



Iowa Workforce
Development

IOWA'S WORKFORCE & ECONOMY 2026



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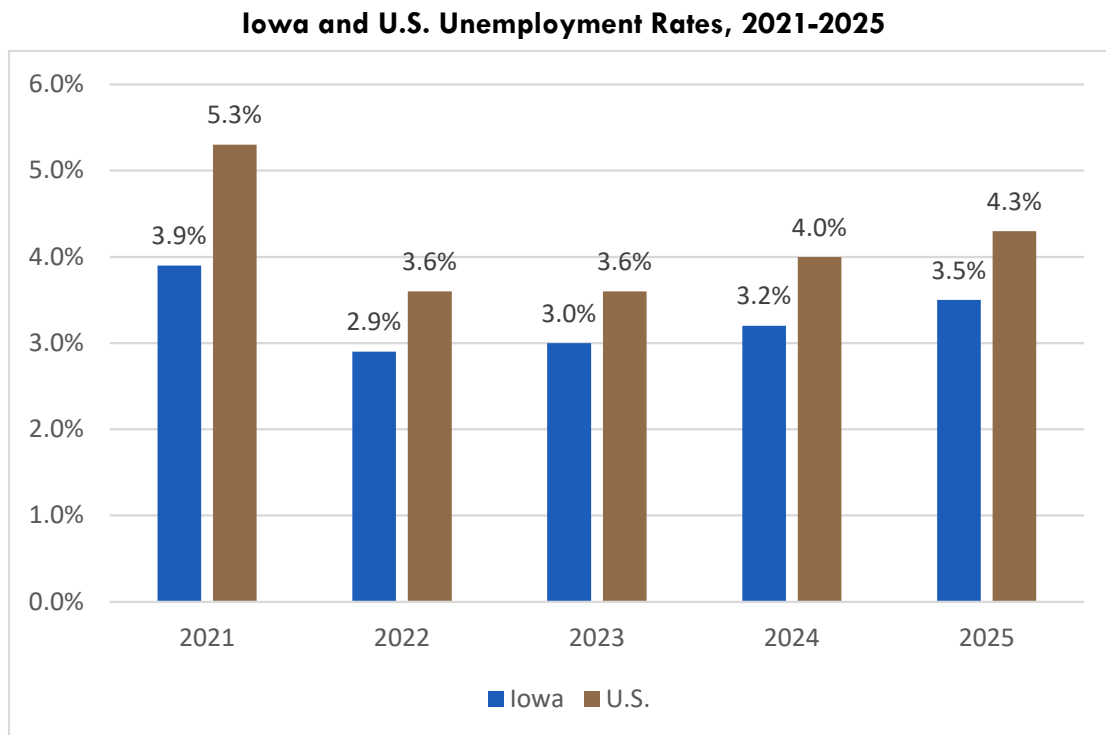
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State and Local Labor Force Trends

Written by Kris Henze

Unemployment Rates, Iowa and the Nation

The annual averages for 2025 in this report are based on eleven months, due to the government shutdown in October 2025. The statewide annual average unemployment rate increased to 3.5 percent in 2025 from 3.2 percent in 2024. The U.S. rate for 2025 increased to 4.3 percent (see chart below). Based on the state rankings for 2025, South Dakota had the lowest jobless rate among the states at 2.1 percent. Iowa and Tennessee tied for fifteenth at 3.5 percent and California had the highest unemployment rate at 5.5 percent.



Source: Labor Market Information Division, Iowa Workforce Development, in cooperation with the Bureau of Labor Statistics, U.S. Department of Labor.

The number of unemployed people in the state averaged 61,300 in 2025, up from the prior year's 53,900. Men and women each accounted for 50 percent of the unemployed. Minorities and youth continued to experience the highest rates of unemployment: youth, 16 to 19 years (7.9 percent), Black or African American (6.7 percent) and Hispanic (5.3 percent). Workers with less education continued to experience a higher unemployment rate than better educated members of the labor force: those with less than a high school diploma (8.5 percent), high school graduates with no college (3.7 percent), some college or associate degree (3.6 percent) and bachelor's degree and higher (1.8 percent).

Unemployment Rates in Metropolitan Statistical Areas (MSAs) for 2025

All the state's metropolitan statistical area (MSAs) unemployment rates either remained the same or increased in 2025 (see the table below). County unemployment rates increased in 96 counties and decreased in 3 from 2024 to 2025 (see the map below). The Iowa City MSA had the lowest rate of the nine major labor market areas at 2.7 percent. The Davenport-Moline-Rock Island MSA had the highest jobless rate at 4.7 percent. Jobless rates for all 99 counties ranged from a low of 2.3 percent in Osceola and Sioux Counties to a high of 6.4 percent in Marshall County.

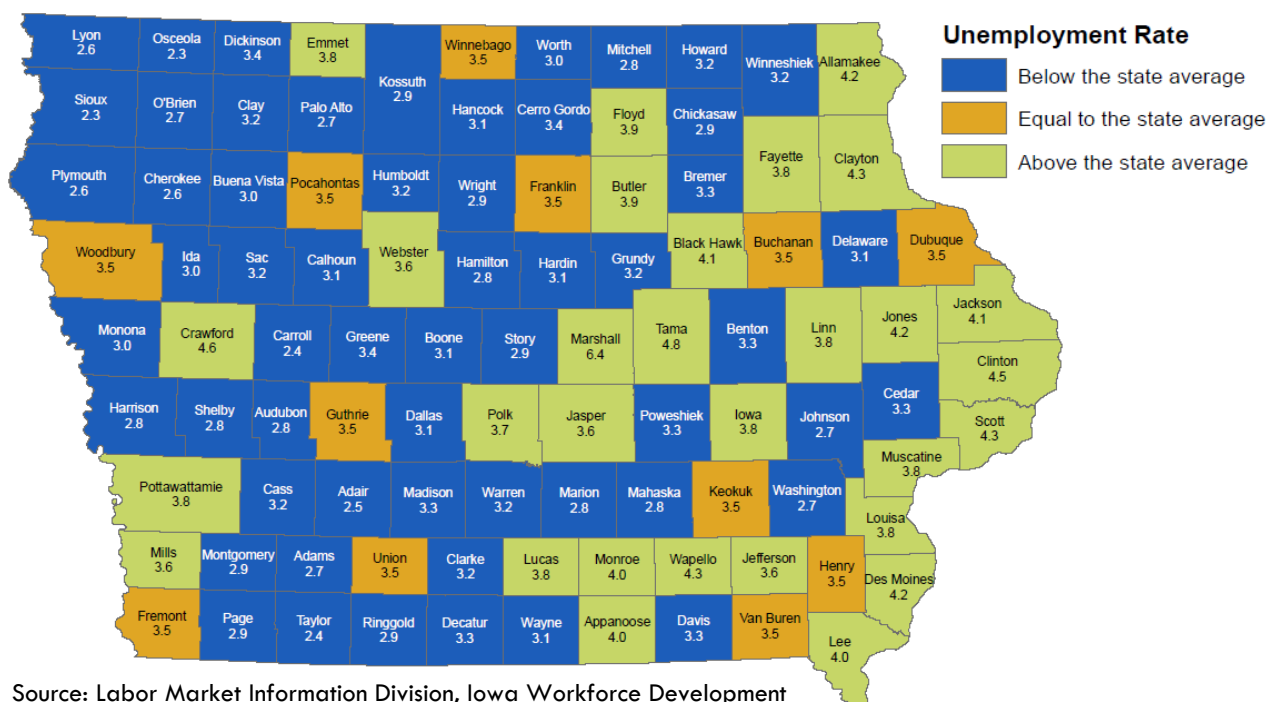
Metropolitan Statistical Area (MSA)
Labor Force Summary 2025 Annual Averages

Metropolitan Statistical Area (MSA)	Labor Force	Employed	Unemployed	Unemployment Rate	
				2024	2025
Ames	70,200	68,100	2,100	2.5	2.9
Cedar Rapids	148,200	142,600	5,600	3.4	3.8
Davenport-Moline-Rock Island*	191,700	182,600	9,100	4.7	4.7
Scott County (Iowa Portion)	93,200	89,200	4,000	3.8	4.3
Des Moines-West Des Moines	419,900	405,000	14,900	3.1	3.5
Dubuque	53,700	51,800	1,900	3.4	3.5
Iowa City	103,000	100,200	2,800	2.4	2.7
Omaha-Council Bluffs*	545,100	527,700	17,400	2.9	3.2
Harrison County (Iowa portion)	7,800	7,600	200	2.6	2.8
Mills County (Iowa portion)	7,400	7,100	300	3.4	3.6
Pottawattamie County (Iowa portion)	47,600	45,800	1,800	3.2	3.8
Sioux City*	77,800	75,200	2,600	3.0	3.3
Woodbury County (Iowa portion)	57,100	55,100	2,000	3.1	3.5
Waterloo-Cedar Falls	88,800	85,300	3,500	3.6	3.9

Source: Labor Market Information Division, Iowa Workforce Development.

*Metropolitan Statistical Area includes counties in a neighboring state.

2025 Annual Average Unemployment Rates by County

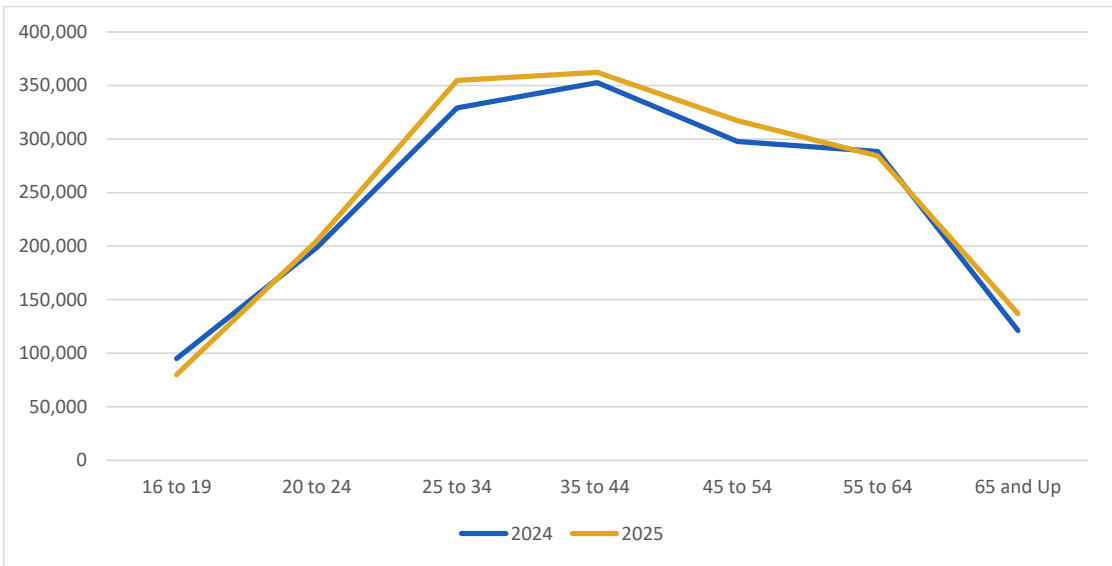


Source: Labor Market Information Division, Iowa Workforce Development

Labor Force by Age Group

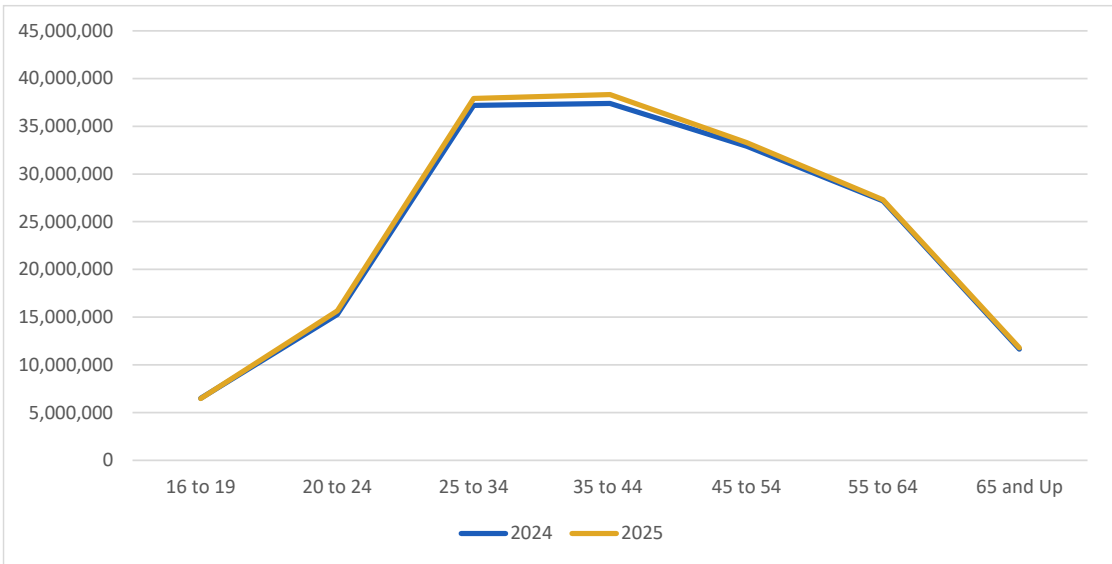
The 16 to 19 year old age group saw the largest drop in their labor force numbers from 2024 to 2025, as more people decided to enroll in school. Nationally, this age group was the only group that decreased in numbers from 2024 to 2025. The 25 to 34 year olds saw a 7.8 percent increase in their labor force numbers in 2025. The number one reason people in Iowa gave in 2025 for not being in the labor force was due to retirement (61.1 percent) followed by in school (13.9 percent).

Labor Force by Age Group for Iowa



Source: U.S. Census Bureau, Current Population Survey

Labor Force by Age Group for the Nation



Source: U.S. Census Bureau, Current Population Survey

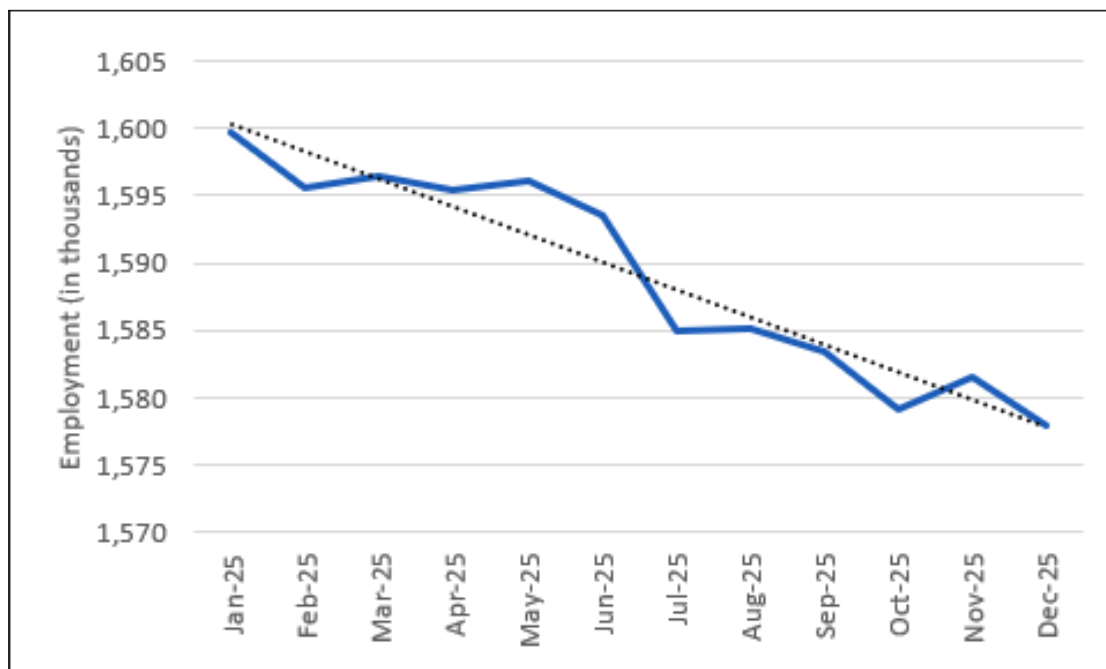
Current Employment Statistics Review 2025

Written by Dennis Schwartz

Seasonally Adjusted Nonfarm Employment - Current Employment Statistics (CES)

Nonfarm employment in Iowa experienced a downward trend through the year, resulting in a January-to-December decrease of 21,700 jobs (see the chart below). This marks only the second time in the past ten years December employment has been below that of the previous January. The only other occurrence was in 2020 when there was an employment decline of 70,400 jobs, inspired by the Covid-19 pandemic.

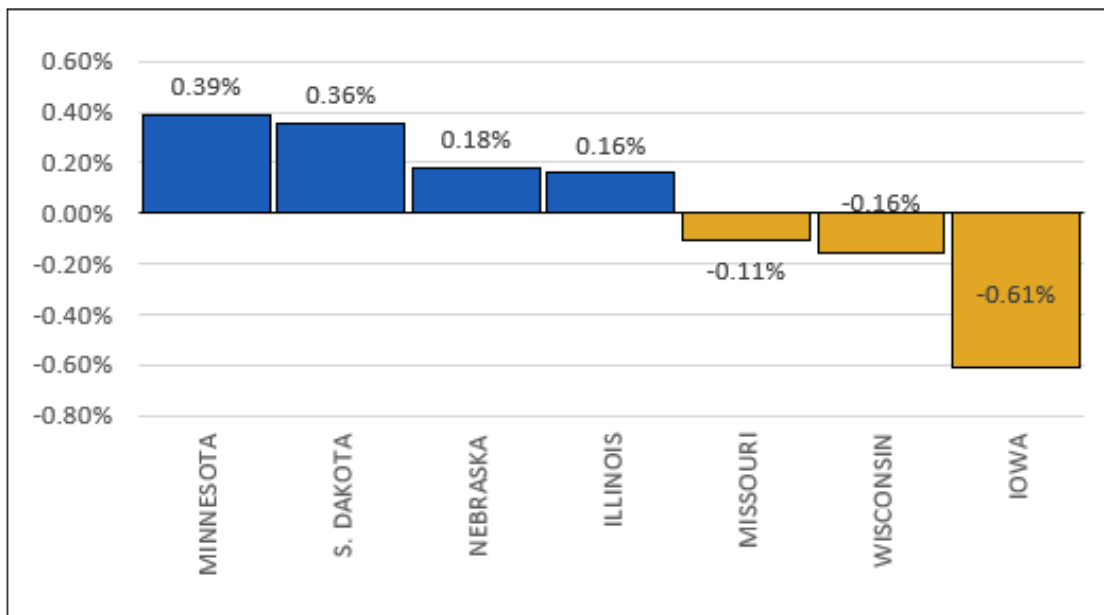
Statewide Seasonally Adjusted Nonfarm Employment



Source: U.S. Bureau of Labor Statistics, Current Employment Statistics (CES).

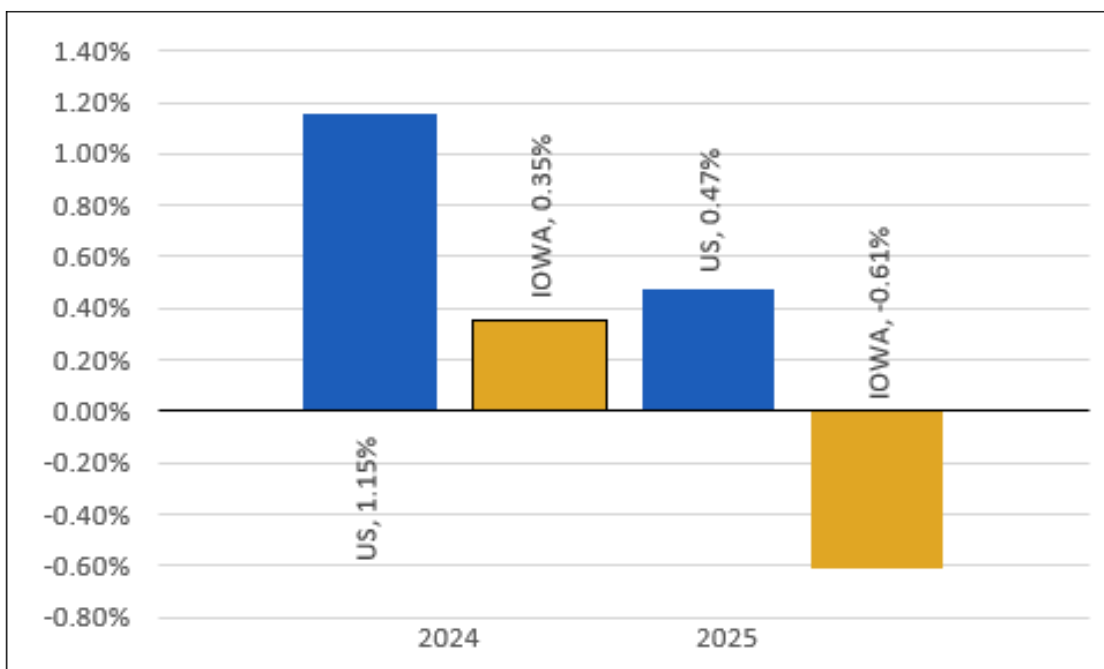
The year began with a January boost of 5,000 jobs, the second largest December-to-January gain in the past 10 years. January is one of only five months experiencing employment gains. Other months with gains include March (+900), May (+700), August (+200), and November (+2,400).

When comparing Iowa's rate of employment change to surrounding states (based on annual average employment), Iowa holds the seventh position in a field of seven. This is unchanged from 2024 when Iowa was also seventh among the surrounding states. However, unlike 2024 when Iowa and all surrounding states experienced employment gains, changes in employment levels from state to state this year were a mixed bag of gains and losses. Minnesota enjoyed the greatest gains, adding 0.39% from the previous year. Iowa's employment declined, -0.61% year-to-year, a change from the previous year's gain of 0.35% (see the chart at the top of the next page).

2025 Annual Average Employment (% Change from Prior Year)

Source: U.S. Bureau of Labor Statistics, Current Employment Statistics (CES).

