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MADE IN IOWA:

THE OUTSIZED CONTRIBUTION OF MANUFACTURING IN THE STATE'S ECONOMY

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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

Manufacturing is the backbone of Iowa's economy, and how the industry fares over the coming decade will shape the economic prospects of communities in nearly every corner of the state. Manufacturing contributes more to Iowa's GDP and labor market than any other industry.[1] Unlike states where industrial activity can cluster in a handful of metropolitan hubs, Iowa's manufacturing base extends across the vast majority of its 99 counties, anchoring local economies in rural and mid-sized communities alike. This means the industry's reach has significant economic consequences across the state. When manufacturing expands or contracts, the effects ripple through the state's construction firms, transportation networks, retailers, and public budgets.

This report examines the manufacturing industry's role in Iowa's economy. It begins by mapping Iowa's manufacturing landscape, benchmarking the industry's employment concentration against the nation. It then quantifies the industry's total economic contribution using the REMI Tax-PI model to estimate the direct and indirect impact manufacturing has on Iowa's employment and output. Finally, the report analyzes how manufacturing and Iowa's other highly concentrated industries have driven the state's economic growth over the past two decades—and how technological change has altered the relationship between the industry's output and its employment. Together, these analyses offer a concise, data-driven picture of an industry whose performance disproportionately determines Iowa's economic trajectory.

Manufacturing is the backbone of Iowa's economy, and how the industry fares over the coming decade will shape the economic prospects of communities in nearly every corner of the state.

KEY FINDINGS

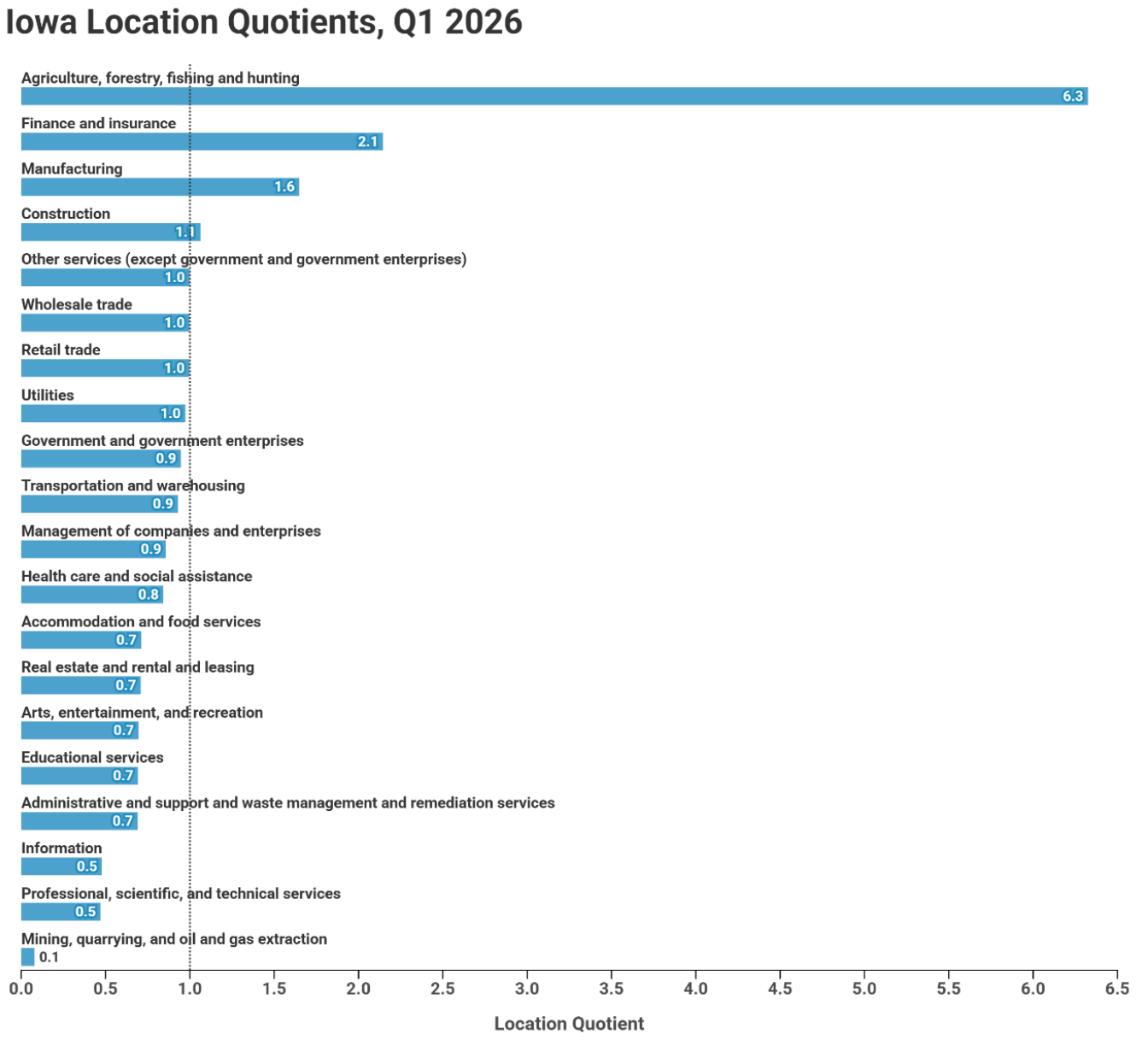
- **The increase in manufacturing productivity over the last two decades has led to industry GDP growth coinciding with a decline in jobs in the industry.**
  - Because so much of Iowa's GDP comes from manufacturing, i**mproved productivity in manufacturing has had a larger positive effect on GDP growth in Iowa than it has in the broader U.S.** The industry accounted for 10.1% of Iowa's GDP growth against 6.4% nationally—a gap of 3.7 percentage points.
  - Similarly, because so much of Iowa's employment depends on manufacturing, **increased productivity in manufacturing due to automation has had a much larger negative effect on employment growth in Iowa than it has in the broader U.S.** The industry subtracted nearly 12 percentage points more from Iowa's employment over the last two decades than from U.S. employment.
- It required 7.9 manufacturing workers to produce $1 million in GDP in 2005 compared to just 6.1 in 2025.
  - **The manufacturing industry was the third largest contributor to Iowa's economic growth from 2005 through 2025,** contributing 10.1% to the state's growth compared to 22.1% for finance and insurance and 11.2% for agriculture.
  - **Over the same period, the manufacturing industry's contribution to total employment growth fell by 19.2%.** For comparison, health care and social assistance contributed 43.1% of the state's net new employment, and professional, scientific, and technical services contributed 23.6%.
- **Employment in Iowa is 1.6 times more concentrated in the manufacturing industry compared with the United States.**
  - Iowa only has the 31st largest population in the nation but has the 23rd largest manufacturing workforce.
  - The manufacturing industry employed roughly 216,000 Iowans, or approximately 14% of all workers in the state in 2025—ahead of health care and social assistance, the next largest, at just over 201,000.
  - Iowa remains one of four states where manufacturing employs the most workers—down from 35 states with that status in 1990.

