

Repeal Is Not The Answer. DC Tipped Workers Need A Raise.

By Brittany Alston

Early next week, the fate of Initiative 77 will be decided, when legislation to fully repeal it will be considered. Taking away a pay raise from 29,000 workers—leaving them to make ends meet on \$5 an hour plus tips—would be unfortunate, given that the current system leaves many tipped workers with low and unpredictable incomes. The “One Fair Wage” approach of Initiative 77 is already working in seven states, with tipped workers who have higher earnings and with restaurants that continue to thrive. That means it can be a win-win in DC too, and shouldn’t be repealed.

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 median annual 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 annually 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 percent 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 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. According to the [Economic Policy Institute](#), average wages for tipped workers are nearly 40 percent lower than for all workers. Currently, 16 percent of DC’s tipped workers have incomes that qualify them for SNAP benefits. In the District, most tipped work is low-wage work.

Customer biases often dictate which workers make more than their peers. For example, Black 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. Servers and bartenders in San Francisco earn 20 percent more per hour than their counterparts in DC, and servers and bartenders in Seattle earn 7 percent more than their counterparts in DC. 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.

Workers in states with One Fair Wage are 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 percent, as compared to 18 percent 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. San Francisco and Seattle have continued adding new dining establishments and this growth has been complemented by steady employment growth.

Contrary to restaurant industry claims, Initiative 77 would provide workers a higher base wage plus any tips from patrons, creating 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.

[Read our full testimony from the public hearing on September 17, 2018.](#)