lauren Kosiba	Washington, DC	09/15/18
Sanya Augiste	US	09/15/18
Wonuola Bamgbose	Hyattsville, MD	09/15/18
Bill Blankenship	US	09/15/18
Kristen Stone	US	09/15/18
Matt Hayes	US	09/15/18
Harley Conner	US	09/15/18
Jennifer Ziemba	US	09/15/18
Hui Ping Li	US	09/16/18
Rita Reynolds	US	09/16/18
Anthony Reyes	US	09/16/18
Samuel Ramos	US	09/16/18
Alexander Wood	US	09/16/18
Brad Domico	US	09/16/18

My name is Lauren Ulrich and I moved to DC in September of 2013 after finishing law school. I had planned to pursue a career in law. I had one dinner at Rose's Luxury on my birthday in 2014 and couldn't shake this undeniable, by all accounts wacky, desire to work there. By the spring of 2015, I was a member of the FOH team and working hard as a barred contract attorney by day and working full time at the restaurant by night. I was happier than I had ever been. Six months into my employment with RRG, I started receiving health insurance benefits that were much better than what I could have received through my contract work. I have over time altered my career trajectory from law to restaurants and hospitality because of the amazing work environment and friends and mentors I have discovered at the Rose's Restaurant Group.

None of this would have been possible if initiative 77 had been law at the time I first encountered Rose's. I simply wouldn't have been able to make the job a more serious part of my career trajectory had this initiative existed. I detest the manner in which this initiative has been forced upon the restaurant industry in DC. I cringe at the way good actors here will be harmed and stifled by an overly broad bill when time and energy could be more effectively used to punish the bad actors, protect workers proactively, and prospective new restaurant owners could turn to groups like RRG and the myriad others like it in DC that have made this city an internationally known destination for food and nightlife. Initiative 77 is over broad and will harm more good actors than bad. Not repealing initiative 77 in its entirety means that businesses that have found ingenious ways to thrive and provide secure and stable livelihoods for their employees will be forced to completely change their business models to the detriment of their employees. I urge you to repeal initiative 77 in its entirety. Listen to the workers. Thank you for your time.

Statement before the Committee

Thank you, Council. My name is Zachary Woodward, and I'm a Ward 6 resident. Last February, as Congressional Republicans were working to veto DC's death-with-dignity law, my Council member, Mr. Allen, tweeted out an image that read, "Tell Representative Jason Chaffetz and the House Committee on Oversight and Government Reform to keep their #HandsOffDC as they vote to override the will of DC residents." In December, ²⁰¹⁴ when the House passed a bill to undo our marijuana law, Mr. Allen tweeted, "Shameful act of Congress tonight to trample the will of DC voters & that little thing we call democracy." Over the past two years, Mr. Allen has become the de-facto leader of the #HandsOffDC movement, and about every single member of this Council has rightfully joined him to stand up to the President and Congressional Republicans for their unrelenting attacks on the will of Washingtonians.

Now, three months after we the citizens voted to raise wages for most tipped workers, seven members of this Council are threatening to discard our choice entirely. Mr. Mendelson, Ms. Bonds, Mr. McDuffie, Mr. Gray, Mr. Evans: All of you have called out Congress (or even your colleagues) for trying to override the will of DC residents, and many of you employ self-rule as a campaign rallying cry. Know that if you vote yes on this bill without compromising to preserve some of the initiative, you relinquish all credibility to sincerely criticize Hill Republicans for their actions against DC voters. You will expose yourselves as not fully trusting DC residents to make our own informed decisions, and we the voters will interpret all attempts to paint yourselves as champions of self-rule for what they would seem to be: cheap, hollow slogans adorned with hideous, bold asterisks.

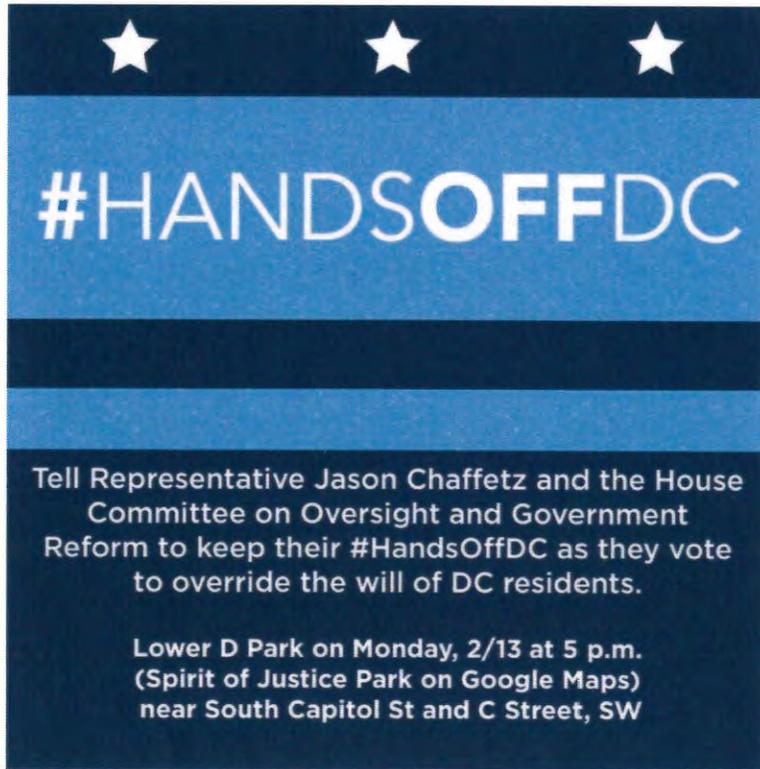
Members of the Council: I believe you to be good people who despise hypocrisy. You have prioritized the will of DC voters on the campaign trail and on Twitter; now's the time to hold true to the principles you espouse and preserve the essence of the voters' initiative. To do otherwise would result in little distinction between you and Hill Republicans. My Ward 6 representative, Mr. Allen: Please, be the champion of self-rule that you have been for the past two years. The rest of the Council: Please, follow the self-rule position Mr. Allen has championed, not just in your words but in your actions. Don't override your constituents' directive. Vote no or find a compromise that preserves the meat of Initiative 77.

Tweets from Members of the Council

Phil Mendelson

@ChmnMendelson

Join me & my @councilofdc colleagues as we stand together with one voice to say #HandsOffDC! Feb13 @5pm-south side of Rayburn House Building



3:14pm · 10 Feb 2017 · Twitter Web Client

Anita Bonds

@AnitaBondsDC

Standing with my colleagues to strongly uphold the will of the District's voters #Initiative71
pic.twitter.com/SJJus13YcO

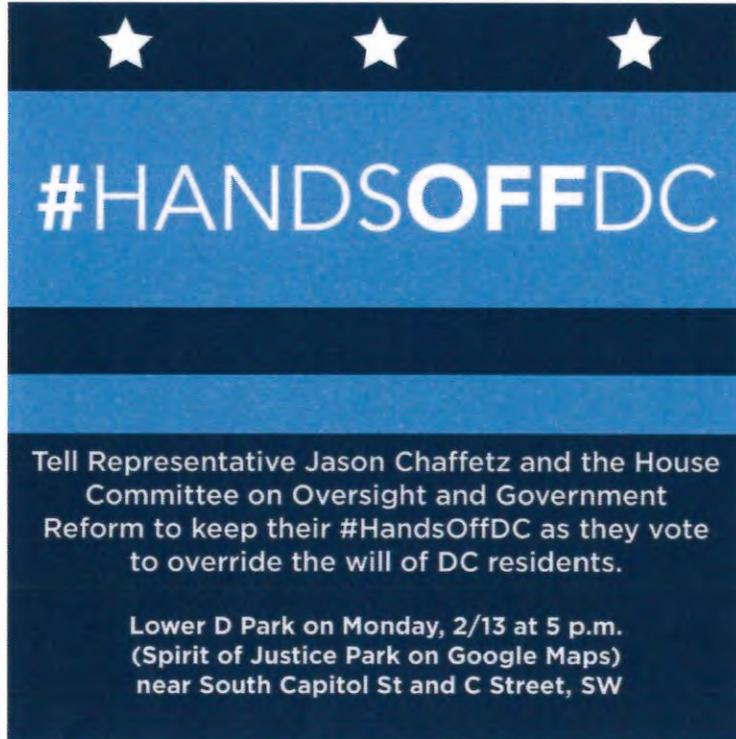


3:01pm · 25 Feb 2015 · Twitter for iPhone

Kenyan McDuffie

@kenyanmcduffie

Stand up & speak out against Congressional meddling in local DC Govt affairs. Rally with us Mon. 2/13, 5pm at S. Cap & C St SW. [#HandsOffDC](#)



1:14pm · 12 Feb 2017 · Twitter for iPhone

Kenyan McDuffie

@kenyanmcduffie

Let's elect our DC AG in 2014, as the majority of voters supported.

11:48am · 1 Oct 2013 · Twitter for iPhone

Vincent C. Gray

@mayorvincegray

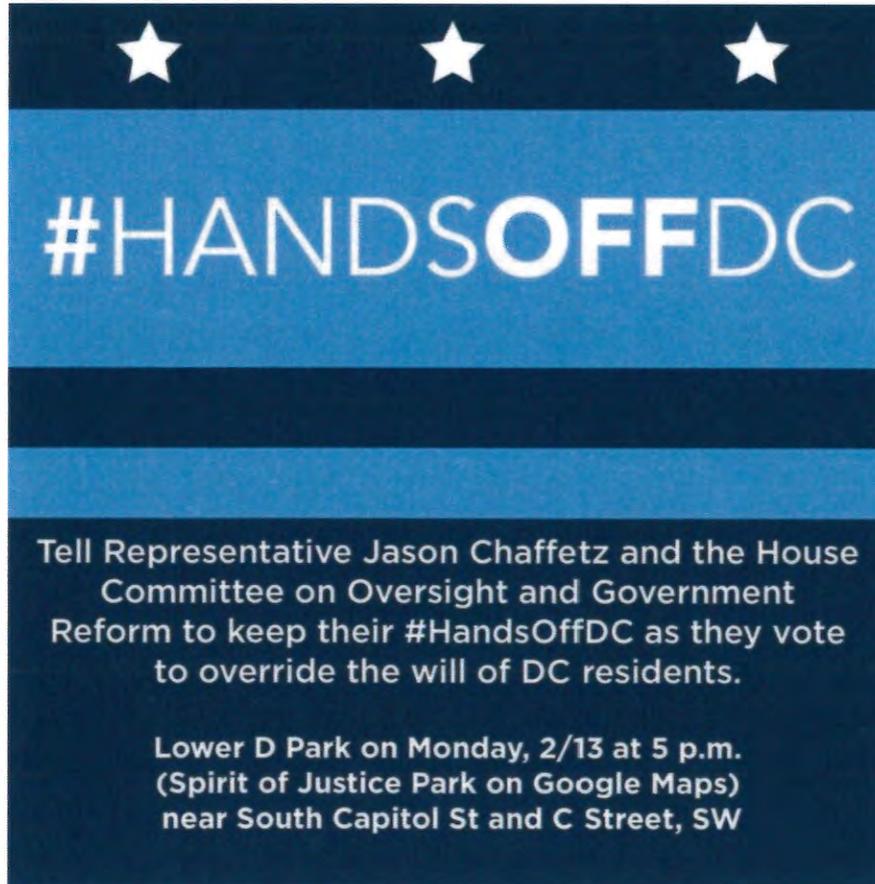
Absurd & hypocritical for self-professed "small government" party to trample on will of District voters. wamu.org/news/14/07/16/...

4:28pm · 16 Jul 2014 · TweetDeck

Jack Evans

@JackEvansWard2

Tell Congress [#HandsOffDC](#) at 5pm at S. Capitol & C Streets SW TODAY!



