



# The Iowa Policy Project

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

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## LABOR DAY FACT SHEET

### Iowa: Once a Leader, Now a Laggard on Minimum Wage *Outdated Policy Compounds Status as Low-Wage State*

*Iowa was once a leader among states on the minimum wage. In 2007, lawmakers passed a two-step increase in the state minimum wage that took effect a year-and-a-half before the federal wage.*

- Iowa's minimum wage rose to \$7.25 on January 1, 2008. The federal minimum wage finally reached that level in late July 2009.
- At the time Iowa moved to \$7.25, only Illinois among neighboring states was higher.
- Iowa has now remained at \$7.25 for 6 1/2 years — that's 6 1/2 years of price increases in gas, housing, utilities, groceries, clothes — and no increase in pay.
- To date 23 states and Washington, D.C., have a minimum wage above the federal wage.\*

*Increasing the minimum wage to \$10.10 would have a positive impact on 306,000 Iowans — or about about one-tenth of Iowa's population.*

- Of those affected, almost 4 out of 5 workers — 78 percent — are age 20 or over. Don't be fooled by the old myth that this is about teen-agers.\*\*
- Of those affected, 43 percent work full time.\*\*
- Of those affected, 58 percent are women.\*\*
- More than 4 in 10 who would be affected have at least some college education (43 percent). In fact, 9.2 percent have at least a Bachelor's degree.\*\*

*In many cases, those who would be affected by an increase in the minimum wage have families to support and are barely making ends meet.*

- Of those affected, 20 percent are parents.\*\*
- Over 25 percent have a family income that is less than \$20,000.\*\*
- For all workers affected, minimum wage on average accounts for 46 percent of family income.\*\*
- Almost 18 percent of those affected are the sole providers of family income ; among those who are parents 20 percent are the sole providers of family income.\*\*
- As we have shown in our most recent *Cost of Living in Iowa* report, the minimum wage doesn't even come close to paying the bills — a single parent who has two children and is working a full-time job would need to make \$28.11 per hour just to be able to pay for a basic, no-frills monthly budget; \$56,212 annually before taxes and credits.\*\*\* Minimum wage pays less than \$15,000.

*Iowa is a low-wage state.*

- The Iowa median wage tracks below national trends and below regional trends.\*\*\*\*

\* U.S. Department of Labor, <http://www.dol.gov/whd/minwage/america.htm>

\*\* Economic Policy Institute, December 2013, <http://www.epi.org/publication/raising-federal-minimum-wage-to-1010/>

\*\* 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.

\*\*\* Iowa Policy Project, *The State of Working Iowa 2014*, <http://stateofworkingiowa.org/wages-2/>