

Initiative 77: A Missed Opportunity for Tipped Workers in the District

By Brittany Alston

The DC Council took first steps to repeal Initiative 77 yesterday, taking away a pay increase and maintaining the subminimum wage structure for tipped workers in the District. Although the initiative passed with a 55 to 45 percent vote, eight councilmembers approved the repeal. As a result, the high rate of poverty and income instability for workers who get nearly all of their income from tips will continue. This repeal represents a lost opportunity to reduce economic and racial inequities in our rapidly gentrifying and divided city.

Repealing Initiative 77 means that the tipped credit system will stay as is, allowing employers to only pay tipped workers a “tipped minimum wage” — currently \$3.89 an hour and rising to \$5 an hour in 2020 — as long as workers receive at least the full minimum wage (now \$13.25 per hour but rising to \$15) when tips are included. While employers are supposed to make up the difference if the average wage falls below the minimum, in reality, many do not.

The legislation, approved on a first vote, includes some new attempts to address wage theft and workplace sexual harassment.

- The legislation adds a requirement that the DC Department of Employment Services (DOES) set up an anonymous tip line for workers to report wage theft for employers who fail to make up the difference between the tipped credit and full minimum wage, and for all other forms of misconduct.
- Businesses would also be required to use a third-party company for payroll to prevent falsified records and to attend annual trainings on wage theft prevention.

Councilmember Silverman introduced a compromise amendment, which was not accepted, that would gradually increase wages for tipped workers outside of restaurants and workers in restaurants who receive tips indirectly, like bussers, but would not raise wages at all for servers and bartenders. The intent was to raise wages for tipped workers who tend to earn the least while not changing wage structures for servers and bartenders, many of whom earn higher tips.

The impacts of repealing the pay increase called for in Initiative 77 will be felt most by the many tipped workers earning far below what it takes to make ends meet in the District. 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. Average wages for tipped workers are nearly 40 percent lower than for all workers, according to the Economic Policy Institute. 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 and this vote will keep it that way.

Public policy should aim to ensure that workers can support themselves, and it should aim to reduce racial and gender inequities. The current law, which allows employers to pay a subminimum wage to tipped workers, is the source of the low pay and inequities that these workers face.

In an expensive city with large racial inequities, we should be doing more to help workers afford to live here. Repealing Initiative 77 is a step in the wrong direction.