

# The Cost of Living in Iowa 9th Edition

## Working families lost ground in pandemic economy

by Sean Finn and Samantha Tamborski

### Executive Summary

The 9th Edition of the Cost of Living in Iowa reflects the strong economic shift of 2021-2022. Despite a resilient economy and the abundant resources of our state, far too many Iowa families work full time and still fall short of affording a basic-needs budget. This report explores the challenges faced by working households, the impact of historical injustices and the repercussions of the pandemic-era economy on household budgets.

► **Far too many Iowa families work full time and still fall short of affording a basic-needs budget.**

### Main Findings

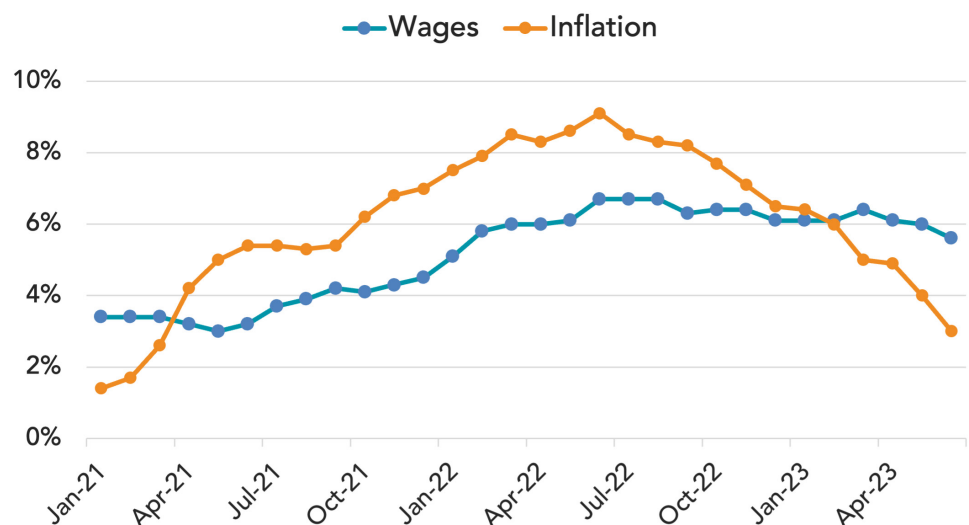
- One in 6 full-time Iowa workers earns income that falls short of affording a basic-needs budget.**  
Despite encouraging wage gains the past couple of years, a significant portion of working households in Iowa still struggle to meet basic needs that have become even more expensive. The report reveals that over half of single-parent workers do not make enough income to cover a bare-bones budget.

- One-third of working Black and Latino families have insufficient incomes.**

Iowa's economic disparities are further exacerbated by institutional racism, as evidenced by long-lasting practices like redlining and exclusions from labor protections. The report highlights the compounding effects of discriminatory policies on Black and brown Iowans that limit their economic opportunities.

### Wages increased steadily, but two years of high inflation leave families playing catch-up

Rate of growth in U.S. wages and inflation, January 2021 to April 2023



Source: Federal Reserve Bank of Atlanta and U.S. Department of Labor, Bureau of Labor Statistics

### 3. Household budgets get tighter from inflation while corporate profits soar.

Household costs have surged due to the pandemic-induced inflation, particularly affecting child care, transportation and food. The average gap between household income and a basic-needs budget is substantial. Single-parent families face an annual deficit exceeding \$20,000. While corporations raised prices and blamed it on the pandemic's supply chain impacts, corporate profits hit an all-time high in 2022.<sup>1</sup>

### 4. Existing public supports make a difference, but as currently structured aren't enough to lift families above the basic-needs line.

Programs that help low-wage families meet basic needs such as SNAP, Child Care Assistance and the Low-Income Energy Assistance Program are effective, but often fall short of fully filling the gap between families' low wages and the cost of a bare-bones budget. They also face challenges of bureaucratic complexity and in some cases low utilization rates. Stronger programs, tax credits and other initiatives to help families cover essentials and long-term economic transformation are all necessary to achieve an economy in which every Iowan can thrive.

► **Lawmakers have the tools at their disposal to reform this economy to work for all Iowans. Doing so will require systemic changes.**

Iowa has an economy in which the rich are getting richer and the poor are getting poorer. Lawmakers have the tools at their disposal to reform this economy to work for all Iowans. Doing so will require systemic changes. No one policy solution can address all of our problems, but we have the opportunity to enact many that are proven effective at boosting wages and better filling the gap between wages and what it takes to meet basic needs. It's past time for state leaders to confront the economic realities of Iowa's low-income families and take concrete actions to help them get ahead.