- **The economic impact of manufacturing runs through rural and metro Iowa.** In 2025, 82.8% of Iowa's counties had a greater share of employment in manufacturing than the United States.
- **Iowa's manufacturing industry generated nearly $35 billion in real GDP in 2025,** beating finance and insurance (~$31 billion in real GDP) as the top GDP contributor in the state. Total wages paid to manufacturing workers reached approximately $16.6 billion in 2025.
- In terms of direct, indirect, and induced economic impact, CSI's model simulation finds that **over the next five years the manufacturing industry will contribute to Iowa's economy approximately—**
  - **$511 billion in GDP.**
  - **$1.1 trillion in economic output.**
  - **$234 billion in personal income.**
  - **Around 500,000 jobs annually.**
- Including direct, indirect, and induced economic effects, losing all manufacturing industry jobs in Iowa would cost the state roughly 40% of its current annual state output and an estimated 32.8% of its total state workforce by 2030, according to the model.

IOWA'S MANUFACTURING LANDSCAPE

Iowa's economy concentrates around three main industries: agriculture, finance and insurance, and manufacturing. Benchmarking GDP concentrations in each industry against the nation illustrates their relative significance to Iowa's economy. A location quotient (LQ) measures how concentrated an industry's GDP is in a state relative to the nation, with a value of 1.0 indicating parity with the national norm. Agriculture, forestry, fishing and hunting posts a location quotient of 6.3. The industry's share of Iowa GDP is more than six times its national share. Finance and insurance clocks in at 2.1 and manufacturing at 1.6. Nearly every other industry sits at or below the national norm. These three industries are where Iowa punches above its weight, and consequently where the state's economic fortunes are disproportionately determined. When one of them expands or contracts, Iowa is likely to feel its effects more acutely than the nation does.[2] Figure 1 presents location quotients for each of Iowa's major industries as of Q1 2026.

FIGURE 1.



