COMMON SENSE INSTITUTE

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DEMOGRAPHICS ARE DESTINY

HOW IOWA'S DEMOGRAPHICS ARE SHAPING THE STATE'S POPULATION, WORKFORCE, AND ECONOMY

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ABOUT COMMON SENSE INSTITUTE

Common Sense Institute is a non-partisan research organization dedicated to the protection and promotion of Iowa's economy. CSI is at the forefront of important discussions concerning the future of free enterprise and aims to have an impact on the issues that matter most to Iowans. CSI's mission is to examine the fiscal impacts of policies, initiatives, and proposed laws so that Iowans are educated and informed on issues impacting their lives. CSI employs rigorous research techniques and dynamic modeling to evaluate the potential impact of these measures on the economy and individual opportunity.

TEAMS & FELLOWS STATEMENT

CSI is committed to independent, in-depth research that examines the impacts of policies, initiatives, and proposed laws so that Iowans are educated and informed on issues impacting their lives. CSI's commitment to institutional independence is rooted in the individual independence of our researchers, economists, and fellows. At the core of CSI's mission is a belief in the power of the free enterprise system. Our work explores ideas that protect and promote jobs and the economy, and the CSI team and fellows take part in this pursuit with academic freedom. Our team's work is informed by data-driven research and evidence. The views and opinions of fellows do not reflect the institutional views of CSI. CSI operates independently of any political party and does not take positions.

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INTRODUCTION

Demographics have a large impact on the health and growth of a state's economy. Labor productivity, an important measure of economic output, results from adding innovation and capital investment to labor. In Iowa, for example, innovation in the agricultural sector has made a single farmer multiple times more productive than their great-grandfather, increasing overall labor productivity in the economy. That same innovation required capital investment in new technologies and equipment, without which the innovation would not have improved productivity. If an increase in labor productivity allows one Iowan to produce as much as five Iowans previously, that frees up four workers to produce other goods and services. The four laborers represent the potential increase in labor productivity. If they stay in Iowa, innovate, and attract capital investment for other types of production, that expands the state's economy. However, if those Iowans leave the state, Iowa will not reap the bounty of the increase in labor productivity resulting from innovation. Indeed, when people leave the state, their productivity along with potential capital investment and future innovation leaves with them. For a state and its residents to benefit most from gains in labor productivity, it must retain and grow its population and workforce.

Because a state's economic vitality depends in large measure on its productivity and human capital is a primary component of economic output, demographics play a major role in the vitality of a state's economy. State-level demographics change based on births versus deaths (i.e. "net births"), interstate migration, and international migration. It appears the United States is headed toward demographic decline, and the pandemic has exacerbated population-growth related concerns across all states.[1] This report identifies the most up-to-date population trends in Iowa, including international and domestic migration and net births. It also identifies levers lawmakers can pull to improve the state's demographics.

KEY FINDINGS

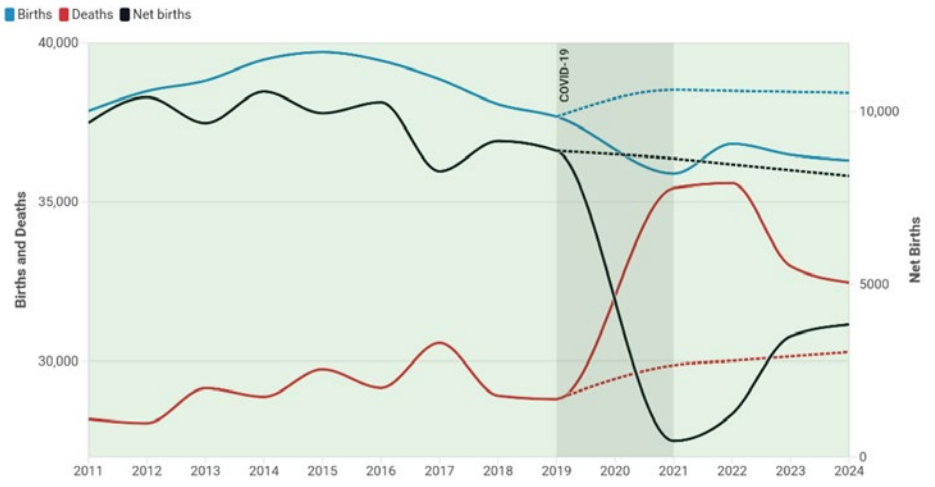
- Post pandemic, Iowa has relied primarily on international migration for population growth. **Since 2021, Iowa's population has grown by 1.34% or about 60% more than it would have grown without foreign immigration.**
  - **Net international migration into Iowa has surged since the pandemic.** In 2024, a net total of 19,439 foreign migrants entered the state compared to 2,663 in 2019.
  - **Birth rates are shrinking in Iowa.** In 2024, net births fell to under 4,000 compared to 8,863 in 2019.
  - **Iowa has lost 8,250 residents to other states since 2021.** Excepting 2021 when the state gained 1,944 domestic migrants, Iowa has lost residents to domestic migration every year since 2013.
- **If foreign immigration into Iowa halted for the next four years, the state would lose 11,000 labor force participants and $300 million in GDP,** based on CSI's macroeconomic forecasting.
  - **It would require Iowa's birth rate to be 7% above the current trend for four years to offset the loss in foreigners if foreign immigration went to zero.**
  - If net international migration levels drop by just 63% for four years starting in 2025, the state would lose 7,000 labor force participants and $200 million in GDP.[2] It would require Iowa's birth rate to be 4.7% above the current trend to offset the loss in new foreign migration.
- Iowa's demographic trends reflect the rest of the Midwest. **Of the 12 Midwest states in 2024, Iowa ranks—**
  - 7th highest in per capita net births. No Midwestern state has recovered to pre-pandemic per capita net birth levels.
  - 5th in highest per capita net domestic migration. This is despite being negative in 2024.
  - 11th in highest per capita net international migration. Neighboring states have taken in foreigners at a higher rate.
- Outmigration from Iowa is mostly concentrated among young **adults aged 18-30 and college degree-holders,** which can lead to a shrinking skilled workforce.

FALLING NET BIRTHS CHALLENGE IOWA'S POPULATION.

Across the United States and in Iowa specifically, birth rates peaked in the 1950s and have declined dramatically over the last seven decades.[3] The most precipitous drop in birth rates occurred in the three decades following the peak. Since then, birth rates have continued to decline at a slower pace, fluctuating with economic cycles. Birth rates fell and reached a local trough during the stagflationary decade of the 1970s before climbing to a local high in the late 1990s. In Iowa, birth rates were trending back up in the 2000s but peaked and reversed course when the Great Recession hit.[4] After recovering somewhat, a significant shift occurred during and after the pandemic.

The Center for Disease Control (CDC) reported a total of 9,148 Coronavirus related deaths in Iowa,[5] contributing to demographic decline from two sides. Deaths spiked above trend during the pandemic, resulting in an unexpected decline in Iowa's population. Consequently, net births have also fallen below the pre-pandemic trend, as additional deaths reduced future net birth potential across the state. In 2020, Iowa's birth rates dropped dramatically, from 11.9 to 11.3 births per 1,000 residents. That remained the lowest rate on record until 2023 when births fell to 11.2 per 1,000, though net births rebounded slightly due to a decline in total deaths. Today, the gap between births and deaths has shrunk to under 4,000 compared to 8,863 in 2019. While higher than the U.S. average, Iowa's 2023 birth rate of 1.7 falls well below the 2.1 replacement rate needed to sustain population levels without migration.[6] When considering the global trend in declining fertility rates, Iowa's net birth data pose a concerning future ahead.[7] If net births remain stagnant or continue to decline, the state will need to increase its reliance on domestic and international migration for demographic growth.

FIGURE 1. TRENDS IN IOWA BIRTHS AND DEATHS, 2011-2024



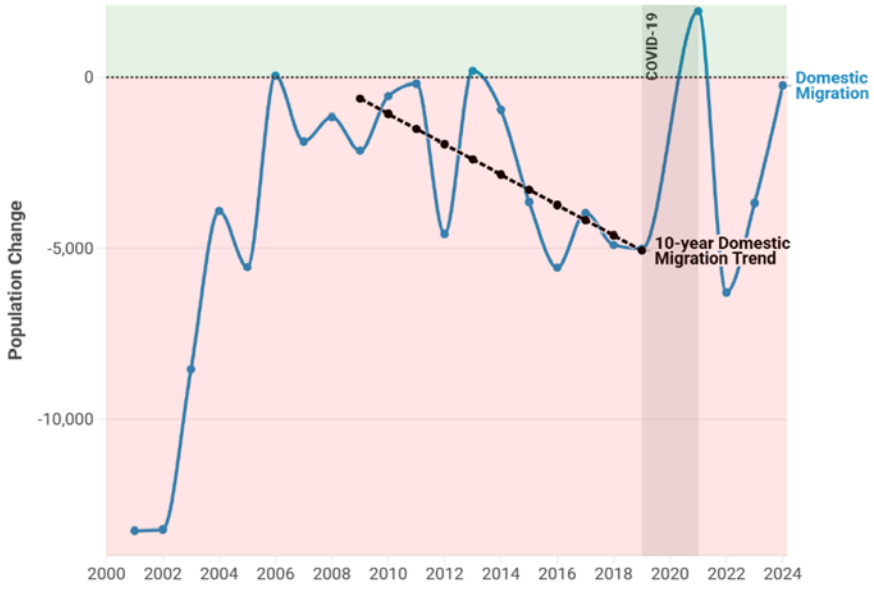
Source: Census Bureau
Note: Dotted lines indicate projected population changes based on the pre-2020 trend since 2011. Projections and actuals exclude 2020 due to the pandemic.

