COMMON SENSE INSTITUTE

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DEGREES WITHOUT DEMAND

INSIDE THE TALENT MISMATCH COSTING IOWA GROWTH AND GRADUATES

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ABOUT COMMON SENSE INSTITUTE

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

TEAMS & FELLOWS STATEMENT

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

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INTRODUCTION

In its July 2025 report, "People—Iowa's Most Value Export," CSI found Iowa ranked seventh nationally in cumulative net outmigration of bachelor's degree holders aged 25 to 29—the highest rate of any Midwestern state.[1] In a follow-up study this year, CSI researchers found the state's economy had forfeited an estimated $96 billion in cumulative earnings due to the excessive out-migration of public university graduates over the last two decades. "From the 2021 graduating class alone, Iowa has forfeited $171 million in GDP because of the brain drain of Iowa public university graduates leaving the state," the report said.[2] These findings do not suggest public universities cause a net loss to the state's economy. Rather, they quantify economic losses from an isolated factor relative to the counterfactual. The research estimated what cumulative earnings and economic output would have been had the state's economy retained its public university graduates at expected levels.

This report adds to CSI's body of research on graduate retention. It investigates whether Iowa's public universities are producing graduates in fields that match the state's labor market needs, and it quantifies how misalignment affects graduate retention and the state's economy. The report complements ongoing efforts by the Iowa Board of Regents to align programs at the state's public universities with Iowa's workforce needs.[3]

Public higher education operates within the same economic framework that governs any labor market: supply responds to demand. Universities produce human capital—skills, credentials, and specialized knowledge that become embodied within graduates. Employers generate demand for that capital through available jobs and wages. Long-run equilibrium ultimately depends on how well the two align. When degree production reflects the structure of a state's economy, graduates are more likely to find employment locally and businesses gain access to needed talent. Retention of graduates in the state's economy represents a measurable return on taxpayer investments in publicly funded institutions.

CSI researchers found the state's economy had forfeited an estimated $96 billion in cumulative earnings due to the excessive out-migration of public university graduates over the last two decades.

When the production of graduates diverges from labor market demand, the result can be the opposite. Graduates either leave the state to find opportunities elsewhere or accept employment below their level of training, reducing both individual earnings potential and statewide economic productivity.

There is no doubt that Iowa's public universities generate broad benefits that extend beyond immediate employment outcomes. For example, according to a study conducted by Lightcast and presented to the Iowa Board of Regents, Iowa's three public universities added $18 billion to the state's income in fiscal year 2023-24, or about 7.7% of the total gross state product.[4] Nonetheless, when tax dollars fund institutes of higher education, that funding comes with an expectation that graduates meet the state's workforce needs.[5]

As evidenced from CSI's previous research, Iowa may receive a greater or lesser return on taxpayer investments in the state's public universities depending on whether graduates remain in the state after graduation. Graduates who stay contribute to the state economy's overall productivity, employment, and income growth. When students graduate with degrees misaligned with the needs of Iowa's labor market, a share of the economic return on public investment may flow to other states rather than remain in Iowa. The analysis presented in this report isolates alignment as only one component of Iowa's broader retention challenge. Future reports from CSI will examine other factors that influence whether graduates stay.

