
2. Wages and Jobs in Iowa

In a democracy, the health of an economy is measured not just by its ability to grow, to produce goods and services, or to create jobs, but also by the experience and the economic well being of its workers and its working families. In this sense, economic growth is less important than the ways in which its benefits are distributed. And job creation is less important than the kinds of jobs that are being created and the wages that they pay. This is especially true in the United States, a nation that has always relied heavily upon private employment to ensure economic security. And it is especially true in recent years, as even basic social assistance is increasingly organized around the assumption or expectation of gainful employment.

This raises some obvious questions. What kinds of jobs do we have? What are we paid? How are we, and our families, faring in the “new” economy? And how do we, as a state, compare with the nation and our regional peers?

Wages and Wage Trends

In many respects, the answers to these questions bring better news than we have been accustomed to in recent years. For Iowa and the nation, the median wage (half earn more than the median, half earn less) has grown steadily in the 1990s (and impressively since 1995), reversing (but not erasing) nearly 15 years of wage stagnation. Nationally, the median wage is still marginally below the 1979 level; for Iowa, it remains a full 5 % lower (see Table 2.1).

Table 2.1
Median Hourly Wage: Iowa and Peers, 1979-1999 (in 1999 dollars)

	1979	1989	1999	Percent changes		
				1979-89	1989-99	1979-99
U.S.	\$11.89	\$11.60	\$11.87	-2.4%	2.4%	-0.2%
Minnesota	12.39	11.92	13.45	-3.7	12.8	8.6
Illinois	13.33	12.39	12.43	-7.0	0.3	-6.7
Missouri	11.53	10.73	11.89	-7.0	10.8	3.1
Wisconsin	12.43	11.07	11.84	-11.0	6.9	-4.8
Indiana	11.78	10.66	11.69	-9.5	9.7	-0.8
Iowa	11.59	10.35	11.01	-10.7	6.4	-5.0
Kansas	11.34	10.90	10.89	-3.9	-0.1	-4.0
Nebraska	10.89	9.78	10.43	-10.2	6.7	-4.2
South Dakota	9.54	8.92	10.05	-6.5	12.6	6.1

Source: Economic Policy Institute

In Iowa, low-wage workers (those at the 20th percentile—that is, 20% of workers earned less, 80% earned more) outpaced national gains for this group *and* made up for their losses in the 1980s. Nationally, the inflation-adjusted hourly wage for these workers in 1999 was still 3.3% lower than in 1979; for Iowa, it was 4.1% higher (see Table 2.2), though a gain of 31 cents per hour in 20 years is hardly cause for celebration. Iowa has remained about in the middle within the region on this measure.

Table 2.2
20th Percentile Wage: Iowa and Peers, 1979-1999 (in 1999 dollars)

	1979	1989	1999	Percent change		
				1979-89	1989-99	1979-99
U.S.	\$7.61	\$6.97	\$7.35	-8.5%	5.6%	-3.3%
Minnesota	7.85	7.43	8.44	-5.3	13.6	7.5
Wisconsin	7.85	6.74	7.89	-14.1	17.1	0.6
Indiana	7.60	6.60	7.80	-13.2	18.1	2.5
Missouri	7.37	6.54	7.77	-11.2	18.8	5.5
Iowa	7.46	6.40	7.77	-14.1	21.3	4.1
Illinois	8.44	7.29	7.75	-13.7	6.4	-8.1
Nebraska	7.25	6.33	7.22	-12.6	14.1	-0.3
Kansas	7.59	6.63	7.12	-12.6	7.3	-6.3
South Dakota	6.83	5.82	7.10	-14.8	21.9	7.1

Source: Economic Policy Institute

Higher paying jobs in Iowa—those that pay above the median wage—pay less than elsewhere. The 80th percentile wage in Iowa (the wage rate that separates the highest 20% of workers from the lowest 80%) was \$17.35 in 1999, compared to the national average of \$19.93 (see Table 2.3). Nationally, the 80th percentile wage rose almost 5% from 1979 to 1999, but in Iowa it fell

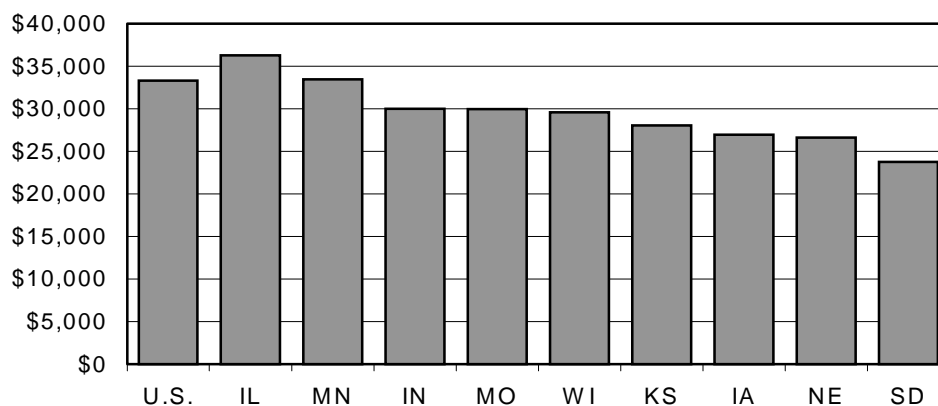
Table 2.3
80th Percentile Wage: Iowa and Peers, 1979-1999 (in 1999 dollars)