IOWA CONTINUES TO LOSE RESIDENTS TO OTHER STATES.

Iowa has seen consistent net negative domestic migration for the better part of two decades. At the turn of the century, around 13,000 residents were leaving the state annually. Over the next couple of years, that number steadily fell until turning slightly positive in 2006 with a net inflow of 48 people moving into Iowa. However, between 2004 and 2024, net migration generally ranged between breakeven and a loss of five to six thousand residents. The pandemic year of 2021 was a notable outlier, as seen in figure 2.

As fewer Iowans left rural areas and suburban regions saw continued inbound migration, net domestic migration in Iowa turned positive in 2021, reflecting a broader pandemic-driven shift toward less densely populated areas.[8] However, for every action, there is an equal and opposite reaction. When states across the country began loosening their pandemic restrictions in 2022, Iowa saw the largest exodus to other states since 2003, likely a result of rural outmigration returning to pre-pandemic trends. Domestic inflows improved in 2023 and 2024 but remain negative. Despite these negative trends, Iowa remains competitive for newcomers. While net domestic migration had been steadily declining in the 10-year pre-pandemic trend, the recent post-pandemic migration craze has disrupted normal population movement, as per figure 2. Recent spikes in migration could be temporary and could return to pre-pandemic trend levels, but there is reason for cautious optimism. According to the U-Haul Growth Index, Iowa ranked 23rd in growth in 2024—seven spots higher than in 2019.[9] This may suggest

FIGURE 2. TRENDS IN IOWA NET DOMESTIC MIGRATION, 2001 TO 2024



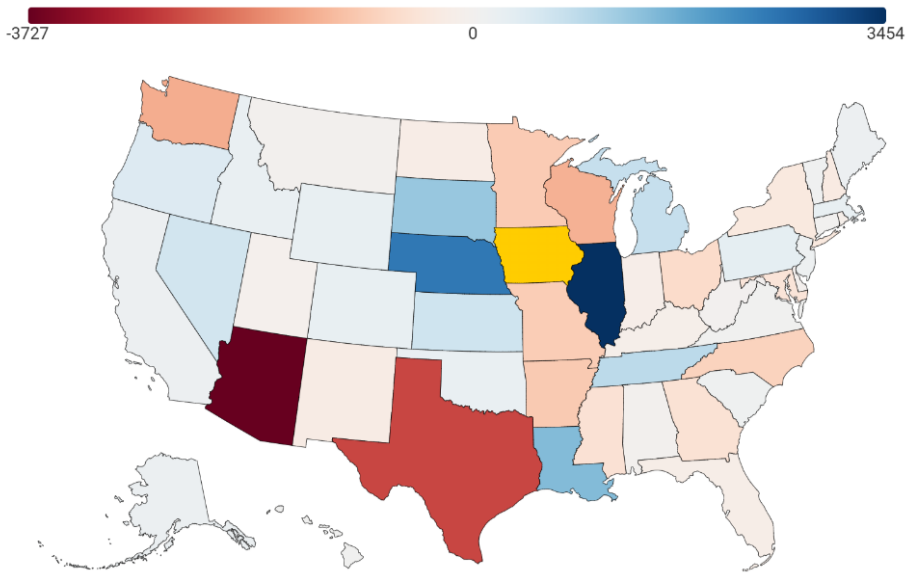
Source: Census Bureau, Iowa Data Center
Note: Data pre-2010 comes from Iowa Data Center, and data post-2010 comes from the Census Bureau. Dotted lines indicate projected domestic migration changes based on the pre-2020, 10-year trend since 2009.

more and more Americans see Iowa as an attractive place to lay down roots. Iowa's low crime rates, relatively affordable housing, and free enterprise environment contribute to the state's attractiveness to potential domestic migrants.[10]

Unfortunately, Iowa still experienced net domestic outmigration in 2024, losing 231 total residents. This continues the long-standing trend of more Iowans leaving for other states than moving in. While Iowa's relatively stable job market and lower cost of living have incentivized more Americans to move to Iowa than ever before, it has not been enough to counterbalance the appeal of faster-growing regions yet.[11] Thus, larger states continue to attract residents at a quicker rate than Iowa. Unless economic factors continue to outpace other states, Iowa may continue to face challenges in reversing domestic outflows. To better understand where Iowans are moving, figure 3 visualizes where new Iowa residents moved from and where departing residents went to in 2023.

In 2023, Iowa's net inbound migration primarily came from other Midwestern states like Illinois, Nebraska, and South Dakota. Louisiana stands out as a large non-Midwestern source of new residents. Outbound migration also remained heavily concentrated in the Midwest with residents moving especially to Wisconsin, Minnesota, and Missouri. This year, Arizona and Texas stood out as significant destinations for Iowa's out-migrants. Undeniably, Iowa lacks certain natural advantages that make attracting domestic migration more challenging. While policymakers cannot give Iowa Arizona's warm climate or Texas' direct access to ports on the Gulf Coast, they can and should pursue public policies that improve Iowa's appeal to potential domestic migrants.

FIGURE 3. STATE TO STATE MIGRATION NOMINAL NET FLOWS TO AND FROM IOWA, 2023



Source: Census Bureau

TABLE 1. STATES WITH THE HIGHEST LEVELS OF INDIVIDUALS INBOUND TO IOWA AND OUTBOUND FROM IOWA, 2024

Rank	Inbound Migration	2024	Outbound migration	2024
1	Illinois	3,454	Arizona	-3,727
2	Nebraska	2,481	Texas	-2,506
3	Louisiana	1,501	Washington	-1,364
4	South Dakota	1,296	Wisconsin	-1,309
5	Tennessee	910	Arkansas	-963

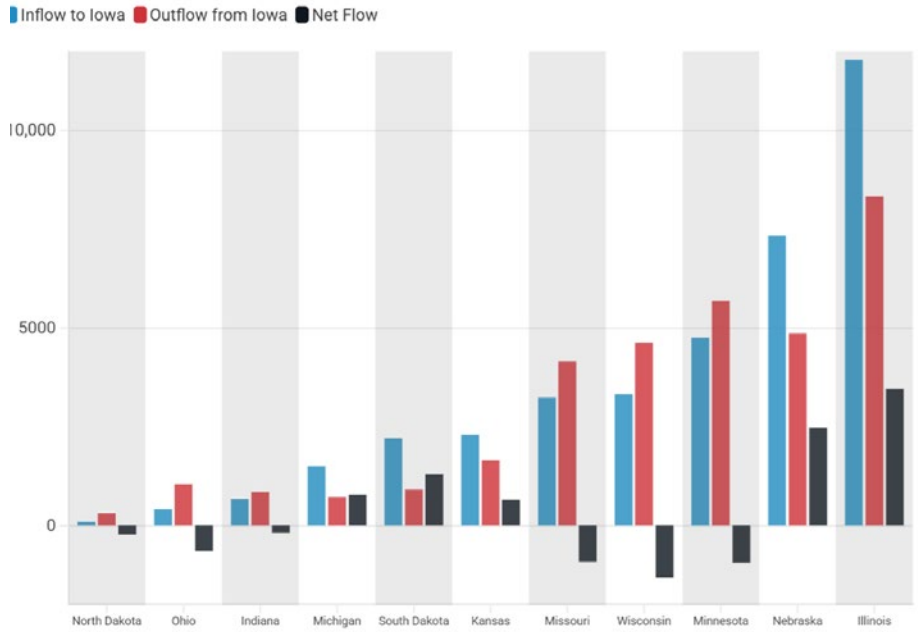
Source: Census Bureau

How attractive is Iowa for domestic migrants?

Neighboring states typically attract most migrating residents in any region. This is true for Iowa and the Midwest. Smaller, economically similar states have contributed significantly to net inbound migration to Iowa, and larger, more populous ones have siphoned residents away. Looking deeper into Midwestern migration trends can reveal migration preferences of Iowa residents relative to neighboring states. Figure 4 outlines the nominal inbound and outbound migration flows to and from Iowa in the Midwest. Among the top five most active states, only Nebraska and Illinois produced net positive migration flows to Iowa, which combined totaled nearly 6,000 inbound migrants in 2023. Minnesota, Wisconsin, and Missouri together netted over 3,000 inbound residents migrating from Iowa. Altogether, Iowa gained 4,466 more Midwestern residents than it lost.