#### About this report

This is the 9th 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](http://www.commongoodiowa.org/data/cost-of-living-in-iowa).

#### About the authors

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#### About Common Good Iowa

Common Good Iowa's team of policy advocates and analysts leverage reliable data, solid analysis and collaborative relationships to craft policy solutions to Iowa's most pressing problems. Our vision is a state where children and families are healthy and secure, workers thrive, and clean air and water contribute to a healthy future for all. Learn more at [www.commongoodiowa.org](http://www.commongoodiowa.org).

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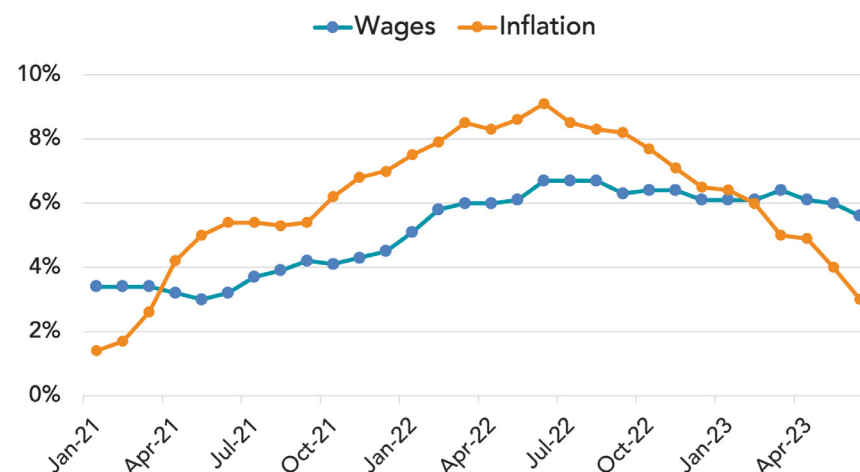
Iowans deserve an economy that works for every household. Rather than making strides toward that ideal, Iowa is stepping further backward into extreme economic inequality. In 2021, 1 in 7 working households in Iowa (defined in this report as a household with at least one full-time worker) did not earn enough income to meet a bare bones budget. In 2022, 1 in 6 working households could not meet that benchmark.

Recent data reveals the extent to which the global pandemic disrupted Iowa's economy. Causing huge upticks in inflation in countries around the world, the pandemic put additional strain on household budgets as production facilities closed, supply chains buckled, and workers left the labor force *en masse*. Although government interventions greatly softened the economic blow and aided a quick recovery, the pain was still felt by families across the state, especially those in lower-wage households.

Although wage growth has climbed at a strong pace over the last two years (Figure 1), the working Iowa family struggled to make ends meet in 2022. All told, 17.5% of all working households did not earn enough income to cover a bare-bones budget.

Figure 1

**Wages increased steadily, but two years of high inflation leave families playing catch-up**

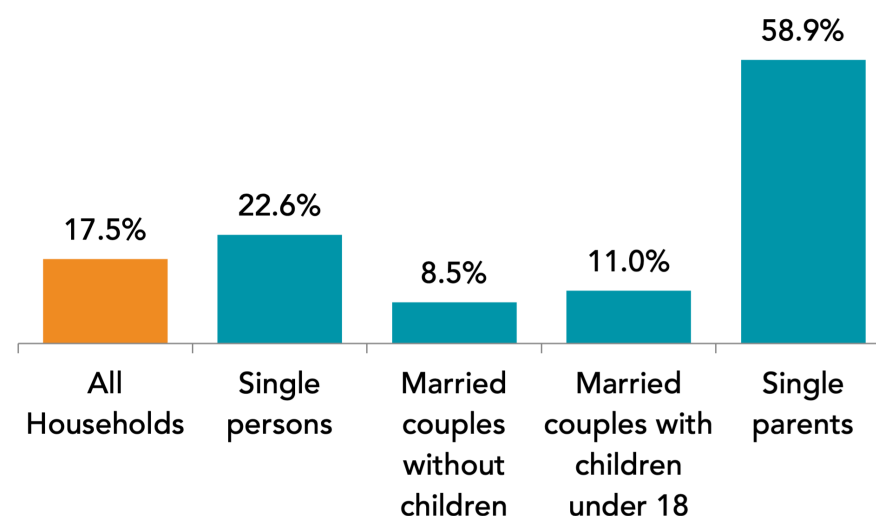


Source: Federal Reserve Bank of Atlanta and U.S. Department of Labor Bureau of Labor Statistics

Figure 2

**1 in 6 working Iowa households,\* including over half of single parents, earn too little to meet a basic needs budget**

Percentage of working households earning below what is needed to meet basic-needs budget, selected households



\* Iowa households with at least one full-time worker

► **This system has been shaped by policy choices over decades that have eroded the earning potential of workers.**

But some households were more likely to fall short than others (Figure 2). Three of every 5 single-parent households (58.9%) had incomes below basic needs — an increase of 31% since 2021. Black and Latino working households also fell short of earning enough to meet a bare-bones budget at disproportionately high rates. These profoundly disparate outcomes illustrate how discriminatory and unjust policies have resulted in a lopsided economy that overlooks the many to benefit the few.

