



The Iowa Policy Project

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The State of Working Iowa 2012: An Economy Dominated by Low-Wage Work

IOWA CITY, Iowa (December 18, 2012) — Effects of recession combined with previous problems and slow recovery leave Iowa with the persistent stamp of an economy dominated by low-wage work.

In the latest annual issue of *The State of Working Iowa* from the nonpartisan Iowa Policy Project (IPP), author Colin Gordon notes that if the national recession that started in 2007 were a flood, Iowans “were lucky to be on a little higher ground” than many other Americans. But old problems remain uncorrected.

“Even when the floodwaters are gone, in other words, the ground will still be pretty muddy and the conditions that caused the flooding will still be with us,” he wrote.

To deal with these economic conditions, Gordon suggested moves to raise wages and buying power for working families, and assuring that state policies promote those principles with a higher minimum wage, expanded earned income credit for lower-income families, and enforcing labor standards.

The report is available at www.iowapolicyproject.org, and in an online format that includes interactive graphics at www.stateofworkingiowa.org.

In the report, Gordon, a history professor at the University of Iowa and senior research consultant at IPP, notes the status of the latest trends and potential public policy approaches to address them.

Among his key findings:

- Iowa’s current recovery is slower than that following other recessions; at recent slow-growth trends, it will still take about a year and a half to reach pre-recession job levels.
- Underemployment has remained up throughout recovery, illustrating a greater severity of damage from recession than typical unemployment data, which miss those discouraged enough to leave the work force, and those working part-time jobs below their skill level and desire for full-time work.
- Across the last generation, and especially across the last two business cycles, we have seen a steady loss of good jobs in Iowa. The steepest losses since 2007 have been in higher-wage sectors such as manufacturing and construction.
- Iowa’s median wage in 2011 remained below the U.S. average for both men and women, and ranked Iowa in the bottom tier among nine states in the region.

- Over a quarter of Iowa workers toil for less than \$10.73/hour, the wage needed to lift a full-time worker to the poverty threshold for a family of four.

Gordon said Iowans face stagnant wage growth, declining job quality, starkly higher costs for family basics like health care and education, labor standards that are slipping or evaded altogether, a loss of voice and bargaining power in the workplace, and meager or poorly designed social policies.

“The forces bearing on the economic fortunes and economic opportunities of working Iowans are relentless,” Gordon wrote.

“All of these problems were exacerbated as the recession lingered — which not only made it harder for working (or unemployed) Iowans to get by, but also served as a pretext for many state policy makers to press budget-slashing austerity and drastic forms of deregulation as the only viable solutions.”

Gordon criticized the promotion by business groups and others of low-tax policies that cut public services, and of minimal wage-and-hour standards and anti-bargaining policies.

“This is a destructively shortsighted path. It is a ‘low-road’ agenda falsely portrayed as the only route to prosperity,” Gordon said. “Aggressive tax cutting and labor-bashing policies politically marketed as ‘pro-business’ have no demonstrable impact on business investment or location decisions.

“Such policies, on balance, have yielded *lower* rates of job growth, *lower* per-capita and median incomes, and *higher* rates of poverty.”

The report suggests “high-road” criteria for economic development policies, ensuring decent investments (and the revenues to pay for them) in education, raising the income thresholds for work supports, enforcing labor standards, and respecting workers’ bargaining.

The State of Working Iowa 2012 is the latest in an annual series produced regularly by IPP since 2001. The Iowa Policy Project is a nonpartisan, nonprofit public policy research organization based in Iowa City. Reports are available to the public at www.iowapolicyproject.org.

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