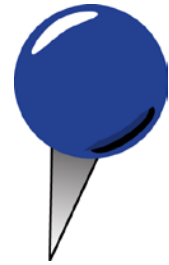




Iowa Policy Project

A Roadmap for Opportunity



Promoting economic security for Iowa workers

Iowa leaders have started turning their backs on the state's long and important role to enhance and protect the economic security of Iowa's workers. The state sets a minimum wage level, enforces wages and hours laws, manages a system to compensate injured workers, and establishes ground rules for collective bargaining by public- and private-sector workers. Lawmakers in recent years have seriously weakened these.

Iowa has long been a low-wage state. Since 2001, the median hourly wage for Iowa workers has stagnated at around \$17.00 (in 2017 dollars) and remained below both national and regional levels.¹ Gains in worker productivity have not been shared with Iowa workers, but have instead been captured by employers, as the real value of the minimum wage has eroded and the share of workers covered by a union contract has continued a long decline.

These trends are not the inevitable consequences of economic conditions; they are the result of public policy choices. Iowa could do much more to ensure that Iowa's workers earn a decent wage, are paid the wages owed, and receive adequate compensation when injured on the job. And it could do much more to allow workers to negotiate fairly and effectively with employers.

The Minimum Wage

The state minimum wage has been stuck at a meager \$7.25 per hour for over 10 years. In response to this lack of action by the state Legislature, four counties (including the two largest) enacted local minimum wages in 2015 and 2016 — ranging from \$10.10 to \$10.75.² But the Legislature in 2017 pre-empted any local government laws regulating wages or working conditions, rolling back the wages of at least 85,000 workers.³ A study of the minimum wage in Johnson County showed that the law in its 17 months significantly raised the weekly earnings of workers in restaurants, bars, hotels and motels, while having no discernible negative effects on employment, unemployment, retail sales, or the number of business establishments.⁴ A statewide minimum of \$12 would raise the wages of over 400,000 Iowa workers.⁵ Twenty-nine states now have a minimum wage above the federal level.⁶

Wage Theft

An estimated \$600 million each year is stolen from the paychecks of Iowa workers.⁷ This wage theft takes several forms: unpaid overtime, forced work off the clock, wages below the minimum, misclassification of employees as independent contractors, and simply failure to pay for work done. Many workers receive no pay stub or are paid in cash or a debit card, making it difficult to verify if they have been paid what they are owed. Wage theft is particularly prevalent in construction and in restaurants, bars and hotels. Despite the magnitude of the problem, the Legislature has failed to take any action.

Destination:

Reaffirming wage standards, workplace protections and bargaining rights for Iowa workers:

- **Raise the minimum wage.**
- **Devote necessary resources to enforce laws against wage theft.**
- **Protect workers by rebalancing workers' compensation.**
- **Restore bargaining rights for public-sector workers.**

Workers' Compensation

The workers' compensation system, managed by the State of Iowa, provides medical care, rehabilitation, and cash benefits covering lost earnings for workers who suffer an injury or illness related to their job. The Iowa system, created over 100 years ago with the support of both labor and business, has served the state well. The program is financed by employers, who formerly paid \$2.79 in workers compensation premiums for every \$100 they paid in wages in 1988; by 2014, the premium cost had fallen to \$1.88, and has changed little since.⁸ But at the behest of Tyson Foods and other low-wage manufacturers, the Iowa Legislature in 2017 made sweeping changes to the statute that make it harder for workers to file claims, narrow employers' liability, limit attorney fees, and reclassify specific injuries in order to dramatically reduce both the generosity and duration of benefits. A study of the effects of one change, reclassifying shoulder injuries, found that the typical worker with such an injury could expect to receive 75 percent less under the new rules. These changes will dramatically shift costs and risk from employers to workers and to taxpayers, who will have to pick up part of the cost of illness or injury when employees qualify for Medicaid, Medicare, or Social Security Disability Insurance.

Collective Bargaining

Iowa's public-sector collective bargaining law — the Public Employment Relations Act (Chapter 20) — was passed in 1974 with bipartisan support and signed by a Republican governor as a way of ensuring stability in public sector services and attracting and retaining the best school teachers, social workers, firefighters and public safety officers. Iowa's public-sector workers gave up the right to strike in return for a system that required collective bargaining for a broad range of issues related to wages and working conditions. The law has done its job, with 98 percent of contracts agreed to voluntarily. This did not deter the 2017 Legislature from gutting protections of Chapter 20. The law eliminates all mandatory subjects of bargaining except one, wages, and then only with a limit of 3 percent annual increases. It is now illegal to bargain over health insurance, staffing issues, supplemental pay, payroll deduction for dues, and certain other topics.⁹ Public-sector unions must now hold recertification elections, at the union's expense, before any new contract; a majority of all workers, instead of a majority of those voting, must vote yes, and a revote is not allowed for two years. The bill also weakens civil service protections and makes it more difficult to challenge disciplinary actions or terminations. By stripping employees of their rights and ensuring lower wages and benefits, the bill will deter many of the most qualified teachers and other workers from seeking a public-sector job in Iowa.

¹ Information in this paragraph is drawn from Colin Gordon, *The State of Working Iowa, Wages: Iowa Needs a Raise*. Iowa Policy Project, July 2018.

<https://stateofworkingiowa.org/wages-2/>

² Johnson (\$10.10), Linn (\$10.25), Polk (\$10.75), and Wapello (\$10.10). In addition, Lee County set a minimum of \$8.20 in 2017, as the state was preempting local laws. Supervisors of these counties represent about 30 percent of the state's labor force.

³ "Today's virtual House graphic: Who gains with local raises." Iowa Policy Project blog. <https://iowapolicypoints.org/2017/02/21/todays-virtual-house-graphic-who-gains-with-local-raises/>

⁴ Peter Fisher and John Solow, "Johnson County's Economic Performance before and after the Minimum Wage Increase." <http://www.johnson-county.com/WorkArea/DownloadAsset.aspx?id=23595>

⁵ "Iowa Once a Leader, Now a Laggard on Minimum Wage." Iowa Policy Project. Updated March 2016.

<http://www.iowapolicyproject.org/2016docs/160304-minwage-FS12.pdf>

⁶ <http://www.ncsl.org/research/labor-and-employment/state-minimum-wage-chart.aspx>

⁷ Colin Gordon, Matthew Glasson, Jennifer Sherer and Robin Clark-Bennett. *Wage Theft in Iowa*. Iowa Policy Project, August 2012.

<http://www.iowapolicyproject.org/2012docs/120827-wagetheft.pdf> See also this 2016 update: <http://www.iowapolicyproject.org/2015Research/150902-wagetheft.html>

⁸ Information in this paragraph is based on Emily Schott, Matthew Glasson and Colin Gordon, *Giving Workers the Cold Shoulder: Shifting the Cost Under Iowa Workers' Compensation Law*. Iowa Policy Project, August 2018.

⁹ University of Iowa Labor Center. *Quick Guide to Understanding Public Sector Bargaining under Iowa's New Law*.

https://www.iowaafcio.org/system/files/quick_guide_to_understanding_ia_public_sector_barg2018_1.pdf