3:58pm · 13 Feb 2017 · Twitter for iPhone

Charles Allen

@charlesallen

Shameful act of Congress tonight to trample the will of DC voters & that little thing we call democracy. [#LastColony](#) [#StatehoodNow](#)

10:11pm · 9 Dec 2014 · Twitter for iPhone

Charles Allen

@charlesallen

I'm extremely disappointed in today's GAO opinion & you should be too. It undermines the will & intent of DC voters. charlesallenward6.com/dcbudgetautono...

11:00pm · 30 Jan 2014 · Twitter Web Client

Charles Allen

@charlesallen

Council falls one vote shy of supporting the will of DC residents and voters.

11:54am · 1 Oct 2013 · Twitter Web Client

Charles Allen

@charlesallen

Now up for a vote - DC's elected AG bill. Will Council follow the will of voters? Or protect the status quo & overturn what residents wanted

11:25am · 1 Oct 2013 · Twitter Web Client

Charles Allen

@charlesallen

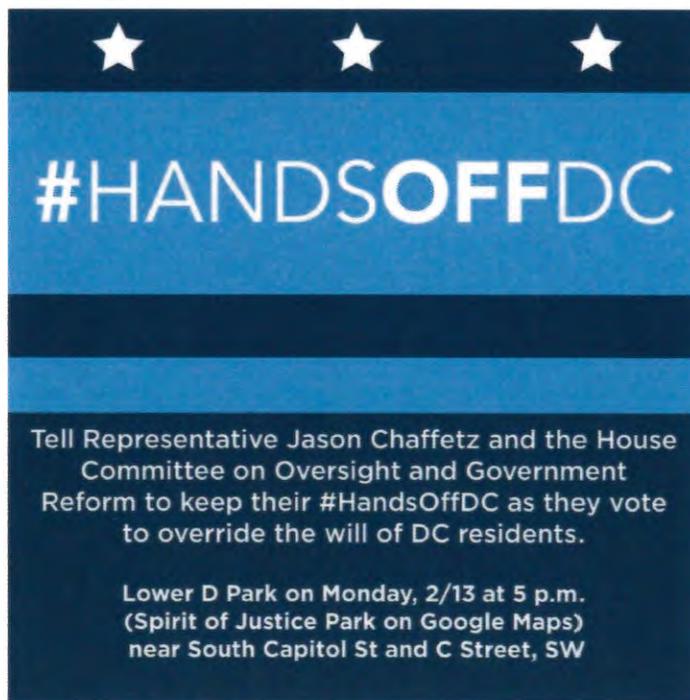
And with that, the Council dismantles an independent, elected Attorney General & overturns the will of the voters.

9:51pm · 10 Jul 2013 · Twitter for iPhone

Charles Allen

@charlesallen

Seems [@jasoninthehouse](#) heard from Utah last night. Can DC do it better? Join me to find out, Monday 5pm: [facebook.com/events/1463018...](https://www.facebook.com/events/1463018...) [#HandsOffDC](#)



5:20pm · 10 Feb 2017 · Twitter for iPhone

My Personal Reasons for Supporting Initiative 77

Many tipped workers have come to today's hearing to say they believe Initiative 77 will reduce their hourly wages. I take their concerns seriously, but, when the Bureau of Labor Statistics says that the average DC waiter/waitress made \$11.86 an hour last May¹, I can only conclude that these witnesses make earnings on the high end for DC tipped workers. I've spoken personally to people who make earnings closer to or below that \$11.86 median, and they emphatically believe that Initiative 77 will raise their wages. Indeed, their position that Initiative 77 will not harm wages is founded in the research, which has shown the following in places that have eliminated the tipped minimum wage: customers still tip²; wages do not decrease³; and there is no significant decrease in jobs⁴. Given what I heard from lower-income tipped workers, what I read from the research, and what I know about the inherent racial iniquities in the tipping system, I, like the majority of DC voters, voted yes on Initiative 77 in June.

Compromise Ideas I would Prefer over Wholesale Repeal

- **Extending the Rollout Time:** Giving establishments a few extra years to gradually comply with the new wage law would allow the Council and the citizens more time to assess whether the fears of Initiative 77 opponents are founded. If we begin to see drastic job losses or wage cuts, the Council can then take action to reverse course, or we the citizens can start another ballot initiative to repeal 77. If we don't see the drastic consequences some have forecasted, we can all be relieved.
- **Splitting the Difference:** Before Initiative 77 passed, the tipped minimum wage was set to grow to just \$5 an hour. A down-the-middle compromise could be raising the tipped minimum wage to \$10 an hour to provide some more predictability in lower wage earners' tips while preserving the tipping system overall.

¹ https://www.bls.gov/oes/current/oes_dc.htm

² <https://www.theatlantic.com/business/archive/2014/03/map-where-americans-are-generous-tippers/284567/>

³ <https://www.census.gov/content/dam/Census/library/working-papers/2016/adrm/carra-wp-2016-03.pdf>

⁴ <https://scholarship.sha.cornell.edu/cgi/viewcontent.cgi?article=1000&context=chrreports>

Dear Council Members,

My name is Eric Harris Bernstein and I have been a bartender most of my adult life. I have bartended in five cities, including for two years right here in DC, where I made a base wage of around \$3 per hour. Now that I am pursuing my graduate education in the Bay Area, I have returned to bartending in order to support myself. In my current position, like all tipped workers in California, I make the full minimum wage of \$13.23. I make that in addition to tips, which – just like here – hover between 17 and 22 percent of sales.

I told this to a friend who bartends in the Penn Quarter and he was shocked. He had assumed, based on the National Restaurant Association's talking points, that tipping had disappeared in California. That is the degree to which NRA scare tactics have defined and misdirected this debate. I am here to correct the record.

I am here to tell you that this additional base pay will make an enormous difference in the lives of your constituents, as it has in mine. It will lift families out of poverty, as it has in other fair wage cities and states. And it will improve the restaurant industry, as it has in booming fair wage restaurant towns like Seattle and Portland.

The tip credit system pulls tipped workers down towards the minimum wage, instead of building them up beyond it. The artificially low cost of restaurant labor incentivizes over-staffing and cultivates a careless mindset when it comes to managing worker schedules. I explained this to Councilmember Bonds and she replied, "but that's the law."

Council members, I am here to tell you: The law is the problem. Restaurant workers have a right to a reasonable base pay that does not eat into their tips. It is fine to have an incentive structure, but we must establish a fair, true base pay. No other industry is exempt from this obligation, and while many tipped workers make an excellent living, nearly 14 percent of DC's tipped workers live in poverty.

If restaurants finally invested in their workers as other businesses do, they would end up with a more stable and loyal staff. That would be much cheaper and more efficient than the costly cycle of high turnover in which many restaurants are currently trapped.

The NRA does not want a fair and efficient system. They have instead funded an aggressive public misinformation campaign, which infiltrated workplaces and pressured workers every day for months, spreading absurd theories about diners flowing into Virginia and Maryland, about the end of tipping, and about the end of full service restaurants. None of this has come to pass in any fair wage city and it will not happen here.

To the restaurant workers of DC, I would say this: Groups on both sides of this debate have failed you. The NRA spread deliberate falsehoods, and the pro-77 movement failed to counter them. So take it from one of your own: You have nothing to fear, and much to gain from the more just and equitable system that 77 will usher in. You deserve the full minimum wage, in addition to tips. That is what workers in fair wage states are getting, and that is the future of compensation in the restaurant industry.

There are so many good arguments for this initiative, but the best one is that DC voters passed it. Some have questioned the vote based on low turnout. Well, chairman Mendelson, that turnout kept you on the ticket. Others who doubt the vote's validity have argued that majority minority wards of the city did not understand what they were voting for. I find this argument abhorrently racist and I hope you do as well. I believe that struggling but strong, intelligent, and tight-knit communities saw their needs and voted for a more equitable system. Let us do what is right, let us respect their wishes.

To you council members, I say this: Put politics aside. I know there is a lot of talk of compromise. I do not think you should compromise. You should enact Initiative 77, as passed by voters, immediately.

Thank you.

Negin Owliaei
Inequality Editor and Researcher
Institute for Policy Studies
Bill Hearing #B22-0913
September 17, 2018

Chairperson and members of the committee,

Thank you for allowing me to speak today. My name is Negin Owliaei and I am testifying on behalf of the Institute for Policy Studies, where I am an Inequality Researcher and Editor. IPS has examined how ending the two-tiered wage system offers benefits for workers and businesses alike. To say it would harm D.C.'s restaurant industry is to ignore the plentiful evidence from the seven states that have thrived on one fair wage.

As IPS associate fellow Michael Paarlberg documented in an article for *The Washington Post*, raising the wages of tipped workers will not lead to fewer restaurant jobs. Paarlberg examined a New York county that raised its tipped wage from \$5 to \$7.50 an hour. As the workers' take-home pay increased with the minimum wage boost, so too did the number of restaurant jobs.

Meanwhile, a neighboring Pennsylvania county with all of the same economic indicators — excluding a lower tipped minimum wage of \$2.83 an hour — saw a smaller pay increase as well as a decline in jobs. Those findings fall in line with other research that shows raising the minimum wage in general, and the tipped wage in particular, does not have a significant impact on employment.

The research shows no cause for alarm on behalf of the restaurant industry should the council respect the vote on Initiative 77. But it does show that maintaining the two-tier system would hurt tipped workers, who face higher rates of poverty and wage theft than their counterparts who receive a full minimum wage from their employer.

Our concern over the health of D.C.'s restaurant industry must also consider the economic health of these workers. We have found one fair wage to be the best path forward for both restaurants and their employees.

Hello, my name is Greg Pernisi and i am here to testify against initiative 77. I would like to thank the council for hearing my testimony and i would like to thank my fellow industry workers for standing here with me against this initiative.

I am against initiative 77 passing, because as a tipped worker in Washington DC i have been able to build a life and career doing what i love where i love. Should 77 pass i fear that i will no longer be able to make a livable wage here in DC. I fear that i would have to move out of this city and start over without the connections and support that i have worked hard to have here.

I feel myself and my fellow tipped workers have made our opinions about this matter overwhelmingly clear and i urge the council to listen to the people this bill will affect the most. Please take action on our behalf and repeal initiative 77.

Thank you very much for your time.

Dia King
Monday, September 17, 2018
Written Testimony for Public Hearing # #B22-0913

Thank you Chairman Mendelson and the Committee of the Whole / DC Council for giving me this opportunity to share my comments in support of enacting Initiative 77 and phasing out the use of the subminimum wage.

My name is Dia and I have been a Valet driver for 4 and a half years. I've lived and worked in DC most of my life and currently live in Ward 7.

When I first started working as a Valet, I was paid \$7/hr. Now, 4.5 years later, I still have not gotten a raise, even though I have asked many times. They typically make up excuses like, saying it's not in the budget and even one time they simply refused. Yet at the same time I have witnessed multiple increases in valet rates for guests.

The cost to park a car is \$50+. If I park 25 cars in a day, the company makes \$1,250 and in that same 8 hours they are only responsible to pay me \$56 -- assuming that my tips make up the difference.

I enjoy working at the hotel and all of the relationships I have built. I have met so many amazing people, guests, co-workers and even celebrities. I have stayed at my job because I like it, but as a professional, I feel greatly undervalued.

Being a Valet driver, I am required to "post up" -- which means to stand up straight, and don't lean for hours. I have to smile and greet every guest who comes to the hotel. [We are taught to act as if we are servants.] I leave work exhausted with my feet hurting and it has even caused me back problems.

Instead of the professional and valuable employees we are, my coworkers and I don't feel appreciated by our employer. They make us feel disposable. The low wages they pay, show how much they truly value our worth. Many of my coworkers want to leave because they are demoralized.

I live in a city where the cost of living is constantly going up. Rent, food and transportation continues to increase while my wage stays the same.

Since they refuse to give me a raise, I am here now talking to you to **make** them give me the raise I deserve. They are not planning to make changes anytime soon, so it is our job to hold them accountable, and that's what we're doing right NOW!

