

The Cost of Living in Iowa 2022

Many households working hard, but barely scraping by

by Peter Fisher and Natalie Veldhouse

Working full time, year-round does not guarantee an Iowa worker a middle-class standard of living. Even before the recent round of inflation pressured household budgets, nearly 114,000 Iowa working families with at least one full-time worker in the home could not meet a bare-bones, basic-needs budget without public supports beyond health insurance.

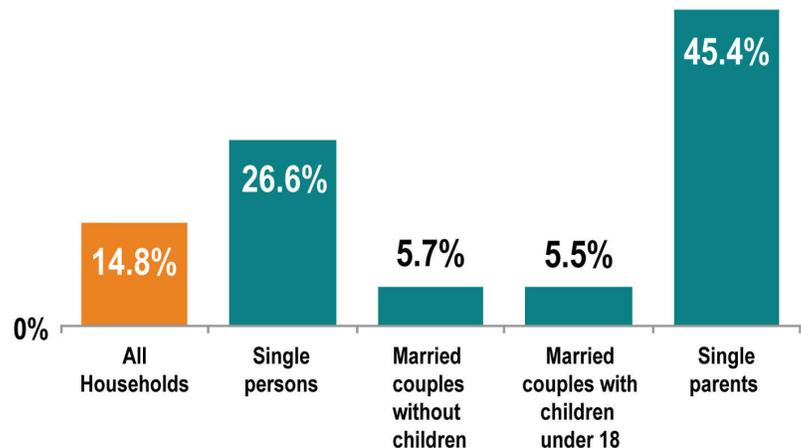
▶ Iowa workers have to earn well over the minimum wage, and in some cases well above the state’s median wage, to meet even an exceptionally frugal basic-needs budget.

That group includes 15 percent of all working households (Figure 1). It includes 45 percent of single-parent working households, who face the daunting challenge of having a sole breadwinner while having to pay for child care. In addition, a large majority of single parents are women and thus confront lower wages on average in the labor market. The group also includes more than a quarter of single workers without children. Because of long-standing discrimination in education, employment and other systems, families of color are also less likely to earn enough to meet a basic-needs budget.

Full-time work at a self-supporting wage can be difficult to find, even in a tight labor market. An Iowa worker must earn well over the minimum wage, and in some cases well above the state’s median wage of \$19.19 per hour, to sustain a basic-needs budget:

- ▶ A single parent with one child has to earn an hourly wage of **\$21.16**.
- ▶ Two working parents with two children each need to earn **\$16.11** or more.
- ▶ The working parent in a two-parent household with a stay-at-home parent and two children must earn **\$21.59**.

Figure 1
1 in 7 working households can’t meet basic-needs budget; share higher among those led by singles
Percentage of working households earning below what is needed to meet basic-needs budget, selected households



About this report

This is the 8th Edition of the Cost of Living in Iowa, produced originally by the Iowa Policy Project and now by Common Good Iowa. Explore state and local data and appendices at www.commongoodiowa.org/data/cost-of-living-in-iowa.

The authors

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The city of Des Moines has the highest share of all families with incomes below self-sufficiency: 21.2 percent. The area with the lowest share, 10.1 percent, is the area composed of Des Moines suburbs and Ames (Polk County outside Des Moines plus the 7 counties surrounding Polk). In the rest of Iowa's urban and rural areas the proportion ranges from 15 to 18 percent.¹

▶ Public policy choices have eroded the earning power of workers.

The fact that so many working households can't meet even an exceptionally frugal household budget is a function of our highly unequal economic system. That system is shaped by public policy choices over decades that have

eroded the earning power of workers. Reversing course will require policies to:

- ▶ Boost workers' earnings
- ▶ Build a robust safety net
- ▶ Invest in education
- ▶ Undo barriers that have excluded communities of color and other marginalized groups from equal opportunity

Figure 2
Basic Family Budgets: Statewide Average, 2022

	Single Person	Single Parent, 1 Child*	Married couple, 2 children**	Married couple, no children***
Monthly Expenses				
Rent and utilities	\$599	\$850	\$850	\$674
Food	294	429	859	516
Health Care	187	359	611	616
Child care	-	859	1,236	-
Clothing & household expenses	326	407	568	405
Transportation	598	576	1,230	1,214
Monthly total	\$2,004	\$3,480	\$5,353	\$3,424
Annual total expenses	\$24,043	\$41,759	\$64,235	\$41,092
Annual before-tax earnings needed	\$28,782	\$44,019	\$67,009	\$47,806
Less: Income & payroll taxes	(4,739)	(7,460)	(11,599)	(6,714)
Plus: EITC & other credits	-	5,200	8,825	-
Net resources	\$24,043	\$41,759	\$64,235	\$41,092
Family supporting hourly wage	\$13.84	\$21.16	\$16.11	\$11.49
* One child age 2 or 3 requiring full-time year-round child care		** One child age 4, one child age 6-11; both parents work full-time		
*** Adults in their mid-50s, both working full time				

What is a basic family budget?

The basic-needs budget outlined in this report is very frugal, excluding many expenses middle-class families would consider “basic.” No savings for retirement or emergencies; no student loan payments. It includes no streaming services, no quick stops for takeout after a busy day, no piano lessons or youth sports fees. The budget is based on what is needed to “survive” rather than “thrive.”

Budgets for four representative household types are found in this overview (Figure 2). Budgets for these and six other household types in each of Iowa’s 99 counties can be found at www.commongoodiowa.org/data/cost-of-living-in-iowa. They use costs as of 2021, except health insurance, which is based on 2022 premiums. See the data sources and methodology appendix for details on how family budgets were created.