The national annual average rate of employment growth has slowed from that of 2024 but remains above Iowa's rate of gain as well as that of all surrounding states. A 2025 gain of +0.47% at the national level represents a significant change from the 2024 value of +1.15% (see the chart below).

2025 Annual Average Employment - Iowa vs. U.S. (% Change)

Source: U.S. Bureau of Labor Statistics, Current Employment Statistics (CES).

Nonfarm Employment Industry Movement

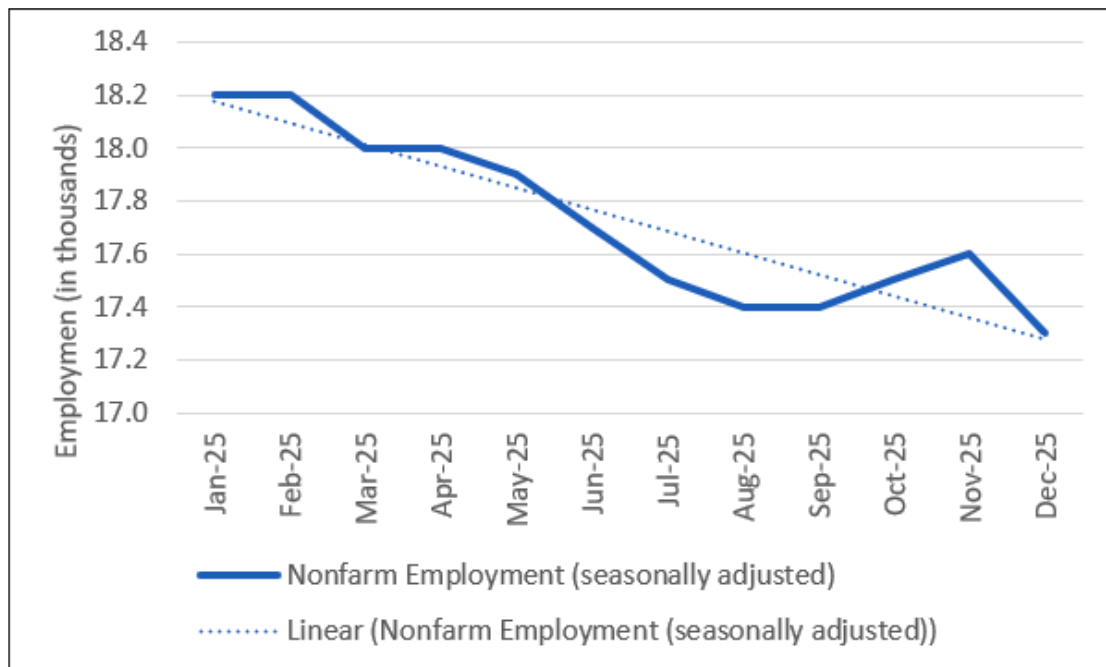
The education and health services sector led all sectors with a gain of +1.45%, aided by a boost from the health care and social assistance sub-sector which enjoyed an employment expansion of +1.83%. The health care and social assistance sub-sector has now added 12,600 jobs since 2021, a +6.68% gain. Demand for services continues to be strong, as evidenced by the number of open positions (easily found through a multitude of online resources) in the health care industry.

Gains in other industries were sparse. Government employment increased +0.78% with the majority of the gains in state government (+1.83%). There were no other sectors with employment gains.

Employment in manufacturing declined -2.64% (based on average annual employment) from 2024 with both durable goods manufacturing (-3.79%) and non-durable goods manufacturing (-1.18%) employers trimming employment rolls. This is just the third time in ten years employment has contracted from the previous year.

The information sector continued its negative employment trend, ending the year down 900 jobs from the January level (see chart below). Employment in the industry has been declining for a significant period of time with losses in all but two of the past 20 years. There has been a 46.2% employment decline since 2006.

Information Industry - Nonfarm Employment (Seasonally Adjusted)



Source: U.S. Bureau of Labor Statistics, Current Employment Statistics (CES).

Other Economic Indicators

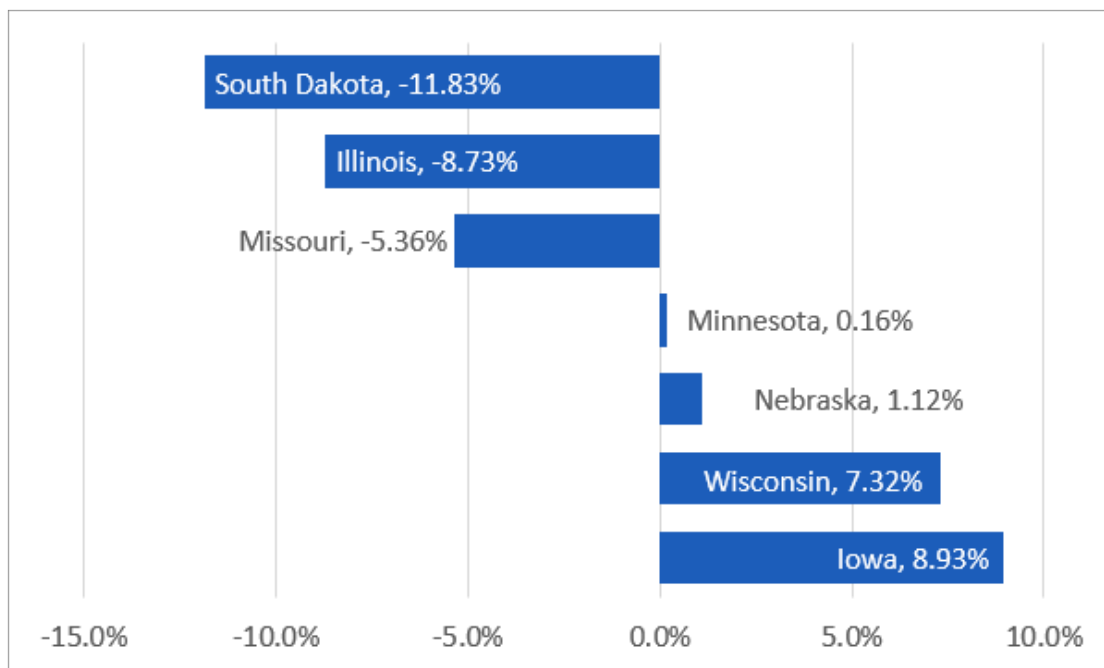
Corn prices remained relatively steady through the year based on Iowa State University Extension & Outreach data (annual averages). The 2025 annual average price of \$4.28 per bushel is down just seven cents (1.61%) from the 2024 average. This marks the third consecutive year of declining value. Prices dipped to \$3.89 per bushel in August, holding below the \$4.00 mark over a four month period before ending the year with a December value of \$4.21 per bushel. Corn prices have declined -37.61% since Iowa farmers received an average of \$6.86 per bushel at its peak in 2022. Prices have increased +29.70% from the ten-year low of \$3.30 which occurred in 2016.

Soybean prices experienced some fluctuation through the year and ended 2025 with an average annual price of \$10.09 per bushel, down 8.52% from the previous year. Historically, prices held rather steady from 2016 to 2020. In 2021 the agriculture community enjoyed a 46.2% gain in soybean prices, followed by a 12.3% gain in 2022. Prices have trended down since 2022. The 2025 average annual price is -31.59% below the peak value of \$14.75 achieved in 2022. On the positive side, prices have increased +20.69% from the 2019 value of \$8.36 per bushel.

According to the Iowa Association of Realtors, single family detached home sales in Iowa increased 4.7% from 2024 to 2025. Townhouse and condominium sales have also increased, gaining +2.6%. The number of closed sales for all residential properties moved from 39,016 in 2024 to 40,161 in 2025, a 4.5% increase. The median sale price of homes overall (detached and multi-family) realized a 3.4% gain to \$243,000 with a 4.3% increase in single family detached home values and a decrease of -1.6% in multi-family residences. The median sale price of all homes in 2024 was \$235,000.

According to annual data from the U.S. Census Bureau Building Permits Survey, the total number of new privately owned housing units authorized in Iowa (building permits issued - 2025), including single and multiple unit structures, increased +8.93% (+1,120 units). Iowa led all surrounding states in percent gain in the number of permits issued when compared to the previous year. Iowa and three surrounding states saw increases in building permits issued. South Dakota experienced the greatest decline, issuing 11.83% fewer permits from the previous year, followed by Illinois (-8.73%), and Missouri (-5.36%) (see chart below).

Building Permits (% Change from Previous Year)



Source: U.S. Census Bureau, Building Permits Survey

References

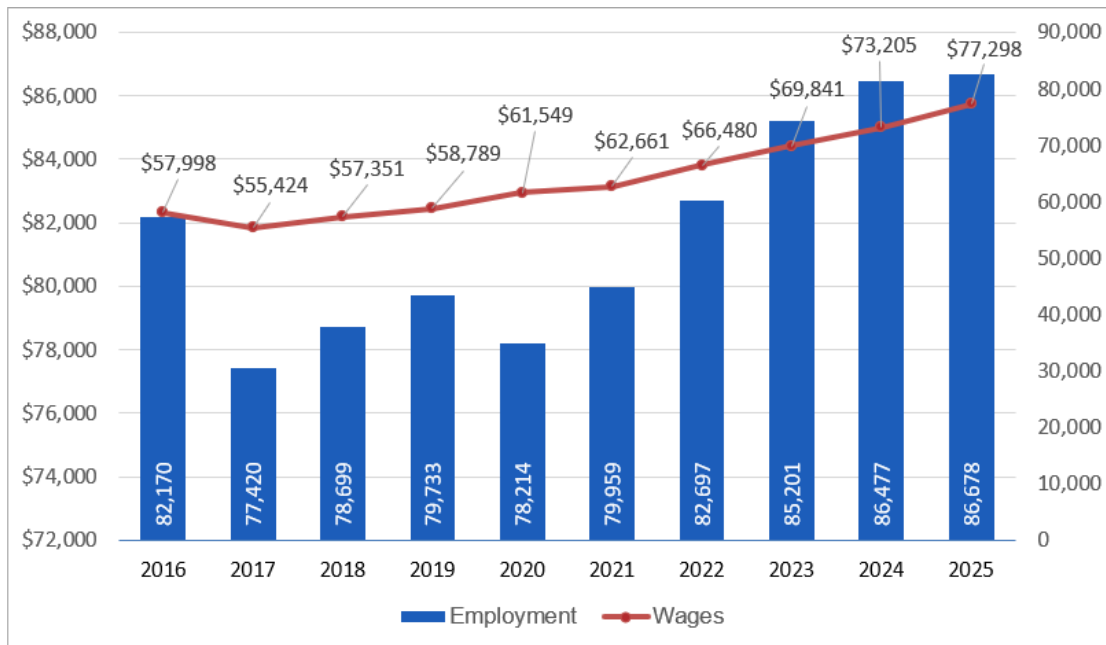
- U.S. Bureau of Labor Statistics (BLS), Current Employment Statistics (CES), <https://www.bls.gov/sae/>
- Iowa State Extension and Outreach, <https://www.extension.iastate.edu/agdm/crops/html/a2-11.html>
- Iowa Association of Realtors, <https://iowarealtors.com/housing-stats/>
- U.S. Census Bureau, Building Permits Survey, <https://www.census.gov/construction/bps/index.html>

Sector Spotlight: Construction

Written by Brad Frevert

The construction sector has been a bright spot in Iowa's economy since the COVID pandemic. Construction has seen positive employment growth over the past five years. Iowa has gained a total of 8,464 construction jobs since 2020 for an employment increase of 10.8 percent. In addition, wage growth has trended upward since 2016. The average annual wage in 2025 was \$77,298 which represents a 33.3 percent increase over a ten-year period. (see chart below). The growth in construction employment can be seen throughout Iowa on the county level as well. A majority of Iowa counties have experienced an increase in employment also.

Statewide Construction Average Annual Employment and Wages (2016-2025)



Source: U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW) 2025

Statewide Construction Employment and Wage Overview

In 2025, Construction averaged 86,678 (5.6 percent of all employment) jobs in the state. This ranked Construction as the seventh-largest sector statewide. Construction, however, ranks fourth among all sectors in the number of establishments (see table on the next page). Currently, there are 9,569 establishments in the construction sector in the state of Iowa, trailing only Healthcare and Social Assistance (13,105); Professional, Scientific, and Technical Services (12,634); and Retail Trade (10,941) respectively.

Like employment, Construction ranks 7th among sectors in the state by wage also, with an average annual wage of \$77,298. This is 35.4 percent less than Iowa's highest sector average annual wage of \$119,678 for employees in the Management of Companies sector. When compared to the statewide average annual wage of \$63,469 for all sectors, Construction's average wage is 21.8 percent higher.

Statewide Employment and Wage by Industry Sector, 2025

NAICS	Sector	Employment	Establishments	Average Annual Wage
55	Management of Companies	26,200	2,169	\$119,678
22	Utilities	7,285	438	\$111,287
52	Finance & Insurance	90,851	7,470	\$109,912
54	Professional, Scientific & Technical Services	58,376	12,634	\$96,431
51	Information	18,070	2,654	\$89,639
42	Wholesale Trade	66,563	7,729	\$87,641
23	Construction	86,678	9,569	\$77,298
31–33	Manufacturing	216,469	4,238	\$76,768
21	Mining	2,153	192	\$75,005
92	Government	70,452	2,794	\$64,696
53	Real Estate & Rental	14,643	3,751	\$62,265
48–49	Transportation & Warehousing	72,490	4,824	\$59,887
62	Health Care & Social Assistance	233,623	13,105	\$59,850
11	Agriculture, Forestry, Fishing and Hunting	21,149	2,814	\$56,638
61	Educational Services	151,772	3,088	\$56,104
56	Administrative & Waste Services	61,089	6,269	\$52,632
81	Other Services	41,456	7,593	\$50,221
44–45	Retail Trade	172,859	10,941	\$36,088
71	Arts & Entertainment	22,614	1,559	\$24,842
72	Accommodation & Food Services	123,665	7,443	\$22,781

Source: U.S. Labor of Statistics (BLS), Quarterly Census of Employment and Wages (QCEW) 2025

Construction Subsector Employment and Wage Trends

The Construction sector is comprised of three subsectors that represent three distinct building processes. The first is the Construction of Buildings. Establishments in this subsector are classified based on the types of buildings they construct. Part or all of the production work for which the establishments in this subsector have responsibility may be subcontracted to other construction establishments.

The second subsector is Heavy and Civil Engineering Construction. This subsector comprises establishments whose primary activity is the construction of entire engineering projects (e.g. highways and dams). Specialty trade contractors in the Heavy and Civil Engineering Construction subsector generally perform activities that are specific to heavy and civil engineering construction projects and are not normally performed on buildings.

The third and final subsector is Specialty Trade Contractors. Specialty Trade Contractors comprise establishments whose primary activity is performing specific activities (e.g., pouring concrete, plumbing, painting, and electrical work) involved in building construction or other activities that are similar for all types of construction, but that are not responsible for the entire project.

In 2025, Specialty Trade Contractors employed more workers than any other subsector, with 56,184. This accounted for 64.8 percent of total sector employment. Likewise, Specialty Trade Contractors have more establishments (6,031) than both Construction of Buildings (2,521) and Heavy and Civil Engineering (1,017), representing 63.0 percent of all construction establishments in the state.

Despite being last in both employment and establishments Heavy and Civil Engineering paid the highest wage for all subsectors of \$87,827 which was \$10,529 more than the construction average annual wage of \$77,298 (see chart below).

Construction Employment and Wage Trends by Subsector, 2025

NAICS	Subsector	Establishments	Employment	Average Annual Wage
236	Construction of Buildings	2,521	16,649	\$77,290
237	Heavy and Civil Engineering	1,017	13,845	\$87,827
238	Special Trade Contractors	6,031	56,184	\$74,706

Source: U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW) 2025

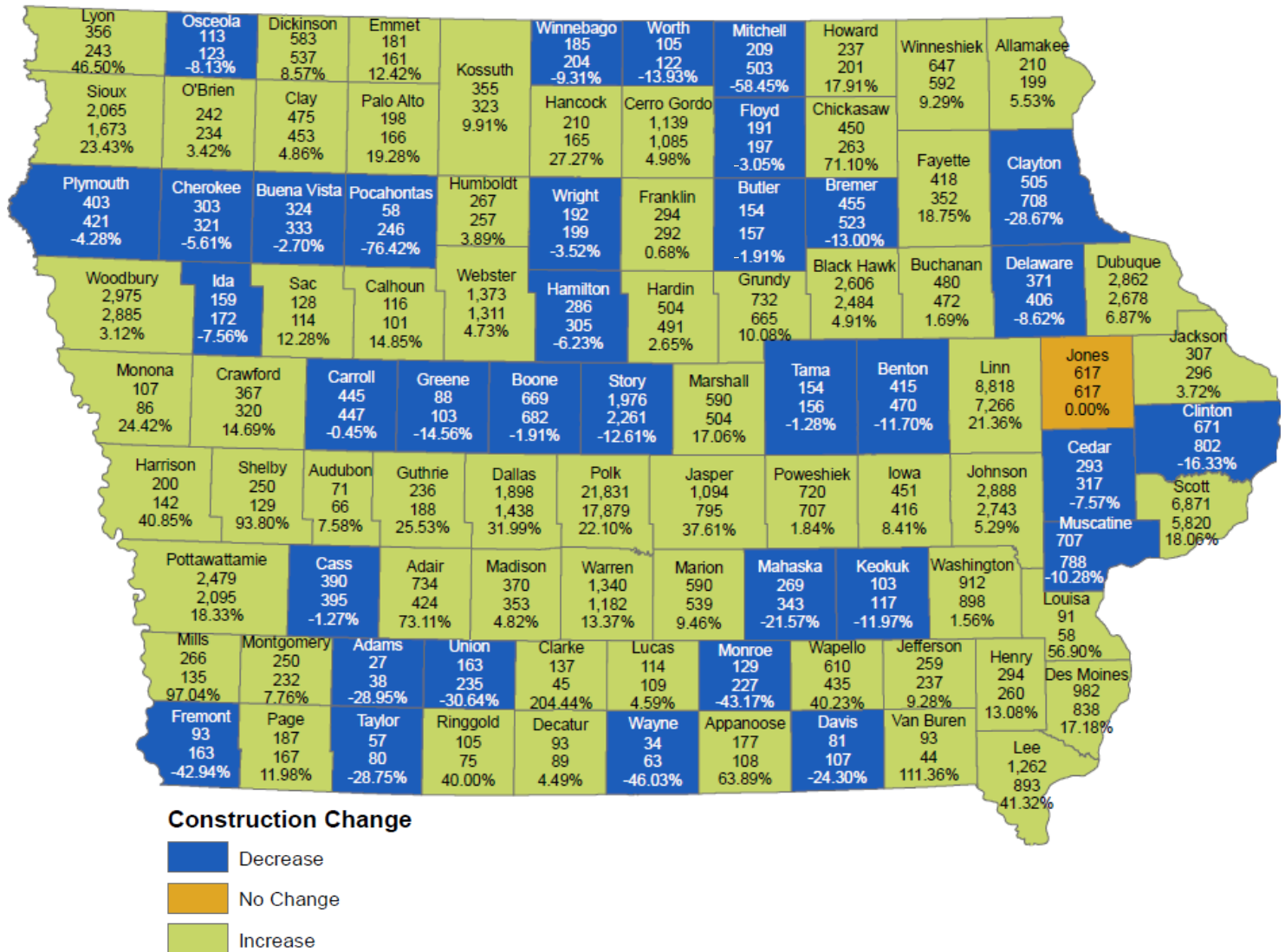
Construction Employment by County (Overview)

The growth in construction employment has not been isolated to a few geographical areas in Iowa. When analyzing average monthly construction employment from fourth quarter 2020 to fourth quarter 2025, sixty-three counties in Iowa have seen employment growth during this time. That represents roughly 64.0 percent of all Iowa counties. In addition, of those sixty-three counties; thirty-six saw employment growth of at least ten percent.

The five counties with the largest employment gains over this time period were Clarke (204.4 percent), Van Buren (111.4 percent), Mills (97.0 percent), Shelby (93.8 percent), and Adair (73.1 percent). It should be noted that construction work tends to be fluid in nature which can help explain large increases and decreases at the county level at any given time (see map on the next page).

As of 4th quarter 2025, the counties with the greatest number of construction workers in Iowa are counties with large population centers. Counties with the highest concentration of construction workers are Polk (21,831), Linn (8,818), Scott (6,871), Woodbury (2,975), and Johnson (2,888) followed closely by Dubuque (2,862). The counties with the smallest number of construction employment for 4th quarter 2025 were Adams (27), Wayne (34), Taylor (57), Pocahontas (58), and Audubon (71).

Construction Employment by County, Percentage Change (2020-2025)



Source: U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW) 2020-2025

References

Quarterly Census of Employment and Wages (QCEW), Labor Market Information Division, Iowa Workforce Development

<https://workforce.iowa.gov/labor-market-information/industry-employers/qcew>

North American Industry Classification System (NAICS) at BLS -Industry Finder

https://data.bls.gov/cew/apps/bls_naics/v3/

[bls_naics_app.htm#tab=search&naics=2022&keyword=236&searchType=titles&filter=all&sort=code_asc&resultIndex=0](https://data.bls.gov/cew/apps/bls_naics/v3/bls_naics_app.htm#tab=search&naics=2022&keyword=236&searchType=titles&filter=all&sort=code_asc&resultIndex=0)

Iowa Industry Projections Overview (2024-2034) and Labor Market Analysis

Written by Chap Deit

Industry Employment in the Next Ten Years

Iowa's long-term industry outlook for 2024-2034 is projected to add 85,533 nonfarm jobs in the next 10 years (2024-34). Total non-farm employment is expected to increase from 1,761,090 to 1,846,623, a growth rate of approximately 4.86 percent over the decade.

In comparison, the U.S. is expected to add 5.2 million jobs in the same decade; the employment will grow by 3.1 percent and increase to 175.2 million jobs by 2034, according to U.S. Bureau of labor statistics (BLS) 2024-34 industry projections.