Testimony of Jagadish Shukla: Initiative 77, Hearing # B22-0913, 9/17/18

I would like to testify in support of initiative 77. I would like to present economic, political, and moral arguments in support of initiative 77.

Economic arguments:

1. Initiative 77 will enhance the quality of livelihood of restaurant workers because they will have a guaranteed income.
2. Contrary to the false claim by the opponents of the Initiative including some council members, if the tipped minimum wage is replaced by One Fair Wage (OFW), it will increase the income of restaurant workers because the restaurant workers will continue to receive tips. The data shows that the tipping has not changed in the states which have One Fair Wage.
3. Restaurant industry falsely claims that the restaurant industry will collapse by eliminating tipped wage. This is a blatantly false claim. It is not supported by any data. Seven states (Alaska, California, Minnesota, Montana, Nevada, Oregon, Washington) do not have tipped wage. The restaurant industry in these states has not collapsed, it is actually thriving.

Political arguments:

1. Restaurant industry has lots of resources to make campaign contributions to members of the congress and DC council members, but the restaurant workers do not have such resources. The US Congress passed a law allowing states to set lower wage for restaurant workers, and made tipped minimum wage to be \$2.13. This was wrong, this was undemocratic, and this was un American. This seriously affects women and people of color. It is time for the DC council to correct this historical error and support One Fair Wage.
2. Let us look at the asymmetry of power, money, and information between the organizations that support and oppose Initiative 77. The organization that supports the Initiative is Restaurant Opportunity Center (ROC) which is a non-profit organization dedicated to help the weak and disadvantaged sections of society. ROC is supported by individuals and foundations who have nothing to gain by supporting the Initiative. I am one of such individuals who support ROC for a simple reason that we believe in a fair and just society. The organization that is opposing the Initiative is a powerful industry with lots of financial resources and therefore political power. Who should we believe? Who is telling the truth? We have to rely on DC council, elected by the people, to help resolve such controversies. Therefore it is so puzzling to read in the Washington Post that some council members actually urged some restaurant workers to make arguments for overturning the measure.

3. Restaurant industry has lots of resources to establish and fund organizations which have impressive names like Employment Policies Institute, but if you look carefully at what these organizations do, you will find that they use their resources to spread false and fanciful stories about the imaginary effects of one fair wage for all restaurant workers. If you read a Washington Post article on September 7th by someone from this institute, it implies that DC voters are stupid because they were misled by the wording of the initiative as if they cannot understand English. Please note that DC voters are very smart, they also have a very good memory, and if the council members overturn their wishes, they will remember it.

Moral arguments:

1. It is immoral to deprive a restaurant worker from having a predictable income. Pursuit of happiness is guaranteed by the US constitution, how can a restaurant worker pursue happiness if he/she does not have a predictable income.
2. It is immoral to force a young woman or a single mom to be in a position where her livelihood depends on the satisfaction of a customer on whose tips she makes a living.
3. It is immoral to make a policy which guarantees inequality of income, especially for restaurant workers in DC which has one of the highest inequality of income.
4. It is immoral to have a policy where it is impossible to prevent a customer from giving a tip based on the customer's biases against workers age, appearance, and the color of their skin.
5. It is immoral and unethical for a council elected by the people to overturn the wishes of the people especially for an initiative which has passed with more than 55% of the vote.

Historical arguments:

1. Tipping has its roots in America's ugly history of slavery and racial discrimination. Tipping custom came to the US from the European aristocracy, and it became pervasive after the Civil War. Europe got rid of tipping some time ago, but we in America are continuing this immoral practice.
2. Tipping is undemocratic and un-American. Yet, under the influence of the powerful restaurant industry, the US Congress passed a law in 1938 allowing states to set a lower wage for tipped workers. Tipping is seriously affecting women and people of color. There is no justification for making a minimum wage of \$2.13 for tipped workers.
3. Restaurant workers deserve the respect and the dignity like all other workers.

Brian Keyser, Casellula, New York

- Thank you, Chairman Mendelson and the Committee of the Whole / DC Council, for giving me this opportunity to share my comments on Initiative 77, which would phase out the use of the subminimum wage.
- My name is Brian Keyser. I own Casellula Cheese & Wine Café in New York City. I have been in the restaurant industry for 21 years, as a tipped server, as a manager, and for the last 11 years, as an owner.
- I am here to share with the D.C. City Council my experience in a state where the tipped wage has increased significantly and to demonstrate that not all owners are against paying the full minimum wage to tipped workers. I am a business OWNER and I believe it's important to pay all employees a living wage.
- I don't question the motives of the servers and operators who are here today to argue in favor of the tip credit. I know they believe they are looking out for their own good. But, they have been misled on this issue by the NRA's and RAMW's misleading and dishonest campaign. I have spent years researching this topic and although I started out being against paying tipped employees the full minimum wage, my research has resulted in a change of heart.
- I see "Save Our Tips" signs all over DC, but the FACT of the matter is that customers do not change their tipping habits, let alone completely stop tipping, when the tipped wage goes up. The tipped employee minimum wage in New York City has gone up 50% in the last five years and tipping has changed not at all. And in all the states with One Fair Wage, people tip just like they do anywhere else. This issue is not about tipping.
- As far as ownership's fear of increased labor costs, restaurant operators seemed to be confused about the difference between their own costs going up and EVERYONE'S costs going up. When we all have to raise our prices slightly because costs increase, which they do all the time for all kinds of reasons beyond just labor costs, the playing field remains even, so our competitive position remains the same. A burger costs a lot more now than it did 20 years ago and the restaurant industry has grown like crazy during that time. Raising prices to cover increased costs is a natural and healthy part of running a business in a growing economy.
- As for the claim that increasing the tipped minimum wage will be bad for business, according to the Bureau of Labor Statistics' Quarterly Census of Employment and Wages, from 2016-2017 the number of full-service dining establishments in New York increased by nearly 11 percent, the highest increase rate since at least 2011. This, during a time when the tipped minimum wage has gone up significantly.

- Putting more money into the hands of workers is good for the economy. Every dollar increase in wages adds about \$7 to the economy and an improved economy is good for our businesses.
- As a business OWNER, I think it's important to pay all employees a living wage. Treating workers well, with better wages, paid sick leave, family leave and other benefits is the right thing to do AND it's also better for business. It improves employee performance, reduces staff turnover, and contributes to the long-term success and stability of the restaurant
- In states with One Fair Wage, the restaurant industry is thriving, new restaurants are opening all the time, workers are earning better wages and equal or better tips, and owners are providing good, stable jobs for the community.
- Nobody is asking that the tip credit be wiped out overnight. But an increase of the tipped minimum wage, phased in over time, is the right thing to do.
- I am a restaurant owner and I support raising the base pay for tipped workers to the regular minimum wage in D.C. and everywhere.

Thank you Chairperson and the Committee for your time today,

My name is Travis Ballie and I am a resident of Ward 7 in Southeast DC. I am a strong supporter of Initiative 77 because the tipped minimum wage is a racist legacy and I am tired of the scare tactics around this initiative. This is not some bold experiment. Several states have implemented one fair wage, some for decades. All still have robust service industry growth, higher wages and better tips.

I want to specifically address my testimony to Councilmember Gray. I was proud that my ANC, ANC 7B, unanimously passed a resolution asking the DC Council to respect the will of the voters. Ward 7 was one of the strongest Wards to vote in favor of Initiative 77. Some of our ANY opposed the initiative, others supported, but we are unified on this point.

My boyfriend and I patron Ward 7 restaurant pop-ups like Pennybrew and brick and mortar restaurants like Sala Thai and Thai Orchid on an almost weekly basis. As much as we value the food, we value even more the workers who are so often undervalued.

Restaurants for years have avoided opening up in Ward 7, I find it ridiculous to assert that the passage of Initiative 77 will make this any less of a fact. But let us assume for a second that initiative 77 would mean no new restaurants in Ward 7. What do I value more? Do I value a living wage for my neighbors or a wider selection of restaurants down the block? I do not have to choose, but if I did it would clearly be with my neighbors. Our ward 7 residents are disproportionately more likely to be in the service industry and more likely to get less tips, less opportune shifts and more race based harassment on the job because of the color of our skin.

Another fun comment I have often heard is we just need more enforcement. I am all for enforcing our laws, but it is quite simply a waste of government resources if we recognize the flaws of the tipped minimum wage, yet opt as a District to keep this failed model even though there is a better, cheaper model out there we can enforce, one fair wage for all.

It is insulting for any Councilmember to call us un-informed on this issue or confused as to what we were voting for. I was first in line, on the first day of early voting at One Judiciary Square, to vote a proud YES on 77. Respect my vote, abandon this racist, two-tiered wage system. Ignore the scare tactics because we know One Fair Wage really is the best outcome for workers, for restaurants and for patrons.

Sincerely,

Travis Ballie
1620 29th St SE, #203
Washington, DC 20020

September 17, 2018

Re: Initiative 77 Repeal

Greetings Council,

My name is Rev. George C. Gilbert, Jr. I am a Ward 7 resident and have served the Washington, D.C. community as a licensed and ordained Baptist Minister for 29 years. I am here today in favor of Initiative 77 and ask that you do not repel the people's vote. There are reason why the Council should not repel this vote of your constituents. Those reasons are:

1. The Democratic Party, nationally, is on record as being for Workers Rights and Fair Wages. It would be very hypocritical for you to tow the company line nationally, but locally you are behaving like a republican politician, who is making life easier for big business instead of standing with and for the workers.
2. Voter Suppression is the 2nd reason why, as a democratic party member you can't repel the people's vote. How can you stand with others in the National Party, national and local organizations against voter suppression in other voting blocks (especially in the south) but yet here in the nation's capitol, you are considering to suppress the will and the vote of the people.
3. The 3rd issue why this repel can't shouldn't go forward is because of the moral and race issue that is associated with tipping. You have the opportunity to correct a wrong that this country has created. From what I read, Tipping is a system birthed out of slavery. When slavery became unlawful, the business community decided to continue to use the free and cheap labor under the disguise of tipping. And now in 2018, big business is at it again. They put major money in the campaign to go against Initiative 77, and still lost. You have the opportunity to be on the right side of history, stand with the people and not big business.
4. Lastly, the reason that you can not repel this bill is because Initiative 77 effects the quality of life here in Washington, D.C. From what I have read, those cities who have moved into this direction, has shown a deduction in crime, homelessness, domestic violence and other issues that are rooted in poverty. Any negative articles, or opinions have just been that – opinions. Big Business is trying to bully the city in this repel, with projections. But the truth is that other cities are doing well who have moved in the right direction. It is a shame that in 2018, we still have a working homelessness group of people in Washington D.C. It is a shame that in 2018, that we still have homeless children who go to school every day. Today Councilmembers, you can change our trajectory by staying with the people.

As I close, I thank you for this opportunity.

Rev. George C. Gilbert, Jr.

9-17-2018
Re: Initiative 77
John Wilson Building
1350 Pennsylvania Ave
NW, Washington, DC 20004

Thank you to the city council for remaining in session so long today. I appreciate that you are away from your loved ones as I know that you appreciate that we are away from ours.

My name is Dave Roubie and I am here representing the employee owners Tabard Inn as its leader. As some of you might know (hopefully) the Tabard Inn has been welcoming visitors and guests to our city since 1922. It is in fact, recognized as one of the longest continuously operating hotels and inns in the area. This year the Tabard Inn made history again when it became the only employee owned Hotel and Restaurant in the city. With this said, we understand the good intention of both the people who supported the initiative and those who voted for it.

However, Initiative 77 is bad for the Tabard and bad for the restaurant industry as a whole as well as its workers. I am not going to repeat all of the testimony that has already been given today but do want to bring up two things that possibly have not been considered.

