

MINIMUM WAGE: WHEN LOCALS ACT

Why Iowa's local minimum-wage ordinances boost workers, economy

Tens of thousands of Iowans struggle to get by on the low wages they earn in restaurants, gas stations, motels and retail stores, and as home health care providers. Meanwhile, the state minimum wage has been stuck at \$7.25 for over nine years. Local minimum wage ordinances have helped to remedy inaction by the state.

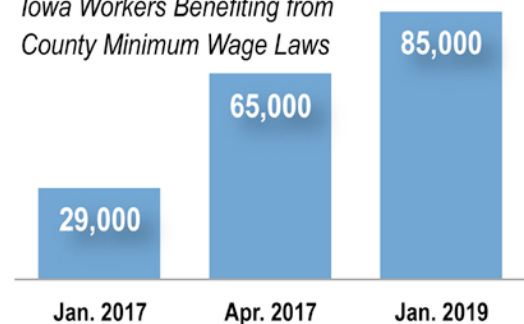
A boost for 85,000 Iowa workers

About 29,000 Iowa workers have already seen pay raises because the supervisors in Johnson and Linn counties enacted a local minimum wage. That number will more than double to 65,000 come April, when the first step of the Polk County minimum wage takes effect. By January 2019, when wage rates in all three counties will top \$10.10, about 85,000 Iowa workers will be enjoying a substantial increase in their pay.

See [Who Gains with Local Raises?](http://IowaPolicyPoints.org) (IowaPolicyPoints.org, Feb. 21, 2017).

Local minimums make a difference

Iowa Workers Benefiting from County Minimum Wage Laws



Source: Economic Policy Institute analysis of American Community Survey data

Legislation will nullify wage increases

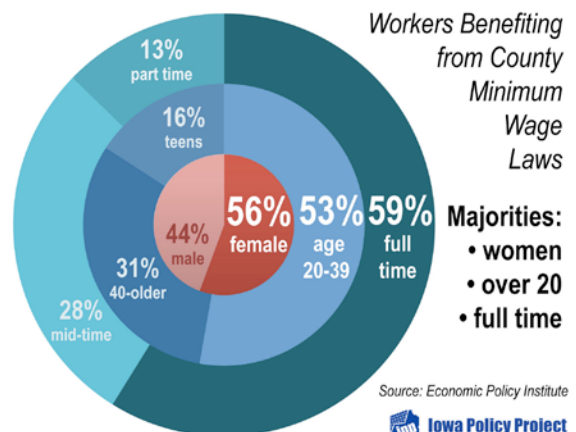
All of those wage gains will be rolled back if a bill under consideration in Des Moines is passed and signed into law. House File 295 would prohibit counties from enacting any law that sets standards for wages, benefits, scheduling, or other employment practices that are higher than state law. It would also nullify the wage ordinances already enacted, in effect rolling back wages.

Who Benefits from a Minimum Wage Increase

- Disproportionately women (56 percent)
- Disproportionately non-white (20 percent)
- Only 1 in 6 is a teenager; 31 percent are age 40 or older
- Almost three-fifths work full time
- Thirty-one percent are parents.

Iowa is a low-wage state

- In 2016, the median wage (half of Iowa workers earn less than that, half earn more) was \$16.04 an hour, just 13 cents higher than it was in 1979 when adjusted for inflation.



- Worker productivity has risen 167 percent since 1979, but the gains from that greater productivity have not gone to workers.
- Minimum wage increases are one of the most important ways of ensuring that the gains from economic growth are widely shared instead captured by the richest 1 percent.

State Minimum Should Be Raised

- Iowa’s minimum has been frozen at \$7.25 since Jan. 1, 2008. It has been at that level longer than the federal, which reached \$7.25 in July 2009 with no further increase in sight.
- Twenty-nine states, including all but one of the states surrounding Iowa, have minimum wages above the federal.
- State law sets a statewide floor, not a ceiling, with local increases allowed above that.
- A 2016 Iowa poll showed 7 in 10 Iowans support an increase in the state minimum.

Local Minimum Wage Rates Make Sense

- Local power to raise the minimum wage allows higher-cost-of-living communities to adopt wages that better match their housing and living costs.
- The “hodge-podge” argument is a phony one. Businesses routinely deal with many differences in rules, and pay employees different rates. See [“Overriding local democracy, wage fairness”](#) (Cedar Rapids Gazette guest opinion by IPP’s Peter Fisher).

Corporate Special Interests are Pushing Low Wages

- Corporate special interests are pushing to take away local control to raise the minimum wage or to improve any labor standard, in Iowa and many other states.
- Suppressing wages has become a major priority of the American Legislative Exchange Council (ALEC), a national corporate-backed group with extensive lobbying resources and influence in our state legislature.
- The Iowa bill is supported by the Iowa Association of Business and Industry and several organizations representing businesses that have low-wage workers.

Local Minimum Wages Boost the Economy, Don’t Cost Jobs

- Low-wage workers benefiting from a boost in the minimum wage spend their higher wages at local gas stations, restaurants, grocery stores and other retail shops. They hire local plumbers and builders and electricians.
- Research has shown that higher county-level minimum wages have no effect on overall employment.
- The beneficiaries of the county wage increases are not confined to the counties that passed them. At least 12 counties in addition to Polk, Linn and Johnson will see a substantial increase in resident incomes and local purchases as a result of those three county minimum wages. See [“Minimum Wages Spread their Benefits”](#) (IowaPolicyPoints.org, Jan. 4, 2017).
- Nullifying the wage increases will harm local economies, not just low-wage workers.

The Iowa Policy Project

Formed in 2001, the Iowa Policy Project is a nonpartisan, nonprofit public policy research organization. All reports produced by the Iowa Policy Project are offered to the public at <http://www.iowapolicyproject.org>. As IPP is a 501(c)3 organization, contributions to support our work may be tax-deductible. For more information, contact IPP at (319) 338-0773, by email at ipp@Lcom.net, or through other contacts available on our website.