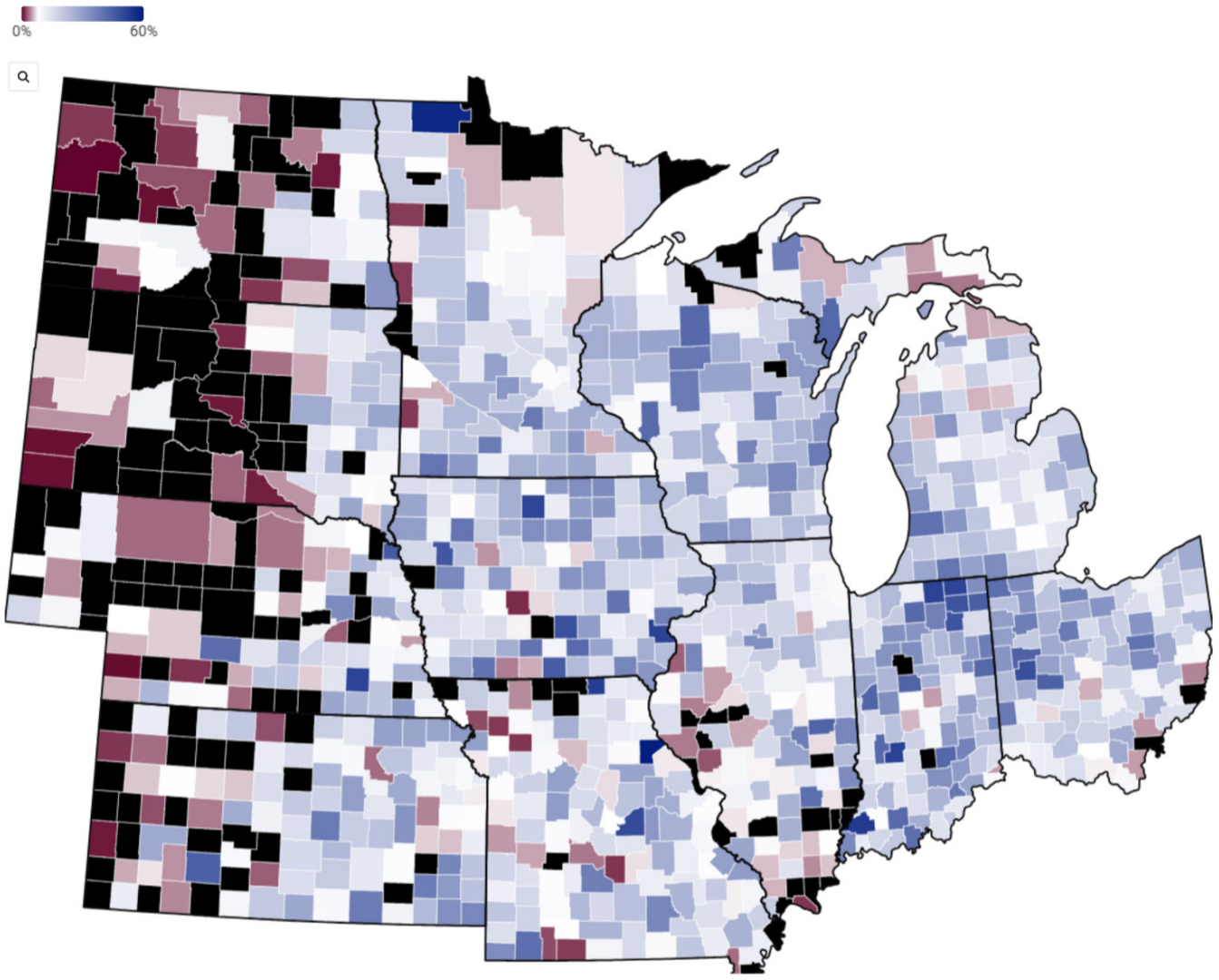
Source: *U.S. Bureau of Economic Analysis*

While manufacturing carries the smallest location quotient of Iowa's top three industries for GDP concentration, it eclipses the other two in terms of nominal employment. No industry employs more Iowans or contributes more to the state's GDP than manufacturing. Iowa's manufacturers generated nearly $35 billion in real GDP in 2025, topping finance and insurance at just over $31 billion.[3] The industry employed roughly 216,000 Iowans, or approximately 14% of all workers in the state—ahead of health care and social assistance, the next largest, at just over 201,000.[4] Total wages paid to manufacturing workers reached approximately $16.6 billion in 2025.[5] When comparing across states, Iowa has the 23rd most manufacturing employees, eight spots ahead of its 31st population ranking.[6]

Manufacturing's position as Iowa's top employer was once the norm nationally. In 1990, the industry was the largest private employer in 35 states, Iowa among them.[7] Since then, that has changed in all but a handful of states. By 2025, only four states still counted manufacturing as their largest employer, with Iowa continuing to be one of them.[8] That employment base is also unusually widespread. The industry extends across most of the state's 99 counties, anchoring local economies in rural and mid-sized communities alike. Figure 2 presents this dynamic by visualizing manufacturing employment as a share of total private employment by Midwest county in 2025.

FIGURE 2.

Manufacturing Employment as Share of Total Private Employment, Midwest Counties, 2025



Source: U.S. Bureau of Labor Statistics

Note: The midpoint of the figure's color legend is 8.1% to reflect manufacturing's share of total private employment in the nation. Counties colored in blue exceed the national share, whereas those colored in red do not. Counties colored in black reflect suppressed or unavailable data.

In 2025, 82.8% of Iowa's counties had a manufacturing location quotient greater than one, the sixth-highest share in the nation.[9] This means in more than four out of every five Iowa counties, manufacturing employment exceeds the national norm. Iowa's most manufacturing-intensive counties also stand out within the nation's traditional manufacturing belt. Of the Midwest's 919 counties, 17 of the 100 with the highest manufacturing share of private employment are in Iowa. Louisa County leads the state and ranks fifth in the Midwest, with manufacturing accounting for 51.3% of private employment and a location quotient of 5.17, meaning the county's manufacturing employment share is more than five times the national average. Hancock County (50.5%) and Marion County (47.9%) rank 10th and 13th in the region, respectively. Table 1 presents the full list of Iowa counties in the Midwest top 100, alongside their national rankings.

TABLE 1.

Manufacturing Share of Private Employment, Iowa Counties in the Midwest Top 100, 2025

County	Mfg % of Private	Mfg Emp LQ (vs US)	Midwest Rank (out of 919)	National Rank (out of 2,684)	Annual Mfg Emp	Annual Priv Emp
Louisa County	51.3%	5.17	5	21	1,518	2,959
Hancock County	50.5%	5.49	10	29	2,559	5,071
Marion County	47.9%	5.34	13	39	8,416	17,566
Ida County	46.6%	5.09	16	45	1,502	3,220
Wayne County	45.1%	3.71	18	56	606	1,345
Monroe County	42.1%	4.37	33	86	1,261	2,997
Clarke County	40%	4.02	42	112	1,547	3,868
Taylor County	39.8%	3.96	43	116	659	1,657
Iowa County	39.8%	4.23	44	117	2,867	7,210
Buena Vista County	39.7%	4.05	46	119	3,365	8,483
Muscatine County	37.1%	4.04	65	155	6,857	18,466
Van Buren County	35.5%	3.15	73	179	491	1,380
Crawford County	35.4%	3.55	74	182	1,847	5,219
Howard County	34.4%	3.43	84	208	1,207	3,506
Butler County	34.1%	3.37	88	215	998	2,924
Wright County	33.8%	3.1	92	225	1,587	4,693
Mitchell County	33.7%	3.3	93	229	1,029	3,058