The projected growth rate for Iowa's industries from 2024 to 2034 is moderate, representing a 1.9-percentage point decrease compared to the 2022–2032 outlook. This decline is largely driven by accelerated technology adoption in sectors that rely heavily on information processing, i.e., IT support, routine data processing, and administrative support roles. The automation and efficiency gains are expected to reduce labor needs and therefore dampen employment growth in these sectors.

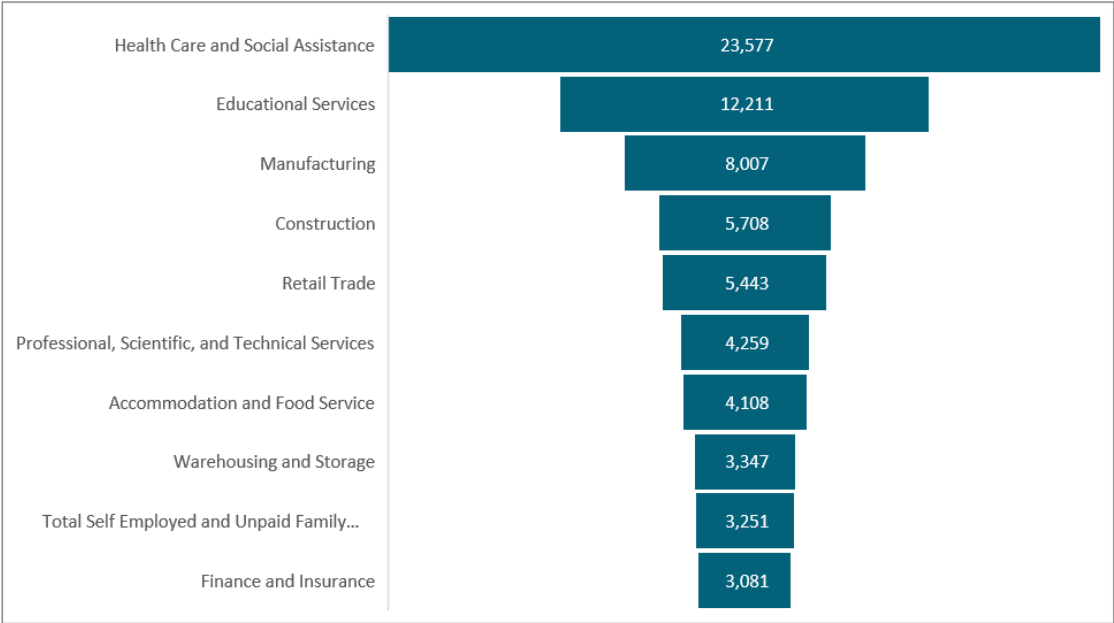
The healthcare and social assistance sector is expected to grow more than any other industry over the next ten years. The sector is expected to add 23,577 jobs, accounting for 27.6 percent of all new jobs. A major reason for this growth is the increasing number of people aged 65 and older. As this age group becomes a larger share of the population, the need for healthcare services will rise, leading to more demand for workers in hospitals, clinics, and other care settings.

As shown in the chart on the next page, educational services are expected to benefit from increased demand for worker upskilling and reskilling as the digital economy evolves. By the same token, the manufacturing and construction sectors are projected to experience modest growth, supported by steady demand and the greater industry revitalization.

The continued evolution of e-commerce is expected to help offset gradual declines in traditional retail activity as businesses transition to omnichannel models. In addition, ongoing expansion in e-commerce will support continued growth in transportation and warehousing. Broader advancements in new technologies, combined with rising demand for consulting services, are also expected to drive solid job gains within professional and business services.

The chart on the next page illustrates the projected employment growth for top major industry sectors in Iowa for 2024-2034. A full summary of industry projections and related labor market information data can be accessed on the Iowa Workforce Development website, here: workforce.iowa.gov/iproj/data.

Projected Growth for Top Sectors in Iowa, 2024-2034



Source: Industry Projections 2024-2034, Research & Analysis Bureau, Iowa Workforce Development

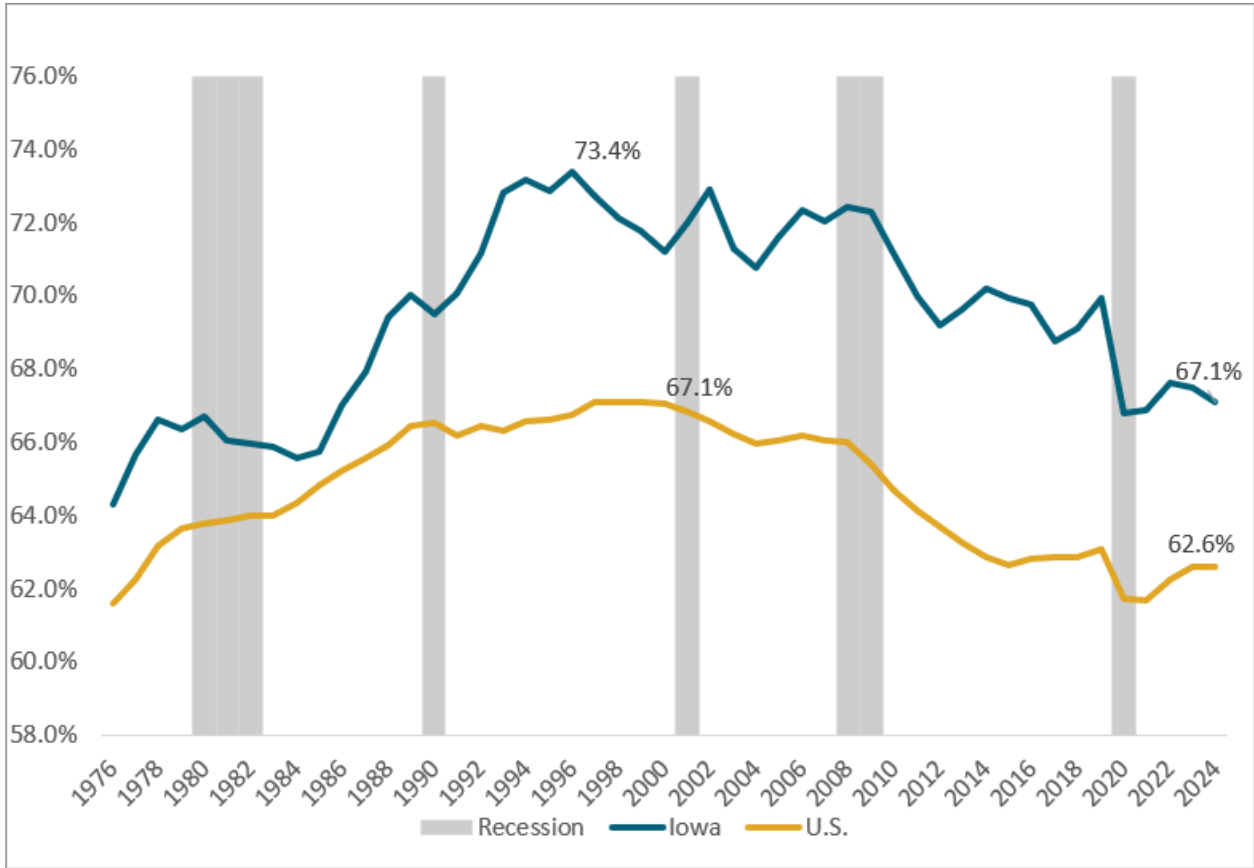
Iowa Labor Force Participation Rate

Labor demand remains solid in Iowa. The state’s unemployment rate averaged 3.2 percent in 2024, compared with 4 percent nationally during the same period. Many Iowa businesses are struggling to fill job openings due to a shortage of workers across all skill levels, with the greatest challenges occurring in positions requiring high-level skills.

The chart on the next page shows the labor force participation rates for both Iowa and the United States. Labor force participation rate measures the share of people aged 16 and older who are working or looking for work. Iowa has long had one of the highest participation rates in the country. The state reached its peak in 1996 at 73.4 percent. For comparison, the United States reached its highest rate in 2000 at 67.1 percent, while Iowa stood noticeably higher at 71.2 percent that same year.

While Iowa consistently maintains a higher labor force participation rate than the national average, reflecting strong engagement among prime-age workers. Projected demographic shifts are expected to create more protracted challenges for Iowa due to its low birth rates, insufficient net in-migration, and high levels of brain drain. As a result, Iowa is projected to experience a prolonged decline in labor force participation, which may generate significant structural strains within the state’s labor market.

Labor Force Participation Rate (1976-2024)



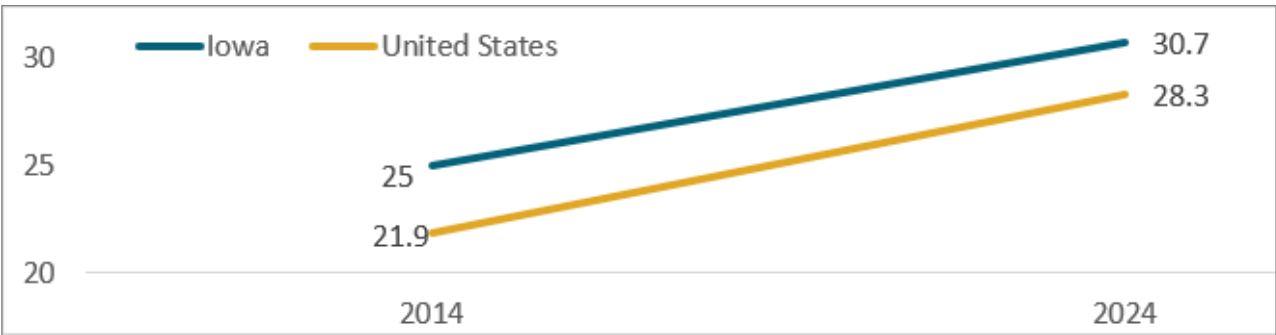
Source: U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics (LAUS)

Aging Labor Force

Across the United States, population is aging rapidly: American Community Survey (ACS), 5-Year Estimates show that the Old-Age Dependency Ratio, the ratio of older population 65 and over, to the working-age population (ages 18-64), rose from 21.9% in 2014 to 28.3% in 2024, and is projected to accelerate in the coming years.

As shown in the chart below, Iowa mirrors and exceeds these national trends. American Community Survey (ACS), 5-Year Estimates shows that the Iowa Old-Age Dependency Ratio rose from 25% in 2014 to 30.7% in 2024. Furthermore, according to Iowa State Plan on Aging, 25 percent of Iowans were already aged 60+ in 2023, and Iowa ranks sixth nationally for adults aged 85+. Many rural counties have even higher concentrations of older adults (State Plan on Aging, 2026).

Old-Age Dependency Ratio, 2014 & 2024 (Iowa & U.S.)



Source: U.S. Census Bureau, American Community Survey (ACS), 5-Year Estimates (Table: S0101)

Higher Caregiver Burdens

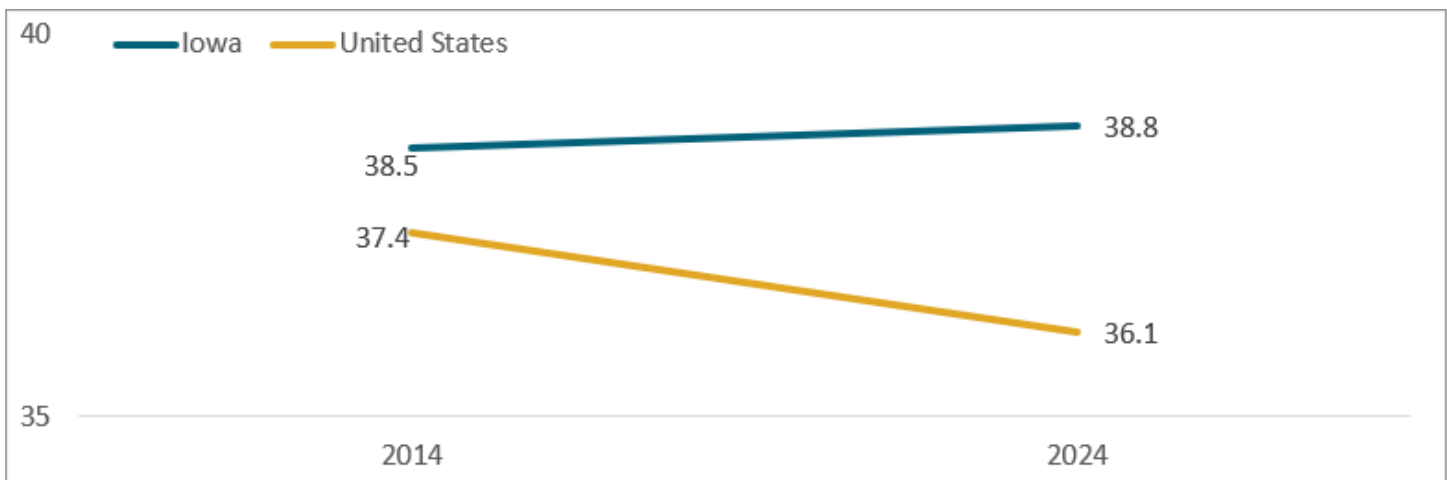
Nationally, unpaid caregiving responsibilities increasingly keep working adults out of the labor market, and Iowa faces the same challenge.

As shown in the chart below, the Child Dependency Ratio, defined as the number of individuals under age 18 relative to the working-age population, has shifted modestly over the past decade, although Iowa and the United States have moved in different directions. Between 2014 and 2024, Iowa's child dependency ratio rose slightly from 38.5 to 38.8, indicating a small increase in the proportion of children compared with working-age adults.

In contrast, the national ratio declined from 37.4 to 36.1 over the same period, suggesting a gradual reduction in child population pressure across the country. Iowa remained above the national average in both years.

Iowa's higher and rising child dependency ratio indicates that a growing share of children relies on family members for support. This shift has important implications for families, support services, and long-term workforce planning; as caregiving demands increase, workforce availability becomes further constrained.

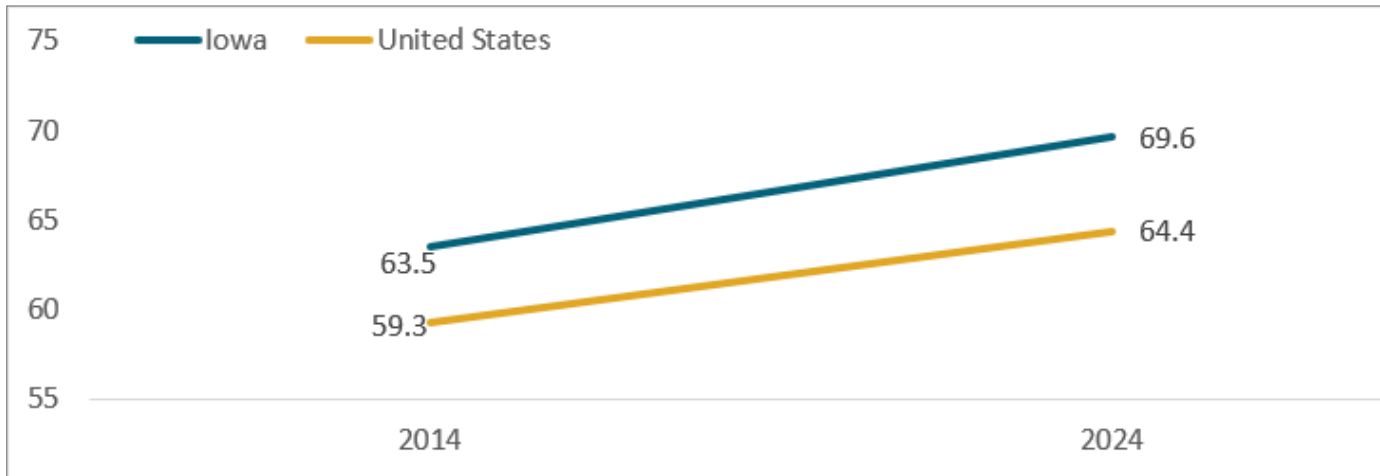
Iowa Child Dependency Ratio, 2014 & 2024 (Iowa & U.S.)



Source: U.S. Census Bureau, American Community Survey (ACS), 5-Year Estimates (Table: S0101)

In aggregate, Iowa faces a higher Age Dependency Ratio than the national average. The chart on the next page shows the ratio for both Iowa and the United States in 2014 and 2024. The age dependency ratio captures the number of dependents, children and older adults, relative to the working-age population.

Both Iowa and the nation experienced increases over the decade, meaning dependents now make up a larger share of the population. However, Iowa's ratio remained consistently higher. In 2014, Iowa's rate was about four points above the national level, and by 2024 the gap had widened to around five points. Iowa's dependency ratio grew from 63.5 to 69.6 (an increase of 6.1 points), outpacing the national increase of 5.1 points. This faster growth suggests that Iowa's working-age population may be under greater pressure to support both younger and older residents.

Age Dependency Ratio, 2014 & 2024 (Iowa & U.S.)

Source: U.S. Census Bureau, American Community Survey (ACS), 5-Year Estimates (Table: S0101)

Implications

Across all categories: Iowa faces a more challenging demographic outlook than the national average. From labor market perspectives, its higher and rising dependency ratio, especially old-age, will only increase already strained labor market.

Iowa already faces significant shortages of direct care workers and home health aides. According to the Iowa State Plan on Aging, the state has only 39 home health care workers per 1,000 older adults, compared with the national rate of 61. This gap signals severe strain on the workforce. As Iowa's older population grows, demand for health, home care, and support workers will continue to rise. At the same time, many caregivers experience high stress and reduce their work hours to care for older relatives. Furthermore, increasing unpaid caregiving responsibilities are pulling working adults out of the labor force, further reducing the supply of available workers and widening an already critical service gap.

Iowa's growing health and disability challenges are increasing economic dependency across the state. According to the Iowa State Plan on Aging, more than one quarter of Iowans aged 60 and older report having a disability, and this share rises to 42 percent among those aged 75 and older. These conditions can accelerate retirement, increase dependency on support services, and amplify demand for public programs. Together, these factors place additional strain on both the labor market and the public workforce needed to serve an aging population.

As Iowa's economy evolves, employers rely on a strong working-age population. However, an aging rural population, continued emigration of younger workers, and rising retirement rates are limiting the ability of local labor markets to meet employer demand. These trends mirror national demographic challenges, suggesting that labor shortages will intensify competition among states as they compete for a shrinking pool of workers.

Iowa is unlikely to see meaningful gains in labor force participation without major structural changes, particularly given the state's aging population. As a result, long-term workforce constraints will persist unless Iowa adopts strategies to expand its labor supply, including measures to attract more workers and support caregivers. Equally important, strategies to continue strengthening human capital formation by improving early childhood literacy and raising overall educational attainment; foundational skills that are essential for competitiveness in a digital economy.

Conclusion

Iowa continues to outperform the nation in labor force participation, recording a rate of 67.3% as of June 2026 compared with the U.S. average of 61.5%, reflecting stronger engagement among prime-age workers in the state. Although both Iowa and the nation have exhibited similar long-run patterns of gradual decline due to demographic and structural forces, Iowa faces a more significant and sustained challenge. These demographic shifts are projected to place prolonged downward pressure on Iowa's labor force participation rate, creating structural strains in meeting workforce demand already evident with 57,945 job openings statewide in June 2026 (IowaWorks.gov). The combination of moderate population growth and rising dependency measures suggests Iowa may need continued emphasis on workforce recruitment, retention, and family-friendly policy planning.

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2025 Iowa Population and Workforce Trends

Written by Brent Paulson

Overview

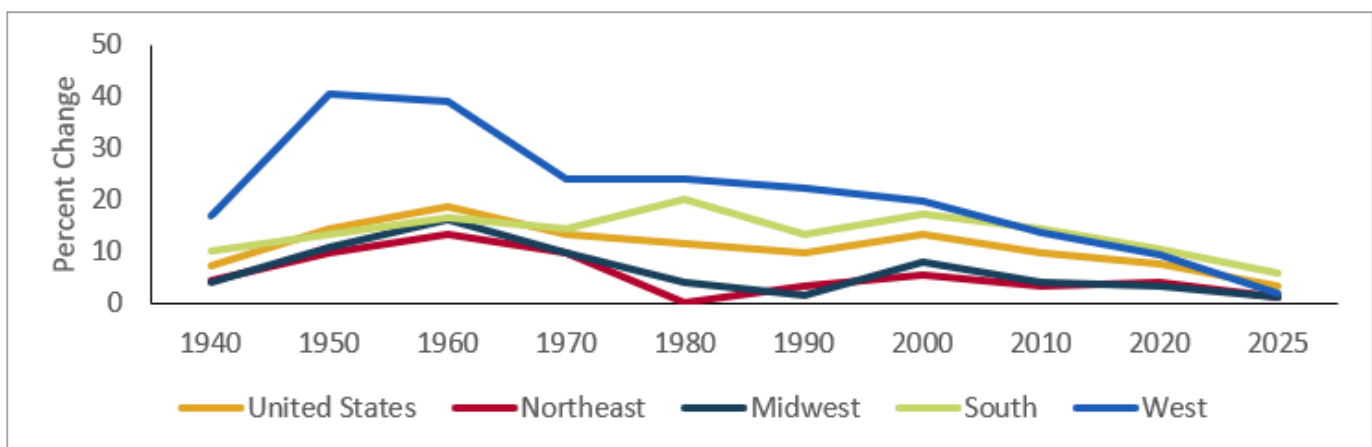
After several decades of double-digit growth, the nation's population since 2000 has been growing more modestly in the single-digit realm. The declining and/or stagnating trend is quite apparent in Iowa's population growth as well, falling below both the national and the Midwest regional averages. Further, even though the U.S. and Iowa general populations are expanding, the means for the increased growth are eroding with fertility and migration rates being the main culprits.