State	1979	1989	1999	Percent changes		
				1979-89	1989-99	1979-99
U.S.	\$18.99	\$19.28	\$19.93	1.5%	3.4%	4.9%
Minnesota	19.20	20.07	21.75	4.6	8.4	13.3
Illinois	20.97	20.17	21.15	-3.8	4.9	0.8
Missouri	18.84	17.72	18.85	-5.9	6.3	0.0
Wisconsin	18.57	17.71	18.79	-4.6	6.1	1.2
Indiana	18.12	17.19	18.78	-5.1	9.3	3.7
Kansas	17.37	17.54	18.05	1.0	2.9	3.9
Iowa	18.04	16.29	17.35	-9.7	6.5	-3.9
Nebraska	16.86	16.25	16.95	-3.6	4.3	0.5
South Dakota	15.68	14.25	15.93	-9.1	11.8	1.6

Source: Economic Policy Institute

almost 4%. This helps to explain why average annual earnings in Iowa, which were just under \$27,000 in 1999, are nearly \$6,000 below the national average and rank 7th in the region (see Figure 2.1). The lower pay in Iowa for jobs with wages above the median brings down the overall Iowa average. A lower cost of living in Iowa accounts for only about a third of the \$6,000 earnings gap. (The cost of living is discussed more fully in the appendix.) Furthermore, the gap is not due to lower average number of hours worked per year; Iowa differs little from national averages in this regard.

Figure 2.1
Average Annual Pay in 1999: Iowa, U.S., and Peers



Source: Bureau of Labor Statistics

All of this underscores the unhappy reality behind Iowa's low unemployment and recent economic growth: Despite pockets of improvement (particularly for low-wage workers), working Iowans generally earn less than do their national or regional peers. This is not just a statistical curiosity, but a stark reality that ripples through the social and economic life of the state and its citizens. Working Iowans must either accommodate themselves to a slipping standard of living, or work more hours. Increased working hours, often among multiple family members, compromises the stability and quality of family life. And many workers (particularly the states' younger and more mobile workers) are more likely to look outside Iowa for employment.

Finally, we should note that the wage picture—across the income spectrum—is complicated by shifts in other forms of compensation, especially pensions and health insurance. Total compensation (wages plus benefits) is dampened as employers reduce the value of health insurance and pension benefits and force workers to shoulder more of their direct costs. When this is taken into account, the 2.6% annual rate for wage growth since 1995 (national figures) falls to just 1.9%. While the real value of pension and health coverage grew steadily (5-7% annually) between 1948 and 1979, this growth slowed to just over 1% in the 1980s, and since 1989, has *fallen* at just over .5% annually (with most of the losses in the last five years).

Private sector health coverage peaked at just over 70% of the workforce in the late 1970s (again, these are national figures). It is now about 63%, a slight increase since 1995 but essentially the same as it was in 1989. Private sector pensions covered just over 50% of workers in 1979; this percentage dipped to 45% in the late 1980s, and is now just under 50%.

Such developments are often hard to untangle because they involve aggregate measures of coverage, volatile costs, complex mechanisms for cost sharing between employers and employees, and both quantitative and qualitative measures of the value of various kinds of health provision. We can say, however, that both the scope and value of employer coverage has stagnated or slipped in the last decade, and that the direct cost to workers of such benefits (especially health care) has risen steadily.

Job Quality

Despite the modest improvement in 20th percentile wages in recent years, over one-quarter of Iowa's workers still toil at poverty level wages, as Table 2.4 attests. This rate is close to the national average but higher than that of most of Iowa's regional peers—and certainly much higher than one would suspect of a state boasting an unemployment rate of less than 3%. As in the region as a whole, Iowa's share of poverty-level jobs grew dramatically in the 1980s, encompassing well over one-third of all workers by 1989. This share dropped just as dramatically in the 1990s. Once again, the recent gains claimed by low-wage workers are impressive only when using the misery of the 1980s as a benchmark; compared to 1979, we are little better off.

Table 2.4
Share of Workers Earning Below the Poverty Level Wage*: Iowa, U.S. and Peers

	1979	1989	1999	Percentage change		
				1979-89	1989-99	1979-99
U.S.	23.7%	28.5%	26.8%	4.9%	-1.7%	3.1%
Minnesota	21.9	26.2	18.7	4.3	-7.5	-3.2
Wisconsin	21.6	30.3	22.7	8.7	-7.5	1.1
Illinois	17.6	25.5	23.9	7.8	-1.6	6.3
Indiana	24.2	34.8	24.3	10.5	-10.4	0.1
Missouri	26.2	33.0	24.7	6.8	-8.4	-1.5
Iowa	25.7	35.4	25.1	9.6	-10.3	-0.7
Kansas	24.6	32.1	29.9	7.5	-2.2	5.3
Nebraska	28.4	38.4	30.6	10.0	-7.8	2.2
South Dakota	37.4	43.5	32.2	6.1	-11.3	-5.2

*The hourly wage needed by a single earner working full time, year round in order to keep a family of four above the poverty line. In 1999, this was \$8.20/hour.