Despite recent wage growth, for Iowans in the workforce, securing a self-sustaining wage through full-time employment remains challenging (Figure 3). To meet basic needs:

- A single parent with one child needs to earn at least \$24.64 per hour.
- Two working parents with two children each require \$19.55 or more per hour.
- A single working person must earn a minimum of \$14.82 per hour.

The inability of numerous working households to meet even the most modest budget with their earned income reflects a deeply unequal economic system. In this economy, too many full-time workers can't rely on their income to cover basic needs, sometimes leaving children to babysit other children, patients to skip medication doses to put off the refill cost and children to go to school hungry. This system has been shaped by policy choices over decades that have eroded the earning potential of workers.

Rectifying this will demand policies aimed at increasing workers' earnings, fortifying the safety net, investing in education, and dismantling barriers that have historically obstructed communities of color and other marginalized groups, denying them equal opportunities.

Figure 3  
**Regardless of family type, needs of Iowa workers far exceed the minimum wage**  
Wage required to meet a basic-needs budget, by family type, statewide average



Figure 4

**Family budgets are burdened by the high and rising costs of child care and rent**

Basic-needs family budgets, statewide average, 2023

	Single Person	Single Parent, One Child*	Married couple, two children**	Married couple, no children***
<b>Monthly Expenses</b>				
Rent and utilities	\$600	\$851	\$851	\$675
Food	321	470	938	565
Health Care	231	405	798	856
Child care	-	845	1,279	-
Clothing & household expenses	332	432	630	430
Transportation	668	643	1,374	1,356
Monthly total	\$2,152	\$3,647	\$5,870	\$3,881
<b>Annual total expenses</b>	<b>\$25,824</b>	<b>\$43,762</b>	<b>\$70,446</b>	<b>\$46,568</b>
Annual before-tax earnings needed	\$30,833	\$51,256	\$81,330	\$52,038
Less: Income & payroll taxes	(5,149)	(7,075)	(10,913)	(7,564)
Plus: EITC & other credits	-	-	-	-
Net resources	\$25,684	\$44,181	\$70,417	\$44,474
<b>Family supporting hourly wage</b>	<b>\$14.82</b>	<b>\$24.64</b>	<b>\$19.55</b>	<b>\$12.51</b>
Net taxes	(5,149)	(7,075)	(10,913)	(7,564)

\*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

**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 Iowa

Child Care Resource and Referral data, are for a toddler, a preschooler and a school-aged child.

- 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.

Refer to the appendix for a detailed description of the methodology and data sources used in calculating family budgets.

## What is a basic-needs family budget?

This report outlines a bare-bones budget that includes essentials while leaving out many common expenses that many may consider “basic.” It assumes the presence of at least one full-time worker within the household. However, this budget doesn’t allow for retirement savings or emergency funds, nor does it cover costs like student loan payments or any existing debts. It excludes entertainment such as streaming services, impromptu takeout dinners, or additional expenses like music lessons or youth sports fees. Rather than outlining a lifestyle of prosperity, this budget focuses solely on sustaining a restricted lifestyle without fostering an environment conducive to thriving.

On the previous page are the bare-bones budgets for a single worker, single worker with one child, a working couple with two children and working couple without children (Figure 4). 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](http://www.commongoodiowa.org/data/cost-of-living-in-iowa). These budgets are based primarily on Iowa data released in 2022.

**Institutional racism** refers to the patterns and systems of action (or inaction) by institutions, such as governments, that cause disproportionate harm to communities of color. Decades of policies that disadvantaged and directly harmed Black and brown workers and their families, both overt and subtle, shape who has access to opportunity today.