KEY FINDINGS

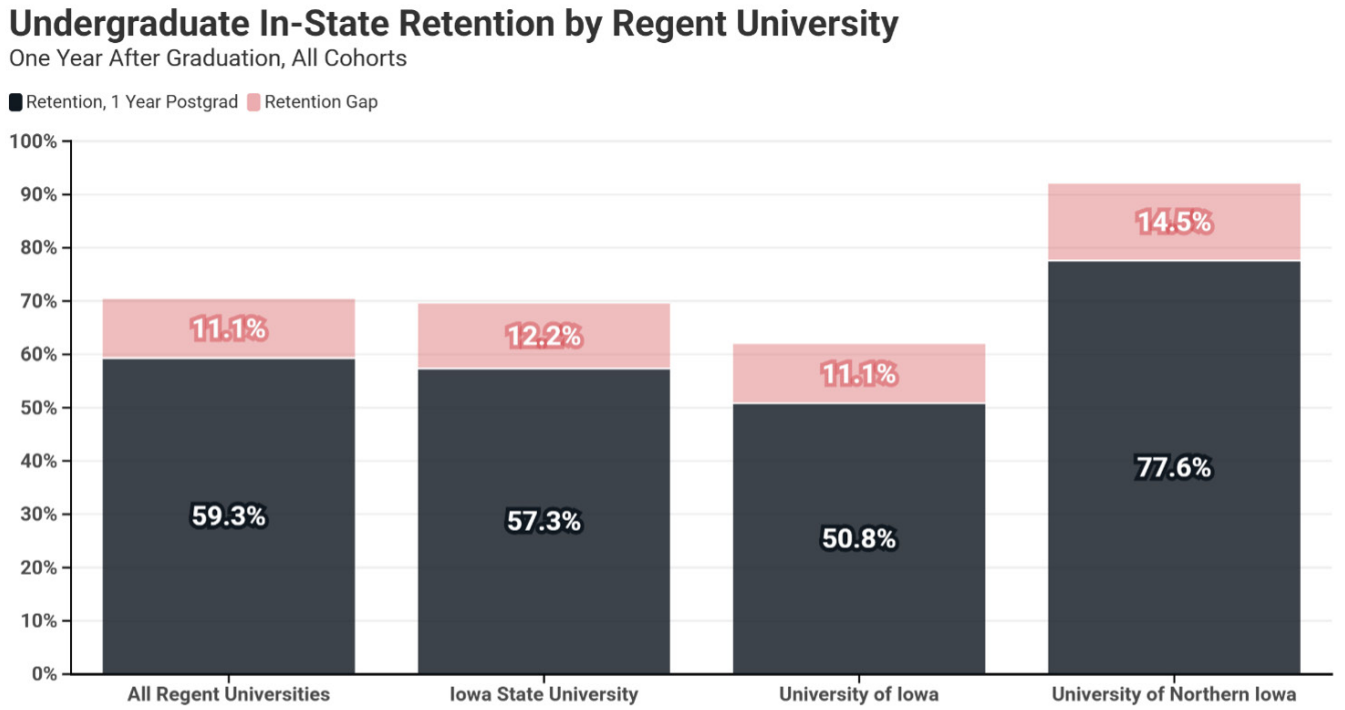
- According to CSI analysis, if the graduate pipeline from Iowa's public universities perfectly mirrored expected labor market demand, 1,200 more graduates would remain in Iowa after graduation.
  - Resolving degree misalignment for one year would add a projected $52 million to Iowa's GDP, $145 million in total economic output, $84 million in personal income, and $5.1 million in state tax revenue in 2027.
- Iowa's retention challenge is concentrated most acutely in its two largest degree fields: business management, marketing, and related support services and engineering. (See Figure 3.)
  - Iowa retained just 50% and 40%, respectively, of its public university graduates in these fields one year after graduation, representing some of the worst outcomes of any fields.
  - These fields are also the two largest by volume, collectively accounting for 12,397 graduates in the 2019–21 cohort, or nearly 40% of all graduates across the three regent universities.
- Three NAICS sectors represent a smaller share of Iowa's economy than the share of Iowa public university graduates with degrees aligned with work in those sectors: professional, scientific, and technical services; educational services; and finance and insurance.
  - While regent university graduates entered these sectors at the first-, second-, and fifth-highest rates, respectively, universities are producing more of these degree holders than Iowa's economy can absorb.
- Among the 2019–21 cohort, 14.8% of graduates entered the professional, scientific, and technical services sector even though it accounted for only 3.2% of total nonfarm employment in 2022—an 11.6 percentage-point gap.
  - This sector falls well below the expected retention benchmark of 65.3%, recording a retention rate of just 41.5%, the second lowest of any major sector.
  - This sector includes occupations such as legal services, accounting, architecture, engineering, computer services, and scientific research. Those occupations align most closely with the fields of business management, marketing, and related support services and engineering—the two largest fields graduates enter and the two worst performing fields for retention.

- Of Iowa-born public university graduates considering leaving the state, 94% said career relevance matters to them, according to survey results from Iowa Workforce Development. Yet only 48% believed Iowa provided jobs aligned with their education. That 46-percentage-point gap suggests the mismatch between degree production and labor market demand is a major reason graduate retention remains low.
- Adding enhanced degree-to-occupation tracking to the Board of Regents' existing workforce alignment initiatives would help identify which programs successfully place graduates in occupations in Iowa that match their training and which produce workers who leave the state or accept employment outside their field.