Low fertility and domestic migration rates in conjunction with an aging workforce have made foreign migration an increasingly important stabilizing force in Iowa's economy. As a result, the complexion of Iowa's population is ever changing as increasing concentrations of diverse ethnic groups are creating a changing work environment. Also, increasingly, Iowa and the nation generally are experiencing a population shift from nonurban areas to urban centers marking another diverging trend.

National and State Population Trends

The Midwest and Northeast regions, in comparison to the nation, have not kept pace in population growth. Conversely, the South and West regions have outperformed the national average. As seen in the chart below, the 1950s appear to mark a turning point as the U.S. and many regions have generally experienced declining population growth rates following the Post World War II baby boom era with more precipitous declines resulting since 2000. Of note, Iowa ranked twentieth in the nation for total population in 1940, twenty-fourth in 1960, twenty-seventh in 1980, thirtieth in 2000, and thirty-second in 2025.

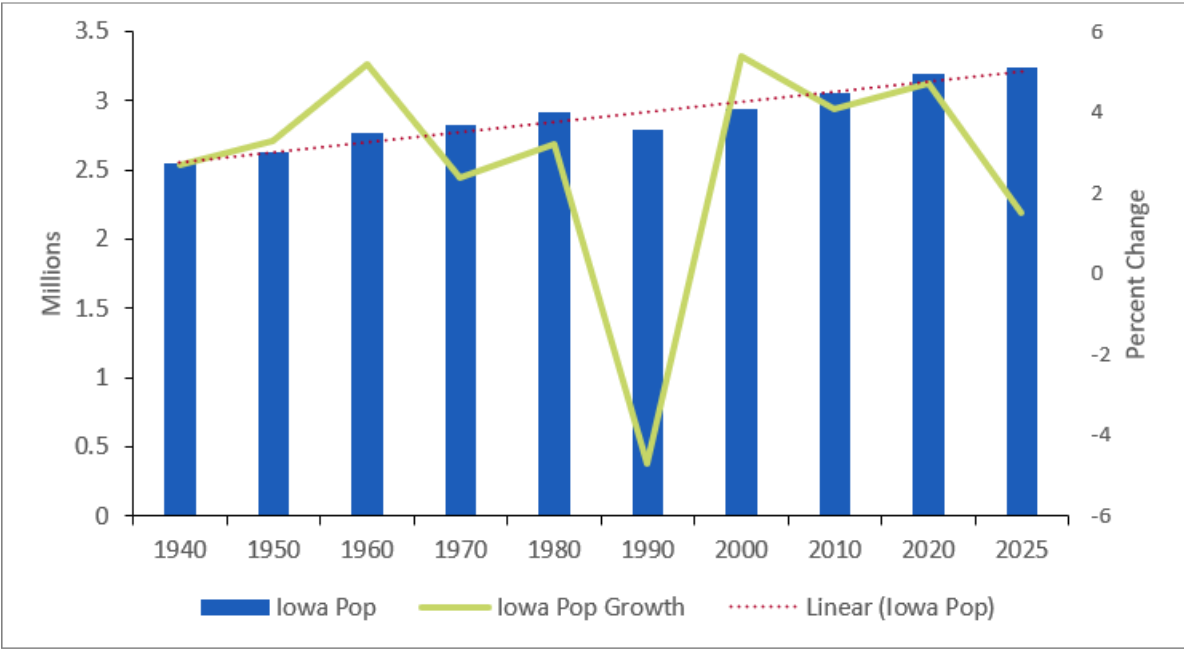
U.S. and Regional Population Growth, 1940-2025



Source: U.S. Census Bureau

The chart on the next page illustrates Iowa's population growth trajectory from 1940 to 2025. Although steady (note the severe 1980s farm crisis and 2020s Covid-19 period exceptions), the rate of growth has minimally sustained Iowa's economic growth. As natural population growth and domestic migration decrease, Iowa has increasingly relied on foreign labor to spur greater economic growth. From the perspective of economic competitiveness, a question of sustainability arises from Iowa's lower than average population growth. At current conditions and absent any significant national or state population policy change, Iowa's relatively small 3,238,387 total population (2025) will continue bearing economic challenges.

Iowa Population Growth, 1940-2025

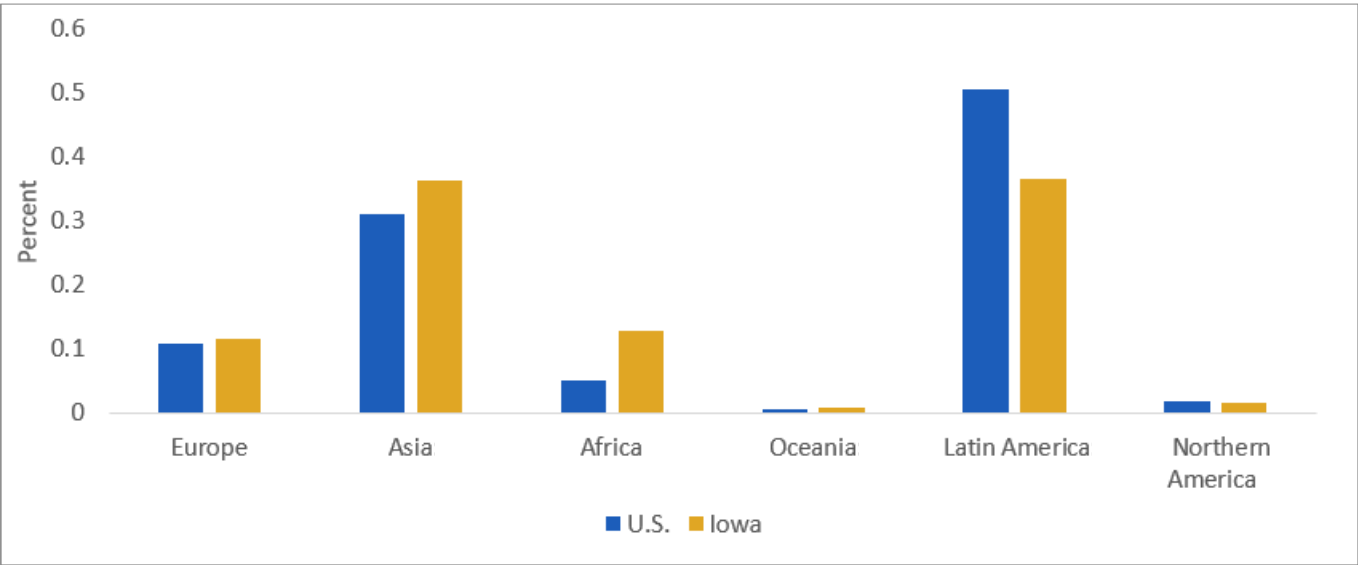


Source: U.S. Census Bureau

Workforce Diversity

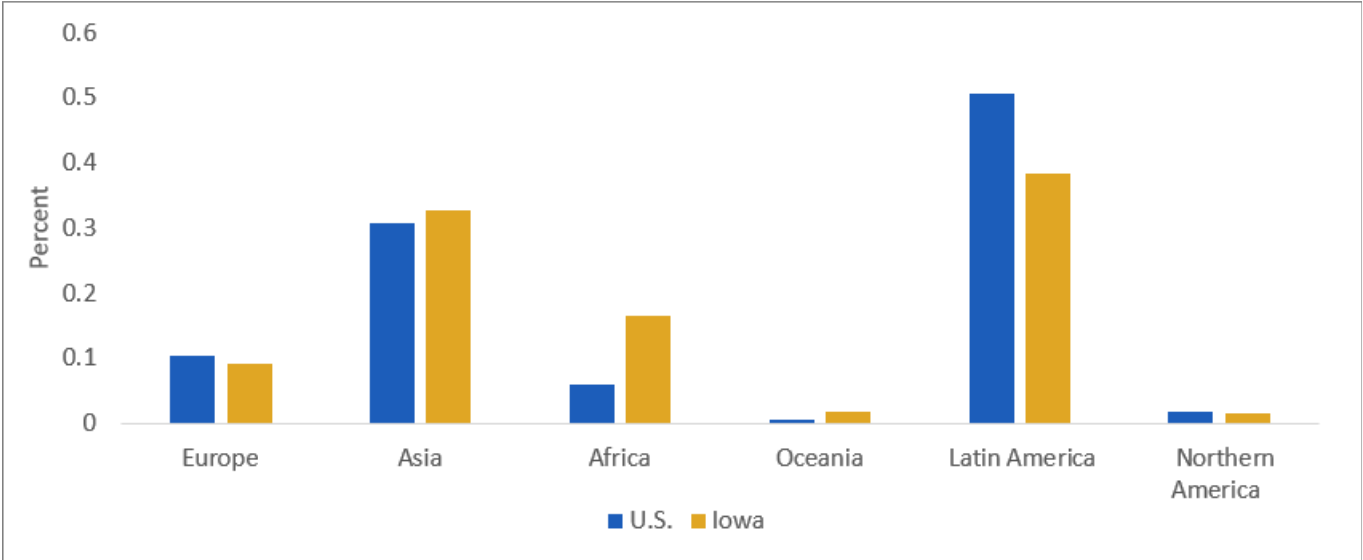
Iowa has maintained a foreign migration profile not unlike the national model but, perhaps surprisingly, differing in degree. For example, Iowa’s typical foreign migrant, like the U.S., hails primarily from Latin America, Asia, Africa, and Europe but with greater concentrations, in percentage terms, from Asia and Africa. The chart below and on the next page provide U.S. and Iowa profile comparisons from periods 2015-2019 and 2020-2024 reflecting this observation and perhaps indicating a trend.

U.S. and Iowa Foreign Born Migration by Region of Origin, 2015-2019



Source: U.S. Census Bureau

U.S. and Iowa Foreign Born Migration by Region of Origin, 2020-2024



Source: U.S. Census Bureau

As for Iowa's ethnic and racial makeup, increased diversity has long been a trend in population growth. The chart below gives a breakdown of major ethnic and racial backgrounds in Iowa from 1990 to 2020. White remains the most populous racial group but the data reveal over this period a nearly 10 percentage point decline from 96.6% to 84.5%. With those who are racially Black and Asian/Pacific Islanders more than doubling in population and Latinos quintupling, Iowa is steadily becoming more diversified.

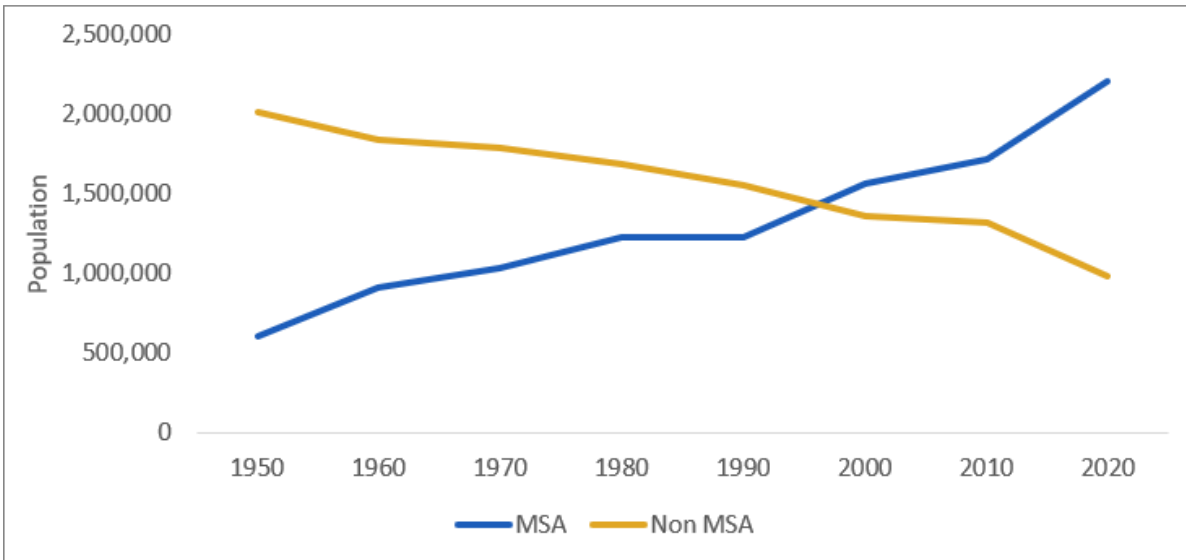
Breakout of Iowa Population by Race and Hispanic/Latino Origin, 1990-2020

Race/Ethnicity	1990	2000	2010	2020
White	96.6	93.9	91.3	84.5
Black	1.7	2.1	2.9	4.1
American Indian	0.3	0.3	0.4	0.5
Asian/Pacific Islander	0.9	1.3	1.8	2.5
Other	0.5	1.3	1.8	2.8
Two or More Races	n/a	1.1	1.8	5.6
Total	100	100	100	100
Latino, Any Race	1.2	2.8	5.0	6.8

Source: U.S. Census Bureau

Urban-Rural Divide

Employment migration from rural areas to urban centers in Iowa provides further economic challenges for many workforce communities. The loss of an employer of any size, for example, can often be catastrophic especially for Iowa's smaller communities. Faced with a dwindling population base, rural Iowa continues to lose population share to the larger cities, or metropolitan statistical areas (MSAs), due to greater education, employment, and entertainment/cultural opportunities. Notably, the Ames-Des Moines and Cedar Rapids-Iowa City corridors are Iowa's fastest growing MSAs. As depicted in the chart on the next page, the MSA - Non MSA divergence highlights the longstanding trend.

Iowa Total MSA and Non-MSA Population, 1950-2020

Source: U.S. Census Bureau

Recap

Existing population and workforce trends in Iowa present consequential economic challenges that, if not addressed, will continue to detrimentally affect the state's economic vitality. Thus, policies oriented towards significant population increases are imperative and would certainly bode well for Iowa's workforce and gross domestic product with expanded job creation, wage growth, consumer spending, and entertainment/cultural offerings.

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Review of Iowa Unemployment Insurance Weekly Benefit Amount Provisions

Written by Patrick Callan

Introduction

Iowa’s Unemployment Insurance weekly benefit amount is a function of an individual’s high quarter earnings, number of dependents claimed and the annual maximum weekly benefit calculation. This article examines weekly benefit amounts for UI claimants who started a new benefit year between July 6, 2025 and June 28, 2026.

Maximum Weekly Benefit Amount

Iowa Code requires the director of Iowa Workforce Development to determine annually a maximum weekly benefit amount effective the first day of the first full week in July. The maximum weekly benefit amount, if not a multiple of one dollar, shall be rounded to the lower multiple of one dollar.

The maximum benefit is based on the previous year’s statewide average weekly wage for covered employment times a percentage specified in Iowa Code based on the number of dependents. The statewide average weekly wage for 2024 was \$1,174.98. The maximum benefit for claimants with no dependents for the year beginning July 6, 2025, was calculated by multiplying the 2024 average weekly wage times 53%.

- $\$1,174.98 \times 53\% = \622.74 (rounded down to \$622)

The maximum weekly benefit calculation for each dependent level is shown in the table below.

Maximum Weekly Benefit Amount Calculation and Required Weekly Wage to Receive Maximum Weekly Benefit

Number of Dependents	Average Weekly Wage ¹	Percent Required in Iowa Code ²	Maximum Weekly Benefit	Required To Receive Maximum ³
0	\$1,174.98	53%	\$622	\$1,100
1	\$1,174.98	55%	\$646	\$1,093
2	\$1,174.98	57%	\$669	\$1,081
3	\$1,174.98	60%	\$704	\$1,083
4+	\$1,174.98	65%	\$763	\$1,115

Source: Unemployment Insurance Statistics, Iowa Workforce Development

Data is for new UI claims with a benefit year beginning date of July 6, 2025 through June 28, 2026.

¹ Average weekly wage for UI covered employment in 2024.
² Specified in Iowa Code 96.3
³ This represents the average weekly wage in the highest quarter of a benefit recipient’s base period required to earn the maximum weekly benefit for each dependent level.

Individual Weekly Benefit Amount Formula

The weekly benefit amount for claimants with a benefit year beginning during fiscal year 2026 could range from \$93 to \$763 depending on high quarter wages and number of dependents. An individual's weekly benefit amount is based on a specified fraction of their high quarter wages, but it cannot exceed the maximum weekly benefit amount. Benefit recipients with no dependents would receive a weekly benefit of 1/23 times their high quarter wages, subject to the \$622 maximum referred to earlier. Benefit recipients with four dependents would receive a weekly benefit of 1/19 times their high quarter wages, subject to the \$763 maximum. Examples of benefit calculations are shown for each number of dependents claimed can be found in the table below

Weekly Benefit Amount Calculation Based on Various High Quarter Average Weekly Wage Levels

Number Dependents	Maximum Weekly Benefit	High Quarter Divisor ¹	Weekly Benefit Amount Based on High Quarter Average Weekly Wage ²				
			\$290	\$600	\$900	\$1,175	\$1,500
0	\$622	23	\$164	\$339	\$509	\$622	\$622
1	\$646	22	\$171	\$355	\$532	\$646	\$646
2	\$669	21	\$180	\$371	\$557	\$669	\$669
3	\$704	20	\$189	\$390	\$585	\$704	\$704
4+	\$763	19	\$198	\$411	\$616	\$763	\$763

Source: Unemployment Insurance Statistics, Iowa Workforce Development

Data is for new UI claims with a benefit year beginning date of July 6, 2025 through June 28, 2026.

¹ The weekly benefit amount is determined by dividing the claimant's earnings in the highest quarter of the base period by the "high quarter divisor" subject to the maximum weekly benefit.

² The high quarter average weekly wage is based on a claimant's high quarter wages divided by 13.

Note: Examples were selected to illustrate weekly benefits at various wage levels.

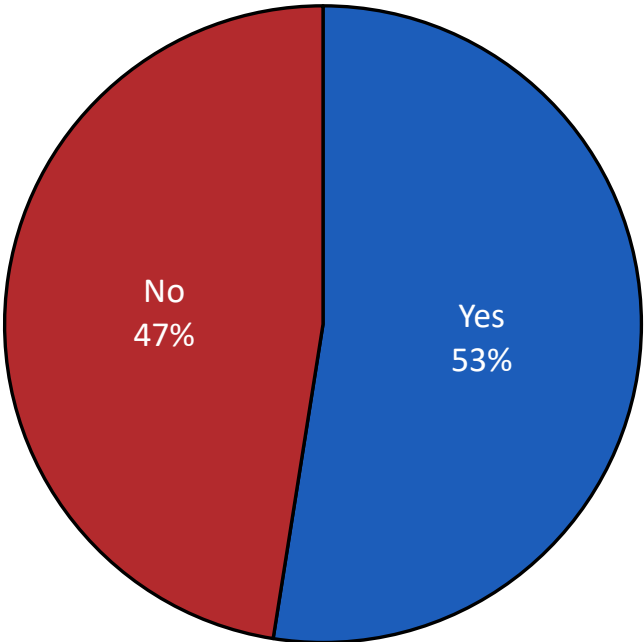
- The first example is based on 40 hours at the minimum wage of \$7.25 per hour (\$290).
- The second example is based on 40 hours at \$15.00 per hour (\$600).
- The fourth example is based on the 2024 statewide average weekly wage for covered employment of \$1,174.98 per week.

Benefit Recipients Earning Maximum Benefit Amount

A benefit recipient with no dependents claimed would need high quarter wages of \$14,306 to receive the maximum weekly benefit. This would be equivalent to a high quarter average weekly wage of about \$1,100. The high quarter average weekly wage required to receive the maximum weekly benefit for each dependent level is found in the table on page 24.

Just over half of UI benefit recipients received the maximum weekly benefit available for their number of dependents reported. The pie chart on the next page shows the percentage of benefit recipients receiving the maximum benefit available for their individual dependent level.

Claimants Receiving the Maximum Weekly Benefit Available for the Number of Dependents Claimed



Source: Unemployment Insurance Statistics, Iowa Workforce Development

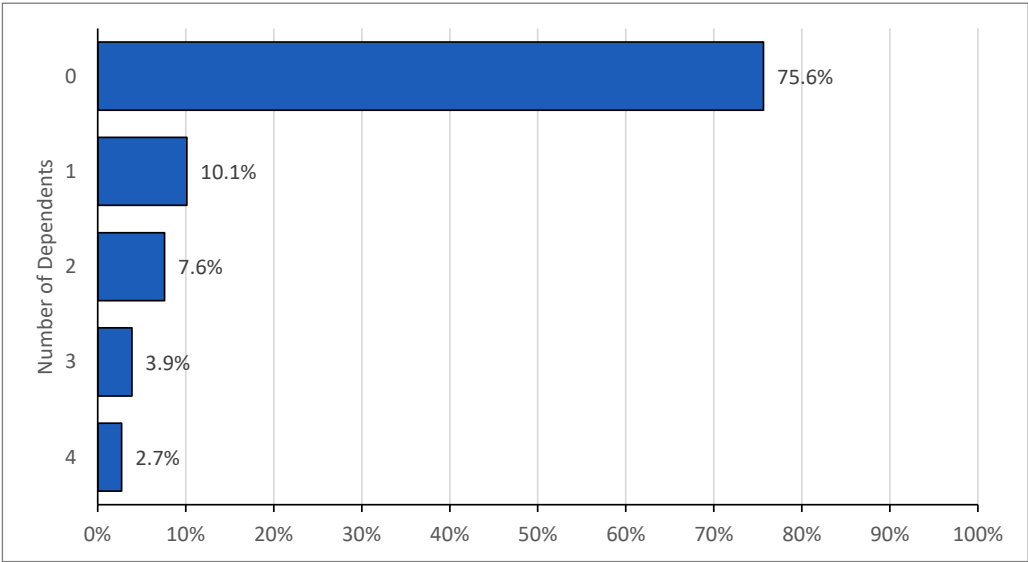
Data is new UI claims with a benefit year beginning date of July 6, 2025 through June 28, 2026.

Benefit Based on Number of Dependents

Roughly 13 states provide some form of dependent benefit addition. Most of these states have a specific dollar amount per dependent, subject to a maximum allowance cap. Iowa rolls the allowance for dependents into the weekly benefit amount formula (see table on previous page). Since Iowa’s dependents’ allowance is based on the weekly benefit amount formula, total allowances for dependents could range from \$4 to \$141 during fiscal year 2026. The maximum amount per dependent was about \$35.