### Institutional racism has obstructed economic opportunity for Black and brown Iowans

Ever since the land that is now Iowa was first stolen from indigenous peoples and named an official U.S. state, Iowans of color have been excluded from the opportunities for financial prosperity. Generational effects and modern discrimination continue to oppress Black and brown workers and their communities. Around a

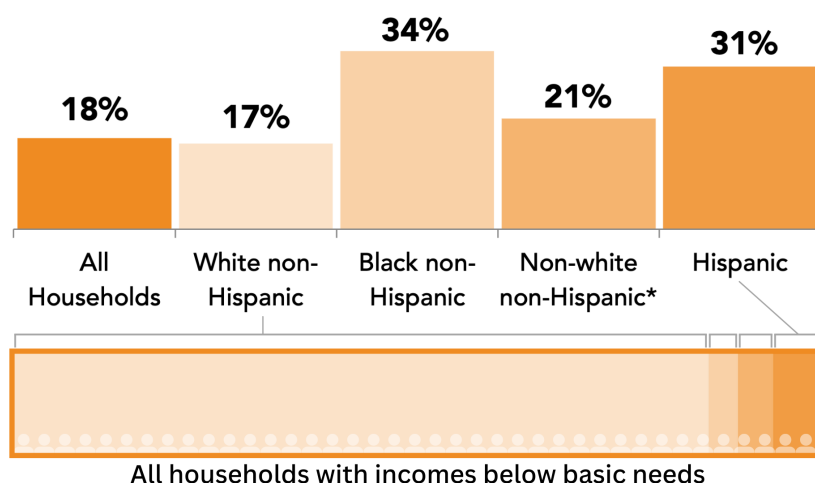
third of Black workers and Latino workers support families with incomes below the bare bones budget, almost double the statewide rate, even though these workers put in full-time hours (Figure 5).

Harms of the pandemic economy were felt particularly strongly by Latino workers. From 2021, the proportion of Latino workers whose earnings fell below basic needs increased from 25.8% to 31.3% (compared with 17.5% statewide). That equates to an additional 1,600 households who put in the work but still faced the choice of sacrificing basics or going into debt.

Figures 5 & 6

### Most Iowa workers below basic needs are white, but shares of insufficient income are roughly twice the average for Black and Hispanic workers

Share of households with incomes not meeting basic needs by race and ethnicity





## Redlining

Legally sanctioned until the late '60s,<sup>2</sup> redlining refers to the systematic denial of home loans or insurance to individuals and families living in neighborhoods deemed too risky for investment based on their racial composition.<sup>3</sup> These discriminatory practices were institutionalized during the Great Depression, when the federal government acted to help some homeowners falling behind on mortgage payments and bail out lenders. Appraisers were dispatched to survey cities to determine where, and where not, to make help available. Neighborhoods deemed too risky for loans, outlined in red on city maps (like one for Waterloo, Figure 7), were those with the most Black and brown residents and those located nearby.<sup>4</sup>

This practice disproportionately constrained Iowans of color, especially Black Iowans, in economically disadvantaged neighborhoods, which limited access to well-resourced schools, employment and the ability to build generational wealth by owning a home that appreciates in value.

Even after housing discrimination was banned in the Fair Housing Act of 1968, implicit bias has persisted from lenders who continue to devalue and deprioritize Black and brown neighborhoods.<sup>5</sup> This stigma contributes to persistent poverty of Black and brown communities and hinders the chance of upward mobility.

## Excluded from Protections

In 1938, the Congress passed the Fair Labor Standards Act (FLSA), which established the national minimum wage, overtime rules and numerous worker rights.<sup>6</sup> In order to pass the bill, it was modified to exclude protections for agricultural and domestic workers, which accounted for a large swath of the Black population. This was no coincidence, and representatives from Southern states plainly stated their concern for the FLSA's effects on the plantation economy.<sup>7</sup>

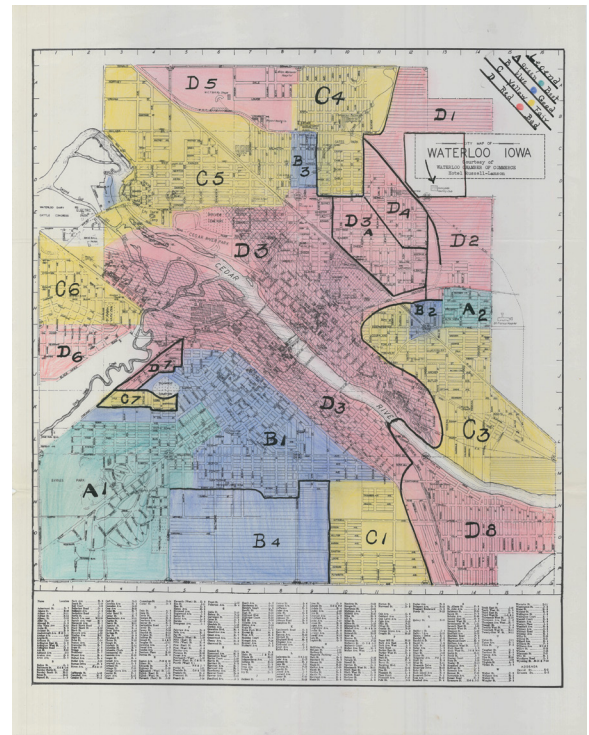
► **Black workers, economically suppressed by low wages and denied wealth-building opportunities, faced cascading effects on their children and beyond.**