Source: U.S. Bureau of Labor Statistics

While manufacturing's share of local employment peaks in Iowa's rural counties, the largest raw employment counts sit in the state's metro areas. Five Iowa counties place in the Midwest's top 100 by total manufacturing employment, led by Polk County, which ranks 42nd in the region with 500 locations and 18,890 manufacturing workers. Linn County follows closely at 44th with 269 locations and 18,385 employees, with Black Hawk, Scott, and Dubuque counties rounding out the group. Notably, Polk County carries a manufacturing location quotient of just 0.74—below the national norm—even as it hosts more manufacturing workers than any other county in the state, an illustration that Iowa's manufacturing story runs through both its small, highly concentrated communities and its population centers. Table 2 presents each county alongside its national ranking.

TABLE 2.

Nominal Manufacturing Employment, Iowa Counties in the Midwest Top 100, 2025

County	Annual Mfg Emp	Annual Priv Emp	Midwest Rank (out of 919)	National Rank (out of 2,689)	Mfg % of Private	Mfg Emp LQ (vs US)
Polk County	18,890	275,740	42	130	6.9%	0.74
Linn County	18,385	111,863	44	136	16.4%	1.81
Black Hawk County	13,163	61,457	62	205	21.4%	2.31
Scott County	11,473	84,145	73	246	13.6%	1.53
Dubuque County	10,076	53,017	90	281	19%	2.16

Source: U.S. Bureau of Labor Statistics

Taken together, the data in this section establishes the scope of Iowa's manufacturing footprint. The industry is the state's largest employer and largest contributor to GDP. Its concentration exceeds the national norm in more than four of every five counties. Its workforce spans both rural communities and metro centers. The footprint alone, however, does not fully illustrate the full economic weight of manufacturing in the state. Beyond the manufacturing plants themselves, the industry supports the suppliers that feed them, the transportation networks that move their goods, and the local businesses their workers patronize. The next section quantifies how much of Iowa's broader economy ultimately rests on the economic activity the manufacturing industry generates.

THE MANUFACTURING INDUSTRY'S IMPACT ON IOWA'S ECONOMY

The manufacturing industry has an outsized impact on Iowa's economy. To simulate that impact, CSI employed the Regional Economic Models, Inc. (REMI) Tax PI+ model. To represent the macroeconomic contribution of the industry to Iowa's economy, CSI's REMI model simulation assumes all employment in the "Manufacturing" sector went to zero from 2026 through 2030. Therefore, the simulation assumes a direct loss of all jobs annually from 2026 through 2030 in Iowa's manufacturing industry based upon REMI's accounting of jobs in the sector.[10] The simulation results, shown in table 3, suggest losing the industry would induce a deep recession for the state.

From 2026 through 2030, the state would see a cumulative decline in GDP, business sales, personal income, and disposable personal income of—

$511 billion in GDP.

$1.1 trillion in statewide business sales (output).

$234 billion in statewide personal income.

$138 billion in statewide disposable personal income.

TABLE 3.

Economic Impact to Iowa if Number of Manufacturing Employees Went to Zero

Year	Total Employment	Population	Gross Domestic Product (Billions)	Output (Billions)	Personal Income (Billions)	Disposable Personal Income (Billions)
2026	-483,853	-170,213	-$87.89	-$192.6	-$37.82	-$25.03
2027	-524,300	-283,224	-$98.87	-$213.14	-$43.85	-$26.14
2028	-538,369	-365,942	-$105.46	-$223.32	-$48.19	-$27.94
2029	-533,751	-426,115	-$108.28	-$229.44	-$51.13	-$28.91
2030	-520,259	-470,444	-$110.30	-$233.37	-$53.29	-$29.48

Source: REMI

Forecasting the economic impact of eliminating all employment in the manufacturing industry from the state provides a rough picture of the industry's direct and indirect contribution to the state's economy. If all jobs from Iowa's manufacturing industry were suddenly eliminated in 2026, the immediate direct and indirect impact would cause the state to lose about 484,000 jobs across all industries that year. Of the total job losses, 229,000 would come directly from the manufacturing industry. The remaining 255,000 non-farm workers would be lost across other industries as an indirect result of job losses in the manufacturing industry. The model projects that change would result in about 520,000 fewer people employed across all sectors statewide by 2030, relative to the counterfactual. The hypothetical loss of the industry's contribution to employment would result in a $110 billion annual reduction in GDP by 2030. To put that in perspective, Iowa's economy employed about 1.6 million workers in May 2026.[11] Its 2025 nominal GDP was $277 billion.[12] That means losing all manufacturing industry jobs in the state would cost Iowa roughly 40% of the state's current annual output and an estimated 32.8% of its workforce by 2030.

Table 4 shows the top 25 industries most impacted by the hypothetical elimination of manufacturing employment. Overall, the most highly impacted industries in 2030 include construction, where employment would fall 61.6% below the baseline forecast, support activities for mining (-47.6%), mining except oil and gas (-35.6%), and forestry, logging, fishing, hunting, and trapping (-29.2%). Each of these industries is closely tied to manufacturing. Construction firms build and maintain industrial facilities, and mining and forestry operations supply the raw materials that manufacturers turn into finished goods. Without manufacturers buying from them, these industries would lose much of their customer base.