▶ **The basic-needs budget excludes many expenses middle-class families would consider “basic.” It is what is needed to survive, not thrive.**

Key assumptions in basic-needs budgets

- ▶ **The family cooks and eats all meals at home**, at the cost of the USDA Low-Cost family food plan.
- ▶ **The family pays for rent and utilities** at the 40th percentile level for a house of appropriate size in each county based on the HUD Fair Market Rent.
- ▶ The family’s **health care expenses include insurance premium and out-of-pocket costs**. Costs represent an average of the employee share of employer sponsored insurance costs and the household’s health costs after premium assistance with a bronze plan purchased on the exchange.
- ▶ **Workers drive to work**, and the family has other basic transportation needs, such as getting to school and the grocery store.
- ▶ Except for those in two-parent families with only one parent working and those age 12 or older, **all children attend a licensed child care center during normal working hours when not in school**. Child care costs, calculated from county-level data from Iowa Child Care Resource and Referral, are for a 2-year-old, a 4-year-old and a child between 6 and 11 years.
- ▶ The family has expenses for **clothing, phone service and basic household maintenance items**.
- ▶ **Property taxes** are included in rent; **sales taxes** in spending.
- ▶ **Workers are employed full time and year-round**; income consists of wages and salaries. Payroll taxes are paid on all income, and federal and state income taxes and credits are calculated assuming the standard deduction. The family uses all available credits and exemptions.

Differences in cost across Iowa counties can be dramatic. Monthly child care expenses for a preschooler, for example, ranged from a low of \$451 to a high of \$1,043. Monthly rent for a two-bedroom apartment ranged from \$739 to \$1,063. Iowa’s metropolitan areas generally have the highest rents and the highest child care costs. As such, Johnson, Story and Polk counties have the highest costs for families with children. Rural counties tend to have the highest health care costs and higher transportation costs due to longer commutes.

Overall, the cost of living is lower outside of metropolitan areas, because slightly more expensive transportation and health costs are offset by substantially cheaper rents and child care.

It's too soon to capture the effects of the pandemic, inflation on working families

Analysis here relies on 2015-2019 data from the American Community Survey. We do not yet have a full picture of how Iowa families fared in the past two years, given the complex effects of high unemployment, shifting employment patterns, child care and school issues that hindered labor force participation, rising wages, and the many forms of federal pandemic assistance in 2020 and 2021.

► **Because of inflation, the situation facing Iowa families has almost certainly grown more precarious since the data used in this report was released.**

The median wage in Iowa grew from \$17.84 in May 2018 (the figure used in the previous Cost of Living Report) to \$19.19 in May 2020, an increase of 7.5 percent (see Figure 3 for self-sufficiency wages relative to the Iowa median and minimum wages). This income growth in part explains why a lower share of Iowa families had incomes below the basic-needs budget compared with the report's previous edition. In addition, inflation averaged just 1.5 percent from 2018 to 2020.

The situation changed dramatically in 2021, with inflation from March 2021 to March 2022 reaching 8.5 percent. This boost in inflation is not reflected in our household budgets. And while the strong wage growth from 2018 to 2021 outpaced inflation by a substantial margin, this is no longer the case. As a result, the situation facing Iowa families in 2022 is almost certainly more precarious than what is reflected here.

Figure 3

Minimum wage is not enough; sometimes median wage is not, either

Self-sufficiency wage for selected family types compared with Iowa median and minimum wage



Note: For couples without children, the young couple is age 25 and the older couple is 52. Where the family has one child the child is 2 to 3 years old. For married couples with two children their ages are 3-4 and 6-11; with three children, one is age 6-11, two are age 12-16. Single parent with two children has two children ages 6 to 11.

The best way of looking at this analysis is to think of it as how Iowa families would fare if 2021 had been a “normal” year. Measuring the effects of these pandemic years on the cost of living and family self-sufficiency will have to await the next edition of this report.

The gap between what some working households earn and what they need is significant

Among the thousands of Iowa families who do not earn enough to meet basic needs, the gap between what they earn and what it would take to meet the basic budget can be daunting. Single-parent families, for example, on average face an annual gap in excess of \$16,000 between their after-tax earnings and basic-needs budget (Figure 4). Among all households not meeting a basic-needs budget, the gap is over \$14,000. Iowa families are working hard, but wages have not kept up with costs and productivity.

Racial disparities are pronounced

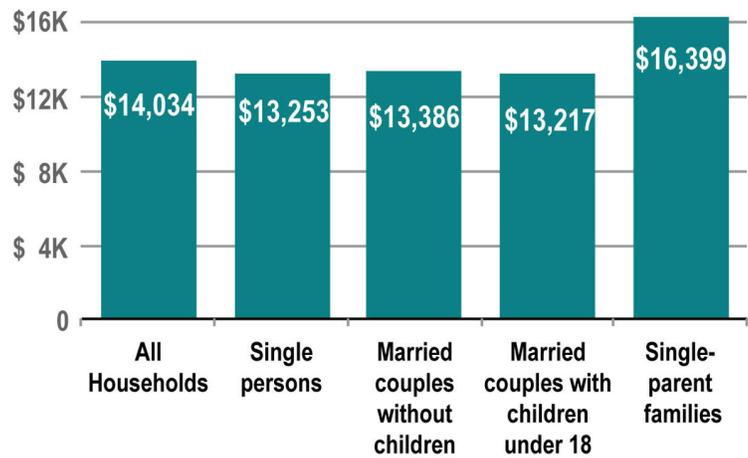
Iowa is a largely white state, so it is no surprise the vast majority of the households with earnings below the self-sufficiency level — nearly 75,000 out of 85,800 — are white (Figure 5). But this obscures marked disparities by race and ethnicity.

Iowans of color have been excluded from the economic prosperity that is generated by their contribution to the state’s economy. Due to long-standing discrimination in housing, education and employment, Black workers in particular are over-represented in lower-paid occupations, which are also less likely to offer health coverage, paid sick leave or retirement benefits.

Figure 4

Single-parent families face the biggest gap

Average statewide gap between earnings and basic-needs budget, selected household types



▶ Iowa families are working hard, but wages have not kept up with costs and productivity.