About 75% of claimants with a benefit year beginning during fiscal year 2026 claimed no dependents. The chart below contains the distribution of number of dependents claimed.

Percentage of Claimants by Number of Dependents Claimed



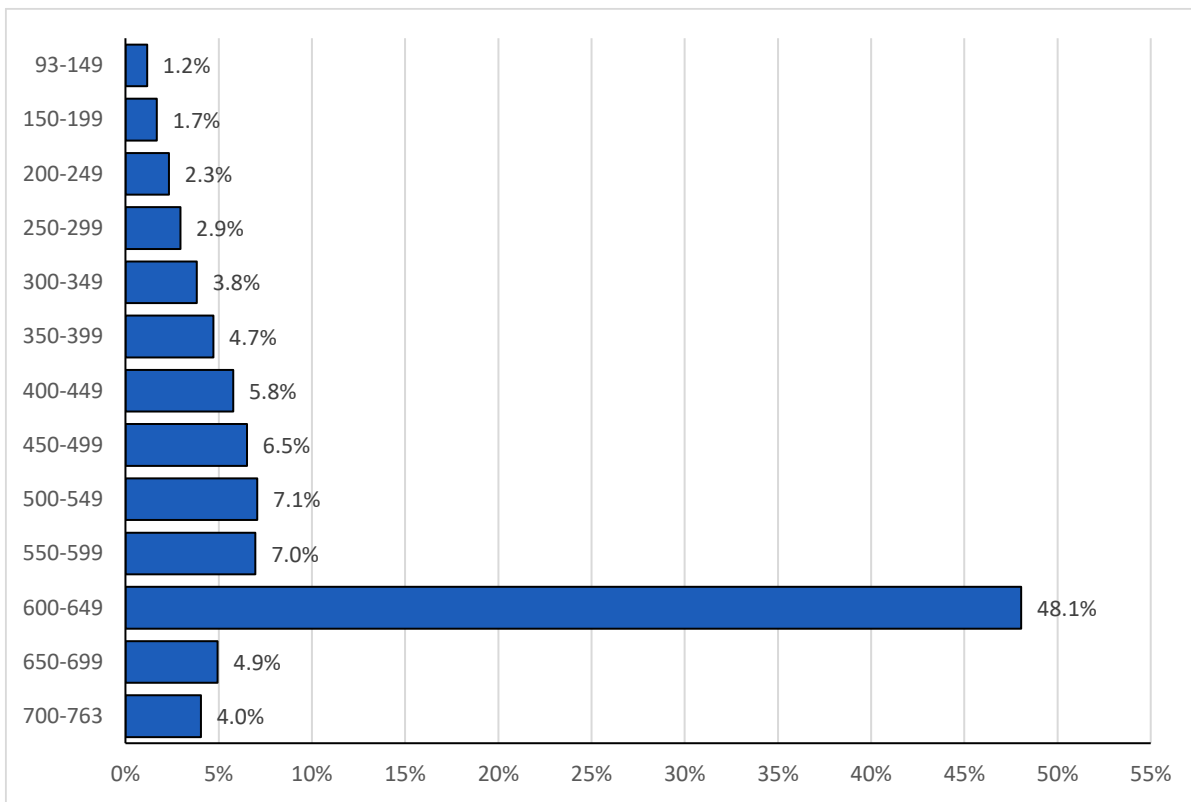
Source: Unemployment Insurance Statistics, Iowa Workforce Development

The unemployment insurance rules for claiming dependents are different from income tax definition in some situations. For example, the claimant does not count as a dependent, and a spouse may count as a dependent if they earned \$120 or less in wages during the week before the claim's effective date. Refer to the *Unemployment Insurance Claimant Handbook* for more details.

Weekly Benefit Amount Based on a New Benefit Year

The average benefit for new claims established during fiscal year 2026 was \$543. The distribution of weekly benefit amounts is shown in the chart below. Almost half of the weekly benefit amounts were between \$600 and \$649. The median weekly benefit amount was \$622. A small number of claims with low average weekly benefit amounts pulled the overall average down.

Distribution of UI Weekly Benefit Amounts



Source: Unemployment Insurance Statistics, Iowa Workforce Development

Data is for new UI claims with a benefit year beginning date of July 6, 2025 through June 28, 2026.

Average Weekly Benefit Amount Based on Payment Date

The weekly benefit amounts in the chart above are reported when a claimant's new benefit year is established. This is different from the more widely published average weekly benefit amount which is based on when benefits are paid. This average weekly benefit for fiscal year 2026 was \$536 for all recipients and \$552 for full unemployment. The all recipients figure includes claimants who had a reduced benefit due to wages, vacation, holiday pay and other deductible payments received. The average weekly benefit using this method is based on the ETA-5159 report.

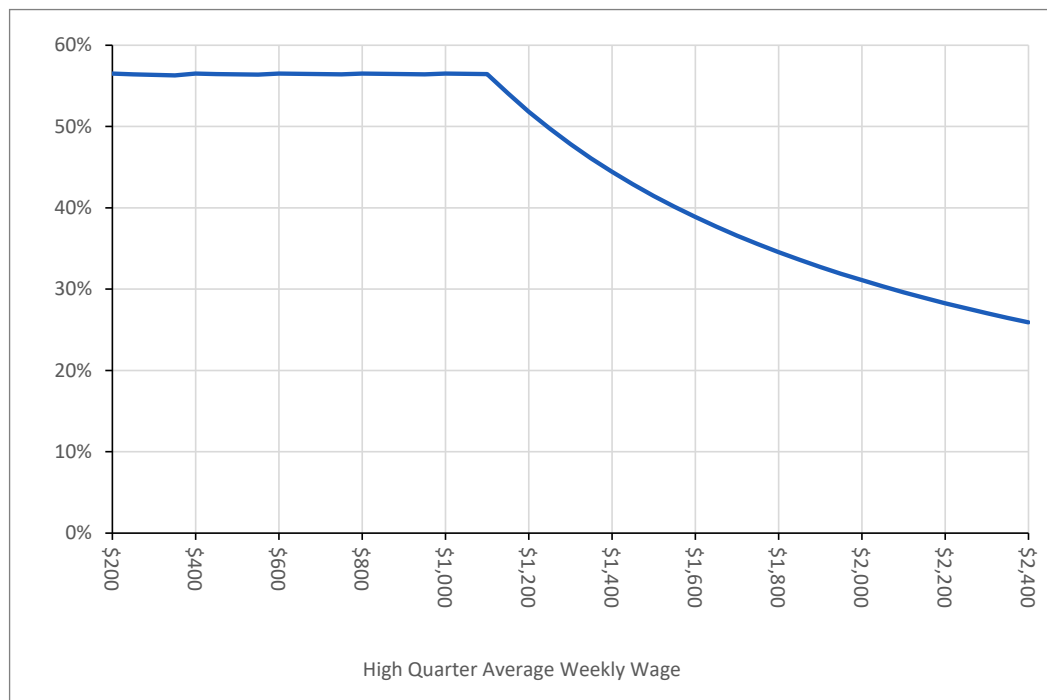
UI Benefit Replacement Rate

The UI Replacement Rate is the ratio of the claimant's weekly benefit amount to the claimant's average weekly wage. The UI Benefit Accuracy Measurement (BAM) program is designed to determine the accuracy of UI claims data. This program uses a randomly selected sample of unemployment insurance payments. The Department of Labor uses this data to compute the UI Replacement Rate for each state. The Iowa UI Replacement Rate has consistently remained around 48% over the past 20 years.

The replacement rate for individual claimants will vary depending on the claimant's high quarter wage and the number of dependents. Iowa code sets an individual claimant's weekly benefit amount at 1/23 times the claimant's high quarter wages for claimants with no dependents through 1/19 for a claimant with four dependents.

The replacement begins at 56.5% (13/23) for no dependents and 68.4% (13/19) for four dependents. However, UI weekly benefit amounts are subject to a maximum weekly benefit ceiling. This reduces the replacement rate for benefit recipients who are limited by the maximum benefit. For example, a benefit recipient with no dependents and a high quarter average weekly wage of \$1,500 would receive the maximum weekly benefit of \$622. This person's benefit replacement rate would be 41.5% (\$622/\$1,500). The chart below illustrates the benefit replacement rate for benefit recipients with no dependents at various high quarter average weekly wage levels.

UI Replacement Rate Based on High Quarter Average Weekly Wage, No Dependents



Source: Unemployment Insurance Statistics, Iowa Workforce Development

Data is for new UI claims with a benefit year beginning date of July 6, 2025 through June 28, 2026.

Summary

Maximum weekly benefit amounts are recomputed each year based on the average weekly wage for covered employment. Individual weekly benefit amounts can vary based on high quarter earnings and number of dependents. Weekly benefits ranged from \$93 to \$763 for benefit years established during fiscal year 2026. About half of benefit recipients received the maximum benefit for their individual number of dependents.

About 75% of benefit recipients claimed no dependents during fiscal year 2026. The most common weekly benefit amount was \$622, which is also the maximum benefit amount for no dependents. Some state comparison tables will use \$763 as Iowa's maximum weekly benefit amount. This is true for a person claiming four dependents, but it may be misleading because less than two percent of benefit recipients received this amount.

Weekly unemployment insurance benefits replace up to 56.5% of high quarter wage for a claimant with no dependents. This can increase to about 68.4% for a claimant with four dependents. Once a claimant's weekly benefit amount exceeds the maximum weekly benefit amount the replacement rate decreases. This means that about half of benefit recipients receive a lower wage replacement rate.

Methodology

This article has two primary sources of data. Maximum benefit computations are based on the 2024 average weekly wage and percentages specified in Iowa Code. Descriptive data is based on claimants who began their benefit year between July 6, 2025 through June 28, 2026. The source used is a drill down of the Benefit Rights and Experience Report (ETA-218). It includes all claimants who established a new benefit year during this period. It excludes claimants who did not have sufficient wages to establish a claim.

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Iowa's 2025 Social Capital Index

Written by Scott Thompson

Introduction

Social capital has been recognized as a powerful tool in community and economic development, including reinforcing workforces and supporting labor markets. This is accomplished through private and public networks built through social interactions. Without those interactions, social capital production is impeded, possibly with serious economic consequences. To leverage the benefits of social capital, it is vital to understand how it is produced. The Iowa Social Capital Index (the Index) provides a tool that helps community leaders visualize where and how opportunities for social capital creation exist in their communities. The Iowa Social Capital Index is created through the principal component analysis of seven normalized factors representing social life in each of Iowa's ninety-nine counties.

This project examines the relationship between county-level social capital, unemployment tax benefit exhaustion rates, labor market participation, and unemployment.

Defining Social Capital

The concept of social capital is difficult to describe. It is an easy concept to confuse. Occasionally, the phrase "social capital" is used as though it were the proverbial cart pulling the horse. Justice Potter Stewart stated in a notable 1964 Supreme Court order that, when the words to describe the First Amendment topic escaped him, "I know it when I see it" (Gewirtz, 1995). The same might be said of social capital. Eventually, when you understand its conceptualization, you begin looking at your community differently. Social capital becomes the horse.

When examining social capital on a community (county) level, a fitting definition is "the connections among people and organizations or the social glue that makes things happen" (Emery & Flora, 2006). Therefore, you can think of it as a "group-level phenomenon" (Flora & Flora, 2014, p. 119; Coleman, 1988; Thompson, 2019, p. 27). The challenge for sociologists and economists is: How do you measure it?

The Index assumes the "civic perspective" approach popularized by Robert Putnam in his book "Bowling Alone" (2000). Through Putnam's hypothesis, social capital is produced through the social norms of civic engagement and trust. The civic perspective includes our responsibilities as citizens. For instance, do we answer the call when civic institutions ask us to? Examples include memberships in social, civic, and professional organizations. Do we participate in elections and return the census? Do we volunteer to help our neighbors? Our willingness to be civically responsible is an important component of The Index.

The Iowa Social Capital Index Model (with Descriptive Statistics)

The Index of Iowa's 99 counties is modeled, in part, after the Northeast Regional Center for Rural Development's county-level data at Penn State University (Rusasingha, Goetz, & Freshwater, 2006)—the factors selected for this project measure opportunities for creating social capital. Because the data come from a variety of sources, each component was standardized using a Z-score. Z-Scores can range from -1.0 to 1.0. In some cases, a county may exceed these boundaries. No outliers have been removed from the data.

A factor score is produced through the principal component analysis of seven standardized variables. The score can range from -1.0 to 1.0. In some cases, a county may exceed these boundaries. No outliers have been removed from the data.

The use of county-level data illustrates how local government expenditures, civic and business groups, informal institutions where social networks can be built, civic participation, and crime affect the levels of social capital and is aligned with sociological research in the field (Beyerlein & Hipp, 2005; Goetz et al., 2012; Hoyman et al, 2016; Rupasingha et al 2000, 2002; Tobert et al., 1998; McCall et al., 2021)¹. The following describes the seven factors used in The Index. Each variable name is accompanied by the perspective it represents trust or civic engagement.

Government (Trust)

County government expenditures matter because county governments play a special role in community and economic development. In the 1930s, the federal government adopted an aggressive approach to economic development. The result was increased public investment in local capacity building and efforts to avoid private-sector monopolies over public infrastructure². Skocpol et al. (2002). Wallis and Dollery (2002) and McCall et al. (2020) argue that counties are expected to provide services as part of vibrant civil society. Counties with higher per-capita expenditure are thought to be better positioned to provide an environment that fosters higher levels of social capital through increased community and economic development programs.

Anticipated 2025 county government expenditures have a mean of \$1,800 and a median of \$1,719. The range of anticipated expenditures is a minimum of \$685 and a maximum of \$4,278

Formal (Civic Engagement)

Formal organizations represent the membership organizations at a county level. These organizations exist for professional advancement, civic improvement, or fraternalism. These organizations enable membership interaction. Through those interactions, trust and reciprocity develop among members, which in turn reinforces levels of social capital (Rupasingha, Goetz, and Freshwater, 2006).

Informal (Civic Engagement)

Informal associations or third places are representative of the establishments where individuals can gather on a “neutral ground” as equals. People who meet in these spaces may become regulars and come from different socioeconomic backgrounds. Ray Oldenburg created this concept to describe places outside the home (the first place) and work (the second place)³. In third places, we can gather, play, affirm our identities, and build empathy for others' identities⁴.

Turnout (Trust) and Census (Civic Engagement)

Voter turnout and voluntary return of the United States Census represent the time individuals allocate. These time allocations reflect their values, behaviors, and attitudes. Becker (1965, 1974), Rupasingha, Goetz, and Freshwater (2006) acknowledge that an array of individual factors determines local social capital.

Each of these determinants is a separate and voluntary act. Therefore, while each represents civic engagement, participation in each act requires different values and attitudes and is measured individually.

¹ See table on p. 32

² EDA newsletter 8/2015 [Highlight: The Evolution of Economic Development - August 2015 Newsletter | U.S. Economic Development Administration](#)

³ [Third places: What are they and why are they important to American Culture. Madeleine Roberts-Ganim](#)

⁴ Ibid

Schools (Civic Engagement)

School buildings provide public venues for residents to meet and enjoy social activities within their communities. During interviews with community leaders for the Iowa Small Town Project, a common concern voiced was the closure of school buildings. Communities often felt their schools were a key component of their local identity. It was also repeatedly mentioned that schools provided an important place for community members to gather and socialize⁵.

Crime (Trust)

Shaw and McKay (1942 & 1972) connected social capital to crime rates. Communities with high residential mobility, family disruption, ethnic heterogeneity, and poverty experience social disorganization and higher rates of crime. These factors reflect low levels of community trust.

Sampson and Groves (1988) argued that communities rely on citizens' trust and empowerment. This trust enables citizens to engage in formal mitigation strategies such as cooperating with local law enforcement agencies. In communities with higher levels of social capital, residents are more likely to combat illegal activity and reduce the crime rate.

Descriptive Statistics of Iowa Social Capital Factors

	GOVERNMENT	FORMAL	INFORMAL	TURNOUT	CENSUS	SCHOOLS	CRIME
Mean	1800	1.42	1.68	70.5	69.8	0.627	191
Median	1719	1.4	1.62	70.9	70.6	0.604	147
Minimum	685	0.576	0.804	58.4	48.4	0.271	10
Maximum	4278	2.45	3.43	88	77.7	1.24	518

Correlations of Social Capital Factors

There are some interesting and predictable relationships between the Factors. The government's negative relationship with county-level crime rates may reflect investments in local law enforcement agencies, which could build trust among citizens.

Schools and formal organizations have a strong and positive relationship. The two may not be directly connected; however, this number may reflect a community's social and perhaps economic health. As we move into the future, the number of schools may decline as public school districts consolidate and buildings close. If that were to be the case, this relationship could be jeopardized.

Informal social relationships and schools appear to be well fitted. Schools provide multiple opportunities for residents to attend sporting, cultural, artistic, and education-related events. These events offer opportunities to meet friends, catch up on local news, and strengthen bonds within the community.

⁵ Iowa Small town Project Community Shock Survey Interviews 2017

Correlation Matrix of Iowa Social Capital Index Factors

	GOVERNMENT	FORMAL	INFORMAL	TURNOUT	CENSUS	SCHOOLS	CRIME
GOVERNMENT	—						
FORMAL	0.477***	—					
INFORMAL	0.512***	0.309**	—				
TURNOUT	0.182	0.154	0.105	—			
CENSUS	-0.235*	-0.006	-0.452***	0.175	—		
SCHOOLS	0.371***	0.433***	0.456***	0.157	-0.113	—	
CRIME	-0.400***	-0.308**	-0.324**	-0.340***	0.139	-0.360***	—

Note. * $p < .05$, ** $p < .01$, *** $p < .001$

Voter turnout is a function of civic engagement. Many see casting ballots as an obligation to the government and the community. There is a statistically significant, moderate relationship with crime rates, which may relate to residents' trust in local government.

Returning the decennial census forms has become somewhat controversial. This component has usually been seen as an act of civic engagement, and to an extent, it remains so. However, in recent years the census has come under criticism for being too intrusive with its personal questions, including race⁶.

The Index Score

The Index comprises a single component with seven factors that produce a score for each county in Iowa. The Index is not a tool for ranking one community versus another. It is a tool to measure the estimated effectiveness of a county's social capital. The scores also provide communities opportunities for improvement.

The Index is created utilizing Principal Component Analysis (PCA) to produce a single component with Varimax rotation. The PCA model passed the Bartlett Test of Sphericity ($\chi^2 = 156.006$, $df = 21$, $p < .001$).

Of the seven factors used to measure social capital, Turnout (.591) and Census (.534) fell below the .50 threshold of the Kaiser-Meyer-Olkin (KMO) test (Kaiser, 1974). The remaining factors had average scores, ranging from .723 to .787. The overall KMO test score was 0.723; therefore, the model is adequate.

The Index is a standardized score; therefore, the mean is zero with a standard deviation of one. The range of scores is 4.311. The minimum score is -2.048, and the maximum score is 2.262. Fifty-four counties have social capital indices that rise above the mean.

⁶ Cato Institute April 1, 2020

Social Capital and Iowa’s Labor Market

Results

Social networks serve as extra sets of eyes and ears for new employment opportunities. This article tests the relationships between social capital and three workforce indicators: the 2024 annual average unemployment insurance exhaustion rate, the 2024 annual average labor market participation rate, and the November 2024 unemployment rate.

The Index helps reduce the rate at which unemployment beneficiaries exhaust their benefits. The Index correlates with the 2024 unemployment benefit exhaustion rate ($r = -.22$, $p = .027$).

The Index has a negative effect on labor force participation rates; however, this statistic is not significant ($p = .078$). This negative effect is unexpected and unexplained. The Index also has a minimal effect on the November 2024 Iowa unemployment rate and is almost entirely insignificant.

Correlation Matrix of Iowa Social Capital Index with Labor Market Indicators

	2025 IA SOCIAL CAPITAL INDEX	EXHAUSTIONS	LFPR	UNEMPLOYMENT
2025 IA SOCIAL CAPITAL INDEX	—			
EXHAUSTIONS	-0.222*	—		
LFPR	-0.178	0.154	—	
UNEMPLOYMENT	-0.009	0.04	0.14	—

Note. * $p < .05$, ** $p < .01$, *** $p < .001$

In future work, county-level demographics will be tested to determine if a particular characteristic within the population is more impactful than others. Demographics included for future tests include: educational attainment, sex ratio, median age, median household income, and race.

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Qualitative Analysis of the Economic Impacts of Data Center Development in Iowa

Written by Samuel Queen

Statement of Purpose

Iowa is in a unique position for data center development, the combination of renewable energy power, abundant farmland, financial incentives, and geographic positioning within the contiguous 48 states are key factors that help explain Iowa’s emergence as a national compute hub. Given these rapid developments across the state, it becomes vital then to study the economic impacts of data centers alongside their potential negative externalities. This report will cover these developments from a bird’s eye view, shedding light on a variety of changes that are occurring across the state. While not comprehensive, this report establishes a critical structural baseline for Iowa’s shifting technological landscape that may hopefully spur further and perhaps more detailed research.

Introduction

A data center provides a physical environment for storing, processing, and distributing data. This includes but is not limited to training artificial intelligence models, housing critical IT infrastructure, and other associated components of computer systems. The Iowa Department of Revenue defines a data center as “a building rehabilitated or constructed to house a group of networked server computers in one physical location in order to centralize the storage, management, and dissemination of data and information pertaining to a particular business, taxonomy, or body of knowledge”¹. Data centers are typically classified according to their ownership model, scale, and intended use. Common types of data centers are as follows²:

Overview of Data Center Classification Types

Type	Typical Scale	Primary Purpose	Characteristics
Enterprise	1-10 MW	Internal IT operations	Typically owned/operated by a single private entity
Colocation	10-100 MW	Providing shared hosting for multiple clients	Users lease space and or compute power
Hyperscale	100+ MW	Cloud services and AI model training/workloads	Massive scalability- these are operated by major cloud providers

Source: [2024 United States Data Center Energy Usage Report](#)

Iowa is currently home to 49 operational data centers with another 42 planned or currently being developed³. These facilities typically include mechanical and electrical systems, redundant/back up power supplies, data communications connections, environmental controls and fire suppression systems. The current operating capacity for the operational data centers is 2,324 megawatts (MW) and the additional planned developments would add an estimated 5,257 MW, totaling 7,581 MW³. These sites range in size and power capacity from smaller sites such as DSM2 in Black Hawk County, operated by Cologix which sits on 4 acres of land with a 1 MW power requirement to the larger sites such as the Meta Altoona complex which sits on an estimated 114 acres of land and requires about 200 MW of power.

