



# The Iowa Policy Project

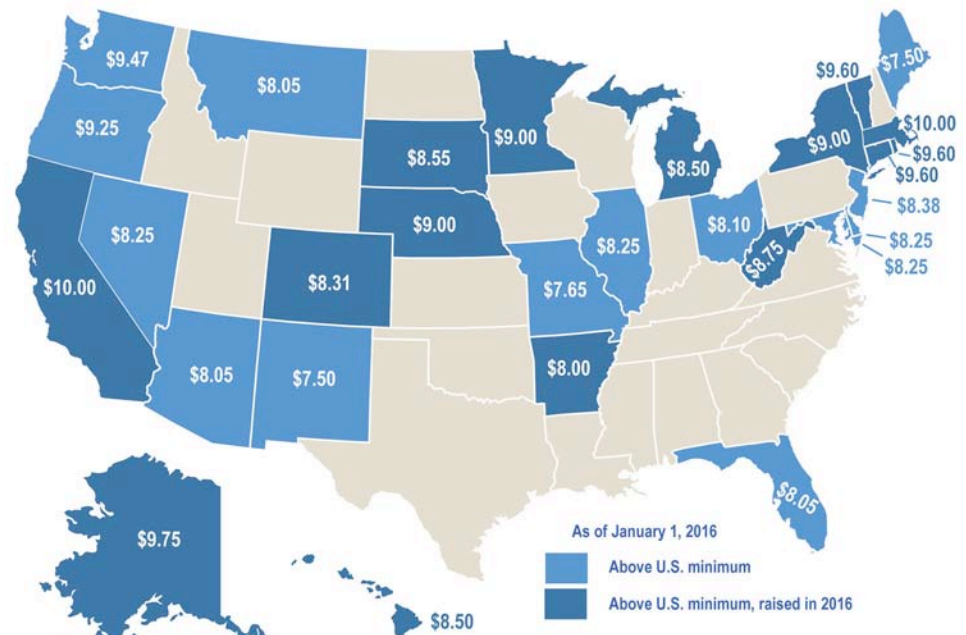
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## Iowa: Once a Leader, Now a Laggard on Minimum Wage

*Iowa's minimum wage has fallen behind.*

- Iowa's minimum wage last rose to \$7.25 on January 1, 2008, the second step of an increase passed in 2007. The U.S. minimum wage reached \$7.25 in July 2009.
- When Iowa moved to \$7.25, only Illinois among our neighbors was higher.
- Now, no state minimum wage has lingered at \$7.25 longer than Iowa's. Five of the six states bordering Iowa have approved higher minimums.
- Twenty-nine states and Washington, D.C., set minimum wages above the federal level.\* Also, many local governments (including Johnson County, Iowa) have set higher minimums.



Source: U.S. Dept. of Labor and National Conf. of State Legislatures

**About 413,000 Iowans would benefit from a wage increase to at least \$12.\*\***

- 27.1 percent of workers
- 336,000 Iowa workers directly
- 77,000 Iowa workers indirectly
- 413,000 Iowa workers in total — over eight times the number of people working at the current minimum.

### Who Gains in Iowa with a \$12 Minimum Wage?



*It Might Not Be Who You Think*

- 84% are age 20 or over
  - 56% work full time
  - 58% are women
  - 26% have children
- On average, they earn 55% of their family's total income