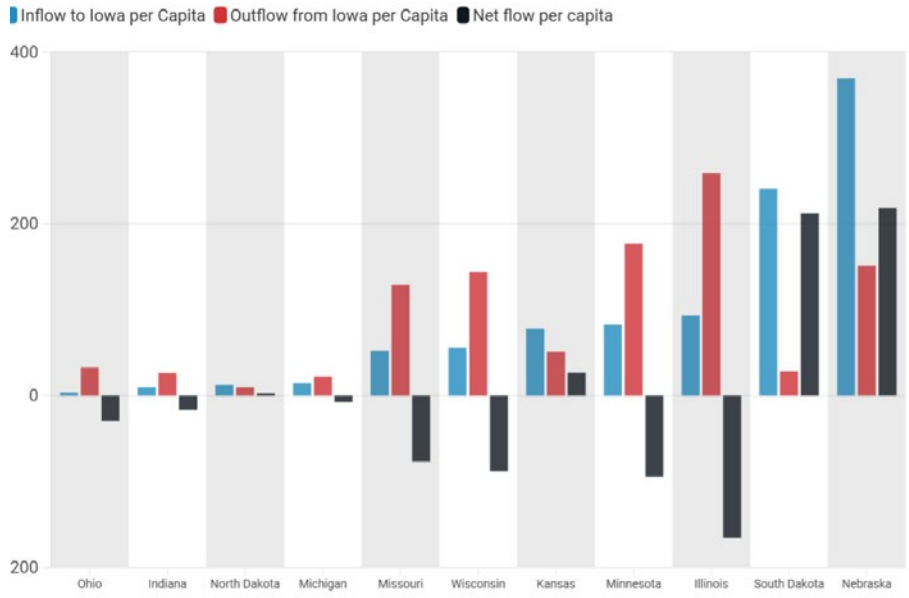
Nominal figures do not paint the full picture when it comes to moving populations. Instead, per capita migration flows can provide a more precise measure of migration flows relative to population size. Larger states naturally have higher nominal flows due to their population size, which can mask relative

FIGURE 4. NOMINAL INFLOWS AND OUTFLOWS IN IOWA FROM MIDWEST STATES, 2023 A



Source: Census Bureau

FIGURE 5. PER CAPITA INFLOWS AND OUTFLOWS IN IOWA FROM MIDWEST STATES, 2023

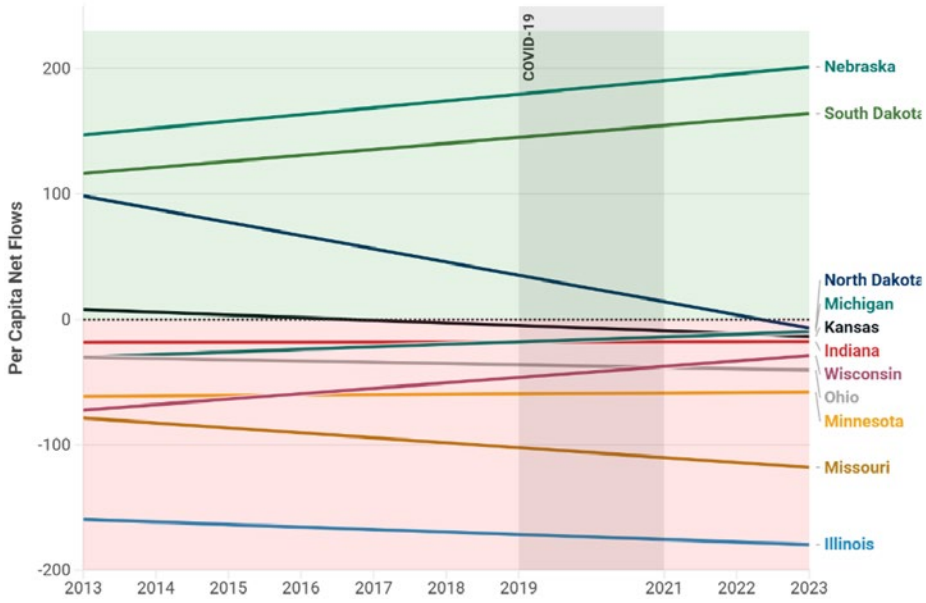


Source: Census Bureau

Note: Inflow per capita was calculated using the respective state's 2023 population. Outflow per capita was calculated using Iowa's 2023 population.

preferences. For example, while Illinois produced the largest positive net flow to Iowa in figure 4, per capita adjustments in figure 5 show a net outflow from Iowa to Illinois. When adjusted for population size, smaller states like Nebraska and South Dakota show significantly higher net inflow to Iowa. This highlights the concern that only the smallest bordering states contributed net positive domestic migration to Iowa. This is problematic, as the volume of domestic migrants from smaller states is inherently limited.

FIGURE 6. TREND OF PER CAPITA DOMESTIC NET FLOWS TO IOWA FROM MIDWEST STATES, 2010-2023



Source: Census Bureau
Note: Figure and data excludes 2020 due to the pandemic.

Over the 2010-2023 period, per capita domestic migration trends reveal unreliability in maintaining positive, consistent net flows to Iowa. Nebraska, South Dakota, and North Dakota are the only states in the region with consistently positive per capita net flows to Iowa thanks to sharing numerous similarities—affordability, rural makeup, agriculture, and low populations. In contrast, when represented on a per capita basis Iowa has lost residents on net to larger states with stronger urban economies. Illinois, Minnesota, Wisconsin and Missouri contain major metropolitan cities with larger populations that present unique opportunities for prospective Iowans. Figure 6 visualizes the trend of net per capita domestic migration flows to Iowa from other Midwestern states. In the figure, it becomes apparent that smaller states have contributed a greater share of their populations to Iowa than larger ones. While Iowa may attract a nominal net positive amount of Midwestern residents, smaller states have contributed more of these flows on a per capita basis.

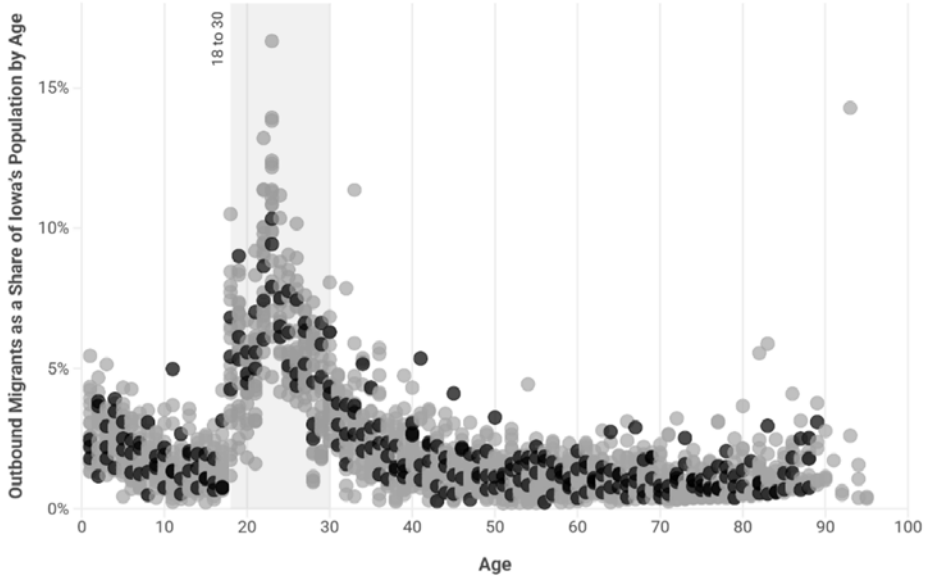
When expanding these observations to the broader U.S., similar trends appear. Across the East, West, and South regions, per capita net inbound flows are concentrated in smaller populous states, while larger states conversely attract net per capita outbound flows. This suggests Iowa's main appeal is Americans seeking a similar, less-populated lifestyle, which can suggest the state has done exceptionally well in competing for this demographic. However, these states pose limited inflow volume, therefore, this phenomenon limits Iowa's domestic inflows. Visualization of all three regions and their net flow trends to and from Iowa is available in figures 18-20 of the appendix.

Who is leaving?

Iowa's domestic migrant flows have historically underperformed other states. Coupled with the state's aging population and shrinking youth workforce, this poses a concerning outlook for the future demographic makeup of Iowa's workforce.[12] The Integrated Public Use Microdata Series (IPUMS) database provides U.S. census and survey microdata, covering a range of demographic, harmonized variables.[13] This section uses this data to help visualize the demographics—such as sex, age, and education—of individuals who are leaving Iowa. The data spans from 2000 to 2023, excluding 2020, and focuses on the characteristics of migrants who moved from Iowa to another state, as identified by state- and migrant-specific variables. While the extent of the values presented in figures 7-9 may not exactly represent the broader population due to sampling limitations, the general trends will offer invaluable insight into which demographics are leaving the state.