The largest planned, publicly released development is the Tract Altoona Technology Park, which when completed will take up 468 acres of land with a 1,000 MW power capacity⁴.

Incentives to Build in Iowa

The State of Iowa currently offers expansive tax incentives to entice potential developers to build. The relatively centralized geographic location of Iowa, its extensive wind energy grid, and other climate considerations are also proving attractive sites for data infrastructure.

According to the Iowa Department of Revenue¹, once a data center development project becomes eligible, they may make additional qualifying purchases that exempt them from additional Sales/Use taxes or allow them to claim a partial refund paid on qualifying purchases.

There are specific tiers to qualifications based on investment, the largest of which is \$200 million in the first six years of operation, the site must be at least 5,000 square feet and meet defined criteria for sustainable design/construction standards. These incentives are targeting hyperscale builds. If a data center meets these qualifications, they are exempt from sales and use taxes on computers, equipment, cooling systems, power infrastructure, back-up power fuel, and electricity. The duration of these exemptions is permanent for data centers operating before June 6th, 2025, while projects that began operation on or after that date receive a 10-year exemption if they are (at least) partially located in a city over 30,000 population and a 15-year exemption if in a smaller city. Iowa also offers partial refund tiers for smaller investments (targeting colocation and enterprise data builds): a 50% refund for projects of at least \$1 million and below \$10 million, and a 50% refund for investments of at least \$10 million but below \$200 million threshold. The duration of these exemptions depends on the size and scale of the investment/project¹.

Further development incentives include streamlined state and federal permitting. In August 2026, Governor Kim Reynolds signed a Memorandum of Understanding with the Federal Permitting Improvement Steering Council of the FAST-41 program, to “ensure timely, transparent permitting decisions that support essential infrastructure and strategic projects that strengthen our economy and quality of life”⁵. The FAST-41 program was established in 2015 in the Fixing America’s Surface Transportation Act and coordinates to improve the transparency and predictability of federal environmental reviews and authorizations for certain infrastructure projects. Data centers may be eligible for FAST-41 if they qualify under the categories of either “data storage and management” or “artificial intelligence and machine learning”.

Lastly there are a set of geographic attributes that provide incentives to build in Iowa⁶. The State of Iowa has low seismic activity and blackout risk and has a relatively stable climate, helping to reduce cooling costs. Iowa has relatively flat terrain with ample space for horizontal campus development. Iowa is also #1 in the nation in wind energy as a percentage of total power output, allowing for data centers to tap into a renewable energy grid as ~64% of the grid is generated by wind power. The State’s centralized location in the Midwest provides latency neutral access to both ends of the United States, providing quicker compute, delivery, and inference workloads⁷.

Industry and Occupational Analysis

Data centers are touted in the media as a means of job creation and a potential opportunity for workforce development. These are crucial elements needed to keep the Iowa labor market competitive in an ever-changing workforce landscape.

The following section will cover current and projected data for the “Computing Infrastructure Providers, Data Processing, Web Hosting, and Related Services” industry sector (518) and selected standard occupational classifications (SOC) that make up the top occupations within the computing infrastructure industry.

Current data sourced from the Quarterly Census of Employment and Wages (QCEW) reports that across the entire state there are 435 establishments who classify under the 518 industry subsector. The average monthly employment across 2026 Quarter 1 for the entire industry is estimated at 3,665. Given that data point, we can extrapolate that there are on average 8.4 employees per establishment. For context, in the same period, the largest industry subsector Elementary and Secondary Schools employed 104,219 with on average 66.6 employees per establishment. The following table compares the 518 subsector to other similar subsectors (all within the larger “information” industry sector):

Information Industry Employment and Establishments (2026 Q1)

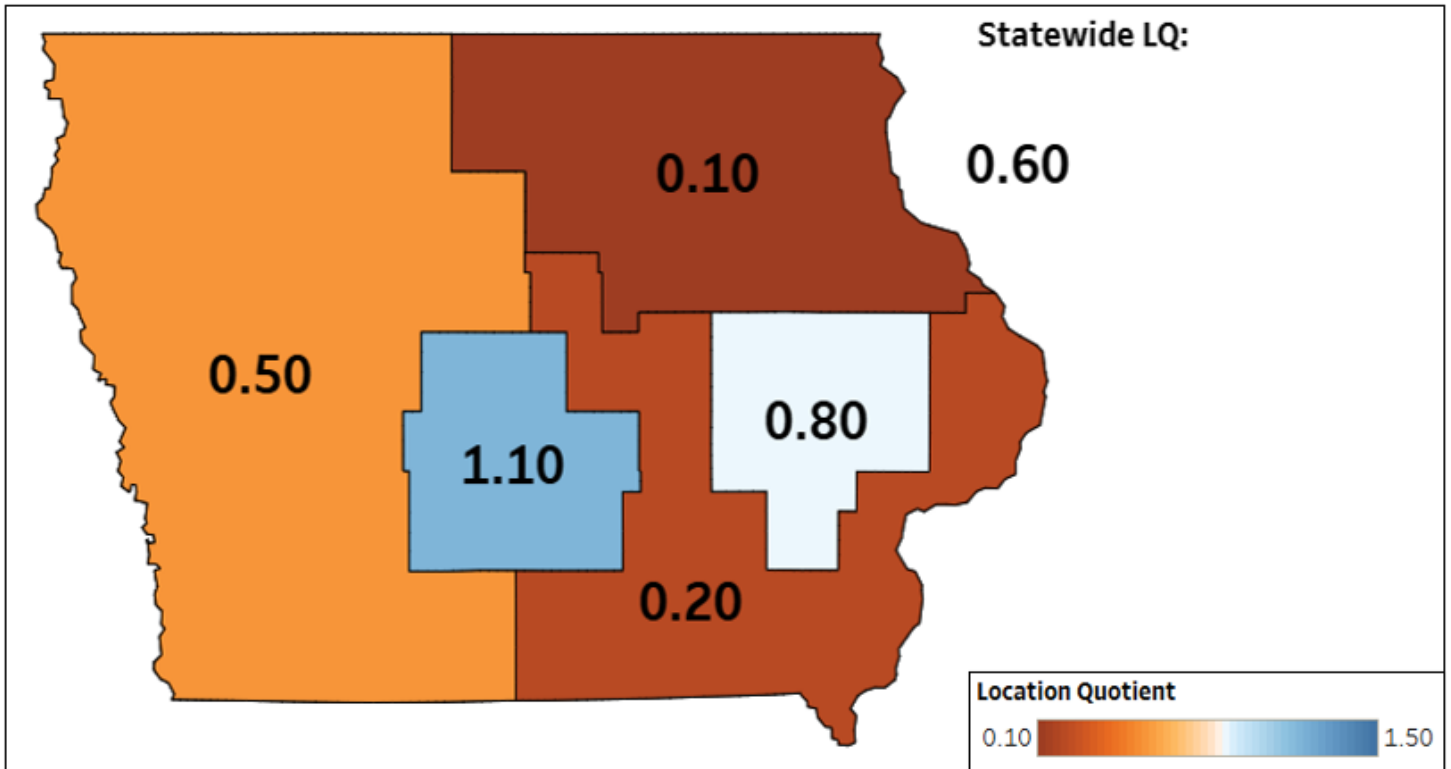
Industry Subsector	Locations	Average Monthly Employment	Average Employees per Establishment
Broadcasting and Content Providers	217	1,892	8.7
Computing Infrastructure Providers, Data Processing, Web Hosting, and Related Services	435	3,665	8.4
Motion Picture and Sound Recording Industries	198	1,657	8.4
Publishing Industries	1,175	5,100	4.3
Telecommunications	522	4,871	9.3
Web Search Portals, Libraries, Archives, and Other Information Services	117	323	2.7
Total	2,664	17,504	6.6

Source: U.S. Bureau of Labor Statistics (BLS), Quarterly Census of Employment and Wages (QCEW)

The table above reveals that the Compute Infrastructure Providers industry is tied for third in the highest number of employees per establishment, is the third highest in average monthly employment, and in total locations. Compared to the entire information industry, 518 corresponds with ~16% of the total employment locations and employs on average ~21% of the industry in a given month. Further breakdown by both county and Local Workforce Development Area (LWDA) reveals more insights. Nearly half (46.9%) of the Compute Infrastructure Providers reside in the Central Iowa LWDA (204 establishments) as well as over half (56.9%) of the average monthly employment (2,089). Magnifying even further reveals that Polk County is the driver of the Central Iowa LWDA representation. In Polk County alone there are 133 reported establishments (making up 65.2%) and an average monthly employment of 1,794 employees, capturing 85.9% of the total average monthly employment for the region.

The location quotient (LQ) map (on the next page) provides a visual to accompany these results. Location quotients are a measure that indicates the concentration of an industry for a given area, relative to the entire nation. This metric is useful in identifying and categorizing industry sectors for a given area. A high LQ (greater than 1) indicates a strong concentration of employment compared to the national average, a low LQ ratio less than one indicates a small footprint and is an underrepresented industry relative to the nation, and a LQ equal to one suggests that the industry has the same employment distribution as the nation.

Location Quotient Computing Infrastructure Providers Map

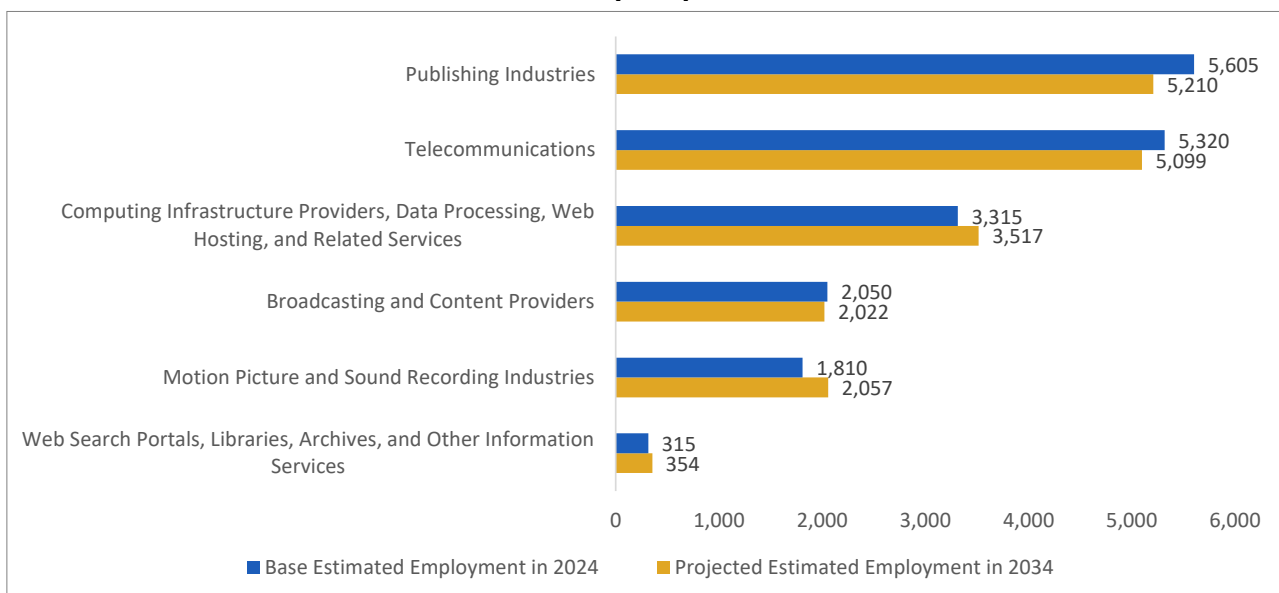


Source: Iowa Workforce Development, LMI Division, Industry Projections Program

The statewide LQ of 0.6 suggests that the 518 industry subsector currently has a small footprint and (excluding the Central Iowa LWDA at 1.10) is underrepresented.

The long-term (2024-2034) statewide Compute Infrastructure Providers industry projections⁸ provided by the industry projections program show that by 2034 the industry is expected to have 6.1% employment growth. The 518 subsector is currently classified as an emerging industry subsector of the Iowa economy, meaning it has positive changes in projected employment but currently has a less than one location quotient.

Information Industry Projections (2024-2034)



Source: Iowa Workforce Development, LMI Division, Industry Projections Program

By comparison within the information industry sector, the publishing subsector is projected to decrease by 7.0% (the largest percent decrease) and the motion picture/sound recording subsector is projected to increase employment by 13.6% (the largest percent increase). Relative to the entire statewide projected employment increase of 4.9%, the Compute Infrastructure Providers industry subsector is projected to grow slightly more (1.2% higher) than the entire Iowa economy.

The Bureau of Labor Statistics reports that on the national level; the Computing Infrastructure Providers industry subsector is predominantly made up of the “computer and mathematical” major occupational group⁹. Narrowing in further, it has been identified that “software developers”, “computer user support specialists”, “sales representatives of wholesale and manufacturing, technical and scientific products”, “accountants and auditors”, and “computer systems analysts” are the top five SOC in the industry.

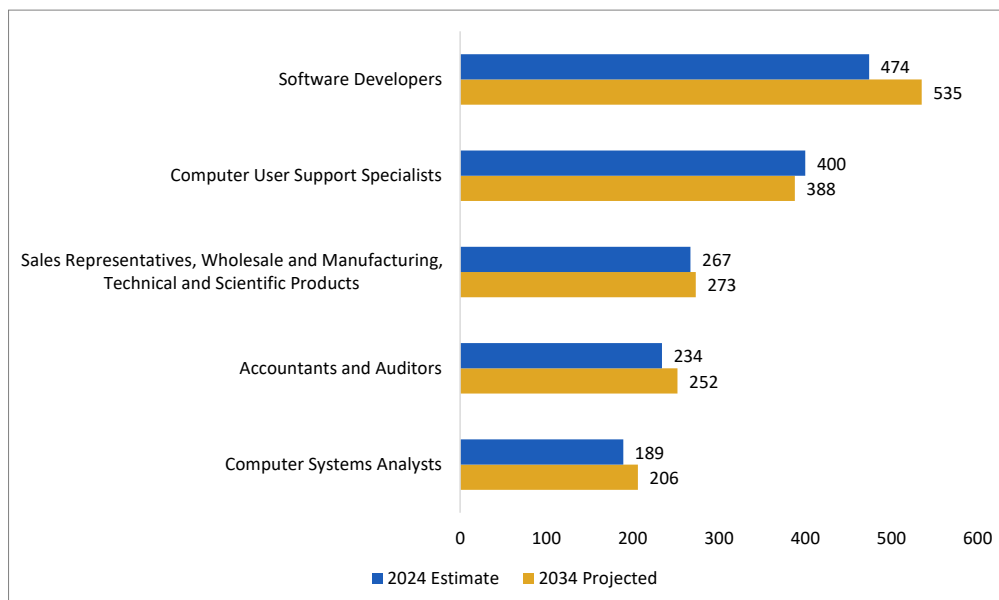
Wages and Employment Percentages of Top 5 SOC in the Computing Infrastructure Providers Industry

SOC Title	Percent Share in 2024	Mean Hourly Wage	Mean Annual Salary
Software Developers	14.3%	\$57.16	\$118,892
Computer User Support Specialists	12.1%	\$37.97	\$78,975
Sales Representatives, Wholesale and Manufacturing, Technical and Scientific Products	8.1%	\$52.03	\$108,229
Accountants and Auditors	7.1%	\$36.12	\$75,125
Computer Systems Analysts	5.7%	\$52.98	\$110,202

Source: Iowa Workforce Development, LMI Division, Occupational Projections Program

The 2024-2034 staffing patterns projections data¹⁰ provide insights into the SOC in the Computing Infrastructure Providers subsector. The statewide 2024 estimates report that there was an estimated total of 3,315 workers in the industry. Of that total, software developers make up the largest share at 14.3% and computer user support specialists at 12.1%. The highest wages among this group belong to software developers, with a mean hourly rate of \$57.16 and a mean annual salary of \$118,892.

Occupational Projections (2024-2034) for the Top 5 SOC in the Computing Infrastructure Providers Industry



Source: Iowa Workforce Development, LMI Division, Occupational Projections Program

The long-term (2024-2034) statewide occupational projections data shows that these occupations are expected to grow by 2034 apart from computer user support specialists. Software developers have the largest projected growth at 12.9%, computer systems analysts increasing by 9.0%, and computer user support specialists at -3.0%.

Negative Externalities of Data Center Development

While the assessment of the workforce contributions and economic incentives of data center development is relevant, it is vital to assess the negative externalities associated with this type of development to create a more holistic view of the situation. Before diving into the section, it is important to define what a “negative externality” is. A negative externality in the economic sense is the difference between the private cost of an action/decision by an economic agent and the social cost/impact of that action, basically anything that can cause an indirect cost to individuals or a community. It is important to note that this “indirect cost” is not or cannot be baked into the market price of a good or service¹¹. In the context of data centers, examples of these externalities are land use concerns, water consumption, energy demands, pollution risks, and e-waste. The focus of this section will be on energy usage, water consumption, and pollution concerns.

Energy consumption is the largest constraint on new data center development (the second being water use). The 2024 Report on U.S. Data Center Energy Use by the Berkeley National Laboratory estimated that data center load growth has tripled from 2014-2024 and is projected to double or triple again by 2028¹². The report found that data centers consumed about 4.4% of total US electricity in 2023 and depending on economic growth/projections are expected to increase that share to levels between 6.7-12.0% by 2028. Furthermore, between 2017 and 2023 data center power demand more than doubled, largely in part due to the growth of AI servers. Another report produced by the U.S. Congressional Research Service projected that data centers could account for 16-23% of total U.S. electricity consumption by 2030¹³.

Estimates show that data centers in Iowa currently consume about 3.2 TWh of energy annually, the equivalent of ~362,000 homes and taking up about 11% of the total electricity supply¹⁴. In the Big Cedar Industrial Research Park (south of Cedar Rapids) both Google and QTS are building 600 MW data center complexes, the power required to run these facilities is about twenty times larger than the consumption of ~60,000 homes in Cedar Rapids¹⁵. Both MidAmerican Energy and Alliant Energy have acknowledged that resource planning and investment has been significantly influenced by increases in anticipated data center demands. As noted, that the majority of Iowa's electric grid is powered by wind, but the increased demand for energy could mean that a substantial portion of that demand will be met by gas-fired or other non-renewable forms of power generation¹⁵.

Water consumption represents the second-largest negative externality for data center development. Some newer construction utilizes water-free cooling systems, but most data centers (especially the larger, hyperscale centers), rely on “evaporative cooling” systems¹⁶. A large hyperscale data center is capable of “drinking” roughly 1.8 billion gallons of water annually, the equivalent of a town of 50,000 people¹⁵.

Water Usage by Data Center Classification Type

Data Center Type	Typical Daily Water Use	Equivalent Households
Colocation	50,000 - 200,000 gallons	500 - 2,000
Hyperscale	300,000 – 1,200,000 gallons	3,000 - 12,000
300-500 MW centers	1.5 – 5 million gallons	15,000 – 50,000+

Source: Data Centers in Iowa Resource Hub

Environmental research shows that about 20% of data centers “water footprint” comes from moderately to highly stressed watersheds, while almost half of servers are fully or partially powered by grids located in water stressed regions of the United States¹⁷. Data centers in Iowa typically source their water from local municipal water utilities and underground aquifers, the Jordan aquifer is of particular importance. Iowa is facing growing pressure on its groundwater due to recurring droughts, agricultural irrigation, and rising demands from urban growth/industry expansion, including data centers. Groundwater availability varies greatly across the state, northeast Iowa tends to have well-recharged aquifers while the western and southern parts struggle with refreshing their sources. This is a key component of data center development as both shallow alluvial aquifers and deep bedrock aquifers (i.e. the Jordan aquifer) are increasingly vulnerable to drought and overuse¹⁸. Many of the data centers in Central and Western Iowa are in areas with poor water distribution. For example, major sites like the complex in Council Bluffs, often rely on nearby rivers like the Missouri River. Data center facilities in Council Bluffs consume over 1 billion gallons of water per year¹⁵, one of the largest hyperscale water consumers in the nation. Across the US, the top 3 largest hyperscale consumers of water in 2025 consumed 10.9 billion gallons, 2.5 billion gallons, and ~1.5 billion gallons¹⁸.

Pollution of various types (air, noise, light, and e-waste) are all justifiable concerns as well when discussions about the impacts of data centers occur. While a majority of Iowa’s electric grid is powered by wind energy, fossil fuel plants and diesel-fueled backup generators are still essential infrastructure for the current data center build out. The connection between the emissions of carbon dioxide, nitrogen oxides, sulfur dioxides, and particulate matter and fossil fuel consumption is well documented²⁰. Noise pollution is a frequent complaint of both data mining (crypto) and hyperscale data centers. These facilities run 24/7 and are described as an “industrial hum”, capable of reaching internal noise levels of 96 decibels – well higher than the 85-decibel threshold that is considered harmful to hearing²⁰. Similarly, light pollution is a concern for residential areas near data centers. A data center’s 24/7 operation disrupts the natural circadian rhythm of the body (including melatonin production and sleep-wake cycles) and negatively impacts wildlife that depend on natural light cycles for migration patterns and habitat development²¹. Lastly e-waste is another concern, GPUs and other server components have a short life span, leading to large build ups of discarded electronic equipment that require careful recycling to not pollute the local environment with hazardous materials²².

