



# The Iowa Policy Project

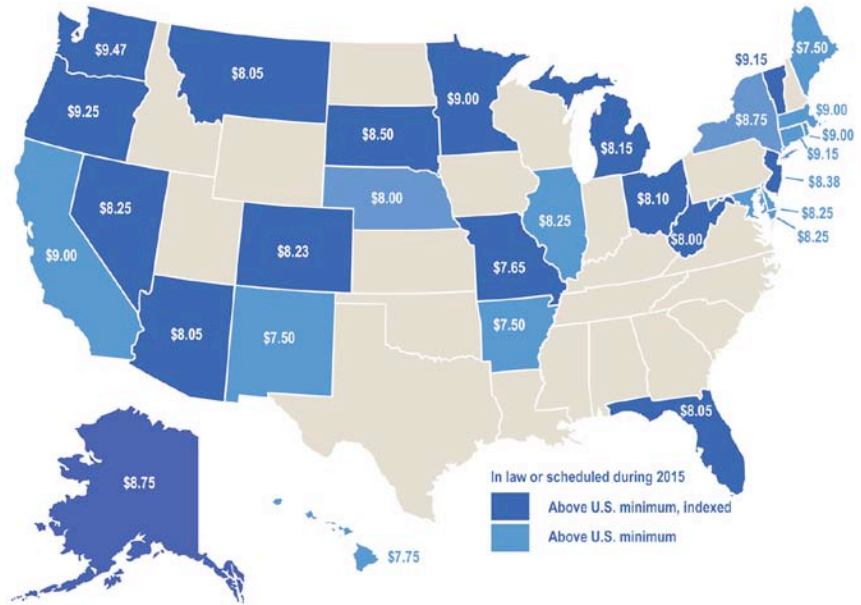
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## Iowa: Once a Leader, Now a Laggard on Minimum Wage

*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 U.S. minimum wage reached \$7.25 in late July 2009.
- When Iowa moved to \$7.25, only Illinois among our neighbors 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 436,000 Iowans would benefit from a wage increase to at least \$12.\*\***

- 28.6 percent of workers
- 359,000 Iowa workers directly
- 77,000 Iowa workers indirectly
- 436,000 Iowa workers in total — over 8 1/2 times the number of people working at the current minimum.

### Who Gains in Iowa with a \$12 Minimum Wage?



- 84%** are age 20 or over
- 56%** work full time
- 59%** are women
- 26%** have children

On average, they earn **54%** of their family's total income

Note: Statistics describe civilian workers age 16+ in Iowa who would be affected by a five-step increase in the federal minimum wage to \$12 over five years. See forthcoming report by David Cooper at [epi.org](http://epi.org) for more details.

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Source: Economic Policy Institute

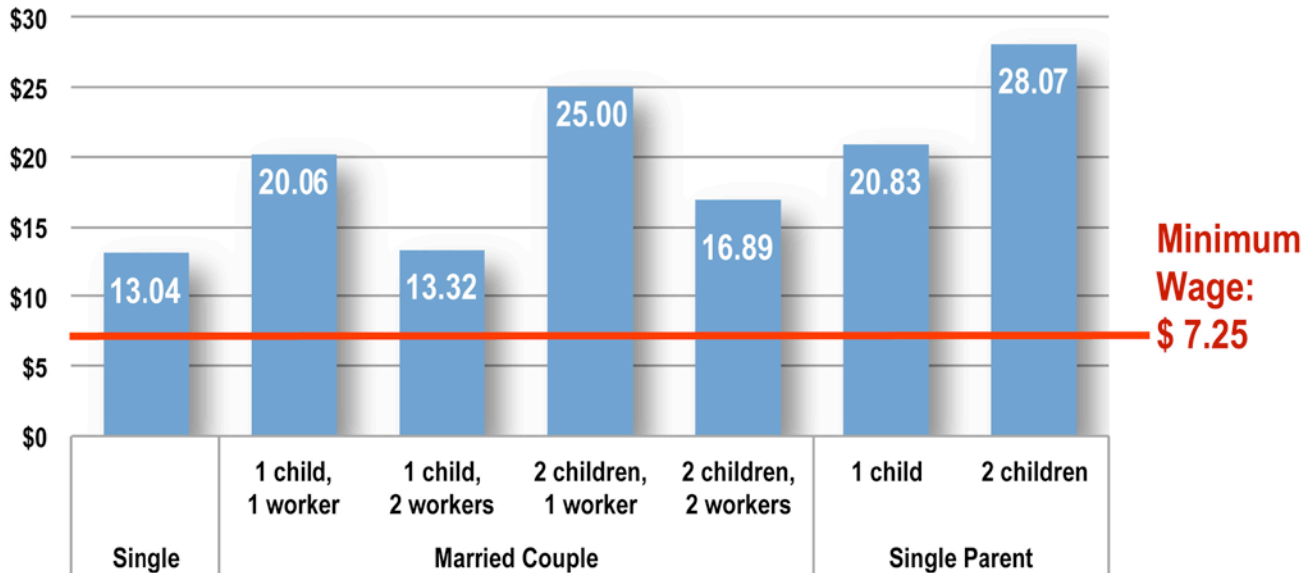
**An increase would have the biggest impact on low-income households.**

## Costs go up, while wages have not.

- Had it kept up with inflation since 1992, the Iowa minimum wage would now be \$7.91.
- *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>

\*\* David Cooper, 2015 (forthcoming). *Raising the Minimum Wage to \$12 by 2020 Would Lift Wages for 38 Million American Workers*.

\*\*\* 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.

\*\*\*\* Economic Policy Institute, February 2015. Also see Economic Policy Institute, December 2013, <http://www.epi.org/publication/raising-federal-minimum-wage-to-1010/> Note: Indirectly affected workers have an hourly wage just above the proposed minimum wage. They would receive a raise as employers adjusted pay scales upward to reflect the new minimum wage.

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