Source: Economic Policy Institute

The low-wage labor market is disproportionately a female labor market; over 60% of the workers earning below the poverty level wage in Iowa are women (see Table 3.5 on page 45). We explore this issue later in this chapter. Race is also a factor; non-whites represent about 7% of all workers in Iowa, but almost 10% of those working below the poverty wage.

The current low-wage economy is in part a product of the longstanding national drift from high-wage manufacturing employment to lower-wage (and often no-benefit) service employment. In Iowa and the nation, this pattern of “deindustrialization” slowed in the 1990s. In Iowa, manufacturing’s share of total employment continued to decline (see Figure 1.4 on page 11). Services accounted for 53% of non-farm wage and salary job growth between 1979 and 1999 (see Table 2.5), and most of the increased service employment was in sectors paying well below the average weekly pay, which was \$519 in Iowa in 1999.

Retail trade, a very low wage sector, contributed 19% of the job growth over the twenty-year period. The only sectors that accounted for more than 5% of job growth and that paid *above* the average weekly pay were FIRE (Finance, Insurance and Real Estate) and government. As we shall see later in this chapter, the persistence of the low wages reflects in part the weakened bargaining power of workers. Note that, in Table 2.4 above, the region’s highest poverty-level wage shares belong to its four right-to-work states: Iowa, Kansas, Nebraska, and South Dakota.

Table 2.5
Growth in Non-farm Wage and Salary Employment in Iowa, 1979-1999

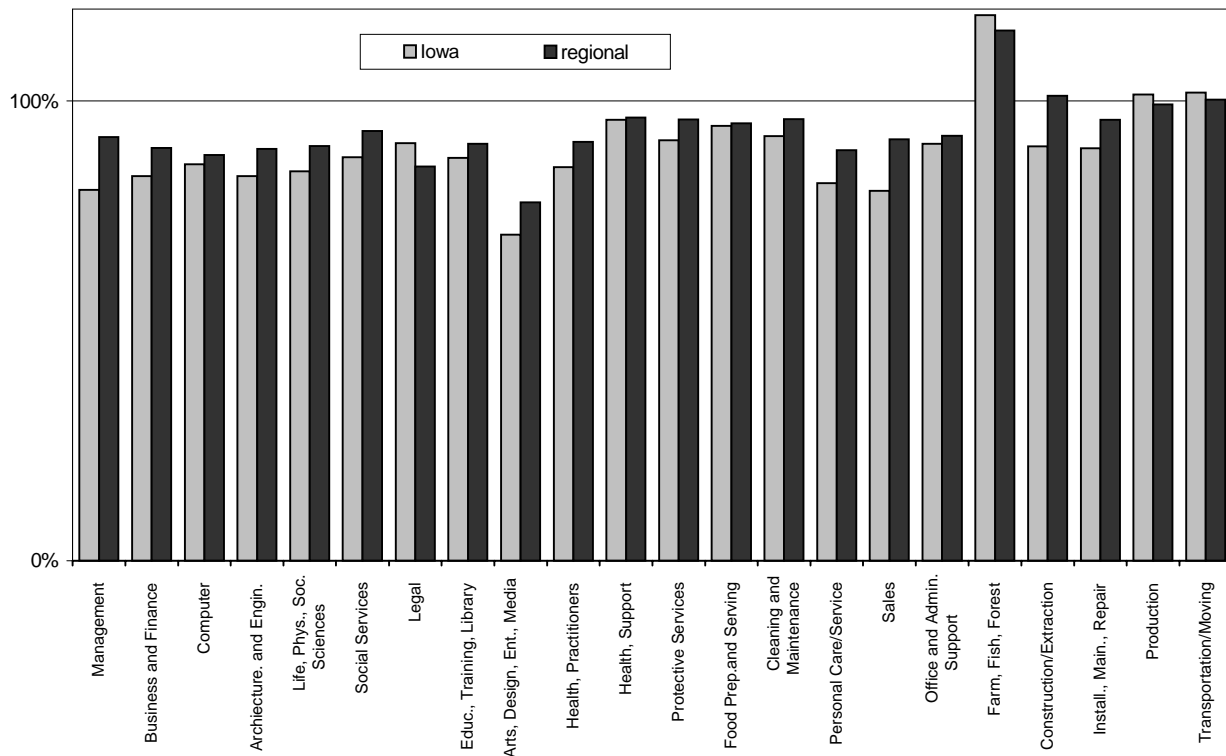
	Ave. Weekly Pay, 1999	Employment (thousands)			Job Growth		Share of Job Growth 1979-99
		1979	1989	1999	1979-89	1989-99	
Total Nonfarm	\$519	1,186.9	1,253.5	1,530.8	66.5	277.4	100.0%
Agricultural services	347	5.2	7.9	12.4	2.7	4.5	2.1
Mining	690	2.6	2.0	2.1	-0.6	0.1	-0.2
Construction	612	61.7	42.7	68.6	-19.0	25.9	2.0
Manufacturing	674	262.1	236.3	261.6	-25.8	25.3	-0.2
Transport. & utilities	648	59.2	56.7	73.3	-2.5	16.6	4.1
Wholesale trade	692	78.9	81.1	86.4	2.1	5.3	2.2
Retail trade	272	214.9	235.8	280.1	21.0	44.3	19.0
FIRE	708	60.4	70.6	88.3	10.2	17.8	8.1
Services	443	225.2	291.0	408.2	65.8	117.2	53.2
Business services	422	21.7	36.2	79.3	14.4	43.1	16.7
Health services	550	77.1	95.7	118.9	18.6	23.2	12.2
Social services	287	14.0	22.1	37.0	8.1	14.9	6.7
Amusement & rec.	291	8.6	11.3	24.7	2.7	13.4	4.7
Education services	416	13.7	23.3	29.5	9.6	6.2	4.6
All other services	431	90.1	102.4	118.8	12.3	16.3	8.3
Government	560	216.7	229.4	249.8	12.7	20.4	9.6