Figure 5

Most households with earnings below self-sufficiency level are white

Share of Iowa working households that earn too little to meet a basic needs budget, by race and ethnicity

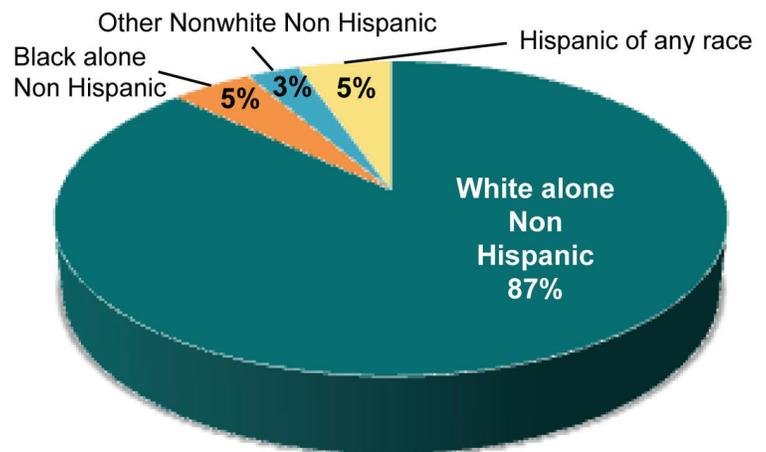
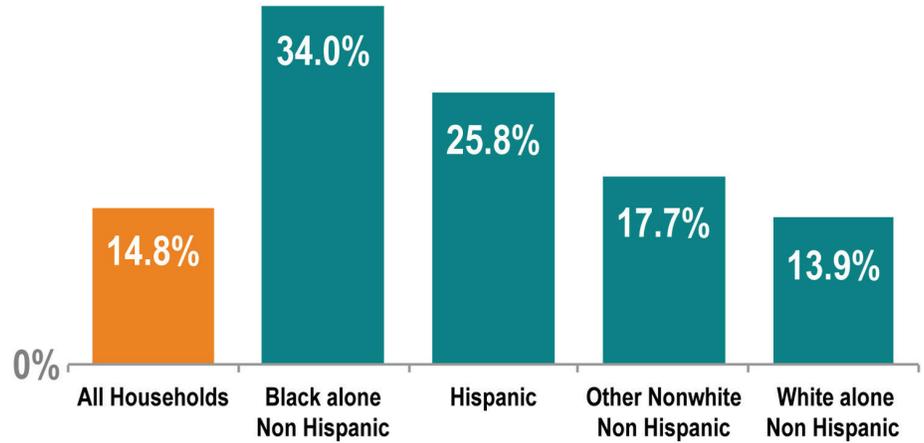


Figure 7
Most budget elements cost more
 Change in cost of budget items for select household types, 2018-21



Figure 6
Significant shares of Black households and Hispanic households don't earn enough to meet basic needs
 Percentage of Iowa working households that earn too little to meet a basic-needs budget, by race and ethnicity



► **Iowans of color are excluded from the economic prosperity that is generated by their contribution to the state's economy.**

Working households of color are less likely than white ones to be able to meet a bare-bones, basic-needs budget. One in 3 working households headed by Black Iowans and 1 in 4 Hispanic/Latinx-headed working Iowa households had incomes below the self-sufficiency level, compared with just 1 in 7 white working households (Figure 6).

Black workers in the Midwest face specific challenges with roots in a loss of (primarily union) manufacturing jobs.² Employment gains and protections for Black workers in the Midwest grew during the mid-19th century due to growing union density, a booming economy and civil rights laws. These trends were followed by economic decline, a decline in union density and erosion of antidiscrimination law enforcement.

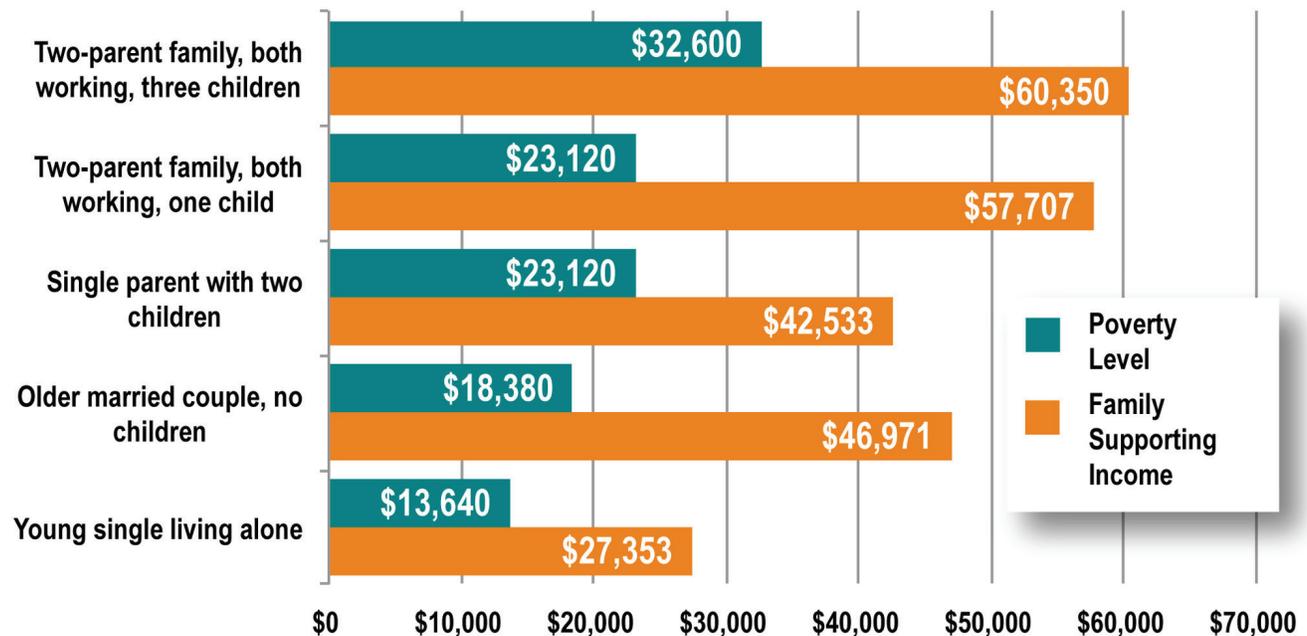
Many budget components have gotten more expensive

