



# The Iowa Policy Project

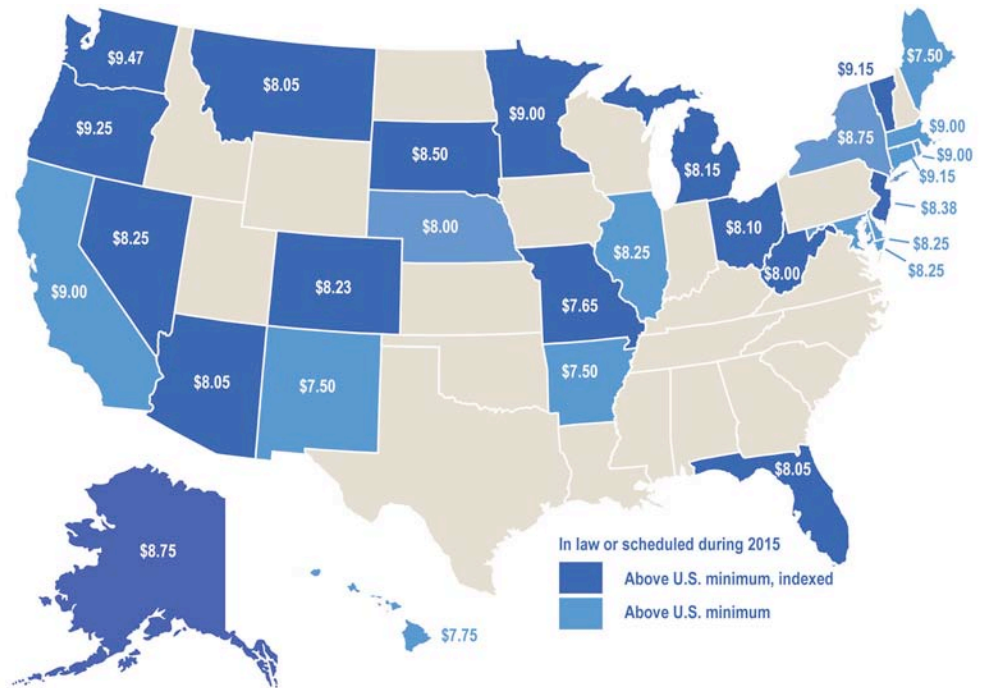
20 E. Market St. • Iowa City, Iowa 52245 • (319) 338-0773  
 www.iowapolicyproject.org

February 2015

## Iowa: Once a Leader, Now a Laggard on Minimum Wage

*Iowa's minimum wage has fallen behind.*

- Iowa's minimum wage last rose to \$7.25 on January 1, 2008, the second step of an increase passed in 2007. The federal minimum wage finally reached \$7.25 in late July 2009.
- At the time Iowa moved to \$7.25, only Illinois among neighboring states was higher.
- Now, no state minimum wage has lingered at \$7.25 longer than Iowa's. Five of the six states bordering Iowa have approved higher minimums.
- Twenty-nine states and Washington, D.C., have minimum wages set above the federal minimum wage.\*



Source: U.S. Department of Labor and National Conference of State Legislatures

**About 1 in 10 Iowans — 306,000 — would benefit from a wage increase to at least \$10.10.\*\***

**An increase would have the biggest impact on low-income households.**

### Who's Helped in Iowa by Raising the Minimum Wage?



**It Might Not Be Who You Think**

- 78%** are age 20 or over
- 43%** work full time
- 58%** are women
- 20%** have children