BACKGROUND

In a February 2026 report entitled "Educate. Graduate. Leave.," CSI found only half of Iowa's public university graduates remain in the state ten years after graduation.[6] This outmigration came even though Iowa residents comprise roughly three-quarters of full-time enrollment across the state's three public universities. That aggregate outmigration directly led to the state's economy forfeiting an estimated $96 billion in cumulative earnings over two decades, according to CSI's research and analysis. The research found most graduate outmigration occurs in the first year after graduation. As shown in figure 1, 59.3% of all regent university undergraduates between 2001 and 2021 left the state one year after graduating. Resident students comprised 70.4% of the entire student body students during the period, resulting in an 11.1-point gap between the expected retention rate and actual retention. The analysis throughout this report uses the same defined benchmark for expected one-year graduate retention first introduced in CSI's February 2026 report, "Educate. Graduate. Leave."[7]

FIGURE 1.



Source: Post-Secondary Employment Outcomes, Iowa Board of Regents, CSI Analysis

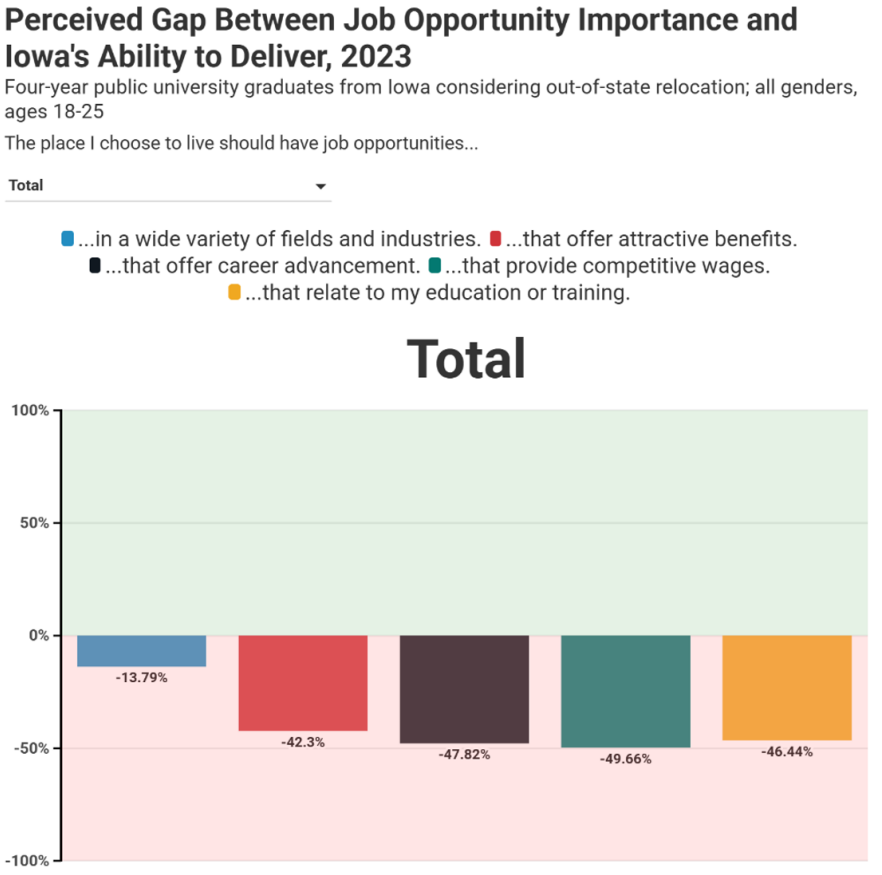
The 2021 graduating classes from Iowa's three public universities saw retention rates below expected levels. This outcome directly translated to Iowa forfeiting $171 million in GDP.[8] While significant, that aggregate outcome obscures *why* so many graduates leave. Outmigration is rarely the product of a single cause. Broadly, it tends to stem from either personal or economic factors. Personal preferences driving outmigration can range from the desire to live in a larger city, to proximity to the coast, to simply being closer to friends and family. These motivations exist largely outside a strictly economic calculus; graduates move based on lifestyle and relationships rather than financial incentive. This report focuses on economic factors.