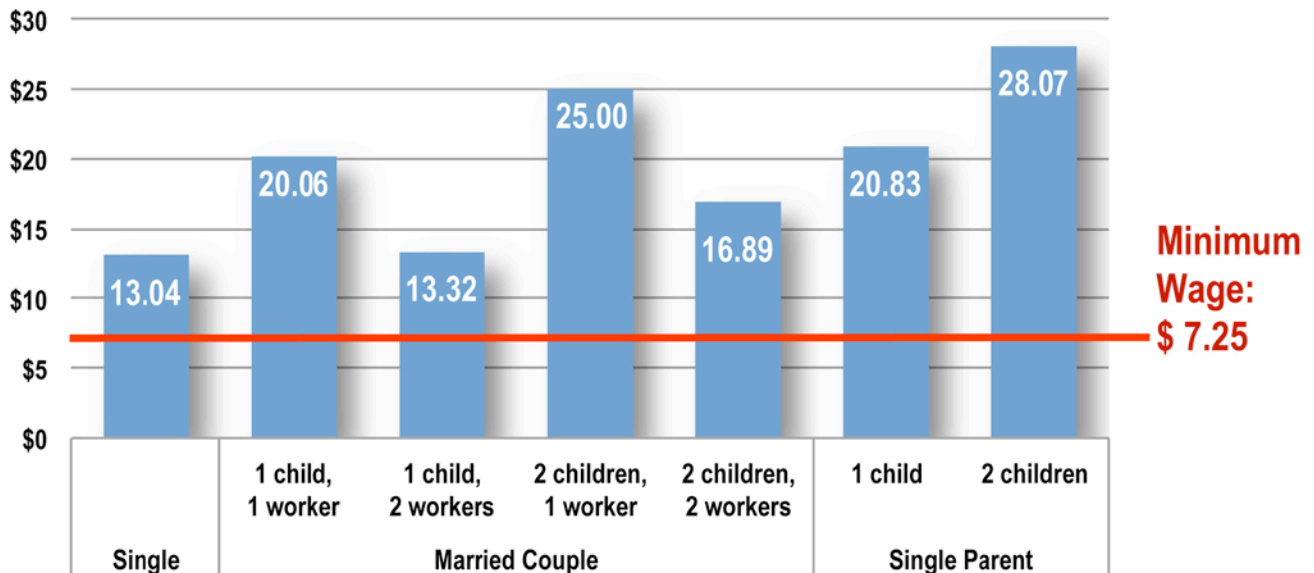
Note: Statistics describe civilian workers age 16+ in Iowa who would be affected by a five-step increase in the federal minimum wage to \$12 over five years. See July 2015 report by David Cooper at [epi.org](http://epi.org) for more details.

## Costs go up, while wages have not.

- Had it kept up with inflation since 1968, when it was \$1.60, the national minimum wage would be \$10.89.\*\*\*
- Minimum wage doesn't come close to supporting a family's basic needs. (See graph below.)
- A single parent of two children who is working a full-time job would need to make \$28.07 per hour just to cover basic, no-frills monthly expenses; \$56,135 annually before taxes and credits.\*\*\*\* Minimum wage pays less than \$15,000 per year.

### Minimum Wage Far Short of Hourly Wage Needed to Meet Basic Needs

Statewide Average, Iowa Family Without Employer-Provided Health Insurance



Source: *The Cost of Living in Iowa 2014*, The Iowa Policy Project

## Studies show a minimum wage increase would boost the overall economy.

- Increasing wages boosts demand for goods and services.
- Low-income workers are more likely than any other demographic to spend new earnings on necessities, funneling money back to businesses in the communities where they live.
- If the federal minimum wage had been increased to \$10.10 in 2013, analysts predicted that the increase would have grown the economy by \$22 billion.\*\*\*\*\*

## Iowans broadly support an increase in the minimum wage.

- 65% of Iowans favor raising minimum wage from its current \$7.25 an hour, according to a 2014 *Des Moines Register* poll.\*\*\*\*\*

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

\*\* David Cooper, July 14, 2015. *Raising the Minimum Wage to \$12 by 2020 Would Lift Wages for 35 Million American Workers*. <http://www.epi.org/publication/raising-the-minimum-wage-to-12-by-2020-would-lift-wages-for-35-million-american-workers/>

\*\*\* Bureau of Labor Statistics. [http://www.bls.gov/data/inflation\\_calculator.htm](http://www.bls.gov/data/inflation_calculator.htm)

\*\*\*\* 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.

\*\*\*\*\* Economic Policy Institute, February 2015. Also see Economic Policy Institute, December 2013, <http://www.epi.org/publication/raising-federal-minimum-wage-to-1010/>. Note: Indirectly affected workers have an hourly wage just above the proposed minimum wage. They would receive a raise as employers adjusted pay scales to reflect the new minimum.

\*\*\*\*\* *The Des Moines Register*, "65% favor higher minimum wage," March 1, 2014.