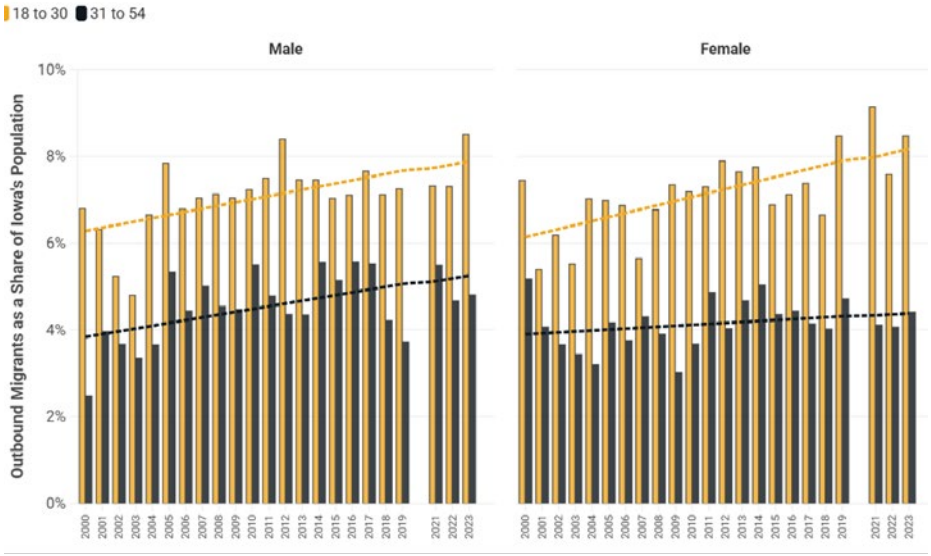
Young adults, as a share of their individual age's total population, have left Iowa at a greater rate than older adults. Figure 7 visualizes outbound migrants

FIGURE 7. OUTBOUND MIGRANTS AS A SHARE OF IOWA'S POPULATION BY AGE, 2000-2023



Source: IPUMS Microdata
Note: Dots are shaded by years. Gray indicates years between 2000-2019; Black indicates years 2021-2023. 2020 is excluded due to the pandemic.

FIGURE 8. OUTBOUND MIGRANTS AS A SHARE OF IOWA'S POPULATION, AGES 18-30 AND 31 TO 54, 2000-2023



Source: IPUMS Microdata
Note: Dotted line indicates 2000-2023 trend. 2020 is excluded due to the pandemic.

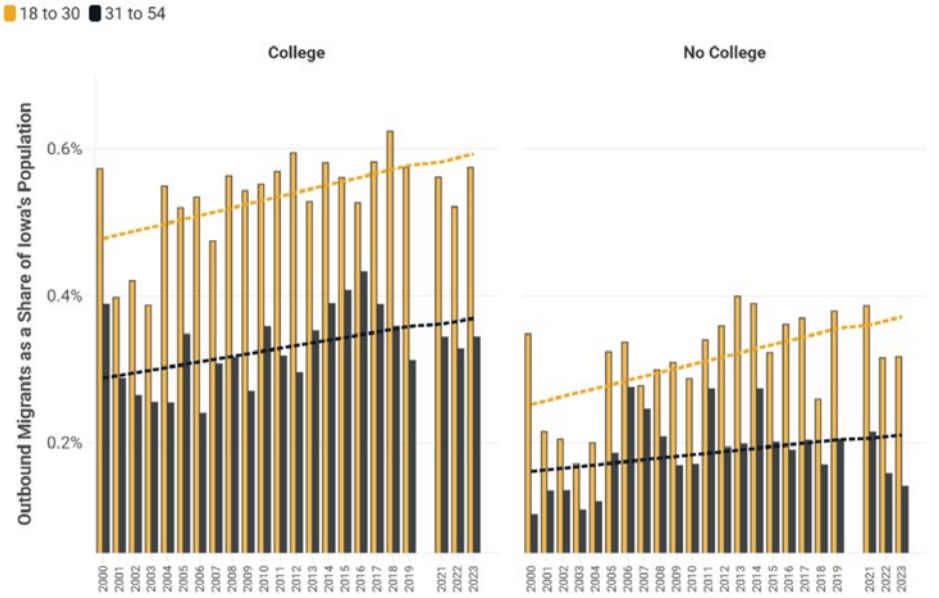
by individual age. Gray dots indicate data from 2000 to 2019 and black dots from 2021 to 2023. The data show a clear trend of outmigration concentrated in the 18-30 age group within both time periods. Mean outbound flows of young adults in the pre- and post-pandemic era are nearly identical, indicating this trend has persisted. As a result, Iowa has become increasingly reliant on its aging workforce to maintain labor force stability.[14] A continued decline in young adult migration could further exacerbate challenges surrounding workforce shortages and slower economic growth. As age plays a major role in Iowa's workforce composition, the concentration of out migration among the 18-30 age range causes reason for concern.

To further detail the demographic makeup of outbound Iowans, figures 8 and 9 examine variables for sex and college attainment. Both figures separate men and women into two age ranges—18 to 30 and 31 to 54. The first group represents the significant outbound migrant population, and the second provides a comparison group of a more aged, but still pre-retirement demographic. Splitting the pre-retirement population into these two age groups can shed light onto how migration patterns differ between younger and older working-age adults, both of which are crucial for a strong labor force. As in figure 7, figure 8 shows that even among different sexes, there is a stark variance between younger and older populations.

Men and women within the 18-30 age range are leaving Iowa at a greater rate than those 31-54. However, both male age groups have experienced a consistent upward trend in outbound migration since 2000. Only females 18-30 show a similar increase, while older female migration has remained mostly flat. This trend is problematic considering Iowa's declining birth rates. Younger populations drive birth trends. As more young people leave the state, fewer remain to offset the decline in net births. The labor market faces similar challenges. Although older workers have begun re-entering the workforce at increasing rates over the past decade, they are unlikely to fully offset the loss of younger workers. Industries that depend on a steady influx of younger, entry-level employees could struggle with long-term workforce sustainability. As Iowa's population continues to age and outmigration among the young grows, it may reach a point where available workforce cannot keep up with demand—threatening economic stability.

Iowa also struggles to retain its college-educated workforce. As of 2021, Iowa ranked 10th worst in the U.S. in retaining its college graduates.[15] Figure 9 visualizes the educational attainment of Iowa's out-migrants. Degree holders are leaving the state at nearly

FIGURE 9. OUTBOUND MIGRANTS AS A SHARE OF IOWA'S POPULATION, AGES 18-30 AND 31 TO 54, EDUCATIONAL ATTAINMENT, 2000-2023

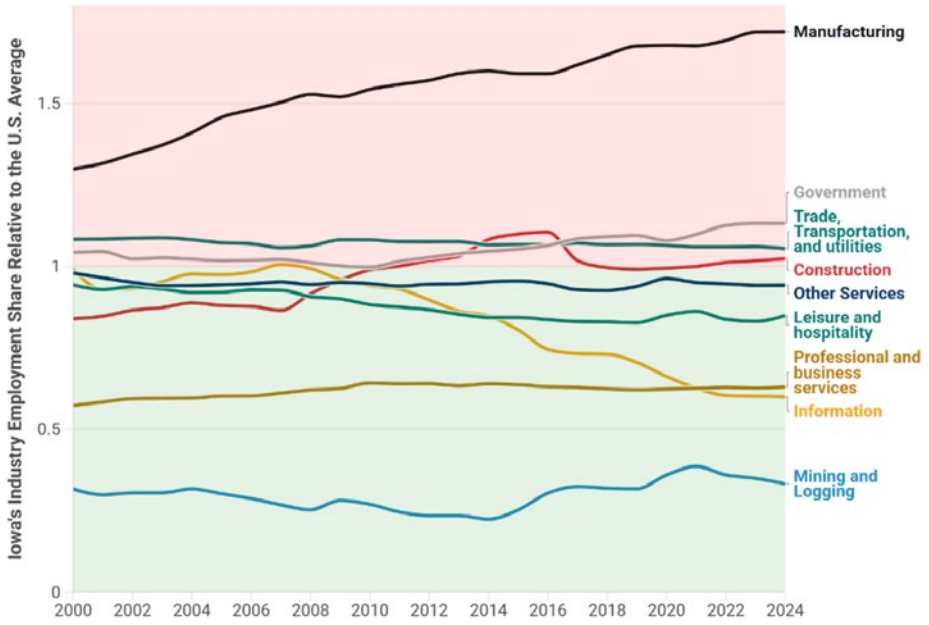


Source: IPUMS Microdata

Note: Dotted line indicates 2000-2023 trend. 2020 is excluded due to the pandemic.

twice the rate of residents who do not hold a college degree. This trend has been growing and closely mirrors the pattern in figure 8, suggesting many young people who leave Iowa are recent college graduates.

FIGURE 10. IOWA INDUSTRY EMPLOYMENT SHARE OF TOTAL NONFARM RELATIVE TO THE U.S. AVERAGE, 2000-2024



Source: Bureau of Labor Statistics

The limited availability of jobs in industries whose workforce requires degrees may contribute to this trend. Figure 10 shows Iowa's share of total employment within nine major industries relative to the nation as a whole. Industries that fall within the red shaded area are classified as overweight; these industries have a greater share of total nonfarm employment than the national average. Those within the green shaded area are classified as underweight and below the national average. Only four industries—manufacturing, construction, trade, transportation and utilities, and government are classified as overweight. The other five are underweight. Three stand out as possibly causing major imbalances to Iowa's labor market—manufacturing, professional and business services, and information.