First, If 77 stands as it is written the effect on restaurants financially will not only be based on the increase in hourly wages for tipped workers, but will also trigger the increase of other costs related to payroll. This includes in our case, payroll tax (8.5%) and Workers compensation insurance (1.5%) both of these are based on the raw wages of the employees and do not include the gratuity the employee earns. In both of these cases the increase will be unavoidable. For the Tabard Inn this increase alone will account for almost 1/3 of its profit based on last fiscal year. This is especially frustrating in our case due to the fact that all profit at the end of the year is divided with all the employees and/or put in our ESOP (which is by default our retirement fund). It should be eye opening to all that on top of quadrupling the hourly mandatory rate for service staff, we will also be required to send more money to both insurance companies and the federal government.

In the case of some of the other restaurants in this room, their payroll services, EPI insurance and other raw wage expenses will increase. This will in some cases be the last straw. Others will cancel benefits that they give to their employees that is above and beyond the required law. Paid vacations will be first to go, in other cases Insurance packages will be reduced to different co-pay ratios. In any case the people doing the right thing will suffer.

The solutions for offsetting these expenses will also have repercussions. With increased menu pricing will come increased payments to landlords. With the implementation of service charge to offset payroll expenses, again more taxes will be paid. Service charges unlike tips are taxable from both ends.

As you have heard from the plethora of testimony today, everyone in the industry is against this. Outside policy makers can wax philosophical, but we know our business. If this is allowed to stand the people who will benefit from its implementation are tax collectors, landlords and insurance companies. I know that this is was not the intention but it is the reality.

My Name is James Roderick. I am a ward five resident and voter for 5 years. Howard Alum. Father of one and Proud member of this DC industry of hospitality. I'm here to say that initiative 77 is not only poorly proposed and written but a detriment to the city as a whole

The ROC came in with their smear campaign about us full of omissions from the truth. When we tried to let them know how we felt they treated us like ignorant children who don't know any better. When in fact they came to this city to destroy the second biggest employer next to the federal government.

When people say that you are overturning the will of the people I say that you are elected officials who we voted in just in case something like this happens. I wake up everyday to go to work with friends who have become family members. People who have an understanding of what we do and to come out and say that we're doing it wrong and to leave it to people who don't understand our tight knit community and make false accusation and claims Makes me as a human being disgusted.

Our industry is not perfect. There are corrections that need to be made but this bill is not the proper way to go about this and if this does go through no one will tell "I told you so" because there will be no one left to do it.

I thank you for your time

James Roderick

TESTIMONY OF REV. WANDA THOMPSON REGARDING INITIATIVE 77 BEFORE THE COMMITTEE OF THE WHOLE

D.C. COUNCIL

SEPTEMBER 17, 2018

Good Day Members of the Council. I am Rev. Wanda Thompson, a resident living in, and a pastor serving in, Ward Eight in the city. I am here today to strongly encourage your committee to honor the voting outcome of Initiative 77 for which the residents of every Ward in this city, except Ward Three, voted. I am not here to discuss which position you or I personally support. I am, however, here to remind you that we, the citizens of the District of Columbia, have the right to say what we want to happen in our city. When you consider repealing Initiative 77, you are, in fact, acting in a paternalistic, condescending manner, suggesting that you know better than the citizens who elected you what should happen.

I, along with so many here, believe that the right to vote and to have your voice heard is a sacred right. It came as a result of the hard fought efforts of our foreparents. Certainly there will be times when legislation is passed with which any one of us might disagree. Nonetheless, it is imperative that the voice of the people be heard. To disregard and overturn the will of the people essentially is to suppress the vote. I encourage my D.C. congregants to vote but I do not tell them how they should vote.

In an era when voter suppression is rearing its ugly head, it is particularly important to remember that any move to quash the vote of the people is tantamount to disenfranchisement. Some have argued that the initiative should be repealed because of low voter turnout. The truth is that many folks do not come to the polls for exactly this reason – that they believe it will not matter how and for what they vote. Any action on your part to deny people their right to vote by negating their vote will only further perpetuate this belief.

I urge you not to vote to repeal the initiative because the business community wants you to, but to allow the citizens' votes to enact Initiative 77 to be enacted because, as your constituencies, we have elected you to represent OUR interests.

I hope that you will listen to those citizens who exercised their civic duty in voting and not be deterred by any other influences. Please do not minimize or disparage either those who voted or those who did not because they did not feel it would matter. Would any of you step down from your office if the voter turnout that put you in office was low? NO, I think you would say that those who did vote should have their voices heard.

Thank you for the opportunity to speak.

JACK ROSE 2018 WAGE & GRATUITY ANALYSIS

Hourly Wage Rates

Saloon Bartenders (8 employees)	\$7.00
Terrace Bartenders (6 employees)	\$3.89
D&G Bartenders (3 employees)	\$11.00
Barbacks (6 employees)	\$7.00
Servers (7 employees)	\$3.89
Busser/Runners (4 employees)	\$10.00

Average Gratuity paid per Hour (Private Events not included)

Saloon Bartenders (20% Gratuity Check Average)	\$25.64
Terrace Bartenders (20% Gratuity Check Average)	\$20.31
D&G Bartenders (20% Gratuity Check Average)	\$20.41
Barbacks (20% Bartenders Gratuity)	\$12.73
Servers (20% Gratuity Check Average)	\$28.00
Busser/Runners (3% of Entire Building Food Sales)	\$6.78

Weekly Wage/Gratuity Breakdown (Private Events not included)	Operating HOURS Total	WEEKLY WAGE TOTAL	WEEKLY GRATUITY TOTAL (20% Average/Approx \$86K Weekly Sales)
Saloon Bartenders (Avg 30% of Weekly Sales)	199	\$1,393.00	\$5,102.00
Terrace Bartenders (Avg 22% of Weekly Sales)	186	\$723.00	\$3,777.00
Cellar/Dram & Grain Bartenders (Avg 6% of Weekly Sales)	52	\$572.00	\$1,061.00
Barbacks (Saloon, Terrace, Cellar) (Avg 14% Compensation/Sales)	192	\$1,344.00	\$2,444.00
Servers (Saloon & Terrace) (Avg 25.5% of Weekly Sales)	157	\$610.00	\$4,396.00
Busser/Runners (Avg 2.5% Compensation/Sales)	62	\$620.00	\$420.00

Business Tax Liability

Social Security/Medicare + Workers Comp (7.65% + 2%)

Saloon Bartenders	\$134.00
Terrace Bartenders	\$69.00
Cellar/Dram & Grain Bartenders	\$55.00
Barbacks (Saloon, Terrace, Cellar)	\$129.00
Servers (Saloon & Terrace)	\$58.00
Busser/Runners	\$59.00
TOTAL	\$504

Business Sales Tax Weekly

DC Sales Tax 10%	\$0
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INITIATIVE 77 PROPOSED \$15 WAGE ANALYSIS (20% BUSINESS SERVICE CHARGE INCLUDED)

Hourly Wage Rates

Saloon Bartenders (8 employees)	\$15.00
Terrace Bartenders (6 employees)	\$15.00
D&G Bartenders (3 employees)	\$15.00
Barbacks (6 employees)	\$15.00
Servers (7 employees)	\$15.00
Busser/Runners (4 employees)	\$15.00

Weekly Wage Breakdown (Private Events not included)	Operating HOURS Total	WEEKLY WAGE TOTAL	Business COST INCREASE
Saloon Bartenders	199	\$2,985.00	\$1,592.00
Terrace Bartenders	186	\$2,790.00	\$2,067.00
Cellar/Dram & Grain Bartenders	52	\$780.00	\$208.00
Barbacks (Saloon, Terrace, Cellar)	192	\$2,880.00	\$1,536.00
Servers (Saloon & Terrace)	157	\$2,355.00	\$1,745.00
Busser/Runners	62	\$930.00	\$310.00
		TOTAL \$12,700 Weekly	TOTAL +\$7,458 Weekly

Business Tax Liability INCREASE Weekly	Social Security/Medicare + Workers Comp (7.65% + 2%)	
Saloon Bartenders		\$288.00
Terrace Bartenders		\$269.00
Cellar/Dram & Grain Bartenders		\$75.00
Barbacks (Saloon, Terrace, Cellar)		\$277.00
Servers (Saloon & Terrace)		\$227.00
Busser/Runners		\$89.00
		TOTAL \$1,225 Weekly (+\$721 increase)

Business Sales Tax INCREASE Weekly	20% Service Charge ALL CHECKS (*Based on \$86K Sales/\$17,200 Total Service Charge)	
DC Sales Tax 10%		TOTAL \$1,720 Weekly

JACK ROSE 2018 WAGE & GRATUITY ANALYSIS

Business Weekly Wage & Tax Total = \$5766

Department Weekly Compensation Totals	Department Total	Per Hour Total (Wage + Gratuity)
Saloon Bartenders (Avg 30% of Weekly Sales)	\$6,495.00	\$32.63
Terrace Bartenders (Avg 22% of Weekly Sales)	\$4,500.00	\$24.19
Cellar/Dram & Grain Bartenders (Avg 6% of Weekly Sales)	\$1,633.00	\$31.40
Barbacks (Saloon, Terrace, Cellar) (Avg 14% Compensation/Sales)	\$3,788.00	\$19.72
Servers (Saloon & Terrace) (Avg 25.5% of Weekly Sales)	\$5,006.00	\$31.88
Busser/Runners (Avg 2.5% Compensation/Sales)	\$1,040.00	\$16.77

INITIATIVE 77 PROPOSED \$15 WAGE ANALYSIS (20% BUSINESS SERVICE CHARGE INCLUDED)

Business WEEKLY Wage & Taxes = \$13,925 (\$9,879 increase *Business will recoup 57.5% of Service Charge Total **REMAINDER to employees = \$7,321)

Department Weekly ADJUSTED Compensation Totals	Department Total	Hour Total (Wage + Service Charge P	% CHANGE
Saloon Bartenders (Avg 30% of Weekly Sales)	\$5,178.00	\$26.02	20% decrease per hour/- \$6.61
Terrace Bartenders (Avg 22% of Weekly Sales)	\$4,398.00	\$23.64	2% decrease per hour/- \$0.55
Cellar/Dram & Grain Bartenders (Avg 6% of Weekly Sales)	\$1,218.00	\$23.42	25% decrease per hour/- \$7.98
Barbacks (Saloon, Terrace, Cellar) (Avg 14% Compensation/Sales)	\$3,903.00	\$20.32	3% increase per hour/+ \$0.60
Servers (Saloon & Terrace) (Avg 25.5% of Weekly Sales)	\$4,219.00	\$26.87	16% decrease per hour/- \$5.01
Busser/Runners (Avg 2.5% Compensation/Sales)	\$1,112.00	\$17.93	7% increase per hour/+ \$1.16

CONCLUSION

*Under Initiative 77, 66% of Jack Rose's gratuity based employees will have an overall compensation decrease of 13.5%.

*In order to restore compensation amounts to their current levels, Jack Rose Dining Saloon will enact the following plan:

1. Reduce/eliminate employment for support staff categories ie Barback & Busser/Runner
2. Reduce all shift lengths for hourly waged employees
3. Reduce compensation percentages for support staff categories ie Barback & Busser/Runner by at least 50%
4. Re work managerial/salaried staff schedules to cover for loss of hourly wage employees
5. Re evaluate all non-monetary employee incentives to restore current 2018 compensation amounts for primary revenue generating departments
6. Re evaluate all business promotional packages and charitable neighborhood incentives

Hearing on Bill 22-913, Tipped Wage Workers Fairness Amendment Act of 2018

Oral Testimony by Paul Holder

Partner - Town Hall, Sixth Engine, The Salt Line

Members of the Council,

Thank you for holding this hearing and providing a forum for stakeholders to share their voice on Initiative #77. I know this has been a long process, and some of you are growing weary of this debate. I promise you that my fellow members of the restaurant community are not weary - we will continue fighting for the survival of our city's most important homegrown industry, the livelihoods of all those it employs, and for a full repeal of Initiative #77.