Source: Bureau of Economic Analysis; Bureau of Labor Statistics

To what extent are Iowa’s low average earnings and relatively low median wage a result of lower wage rates for the same occupation, rather than a disproportionate share of lower wage industries? Figure 2.2 shows the average annual earnings for the 22 major occupational groupings used by the Bureau of Labor Statistics. It is clear that Iowa’s average annual wage for a wide range of occupations is below the average for the region, and that the regional average itself is well below the national average (with a few exceptions). This is particularly true for occupations generally requiring education beyond high school, and is probably a substantial part of the explanation for the exodus of college graduates—they are paid better elsewhere.

The picture remains the same if one looks at median hourly wage rates rather than average annual earnings. Wage rates in Iowa are below the national median wage in 19 of the 22 occupational categories, and for 10 of these occupations, wages are more than 10% below the national wage. For 12 occupational groupings, Iowa ranks 7th or lower in the region.

Figure 2.2
Average Annual Earnings in Iowa and its Region as a Percent of National Average, by Major Occupational Group, 1999



Source: Authors' calculation from Occupational Employment Wage Estimates (BLS)

A look at specific occupations within these 22 occupational groupings reveals considerable variation. Table 2.6 shows the median hourly wage, for Iowa and the U.S., for the 40 non-supervisory occupations that accounted for the most employment in Iowa in 1999. It also shows how Iowa's wage ranks nationally, and the Iowa wage as a percentage of the national median wage for each occupation. A few occupations in Table 2.6 stand out because Iowa ranks well and the wage is significantly above the national median: some truck drivers, meat packers, team assemblers, laborers and freight handlers, and packers and packagers. But for many other occupations, Iowa fares poorly. Registered nurses faced a median wage in Iowa of just \$16.76 in 1999, which placed Iowa 50th among the 50 states. For a number of other occupations, Iowa ranked 30th or below and the Iowa wage was less than 92% of the national: cooks and food preparation workers, licensed practical and vocational nurses, elementary school teachers, teacher assistants, secretaries, several clerical occupations, accountants, customer service representatives, telemarketers, auto mechanics, carpenters, and machinists.

Table 2.6
**Median Hourly Wage for the 40 Largest Non-Supervisory Occupations:
 Iowa and the U.S., 1999**

Occupation	Iowa Employment	Median hourly wage			Iowa's Rank
		Iowa	U.S.	Ratio: Iowa/U.S.	
Retail Salespersons	43,630	\$7.32	\$7.66	0.96	38
Cashiers	36,100	6.32	6.68	0.95	44
Waiters and Waitresses	21,450	5.98	6.07	0.99	34
Cooks, Institution and Cafeteria	7,230	7.52	7.89	0.95	35
Cooks, Restaurant	7,530	7.24	8.05	0.90	41
Food Preparation Workers	13,490	6.55	7.23	0.91	39
Combined Food Preparation and Serving Workers	20,500	6.29	6.30	1.00	24
Counter Attendants, Cafeteria, Food Concessions	8,440	6.24	6.46	0.97	33
Janitors and Cleaners, Except Maids and Housekeepers	20,620	7.99	7.90	1.01	22
Maids and Housekeeping Cleaners	10,300	7.02	7.03	1.00	23
Registered Nurses	26,860	16.17	20.33	0.80	50
Licensed Practical and Licensed Vocational Nurses	7,060	12.00	13.39	0.90	38
Nursing Aides, Orderlies, and Attendants	19,310	8.13	8.29	0.98	26
Elementary School Teachers, Except Special Education**	7,910	32,180	37,070	0.87	40
Teacher Assistants**	18,670	14,960	16,420	0.91	33
Sales Representatives, Wholesale and Manufacturing	9,390	16.37	17.91	0.91	34
Customer Service Representatives*	18,860	9.81	11.30	0.87	38
Accountants and Auditors	8,750	16.76	19.16	0.87	40
Executive Secretaries and Administrative Assistants*	11,690	12.62	14.21	0.89	31
Secretaries, Except Legal, Medical, and Executive	16,380	9.96	11.18	0.89	34
Office Clerks, General	29,700	9.32	9.77	0.95	28
Bookkeeping, Accounting, and Auditing Clerks	22,260	9.98	11.53	0.87	41
Shipping, Receiving, and Traffic Clerks	7,840	9.86	9.99	0.99	27
Production, Planning, and Expediting Clerks	7,420	14.60	14.47	1.01	17
Receptionists and Information Clerks	10,530	8.32	9.26	0.90	38
Stock Clerks and Order Fillers	17,530	7.57	8.35	0.91	43
Telemarketers*	11,320	7.65	8.91	0.86	40
Industrial Truck and Tractor Operators	10,610	11.74	11.49	1.02	23
Truck Drivers, Heavy and Tractor-Trailer	25,950	15.94	14.74	1.08	5
Truck Drivers, Light Or Delivery Services	12,260	10.64	10.33	1.03	16
Maintenance and Repair Workers, General	13,110	11.39	11.99	0.95	30
Automotive Service Technicians and Mechanics	7,170	11.63	13.62	0.85	44
Carpenters	8,150	13.13	15.35	0.86	30
Machinists*	7,040	11.85	14.30	0.83	44
Welders, Cutters, Solderers, and Brazers	7,960	12.24	12.58	0.97	30
Slaughterers and Meat Packers***	11,470	9.82	9.18	1.07	5
Construction Laborers*	8,640	10.50	10.85	0.97	22
Team Assemblers	24,050	10.86	9.95	1.09	5
Laborers and Freight, Stock, and Material Movers, Hand	24,980	9.36	8.75	1.07	15
Packers and Packers, Hand	13,080	7.80	7.20	1.08	8