Since our last Cost of Living in Iowa report in 2019, the costs of some components of the family budgets have increased substantially (Figure 7). Among the biggest increases were for child care, rent, food and household expenses. Health insurance rates declined between 2019 and 2022, despite the pandemic. Overall, the cost of living rose 10 to 11 percent for families with children, and about 6 percent for younger singles living alone.

Figure 8

Official poverty level understates what it takes to get by

Annual income required to meet a basic-needs budget versus federal poverty level, by household type



Work supports help bridge the gap

Because working full time, year-round does not guarantee even close to a middle-class standard of living, families with low-wage workers typically rely on work supports to bridge the gap between income and expenses. Programs like SNAP (food assistance), Child Care Assistance, and the Earned Income Tax Credit (EITC) help low-wage working families survive, keep their children out of poverty and provide a pathway to better education and better job opportunities.

Most of these supports base eligibility and benefit levels on a ratio of income to the federal poverty level (FPL). The FPL for a family of three in 2021 was \$21,960.³ A self-sufficiency wage in Iowa is about 200 percent to 250 percent of, or twice to 2½ times, the official federal poverty guideline (Figure 8).

Not only does the official poverty rate in Iowa vastly understate the extent of economic hardship, but many of the programs intended to alleviate that hardship fall to zero well before a family earns enough to meet basic needs on their own (Figure 9).

Here are deeper looks at two different families to highlight both value and limits of work supports.

First, take a single parent with a 2-year-old. The federal poverty level for this family of two is \$17,420. But earnings alone fall far short of meeting bare-bones basic needs for this family unless it has income that far exceeds the minimum wage (Figure 10A). Meeting the basic-needs budget with no assistance beyond tax credits requires an annual income of \$44,749, or 260 percent of FPL.

► **Work supports help low-wage families keep their children out of poverty and provide a pathway to a better education and job.**

Figure 9

Most work supports phase out before families can meet basic needs

Maximum eligibility for work-support programs as share of federal poverty level

Work support program	Income eligibility cap as percent of FPL
Medicaid (adults) *	138% of FPL
Child Care Assistance	145% of FPL
Food assistance (SNAP)	160% of FPL
Low-Income Home Energy Assistance Program (LIHEAP)	175% of FPL
Hawki (children)	300% of FPL
Health insurance subsidies through the Affordable Care Act	Subsidies decline with income and fall to zero at 350% to 400% of FPL
Tax credits (2021 levels set by the American Rescue Plan): <ul style="list-style-type: none"> • Earned Income Tax Credits (state and federal) • Child and Dependent Care Credits (state and federal) • Child Tax Credit (federal) 	Eligibility ceilings are not tied to FPL; they vary as a percent of FPL based on family composition.

* This is the eligibility cap for adults covered under the Medicaid expansion provision of the ACA; the Medicaid cap for adults is higher in some circumstances, for example, for people who are pregnant.

The EITC, child tax credit and child and dependent care credits are essential for this family. They were especially helpful during the pandemic year of 2021, when they were boosted by provisions of the American Rescue Plan Act (see below). Medicaid, Hawki and insurance premium assistance under the Affordable Care Act also play a vital role. Those two sets of work supports — tax credits and public insurance options — enable the family to reach self-sufficiency when the hourly wage exceeds \$22. But the other forms of assistance — child care assistance, food assistance (SNAP), and energy assistance (LIHEAP) — phase out well before this family can meet basic needs.

The loss of benefits when income exceeds the eligibility ceiling — often called the “cliff effect” — is most pronounced for Child Care Assistance between wages of \$12.50 and \$15 an hour. It is important to note this is a cliff for people when they first apply for CCA, not an ongoing cliff for those already receiving it (sidebar, page 10).

Second, consider a married couple, both working full time, with two children, one age 4, the other between age 6 and 11 (Figure 10B). Again, refundable tax credits and public health insurance or subsidies allow the family to reach self-sufficiency by the time each parent earns over \$17 per hour. And once again, CCA, food assistance and LIHEAP disappear well before the family is self-sufficient.

Federal pandemic support was critical for low-wage working families in 2021

▶ **Without ARP tax credit enhancements, 6,800 more lowa households would have fallen below the basic-needs threshold.**

The federal child care credit and child tax credit were especially helpful in 2021 because of boosts to each from the American Rescue Plan (ARP). For working families with children, the self-sufficiency wage would have been much higher without these extra benefits. The ARP temporarily increased the child tax credit by \$1,600 for every child under 6 — from \$2,000 to \$3,600 —

Figures 10A and B

Work supports are crucial, but still fall short for many low-wage working households

