

Dear Neighbor,

We are a group of local restaurant and bar owners concerned about an initiative that will appear on the June 19th primary ballot. It's known as Ballot Initiative 77 and seeks to eliminate the tipped minimum wage in the District. Restaurants and bars employ the vast majority of tipped workers in our city and this legislation would have a profound impact on our employees and our businesses.

There's a lot of mystery around the current tipped minimum wage and tip credit system. Advocates for Ballot Initiative 77 are taking advantage of this and pushing a narrative that doesn't reflect the reality of how our employees are paid. While current DC law allows employers to pay tipped workers a base rate below the standard minimum wage, it requires that employers cover the shortfall if the base wage plus tips equals less than the standard minimum wage. When supporters of the ballot initiative talk about tipped workers in the District making below minimum wage, they are talking about workers whose employers are breaking the law. **Simply put: every employee at a restaurant or bar that is complying with the current law is making at or above DC's minimum wage.**

Ballot Initiative 77 is being pushed by the New-York-based Restaurant Opportunities Centers (ROC), as part of its larger "One Fair Wage" campaign, which seeks to eliminate the tipped minimum wage nationally. ROC argues that this system is synonymous with inequity, promoting poverty wages and unstable incomes that hurt women and people of color disproportionately. ROC also argues that the tip system in general is directly correlated to the high levels of sexual harassment experienced by restaurant workers.

ROC's concerns about the pervasive inequity in our industry are exactly right. The restaurant industry is one of many deservedly under the spotlight because of the #MeToo movement. Wage inequality and discriminatory work environments are real issues that must be grappled with. But unlike ROC, we don't believe that eliminating the tipped minimum wage is the one-size-fits-all solution to these problems. In fact, we believe that this legislation may exacerbate the issues it seeks to address, for the reasons we lay out below.

Ballot Initiative 77 will not necessarily increase workers' take-home pay, and in many cases will reduce it. According to the Bureau of Labor Statistics, tipped employees in the District generally made at or above DC's minimum wage in 2017. Many tipped workers have argued that the elimination of the tipped minimum wage is likely to hurt their income either by business owners replacing the tipping model with a mandatory service fee or by customers tipping less overall. ROC argues that, because this legislation does not explicitly eliminate tipping, employees will actually be making more. While this may be true in some cases, it will not be true universally. In order not to see a decrease in wages, tipped staff must rely on guests' ability to absorb increased menu prices, possible service fees, and still tip as normal.

The proposed legislation would increase payroll costs by tens of thousands of dollars every month for our businesses. Almost no small or independent restaurant or bar has the cash flow to absorb this. It's independently owned and operated businesses like ours that make

up over 90% of DC's restaurant community. According to ROC's own representatives, Ballot Initiative 77 is targeted at the big-box restaurants that simply don't exist en masse in our city. Ironically, it's also these big-box restaurants that would be better positioned to absorb the impact of this legislation.

Restaurant profit margins are slim, generally spanning anywhere from 0%-15% with the most common range being between 3%-5%. Labor costs (the amount restaurants spend on payroll and related taxes) are usually between 30%-40% of a restaurant's total income. This is before you add in food, alcohol, rent, utilities, taxes, repairs, maintenance, and all of the other daily expenses that go into making our businesses run.

Most restaurants, including all of ours, will have to raise prices and some will be forced to add a mandatory service fee to offset the increased costs. Hours of operation will likely be reduced and workers' hours cut. Jobs will be lost and restaurants will close. The most vulnerable small-business owners and employees are likely to be the ones hardest hit.

Removing the tipped minimum wage may make some workers feel empowered to call out customer misbehavior more than they currently do, but it will not eliminate the problem. ROC argues that the tip system encourages rampant sexual harassment and discrimination and should be eliminated. This argument misconstrues the issue: tipping does not cause sexual misconduct. Sexual predators cause sexual misconduct.

As owners and operators, we must create and sustain safe work environments where our employees feel respected and empowered. We must demand accountability from our colleagues and push for ethical business practices across our industry. Ballot Initiative 77 attempts to treat a symptom, not the cause.

As costs go up and restaurants become even riskier investments, first-time business owners will face even greater challenges in opening their businesses. Women and people of color, who historically have significantly less access to capital, will be hardest hit. We believe that representation matters. A diverse ownership community is essential to building a healthy and equitable industry. Women and people of color are already underrepresented at the ownership level. This legislation is likely to make this problem worse by increasing the barriers to entry for minority entrepreneurs.