*Rank is out of 49 states (data for one state not available)

**Average annual pay rather than hourly wage. Rank is out of 48 states for teachers, 49 states for teachers' assistants (data for one or two states not available)

***Rank is out of 34 states (data for 16 states not available)

Source: Bureau of Labor Statistics

Equally troubling are the State of Iowa's projections for future job growth. Of the 25 occupations with the largest number of projected annual job openings over the 10 year period 1998-2008, 14 paid less than \$10 per hour in Iowa in 1998 (see Table 2.7). Indeed, 11 of these occupations, accounting for over half of the job openings in Table 2.7, paid less than \$8.01, the hourly wage needed to keep a family of four above the poverty line in 1998. If we look at all occupations instead of just the top 25, we find that Iowa Workforce Development projects about 65,700 annual job openings in total. Of these, 48% are in occupations that paid less than \$10.00 per hour in 1998, 41% paid less than \$9.00, 32% paid less than the poverty level wage of \$8.01, and 17% paid less than \$7.00.

Table 2.7
Projected Job Growth in Iowa, 1998-2008
 Top 25 Occupations Ranked by Median Hourly Wage

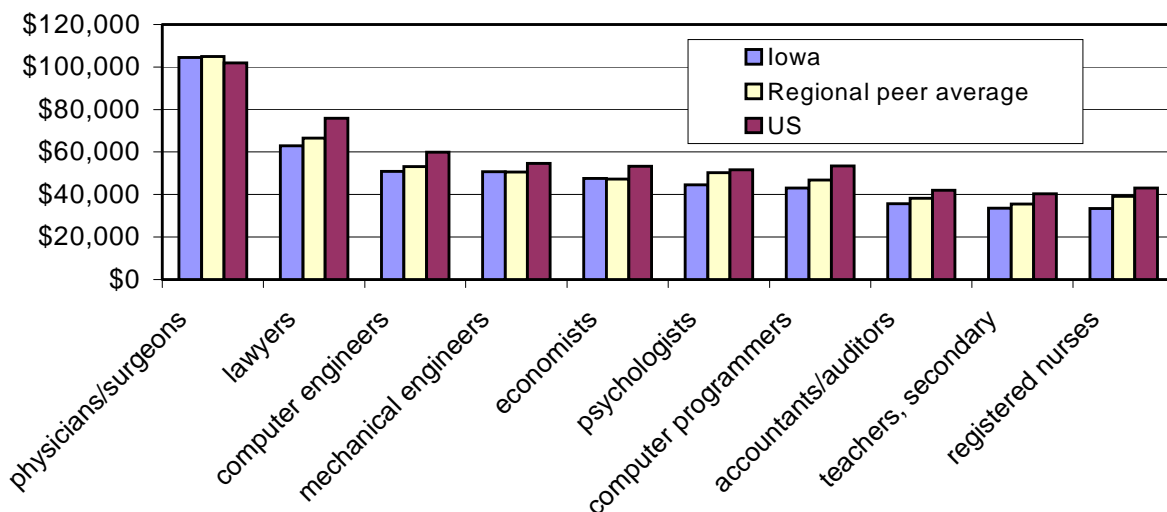
Occupation	Annual Job Openings		Median Hourly Wage, 1998
	Number	Rank	
Waiters and Waitresses	1,685	3	\$5.80
Counter Attendants, Lunchroom or Cafeteria	535	25	5.97
Food Service Workers, Fast Food	1,215	7	6.01
Child Care Workers	1,010	9	6.12
Food Preparation Workers	975	11	6.25
Cashiers	2,400	1	6.32
Retail Salespersons	2,365	2	7.12
Hand Packers and Packagers	595	22	7.50
Telemarketers Related Workers	1,560	5	7.64
Nursing Aides, Orderlies, and Attendants	610	20	7.78
Janitors and Cleaners	780	15	7.90
<i>Poverty wage in 1998</i>			<i>8.01</i>
Laborers, Landscaping and Groundskeeping	545	24	8.24
Helpers, Laborers, and Material Movers	1,090	8	8.65
Office Clerks, General	1,435	6	8.84
Assemblers and Fabricators	990	10	10.07
Truck Drivers, Light	725	18	10.23
Carpenters	765	16	11.41
Truck Drivers, Heavy	840	13	12.10
Marketing and Sales Workers Supervisors	855	12	12.56
Office and Administrative Support Managers	730	17	13.92
Registered Nurses	820	14	15.53
Managers and Administrators, NEC	565	23	18.53
Teachers, Elementary School	675	19	18.90
Teachers, Secondary School	600	21	19.92
General Managers and Top Executives	1,595	4	21.16

Source: Iowa Workforce Development; Bureau of Labor Statistics

The Professional Gap

Professional incomes provide another important index of Iowa's recent wage and employment record. A comparison of professional incomes in Iowa with national and regional averages is especially apt given the recent political attention devoted to the question of teachers' salaries. As Figure 2.3 shows, only Iowa physicians outpace their national peers, and in only three of the selected professions (physician, mechanical engineers, and economists) do Iowans approach or surpass their regional peers.

