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 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., set minimum wages above the federal level.* Also, many local governments (including Johnson County, Iowa) have set higher minimums.

About 413,000 Iowans would benefit from a wage increase to at least $12.**

- 27.1 percent of workers
- 336,000 Iowa workers directly
- 77,000 Iowa workers indirectly
- 413,000 Iowa workers in total — over eight times the number of people working at the current minimum.

Who Gains in Iowa with a $12 Minimum Wage?

It Might Not Be Who You Think

84% are age 20 or over
56% work full time
58% are women
26% have children
On average, they earn
55% 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 July 2015 report by David Cooper at epi.org for more details.

Source: Economic Policy Institute

Source: U.S. Dept. of Labor and National Conf. of State Legislatures
Costs go up, while wages have not.

- Had it kept up with inflation since 1968, when it was $1.60, the national minimum wage would be $10.89.
- Minimum wage doesn’t come close to supporting a family’s basic needs. (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

<table>
<thead>
<tr>
<th>Statewide Average, Iowa Family Without Employer-Provided Health Insurance</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0</td>
</tr>
<tr>
<td>Single</td>
</tr>
<tr>
<td>13.04</td>
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**Minimum Wage:** $7.25

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.

** David Cooper, July 14, 2015. [Raising the Minimum Wage to $12 by 2020 Would Lift Wages for 35 Million American Workers](http://www.epi.org/publication/raising-the-minimum-wage-to-12-by-2020-would-lift-wages-for-35-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](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 to reflect the new minimum.
****** The Des Moines Register, “65% favor higher minimum wage,” March 1, 2014.