



The Iowa Policy Project

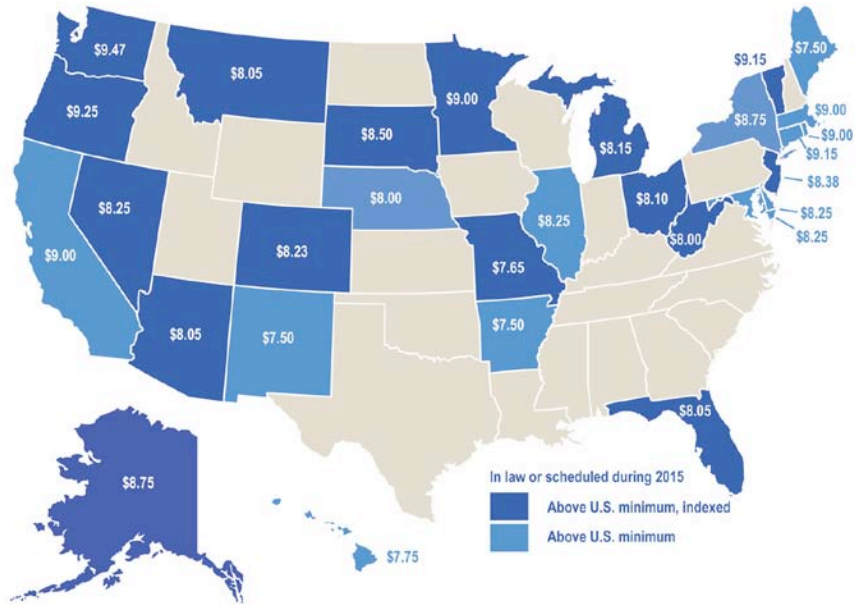
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March 2015

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 181,000 Iowans would benefit from a wage increase to at least \$8.75.**

- 12 percent of workers
- 112,000 Iowa workers directly
- 69,000 Iowa workers indirectly
- 181,000 Iowa workers in total — about 3 1/2 times the number of people working at the current minimum.

Who Gains by Raising Iowa's Minimum Wage to \$8.75?



It Might Not Be Who You Think

- 72% are age 20 or over
- 44% work full time
- 59% are women
- 20% have children

On average, they earn **44%** of their family's total income

Note: Statistics describe civilian workers age 16+ in Iowa who would be affected by an increase in the state minimum wage to \$8.75 by July 2016. See epi.org/issues/minimum-wage about a three-year increase to \$10.10.

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Source: Economic Policy Institute

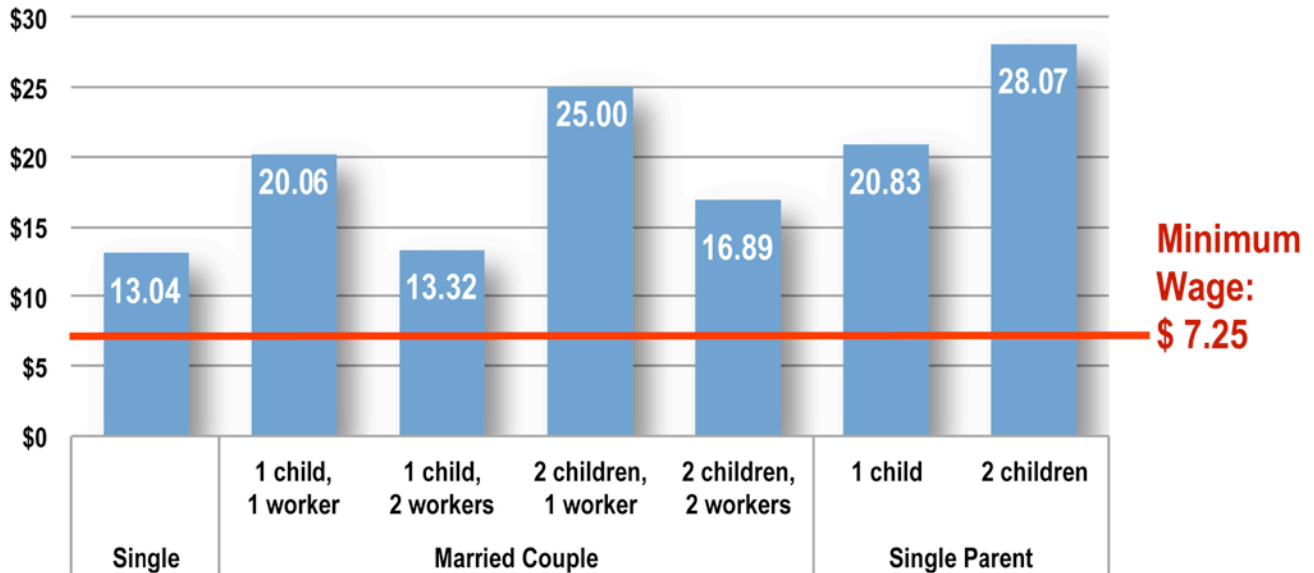
An increase would have the biggest impact on low-income households.

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>

** 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.

*** 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.

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