I am not here today to share cherry picked statistics from apples to oranges studies. I want to share with you the story of my first restaurant, Town Hall. Town Hall was opened 13 years ago on a tiny budget by myself and four other bartenders who had saved up our money – tip money. We took over a lease in Glover Park, and we fought like hell to build a business. Weathering the inevitable peaks and valleys, we finally grew our business to a point where we could expand and take on additional projects. We now have 3 restaurants and employ about 200 people in the city, and while our newest venture, The Salt Line, is by far the most successful, we still have Day 1 employees at Town Hall, both tipped and non-tipped – yes, we have employees who have worked for us for 13 years. I share this background for multiple reasons - I know my business and its economic realities. The Salt Line could probably weather Initiative 77 - it is a relatively large restaurant that has the luxury of being on the water across from the baseball stadium. Town Hall, however, could not. Town Hall, a restaurant that has been a fixture in a relatively affluent neighborhood for 13 years, would have to close. Our employees who have had stable jobs and income for 13 years would be out of work. Even members of ROC acknowledge that Initiative 77 will likely result in “some” restaurants closing. I am here today to put a face to these closings and amplify the voice of my employees who will bear the brunt of this Initiative. Furthermore, had Initiative 77 been law 13 years ago, we likely would have not been able to afford to open Town Hall, and this story is never told. I am not here today, and countless other restaurants, and the well-paying jobs they provide, never exist in DC.

I appreciate that there is a philosophical concern in not respecting the ballot results. I worked the polls on election day, and I can tell you firsthand that there was widespread confusion amongst the electorate regarding this purposefully mis-leading Initiative. In my precinct alone, I spoke with hundreds of voters who thought they were voting to raise the overall minimum wage for everyone, a wage that is already settled law in DC. The average voter does not appreciate nor grasp the nuance of the tip credit, nor the effect its removal would have on our industry.

Earlier I used the term stakeholder purposefully. Today, you are hearing from countless members of the restaurant industry, both employees and employers, who are testifying that Initiative 77, if enacted, would have disastrous effects on our industry. Those testifying in support of 77 are largely policy wonks, social justice warriors, and parties not directly affected by this legislation. While they may mean well, they are dead wrong, and it is our industry, our employees, and our city which will pay the price. There is no groundswell of DC restaurant employees who are championing the passage of 77, and Jane Fonda certainly won't be waiting tables in DC anytime soon. I implore you to give great weight to the voices that have committed themselves to the industry, to the bussers who have elevated themselves to bartenders, to the servers who have been promoted to managers, to the chefs who have invested their life savings into opening restaurants - DC would not be the city it is without them, and these voices should not be taken for granted.

Thank you to Chairman Phil Mendelson, the committee as a whole and those that are here to listen to everyone that has come to testify on behalf of their livelihoods. No matter what side you're on thank you for being here.

My name is Dusty Martinez and I am a DC tipped worker. I was born and raised in Maryland and about 10 years ago made the decision to leave my \$15 dollar an hour job in MD for the opportunities of the service industry here in DC..and now, DC is my home. I come from a service industry family. My mother and father met while serving tables at a local restaurant and my mother made serving her career for for the better part of 20 years while also raising 4 kids. Her mother, my nana, was a career bartender until she actually passed away doing what she loved, bartending. So you see I've been in and around the service industry my whole life and I'm proud of what I do and the industry that I'm a part of.

This decision to uproot and change a system that already guarantees us a fair minimum wage is changing the way I was brought up. My family raised me to work hard, do my best...and if I do, I could earn a good living doing what I love..just like my nana did.

I've been in this industry for 15 years. It's how I've been able to go from cleaning dishes and mopping floors to bartending and managing a place called Trade which is a LGBTQ bar here in our city.

I'm asking and pleading with you to listen to the tipped workers all over the city, those that are here in this very room and those that were unable to attend today.....to overturn 77.

I respect what democracy has done and continues to do for our city and for our local elections but on June 19th of this year democracy took a back seat. The conventions of a respectable democracy were derailed by an ill placed and misleading initiative that was written to misinform voters and the very people it purported to help.

Is our industry perfect? No. Do we have a lot of things to work on? Of course we do, what industry doesn't. But we should have a legitimate say and we should have organizations and Hollywood influencers that claim to have our best interests in mind fighting with us not against us. Our industry deserves a better path in which all our voices can be heard and 77 is not that.

I'm not asking you to say no to 77 and ignore the the issues such as wage theft or sexual harassment and let's be clear if we've learned anything from the Metoo movement sexual harassment doesn't care if you make \$15 dollars an hour or 20 million dollars a year. Its about the harasser.

I'm asking you, respectfully, to say no to 77 so we can say yes to a chance to build a better path to solving those issues without imploding a system that already provides tremendous opportunities for thousand of DC residents.

Again my name is Dusty Martinez and before finish I want to remind everyone in this room that just a few weeks ago an amazing citizen and our former president said "If you actually care about it, you have the power to make sure we seize a brighter future. But to exercise that clout, to exercise that power, you have to show up."

We showed up and we hope you show up for the tipped workers in DC by overturning 77.

Thank you for your time!

Name: Erica Christian

Organization Affiliation: Tail Up Goat

Bill/Hearing # and Date: Hearing on Bill B22-0913 on 9/17

First I want to thank all council members considering the testimonies of tipped workers living and working here in DC. We are the most affected by initiative 77 and I hope that our words help you understand just how harmful this initiative will be for not only the DC restaurant industry, but for the future of the district itself.

My name is Erica Christian. I am a Ward 4 resident. I have lived in this city for 6 years and have worked in the restaurant industry for nearly 4 years. My place in this industry as a tipped employee has supported not only my livelihood, but my George Washington University education. It allowed me the flexibility to work hours that allowed me to focus on my coursework that every other job I took did not. Honestly, it saved me. Once I started working as a server I no longer needed to work 2-3 jobs at a time to support myself. Working in this industry is the sole reason I was able to graduate from GWU with a major and two minors.

Once I graduated from GWU I looked for jobs and opportunities in which I could focus on my main points of study, psychology and organizational sciences. As I discovered how difficult it was to find a paid job, not internship, after graduating, I realized that I was already in the right place. I was never able to take up internships in college because I had to work full-time to support myself. Apparently unpaid internships are the only way to penetrate many job markets. I also found difficulty as a woman of color looking for jobs that clearly no longer wanted me upon interviewing me. Working in the restaurant industry has been so accessible for me. I have not found difficulty in getting a job because of the color of my skin and have been able to actively use all of the skills I learned.

I come from many experiences in this industry. My first job a server was at a place that has since shut down on 17th street NW. I was one of the servers ROC seems to be so concerned about. The owners I worked for lied about my tips on payroll so they did not have to pay me when I did not make minimum wage through tips. Once I realized, I moved on. The only thing that kept me from reporting were the other undocumented workers who clearly needed the job. I am of enough privilege that I could move on and find another place of work easily. Even with the interference in payroll, over the course of a year I made more than minimum wage at the time.

After a terrible experience at my first job I moved on to Daikaya as a server and host which supported me through the rest of my education. There I made \$30 to \$50 an hour through the tipped system. I could easily pay off the rest of my tuition and start paying my student loans early. It also allowed me to stay in the district as a resident. They offered health insurance and a tremendous amount of support for my livelihood and health. During my time there I developed a chronic back condition. My pay allowed me to seek treatment and therapy.

Committee of the Whole Public Hearing
September 17, 2018, 11:00 a.m., Room 500
Testimony of Dan Mauer

Good morning, Chairman Mendelson and members of the Council. My name is Dan Mauer. I am a longtime resident and voter in Ward 1. I am here to testify in strong opposition to Bill 22-913. I would like to make four points as to why the Council should reject this bill and implement Initiative 77.

First, statistics show unambiguously that the majority of tipped workers are doing poorly under the tipped credit system. Data from the Bureau of Labor Statistics show that, in May 2017 (the most recent month for which we have data), the median hourly income for waiters and waitresses was \$11.86. This wage was barely above the minimum wage, yet half of all waiters and waitresses made less than \$11.86. In addition to showing that compensation is poor in the tipped sector, this information provides yet another data point suggesting that wage theft is widespread in tipped jobs, since the band between the then-minimum wage of \$11.50 and the median wage of \$11.86 was so narrow.

I am sure that many of you have observed that few workers doing poorly under the tipped credit system have participated in the public debate on this issue. In addition to intense pressure from their employers (which is exacerbated by our weak and poorly enforced anti-retaliation laws), I note that opponents of One Fair Wage have waged an aggressive public intimidation campaign against supporters. I have attached an appendix of a partial list of statements that I personally saw on social media during the campaign on Initiative 77 as reference to this fact.

Second, I note with interest that many opponents of One Fair Wage have said that they would like to stop wage theft, but they don't think that One Fair Wage is the way to do so. This group includes the Mayor and multiple members of the Council. I am unaware of literally any action taken or even proposed that would mitigate problems with wage theft. Increased funding for the Department of Employment Services? Stronger anti-retaliation laws? More outreach, especially in languages other than English? Additional pro bono legal services for victims of wage theft? I have not seen one proposal, idea, or new penny of funding for any of these types of strategies. In fact the Mayor's own agency Director at the Department of Employment Services testified earlier this year that the agency is prohibited from proactively enforcing our wage and labor laws. (Isn't that a head scratcher?!). Actions speak louder than words. To be frank, adopting 22-913 without advancing an aggressive overhaul of our worker rights enforcement practices is a tacit endorsement of the widespread wage theft that occurs in the pre-One Fair Wage status quo.

Third, I believe that the Restaurant Association doesn't deserve to be rewarded for years of dishonesty about public interest policies. In the past, the Restaurant Association loudly argued that 1) the ban on smoking in bars and restaurants, and 2) the paid sick and safe leave law, would each lead to widespread closures of bars and restaurants. Did either of those things happen? Fool me once, shame on you. Fool me twice, shame on me. It is hard to believe that the Council apparently is willing to be fooled as the Restaurant Association makes this same false argument for a third time.

Fourth, as everyone knows, sovereignty has long been a priority for the Council. It is worth emphasizing just how much damage passage of Bill 22-913 would do to the Council's future efforts on those matters. We have an extremely strong moral case for granting power to D.C. voters. How can DC maintain the moral high ground for advancing statehood and voting rights when our own local Council doesn't listen to or respect the votes of its constituents? This is especially true when one of the current

members of the Council is under investigation for taking large cash bribes, served for years at law firms with extensive business before the Council while on the Council, and has broken D.C. traffic laws so frequently that a website has been set up to document it—and he is one of the leading supporters of 22-913. If we want to maintain moral authority in our effort to secure voting rights for the people of D.C., there is no way to do that other than respecting the will of the people of D.C.

For all of these reasons, I strongly urge you to oppose Bill 22-913. Thank you.

APPENDIX: Social Media Statements from Opponents of One Fair Wage

“Motherfucker actually wants to get poisoned in D.C.” re: a supporter of Initiative 77

“Sexual harassers don't give a shit about tipping. And they aren't going to stop because the hot waitress is making \$15 an hour.”--D.C. Reynolds's official Twitter account

“Get the fuck out of DC and stop fucking with my money” to a supporter of Initiative 77

“If I find out you voted Yes on #Prop77 you will need more than 15 an hour to pay medical bills”-- public statement

“Dumb cunt I hope you loose [sic] your job. You should be learning drinks and maybe your tips wouldn't be so bad. Stupid fucking bitch” to a supporter of Initiative 77

“You are a bunch of socialist cunts” to a supporter of Initiative 77

“Bum rush the brunch, make them lose money on the buffet” re: an event at a restaurant supporting Initiative 77

Testimony at the Hearing for the Repeal of Initiative #77 Bill

Ris Lacoste

Chef/Owner of RIS

2275 L Street NW

Washington DC 20037

ris@risdc.com

202-465-2723

Thank you all for hearing us. My name is Ris Lacoste. I am a native of Massachusetts but have lived in the District of Columbia for 31 years. I own a home in Ward 3. I am this year celebrating my 50th Anniversary in the Food Service Industry. In DC, I hired, fired, supervised, taught, promoted and loved the staffs of Twenty-One Federal, Vidalia, Kinkead's, 1789 and now my own restaurant, RIS. I was put on this earth to do what I do. I love my job.