The long-term effect of these exclusions was that while many middle-class Americans bought houses and gained wealth, Black workers were economically suppressed by low wages and denied wealth-building opportunities, which had cascading effects on their children and beyond.

## Unequal Before the Law

Census data from 2016 reports that a staggering 25% of incarcerated individuals in Iowa were Black, despite Black Iowans only making up 4% of the state population. A study from the sixth judicial district of

Figure 7  
**Map of Waterloo that guided home lending during Great Depression 'redlined' large areas of the city based on racial composition**

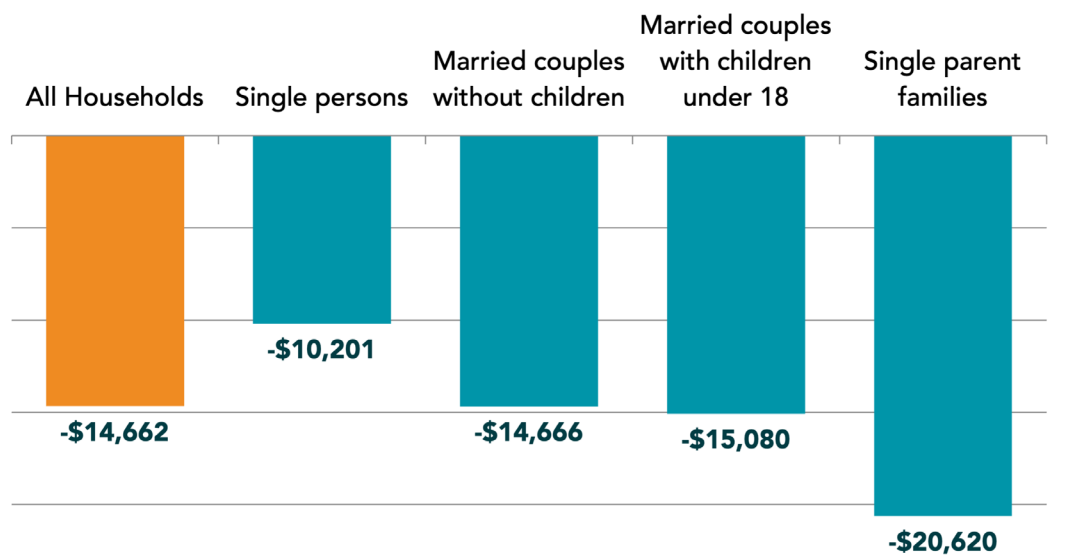


Source: Mapping Inequality, public domain image

Figure 8

## The average gap between household income and a basic-needs budget is over \$14,000. It's higher for single parents

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



Iowa (counties Benton, Iowa, Johnson, Jones, Linn and Tama) reported that despite comprising just 4% of the district's population, Black individuals made up 14% of the probation population, 24% of the parole population, and 32% of the prison population.<sup>8</sup>

These disparities accumulate throughout the levels of the law enforcement system. Arrest rates of Black residents are several times higher than that of white residents, even controlling for behavioral and contextual factors, and that Black detainees are given longer sentences for the same crimes.<sup>9</sup> From arrests, to sentencing, to parole decisions, the system's compounding racism leads to the highly inequitable outcomes that threaten progress toward economic opportunity.

## High costs mark the pandemic economy

The increases in household budget needs since our last Cost of Living in Iowa report, reflecting 2019 data, illustrate the pandemic-induced inflation that affected countries all over the globe.<sup>10</sup> Disruptions to the labor force due to mass illness and safety precautions had large, cascading effects on global supply chains and economic forces. Aside from health insurance costs, which actually ticked down between 2019 and 2022, household costs increased significantly across the board. The largest increases were seen for child care, transportation, food and household expenses.

► **While wages have made strong gains recently, a quarter of working Iowans still make less than \$15.17 per hour.**

While wages have made strong gains in the past two years — median wage in Iowa increased from \$19.19 in 2021 to \$21.32 in 2022, a gain of 11% — a quarter of working Iowans still make less than \$15.17 per hour. Clearly, wage gains have not kept pace with increased costs, as 1 in 6 working households have earnings that cannot cover a bare-bones budget.