Graduates enter the workforce seeking a return on their higher education investment from the moment they receive their degree, as evidenced by recent survey data released by Iowa Workforce Development.[9] Fewer than half of graduates choose careers primarily to pay off their existing student loan debts. At least 40% of graduates from each regent university in the most recent 2019–21 cohort carried federal student loan debt upon graduation, with average debt ranging from $19,691 at the University of Northern Iowa to $22,869 at Iowa State University.[10] These students require a return on their investment through sufficient income to pay off these debts.

Students who graduated debt-free also pursue a return on investment through meaningful, relevant career trajectories in their chosen fields. Figure Z speaks directly to this dynamic. The chart visualizes the gap between how important graduates consider various job-related characteristics when choosing where to live and how well they perceive Iowa can deliver on their personal objectives. This data is framed around the statement, "The place I choose to live should have job opportunities..." followed by a specific descriptor. The data comes from Iowa Workforce Development's "Iowa College Student Retention" survey, which was completed in 2023.[11]

Among four-year public university graduates from Iowa who were considering leaving the state—spanning all genders, ages 18 to 25—a major gap exists around career relevance. In the survey, 94.4% said it was important that job opportunities relate to their education or training, yet only

FIGURE 2.



Source: Iowa Workforce Development

48% believed Iowa provided such opportunities. That 46.4 percentage point gap is the clearest signal of where Iowa's labor market is falling short in the eyes of its own graduates. Other gaps exist regarding attractive benefits, career advancement, and competitive wages, though this report will focus on relevant education.

The data in figure 2 suggests a deeper mismatch between the degrees Iowa produces and the jobs its economy offers. When graduates are trained in fields that exceed Iowa's labor market capacity, they end up with fewer in-state job options and become more likely to seek employment elsewhere. In a mismatched environment, employers are more likely to face young talent shortages in under-supplied fields, and graduates are more likely to migrate toward other states offering better opportunities in over-supplied fields. For Iowa, this mismatch has resulted in the state becoming a net exporter of new graduates. A persistent mismatch between degree supply and sector demand weakens the feedback loop that sustains statewide growth. Consequently, public investment in its public universities effectively subsidizes workforce development for other states. Readers can learn more about economic consequences of this brain drain in CSI's February 2026 report, "Educate. Graduate. Leave.: The $96 Billion Price Tag of Iowa's Public University Brain Drain."[12]

The analysis in this report dives deeper into the 'where' and 'why' of this issue. The first section, "Retention by Degree Field," examines the 'where' by analyzing retention rates across graduates' fields of study to identify which degree areas experience the highest out-migration from Iowa. However, disaggregating by degree field alone cannot capture the full complexity of how graduates flow through Iowa's labor market. Iowa's economy operates across 20 nonfarm sectors, as categorized by the U.S. Bureau of Labor Statistics (BLS), each with distinct workforce demands. The section titled "Retention by NAICS Sector" addresses the 'why' by connecting degree production with labor market entry. It reveals the gaps between degree production—measured as each sector's share of total graduates—and the sector's concentration in Iowa's economy. The analysis will help identify misalignment between graduate supply and sector demand.

The NAICS section is followed by a dynamic economic analysis estimating the economic opportunity cost if the 2026 graduating cohort continues current patterns of degree-sector misalignment.

Finally, the report concludes with recommendations for addressing data gaps that limit transparency and responsiveness to this evolving challenge.