Figure 10A

Combined resources from wages and work supports, single parent with one child

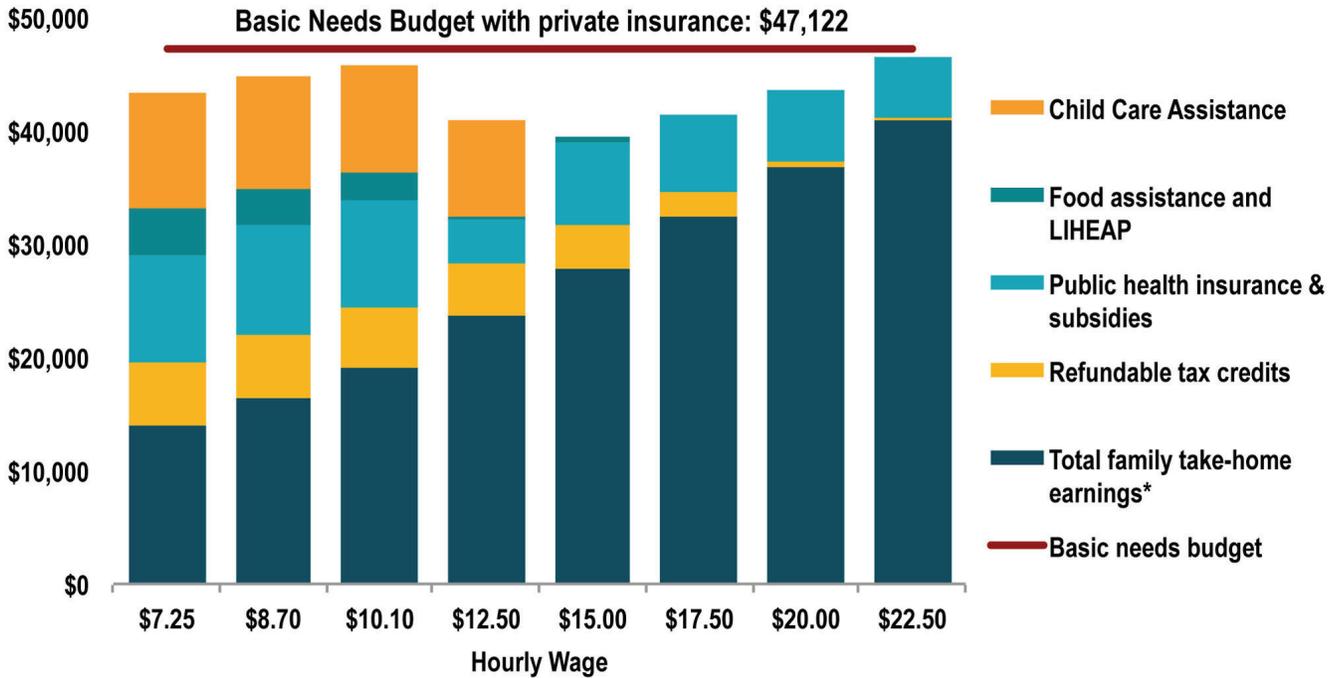
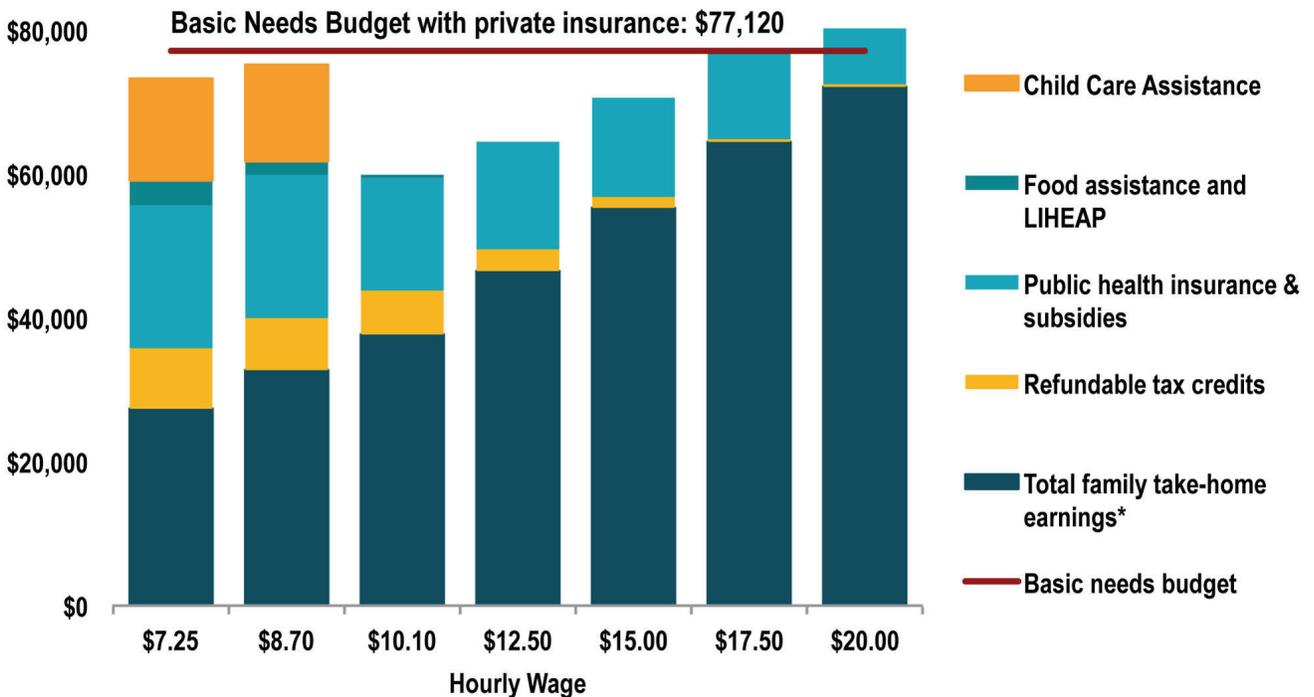


Figure 10B

Combined resources from wages and work supports, married couple with two young children



* Total family earnings less payroll and income taxes before refundable credits

Child Care Assistance remains out of reach for many

This study assumes families use all available work supports, but in practice that's challenging. Child Care Assistance has a particularly low take-up rate. In federal fiscal year 2016, CCA served only 24 percent of Iowa children eligible based on the state's eligibility criteria at the time, and only 9 percent of children who were potentially eligible if the state adopted more generous eligibility parameters allowed by the federal government.⁴

Iowa has failed since then to increase its CCA entrance eligibility level, still 145 percent of poverty and among the nation's lowest. It has, however, allowed families, once on, to continue to receive CCA when their earnings rise above the eligibility cap. This good if limited option known as CCA Plus removes the penalty — loss of child care help — for working more or getting a better job. CCA Plus served 8 percent of children receiving child care subsidies in an average month in state fiscal year 2021.⁵

CCA still excludes families who make even a dollar more than the cap when they first apply. This makes it especially hard for those entering the work force making \$15 to \$20 because they qualify for no help with child care, even though they earn far below what they need to get by.