Figure 2.3
Selected Annual Professional Incomes
Iowa, U.S., and Regional Average, 1998



Source: Iowa Workforce Development

Salaried professionals, of course, are not as easily targeted by public policy. Certainly, efforts can and should be made in the public sector (education, for example) where professional wages both lag significantly behind national and regional norms and pose serious recruitment and retention problems. Teachers' salaries in Iowa rank 35th in the nation. More seriously, in a state-by-state comparison of teaching salaries in rural school districts, Iowa ranks a dismal 43rd—a reflection of both low statewide salaries and the gap (nearly \$12,000 according to the national Rural School and Community Trust) between rural and urban salaries. Little wonder that fully a quarter of Iowa's new teachers leave the profession within three years—a rate of attrition nearly twice the national average.

Low professional incomes in Iowa means that both income inequity (the gap between low- and high-wage workers) and income differentials generated by educational attainment are lesser in Iowa. But it also means that the rewards of education are less pronounced in Iowa, increasing the likelihood that Iowa's college graduates will leave the state.

The Gender Gap

In Iowa, as in the nation, women have dramatically increased their participation in the labor force since the 1960s and—not nearly as dramatically—narrowed the gap between male and female earnings. Increased labor force participation is a matter of both need and opportunity. Given the coincidence of the “second wave” feminist movement and economic decline in the 1970s, it is hard to unravel how many women have moved into the labor force as a matter of right (or have been enticed by higher wages), and how many have been pressed into the labor force by declining male earnings and family incomes.

While the states in our comparison region generally have high participation rates, they also have somewhat low median annual earnings for women and relatively low ratios of women’s to men’s earnings (see Table 2.8). Iowa and Missouri are notable exceptions on the last measure; women in Iowa earn 76.4% of men, ninth best in the nation. The labor force participation rate for Iowa ranks 10th in the nation, but women’s median annual earnings in Iowa rank ahead only of Indiana, Nebraska and South Dakota in the region and 31st in the nation. More women are working but at lower rates of pay in Iowa, and only 28% are in managerial and professional occupations, where Iowa ranks 39th.

Table 2.8
Women’s Labor Force Participation and Wages,
 Iowa and Peers, 1998

	Median annual earnings, full-time, year-round workers	Percent of women in the labor force	Women’s annual earnings as a percent of men’s	National rankings			
				Median annual earnings, full-time, year-round workers	Percent of women in the labor force	Women’s annual earnings as a percent of men’s	Percent of women in managerial and professional occupations
Minnesota	\$26,241	70.1%	72.4%	11	1	24	5
Illinois	25,874	61.5	68.7	12	25	42	17
Missouri	24,421	62.7	75.4	21	20	11	8
Wisconsin	24,387	69.0	68.6	22	2	44	30
Kansas	23,403	65.5	70.2	25	11	34	26
Iowa	23,226	65.7	76.4	31	10	9	39
Indiana	22,082	61.5	66.7	39	25	48	44
Nebraska	21,651	66.6	71.4	41	7	29	43
South Dakota	20,171	68.1	70.9	49	3	31	44
United States	25,370	59.8	73.5				

Annual earnings for men and women are an average of 1996-1998, in 1998 dollars.
 Source: Institute for Women’s Policy Research.

How could Iowa rank so high on the ratio of women’s to men’s earnings (9th) and so low in terms of the median annual earnings of women (31st)? The answer is that Iowa ranks even lower in terms of the median annual earnings of men: at \$30,401 (the national average was \$34,517),

Iowa ranked 38th. This reflects the fact that much of the improvement in the earnings ratio since the late 1970s, in Iowa and the nation, was due to declining male wages rather than real gains made by women.

The gap between male and female wages reflects a number of factors, including patterns of occupational segregation, gender pay gaps within occupations, lower rates of unionization, and lesser or interrupted work experience. In Table 2.8, comparisons were made between men and women who worked full-time (at least 35 hours per week), year-round (50 weeks or more per year). Thus, the much higher rates of part-time work among women are not a factor in explaining the annual earnings differences in those tables. Occupational segregation, on the other hand, is a major factor. In Iowa, almost 70% of working women work in service, retail, or government employment; male employment is more evenly distributed across sectors, but is anchored in manufacturing. Indeed, those jobs with the highest concentration of female workers are also the jobs with the lowest wages (Table 2.9).