Each state has a different concentration of industries and industry employment relative to the national average. The concentration in each state depends on malleable factors such as the public policy landscape and natural factors outside human control. Manufacturing, professional and business services, and information have stood out as Iowa's imbalanced industries. Since 2000, Iowa employment has become increasingly concentrated in manufacturing and decreasingly concentrated in information, which includes the tech sector. Construction, which employed 220,000 Iowans in December 2024, has grown as a share of the total nonfarm employees to over 1.7 times the national average.[16] Professional and business services and information, which employed 143,000 and 18,000 Iowans as of December, have both dipped to approximately 0.6 times the national average. Manufacturing—an industry that typically does not require a college degree—continues to expand, while the other two show no signs of rebounding to align with national workforce trends. This imbalance may be accelerating the outmigration of young college graduates. Common Sense Institute will explore Iowa's missing workforce in greater detail in an upcoming report later this month.

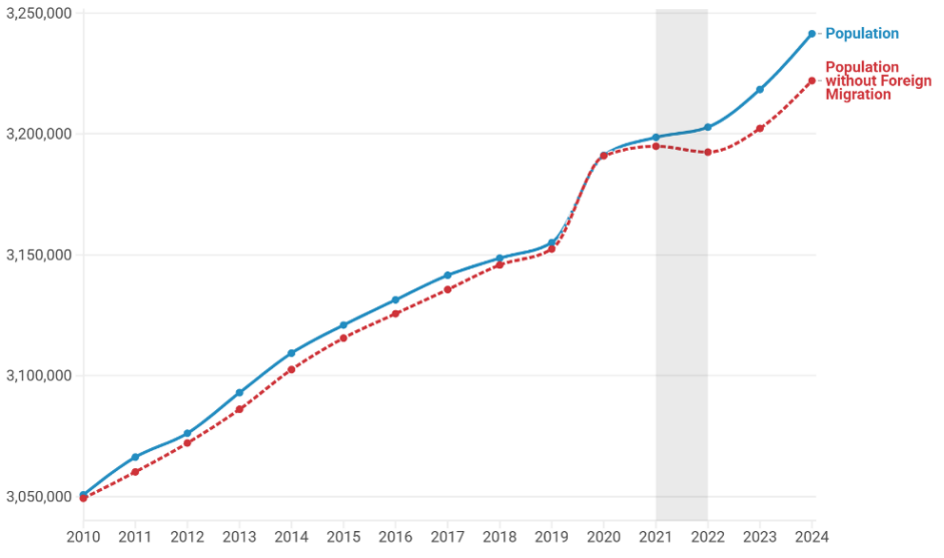
FOREIGN MIGRATION DRIVES IOWA'S POPULATION GROWTH.

While Iowa's total population has increased every year since 2010, it owes its ongoing demographic stability and growth to foreign migration. Figure 11 shows Iowa's actual population growth since 2010 versus its hypothetical population growth without new foreign immigration. See Table 4 in the appendix for a breakdown of all migration data.

Even without foreign migration, Iowa's net births and net domestic migration alone have resulted in population growth, except in 2022 when domestic outmigration peaked. However, Iowa is increasingly dependent on foreign immigrants for demographic growth. This is apparent considering the growing gap between the two populations in figure 11. Foreign migration now takes up a larger portion of all demographic growth than ever before. Since the pandemic, foreign migration into Iowa has surged, as seen in figure 12.

Iowa's net foreign migration spiked following global lockdown easing and higher demand for travel. Although this boost in foreign migration was felt across the country, the impact is especially consequential for Iowa. Prior to the pandemic, international migration into the state remained significant and positive but was on a downward trend nearing zero in the next decade.

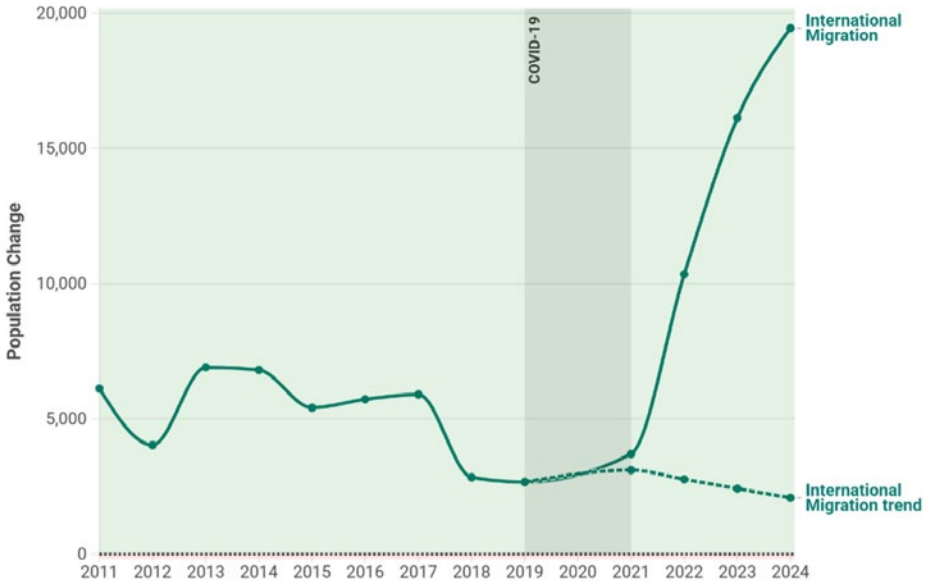
FIGURE 11. IOWA POPULATION GROWTH WITH AND WITHOUT INTERNATIONAL MIGRATION, 2010-2024



Source: Census Bureau
Note: Shading indicates the only year Iowa would have experienced population decline without foreign migration.

Had the previous trend continued without a subsequent rise in births or domestic migration, the population would have trended toward decline. Based on the data, the pandemic appears to have helped Iowa demographically on the whole.

FIGURE 12. TRENDS IN IOWA INTERNATIONAL MIGRATION, 2011-2024



Source: Census Bureau

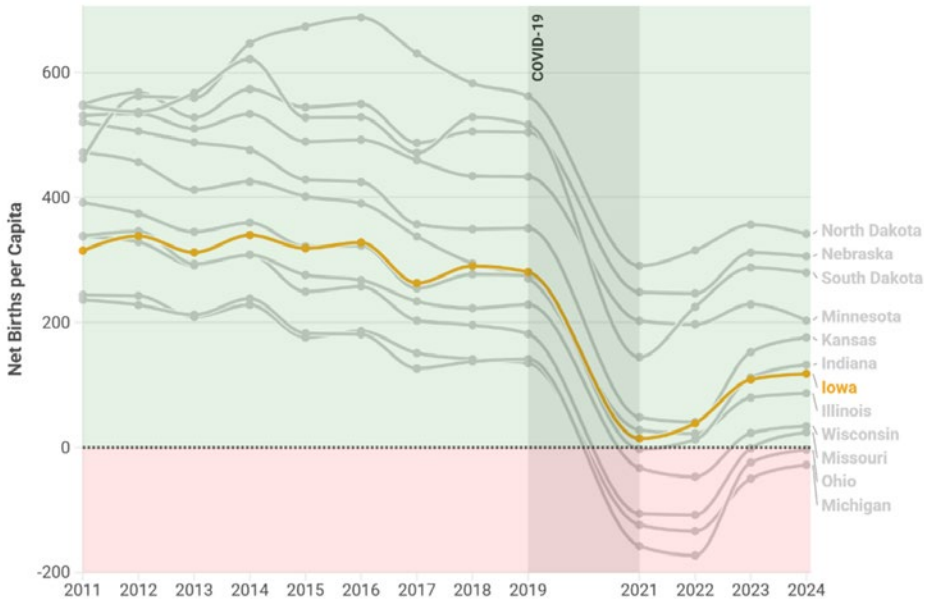
Note: Dotted lines indicate projected population changes based on the pre-2020 trend since 2011. Projections and actuals exclude 2020 due to the pandemic.

IOWA'S DEMOGRAPHIC TRENDS ARE REFLECTED ACROSS THE MIDWEST.

Iowa is not alone in facing certain demographic concerns. Historically, the Midwest has experienced low levels of domestic inbound migration, relying instead on a combination of natural population growth—driven by positive net births—and the influx of international migrants to sustain total population growth. Yet in recent years, shrinking net birth rates have been evident across the entire Midwest, per figure 13. The most recent drop was due to the COVID-19 related deaths. Today, deaths per capita remain higher than previously projected, but there is an expectation that it will decline as the pandemic remains in the rearview mirror. See figure 21 in the appendix. However, births per capita were on a continual decline across the Midwest even before the pandemic. See figure 22 in the appendix. This pre-pandemic trend was a direct result of neither global lockdowns nor health risks. Rather, the pandemic accelerated an existing trend, as explained in the section of this report on net births. If the long-term trend continues as Iowa's population ages, net births will eventually decline at dangerous rates.[17]

At least for the Midwest, domestic migration is not a reliable source for population growth. As shown in figure 14, only four states reported a net increase in per capita domestic migration in 2024. Even so, this growth was outpaced by the post-pandemic decline in net births. Many Midwestern states like Iowa are historically prone to continual net declines in domestic migration and cannot confidently rely on domestic migration patterns to replace and grow their populations. In past years this has not been a major concern since net births remained at healthy levels. Today, with net births declining, midwestern states must attract more domestic residents, incentivize higher birth rates, look to foreign immigration, or a combination of these.