Beyond these directly linked sectors, the model shows the losses spreading through nearly every corner of the state's economy. Wholesale trade and truck transportation, which move manufactured goods to market, would each shed roughly 18% of their employment. Consumer-facing industries would contract as well. Retail trade employment would fall 17.8%, food services and drinking places 16.8%, and accommodation 9.9%. Even state and local government employment would decline 24.5% by 2030 as the tax base supporting public payrolls erodes.

While this section quantifies what Iowa would lose if manufacturing employment disappeared, the simulation is deliberately hypothetical. No one expects the industry to vanish overnight. Nonetheless, statewide industry compositions and growth contributions change over time, raising a broader question. How much does Iowa's actual, ongoing economic growth depend on manufacturing? The following section explores this question by analyzing how industries have contributed to the state's output growth versus its job growth over the past two decades.

TABLE 4.

Top 25 Most Impacted Sectors if Number of Manufacturing Employees Went to Zero

Industry	2026	2030
Manufacturing	-100%	-100%
Construction	-49.8%	-61.6%
Support activities for mining	-39.4%	-47.6%
Mining (except oil and gas)	-35%	-35.6%
Forestry and Logging; Fishing, hunting and trapping	-31.8%	-29.2%
Wholesale trade	-18.8%	-17.5%
Truck transportation	-18.8%	-17.9%
Rental and leasing services; Lessors of nonfinancial intangible assets	-18.4%	-17.4%
Utilities	-17.5%	-17.3%
Repair and maintenance	-17.4%	-18.9%
Administrative and support services	-17%	-16.7%
Religious, grantmaking, civic, professional, and similar organizations	-16.6%	-15.3%
Air transportation	-16.4%	-15.3%
Retail trade	-16%	-17.8%
Warehousing and storage	-15.7%	-14.8%
Ambulatory health care services	-15.7%	-12.6%
Professional, scientific, and technical services	-14.1%	-15.8%
Real estate	-13.7%	-15.2%
Personal and laundry services	-13.5%	-11.7%
Food services and drinking places	-13.2%	-16.8%
State and Local Government	-12.7%	-24.5%
Transit and ground passenger transportation	-12.4%	-14.4%

Source: REMI

IOWA'S ECONOMIC GROWTH DEPENDS ON ITS HIGHEST CONCENTRATION INDUSTRIES

While the previous section provides a snapshot of manufacturing's contribution to Iowa's economy today and over the next five years, this section examines the industry's role in the state's economic growth over the long term. It assesses how much of the new output and employment Iowa has added over the past two decades traces back to manufacturing and the state's other highly concentrated industries.

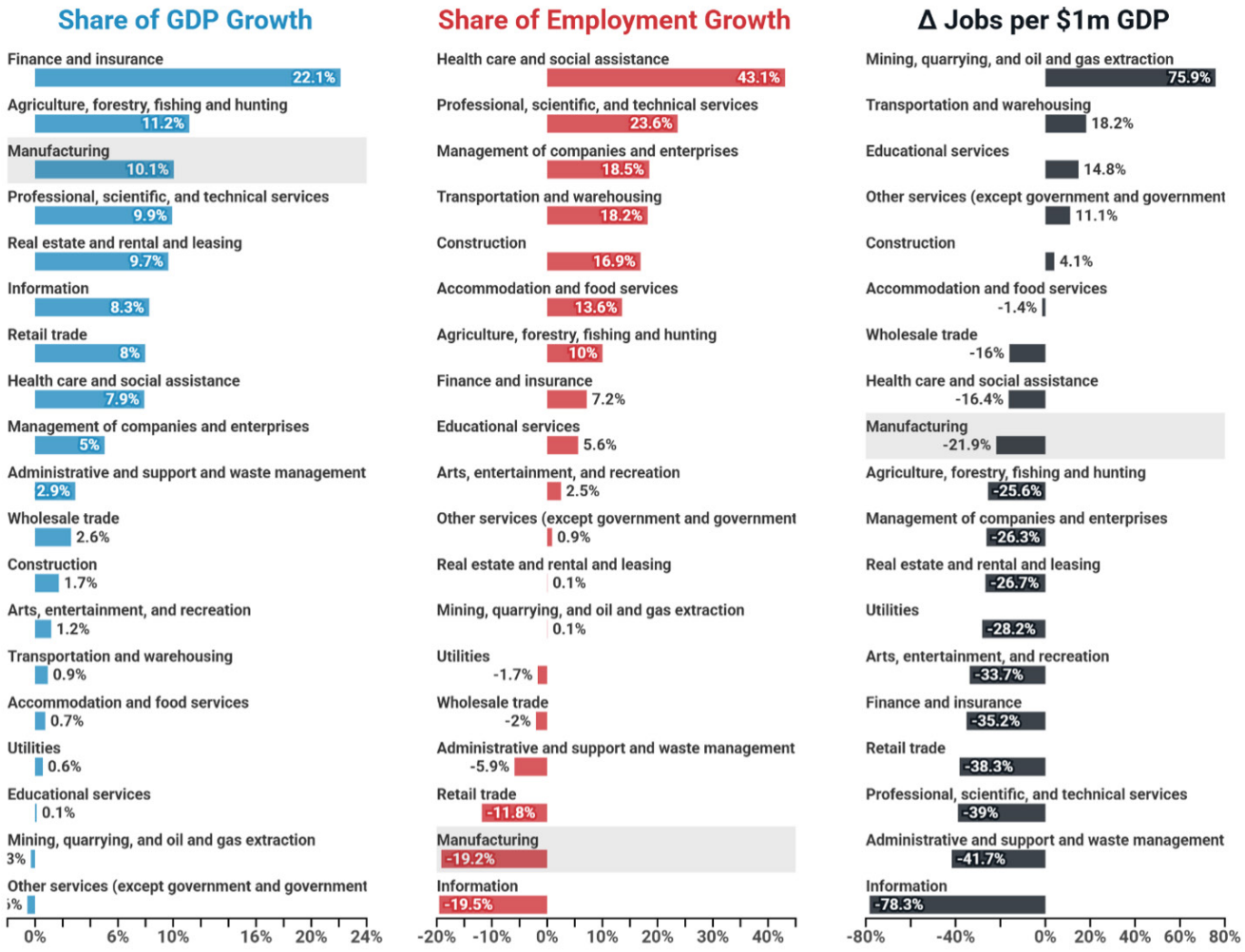
As a starting point for this section's analysis, figure 3 compares each industry's contribution to Iowa's real GDP growth and employment growth between Q4 2005 and Q4 2025. The figure also includes the change in each industry's employment intensity, measured as jobs per $1 million in GDP. This metric captures how many workers an industry requires to produce a given level of output. Falling employment intensity indicates the industry generating more output per worker, whether through automation, improved technology, or a more productive workforce. The 20-year window spans two full business cycles, including both the Great Recession and the pandemic recession and their recoveries. Therefore, the trends it reveals reflect durable structural change rather than a single expansion or contraction. The data start and finish in the fourth quarter to retain seasonality and maintain consistency.

