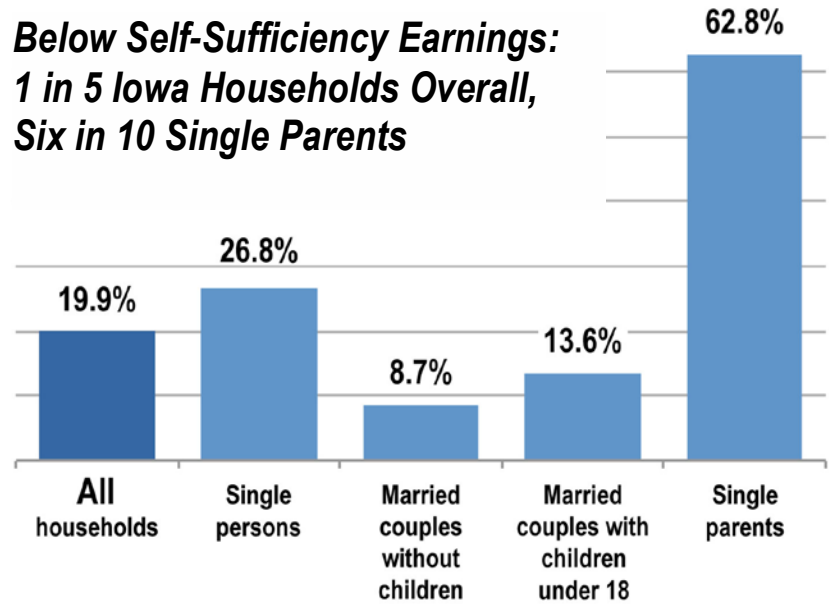


NOT EARNING ENOUGH TO GET BY

The Cost of Living in Iowa 2019: 1 in 5 Working Households Fall Short

Even with at least one full-time worker in the home, many Iowa working families struggle just to get by on a bare-bones, basic-needs budget. The latest *Cost of Living in Iowa* report from the Iowa Policy Project shows that nearly 120,000 Iowa working households earn too little for a basic standard of living without public supports beyond health insurance. Families of color, and families headed by single parents, face the greatest challenges.

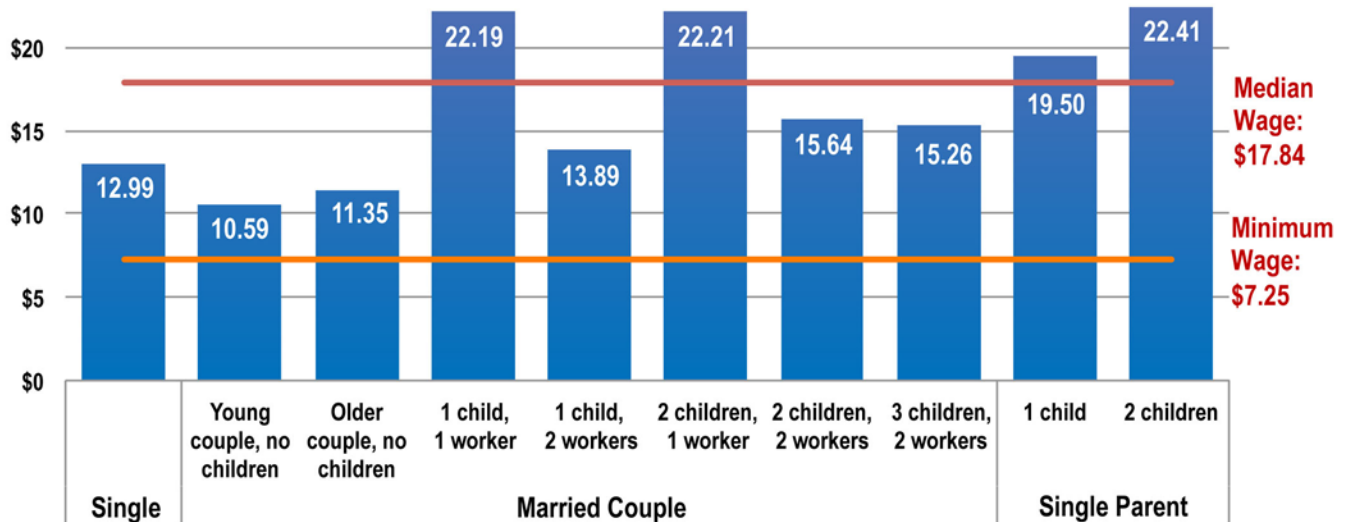
**Below Self-Sufficiency Earnings:
1 in 5 Iowa Households Overall,
Six in 10 Single Parents**



Minimum Wage Not Enough

— Sometimes Median Wage Is Not Enough, Either

Self-sufficiency wage needed for various Iowa family types, compared to overall Iowa median and minimum wage levels