Ballot Initiative 77 is yet another example of an outside organization imposing its agenda on DC without involving the people who live here. Instead of pushing for an initiative that would harm restaurants in a city that the Bureau of Labor Statistics rates one of the top 5 places in the country for server and bartender pay, ROC might consider working with DC's city council, local business owners, and others in our community to a) ensure that all restaurants are compliant with the existing law that already requires them to pay their workers minimum wage and b) identify ways to hold accountable businesses and customers that create unsafe work environments.

We are writing to you as a diverse group of owners and operators who have built our restaurants on the belief that fair and equitable business practices aren't just possible, they're fundamental to success. We began our paths washing dishes, working the line, taking orders, and greeting guests. Many of us have been tipped workers. We have opened businesses in communities we care about and employ locally. We have promoted from within and have built diverse leadership teams. We support one another and mentor others to ensure that the doors of opportunity remain open for those behind us. We aren't "big business." We're your friends and neighbors.

We've all spent time assessing how this legislation would financially impact our businesses and we are worried. We're worried for our employees, for our businesses, and for our communities. Many of us are from this area and have experienced the positive change locally grown businesses have had on our city. We are aligned with ROC and the other supporters of Ballot Initiative 77 in our desire to ensure that tipped workers are treated fairly and equitably. We believe that this initiative would deal a huge blow to our local industry and would make it more difficult to build and sustain the kinds of safe and professional work environments we believe should be the standard.

Please join us on June 19th and **Vote "No" on 77.**

Sincerely,

Aaron Silverman
*Pineapple & Pearls, Rose's Luxury,
Little Pearl*

Alex Zink & Jeremiah Langhorne
The Dabney

Amber Bursik & Bill Spieler
DC9

Amy Brandwein
Centrolina

Andrew Kim & Scott Drewno
Chiko

Andrew Markert
Beuchert's Saloon

Bobby Paradachith
Thip Khao

Brent Kroll
Maxwell

Brian Nixon
Truxton Inn

Carlie Steiner & Kevin Tien
Himitsu

Cizuka Seki
Izakaya Seki

Clementine Thomas & Sam Vasfi
Chez Billy Sud

Colin McDonough & Gareth Croke
Boundary Stone, All-Purpose

Daniel Kramer
Duke's Grocery, Duke's Counter

Danny Lee
Mandu, Chiko

Fatima Popal
Café Bonaparte, Lapis, Malmaison, Lapop

Gavin Coleman
The Dubliner

Genevieve Villamora
Bad Saint

Geoff Dawson & Peter Bayne
Church Hall, Franklin Hall, Smoked & Stacked, Big Chief, Penn Social

Greg Algie
Fainting Goat, Tiger Fork, Calico, Primrose

Hilarey Leonard
Free State Bar, Lost & Found

Ian Hilton
Chez Billy Sud, The Brighton, The Brixton, Gaslight Tavern, El Rey, Satellite Room, American Ice Company, Ten Tigers Parlour, Player's Club

Jackie Greenbaum
Little Coco's, Bar Charley, Slash Run, El Chucho

James Alefantis
Bucks Fishing & Camping, Comet Ping Pong

Jeremy Carman
Sixth Engine

Jill Tyler
Tail Up Goat

Jocelyne DeHaas
Tryst Trading Company

John Snedden
Right Proper

John Solomon
Solly's Tavern

Jonathan Nelms & Laura Nelms
Supra

Josh Phillips & Kelly Phillips
Espita Mezcaleria

Kabir Amir & Swati Bose
Flight Wine Bar

Kyle Bailey
The Salt Line

Kyle Remmisong
Big Hunt

Lauren Winter & Sebastian Zutant
Primrose

Lizzie Evelyn
Ellē, Paisley Fig

Matthew McGovern & Rose Donna
The Wonderland Ballroom, The Dew Drop Inn

Mike Friedman & Mike O'Malley
Red Hen, All-Purpose

Nick Pimentel
Ellē, Room 11, Bad Saint

Owen Thomson
Archipelago

Patrice Cleary
Purple Patch

Paul Carlson
The Royal, Vinoteca

Paul Holder
Town Hall

Peter Pastan
2 Amys

Rachel Fitz & Sara Vallacorba
Anxo

Rose Previte
Compass Rose, Maydan

Steve Lambert
Rock & Roll Hotel

Tad Curtz
Etto, Garden District

Tiffany Maclsaac
Buttercream Bakeshop

Tim Ma
Kyirisan

Travis Croxton
Rappahannock Oyster Bar