# Earnings of low-income families fall far short of covering basic needs

Despite working long hours at often-demanding jobs, low-income workers’ take-home pay does not stack up against the cost of living in Iowa. Among those whose earnings don’t meet basic needs, the average size of the gap between a bare bones budget and household income is over \$14,000. Single-parent families face an annual gap of \$20,620 — an increase of over \$4,000 increase from last year (Figure 8).

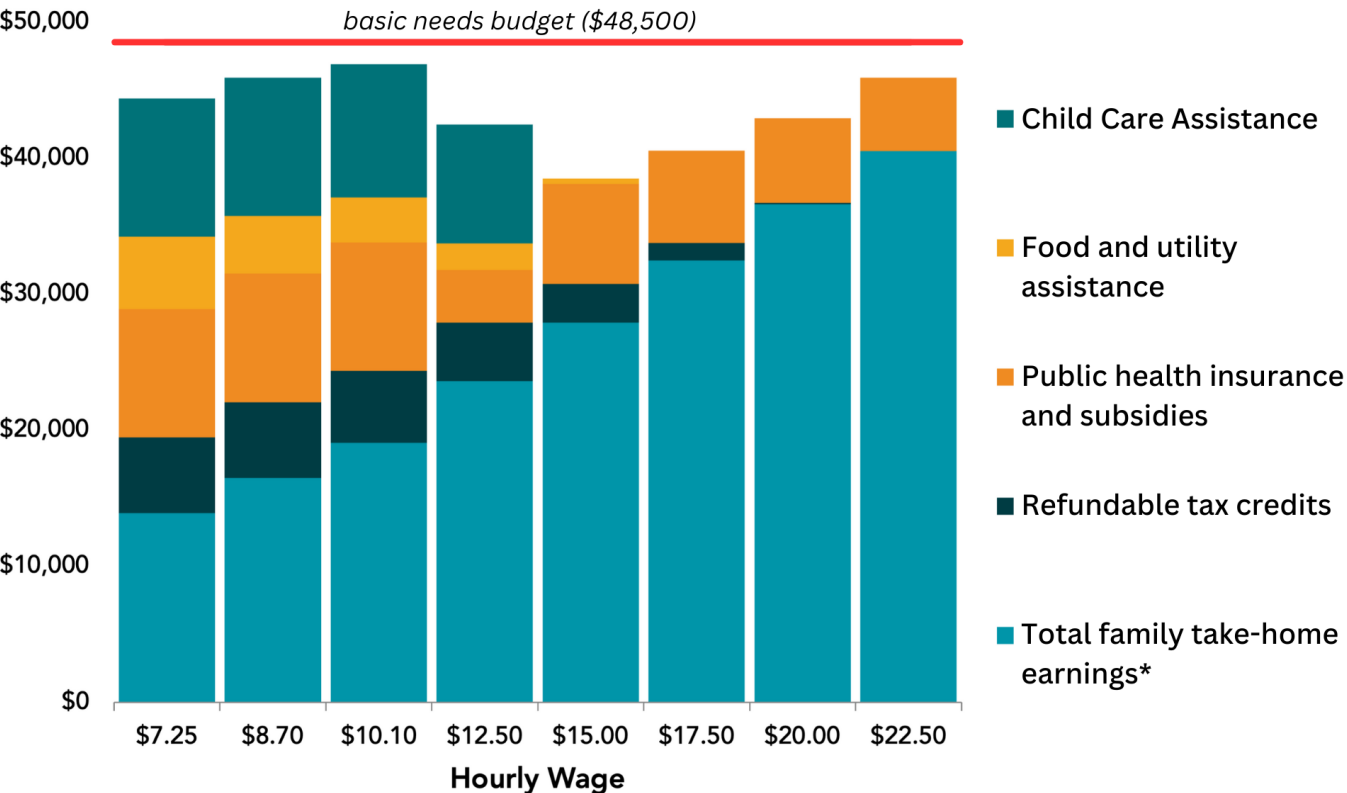
► **A typical Iowa worker needs to make an income twice the federal poverty level or higher to cover a bare bones budget.**

When household budgets show such large deficits, families making do with very little must turn to their communities for support, whether that means doubling up on housing, using a local food pantry or skipping routine medical care. Not only is this stressful for the family, but it holds back local economies, raising public health costs and putting strain on support systems like the food safety net.

