

## Agenda for the common good Strengthening Iowa's workforce

Iowa voters and lawmakers alike agree that building a strong economy is a high priority. But in recent years, lawmakers have prioritized passing tax cuts for the wealthiest and most powerful over policies that maximize opportunities for working Iowans. That's short-sighted because, in truth, a healthy economy is built on widespread prosperity, not prosperity for only the privileged few.

Ours is a highly unequal economic system shaped by decades of public policies that have eroded workers' earning power. Many Iowa households with at least one full-time worker — 1 in 7 such households — make too little to meet even a bare-bones household budget on wages alone.<sup>1</sup>

**A healthy economy is built on widespread prosperity, not prosperity for only the privileged few.**

Expanding economic opportunity for Iowa families demands focused action, including counteracting discrimination embedded in our employment, housing and education systems.

**No matter our ZIP code or color, all Iowans should have the chance at a good job to support our families.**

**The good news? We know policies that work:**

### Boost wages

Iowa's minimum wage has held at \$7.25 since Jan. 2008, and the minimum wage is now at its lowest buying power since 1956.<sup>2</sup> Increasing the minimum wage to \$15 would help an estimated 463,000 Iowa

### What voters & lawmakers should know

- ▶ **Iowa's economy fails too many workers.** Working full time is not sufficient for many Iowans to make ends meet.
- ▶ **Low wages in the caring economy** — essential work like child care and home-health and nursing care — are driven in part by lawmakers' choice to underfund the programs supporting these services.
- ▶ **By cutting state unemployment insurance,** lawmakers are forcing workers into lower-paying jobs, harming families and local economies.
- ▶ **Wage theft by employers costs Iowa workers** over 10 times the amount of all other theft crimes combined, but the state rarely holds offenders accountable.

workers, or 30 percent of the workforce,<sup>3</sup> including workers paid more than \$15 who would get a raise as employers adjust overall pay scales.

State lawmakers have failed to fully acknowledge the importance of state reimbursement for caring-economy workers. Workers in child care and in a mix of health care settings perform essential services but are among the lowest paid<sup>4</sup> — even as families who need care often struggle to pay for it.

Lawmakers should:

- ▶ **Set a \$15 minimum wage** and index it to changes in the median wage.
- ▶ **Eliminate the lower minimum wage** of \$4.35 for tipped workers.

- ▶ **Restore city and county authority** to raise the minimum wage above the state floor, as costs of living depend greatly on location.
- ▶ **Increase Child Care Assistance and Medicaid** reimbursement rates paid to Iowa child-care and direct-care workers so they earn a living wage.

### Restore unemployment insurance

Unemployment insurance (UI) is an earned benefit paid directly to unemployed Iowans who lose their job through no fault of their own. Earlier this year, the Iowa legislature weakened the state's UI system by reducing the available weeks of coverage from 26 to 16, creating more reasons to deny benefits, and forcing UI recipients to take lower-paying jobs after just one week of being out of work. In communities experiencing layoffs and business closures, unemployment insurance helps both affected workers and the local businesses they support.<sup>5</sup>

Lawmakers should:

- ▶ **Restore UI benefits** back to 26 weeks, the national standard.
- ▶ **Expand eligibility** for state UI to recently employed workers and misclassified workers.
- ▶ **Increase the taxable wage base** for UI contributions and index it to the median wage to ensure our UI system stays afloat as costs and wages rise.

### Fight wage theft

Wage theft occurs when a worker is denied legally owed wages because an employer breaks the law or a

contract. From minimum wage violations to overtime violations, the state is not doing nearly enough to combat wage theft, which harms approximately 1 in 7 Iowa workers and costs them over \$900 million each year. Out of every \$1,000 stolen from workers by their employers, the government recovers just \$2.<sup>6</sup>

Lawmakers should:

- ▶ **Hire more wage theft investigators** and educate Iowans about their rights. Iowa has just two wage violation investigators to protect more than 1.4 million workers.
- ▶ **Increase penalties** for wage theft and require fines, especially for repeat offenders.
- ▶ **Remove state restrictions** on local anti-wage theft measures. Iowa preempts local policies that assure worker protection in scheduling and pay.<sup>7</sup>

### Bolster public-sector bargaining

Public-sector bargaining rights should be an example for the private sector. In 2017, the state legislature severely limited the topics workers can negotiate.<sup>8</sup> Collective bargaining gives workers a voice in improving their wages and work environments, and workers who serve the public are entitled to the same bargaining rights as private-sector workers.

Lawmakers should:

- ▶ **Restore collective bargaining** to public-sector employees on a broad range of issues so they can negotiate for higher compensation, better benefits and a safer workplace.

<sup>1</sup> Peter Fisher and Natalie Veldhouse, "The Cost of Living in Iowa 2022," Common Good Iowa, 2022. <https://www.commongoodiowa.org/data/cost-of-living-in-iowa>  
<sup>2</sup> Cooper, Martinez and Zipperer, "The value of the federal minimum wage is at its lowest point in 66 years." Economic Policy Institute, 2022.  
<sup>3</sup> Cooper, Mokhiber and Zipperer, "Raising the federal minimum wage to \$15 by 2025 would lift the pay of 32 million workers." Economic Policy Institute, 2021.  
<sup>4</sup> Legislative Services Agency, "Estimated Number Employed and Median Wage – May 2021." Accessed at <https://www.legis.iowa.gov/docs/publications/MOW/1293903.pdf>. Note: child-care workers are included in personal care and service occupations, and direct-care workers in health care support occupations.

<sup>5</sup> Bivens et al., "Reforming unemployment insurance: Stabilizing a system in crisis and laying the foundation for equity." National Employment Law Project and others, 2021.  
<sup>6</sup> Sean Finn, "Wage Theft in Iowa: A Heist in Plain Sight," Common Good Iowa, August 2022, forthcoming.  
<sup>7</sup> Wolfe, Hickey, Kamper and Cooper, "Preempting progress in the heartland." Economic Policy Institute, 2021.  
<sup>8</sup> Clay Masters, "Iowa Moves To Restrict Collective Bargaining For Public Sector Workers." Iowa Public Radio, 2017.