Although the state has raised CCA reimbursements in recent years, it still generally pays below market rates, making it difficult for providers — who themselves often earn too little to meet a basic-needs budget — to accept CCA children.

And CCA operates within the broader, stretched child care industry. Even if a family qualifies, they must find a provider willing to accept it, who has an open slot, during the right hours, in an accessible location, with programming and practices acceptable to the family.

and by \$1,000 for every child between 6 and 17 — from \$2,000 to \$3,000. For the first time it was fully refundable. That meant a filer could use it to reduce the tax they owe to zero, and then receive a refund from the IRS for any credit remaining.

The ARP increased the maximum child care expenses eligible for the child and dependent care credit from \$3,000 to \$8,000 per child, for up to two children. The credit previously ranged from covering 35 percent of eligible expenses (for those with incomes under \$15,000) to covering 20 percent of eligible expenses (for those with incomes over \$43,000). The expanded credit covered 50 percent of eligible expenses for those with income under \$125,000, and then the percentage covered declined as income increased. And for the first time it was refundable.

Without the ARP tax credit enhancements, an extra 6,800 Iowa households would have fallen below the basic-needs threshold in 2021. The proportion of families with incomes too low to meet basic needs would have been 16.0 percent, instead of 14.8 percent. For single parents, the share with incomes too low to meet basic needs would have been 48.4 percent, instead of 45.8 percent. For those who remained below the threshold, the average gap between what they earned and what they needed to earn to meet basic needs would have been \$2,000 higher.

All these expanded benefits expired Jan. 1, 2022. It remains unclear if Congress will reinstate any of them in some form.

Living wage policy agenda

The fact that so many working households can't meet even an exceptionally frugal household budget is a function of our highly unequal economic system. That system is shaped by public policy choices over decades that have eroded the earning power of workers. Here are key state and federal strategies to help the tide and help families meet a basic-needs budget and set a path into the middle class.

Many are part of a robust racial equity economic agenda, essential because Iowans of color, especially Black Iowans, are overrepresented in low-wage jobs due to generations of discrimination in housing, education and employment. Improving the economic well-being of Iowa families will require intentionally addressing the legacy and ongoing effects of racism.

It's worth noting these recommendations reflect a range of ambition; some should be immediately actionable (and are parts of state or federal legislation that are currently in play or have come close to passing); others will require time and effort to build political will.

FEDERAL

IOWA

Boost earnings

Increase the minimum wage

The minimum wage sets a floor — a bare minimum — for what workers must be paid. Increasing the minimum would move thousands of Iowa workers over, or at least closer to, a basic-needs budget. The increase would help not just those workers getting a raise up to the new minimum, but thousands more who earn just above the new minimum who would get a raise as employers adjust overall pay scales.

Raise the minimum wage to at least \$15 per hour, then index it based on median wage, and **eliminate the subminimum wage** for tipped workers.¹

Raise the minimum wage to at least \$15 per hour, then index it based on median wage, and **eliminate the subminimum wage** for tipped workers.²

Restore local governments' ability to raise the minimum wage above the state floor when local conditions warrant.

Boost earnings

Raise reimbursement rates to boost care workers' wages

Workers in the caring economy, including those in child care and a variety of health care settings, perform essential services but are among the lowest paid — even as families needing care struggle to pay for it. The underlying economics of these fields are so strained it simply requires more robust public-sector investment to fill the gap.

Include provisions to **increase the pay of early care and education workers** in any new federal initiatives to help families afford child care.³

Increase Child Care Assistance reimbursement rates paid to Iowa providers to the federal standard and **expand investments in WAGE\$,** a salary supplement for child care workers.⁴

Increase Medicaid reimbursement for Home- and Community-Based Services to improve the pay of direct-care workers.⁵

Regularly adjust Medicaid reimbursements for services by direct-care workers so they earn at least a basic-needs wage.

Boost
earnings

End wage theft and worker misclassification

Iowa workers should always take home the pay and benefits they earn. Enforcing wage and hours laws and eliminating the misclassification of workers improves fairness in the workplace, promotes an even playing field between competing companies and prevents business tax evasion.

Strengthen penalties for businesses that violate wage and employment laws. Expand the Iowa Department of Labor's capacity to **stop wage theft** — when an employer evades a contract or otherwise breaks the law to avoid paying owed wages — and **misclassifying employees as independent contractors**.⁶

Boost
earnings

Protect workers' rights to unionize and bargain collectively

Iowa workers should have the right to negotiate for higher compensation and safe working conditions. Strengthening collective bargaining gives workers more say in improving their wages and work environment.

Pass the **PRO Act** to help restore workers' ability to organize and negotiate for better pay, benefits and working conditions.⁷

Restore **collective bargaining** on a broad range of issues to Iowa public-sector employees. Public-sector bargaining rights should be an example for the private sector.

Ensure public contracts & economic development funds lead to good jobs

Boost
earnings

The state should focus on policies that attract good-paying jobs and the workers needed to fill those jobs, keep young people in our state, and build the skills our workforce needs to thrive, not giveaways to wealthy corporations for activities they would do anyway.

Include **prevailing wage requirements**, based on the average wage for similar workers in a project's geographic area, in all public contracts.⁸

Include **prevailing wage requirements** in all public contracts and **eliminate Iowa's federal-aid swap** program that lets companies to evade wage standards in federally funded projects.