## Public support policies reduce budget gaps but remain inadequate

Families supported by low-wage workers who struggle to cover basic needs despite working full time are often eligible for public-support programs that can lift household incomes significantly and put economic opportunities within closer reach (Figure 9). For example, the federal Earned Income Tax Credit (EITC)

Figure 9  
**A single parent with a child in Iowa can be penalized for getting a raise due to many support programs’ strict eligibility cut-offs**  
Annual income required to meet a basic-needs budget versus federal poverty level, by household type



and Iowa's state EITC, which matches 15% of the federal credit, is highly effective at reducing poverty, increasing workforce participation and improving health and education outcomes across generations.<sup>11</sup> The Supplemental Nutrition Assistance Program (SNAP), which provides food benefits to supplement family grocery budgets, also reduces poverty, by an estimated 14% to 16%, as it simultaneously boosts economic activity.<sup>12</sup> Child Care Assistance (CCA) subsidizes child care for eligible low-wage workers so they can afford reliable care while they work.

► **The state's disjointed public support system is confusing for residents to navigate.**

Although these policies demonstrate strong economic benefits, most fall short of reaching their potential. The state's disjointed public support system is confusing for residents to navigate and burdensome to apply for, causing utilization rates among eligible families to be remarkably low and highly variable among programs.<sup>13</sup> Eligibility for these supports is also complex, varying greatly by program and always including income criterion based on the federal poverty level (FPL).

The federal poverty level is an outdated measure of families' financial needs, created 80 years ago when food costs were expected to make up about a third of a family's budget.<sup>14</sup> The FPL for a family of three in 2022 was \$23,030 (also referred to as 100% of FPL). A typical Iowa worker needs to make an income that is about 200% to 250% of the FPL in order to cover a bare-bones budget.

Due to FPL-based income measures and low program eligibility thresholds, public support programs do not reach everyone whose earnings fall short of a bare-bones budget. They also phase out well before the household's earnings are enough to sustain basic needs. The result, called the "cliff effect," means many workers who get raises or higher-paying jobs end up financially worse-off from losing access to support programs.<sup>15</sup>

We propose several ways to strengthen Iowa's public-support policies, including expanding eligibility to more low-income families, increasing refundable tax credits and testing guaranteed income strategies. Implementing these recommendations would have life-changing effects for hundreds of thousands of Iowans. Ideally, though, we would make the economic reforms necessary to greatly reduce the need for these programs.

The inability of 1 in 6 families with at least one full-time worker to afford a bare-bones budget is not due to personal failings. Rather, it is an outcome of an economy where wealth becomes more and more concentrated, where full-time workers legally make as little as \$15,000 per year, and where medical and child care costs leave families with nothing left. Public support policies demonstrate our collective desire for equal economic opportunity, but for now we remain far from that objective.

# Policy recommendations

No matter our ZIP code, color or upbringing, every Iowan deserves the opportunity to thrive and provide for their household. Despite this common value, our highly unequal economic system produces a situation where 1 in 6 working households can't meet even an exceptionally frugal household budget on full-time wages. Public policy choices over decades have eroded the earning power of workers and funneled financial success to the wealthiest Iowans.

Here are key state and federal strategies to help shift the tide and empower families to not just survive, but thrive. These recommendations reflect a range of ambition; some should be immediately actionable (and are parts of state or federal legislation that have at various points come close to passing); others will require time and effort to build the evidence base and political will.

## A promising approach to keep testing: Guaranteed Basic Income

At a time when wealthy people and corporations are getting wealthier, advocates for working people are seeking efficient, streamlined policy solutions to make sure all families can cover essentials.

An area of promise is guaranteed income. One form of guaranteed income with a long track record of effectiveness is refundable tax credits, most notably the Earned Income Tax Credit and the Child Tax Credit. Researchers have presented strong evidence for the benefits of the credits, which lift millions of Americans above the poverty line each year.<sup>16</sup> Since workers can claim the credits on when they file their taxes, uptake of the credits among eligible households is quite high.

Another option is Guaranteed Basic Income. GBI provides money, typically on a monthly basis, to families based on their household income. Compared with tax credits, which except for a period during the pandemic, are received once a year, GBI essentially moves up the timing of the support to help people cover needs — such as food, utilities, shelter, diapers, clothing and education — as they arise. Rather than going into debt to cover costs and using tax refunds to pay off balances, GBI offers the chance to avoid the debt in the first place, preventing exorbitant interest charges and battered credit scores.

► **GBI helps families cover essentials — such as food, utilities, shelter, diapers, clothing and education — with a streamlined administrative process.**

### Guaranteed vs. Universal

Both universal basic income and guaranteed basic income are policies designed to provide individuals with a basic level of financial support.