Table 2.9
Occupational Segregation and Wages in Iowa, 1998

Male Occupations	Percent Male	Hourly Wage	Female Occupations	Percent Female	Hourly Wage
Auto mechanic	98.9%	\$12.14	Child care worker	99.5%	\$6.52
Carpenter	98.6	12.24	Secretary	98.9	10.16
Electrician	97.9	16.55	Registered nurse	96.5	16.04
Construction labor	97.4	10.50	Receptionist	95.7	8.33
Mechanic	96.5	14.57	Hairdresser	95.7	8.67
Machinist	95.3	13.57	Typist	95.7	10.35
Truck driver	94.1	13.09	Bank teller	94.0	7.91
Welder	93.7	11.39	Bookkeeper	91.5	10.17
Farm manager	91.5	n/a	Data entry	90.9	8.75
Material handler	89.9	9.84	Nursing aide	89.8	7.94
Weighted Average		12.26	Weighted Average		10.28

Source: Iowa Commission on the Status of Women

Marked wage discrepancies persist within occupational and educational categories as well, although there is significant variation. Full-time, year-round women workers with Associate of Arts Degrees from Community Colleges, for example, earn only about 75% of the wages of men with the same educational background. Iowa women with professional degrees earn just 61% of comparable male wages.

The annual earnings of all women (not just full-time, year round workers) are brought down further by the fact that women are about twice as likely as men to work part time. In 1998, 27% of working Iowa women worked fewer than 29 hours per week, and 38% worked fewer than 35 hours. Of working Iowa men, on the other hand, just 13% worked fewer than 29 hours, and 20%

worked fewer than 35.¹ To the extent that women’s work hours reflect involuntarily part-time or temporary work, or are necessitated by the high cost of child care (which can consume most or all of a low-wage worker’s hourly take-home pay, particularly if more than one child is involved), there is still room for substantially increasing the labor contributions of Iowa women. The high labor force participation rate of Iowa women, in other words, is deceptive in that much of that participation is at a lower level, and could be increased with better jobs and more affordable child care

The Union Gap

Low wages are closely related to union status. Union representation and a stable collective bargaining relationship not only raise wages for organized workers, but also have a “spillover” effect on the wages of non-union workers. The benefits of unionization are not difficult to measure. In 1999, workers belonging to unions claimed a substantial wage advantage—30% for all full-time workers, even more for female, black, and Hispanic workers (see Table 2.10). The wage gap, in turn, tells only part of the story. Since unionized workers are much more likely to enjoy employment-based fringe benefits, the compensation gap between union and non-union workers is actually much larger.

At the same time, Table 2.10 also overstates the union advantage, because it does not allow for other factors (region, occupation, age, education, experience) that might contribute to higher wages for union workers. If we control for all of these factors—that is, if we narrow our comparison to workers in the same industry, in the same region of the country, at similar stages in their careers, with similar education and work experience—the union advantage is still about 15%, or just over \$1.40/hour.²

Table 2.10
Median Weekly Earnings (U.S.) by Union Affiliation, 1999

	Non-union workers	Union workers	Union advantage
All workers over 16	\$516	\$672	30%
Men	599	711	19
Women	449	608	35
White	534	692	30
Black	415	575	39
Hispanic	363	561	55

Source: Authors’ analysis of U.S. Census Data

Union density—the percentage of wage and salary workers who belong to a labor union—and right-to-work status are closely associated with wage levels. Median hourly wages range from \$10.05 to \$13.45 among the nine peer states (Table 2.11) and the lowest wages belong to the

¹ Bureau of Labor Statistics, *Geographic Profile of Employment and Unemployment, 1998*, Table 18.

² Economic Policy Institute, *The State of Working America 2000/2001*, page 183.

region's four right-to-work states.³ The same pattern holds for wages at the 80th percentile. For low-wage workers, the only exception to this pattern is that Iowa's 20th percentile wage is slightly higher than Illinois'. Furthermore, Iowa has much higher union density than the other three right-to-work states, and it has the highest wages among the four.

Table 2.11
**Selected 1999 Wage Percentiles, Ranked by Right-to-Work Status
 and Union Density: Iowa and its Peers**

	Wage at this percentile			Right-to-work?	Union density (1999)
	20 th	50 th	80 th		
Minnesota	\$8.44	\$13.45	\$21.75	no	19.3%
Wisconsin	7.89	11.84	18.79	no	18.7
Illinois	7.75	12.43	21.15	no	18.0
Indiana	7.80	11.69	18.78	no	15.7
Missouri	7.77	11.89	18.85	no	13.7
Iowa	7.77	11.01	17.35	yes	13.8
Nebraska	7.22	10.43	16.95	yes	8.8
Kansas	7.12	10.89	18.05	yes	7.9
South Dakota	7.10	10.05	15.93	yes	6.0

Source: EPI, *State of Working America*; Bureau of Labor Statistics

The fact that wages are higher in Iowa than in the three states to the west (Kansas, Nebraska and South Dakota) may also be due in part to the fact that Iowa labor markets are in closer proximity to the higher-wage labor markets of Minnesota, Wisconsin, and Illinois and Iowa employers must compete to an extent in those markets. Evidence of this effect can be found in the pattern of wages in the construction industry.⁴ Calculated as a percentage of a 30-city regional average, the wage rate for skilled construction trades in Iowa falls as one moves across the state from east to west. In Davenport, on the Illinois border and occupying the same labor market as Moline and Rock Island, Illinois, the average wage for skilled trades is over 91% of the regional average. In Cedar Rapids, 60 miles to the west, the wage falls to 84.5% of the average. In Des Moines, 100 miles further along the 1-80 corridor, the wage ratio falls to 80.9%. And in Council Bluffs and Sioux City, both on the Nebraska border, the wage falls to 71% and 68.1% of the average, respectively. It is also true that as one moves west across the state more of the construction jobs are non-union.

