



The Iowa Policy Project

20 E. Market St. • Iowa City, Iowa 52245 • (319) 338-0773
www.IowaPolicyProject.org

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CONTACT: Natalie Veldhouse or Peter Fisher, (319) 338-0773

1 in 5 Iowa working households' income below basic needs

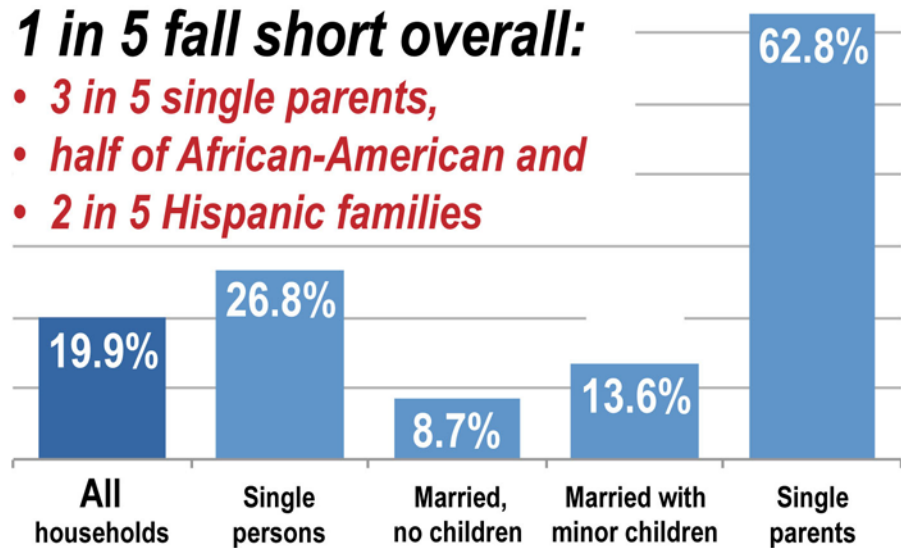
Cost of Living in Iowa: Biggest challenges for single-parent families

IOWA CITY, Iowa (Sept. 24, 2019) — Nearly 120,000 Iowa working households earn too little for a basic standard of living without public supports beyond health insurance, despite having one or more full-time wage earners in the family.

“One in five working households in our state cannot make ends meet on their earnings alone. For single parents, the numbers are even more daunting: Three in five families headed by a single working parent do not earn enough to meet a no-frills, basic-needs budget in Iowa,” said Peter S. Fisher, research director of the nonpartisan Iowa Policy Project (IPP) and co-author of the seventh edition of *The Cost of Living in Iowa*.

1 in 5 fall short overall:

- 3 in 5 single parents,
- half of African-American and
- 2 in 5 Hispanic families



The report by Fisher and IPP Research Associate Natalie Veldhouse finds that along with single parents, families of color face the greatest challenges.

“These results underscore two serious realities with implications for public policy,” Veldhouse said. “First, our minimum wage is too low and other pay standards, such as those that could be linked to public subsidies of private employers, are too low. And second, because so many cannot make it on their earnings, work supports — such as stronger access to child care assistance — are even more important.”

The report details how much working families must earn in order to meet their basic needs and underscores the importance of public work support programs for many Iowans, who despite their work efforts, are not able to pay for the most basic living expenses.

For example, a single person in Iowa needs, on average, about \$13 an hour in a full-time job to make a self-sufficiency household budget; while a single parent of one child needs about \$19.50 an hour, a parent of two \$22.41. A married, working couple of two or three children each need to make well above \$15 an hour just to make ends meet without public supports.

As in the past, the report takes a two-pronged approach to self-sufficiency in Iowa, looking not only at how much it takes to get by, but the share of working families that are able to meet those levels without public supports. This report, in addition to basic-needs budget estimates for 10 family types in each of Iowa's 99 counties, provides basic-needs or self-sufficiency wage estimates for those families.

The report is available at www.iowapolicyproject.org. Later this fall, IPP will release a second installment that examines the role of specific work-support programs and how reforms could improve their effectiveness.

Key findings of the report released Tuesday:

- One in five working households, or about 120,000 households with 300,000 Iowans, cannot make ends meet on their earnings alone.
- Single-parent families face a far greater challenge — more than 60 percent, or 3 in 5 — do not make a family-sustaining wage.
- By race, disparities are stark: Nearly 50 percent of African-American-headed working households and 43 percent of Hispanic-headed working households had incomes below a self-sufficiency level, compared to about 18 percent of white working households.
- In general, rural areas face a greater challenge than urban/suburban areas of the state, though the city of Des Moines has the greatest share — nearly 28 percent — of working families below a self-sufficiency level.
- Not only is the state minimum wage insufficient for any family on average to get by, but the median wage is not enough in some cases as well.
- The average gap between earnings and a basic-needs income ranges from about \$8,000 to \$17,000 per year.

“Our report is especially timely because the federal government will be releasing new state-level poverty data this week. Our research has repeatedly shown how severely the federal poverty guidelines understate a real-life poverty level for Iowa households,” Fisher said. “These findings reflect a need to raise wages and better support low-wage.”

Veldhouse said it was important to use the data in the report to better focus on public policy solutions that work for all Iowans.

“Public policies shape the disparities we have,” Veldhouse said. “The racial wage gap is only one of many. We also need to address segregation in employment, discriminatory housing policies and the weakened job market, particularly in union manufacturing jobs.”

The report is available at www.iowapolicyproject.org.

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