Since the end of 2005, Iowa's three most concentrated industries have powered a disproportionate share of the state's output growth. Finance and insurance contributed 22.1% of Iowa's real GDP growth over the period—the most of any industry—while agriculture, forestry, fishing and hunting added 11.2% and manufacturing 10.1%. Together, the three industries in which Iowa specializes account for more than 43% of the state's GDP growth over two decades.

Manufacturing, by contrast, subtracted from the state's job growth. The industry's employment contribution was -19.2%, second only to information (-19.5%) among Iowa's declining industries for employment. An industry that ranks among Iowa's largest contributors to output growth simultaneously ranks among its largest detractors from employment growth. Health care and social assistance dominated Iowa's job growth, contributing 43.1% of the state's net new employment, followed by professional, scientific, and technical services at 23.6%.

FIGURE 3.

Iowa Industry Contributions to GDP Growth, Employment Growth, and Change in Jobs per $1m GDP, Q4 2005 to Q4 2025



Source: U.S. Bureau of Labor Statistics, U.S. Bureau of Economic Analysis, CSI Analysis

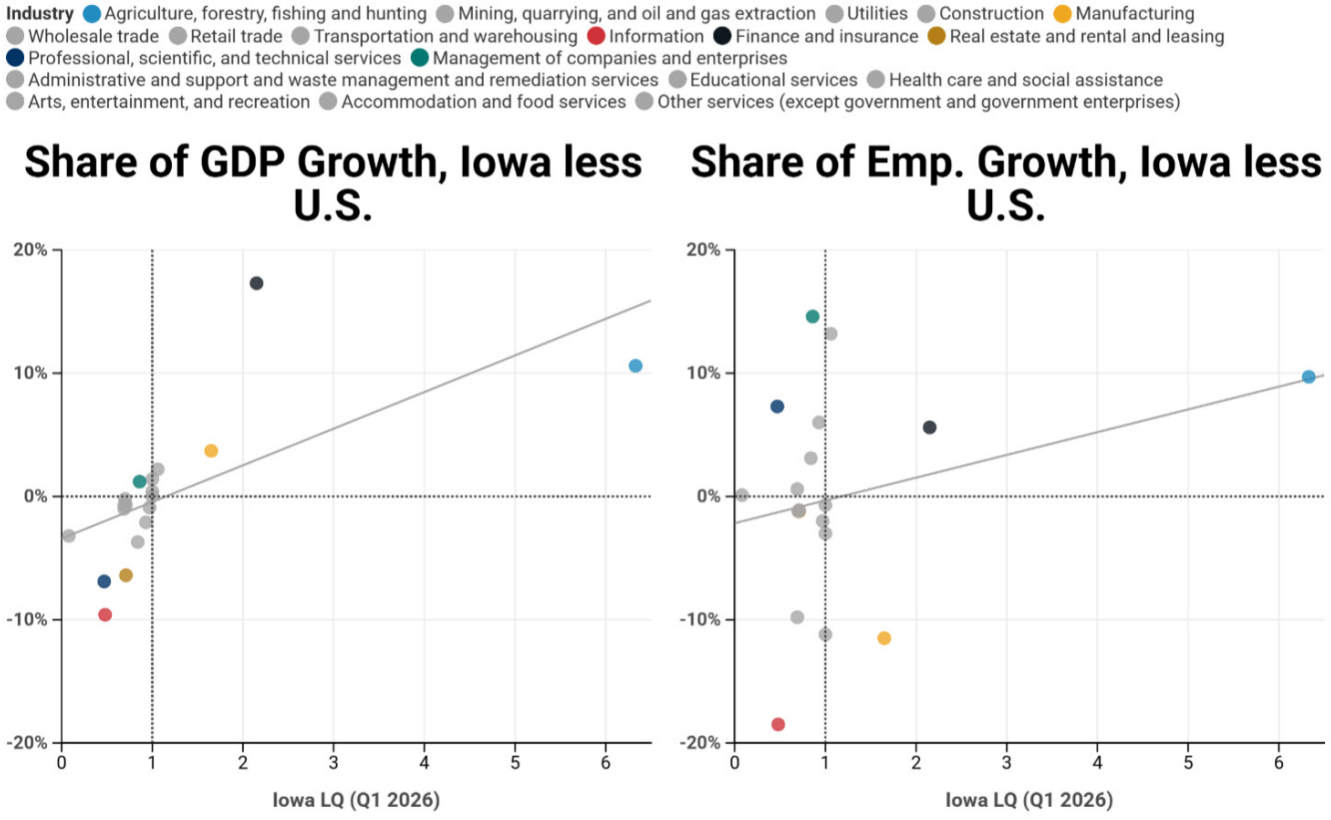
The third panel of Figure 3 explains the divergence between GDP and employment growth. The number of jobs required to generate $1 million in manufacturing GDP fell 21.9% over the period, declining from 7.9 jobs in Q4 2005 to 6.1 in Q4 2025. Iowa's manufacturers, put simply, now produce more with fewer workers. As plants adopt automation and more advanced production technology, output increasingly depends on capital and on the skills of a smaller workforce rather than on headcount.[13] The same pattern holds across most of Iowa's economy—finance and insurance (-35.2%) and agriculture (-25.6%) posted even steeper declines in employment intensity—but manufacturing is distinct in that rising productivity has coincided with outright job losses rather than merely slower hiring. Manufacturing remains Iowa's largest employer, yet that total has been shrinking even as the industry's output climbs. This dynamic carries an important implication. Each manufacturing job now supports more output than it did two decades ago, raising the premium employers place on technical skills.

