June 25, 2025

TO: Anita Bonds, Councilmember at-large of the District of Columbia,
 Chair of the Committee on Labor and Executive Administration
 Suite 404
 1350 Pennsylvania Avenue NW
 Washington DC, 20004

## **RE: Labor Budget Oversight Resolution 2025**

At its regular meeting on June 18, 2025, Advisory Neighborhood Commission 2A ("ANC 2A" or "Commission") considered the above-referenced matter. With five commissioners present, a quorum at a duly-noticed public meeting, the Commission, after a motion made by Commissioner Patel and seconded by Commissioner DiCapo, adopted the following resolution by 4-0-1:

**WHEREAS**, in November 2022, District of Columbia voters overwhelmingly approved Initiative 82—which guarantees a steady wage increase for tipped professionals until their wage reaches the full minimum wage in 2027, with tips on top;

**WHEREAS**, Initiative 82 was approved by a supermajority of 73.94%, with supermajorities of voters in each of the eight Wards voting in favor—including 67.5% of Ward 2 voters—signaling strong demand for tipped professionals to have their base wage equal to the full minimum wage;

**WHEREAS**, Initiative 82 was designed to provide tipped professionals with a stable base wage, so they are not solely reliant on unpredictable tips;

**WHEREAS,** Initiative 82 guarantees a steady wage increase for tipped professionals until their wage reaches the full minimum wage in 2027;

WHEREAS, in March 2024, the D.C. Council passed <u>legislation</u><sup>1</sup> allowing restaurants to charge up to a 20% service charge, incentivizing their use by allowing such charges to be excluded from sales calculations for rent purposes unless explicitly stated in the lease;

WHEREAS, as noted by DC's Office of the Attorney General<sup>2</sup>, any customers wrongly assume service charges function as tips, when in fact they are often kept by owners, creating confusion for consumers and undermining tipped workers' earnings;

<sup>&</sup>lt;sup>1</sup> https://lims.dccouncil.gov/Legislation/B25-0056

<sup>&</sup>lt;sup>2</sup> OAG Supplemental Guidance

"Serving the Foggy Bottom and West End communities of Washington, D.C."

WHEREAS, Councilmember Anita Bonds held a roundtable on January 15, 2025, through the Committee on Executive Administration and Labor, to examine the state of tipped wages and the elimination of the tip credit;

**WHEREAS**, the Mayor's FY2026 Budget Support Act (Title II, Subtitle F) proposes amending (a) Section 4(f) (D.C. Official Code § 32-1003(f))<sup>3</sup> to roll back the tipped minimum wage to \$5.95, effectively repealing Initiative 82, citing economic uncertainty and inflation as justifications;

**WHEREAS**, on June 3, 2025, the D.C. Council voted to pause <sup>4</sup> the next scheduled wage increase—from \$10 to \$12 per hour on July 1, 2025—while it considers economic data and the impact on the restaurant industry;

**WHEREAS**, a recent <u>study</u> <sup>5</sup> by UNITE HERE Local 25, found that the "Food Services and Drinking Places" industry grew faster in D.C. proper than in the broader metropolitan area from Q1 2023 (before Initiative 82 took effect) to Q3 2024 (most recent data available);

**WHEREAS**, the number of establishments in the industry grew by 5.1% in D.C. during that period, compared to just 1.0% in the broader metropolitan statistical area;

WHEREAS, D.C. workers in food preparation and serving-related occupations—including traditionally tipped positions—saw their annual income rise at a faster rate than similar workers across the region;

**WHEREAS**, data from the D.C. Council's own budget office shows that restaurant employment reached its highest levels in Q4 2024 and Q1 2025<sup>6</sup> and that D.C. now has more full-service restaurants and restaurant liquor licenses<sup>7</sup> than it did before Initiative 82;

**WHEREAS**, D.C. Jobs With Justice conducted a study on compliance with the Tip Portal, which employers are supposed to use to report tipped workers' earnings to prevent wage theft;

**WHEREAS**, the study found that only 11% of D.C. businesses reported wages every quarter, and 64% <u>never reported at all</u>8—highlighting a severe lack of transparency around actual wages for tipped workers;

<sup>&</sup>lt;sup>3</sup> B26-0265-Introduction.pdf

<sup>&</sup>lt;sup>4</sup> B26-0274 - Tipped Minimum Wage Increase Clarification Emergency Amendment Act of 2025

<sup>&</sup>lt;sup>5</sup> DC Restaurant Industry Data Summary May 2025 .pdf | Powered by Box

<sup>&</sup>lt;sup>6</sup> 2025-05-20 Restaurant Industry Memo FINAL | DocumentCloud

<sup>&</sup>lt;sup>7</sup> DC Restaurant Industry Data Summary May 2025.pdf - Google Drive

<sup>&</sup>lt;sup>8</sup> Still In the Dark: Tipped Wages In DC | DC Jobs with Justice

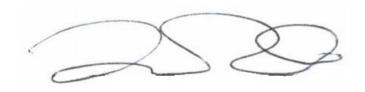
**THEREFORE, BE IT RESOLVED**, that Advisory Neighborhood Commission 2A (ANC 2A) strongly opposes the Mayor's proposal to repeal Initiative 82 as outlined in the FY2026 Budget Support Act;

**BE IT FURTHER RESOLVED**, that Advisory Neighborhood Commission 2A urges the D.C. Council to respect the will of voters, support tipped workers, and continue with the wage increase schedule as mandated by Initiative 82.

Commissioner Trupti Patel (<u>2A03@anc.dc.gov</u>) is the Commission's representative in this matter

ON BEHALF OF THE COMMISSION.

Sincerely,



Trupti Patel Chairperson

## CC:

Kevin Donahue, City Administrator, Washington DC
Jenny Reed, Director, Office of Budget and Performance Management
Jennifer Budoff, DC Council Budget Director
Phil Mendelson, Chairman DC Council
Christiana Henderson, At-Large Member DC Council
Robert White, At-Large Member DC Council
Kenyan McDuffie, At-Large Member DC Council
Brianne Nadeau, Ward 1 Councilmember of the District of Columbia
Brooke Pinto, Ward 2 Councilmember of the District of Columbia
Matthew Frumin, Ward 3 Councilmember of the District of Columbia
Janese Lewis George, Ward 4 Councilmember of the District of Columbia
Zachary Parker, Ward 5 Councilmember of the District of Columbia
Charles Allen, Ward 6 Councilmember of the District of Columbia
Wendell Felder, Ward 7 Councilmember of the District of Columbia
Tadai Abila, Ward 2 Liaison Mayor's Office Community Relations