Conclusion

Given the unique potential of Iowa to emerge as a compute powerhouse, much care needs to be taken to ensure that the needs of local communities are met while balancing economic development. Iowa has an abundance of land and energy, so the current development and investment levels make sense in that context. Further research will need to be conducted to ensure that this growth is sustainable, as there are growing concerns about the ecological impact of these development sites alongside local backlash.

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Iowa at the Artificial Intelligence Transition

Written by Eleazar Escalante

How should workforce and economic developers plan to prepare workers for AI in the next year?

Artificial Intelligence is entering into everyday work, but what are its effects? A worker may spend less time drafting or searching, an employer may expand a service, or a firm may decide not to replace someone who leaves. AI may change tasks, hiring, and skill requirements in different ways across Iowa. Available analysis cannot establish the scale of future job losses or gains, but it can help identify where employers and workforce partners should investigate and prepare.

Recently, the U.S. Bureau of Labor Statistics released new occupational AI exposure categories and emphasized that exposure does not imply job loss, productivity gains, automation probabilities, or wage effects. Two weeks earlier, the Census Bureau reported that 55% of U.S. workers had used AI for at least one of eleven work tasks. A related business survey found that 18% of firms used AI in late 2025-early 2026, rising to 32% when weighted by employment. Respondents reported task augmentation over replacement, and AI-related staff reductions were rare. (Stepler, 2026; Bonney et al., 2026).

To navigate the uncertainty, an estimation was created to see which Iowa tasks are more exposed to automation, where AI can complement judgement, and where new roles may emerge. These metrics should be used as planning signals, not forecast. These indicators identify potential changes in work. Employer use, productivity, and worker outcomes must be measured separately.

Past Adaptions in Iowa's Past

Iowa's economy has adapted major technologies before: farm mechanization, electrification, computers, logistics, and precision agriculture. With each innovation, the mix of tasks were changed within the occupation itself. Certain activities became cheaper or no longer necessary, others became more valuable, and the occupation grew around the new equipment, data, maintenance, customer service, and specialized knowledge. Within this timeframe, historians showcase this as a continuing contest between automation of existing tasks and the creation of new work. Technology can reduce demand for labor in substituted activities while increasing demand through new products, services, and complementary tasks. The balance found between activities in labor and new technology is reached through several decisions, such as how firms reorganize, whether works gain new abilities, and if institutions can help individuals move into new work. (Liu et al. 2025; Hampole et al. 2025; Acemoglu, Autor, and Johnson 2026).

For AI, the move from experimental to use to routine use quickly expanded nationally to a local level here in Iowa. In 2023, a narrow Census measure found 3.8 percent of U.S. businesses were using AI to produce goods or services. At that time, AI was only concentrated in technology and information adjacent activities. Two years later, the State of Iowa adopted a statewide generative-AI policy, and DMACC launched an AI associate degree. AI had moved from an experiment to the modern workforce, despite uncertainty regarding its effects. This year, Iowa lawmakers have introduced HF 2528, which proposes AI literacy, education and industry partnerships, internships, and training support, moving from regulation to workforce preparedness.

Three Paths for AI

In a complex economy, AI’s contributions will be different and mixed, sector by sector, industry by industry, worker by worker. Three paths appear to be plausible: AI as an assistant, AI as a bridge to expertise, and AI as a cost-cutting substitute.

For AI as an assistant, AI would assist in decreasing time in common tasks like scheduling, drafting, searching, and routine. This would assist in occupations where supervision, sales, care, or judgement play a huge part. Accountability would play a huge part for the worker, with human review, sharing of productivity gains, and clear training essential in this path.

For the second path, AI as an expertise bridge, entry-level workers and small organizations will now have a large bank of knowledge that was previously scarce or expensive. Entry level workers will be able to verify their work alongside their peers and mentors more easily and set strong standards for occupations.

On the third path, AI as a cost cutting substitute would remove routine tasks while slowly adding additional responsibilities, which would also slow down hiring at the entry level or administrative work.

Although there are three different paths, Iowa employers can prepare for the adoption of AI by creating suitable training policies, employer practices, work-based learning, and collecting local evidence to determine whether AI removes tasks or helps employees perform more important work.

Across Iowa’s five combined Local Workforce Development Areas, results are similar. Utilizing data from the BLS, Census QWI, ACS, O*NET and an AI external benchmark, a planning indicator was calculated, divided by Local Workforce Development Areas in Iowa. The employment base scores are 916,006 jobs; this is not Iowa’s official total employment.

Combined LWDA Modeled Jobs	Automation Exposure	Augmentation Potential	Expertise-Leveling Potential	New-Task Opportunity	Pro-Worker Opportunity
Central Iowa LWDA 312,300 Jobs	5.4%	5.4%	19.7%	7.7%	7.0%
Iowa Plains LWDA 168,497 Jobs	5.1%	5.2%	18.9%	7.6%	6.7%
East Central Iowa LWDA 158,116 Jobs	5.2%	5.4%	19.6%	8.0%	7.0%
South Central Iowa LWDA 141,514 Jobs	5.1%	5.2%	19.1%	7.6%	6.8%
Northeast Iowa LWDA 135,582 Jobs	5.2%	5.3%	19.3%	7.8%	6.9%

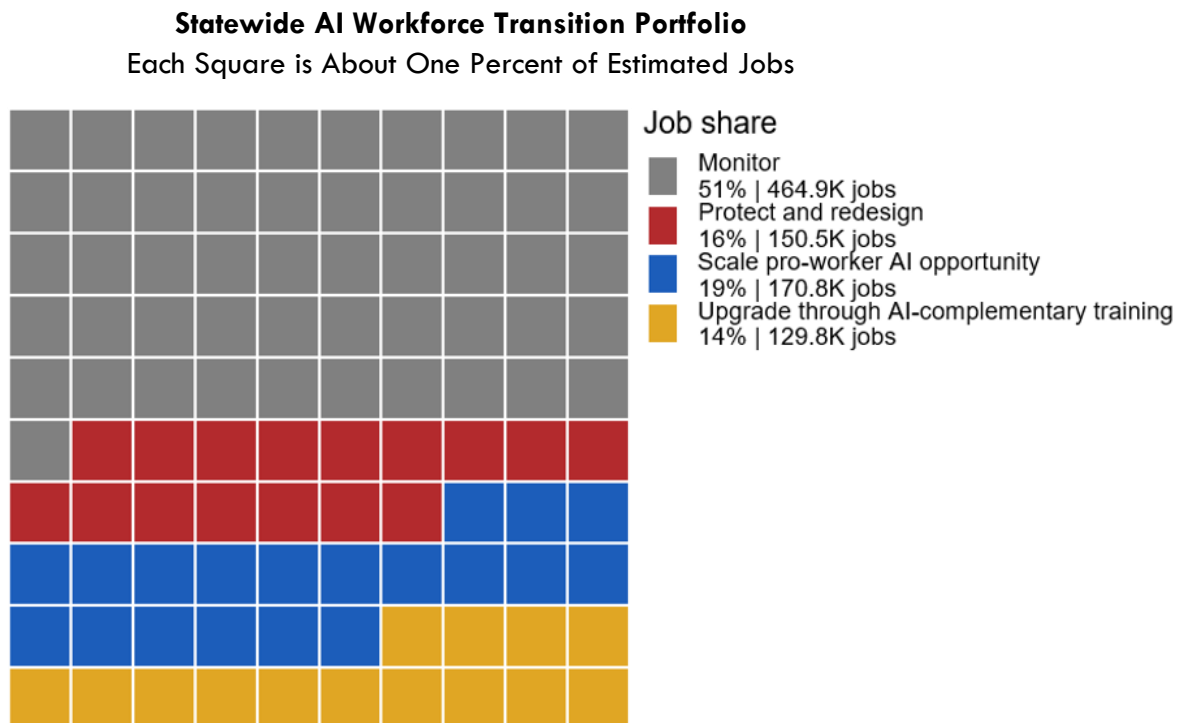
Employment-weighted score			
5%	8%	12%	19%

Source: Author’s calculations for the Iowa AI Workforce Atlas using U.S. Bureau of Labor Statistics Occupational Employment and Wage Statistics, May 2025; BLS National Employment Matrix, 2024–2034; U.S. Census Bureau LEHD Quarterly Workforce Indicators, latest successfully retrieved quarter; LEHD Origin-Destination Employment Statistics, 2023; American Community Survey five-year estimates, 2020–2024; O*NET Database 30.3, May 2026; and the Felten–Raj–Seamans Artificial Intelligence Occupational Exposure index as an external benchmark.

Note on previous table: Values are employment-weighted planning scores. Modeled job totals are synthetic allocations based on public state-occupation and county-industry employment totals. Scores are not observed employer AI-use rates, automation probabilities, productivity estimates, or forecasts of job loss.

Automation exposure ranges from 5.1 to 5.4 percent, while the highest values are in the expertise-leveling potential column, between 18.9 to 19.7 percent. New task opportunities range from 7.6 to 8.0 percent, and pro-worker opportunities range from 6.7 to 7.0 percent. Central Iowa LWDA does have the largest job base, but there is no indication that there is any huge difference in risk from AI by region. These scores do not mean whether a percentage of jobs would disappear, or a job will benefit from productivity gain, it is just an estimation of where and how AI could assist in a percentage of the region's workforce. Due to the similarity of the development areas, Iowa would benefit from a statewide foundation for AI, literacy, verifications, and worker protections, followed by sector and occupation specific training.

Based upon the above scores, how should employers prepare or react? The graph below translates these above scores into four possible responses: monitor, accounting for approximately 51 percent, around 464,900 jobs, protect and redesign accounts for 16 percent of statewide jobs at 150,500 jobs, scale pro worker opportunity is at 19 percent for about 170,800 statewide jobs, and 14 percent for upgrade through AI-complementary training for about 129,800 jobs. Monitor indicates that employers should track the progress of AI and its effect on employer behavior, no change now does not mean there will not be any change in the future. Protect and redesign indicates the importance of human review before the implementation of automation or AI into workflows. Scale pro-worker opportunities indicates there are ample tasks that can be improved or strengthened to provide new services, improve human interaction, or raise worker expertise. Finally, upgrade through AI-complementary training identifies occupations where task-specific training in AI use, judgement, verification, and previous procedures could be useful. Any improvement in productivity in outcomes should be shown through supervision in implementation and evaluation.

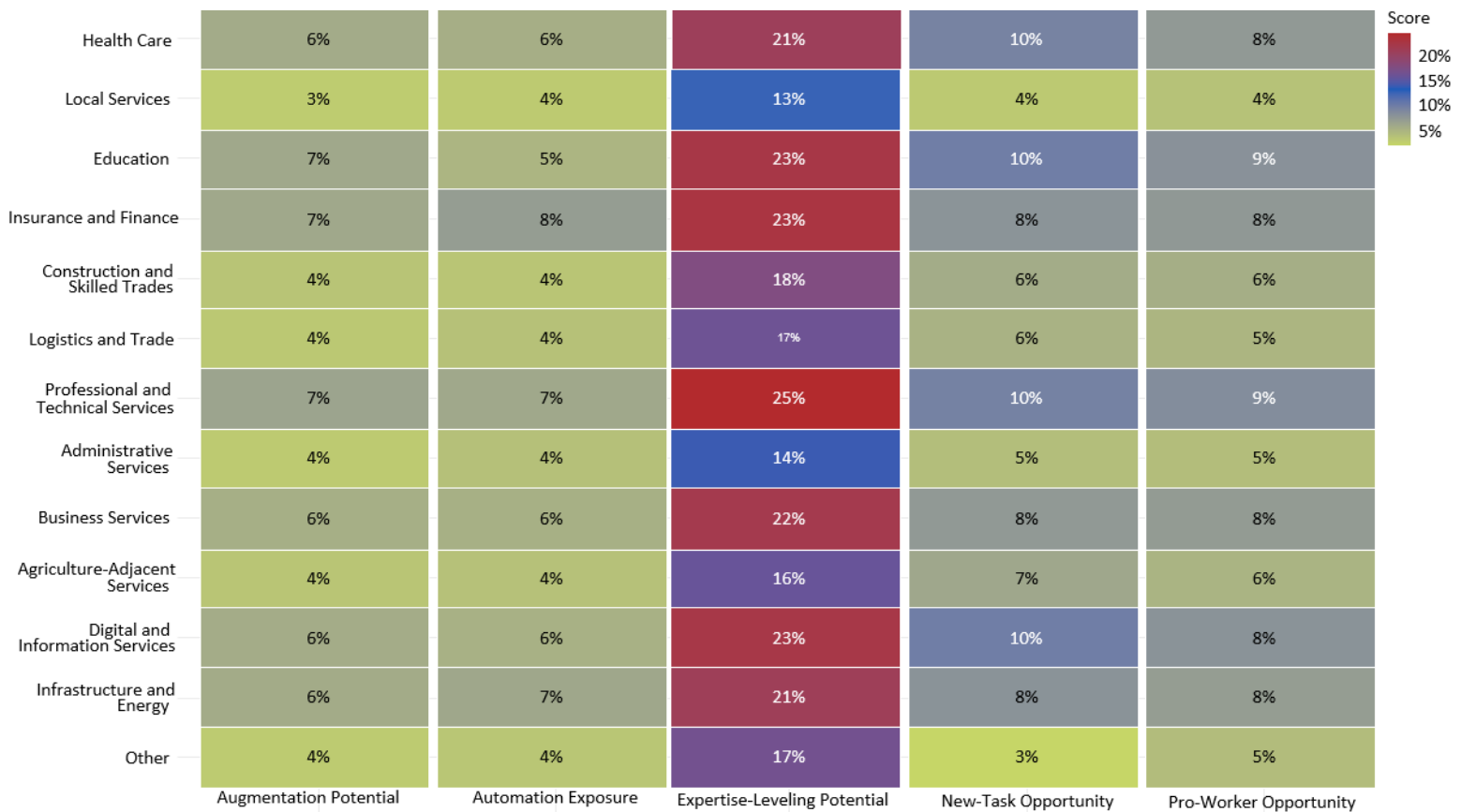


Source: Author's calculations for the Iowa AI Workforce Atlas using BLS OEWS and the National Employment Matrix; Census LEHD QWI/LODES and ACS; O*NET; and Felten-Raj-Seamans AIOE as an external benchmark.

Note on chart on previous page: Each square represents approximately 1 percent of 916,009 modeled jobs. Categories indicate planning responses, not predicted layoffs or observed AI adoption.

Important to note, if a job is indicated as being able to benefit from AI, it does not mean that it could be endangered or replaced, these totals represent opportunity to improve occupations as well as risk, it is not a forecast.

The results by sector are like the statewide pattern. For every major Iowa sector, the largest column is expertise leveling instead of automation. Professional and technical services is about 25 percent; education, insurance and finance, and digital and information services are about 23 percent, business services are about 22 percent, health care and infrastructure and energy are about 21 percent.



Source: Author's calculations for the Iowa AI Workforce Atlas using BLS OEWS and the National Employment Matrix; Census LEHD QWI/LODES and ACS; O*NET; and Felten-Raj-Seamans AIOE as an external benchmark.

Note on chart above: Each cell is an employment-weighted average of occupation-level task scores within the sector. Percentage formatting reflects the 0-to-1 index scale; it does not represent the percentage of workers using AI, the percentage of tasks already automated, or the percentage of jobs expected to be eliminated.

In the media, the public tends to view AI as automation, a machine replacing an entire worker. Many of the occupations crucial to Iowa combine administrative or analytical tasks with responsibilities only a human can perform – diagnosis, care, instruction, supervision, accountability, and troubleshooting. AI might change the amount of labor or skill needed for those tasks but does not entirely replace them.

For example, looking at the following sectors:

- **Health Care and Education** – Short term opportunity from AI would assist in documentation, retrieving information, planning and communication. Risk remains privacy, accuracy, and overreliance.
- **Finance and Professional Services** – Workflows in claims, reporting, analysis, sales, compliance can change in amount of labor. However, accountability and verification become more valuable.
- **Construction, Logistics, Agriculture, Infrastructure** – AI would make an effect more through physical machinery and technology – sensors, routing, machine vision, etc. Adoption would be slower due to equipment, data, maintenance, capital, cybersecurity.
- **Local and Administrative Services** – Providing routine information could be more readily replaced, but skills such as interpersonal service and problem solving will still hold value.

Therefore, the best course of action would be not to just use one strategy, but to adapt AI to see which tools can increase service quality or expand capacity.

Best Way to Prepare – Think Occupation + AI, Not Just AI

The jobs that are set to benefit the most from AI are not typical “tech” jobs – they are jobs central to Iowa’s current economy: nurses, teachers, managers, finance and construction workers. These are jobs where technical tools meet domain knowledge, human accountability, and local demand.

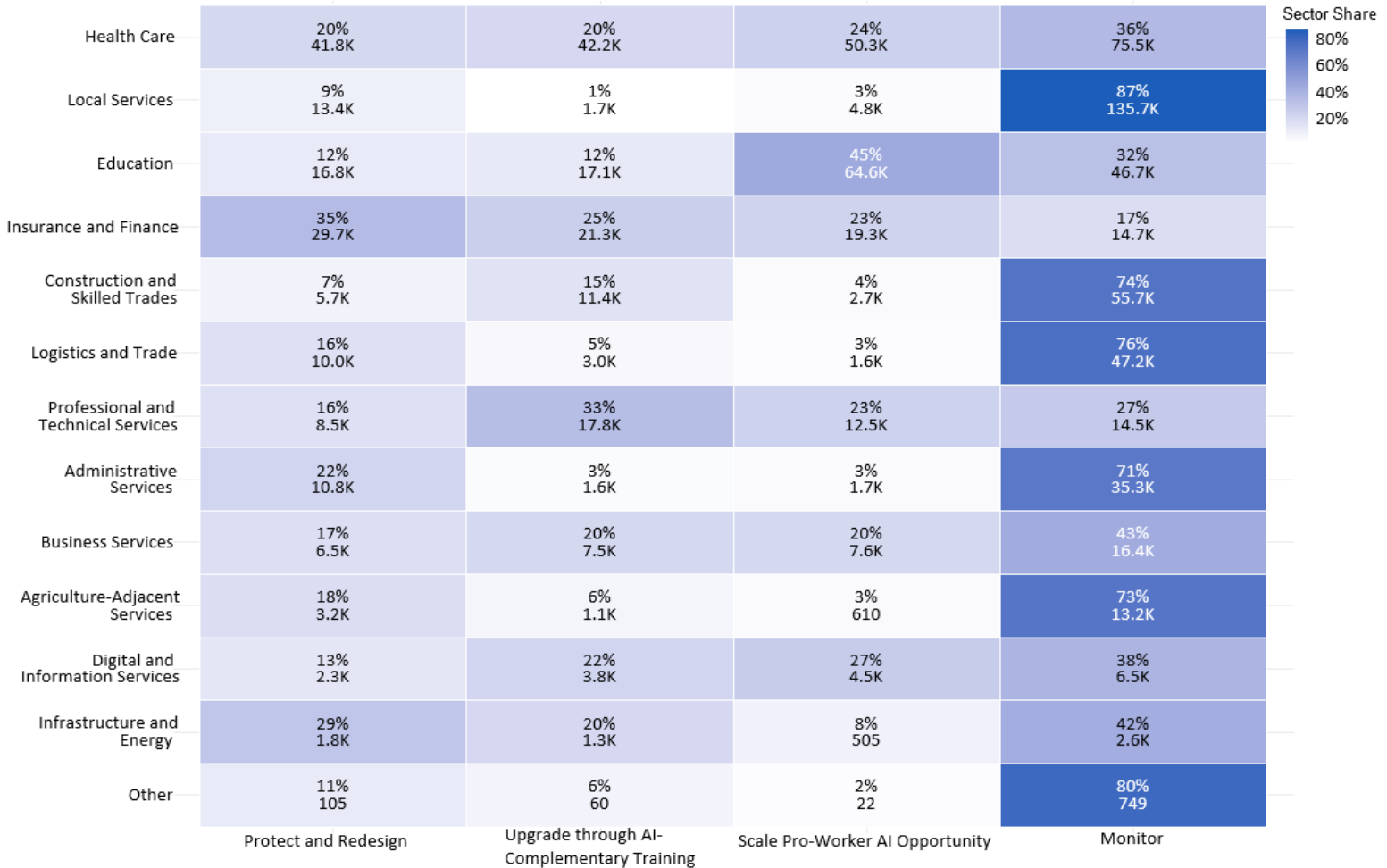
- **Registered nurses** could see AI-assisted changes in documentation, care coordinators, and decision support that still require clinical verification for privacy and safe workflow design.
- **Elementary school teachers** can utilize AI to assist in lesson planning and parent communication, but source checking, accessible instruction, and privacy concerns will still be paramount.
- **Secondary school teachers** can work with AI for planning, feedback, and examples in certain subjects, but double-checking assessment design, and academic integrity concerns remain important.
- **Construction Supervisors** can benefit from scheduling, documentation, safety monitoring tools, but will still require clear crew communication and safety judgement to succeed.

What Iowans Can Do Now

1. **Build Occupational Knowledge Alongside AI Skills** - Utilizing AI safely in occupations that are more readily able to integrate changes in workflow can stand to benefit sooner than occupations that would have safety concerns, an individual who knows the tools but not the work would not know how to adapt the tools.
2. **Strengthen Verification and Judgement** – Domain knowledge remains important. The ability to check sources, find errors, explain decisions, privacy concerns, and know when to escalate will remain important.
3. **Keep Evidence of Results** – If a tool improved or decreased productivity or output, response time quality, customer service, workload – not just quickly.

4. Protect the Human Touch – Communication, trust, care, negotiation, leadership, hands on troubleshooting, and responsibility for outcomes are important through all sectors.

5. Build a Skill Plan – Workers do not need to predict exactly how the new occupation will improve, only a ramp on which set of tasks to improve and refine their current skillset.



Source: Author's calculations for the Iowa AI Workforce Atlas using BLS OEWS and the National Employment Matrix; Census LEHD QWI/LODES and ACS; O*NET; and Felten-Raj-Seamans AIOE as an external benchmark.