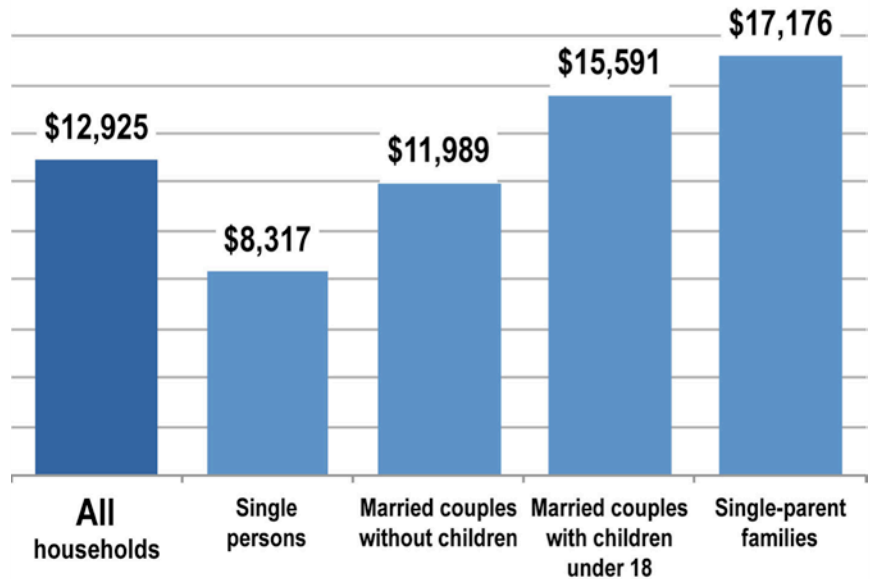


See the full report by IPP's Peter Fisher and Natalie Veldhouse at www.iowapolicyproject.org.

The basic-needs budgets constructed for this report represent a very frugal living standard; using costs as of 2018 (with the exception of health insurance), the budgets are based on what is needed to “survive” rather than “thrive.” We find that Iowa households would have to make the following wages in order to sustain the basic needs budget:

- A single-parent household with one child has to earn an hourly wage of \$19.50.
- A two-working-parent household with two children needs to earn \$15.64 each.
- A two-parent household with a stay-at-home parent with two children must earn \$22.21.

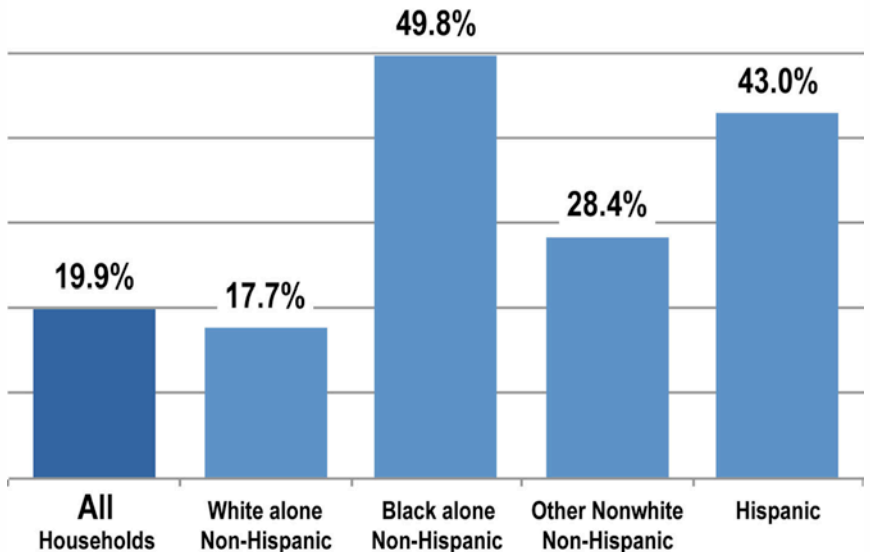
Average Basic Needs Gap Statewide Ranges from \$8,000 to \$17,000
What it takes for households with income below self-sufficiency to break even



In fact, a self-sufficiency wage is about two to three times the official federal poverty guidelines, meaning that the official poverty rate in Iowa vastly understates a realistic meaning of poverty. Twenty percent of Iowa working households, or 301,000 Iowans, are unable to meet the basic needs budget. This includes 61 percent of single-parent households, who on average face a \$20,000 gap between their after-tax earnings and the basic needs budget. Iowa families are working hard, but wages have not kept up with costs and productivity. Work support programs such as SNAP, Child Care Assistance, and the EITC are vitally important in bridging the gap between household income and basic needs expenses.

Iowa has clear disparities by racial group. For example, 49.8 percent of working households headed by African-Americans and 43 percent of Hispanic-headed working households had incomes below the self-sufficiency level compared to 17.7 percent of white working households.

African-American Iowans Greatest Share Below Basic Needs Incomes
Proportion of Working Household Incomes below Self-Sufficiency, by Race



Public policies shape those disparities. Factors such as the racial wage gap, segregation in employment, discriminatory housing policies, and the loss of (mainly union) manufacturing jobs in the Midwest have been detrimental to economic opportunity for communities of color.