Reverse Iowa's prohibition on **project labor agreements**, which set wage and local hiring requirements for public projects in return for a prohibition on work stoppages.

Reform subsidy programs to limit assistance to businesses paying above the median wage, and recapture subsidies from firms that violate labor laws or don't meet wage or employment targets.

Bridge
the gap

Expand and strengthen tax credits

Tax credits are an important strategy to help families bridge the gap between their wages and a basic budget. They have a proven track record of keeping children out of poverty, rewarding work and compensating for regressive elements of our tax structure, such as sales and property taxes.

Revive and make permanent temporary federal tax credit expansions that expired in late 2021⁹:

- **Child Tax Credit** that, expanded, lifted millions more American children out of poverty.
- **Child and Dependent Care Credit** to help families cover the costs of care.
- **Earned Income Tax Credit (EITC)** for low-paid working adults not raising children in the home.

- Boost the state **Child and Dependent Care Credit**, which now covers at most 8% of the average cost of full-time care.¹⁰
- Double the state **EITC** from 15% to 30% of the federal credit.
- Convert Iowa's meager dependent "exemption credits" into meaningful, refundable **child tax credits**.
- Fund the **low-income renters' and homeowners' property tax credit** and raise its income brackets to reflect current rents.¹¹

Bridge
the gap

Ensure access to affordable health insurance

Comprehensive, affordable health insurance has short- and long-term benefits for working Iowa families — and their budgets. Insured people are healthier and better able to participate in the labor force, and are less likely to get swamped with high medical bills.

Extend the **temporary increase in premium tax credits** for health insurance purchased on the ACA marketplace that have made ACA plans much more affordable. They are currently scheduled to expire at the end of 2022.¹²

Help eligible Iowans maintain Medicaid and CHIP coverage by using enrollment processes that accurately assess eligibility without unnecessary red tape.¹³ The state should take comprehensive steps to **smooth the process of redetermining Medicaid eligibility** once the federal COVID public health emergency, which paused disenrollments, expires.¹⁴

Extend Medicaid eligibility for pregnant people from 60-days to 12-months postpartum to assure continuity of care for new parents as they recover and navigate parenting and work.¹⁵

Bridge
the gap

Limit what families pay for child care

Iowa has one of the nation's highest rates of labor force participation among parents of young children. Yet child care costs, which in some cases rival college tuition, can make working difficult or impossible. Lowering what families spend on care is an essential strategy to help stretched parents get to work and get ahead.

Invest more in **Child Care Development Block Grants**, the main source of child care subsidies, and pursue other proposals to **limit the share of income families pay for child care**.¹⁶

Increase the **Child Care Assistance** family entrance eligibility income level for Iowa's program from 145% of poverty — among the nation's lowest — to at least 185% of poverty.¹⁷

Bridge
the gap

Strengthen other elements of our safety net

We all need adequate material support — food, shelter and utilities — to learn, work and thrive. Being able to meet basic needs, including having enough to eat, is linked to better child development, higher educational attainment and increased lifetime earnings.

Expand **Community Eligibility**, which allows low-income schools to provide free school breakfast and lunch to all students, decreasing administrative work and reducing stigma.¹⁸

Extend recent expansions and flexibilities for **school breakfast and lunch** programs and the **Summer Food Service Program**.²⁰

Increase funding for **The Emergency Food Assistance Program**, which allows food banks to purchase nutritious food from U.S. farmers.²¹

Expand the number of **Housing Choice Vouchers**. The supply of these vouchers, which help low-wage households rent a housing unit, currently falls far short of meeting demand.²³

Take and retain federal SNAP options that maximize SNAP, such as the flexibility Iowa uses to boost its income eligibility cap from 130% to 160% of the federal poverty level, smoothing what would otherwise be a steep “benefits cliff” as earnings rise.¹⁹

Make **state investments in nutrition**, including in **food banks** serving families who may not qualify for SNAP or who face short-term crises. The state should also fund **Double Up Food Bucks**, which stretches family budgets by doubling the value of SNAP dollars spent on fresh fruits and vegetables.²²

Expand state policies and programs to increase the **supply of affordable housing**, including boosting incentives to build affordable units and protecting rights of mobile home residents.

Make
long-term
prosperity

Invest in education

The single most important predictor of state prosperity is the level of education of its residents. More, and higher-quality, education from preschool through college, means higher lifetime earnings. Better-funded schools also contribute to local economies.

Make college more affordable by increasing **Pell grants**, an essential support for low-income students, lifting restrictions on Pell grants for people without documented immigration status, and pursuing other proposals to **help college students minimize student loan debt**.²⁴

Invest in our public education system:

- Boost funding for the statewide **4-year-old preschool program** so no child enters school without a quality early-learning experience.
- Reverse recent shortfalls in **K-12 state aid** that have eroded our commitment to public schools as a springboard for opportunity.²⁵
- Restore historic funding levels for **community colleges and universities** to ensure broad access to higher ed and reduce student debt.

Give marginalized groups access to equal opportunity

A rising tide does not lift all boats, and adopting only universal policy approaches to expanding economic well-being will likely fall short. Historically, our state's policies have prioritized and safeguarded the accumulation of wealth for white communities at the expense of others. Undoing these patterns requires analyzing policy impacts by race and ethnicity and then crafting and implementing targeted, data-informed policies and practices that give all Iowans the opportunity to thrive.

Repeal restrictions on training and discussion of racism that have had a chilling effect on how state agencies analyze the effects of policies and practices on communities of color.

Analyze the impact of proposed policies and practices on communities of color and other marginalized groups as a regular part of the lawmaking process.