A skeptic might object that these patterns say little about Iowa specifically. Indeed, health care has driven job growth and manufacturing has shed workers nearly everywhere in the country.[14] But a trend shared by every state does not affect every state equally. Since Iowa relies on manufacturing more heavily than most, the same national shift can carry larger consequences here. Figure 4 tests whether that is the case by netting out the national trend. Each dot represents a private industry. The vertical axis plots the difference between the industry's share of Iowa's growth and its share of U.S. growth. The horizontal axis plots the industry's Iowa location quotient as of Q1 2026. The corresponding national contribution figures appear in Figure 5 in the appendix. If Iowa's growth simply mirrored the nation's, the dots would scatter around the horizontal zero line with no relationship to concentration.

FIGURE 4.

Difference in Industry Contributions to Growth, Iowa less U.S., by Industry Concentration, 2005 Q4 - 2025 Q4

Each dot is a private industry. The vertical axis indicates Iowa's share of growth minus the U.S. share from 2005 Q4 to 2025 Q4 in percentage points. The horizontal axis indicates Iowa's location quotient in Q1 2026. Values above 1 mean the industry is more concentrated in Iowa than nationally.



Source: U.S. Bureau of Labor Statistics, U.S. Bureau of Economic Analysis, CSI Analysis

The relationship between location quotients and growth slopes upward. Iowa's more concentrated industries contribute systematically more to the state's growth than the same industries contribute nationally. This pattern is strongest for GDP.[15] Finance and insurance and agriculture—the state's two highest-LQ industries—contributed 17.3 and 10.6 percentage points more, respectively, to Iowa's GDP growth than to the nation's. Manufacturing follows the same pattern. The industry accounted for 10.1% of Iowa's GDP growth against 6.4% nationally—a gap of 3.7 percentage points—meaning manufacturing has pulled more weight in Iowa's expansion than it has in the nation's.

The employment panel shows a weaker but still positive relationship overall, though manufacturing is the notable exception.[16] The industry subtracted 19.2% from Iowa's employment growth compared with 7.6% nationally, a drag nearly 12 percentage points deeper in Iowa. Notably, the difference does not stem from Iowa's manufacturers automating faster than their national peers. Jobs per $1 million of manufacturing GDP fell less in Iowa (-21.9%) than nationally (-29.9%) over the period. The deeper drag on Iowa's employment more likely reflects the industry's sheer size in Iowa's economy. Since manufacturing employs a far larger share of Iowa's workforce than the nation's, the industry's contraction subtracts more from the state's total job growth even as Iowa's plants shed labor at a slower rate. The concentration that amplifies manufacturing's contribution to Iowa's output growth amplifies its employment losses in equal measure.

