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.*

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 for more details.

Source: Economic Policy Institute

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

![Graph showing minimum wage far short of hourly wage needed to meet basic needs](image)

**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.****

*** Iowa Policy Project, *The Cost of Living in Iowa 2014*, [http://www.iowapolicyproject.org/2014Research/140810-CostOfLiving.html](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.