



GUEST OPINION

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Note: A longer version of this piece is available on IowaPolicyPoints.org:

<http://iowapolicypoints.org/2014/04/10/basic-needs-and-the-minimum-wage/>

What Others are Saying:

What raising the minimum wage would do for workers

By Peter S. Fisher

Working full time is no guarantee that your family will be able to get by.

In fact, 1 in 6 Iowa households with a worker earned less than is needed to support a family at a very basic level. That is the finding of a report released Wednesday by the Iowa Policy Project.

The new report, part two of the 2014 edition of “The Cost of Living in Iowa,” used census data to estimate how many families earned less than is needed to pay for a no-frills basic standard of living — covering rent, food, transportation, child care, clothing and health care.

At least 100,000 Iowa families earn less than the basic-needs budget amount. For those families, the average shortfall — the break-even income amount minus what they actually earned — was over \$14,000.

So how would an increase in the minimum wage help such a family? A full-time wage earner at the current minimum wage of \$7.25 would see an increase of almost \$6,000 in annual income if the wage were raised to \$10.10. That’s a pretty good chunk of the average \$14,000 shortfall facing these families.

The situation facing Iowa’s single-parent families is much bleaker. Almost 3 in 5 — more than 27,000 families — fall short of the basic-needs level of income despite working at least half time, and 29 percent earn less than half the break-even level. The average working single parent’s earnings fall over \$21,000 short of what is needed.

How do such families get by? Some move in with relatives or find short-term strategies to survive, but many rely on work supports such as food assistance, hawk-i or Medicaid or the Affordable Care Act subsidies for health care, and the state’s Child Care Assistance program.

An increase in the minimum wage makes all employers responsible for providing something closer to what is needed for a worker to get by in today’s world.

— Peter Fisher, research director, Iowa Policy Project