While **Universal Basic Income (UBI)** provides a regular unconditional cash payment to all individuals, **Guaranteed Basic Income (GBI)** provides targeted support to households, usually those who are below a certain income threshold and face financial instability.

GBI further differentiates itself from other forms of assistance by its streamlined administrative processes and offering stable financial support without imposing extensive eligibility verification requirements.

A GBI pilot program in Iowa, administered by the UpLift initiative, is currently in progress across Warren, Dallas and Polk counties. This initiative targets 110 low-wage individuals, providing a monthly stipend of \$500 for two years. After the

pilot concludes, researchers will publish results about the program's effectiveness.

Eligibility for the program is determined by age, residency and household income criteria, with participants required to be at least 18 years old, residents of specified counties, and earning a household income at or below 60% of the area median income. To qualify, a household income for a family of four cannot exceed \$59,100. For a family of three, annual income cannot be more than \$53,190, and for a family of two, \$47,280.<sup>17</sup>

Comparable programs around the country, such as SEED (Stockton Economic Empowerment Demonstration) in Stockton, California, are returning promising results, including increased full-time employment and a reduction in income volatility among participants.<sup>18</sup>

► **GBI is an especially promising approach in rural areas, where economic challenges persist and poverty rates exceed the national average.**

It is a non-punitive approach that locates poverty as a systemic issue, not locating individuals as the source of the problem as many other programs and rhetoric do. GBI is an especially promising approach in rural areas, where economic challenges persist and poverty rates exceed the national average. GBI acts as a safety net for low-wage people who do not earn enough to meet basic needs and contributes to rural economic growth and well-being by addressing relative wage constraints.

Piloting Guaranteed Basic Income in Iowa signifies an important step towards helping people build financial security. As results from Iowa's pilot program and other GBI programs across the nation are analyzed, lawmakers should keep a close eye on GBI as a promising policy solution for our highly unequal economic system.

## Key policy priorities to help families get ahead

### FEDERAL

### IOWA

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.*

**Expand the Child Tax Credit** so it resembles its structure during the pandemic, when it lifted millions more American children out of poverty.

Expand the **Earned Income Tax Credit (EITC)** for low-paid working adults not raising children in the home.

**Double the state EITC** from 15% to 30% of the federal credit and expand it to include some childless adults who are now ineligible due to their age.

**Establish a state Child Tax Credit**, as 14 other states including Minnesota have done.

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.*

Make permanent **the enhanced 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 2025.

**Help eligible Iowans maintain Medicaid and CHIP coverage** by using enrollment processes that accurately assess eligibility without unnecessary red tape.

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

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**.

Increase the **Child Care Assistance** family entrance eligibility income level for Iowa's program to at least 185% of poverty.

Bridge  
the gap

## Assure families have resources for food

*We all need adequate food to learn, work and thrive. 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.

**Participate in Summer EBT**, which provides food benefits to low-income families with school-aged children when schools are closed for the summer.

Make **state investments in food security**, including **food banks** serving families who may not qualify for SNAP and **Double Up Food Bucks**, which stretches family budgets by doubling the value of SNAP dollars spent on fresh fruits and vegetables.



## FEDERAL

## IOWA

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.

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.

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.

**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.

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

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.*

Increase funding for **federal wage theft and misclassification enforcement**, especially in partnership with state departments.

**Reform the Wage Payment Collection Law** and administrative rules to strengthen penalties for businesses that violate wage and employment laws.

**Hire more wage and misclassification investigators** to enforce wage payment law, root out worker misclassification, and efficiently serve workers who have been wronged.

## FEDERAL

## IOWA

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 requires robust public-sector investment to fill the gap.

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

**Increase Child Care Assistance reimbursement rates** paid to Iowa providers to the federal standard.

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

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

Analyze  
and act

### Give marginalized groups access to equal opportunity

For decades, our state's policies have prioritized the accumulation of wealth for white communities at the expense of others. Many of the universal policies identified here will have disproportionate benefit for communities of color, but fully addressing Iowa's lopsided economy must acknowledge the historical roots of inequality and promote targeted, data-informed solutions that give all Iowans the opportunity to thrive.

Integrate **racial equity assessments** into the legislative process to ensure lawmakers consider potential impact of proposed policies and practices on communities of color.

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Develop **rural revitalization initiatives** addressing unique economic challenges and allocating resources to infrastructure, health care and education.

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Establish **community investment initiatives** that target low-income communities, providing access to credit with low rates and reduced consideration of credit scores and collateral.

**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.

## Endnotes

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