**On average, they earn 46% of their family's total income**

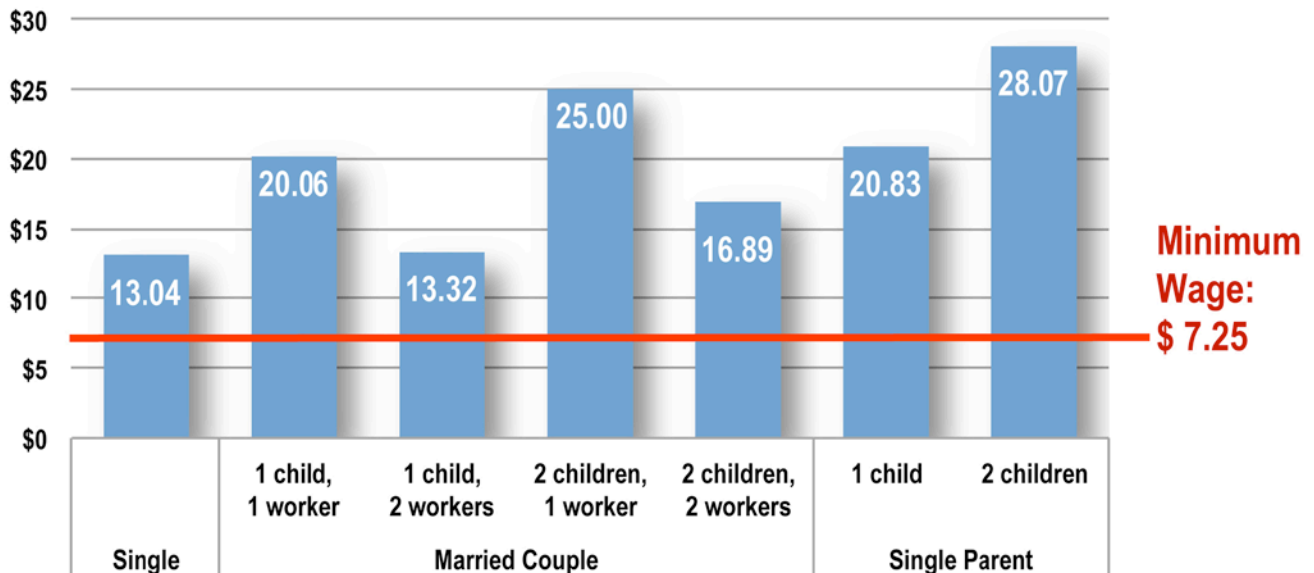
Note: Statistics describe civilian workers age 16+ in Iowa who would be affected by an increase in the federal minimum wage to \$10.10 over three years. See [epi.org/issues/minimum-wage](http://epi.org/issues/minimum-wage) for more details.

## Costs go up, while wages have not.

- Minimum wage doesn't come close to supporting a family's basic needs budget at Iowa's current cost of living. (See graph below.)
- A single parent of two children who is working a full-time job would need to make \$28.07 per hour just to cover basic, no-frills monthly expenses; \$56,135 annually before taxes and credits.\*\*\* Minimum wage pays less than \$15,000 per year.

### Minimum Wage Far Short of Hourly Wage Needed to Meet Basic Needs

Statewide Average, Iowa Family Without Employer-Provided Health Insurance



Source: *The Cost of Living in Iowa 2014*, The Iowa Policy Project

## Studies show a minimum wage increase would boost the overall economy.

- Increasing wages boosts demand for goods and services.
- Low-income workers are more likely than any other demographic to spend new earnings on necessities, funneling money back to businesses in the communities where they live.
- If the federal minimum wage had been increased to \$10.10 in 2013, analysts predicted that the increase would have grown the economy by \$22 billion.\*\*

## Iowans broadly support an increase in the minimum wage.

- 65% of Iowans favor raising minimum wage from its current \$7.25 an hour, according to a 2014 *Des Moines Register* poll.\*\*\*\*

\* U.S. Department of Labor, <http://www.dol.gov/whd/minwage/america.htm>

\*\* Economic Policy Institute, December 2013, <http://www.epi.org/publication/raising-federal-minimum-wage-to-1010/>

\*\*\* Iowa Policy Project, *The Cost of Living in Iowa 2014*, <http://www.iowapolicyproject.org/2014Research/140810-CostOfLiving.html>; assumes no work supports such as child care, housing, food or energy assistance.

\*\*\*\* *The Des Moines Register*, "65% favor higher minimum wage," March 1, 2014.