I am here to support the repeal of Initiative #77. I believe it is a bad bill. I have been vested in the issue since day 1 and I have yet to hear a cohesive reason why this bill should exist, clarification on who it aims to protect and verification of who is behind the effort.

You have heard many stories by this late hour on both sides. Simply put, there is no reason for an outside group to come in to our community to "fix" something that is not broken.

Here are my stats:

I employ 64 people, 34 of whom live in the District.

30 Back of house

34 front of house

Average hourly work for BOH is 35 hours, FOH varies as some are part time.

BOH:

Line cooks: \$14 (entry level) > \$19/hour

Prep Cooks: \$14 - \$16/hour

Dishwashers: \$13.25 - \$15.00/hour

FOH:

Bus staff: \$16-\$20/hour

AM Bus: \$8/hour base rate

PM Bus: \$5/hour base rate

AM staff makes a higher hourly rate because sales are lower at lunch and tips are less. This equalizes the playing field.

AM Bar: \$18-\$24/hour \$10/hour base rate

PM Bar: \$25-\$35/hour \$3.89-\$7.00 base rate

AM Food Runner: \$15-\$20/hour \$10 base rate

PM Food Runner: \$18-\$24/hour \$6-\$8 base rate

AM Waiter: \$25-\$30/hour \$3.89 base rate

PM Waiter: \$30-\$40/hour \$3.89 base rate

Gratuities belong to Waiters and, upon hire, they agree to our 30% tip out policy to support staff. 15% to bussers, 7.5% each to bartenders and food runners.

All staff is paid at least minimum wage for training, meeting or any other hours that do not involve the making of tips. All staff is paid an overtime rate for any hours worked over 40 per week.

If, at any time, a staff member does not reach minimum wage with all combined earnings, the payroll company alerts you to pay additional funds to that staff member. Law already provides for the staff member to be protected.

A restaurant P & L varies greatly with each and every restaurant. There are industry goals, however, that we all strive for to maintain a profitable business. A very basic goal is for combined Prime Cost of Goods and Labor to be below 50-55%. Total occupancy to be 7-8%. Etc. etc. What we pay each employee as base pay depends on many things including the levels of business at that restaurant, the ability of the employee, etc. etc. and the other costs the restaurant incurs to keep the doors open. All of our arrangements are different. Someone who owns the property may be able to afford higher wages and better benefits than someone who is working for the landlord. Some may have lower food costs and higher labor as in very fine dining restaurants while the numbers are reversed at steak houses. So what is good for one is not good for all. What is good for one type of tipped workers is not good for all types of tipped workers.

My labor goals are: Management 10%; FOH 6%; BOH 13%

Now with 2 layers of increased wage my FOH is now 7% and my BOH is 15%. And with the increased number of restaurants opening and the competition for good staff increasing, those numbers will only get higher.

As been said many times, the passage of Initiative #77 increases the expense of employers with wage, employment tax, sales tax once we add service fees, insurance premiums that are based on sales, % sales rent increases. The passage of initiative #77 increases the costs that each of our customers will have to pay for their goods. And the passage of Initiative #77 will decrease the pay rate of our employees, including the BOH staff. We have fought for all good things for our staffs over these past few years. There is no reason for Initiative #77 to be on that list if we want a fair wage for our staffs. They have one already.

If Initiative #77 wants to take care of wage theft then that is another question for another day, once #77 is repealed.

Thank you.

David J. Wizenberg
1010 Massachusetts Ave., NW
#1213
Washington, DC 20001
202-408-0201

Testimony in support of Repeal of Initiative #77

On behalf of;

Acadiana, District Commons, Penn Commons and Burger, Tap & Shake

Honorable members of the City Council of the District of Columbia, fellow restaurant operators and other interested parties, I am here to voice concern about the potential implementation of the legislation noted as Initiative #77 and to urge you to repeal its implementation. I am sure my dialogue here will mirror some already presented but also may touch upon other concerns as well that may or may not have been considered.

I have been a restaurant employee, manager, operator and owner in Washington, DC since the 1980's and obviously have seen tremendous growth and change in this community. It has been overwhelmingly positive, and many of you in this room have had significant influence and tremendous vision in making our city a truly better place and will continue to guide that in the future. Obviously good legislation has helped here, but I caution that where legislation is not necessary it is wasteful and inefficient to over legislate.

This legislation is an example of just that; legislation without a need, a solution without a problem, or at most a reiteration of rules and laws already in place that simply need to be enforced. It is the end that we must insure; the fair treatment of staff, not the means- is the operation solely responsible for this guarantee of rate or is it reasonable for one's tips to be considered?

Our current system does address the end; We guarantee our staffs make at least minimum wage. (PERIOD) We must prove this by virtue of tip reporting by the employee, to the employee and to the government. There are currently laws in place regarding the minimum hourly wage one receives and procedures in place for audit to insure this mandate is followed. Saying that one isn't making minimum wage as a reason to pass this legislation is simply a lack of understanding of what is already on the books as law. I for one have never had a tipped employee leave because they weren't making enough money.

There are perhaps some unconsidered consequences of an employer paid mandate of minimum wage for tipped staff;

- 1) Increased cost of Payroll based expenses on operators; insurance, FICA, uniform and payroll processing costs etc**
- 2) Decreased hours allowed for staff and change to part time status**
- 3) Initiation of service charges to offset cost burden**
- 4) Additional gratuity will still be left which sounds wonderful but further creates a gap between tipped and non-tipped employees necessitating even more upward pressure on costs in the form of raises**
- 5) Inability to bring in staff and develop/train and teach because of increased payroll costs from such mandates.**
- 6) Ultimately these costs will show themselves in prices to guests, who will dine less- decreasing gross tips and city tax revenue.**
- 7) The very staff this is designed to help, from my discussions, do not want it for these very reasons; and also do not understand why its being considered.**

We are in a very unusual market- The DMV, with close proximity to MD and VA, the District can ill afford to ultimately lose sales tax revenue, residents and payroll tax dollars to our neighbors, much less the loss of small operators like myself who can ill afford the rising cost of doing business in the District of Columbia.

You have surely heard of people from other cities fighting these same battles. Often the citizenry of these markets do not have the same choices ours do and we must be considerate of that. Even these cities have found that operators are hard pressed to make it in such a cost oppressive environment. I was recently at a restaurant in San Francisco where there is a line item on guest checks that states a service fee for staff benefits on every check. I was in Seattle just this past weekend where a relative is in our business. He complained about how expensive it is now to staff, but that prices are so expensive that the very staff he needs can't afford to eat there! He is now looking to open places outside of that city for the same reason we have brought up today.

I would hate to see legislation continue to be introduced and passed into law that doesn't help the very people you intend to, and ultimately make this city too expensive for my own staff to enjoy.

Respectfully,

David Wizenberg

Clementine Thomas
Bill B22-0913
September 17, 2018

Chairman and members of the council, my name is Clementine Thomas and I'm representing Chez Billy Sud as an owner and operator. I'm also here as a lifelong district resident and concerned constituent.

To discuss the vote to approve Initiative 77 as a win for equity in our city is to ignore the greater context. We cannot separate our discussion about protections for tipped workers from a frank conversation about the kinds of businesses we want to see thrive in DC.

Abuse in the workplace, whether it's wage theft or sexual harassment, is about power. The only way we can break the cycle is to change who has it. Employers who are breaking the current law will not suddenly start complying just because the law has changed. An operator who maintains a culture of fear and harassment will not suddenly amend their ways just because we no longer count tips towards hourly wages. Unless we foster a diverse community of owners, unless we force open the doors of opportunity to women and people of color so we can build businesses that reflect our values and our lived experiences in this world, abuse of power will persist.

Representation matters. Studies and experience have shown us that women and people of color have a much harder time gaining access to capital than their white male counterparts. And when they do get approved for loans, their rates are often much higher and the loan amounts much smaller. By increasing payroll costs exponentially, this legislation will make restaurants an even riskier investment than they already are. The barriers to entry for first-time minority owners will increase and the diversity we so desperately need at the top will stagnate. By attempting to treat a symptom, Initiative 77 will make it all but impossible to address the cause.

I'm not asking that you blindly trust in the good intentions of a few owners. We as a community are here now. This debate has brought us to the table. There are so many of us that are ready to put in the work needed to codify safe and equitable work environments for our employees and prioritize access for women and minority business owners. But we cannot in good faith continue these conversations with both of our hands tied behind our backs. This legislation will add a quarter of a million dollars to my payroll annually. I can't engage in the push for progressive and fair policies in our industry when I have to come before you and ask that I not be made to choose between keeping my lights on and cutting staff that do not deserve it.

I urge you to reconsider this legislation and ask that we as a local community of employees, advocates, owners, and legislators work together to create something that actually works for our city. Thank you so much for your time.

Good evening and thank you Chairman Mendelson and the Committee of the Whole for giving me this opportunity to share my comments in support of enacting Initiative 77. My name is David Sexton and I am a Ward 4 Resident. I was a tipped worker in D.C. for 2 years and left for another industry in September of 2017.

I am here to testify in support of the full implementation of Initiative 77. As a former tipped employee in the District of Columbia, I can attest that the current wage system is volatile and hostile to workers. The subminimum wage of \$3.89 per hour is little more than a tax buffer, meaning tips are the only way for servers to make ends meet. When the cost of labor is subsidized by customers, pay is unpredictable and changes every period. Anything from weather, illness, or a customer's mood could impact tips. A bad night or week could mean working more shifts the next, leading to irregular schedules and unpredictable results. The lack of a safety net often led to difficult decisions. Without a fair wage, I felt compelled to go to work sick because I was afraid to lose the money. As a Type 1 Diabetic, I often worked through episodes of high and low blood sugar instead of taking breaks or going home.

Under a tipped wage system, workers make less than minimum wage whenever they work outside of service periods. For example, I spent up to a quarter of my shifts at a service job cleaning, restocking, and closing down the dining room to prepare for the next service. Because there were no customers during this period, my colleagues and I earned less than \$4 an hour for our hard work. This drags down the average wage, borrowing from "good shifts" to offset these paltry earnings. It's an unequal system that requires workers to maintain the owner's property and get little in return. This is an unfair, two-tiered wage system that no white collar employee would accept. Tipped workers deserve the same.

It doesn't have to be this way. Initiative 77 will raise the base minimum wage without eliminating tips, which would reduce poverty and regulate incomes for tipped workers. It would mean that slow shifts, opening and closing work, and sick days wouldn't threaten a worker's ability to make ends meet. Opponents of Initiative 77 have argued that the restaurant industry cannot afford an eight-year incremental increase, but we know that is untrue. The movement to repeal Initiative 77 has been bankrolled by the National Restaurant Association and management consultants, and is backed by members of the House Freedom Caucus. When powerful interests publicly claim that the initiative is unaffordable, then spend hundreds of thousands of dollars pitching to progressive-minded voters, we should question if they truly advocate for workers' best interests.

To Chairman Mendelson and the Council, thank you again for allowing me to share my support for Initiative 77, which is rooted in my experience as a tipped worker here in the District. I sincerely hope that you will respect the will of your constituents and uphold the Initiative as decided. Thank you.

I voted “No” on Initiative 77. However, I am here today to defend it. Since the election, I have come to read and understand both sides of the issue, and I believe that many of the arguments against it were false. And furthermore, I believe the fundamental duty of a modern democracy is to respect the voice of the people. Implementing 77 is an opportunity for us Washingtonians to do just that.

For over 8 years, I have worked as a professional in the service industry. I serve your food. I make incredible cocktails. I listen to and empathize with your secrets, your heartaches, and your joys. I work very hard to make sure that you have fun after you finish work.

In fact, most people never see how hard we work. It’s grueling work. We have the right to a break, but most often the concept is laughable on a busy 12-hour shift.

