



# The Iowa Policy Project

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## **NEWS RELEASE**

### **1 in 6 Iowa households earn too little for basic needs**

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

IOWA CITY, Iowa (July 2, 2018) — Nearly 100,000 Iowa working households earn too little for a basic standard of living without public supports beyond health insurance, despite one or more full-time wage earners in the family.

“Iowa working households are falling short of what it takes just to get by,” said Peter Fisher, research director of the nonpartisan Iowa Policy Project (IPP) and lead author of IPP’s latest edition of *The Cost of Living in Iowa*.

*The Cost of Living in Iowa* comprehensively illustrates what it takes to produce to basic-needs household budget in Iowa, and how many working households are able to meet that standard.

IPP today released Parts 1 and 2 of its three-part analysis of the issue, finding:

- Nearly 17 percent of working households — 100,000 (or 227,000 Iowans) — do not earn enough to meet a basic-needs, no-frills, self-sufficiency budget.
- Sixty-two percent of single-parent households live below the self-sufficiency level, compared to 27 percent of single persons and 8 percent of married couples with children under 18.
- Southern Iowa has a greater share of households below basic-needs (19 percent) than other regions, but all four regions are at nearly 16 percent or above.
- The “basic-needs gap” — the difference between after-tax income and self-sufficiency — averages \$20,000 for single-parent households.
- Sixteen percent of white working households are below self-sufficiency while 28 percent of Hispanic households and 30 percent of African-American households fall in that category. Still, the largest number of working households below self-sufficiency are headed by white non-Hispanic Iowans.
- A family-supporting income, even for a household with public or employer-provided health insurance, can be as much as three times the federal poverty guideline.

“The federal poverty guidelines continue to vastly understate a real-life poverty level for Iowa households,” Fisher said. “Our cost-of-living reports have repeatedly shown this. These findings reflect a need to raise wages and better support low-wage work — really, both. That is the public policy connection here.”

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The reports may be found on the IPP website, [iowapolicyproject.org](http://iowapolicyproject.org). A third report, examining the performance of public work supports to fill in gaps in household budgets, will be released later this summer.

“Seventeen percent is a daunting share of the working families in Iowa to face this dilemma,” said co-author Natalie Veldhouse, an IPP research associate. “Other studies — including a recent report from United Ways of Iowa — illustrate that even more households in general face this issue, which we agree is a great concern.

“Our report focuses on working households. For them to be in what should be considered actual poverty — despite full-time work — shows just how poorly the Iowa economy is serving its residents and their communities.”

Using 2017 data for various costs and 2018 health premium data, the IPP report examined basic-needs costs for families with at least one full-time working adult.

“In 2017, the same year the Iowa Legislature and Governor ordered a repeal of local minimum wage ordinances higher than the state’s minimum of \$7.25, Iowa working families across the board needed full-time pay at much higher levels,” Fisher said.

“Even if they have public health assistance, single parents must earn well above Iowa’s median wage of \$17.27 — nearly \$22 for a parent with one child and \$24 for a parent with two. The Kids Count report last week by the Annie E. Casey Foundation showed 3 in 10 children live in single-parent families, so this is a significant issue both for families and the state economy.”

Housing and health care expenses have risen heavily since IPP’s 2016 report, which examined 2015 costs.

The report is the sixth such analysis by IPP and the latest in a series of reports by organizations illustrating cost of living challenges for Iowans. The United Way report looked at all Iowa households, including senior households and others without a working adult, and a report by the National Low Income Housing Coalition compared wages to housing costs. The Kids Count report is available on the Child and Family Policy Center website, [cfpciowa.org](http://cfpciowa.org).

The Iowa Policy Project is a nonpartisan, nonprofit public policy analysis organization based in Iowa City. Reports are at [www.iowapolicyproject.org](http://www.iowapolicyproject.org).

IPP’s *Cost of Living* analysis is funded by general support to the organization and not a sponsoring funder or specific grant. Contributions to IPP may be made online on the organization’s website or by check to the Iowa Policy Project, 20 E Market Street, Iowa City, IA 52245.

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