Notes

Main report notes

- ¹ Geographic comparisons are limited by Census geography. To calculate the share of families with income below self-sufficiency we must rely on American Community Survey data by Public Use Microdata Area (PUMA). Most of the 24 PUMAs in Iowa span several counties, often with urban and rural counties included in the same PUMA.
- ² Colin Gordon, "Race in the Heartland: Equity, Opportunity and Public Policy in the Midwest." October 2019. Iowa Policy Project. Accessed at <http://iowapolicyproject.org/2019docs/191010-Race%20in%20the%20Midwest-Int.pdf>
- ³ U.S. Department of Health and Human Services, "U.S. Federal Poverty Guidelines Used to Determine Financial Eligibility for Certain Federal Programs." Accessed at <https://aspe.hhs.gov/topics/poverty-economic-mobility/poverty-guidelines/prior-hhs-poverty-guidelines-federal-register-references/2021-poverty-guidelines>. Note: Federal poverty guidelines — often referred to as the federal poverty level, or FPL — do not take into account regional differences in basic living expenses and were developed based on typical spending patterns of more than 50 years ago. The guidelines assume food is the largest expense, as it was in the 1960s, and that it consumes one-third of a family's income. Today, however, the average family spends less than one-sixth of its budget on food. Omitted entirely from the guidelines, child care has become a major expense for most families, and today a far higher percentage of women are in the labor force. In our budgets, child care accounts for nearly one-fifth of a household's budget for many families with preschool children.
- ⁴ Rebecca Ullrich, Stephanie Schmit & Ruth Cosse, "Inequitable Access to Child Care Subsidies, CLASP, April 2019. Accessed at https://www.clasp.org/sites/default/files/publications/2019/04/2019_inequitableaccess.pdf
- ⁵ Iowa Council on Human Services, "State Fiscal Year 2023 Budget Submission: Improve Iowans' Employment and Economic Security." Updated September 9, 2021. Accessed at https://dhs.iowa.gov/sites/default/files/6_Improve_Iowans_Employment_Econ_Security.pdf?090920201406

Policy agenda notes

- ¹ David Cooper, Zane Mokhiber, and Ben Zipperer, "Raising the federal minimum wage to \$15 by 2025 would lift the pay of 32 million workers," Economic Policy Institute, March 9, 2021. Accessed at <https://www.epi.org/publication/raising-the-federal-minimum-wage-to-15-by-2025-would-lift-the-pay-of-32-million-workers/>
- ² See how Iowa's minimum and subminimum wage compares with neighboring states here: Economic Policy Institute, Minimum Wage Tracker. Accessed at https://www.epi.org/minimum-wage-tracker/#/min_wage/iowa
- ³ Here are two resources that outline possible federal approaches to increasing early childhood workforce pay. First, National Women's Law Center, "What Build Back Better's Child Care Plan Will Mean for Families and Early Educators," October 2021. Accessed at <https://nwlc.org/what-build-back-betters-child-care-plan-will-mean-for-families-and-early-educators/>. Second, Amanda Guarino, "FAQ on the Child Care and Preschool Provisions in the Build Back Better Act," First Five Years Fund, December 15, 2021. Accessed at <https://www.ffyf.org/faq-on-the-child-care-and-preschool-provisions-in-the-build-back-better-act/>
- ⁴ Common Good Iowa, "Raise CCA reimbursement rates for all registered and licensed providers to the federal standard, 75th percentile of current market rate," 2020. Accessed at https://www.commongoodiowa.org/media/documents/2020_version_CCA_reimbursement_FINA_D1725C54F8D3C.pdf
- ⁵ Jennifer Sullivan, Jennifer Wagner, Anna Bailey and Judith Solomon, "New House Build Back Better Legislation Would Make Long-Lasting Medicaid Improvements," Center on Budget and Policy Priorities, November 3, 2021. Accessed at <https://www.cbpp.org/research/health/new-house-build-back-better-legislation-would-make-long-lasting-medicaid>
- ⁶ See David Cooper and Teresa Kroeger, "Employers steal billions from workers' paychecks each year. Economic Policy Institute, May 2017. Accessed at <https://www.epi.org/publication/employers-steal-billions-from-workers-paychecks-each-year/>. See also National Employment Law Project, "Independent Contractor Misclassification Imposes Huge Costs on Workers and Federal and State Treasuries," October 2020. Accessed at <https://www.nelp.org/publication/independent-contractor-misclassification-imposes-huge-costs-workers-federal-state-treasuries-update-october-2020/>
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- ⁸ Malkie Wall, David Madland and Karla Walter, "Prevailing Wages: Frequently Asked Questions," Center for American Progress, December 2020. Accessed at <https://www.americanprogress.org/article/prevailing-wages-frequently-asked-questions/>

- ⁹ Chuck Marr, Kris Cox and Arloc Sherman, "Build Back Better's Child Tax Credit Changes Would Protect Millions from Poverty — Permanently Expanded EITC Extended for Adults Without Children," November 11, 2021. Accessed at <https://www.cbpp.org/research/federal-tax/build-back-betters-child-tax-credit-changes-would-protect-millions-from>
- ¹⁰ Full-time care for a preschooler in a child care center averaged about \$10,000 a year in Iowa in 2021 (<https://www.epi.org/child-care-costs-in-the-united-states/#/IA> or <https://iowaccrr.org/resources/files/Data/FY21/FY21%201%20State%20of%20Iowa.pdf>). The federal credit is at most 35% of the first \$3,000 of expense per child and the Iowa credit is at most 75% of the federal (the percentages decline with income). So the maximum Iowa credit would be \$790. This calculation is based on 2020 tax law; the federal credit was vastly expanded for 2021 only.
- ¹¹ Read about all four of these state credits as part of equity-focused tax agenda here: Common Good Iowa, "Iowa tax proposals would worsen existing racial inequities," February 2022. Accessed at https://www.commongoodiowa.org/media/documents/220209_Fact_sheet__Tax_cuts_worsen__7AC7BC63B6420.pdf
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