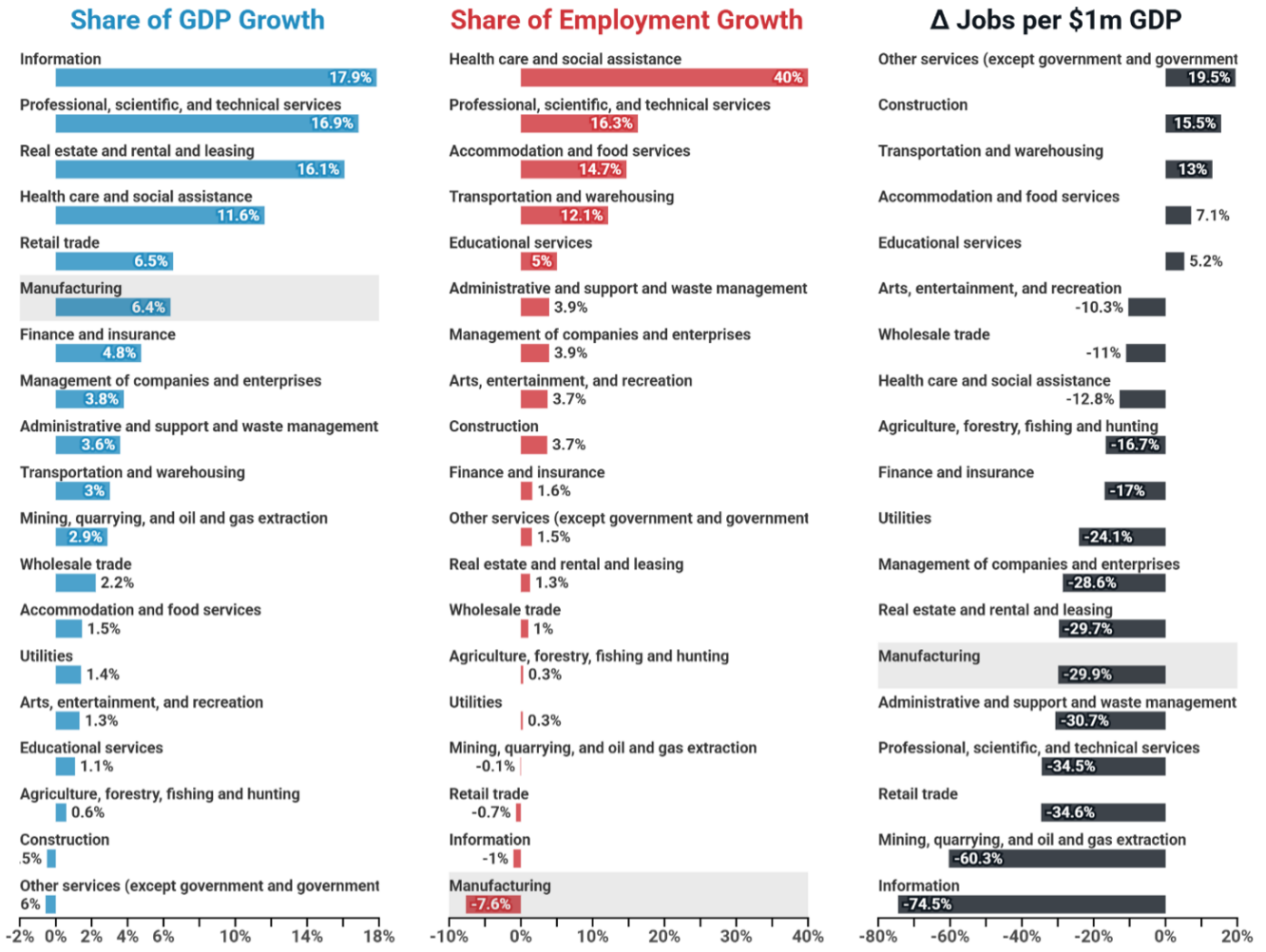
BOTTOM LINE

As the importance of manufacturing has waned across the United States over the past several decades, the industry remains the single largest engine of Iowa's economy. No industry employs more Iowans or contributes more to the state's GDP, and its footprint extends from metro centers to rural regions statewide. However, the industry that anchors Iowa's economic output has become a drag on its job growth. Iowa's manufacturers now produce more with fewer workers than they did two decades ago. The phenomenon results from a national trend of increased per capita productivity in the industry. Iowa's economy amplifies the effects of those productivity increases because it relies so heavily on the industry. Manufacturing has pulled more weight in Iowa's GDP growth than in the nation's while subtracting far more from its employment growth. The concentration that makes manufacturing Iowa's greatest economic asset also makes the state unusually exposed to the industry's structural shifts. How Iowa navigates that exposure will shape the state's economic trajectory for decades to come.

APPENDIX

FIGURE 5.

United States Industry Contributions to GDP Growth, Employment Growth, and Change in Jobs per $1m GDP, Q4 2005 to Q4 2025



Source: U.S. Bureau of Labor Statistics, U.S. Bureau of Economic Analysis, CSI Analysis

ENDNOTES

1. CSI Analysis; United States Bureau of Labor Statistics, "Quarterly Census of Employment and Wages," United States Department of Labor, Accessed July 2026, https://www.bls.gov/cew/data.htm; United States Bureau of Economic Analysis, "GDP by State," United States Department of Commerce, Accessed July 2026, https://www.bea.gov/data/gdp/gdp-state.
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9. CSI Analysis; United States Bureau of Labor Statistics, "Quarterly Census of Employment and Wages," United States Department of Labor, Accessed July 2026, https://www.bls.gov/cew/data.htm
10. The industry name with the direct shock is "Manufacturing." It's worth noting that REMI employment counts are almost always higher than counts reported by the BLS, IWD, or III. REMI's counts are higher because it counts all employees, full-time, part-time, and contract, as employees. BLS and IWD data count only covered employees. For this section, to ensure consistency with the assumption that all insurance carrier and related activity employment went to 0, CSI used REMI's employment count figures.
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15. Ordinary least squares regression of each industry's GDP-growth contribution difference (Iowa share - U.S. share) on Iowa's Q1 2026 location quotient, across 19 industries, yields $R^2 = 0.43$ (adjusted $R^2 = 0.39$; $r = 0.65$). This is a moderately strong positive relationship.
16. The same regression on the employment-growth contribution difference yields $R^2 = 0.08$ (adjusted $R^2 = 0.03$; $r = 0.28$). This is a positive but far weaker than the GDP relationship.