³ The National Labor Relations Act established basic representational and bargaining rights for workers in 1935, leading to a flurry of organizational gains. In 1947, a political backlash undermined workers' rights and opened the door for state-level right-to-work legislation. Iowa was one of 21 states to pass a right-to-work law. Such laws prohibit employers and unions from negotiating a union security clause, which requires (at a minimum) that every worker in the bargaining unit pay a fee to the union for services received. It is important to note that such clauses are not "automatic" in non-right-to-work states; it is simply legal in these states to negotiate such a clause.

⁴ Consultants (as a service to bidding contractors) generate a rich body of wage data for the construction industry. Data cited here come from R.S. Means *Labor Rates for the Construction Industry 2000*.

Nationwide, union membership has fallen steadily since the early 1970s, from a post-1945 high of nearly 30% of the labor force to the current level of just under 14%. The sources of this decline are complicated, and include deindustrialization, employer hostility, labor law administration, and organizing strategies. The consequences, however, are clear: the labor movement leans heavily on the public sector (where 38% of workers are organized) and claims barely 9% of the private workforce. As a result, blue-collar workers have lost relatively more ground—measured by union membership and by the lost “union wage” advantage.

The Education Gap

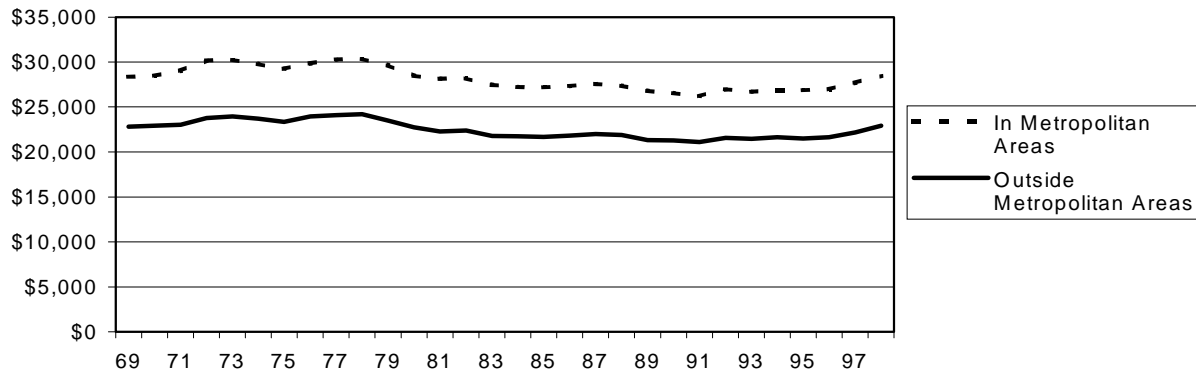
Education pays. In Iowa, median hourly wages are \$8.39 for those without a high school degree, \$10.00 for those with a high school degree, \$15.00 for those with a four-year college degree, and \$20.19 for those with an advanced degree. Higher education, however, appears not to be as well rewarded in Iowa as elsewhere. Iowa’s median wages for those with a high school education or some college work run close to national averages, while median wages for college graduates and those with advanced or professional degrees run well behind national averages. The gap between men and women narrows somewhat for those with a bachelor’s degree, but widens both for those with just a high school degree or less, and for those with advanced degrees.

As we have seen (Table 1.1), almost 90% of Iowa’s workers claim at least a high school education—a percentage that ranks well nationally and in the region. Only about 25.5% of Iowa’s workers, however, claim a four-year college degree or more—a rate that is about equal to the national average and sixth in the region. The relatively weak payoff for higher education in Iowa contributes to low average earnings and low wages at the 80th percentile. It is part of the reason why a state that is well educated on one measure—it graduates students from high school at a high rate—does not have more college graduates in its labor force.

The Rural Gap

As we set Iowa’s wage record against the regional and national experience, we should not lose sight of income variations within the state. As Figure 2.4 suggests, incomes in rural Iowa have trailed “metropolitan” incomes consistently and substantially. Adjusted to current dollars, the gap in annual per capita personal income has remained between \$5,000 and \$7,000. The income gap between non-adjacent rural counties (those not bordering a metropolitan county) and metropolitan counties is even greater, close to \$10,000 annually. And if we look at the percentage of each county’s workforce that is working at or near poverty wages, the rural counties stand out.

Figure 2.4
**The Rural Income Gap: Annual Per Capita Personal Income
 in Rural and Metropolitan Iowa, 1969-1999 (1999 dollars)**



Source: Bureau of Economic Analysis

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These factors—occupation, gender, education, union status, and urbanization—generate both wage inequities within the Iowa workforce and telling points of comparison for the Iowa experience. And, of course, they do not exist in isolation. In different ways, different workers—a single mother working a non-union service job, a rural farm wife with just a high school education—face compound disadvantages.

In turn, each of these issues pose significant challenges for public policy. And, of course, the target is not just good jobs at good wages but the quality of life—job satisfaction, leisure and family time, the provision of public goods, and community health—that such jobs help to sustain.