FIGURE 13. NET BIRTHS PER CAPITA ACROSS MIDWEST STATES, 2011-2024



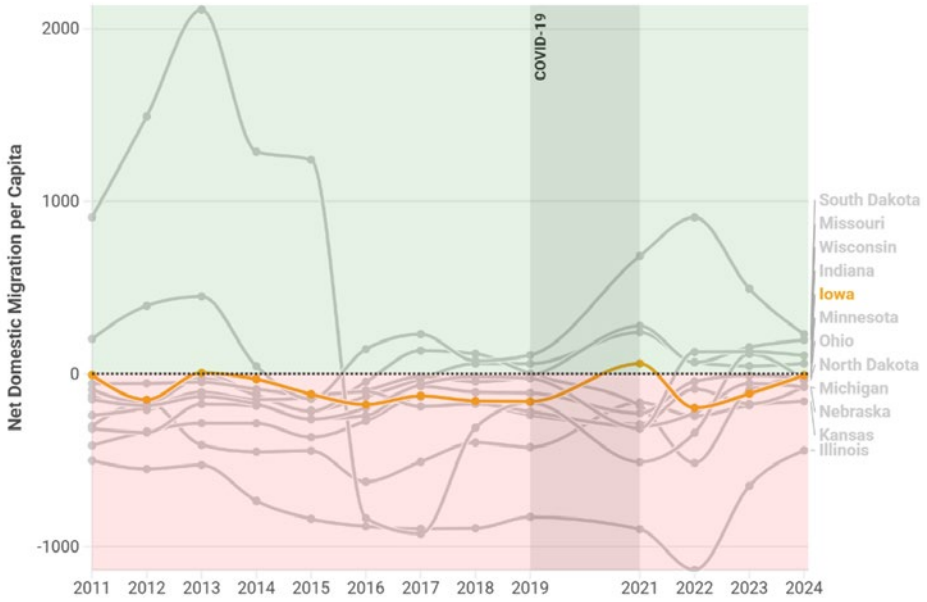
Source: Census Bureau
Note: Figure excludes 2020 due to the pandemic

In recent years, declining net births and persistently sluggish domestic migration have left states increasingly dependent on immigration from abroad to drive growth. Remarkably, every Midwestern state has doubled the number of international migrants per capita since 2019, as seen in figure 15. This underscores the crucial role global migration now plays in the region's demography and economic outlook.

With a 629.9% increase since 2019, Iowa has led the Midwest in total percentage growth in international migrants over the last five years, increasing to nearly 20,000. While the trend is apparent across the entire region, Iowa has taken the most advantage of this surge in available foreign workers. Iowa's increase in inbound foreign migration over the period is roughly 62% greater than the Midwest mean increase of 390%. Figure 16 shows the percentage change in international migration across the midwestern states since 2019.

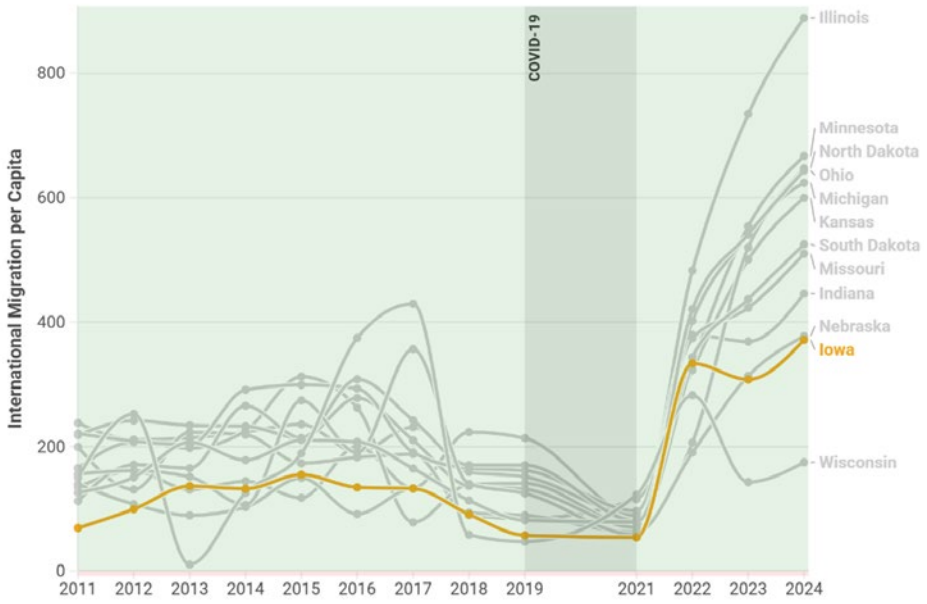
The surge in foreign immigration propelled Iowa to outperform other states on employment. According to the most recent state-level Bureau of Labor Statistics employment figures, Iowa ranked 10th highest in labor

FIGURE 14. DOMESTIC MIGRATION PER CAPITA ACROSS MIDWEST STATES, 2011-2024



Source: Census Bureau
Note: Figure excludes 2020 due to the pandemic.

FIGURE 15. NET INTERNATIONAL MIGRATION PER CAPITA ACROSS MIDWEST STATES, 2011-2024

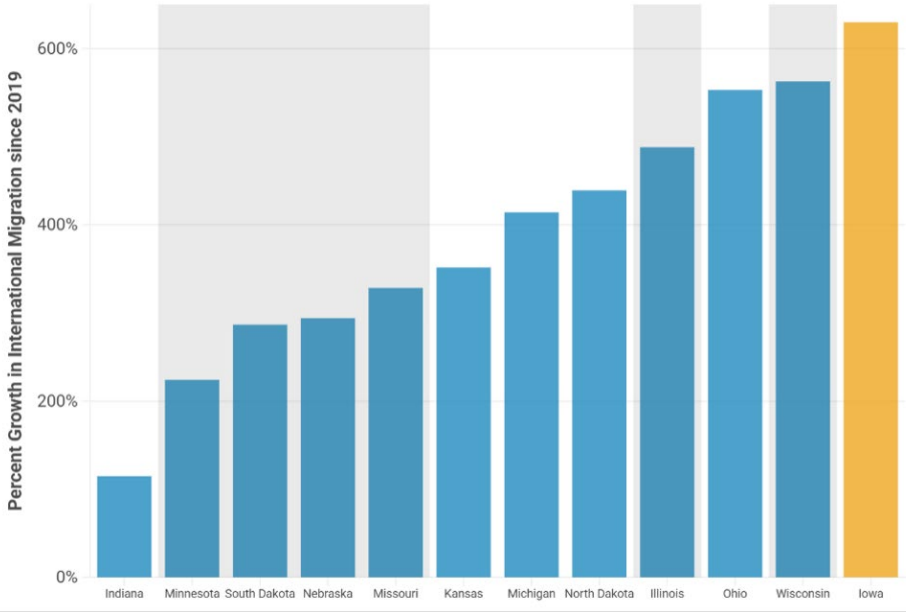


Source: Census Bureau
Note: Figure excludes 2020 due to the pandemic.

force participation and 12th lowest in unemployment nationally.[18] In the Midwest, Iowa ranked 6th highest in LFPR and 5th lowest in unemployment. Its 3.2% unemployment rate leaves few Iowans to fill jobs in the state's economy, creating a headwind to economic growth. Increasing the labor force participation rate could alleviate this pressure, but at 66.4% Iowa already boasts one of the highest labor force participation rates in the nation. International migration has helped to offset these forces, bolstering the state's labor supply. However, despite the growth in international migration in recent years, foreigners remain a low percentage of the total Midwest population, as seen in figure 17.

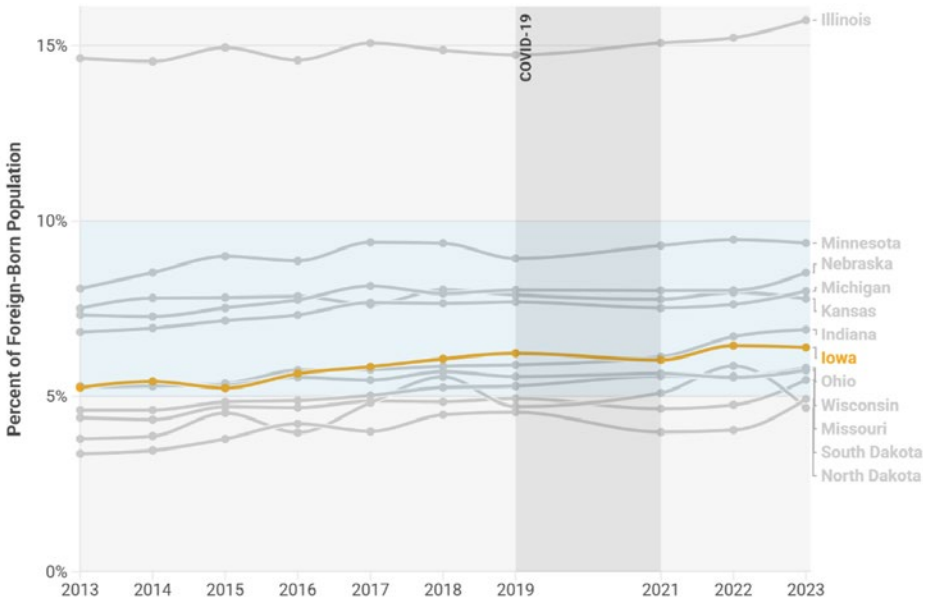
Iowa's foreign-born population in 2023 was 6.4%, only 1.2% higher than in 2013. This ranked the state seventh highest for percentage growth in its foreign-born population out of a total of 12 midwestern states. No state in the region exceeded a 10-year foreign-born population increase over 1.75%. Only Illinois has a foreign-born share of population over 10%. Although international migration has played a significant role in supporting midwestern demographics and economy, it remains a very small portion of total residents.