Note on chart above: Percentages represent shares of modeled sector employment assigned to planning-response categories. They are not observed adoption or employment outcomes.

The chart above analyzes what action should be performed in terms of percentage of jobs in each sector. These numbers remain estimations – but should be used as a map for employers, educators, workers to re-design workflows in areas such as scheduling, documentation, customer service, etc. Smaller employers should also benefit from action, with regional technical assistance and community-college partnerships, bridging gaps between large and small firms. Laborsheds should also be utilized to observe commuting patterns, where workers travel for work, and how can they be trained for AI? Training opportunities should take account schedules and employer demand instead of utilizing administrative boundaries alone. Despite the estimation, work should also be done to validate the observations made in person, observing wages, employer openings, and training capacity. Rural areas might also have an issue in terms of accessibility to training and trusted technical assistance.

Early Career Opportunity

Within the past year, plenty of attention has been given to the entry-level labor market and the effect AI has had. There appears to be a quiet reduction in entry-level work that remains essential for an individual to learn an occupation, with skills such as routine research, drafting, coding, scheduling, documentation, and basic analysis becoming automated tasks. If employers are removing these workers without redesigning how beginners begin developing their judgement, Iowa could weaken its future talent pipeline even as productivity improves.

A 2026 Census working paper finds that, nationally, employment workers ages 22 to 24 declined by 12 percent over ten quarters in the most AI-exposed industry state cells, with an immediate hiring decline of around 9 percent after ChatGPT's introduction. The author documents also earlier trend shifts, remote work, educational attainment, and other possible explanations. These results is thus a warning flag, not exactly proof that AI is causing a decline in Iowa (Tucker 2026).

How should Iowa protect entry-level workers? What evidence needs to be collected?

Employers should not preserve work just to preserve work. The most important function for an entry-level worker is learning, which is supervised practice, feedback, client contact, field experience, and sequences that make a worker professional.

Evidence needs to be collected on the actual usage of AI. Are employers using AI, and how its use changed by industry, firm size, business function, geography, and how it is deployed. Do workers benefit, changes in output, review and correction time, whether rework is involved, quality, workload, and wages. Is there a narrowing of entry pathways? How are firms posting entry-level jobs, apprenticeships, changes in mentoring time, and assignments by experience level with tasks. Finally, are firms who are implementing AI doing it safely, through data quality, equipment, maintenance, worker training, financing, and incident responses. A successful implementation improves accepted output or service, after accounting for cost of implementation, without deterioration in quality, safety, access, worker learning, or job quality.

Iowa should combine a recurring employer survey, worker feedback, hiring records, and workplace pilots that are measured. These sources can distinguish adoption from outcomes and identify whether AI is affecting productivity, job quality, or access to entry level work.

A lot of the research done so far on AI has been its effects on a national level, but workforce, education, and economic stakeholders, along with policy makers should research and monitor its use and effects within Iowa itself. The metrics serve as a path towards asking the correct questions. Work does not need to be eliminated through AI; it should be improved with pro-worker expertise.

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AI Occupational Exposure by Felten, Raj, and Seamans as an external benchmark.

The Attrition Threshold: Household Realities and Iowa Retention Economics

Written by Kusum Adhikari

Introduction

Understanding why employees quit is one of the biggest challenges businesses are facing today. While companies often look at retention through a single lens like offering generic raises or standard perks, the reality of the labor market is much more complex. A worker's decision to stay or leave isn't just about their job title, instead it is deeply tied to their personal life, their budget, and their household responsibilities. To uncover the main drivers of job turnover, this article analyzes 2025 Laborshed Survey data from over 6,000 respondents¹. This data allows for a detailed look at how everyday household realities alter wage gaps and shape employee retention across Iowa.

At the center of this study is the concept of the “absolute compensation gap”, which is simply the exact dollar difference between what an employee currently earns² and their “reservation wage”, the absolute lowest paycheck they would accept to take a new job elsewhere³. Tracking this gap alongside shifting household dynamics makes it possible to pinpoint an employee's exact attrition threshold. This threshold is the financial breaking point where the real-world economic pressure to leave finally outweighs the desire to stay. The following analysis categorizes these breaking points by income tier and family size, revealing the underlying economic realities that dictate worker loyalty across the state.

Methodology

To clean the raw survey data and ensure an accurate comparison across the workforce, a strict logic system was established using SPSS to standardize all responses into a uniform, yearly format. This system was designed to account for instances where the respondents provided both hourly and salaried/salary figures, allowing us to protect data integrity across the entire baseline dataset.

The Core Financial Variables

This analysis focuses strictly on fixed, stable employment structures, filtering out commission-only or non-standard roles. The final metrics were calculated using a logic filter based on the employee's official pay status, which acted as a master switch:

- **Standardized Current Annual Income:** If a worker officially stated they were an hourly employee, the software looked only at their hourly wage column and multiplied it by a standard 2,080-hour work year (40 hours per week × 52 weeks). If they stated they were salaried, the formula pulled their gross annual salary directly at face value.
- **Standardized Annual Reservation Wage Floor:** This metric measures the absolute minimum salary a worker would need to accept a new job. Just like their current income, hourly floor rates were annualized using the 2,080-hour rule, while salaried floors were pulled directly to ensure a perfect apples-to-apples comparison.
- **The Absolute Compensation Gap:** This primary index quantifies the financial deficit between an employee's market expectations and their current compensation. It is calculated using the following formula:

$$\text{Compensation Gap} = \text{Reservation Wage (Annual)} - \text{Current Income (Annual)}$$

Because the participants in the sample were compensated differently, all responses were standardized into a single annual metric before running the calculation. This was achieved by filtering respondents based on whether they were hourly or salaried workers.

- For hourly employees, reporting hourly rates were annualized based on a standard full-time schedule of 40 hours per week across 52 weeks a year.
- For salaried employees, reporting annual figures were integrated directly into the model without modification.

Once the math was applied, the resulting gap served as the primary behavioral risk signal:

- **Positive gap (>0):** It indicates that a worker is currently earning less than their personal reservation floor, leaving them in an active financial deficit that points to an immediate flight risk.
- **Negative or zero gap (≤ 0):** It means the current earnings safely meet or exceed the employee's reservation floor, indicating financial satisfaction and a stable employee.

Household & Qualitative Flight Indicators

An individual's financial needs do not exist in a vacuum. To discover what pushes workers past their breaking point, this analysis cross-references this compensation gap against key household and career indicators.

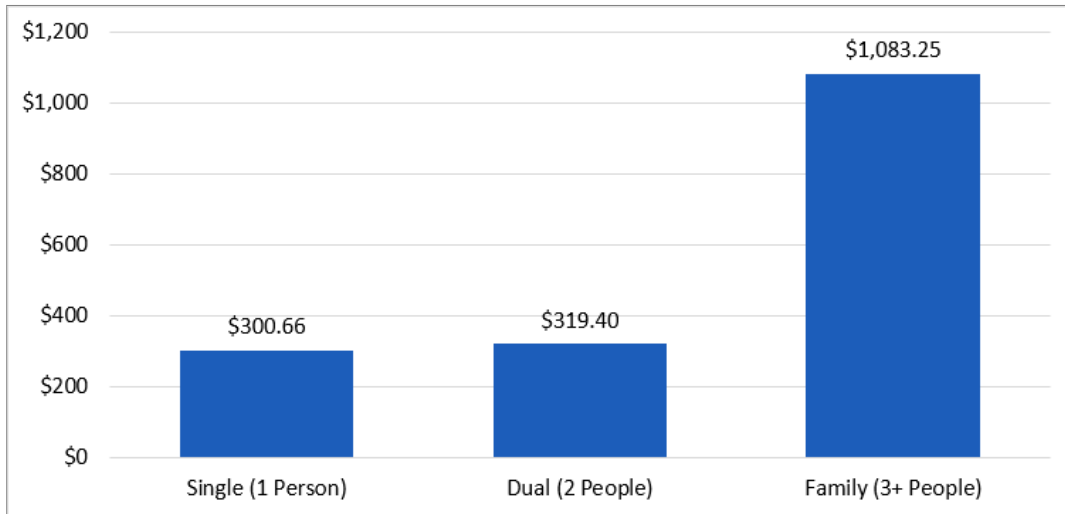
- **Income Dependency Ratio:** This metric measures the exact percentage of total household income supplied by the individual employee. To protect data integrity against mathematical anomalies, such as a respondent indicating a total household income lower than their individual salary, all results exceeding 100% were capped at exactly 100%.
- **Household Size Groups:** Raw household resident counts were recoded into three distinct demographic categories for easy comparison i.e., single-person household, dual-person households, and families consisting of three or more people.
- **Household Income Brackets:** To track broader economic trends across different demographics, the total household income was sorted into four standardized brackets:
 - Under \$50,000
 - \$50,000–\$74,999
 - \$75,000–\$99,999
 - \$100,000 or more.

Results and Discussion

Household Size: Where Flight Risk Turns into a Financial Cliff

While an employee's daily responsibilities anchor them to a workplace, their life outside of work sets the true baseline for what it takes to retain them.

Average Annual Compensation Gap by Household Size



Source: Iowa Workforce Development, LMI Division, Laborshed Survey Program

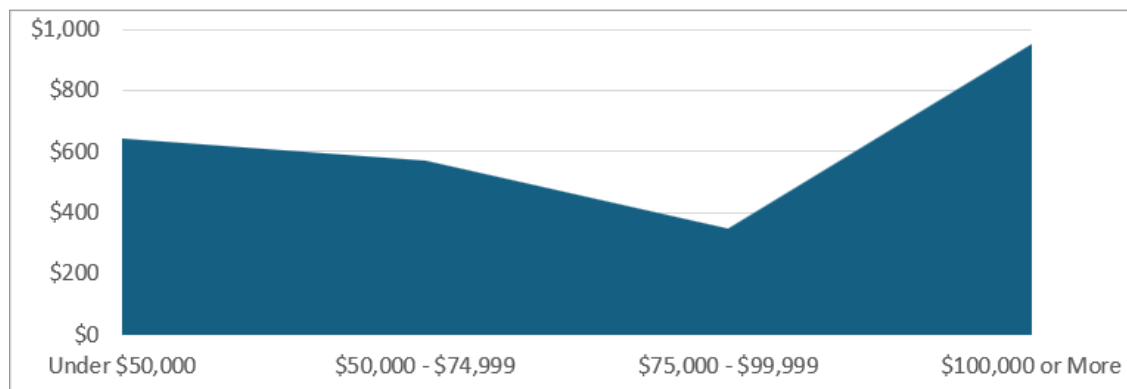
The chart above shows the average compensation gap; the wage increases a worker needs to accept a new job based on their household setup. To get a realistic baseline of the workforce, this calculation averages the entire sample together, combining both workers who face a wage deficit and satisfied workers who currently earn above their minimum required wage. The data proves that keeping employees isn't a one-size-fits-all formula, as family obligations drastically increase a person's financial demands. For single and dual income households, the average gap is relatively low and stable, hovering right around the \$300 mark. Because their basic household overhead is smaller, these groups don't require a massive financial leap to consider a job change.

The real shift happens when a household reaches three or more people. For these families, the compensation gap violently shoots up to \$1,083.25, a massive \$763.79 jump from dual income households. This spike proves that the several financial pressures within larger families completely wipe out the data from higher earners who are satisfied with their pay. Household realities like childcare, schooling, and higher living expenses fundamentally change the economic math for these workers, making them much more expensive to recruit or retain.

Income Brackets: From the Survival Deficit to the Stability Valley

While household size sets the baseline for worker's expenses, their actual income bracket changes why they choose to stay or leave.

Average Annual Compensation Gap by Household Income Bracket



Source: Iowa Workforce Development, LMI Division, Laborshed Survey Program

The chart at the bottom of the previous page tracks this same compensation gap but breaks it down by household income to show how retention risks shift depending on an employee's financial tier. To keep the focus on broader state trends, it is important to note that each income tier averages all household sizes together, combining single individuals, dual households and families within their respective income pools.

For households making under \$50,000, the gap is \$644.15. These workers are in survival mode, where high prices for housing, goods and services, and childcare may mean they are always looking for a higher paycheck just to pay the bills. For those making between \$50,000 and \$74,999, the gap drops slightly to \$572.03, but they remain highly vulnerable to sudden financial emergencies. From an economic standpoint, because these families start with lower wages, a dollar increase has a much larger impact on their budget. For example, a \$5,000 raise adds nearly 10% to a \$55,000 income, but only 5% to a \$100,000 income. This percentage difference explains why the compensation gap at the lower end stays smaller than the gap at the top tier.

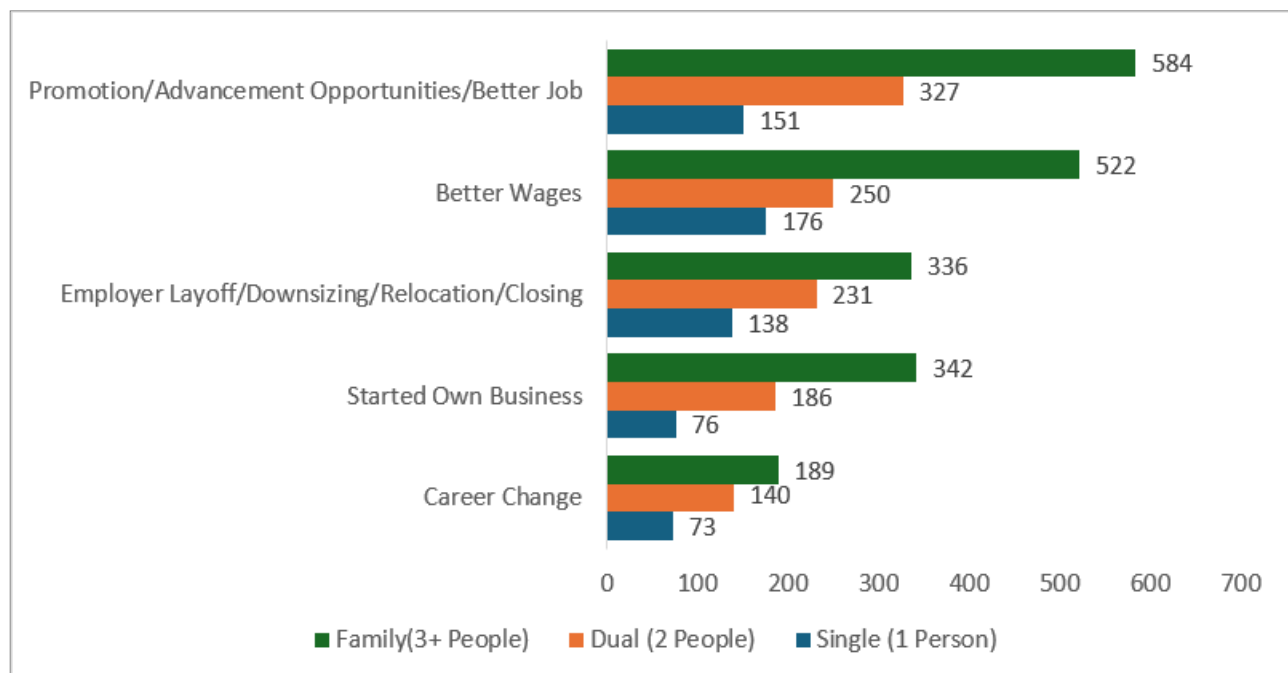
The safest zone for keeping workers is the middle-class bracket of \$75,000 to \$99,999. Here, the gap drops to its lowest point \$349.07. At this level, people feel stable. They can comfortably cover their bills and save a little money, meaning they are happy to stay put and won't leave their jobs for a small pay difference.

The biggest surprise happens at the top. For households making \$100,000 or more, the gap shoots up to its highest point at \$951.02. This isn't about struggling to survive; it's about knowing their market value. These are often highly skilled or senior employees who know exactly what they are worth. If their current pay stalls, they know a competitor will pay a premium to hire them, making them a high risk to leave.

Why Iowa Workers Leave and What Employers Can Do to Keep Them

While compensation gaps outline the financial pressures workers face, looking at why they actually walk away from an employer reveals the true mechanics of retention.

Primary Drivers for Leaving Previous Employment by Household Size
(Total Number of Responses Reported, Respondents Allowed to Provide Multiple Answers)



Source: Iowa Workforce Development, LMI Division, Laborshed Survey Program

The chart on the previous page breaks down the top reasons workers left their previous employers, looked at through the lens of household size. Because this was a multi-response question where individuals could choose multiple answers, the X-axis tracks the total frequency count of responses for each category rather than percentages. Looking at this totals, while it is easy to assume that single people change jobs more frequently out of flexibility, the data shows the exact opposite: workers with families (3+ people) are consistently the most active group searching for new opportunities in the job market, given each reason for leaving their previous place of employment.

The two biggest drivers across the board are career growth and higher wages, but the gap between families and single individuals is massive. For instance, family-oriented workers left their jobs for "Promotion/advancement opportunities" and "Better wages" at more than triple the rate of single workers. When you have a family to support, stagnating at a dead-end job or dealing with flat wages simply isn't an option, the financial stakes are too high.

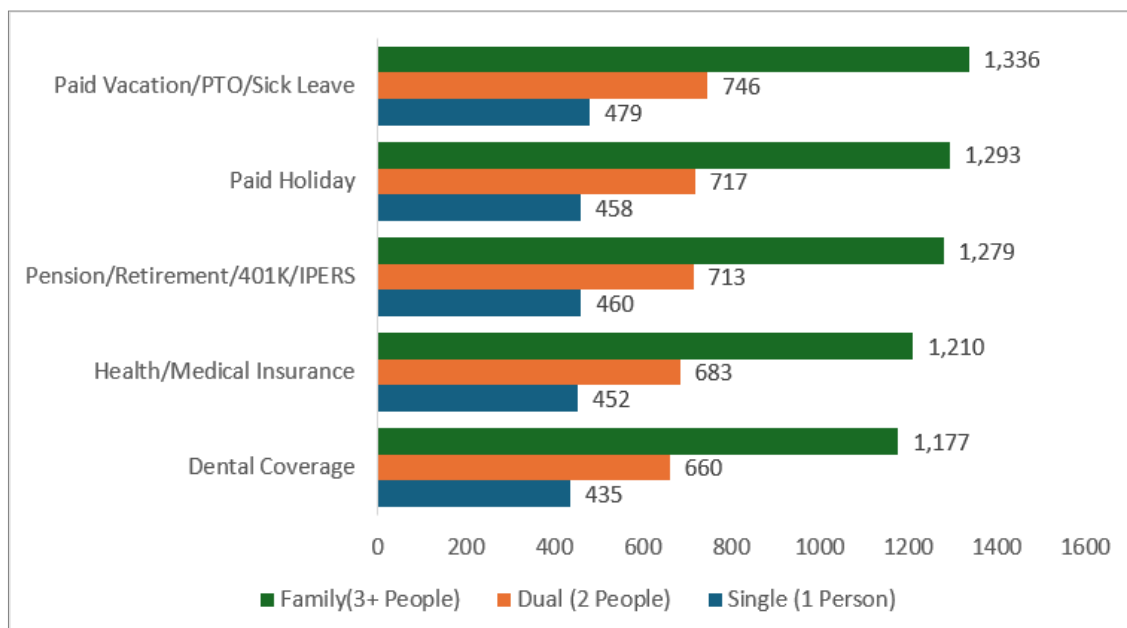
Interestingly, families are also significantly more likely to leave to start their own businesses or make a total career pivot compared to single or dual-income households. This suggests that the pressure to build long-term financial security and flexible schedules pushes family providers to take big professional leaps. Finally, families were hit hardest by employer layoffs and business closures, suggesting that unexpected corporate changes create an immediate, widespread disruption for larger households.

To stop this talent drain, Iowa businesses must shift away from one-size-fits-all retention strategies and align benefits with these specific household realities. This means offering clear, reliable paths to promotion and wage increases to keep financially stressed families from walking out the door. Additionally, employers must protect the work life stability of middle-class earners while actively matching competitive market rates to prevent high earners from being headhunted.

The Retention Pull Factors: Top 5 Desired Benefits

While wages and advancement drive workers to switch jobs, a company's benefit package serves as the primary anchor keeping them from looking elsewhere in the first place.

Desired Benefits Required to Retain Employment by Household Size
(Total Number of Responses Reported, Respondents Allowed to Provide Multiple Answers)



Source: Iowa Workforce Development, LMI Division, Laborshed Survey Program

The chart on the previous page highlights the specific benefits and safety nets employees require to stay with their current employer long-term. Similar to the previous chart, the X-axis tracks the total frequency count because respondents could select multiple options. Across all five categories, the data tells a striking story; workers with families (3+ people) place a massively higher premium on traditional company benefits than single or dual-income households.

Paid time off, (vacation hours, sick leave and other time-off options) ranks as the absolute number one priority for retaining larger households. This makes perfect sense when you consider that balancing family schedules, school breaks, and childhood illnesses requires immense flexibility. Close behind are paid holidays, pension/retirement plans (including IPERS), and robust health and dental insurance. For a family provider, these aren't optional perks, they are baseline necessities required to protect a household's health and future stability.

To successfully lock down talent, Iowa employees should focus heavily on these foundational benefits. While single and dual-income workers show a stable but more moderate interest in these packages, a robust healthcare plan and generous paid leave are the ultimate closing tools needed to keep family-oriented talent loyal and satisfied.

Conclusion

Every employee has an attrition threshold, a specific financial tipping point where the pressure to leave outweighs the desire to stay. The compensation gap shows us exactly where that line is drawn, and it changes completely depending on a person's home life and budget. While middle class employees have a high threshold for leaving because they value a stable, predictable routine, lower income workers are pushed to their breaking point just trying to handle rising everyday bills. On the other end, top earners cross their threshold the moment their current pay stalls and fail to match their true market value. Workers raising families face the lowest threshold of all, leaving jobs at the highest rates in search of better pay, promotions, and reliable benefits like healthcare and paid leave just to keep their households running smoothly. Ultimately, behind every exit interview is a person whose unique financial and family pressures finally crossed that threshold.

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