

Want to address affordability? Increase the minimum wage

Nearly 200,000 Iowa workers would directly benefit from \$15 an hour

As our leaders cast about for solutions to lowans' affordability concerns, they've largely ignored a proven policy tool that would make a meaningful difference for thousands: increasing the minimum wage.

At a basic level, affordability is a function of income and costs. Both sides of the equation are currently under attack in Iowa, as cost-supports like SNAP and Medicaid are undermined and wages are allowed to lag.

In Iowa, **the minimum wage has flatlined at \$7.25 since 2008** – over 18 years. In that period, inflation increased over 53%. Working 100 hours at minimum wage in 2008 – as today – earned a worker \$725. But \$725 in 2008 is the equivalent of just \$472 in 2025 after adjusting for inflation.

▶ Iowa's neighbors are far more competitive

While the minimum wage in Iowa has stayed at \$7.25, almost all our neighbors have chosen to raise it. As of this month, three Iowa neighbors – Nebraska, Missouri and Illinois – have minimum wages of \$15. State minimum wages in South Dakota and Minnesota top \$11, and Minnesota allows local governments to set minimum wages higher than the state's threshold.

Iowa has struggled to improve workforce numbers in recent years. **Current employment (1.68M) and labor force participation (67.5%) are still below the previous peak in October 2019** (1.7M and 70.1%, respectively). Iowa workers seeking gainful employment have better prospects in other states, and don't need to move far to find higher wages.

▶ Many Iowa workers would directly benefit from minimum wage increase

If Iowa's minimum wage were to catch up with South Dakota and Minnesota, at least 58,600 workers would receive a

	Earning \$7.25 or less	Earning \$11.50 or less	Earning \$15 or less
Number of workers	6,000	58,600	198,000
Percent of workers	0.7%	4%	14%

Sources: Economic Policy Institute Low Wage Workforce Tracker, Bureau of Labor Statistics

direct pay bump. If Iowa implemented a \$15 minimum wage to match Nebraska, Missouri and Illinois, almost 200,000 lowans would see their hourly wage increase.

State minimum wages, January 2026



Source: U.S. Department of Labor

And the benefits of raising the minimum wage extend further up the wage scale. **It also indirectly benefits many thousands of additional workers** whose wages are just above the new minimum wage, as employers adjust pay scales to adjust to the new minimum.

▶ **Essential workers need the pay bump that would come from a higher minimum wage**

Iowa needs the workers who power everyday life and meet the needs of our communities. Hundreds of thousands of workers serve essential daily functions, from child care to food preparation. Yet some of these key professions are among the lowest compensated in the state. No one working full time should be unable to afford basic needs, especially those who fulfill those needs for others.

<i>Occupation</i>	Child care workers	Fast food workers	Home health aides	Preschool teachers	Housekeepers
Average hourly wage	\$13.76 <i>75% make under \$14.94</i>	\$13.61 <i>75% make under \$14.86</i>	\$17.34 <i>25% make under \$15.17</i>	\$16.44 <i>50% make under \$14.32</i>	\$15.37 <i>50% make under \$14.95</i>
Workers in IA	5,870	37,060	23,830	5,570	8,320

Source: Bureau of Labor Statistics Occupational Employment and Wage Statistics, May 2024.

▶ **Minimum wage increases are backed by evidence and overwhelming public support**

Strategically increasing the minimum wage is an evidence-backed policy tool that has improved earnings without sacrificing employment or triggering runaway inflation since it was first enacted nationally in 1938. Additionally, it is widely supported by the public. According to the Hawkeye Poll Cooperative, approximately 70% of Iowans believe minimum wage should be tied to increases in inflation.

To learn more about improving conditions for Iowa workers, contact Policy Analyst Sean Finn at sfinn@commongoodiowa.org or visit www.commongoodiowa.org.