FIGURE 16. PERCENT GROWTH IN INTERNATIONAL MIGRATION SINCE 2019 FOR ALL MIDWEST STATES



Source: Census Bureau
Note: Shaded columns indicate a state bordering Iowa.

FIGURE 17. PERCENT OF FOREIGN-BORN POPULATION IN MIDWEST STATES, 2013-2023



Source: Census Bureau
Note: Figure and data exclude 2020 due to pandemic. Color shading indicates three ranges between 0% and 15%, separated in bands of 5%.

A DECLINE IN IMMIGRATION WOULD HURT IOWA'S ECONOMY.

Iowa relies heavily on international migration to remain productive. To illustrate this, CSI ran macroeconomic simulations using REMI to understand the economic impact of immigration on the state of Iowa. Tables 2-3 outline the economic impact of two scenarios involving changes in net international migration flows. Scenario 1 assumes zero net international migration, as some researchers argue potential immigration policy changes at the federal level could cause immigration to cease.[19] Scenario 2 assumes 37% of REMI's baseline forecasts of international flows starting in 2025. This assumption is derived from a Cato Institute study dating back to the incoming President's first administration, which noted a decline in legal immigration by 63%.[20] Across both scenarios, birth rates for women aged 15-44 and domestic migration remain unchanged.

TABLE 2. SCENARIO 1: ZERO INTERNATIONAL MIGRATION, 2025-2028

Zero International Migration*				
Year	2025	2026	2027	2028
Total Employment	-3037	-4140	-4082	-3952
Population	-20059	-29391	-31438	-33146
Labor Force	-11128	-16198	-17042	-17636
GDP (millions)	-319	-441	-442	-436
Necessary Birth Rate Growth to Offset 4-Year Migrant Loss	7.23%	7.03%	6.93%	6.86%

**Birth rates and economic migration remain unchanged.*

In scenario 1, net international migration levels remain at zero from 2025 to 2028. Throughout these four years, Iowa would experience a major shock in its labor market, losing over 18,000 labor force participants and 35,000 state residents. This is roughly 1% of the labor force and total population, respectively. GDP would also decline by over 400 million dollars annually. Neither current-day net births nor domestic migration levels are on track to replace foreign workers. To replace 100% of lost foreign migrants in these four years, Iowa's birth rates would need to be 7% above REMI's base estimate for the entire duration. This 7% refers to the percentage change of REMI's birth rate estimate per 1000 women aged 10-49, from 42 to 45 per 1000. Achieving this growth rate in the developed world is unlikely. Since 2010, the largest annual percent growth in the U.S. birth rate per women aged 15-44 was 1%.[21]

TABLE 3. SCENARIO 2: 63% DECLINE IN INTERNATIONAL MIGRATION, 2025-2028

Zero International Migration*				
Year	2025	2026	2027	2028
Total Employment	-1929	-2635	-2599	-2523
Population	-12688	-18605	-19908	-21001
Labor Force	-6999	-10201	-10754	-11114
GDP (millions)	-202	-280	-281	-278
Necessary Birth Rate Growth to Offset 4-Year Migrant Loss	4.81%	4.69%	4.63%	4.59%

**Birth rates and economic migration remain unchanged.*

In the second scenario, Iowa's labor market would again decline following a shortage of foreign workers. The state would lose over 11,000 labor force participants and 22,000 residents. Iowa would also be poised to lose over $280 million in GDP annually. In this scenario, birth rates would still need to be 4.7% above REMI's base estimate to balance out the four-year loss of foreign migrants. This 4.7% refers to the percentage change of REMI's birth rate estimate per 1000 women aged 10-49, from 42 to 44 per 1000. New births would also not impact the labor force within CSI's four-year forecast window in either simulation. Simply counteracting the nominal net zero of foreign migrants with new births would not replace the lost migrants' productivity in the short term. While more births could hypothetically replace the economic contribution of immigrants over the long term, the state would temporarily continue to underperform economic expectations under this scenario. To offset the economic impact of lost foreign migrants entirely in the short term, Iowa would need an equivalent new domestic migrant for every lost foreign migrant.

BOTTOM LINE

Excepting 2020, 2024 saw Iowa's highest population growth rate since the year 2000. For Iowa to continue to grow in the face of its demographic challenges, it must either replace and increase its aging population with native births, attract Americans to move from other states, welcome international immigrants, or a combination of these potential solutions. Without international migration, Iowa's population would have grown 0.6% slower in 2024—see table 5 in the appendix. However, thanks to international migration, which has surged in recent years, Iowa's population has grown 0.49% and 0.72% over the last two years. In just two years, the nominal net growth in international migrants into the state has doubled to nearly 20,000. Most working age immigrants participate in Iowa's the labor force. In 2023, 73.1% of foreign-born working-age adults in Iowa participated in the labor force compared to 65.6% of Iowa natives. In other words, international migrants have made substantial contribution to Iowa's economy and economic growth.[22] With 0.66% of all new U.S.-entering foreign residents settling in Iowa in 2023, foreign immigration made the difference between Iowa exceeding the average state in workforce growth versus falling behind.[23]

Based on current data trends, Iowa will continue to rely on international migrants for demographic growth in the face of shrinking net births and domestic outmigration. Yet, policymakers should recognize the risks of depending on immigration alone for population growth. Evolving federal immigration policy could disrupt Iowa's population growth and labor force. While states cannot control federal immigration policy, state policymakers hold some influence over the other two legs of the demographic stool: birth rates and domestic migration flows. The most cost-effective strategy is retaining existing residents, particularly young, college educated workers. It would require fewer resources per capita to keep Iowans from leaving than to attract new residents. To ensure demographic strength and protect Iowa's economy over the long term under changing federal immigration laws, policymakers can advance policies that promote family formation, retain young graduates, and attract domestic migrants to the state.

APPENDIX

TABLE 4. POST-PANDEMIC POPULATION TRENDS IN IOWA, 2019-2024

	2013	2014	2015	2016	2017	2018
Net Births						
Net Domestic Migration	194	-948	-3642	-5556	-3962	-4899
Net International Migration	6904	6805	5409	5722	5903	2835
Total Population						
	2019	2020	2021	2022	2023	2024
Net Births	8,863	1,076	455	1,239	3,496	3,829
Net Domestic Migration	-5,011	-1,231	1,944	-6,290	-3,674	-231
Net International Migration	2,663	199	3,701	10,340	16,114	19,439
Total Population	3,155,070	3,191,141	3,198,613	3,202,820	3,218,414	3,241,488

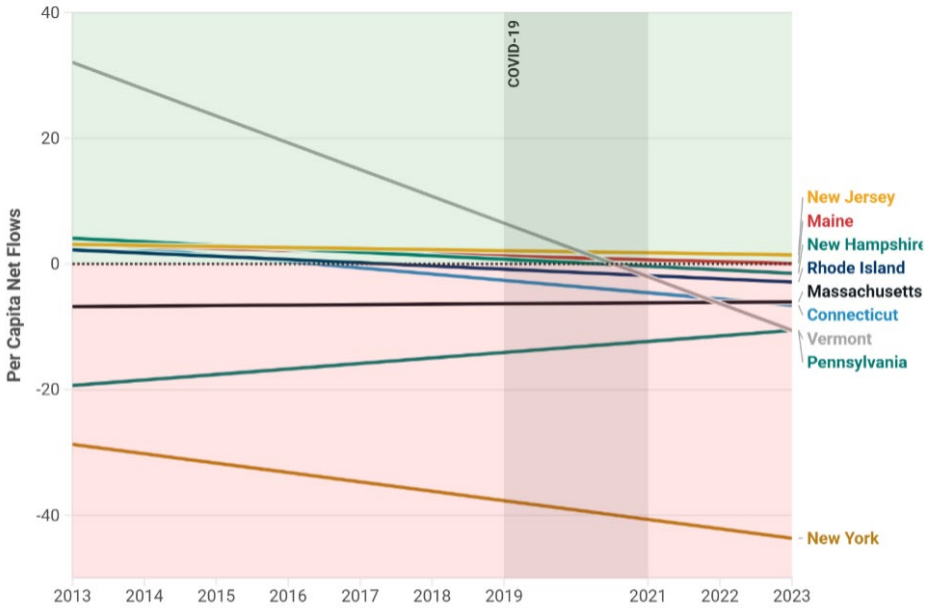
Source: Census Bureau

TABLE 5. NOMINAL AND PERCENT GROWTH WITH ONE POPULATION SOURCE PRESENT IN IOWA, 2023-2024

2024	Growth Nominal	Growth Percent
Only Net Births	3,829	0.12%
Only Domestic Migration	-231	-0.01%
Only International Migration	19,439	0.60%
All sources	23,037	0.72%