Often, our livelihoods as service workers are jeopardized by the uncertainty of what we might make that night. The minimum wage wouldn’t erase this uncertainty, which restaurant workers broadly acknowledge, but it would be a step in the right direction. Now, our tenuous tips put us in precarious situations. We are at the mercy of the unpredictable generosity of guests, which subjects us to toleration of all kinds of bad behavior.

When the #metoo movement began to swell online, I laughed away the thought of posting my own experiences. Why would I? Harassment is nearly a daily issue. Topsy guests misread my friendliness as an invitation for advances. But I just need their money. Men take advantage of a crowded room to grab me. And I just need their money. People yell insults about my intelligence or my body. And I still need their money. This is my income. Guaranteeing a stable base wage would be a step towards professionalizing this industry and giving restaurant workers like me the respect that we deserve.

What is critical is for us to support our service workers as professionals. Now as a manager of restaurant staff, I frequently think of my uncle, who built a multi-state cement business that he ran for nearly forty years until his passing last December. An exemplary boss and business owner, he exhibited deep respect for his employees. When a truck driver or a mixer shared his thoughts about their work, my uncle listened. His mindset was, “I learn from every one of my employees, because they are experts in their own work. They might have a perspective or an idea that I don’t, which makes the business better.”

I take that lesson to heart every day. Listening to people in different positions is critical. If you overturn 77, then the voices that you listen to will only be that of the Restaurant Association. It denies the voice of the voters and those who work in all sections of our service industry.

As our city fights for the fundamental right to have representation in Congress as the 51st state, it is critical that Washington, DC remains an exemplar of the democratic process. We cannot overturn the voices of voters. Washingtonians understand the needs of our city in ways the federal government does not.

So too, have restaurant workers spoken about their needs. Across the city, we are demanding secure wages. I urge you to listen, to learn from the experiences of those who serve you. With Initiative 77, we are demanding steps to the security and respect that professionals like us deserve.

Thank you Chairman Mendelson, and the council for your time today.

My name is Clare Duncan, I live and work in ward 1, I'm a graduate of Woodrow Wilson Senior High School, and have lived in DC on and off my entire life.

I began working in the hospitality Industry at 18 years old. I didn't intend for restaurants to become my career, but I am gratified and grateful to find myself in an industry that uses my skills and gifts, providing both flexibly and security. This is a fast paced, demanding and creative line of work, that not everyone is capable of. I have dedicated time and money to training and studying so that I may offer a higher level of capability.

I am firmly in favor of repealing initiative 77 so that I may continue to grow and succeed in my chosen field, confident that superior skills and work ethic will bring superior compensation, far beyond the level that a minimum wage could provide. I couldn't afford to live in ward 1 at a minimum wage salary, and have never made that little in my 10 years in hospitality. Initiative 77 was a solution to a problem that doesn't exist, and I can only hope that the effort to repeal it succeeds.

Thank you again.

Hello, I'm Joseph Hudson and I have been working in the Service Industry in Washington D.C. since 2004. I have worked at several establishments and have worked at each one for more than 3 years. I have often thought of my co-workers like family members, from bosses down to bar backs, food runners and back of the house staff. After all, I spend more than 40 hours a week with these people. I'm a gay, white, midwestern kid who came to DC with not much of a plan. DC has been good to me, and I'm thankful for that.

I have worked at non-profits and government contracting companies since moving here. I have also supplemented that income with my tipped income. I have also been exposed to new viewpoints, perspectives and realities as I get to know my diverse set of co-workers on a day to day basis. In 2014 I got my real estate license and my tipped income has allowed me to build my business and get my bearings in a new industry, meanwhile paying my bills with my tips. Whenever I was concerned for money, the usual solution was to just pick up a shift, work a double, or ask a co-worker if they wanted a day off.

I can only speak to my experience, but most of my service industry co-workers are not rich in the way that people who buy homes in Kalorama are, but they are doing well. I have helped a few of them buy their homes. My rent at my rent-controlled apartment in D.C. would probably buy me a McMansion in another area of this country. Most restaurant workers in this city, from my almost 15 years of working in the industry, are students, or they are working a second job to make ends meet, pay off student debt, or just want to pay off credit card debt or finance that trip they have long dreamed about taking.

Like was said earlier today, we need to approach the issues that ROC has raised with a scalpel, and not a sledgehammer. The restaurant industry may not be for everyone. Your personality, your ability to build friendships and relationships with those people that frequent your establishment - it all combines to hopefully make you a profit at the end of the day. As in any industry, certain skill sets can make you stand out and succeed. And as in every industry, there are power dynamics that exist.

I can walk around this city and I constantly run into people I know from many of the establishments where I have worked. I would hate for these locally owned and operated business to start going under because of new regulations which require an enormous amount of capital to proceed as they were, only in the name of "fixing my situation" for which I never asked for help in the first place. If there are workers in this industry that need help and fear retaliation, then let's set up a hotline for these complaints to be investigated, and hold business owners accountable for the laws that are already on the books. Thank you to all city council members for your time, and for hearing what we have to say.

Testimony of Michael Saltsman

Employment Policies Institute

Hearing on the Tipped Wage Workers Fairness Amendment Act

September 17th, 2018

Members of the DC Council, good evening. My name's Mike Saltsman, and I'm the Managing Director of the Employment Policies Institute, a think tank here in DC which receives some of its support from the restaurant industry.

I want to briefly respond to a few misconceptions about Initiative 77.

The first misconception about 77 is that voters knew what they were getting.

After the election, we used Google's Consumer Survey Tool to contact approximately 500 DC voters who voted "YES" on Initiative 77. We asked them to report the PRIMARY reason they did so; 52 percent told us they believed it would raise DC's minimum wage to \$15 an hour.¹

If this wasn't my day job, I would have thought the same thing, reading a ballot title that asks whether the wage should be raised to \$15.

The second misconception is that everything's going great in locales that eliminated the tip credit and embraced a \$15 minimum wage.

A recent *New York Times* article on San Francisco's trend of "fine casual," where customers serve themselves at nice restaurants

¹ Google Consumer Survey, June 22nd-June 25th 2018. +/- 4%.

because the restaurants can't afford the labor costs, is a preview of what's to come.²

A study from economists at Harvard and Mathematica Policy Research identified a 14-percent increase in closures for median-rated restaurants in the Bay Area following each \$1 increase in the base wage.³ As these increases first started to hit in the past few years, there were so many closures that one food industry publication called it a "death march."⁴

The third misconception I want to touch on has to do with restaurant prices.

It was suggested earlier today that eliminating the tip credit would cause minor changes in prices. The example was used of a \$1 difference in prices at Ruth's Chris between DC and San Francisco.

But let's consider one of the few apples-to-apples comparisons we have: IHOP. Unlike Ruth's Chris, which is corporately-owned and can offset losses at one location, IHOPs are franchised and independently-owned. At the IHOP in Columbia Heights, the breakfast sampler costs \$11.89; at the IHOP in San Francisco, in Fisherman's Wharf, the same breakfast sampler costs \$15.19—or nearly 30 percent more.⁵

Apply that to your favorite steakhouse, and a \$30 steak becomes a \$40 one.

This isn't just at one chain. In 2016 the San Francisco Chronicle reported that restaurant menu prices had risen 52 percent over

² <https://www.nytimes.com/2018/06/25/dining/san-francisco-restaurants-service.html>

³ <https://www.yelpblog.com/2017/04/yelp-data-shows-economic-impact-minimum-wage-increase-harvard-study>

⁴ <https://sf.eater.com/2016/12/16/13985600/oakland-restaurant-closures>

⁵ Prices accessed 9/17 at <https://www.ihop.com/en/menu>

the previous decade—roughly twice as fast as inflation over the same time period.⁶

The last misconception has to do with server earnings.

There was a study circulated from a think tank that shares our acronym—EPI-- suggesting that servers in DC may earn as little as \$11.86 an hour.⁷ If these figures seem way too low, it's because they are.

Tip underreporting is widely-acknowledged to be a problem in government datasets. Here are some quotes: “Tips are widely known to be substantially underestimated...”; and a “major data limitation is that tip earnings are underreported...”^{8 9} Those quotes don't come from me—they come from the Economic Policy Institute, the National Employment Law Project, and ROC.

The dataset they're referring to—the Current Population Survey—puts the average hourly wage for servers in DC at \$18.21 an hour.¹⁰ So if \$18.21 is the figure, and even the advocates acknowledge that this is a low-ball estimate—then perhaps we can all agree that servers in DC don't earn \$12 an hour.

Thanks for the opportunity to speak this evening, and please let me know if you have any questions.

⁶ <https://www.sfchronicle.com/restaurants/article/Why-is-it-so-expensive-to-dine-out-in-San-6856554.php>

⁷ <https://www.epi.org/publication/tipped-workers-do-better-in-cities-where-they-are-paid-the-regular-minimum-wage-and-the-restaurant-industry-continues-to-thrive-why-dc-should-implement-initiative-77/>

⁸ <https://www.epi.org/publication/employers-would-pocket-workers-tips-under-trump-administrations-proposed-tip-stealing-rule/>

⁹ <http://rocunited.org/wp-content/uploads/2018/01/NELP-ROC-Data-Brief-Tip-Rule.pdf>

¹⁰ Employment Policies Institute analysis of Current Population Survey Data, 2013-17.

David Constantine
1108 Park Road NW
Washington DC 20010

Testimony to Repeal Initiative 77. Bill 22-913 Tipped Wage Workers Fairness Amendment Act of 2018

I'd like to thank the Council for hearing from tipped workers today. I am here today to urge the council to repeal 77. Especially my Councilwoman Brianne Nadeau from Ward 1. I volunteered in her first campaign in large part because I believed she was the right person to represent me in important matters like this one. It is always an honor to have her dine in my restaurant, Red Rocks on 11th Street.

I have been a tipped worker in DC for the past 13 years. I am currently a bartender at Red Rocks in Columbia Heights. I moved to Columbia Heights from California in 2005. When I first moved here I could not believe how easy it was to get a job – a good job – waiting tables in DC. This was not the case in Los Angeles, where jobs were harder to come by, the barrier to entry was high, and most available jobs were only at large corporate chains. I got a good job at Ella's Wood Fired Pizza the second day after I arrived here. I stayed there for 7 years, where I learned valuable skills that allowed me to advance my career as well as support myself.

Working there on my first day I met co-workers that could not speak English - working as bussers and food runners. I have had the pleasure to watch these men and women grow and advance in their chosen profession. They now work as bartenders, servers and managers. They have started families, bought cars and houses and are on the path to citizenship. They enroll themselves and their wives and children in English language classes at Carlos Rosario. They are chasing the American Dream. Because of this experience and others in the past 13 years, I believe that the restaurant industry in DC is the clearest, best path to the American middle class that I have seen in my lifetime.

In my current position as bartender and bar manager at Red Rocks, I am concerned that 77 will greatly harm our business. I have seen the numbers. I am neither an exploiter of employees, an uninformed dupe of larger business interests, nor a victim of scare tactics. Before Save Our Tips was an organization, we were a small business trying to organize with other small businesses to protect the jobs and wages of our employees. Our largely Latino immigrant staff was unable to make their voices heard in the election. Nor were our employees that live in Maryland or Virginia.

In 13 years I have never seen a single instance of wage theft, nor even heard of one. If wage theft is truly a problem, I believe the District should enforce the current laws and punish bad actors. Demanding honest operators to triple their front of house labor cost is not a method to deal with wage theft. The Council should simply enforce the laws already on the books in order to protect workers.

As a tipped employee, I worry that eliminating our tipping system and tip credit will prevent me from living and working in the same neighborhood. As someone hoping to start my own business in DC, I know that tripling the FOH labor cost is a deterrent to potential investors, making it harder to open, and costing DC potential jobs those businesses would provide.

