The State of Working Iowa

Wages: Iowa Needs a Raise

New report shows Iowa wage inequities rise

IOWA CITY, Iowa (July 23, 2018) — Iowa’s slow growth in jobs is not matched in workers’ paychecks, new analysis shows.

“The problem, in a nutshell, is that the policies and institutions that once ensured shared prosperity have broken down,” said Colin Gordon, senior research associate for the nonpartisan Iowa Policy Project (IPP) and a professor of history at the University of Iowa. Gordon is author of IPP’s State of Working Iowa series.

Gordon noted Iowa’s unemployment rate is below 3 percent and “underemployment” has dipped to its lowest levels in two decades.

“Unfortunately, none of this good news is showing up on the paystubs of Iowa workers,” Gordon said. “Wage stagnation, especially for those earning at the median wage or below, has plagued the Iowa and national economies since the 1970s. More troubling, the wage growth that has accompanied previous recoveries is nowhere to be seen in our long climb back from the Great Recession.

“As we have seen across the last business cycle, working families bear the brunt of economic downturns, and claim few of the rewards of economic growth.”

Gordon’s analysis, posted in the “Wages” section of IPP’s StateOfWorkingIowa.org website, finds:

- Iowa’s median wage ($17.33 in 2017) tracks below national and regional trends.
- From 1979-2017, wage growth is essentially flat for all but the highest-wage workers.
- Wage losses for men, as much as gains for women, helped to narrow the gender gap. In 1979, Iowa women made 62 cents for every dollar earned by men; by 2017, it was 85 cents.
- Low-wage workers in Iowa make about the same as low-wage workers elsewhere, but the highest-paid workers in Iowa fall further and further behind those in the region and U.S.
- While higher-educated workers are paid better — almost $9/hour more than workers with only a high-school diploma as of 2017 — pay has been roughly stagnant for those workers with bachelor’s degrees since the late 1990s.
- There is a $4.16 per hour gap overall in median pay between rural and metro workers.
- While public-sector unions are under attack, private-sector workers are even less protected: The share of the private workforce covered by union contracts has fallen by 73 percent just since 1983 — from 17.1 percent to just 4.6 percent.
“Education has contributed to a wage gap in Iowa, but the educational payoff has slowed for Iowa jobs,” Gordon said.

“In short, it is not the health of the economy that has battered Iowa’s workers,” Gordon said, “but a dramatic change in the distribution of its rewards. Increased productivity has not been shared with workers in the form of higher wages, as was common in previous eras, but captured in business profits.”

Gordon noted wage gains across the lowest-earning 80 percent of workers in Iowa rose from 5 to 7.7 percent over a 38-year span.

In recovery periods, fortunes diverged for lower-paid workers. All workers gained during the 1995-2000 upturn, Gordon said, while from 2000 to 2007, “wage gains were hoarded by the highest-paid 40 percent of workers.”

“Across the last business cycle, encompassing the recession of 2007-2009 and the recovery through 2017, we saw further losses — especially for middle-wage workers.”

Gordon said the patterns for Iowa are clear: stagnant wages since the 1970s and growing wage inequality, with little benefit to working Iowans in the long but slow recovery from the Great Recession.

“The causes are not hard to identify,” he wrote. “Shared prosperity rests on policies and institutions (collective bargaining, a decent minimum wage, strong labor standards, etc.) that sustain the bargaining power of workers. In the absence of those institutions, only exceptional stretches of full employment have interrupted slow wage growth, rising inequality, and growing economic insecurity.

“Just as clear is the fact that our public policies are contributing to the underlying problems, and not to the solutions. Rather than build bargaining power — and the prospects for Iowa’s working families — by respecting the rights of workers to organize, the Iowa Legislature has dramatically curtailed bargaining for public-sector workers. Not only has the Legislature failed to raise the minimum wage since 2008, they have pointedly barred local governments from raising wage and labor standards.”

The Iowa Policy Project is a nonpartisan, nonprofit public policy research organization based in Iowa City. Find reports at www.IowaPolicyProject.org, as well as these companion sites:

- StateOfWorkingIowa.org — The State of Working Iowa, job and income trends
- IowaFiscal.org — The Iowa Fiscal Partnership, joint budget and tax analysis project of IPP and the Child and Family Policy Center
- GradingStates.org — Grading the States, evaluating business climate rankings
- IowaPolicyPoints.org — Iowa Policy Points, IPP’s blog.

# # # # #

*Editors Note: On the following two pages are Figures 2, 3, 7 and 12 of the report, looking at concentration of wage gains at the top, the gender wage gap, demographic differences, and union coverage. If you need high-resolution versions of any of these, or other graphics in the report, please let us know and we will get them to you.*
Figure 2 of report:

Wage Gains Concentrated at the Top in Iowa

Wage Gains in Iowa, by percentile, 1979-2017

* Inflation adjusted using CPI-U-RS

For a deeper look, see the interactive graph — wage gains and Losses, by demographic, percentile and era

https://public.tableau.com/views/changeinrealwagesIAandUS/Dashboard1?:embed=y:&display_count=yes&publish=yes

Figure 3 of report:

Gender Wage Gap Narrows as Women Gain, Men Lose

Median Wage of Men and Women in Iowa, 1979-2017 (2017 dollars*)

* Inflation adjusted using CPI-U-RS
Figure 7 of report:

**Significant Wage Gaps by Gender, Race and Union Status**

*Median Wage by Demographic, Iowa 2016*

<table>
<thead>
<tr>
<th>Gender/Status</th>
<th>Median Wage</th>
</tr>
</thead>
<tbody>
<tr>
<td>All</td>
<td>$16.04</td>
</tr>
<tr>
<td>Male</td>
<td>$17.79</td>
</tr>
<tr>
<td>Female</td>
<td>$14.86</td>
</tr>
<tr>
<td>Bachelor's or higher</td>
<td>$23.85</td>
</tr>
<tr>
<td>Some college</td>
<td>$14.88</td>
</tr>
<tr>
<td>High school</td>
<td>$14.24</td>
</tr>
<tr>
<td>Less than high school</td>
<td>$10.68</td>
</tr>
<tr>
<td>White</td>
<td>$16.69</td>
</tr>
<tr>
<td>African American</td>
<td>$12.52</td>
</tr>
<tr>
<td>Hispanic</td>
<td>$12.81</td>
</tr>
<tr>
<td>Union</td>
<td>$19.21</td>
</tr>
<tr>
<td>Non-Union</td>
<td>$15.61</td>
</tr>
</tbody>
</table>

*Source: Economic Policy Institute analysis of Current Population Survey data*

*2016 dollars — Note, due to sample size for some subgroups, 2016 data were used*

Figure 12 of report:

**Union Protection Declines for Iowa Workers**

*Union Coverage Rates in Iowa, 1983-2017*

*Source: Unionstats.com (Union data compilations from the 2017 CPS)*