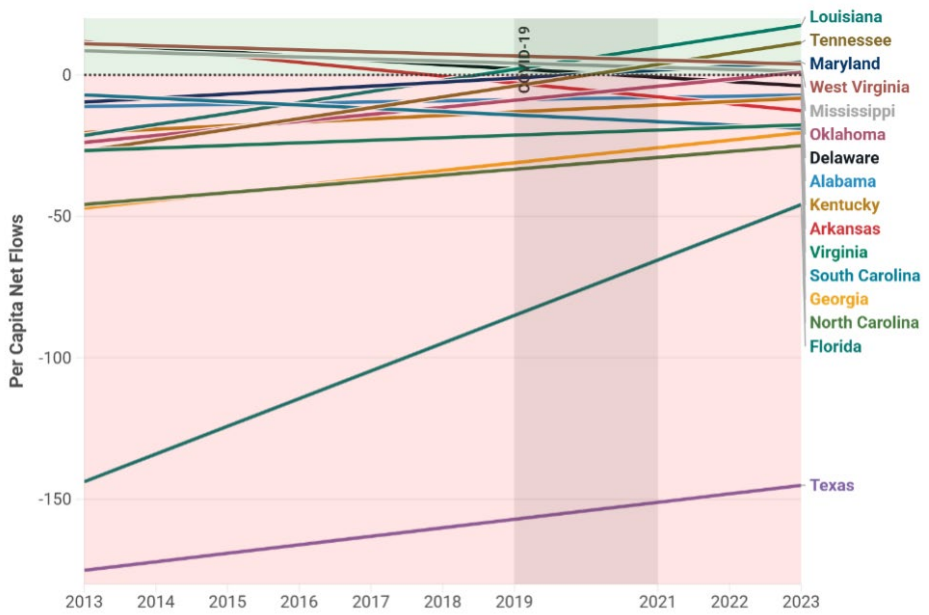
Source: Census Bureau

FIGURE 18. TREND OF PER CAPITA NET FLOWS TO IOWA FROM THE EAST, 2010-2023



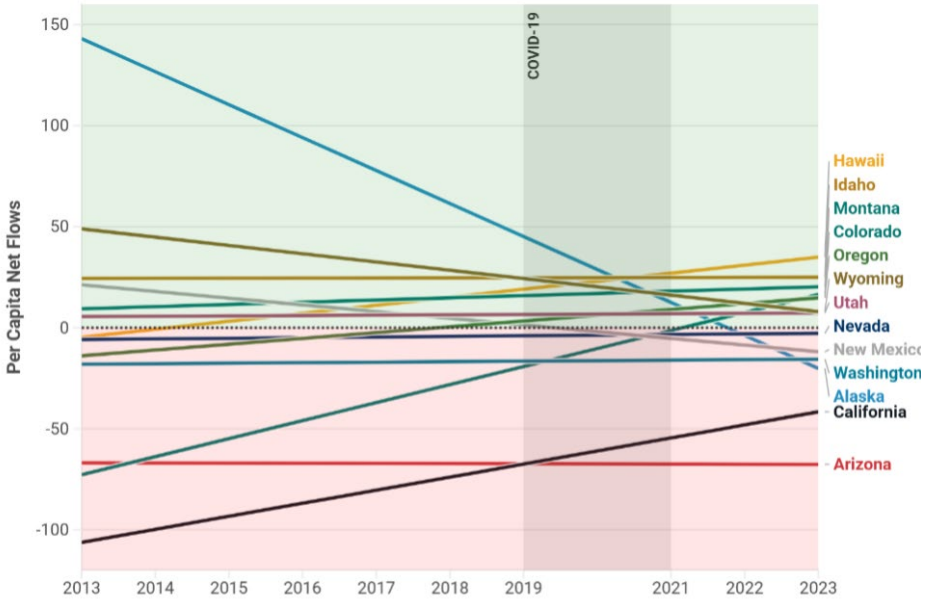
Source: Census Bureau
Note: Figure and data excludes 2020 due to the pandemic.

FIGURE 19. TREND OF PER CAPITA NET FLOWS TO IOWA FROM THE SOUTH, 2010-2023



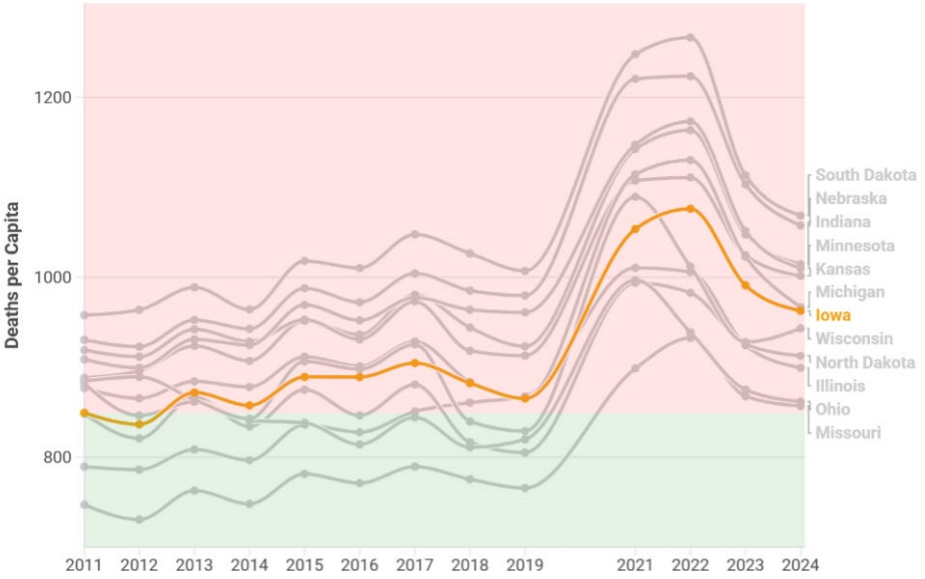
Source: Census Bureau
Note: Figure and data excludes 2020 due to the pandemic.

FIGURE 20. TREND OF PER CAPITA NET FLOWS TO IOWA FROM THE WEST, 2010-2023



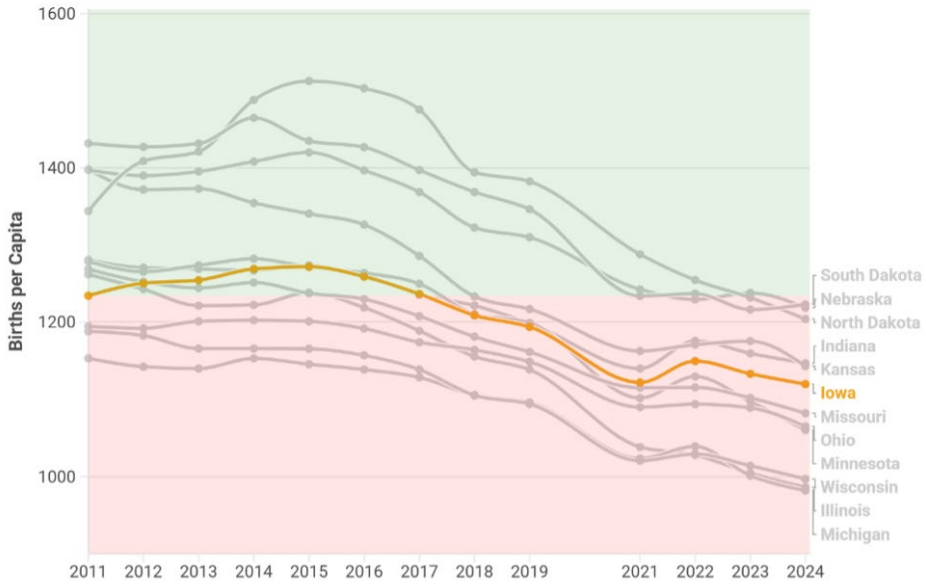
Source: Census Bureau
Note: Figure and data excludes 2020 due to the pandemic.

FIGURE 21. MIDWEST DEATHS PER CAPITA, 2011-2024



Source: Census Bureau
Note: Figure and data excludes 2020 due to the pandemic. Green shading indicates a per capita figure lower than in 2011 Iowa. Red shading indicates a per capita figure higher than 2011 Iowa.

FIGURE 22. MIDWEST BIRTHS PER CAPITA, 2011-2024



Source: Census Bureau

Note: Figure and data excludes 2020 due to the pandemic. Green shading indicates a per capita figure higher than in 2011 Iowa. Red shading indicates a per capita figure lower than 2011 Iowa.

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