Lastly, I believe that 77 sets a dangerous precedent in DC. Allowing an outside organization to place a confusingly worded Initiative on a low-turnout Primary Election ballot, and having that initiative be rubber stamped by our elected Councilmembers to fundamentally change our industry is dangerous. Other special interest groups will see this result, and they will surely follow suit. This sets a precedent to

other interest groups and threatens Home Rule and of our laws regarding, for example, abortion, gun rights, and immigration for example. It also threatens the regulation of every other industry in DC.

Please Repeal 77. Thank you.

Testimony of Michael Saltsman

Employment Policies Institute

Hearing on the Tipped Wage Workers Fairness Amendment Act

September 17th, 2018

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I want to briefly respond to a few misconceptions about Initiative 77.

The first misconception about 77 is that voters knew what they were getting.

After the election, we used Google's Consumer Survey Tool to contact approximately 500 DC voters who voted "YES" on Initiative 77. We asked them to report the PRIMARY reason they did so; 52 percent told us they believed it would raise DC's minimum wage to \$15 an hour.¹

If this wasn't my day job, I would have thought the same thing, reading a ballot title that asks whether the wage should be raised to \$15.

The second misconception is that everything's going great in locales that eliminated the tip credit and embraced a \$15 minimum wage.

A recent *New York Times* article on San Francisco's trend of "fine casual," where customers serve themselves at nice restaurants

¹ Google Consumer Survey, June 22nd-June 25th 2018. +/- 4%.

because the restaurants can't afford the labor costs, is a preview of what's to come.²

A study from economists at Harvard and Mathematica Policy Research identified a 14-percent increase in closures for median-rated restaurants in the Bay Area following each \$1 increase in the base wage.³ As these increases first started to hit in the past few years, there were so many closures that one food industry publication called it a "death march."⁴

The third misconception I want to touch on has to do with restaurant prices.

It was suggested earlier today that eliminating the tip credit would cause minor changes in prices. The example was used of a \$1 difference in prices at Ruth's Chris between DC and San Francisco.

But let's consider one of the few apples-to-apples comparisons we have: IHOP. Unlike Ruth's Chris, which is corporately-owned and can offset losses at one location, IHOPs are franchised and independently-owned. At the IHOP in Columbia Heights, the breakfast sampler costs \$11.89; at the IHOP in San Francisco, in Fisherman's Wharf, the same breakfast sampler costs \$15.19—or nearly 30 percent more.⁵

Apply that to your favorite steakhouse, and a \$30 steak becomes a \$40 one.

This isn't just at one chain. In 2016 the San Francisco Chronicle reported that restaurant menu prices had risen 52 percent over

² <https://www.nytimes.com/2018/06/25/dining/san-francisco-restaurants-service.html>

³ <https://www.yelpblog.com/2017/04/yelp-data-shows-economic-impact-minimum-wage-increase-harvard-study>

⁴ <https://sf.eater.com/2016/12/16/13985600/oakland-restaurant-closures>

⁵ Prices accessed 9/17 at <https://www.ihop.com/en/menu>

the previous decade—roughly twice as fast as inflation over the same time period.⁶

The last misconception has to do with server earnings.

There was a study circulated from a think tank that shares our acronym—EPI-- suggesting that servers in DC may earn as little as \$11.86 an hour.⁷ If these figures seem way too low, it's because they are.

Tip underreporting is widely-acknowledged to be a problem in government datasets. Here are some quotes: “Tips are widely known to be substantially underestimated...”; and a “major data limitation is that tip earnings are underreported...”^{8 9} Those quotes don't come from me—they come from the Economic Policy Institute, the National Employment Law Project, and ROC.

The dataset they're referring to—the Current Population Survey—puts the average hourly wage for servers in DC at \$18.21 an hour.¹⁰ So if \$18.21 is the figure, and even the advocates acknowledge that this is a low-ball estimate—then perhaps we can all agree that servers in DC don't earn \$12 an hour.

Thanks for the opportunity to speak this evening, and please let me know if you have any questions.

⁶ <https://www.sfchronicle.com/restaurants/article/Why-is-it-so-expensive-to-dine-out-in-San-6856554.php>

⁷ <https://www.epi.org/publication/tipped-workers-do-better-in-cities-where-they-are-paid-the-regular-minimum-wage-and-the-restaurant-industry-continues-to-thrive-why-dc-should-implement-initiative-77/>

⁸ <https://www.epi.org/publication/employers-would-pocket-workers-tips-under-trump-administrations-proposed-tip-stealing-rule/>

⁹ <http://rocunited.org/wp-content/uploads/2018/01/NELP-ROC-Data-Brief-Tip-Rule.pdf>

¹⁰ Employment Policies Institute analysis of Current Population Survey Data, 2013-17.

9/17/2018

My Name is Khalim Tucker I was born in Washington DC and I used to work as a restaurant and tipped worker on Capitol Hill and other places in Washington. I have seen how servers lose profits when the seasons change, and I know like most others, that every tip isn't a guarantee of financial stability in this ever changing economy. If minimum wages are being raised for low income workers why not also give a raise to the tipped workers who have been paid the same wages for the past 27 years. People have to be able to survive and provide for their families, and cannot do so on \$3.89 / hr.

Initiative 77 was voted on and won, and even before it could be implemented it has been threatened to be repealed. By 2025 15 dollars will be better than what is in place today. People are struggling to make an honest living and it seems they can't get a break. Please let the vote stand. The people voted for it. What does this say about democracy?

I believe in America and I believe in Democracy, but first and foremost I believe in the People.

Adam Bernbach's Testimony- Hearing on Bill B22-0913 on 9/17/18

Thank you for holding this hearing & thank you for giving me the opportunity to speak to you tonight. My name is Adam Bernbach. I am a Ward 1 resident & have been a District resident for over 20 years. For the entirety of that time, I have been employed in DC's hospitality industry. I am the bar manager of Estadio. I have, in my time in this industry, been both a tipped & non-tipped employee & in all manner of positions.

I'd like to speak this evening specifically about how restaurant management in this city will be forced to function with the elimination of the tip credit. The margins for restaurants are famously narrow, ours is no exception. If we apply a significant labor cost increase to these margins, there will be a number of changes that management will be forced to make to have any chance to survive. Changes that will negatively affect the restaurant employees this initiative purports to benefit.

First, we, restaurant managers will have to cut shift hours. Any time considered non-essential will be cut & the very definition of what's essential will be reconsidered. After that, we will have to cut shifts entirely. What will remain will be a patchwork of short shifts, adding up to a work-life of underemployment. Whatever arguments that Initiative 77 will foster more predictability and professionalism amongst the ranks of the hospitality industry will likely end here. However, this will be followed by the elimination of whole positions within the restaurant, leaving only a bare skeleton just enough to operate something resembling a restaurant and get by.

The spirit of what we do in hospitality is not utilitarian in nature and is driven by passion for the food and beverages we sell. Yes, customers order, we bring them what they want, they pay, tip and go home, but we've created in DC a dining culture that is anything but utilitarian. We are in the business of providing an experience and telling stories. Staff have cultivated expertise in their field and diners' expectations are high. The knowledge imparted and nurtured to and from our staff for the past 8 years at Estadio will slowly become less important than simply doing what we have to do to keep the lights on and doors open. Recruiting staff in DC for most restaurants is already difficult; it will be made worse by a perceived lack of professionalism and long term sustainability as a career. Many industry employees who have shifts cuts will find themselves working a two or even three restaurants.

One of the claims of Initiative 77 supporters is that it will eliminate harassment. Harassment is a significant issue in our industry. It should absolutely be taken seriously. I don't believe that this initiative will help eliminate or even ease harassment. It certainly does not take on this issue actively. I would heartily encourage the city council to look at programs like Safe Bars and encourage liquor license holders or ABRA managers to involve such groups to help train staff about harassment issues and how they can protect themselves, each other, and customers.

Thank you again for your time

September 17, 2018

To Committee of the Whole,
Council of the District of Columbia

Hello,

My name is Aaron Crouse and I am a server testifying the behalf of Estadio Restaurant in DC. I have been in the service industry for about 10 years and since I have graduated from college I have had difficulty finding entry level positions in my field of study that are lucrative enough to sustain my lifestyle. Being a server in DC has not only supported me financially but has given me a flexible schedule with the opportunity to save money to further my education. With initiative 77 in effect I believe that a lot of young men and women with similar educational goals will suffer because we would have to take a tremendous pay cut. I understand that raising the minimum wage requirements for servers sounds like an effective strategy to eliminate the problems in the service industry, however; I believe that this would decrease the amount of tips that servers would receive and the incentive to tip in general. With this bill being in place it does not only hurt the servers but the whole Washington D.C. service industry and restaurants as a whole and I stand with Washington D.C. against initiative 77.

Thank You,

Aaron Crouse

I would like to thank the Council for the opportunity to give testimony today as to why I think Initiative 77 should be repealed and also speak to my experiences as a proud member of our dynamic, homegrown, independent restaurant community.

I have been working in the restaurant industry since 1990 when I started bussing tables. Through hard work & dedication & a lot of mentoring & investment from owners, managers and colleagues - I found tremendous opportunities for advancement and have now been a General Manager in DC since 2012.

When I became aware of Initiative 77 I educated myself, as most of us did, on the arguments for both sides. It was particularly difficult for me to read the portrayals of management that were so often disparaging. Being a GM is a big job with a lot of responsibility, and I take my responsibility to create a safe working environment very seriously. In researching the issue, - I read a report from ROC entitled The Glass Floor - I would like to read a quote regarding managers.

“That so many restaurant workers have experienced inappropriate behavior from managers in positions of authority suggests that management is not invested in regulating — and may even encourage — the sexualized culture of the restaurant workplace. Sexual harassment has become a way for management to build a subservient and dependent workforce based on exerting physical and financial control”

Whoa, this is what ROC would have you think about me. I am grateful to have this opportunity to refute this characterization. If this report accurately described the industry then I don't know why anyone would choose to be a part of it. This is not the industry I know. We are a tribe, we are a family, we look out for each other. I say this not to belittle the very real problem of sexual harassment that exists in the restaurant industry. The bad actors are out there and I want them out. And how does eliminating the tip credit prevent sexual harassment? It doesn't. It doesn't have anything to do with it. It's a false conflation that has been very frustrating to read again and again in the press.

Nteboheng Mokuena Testimony in Support of Initiative 77

My name is Nteboheng Maya Mokuena. I am a Ward 5 resident and I am here to testify in support of the Tipped Wage Workers Fairness Amendment Act of 2018.

Not only am I climate and racial justice organizer, but I am a former tipped-wage employee. While some bartenders and waitresses may earn more than \$15/hour with tips, this is not the case for many tipped workers in the District (factcheck). Tipped wages are insecure as some days you may come home with as few as \$2. As a barista and cashier in several cafes in DC, I split my tips with those working the same shift. So, there was never a guarantee of earning \$15/hour, much less \$10/hour. My income insecurity as a tipped employee meant that I was not only living paycheck to paycheck, but that in order to earn more tips, I needed to put up with more sexual harassment, wear makeup to work, and take on more shifts while maintaining my status as a full-time student.

Workers should not have to depend upon the graciousness or harassment of customers to receive living wages -- that is the responsibility of the government and our employers.

Per data provided by US Department of Labor, the pay difference in the District between tipped and non-tipped workers is \$9.17. We can begin to close that gap by enacting a universal minimum wage for tipped and non-tipped workers.

You have heard throughout the day that Seattle and DC are not comparable cities. However, of the One Fair Wage cities, Seattle is most comparable to DC, and tipped-wage workers there have seen an *increase* in take-home pay. Furthermore, One Fair Wage states have lower rates of poverty among servers. Keep in mind that this includes places like Seattle and San Francisco, places with comparable costs of living to that of DC.

Not only is passing Initiative 77 imperative, but it is democratic. Over 55% of voters in most wards -- 1, 4, 5, 7, and 8 -- have supported this initiative. DC already does not have federal representation. It would be a huge misstep for Councilmembers to undermine the democratic support for this initiative.

It is the responsibility of the City Council to listen to their residents, who have voted in support of Initiative 77.