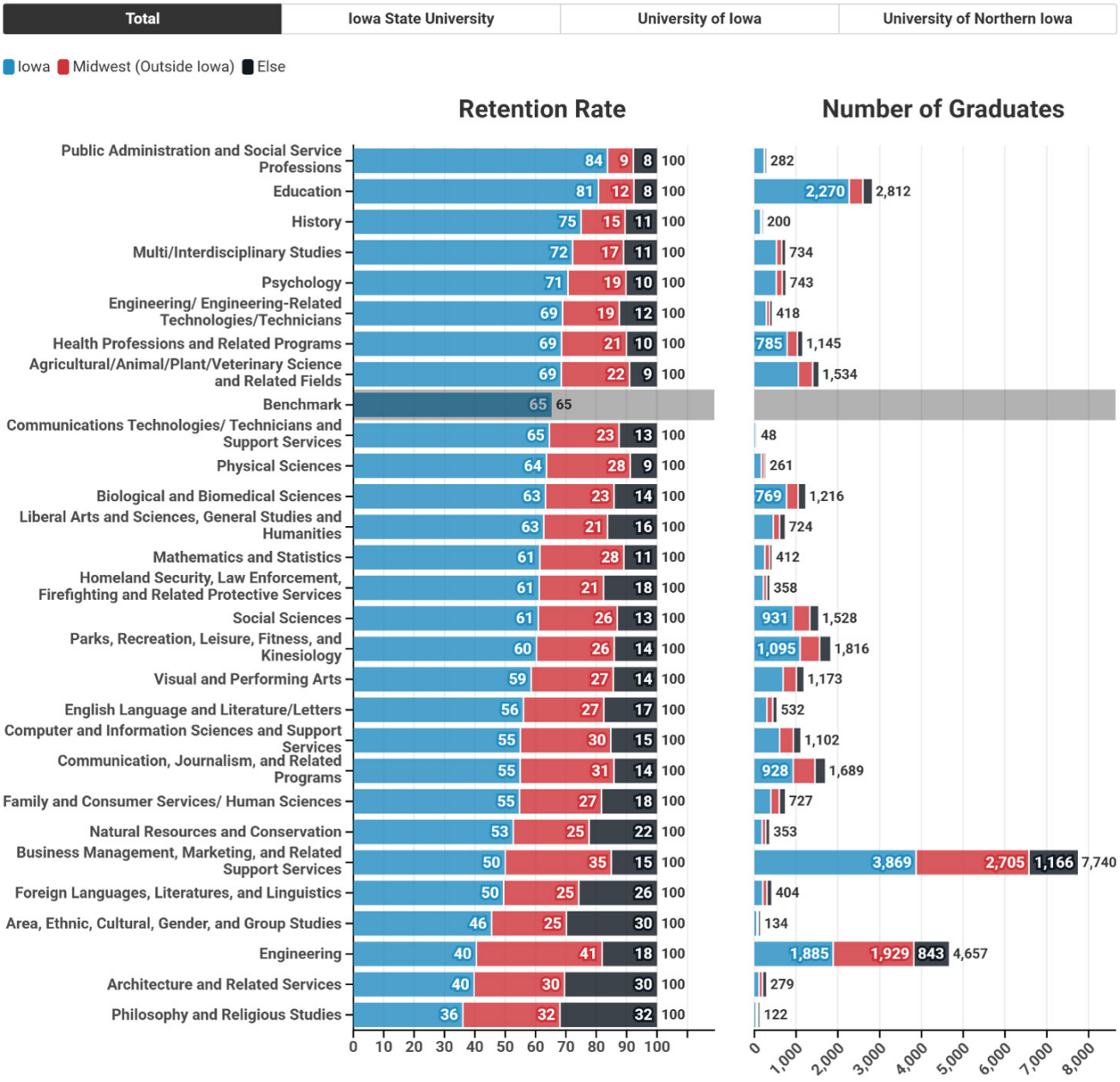
RETENTION BY DEGREE FIELD

An economy needs laborers with different knowledge, skills, and abilities. Universities help build the economy's human capital by training students who enter the workforce with specialized expertise. Degrees signify the completion of that training. However, degree production does not automatically match labor market demand. When a field produces more graduates than Iowa's economy can absorb, graduates either leave the state or accept employment outside their trained field. As shown in figure 2, 94% of Iowa-born public university graduates said career relevance matters to them. Yet only 48% believed Iowa provided jobs aligned with their education. That 46-percentage-point gap suggests the mismatch between degree production and labor market demand is a major reason retention remains low. Examining retention rates across fields of study reveals which degree programs experience the highest out-migration—and therefore which may be producing graduates at rates that exceed in-state demand in that field. For consistency across Iowa's three public universities, CSI's analysis relies on data from the U.S. Census Bureau's Post-Secondary Employment Outcomes dashboard that categorizes the degrees into 28 broad fields of study. Fields of study represent the most granular unit at which CSI can readily evaluate degree production against labor market demand using available data.

Figure 3 depicts graduate retention rates and the scale of degree production across Iowa's regent universities for the 2019-21 cohort. Fields of study below the expected retention rate benchmark indicate degrees that are being retained at a less-than-optimal rate, whereas fields above the benchmark indicate more-than-optimal retention. The analysis uses the same benchmark for expected graduate retention first introduced in CSI's February 2026 report, "Educate. Graduate. Leave."[13]

FIGURE 3.

Retention Rate One-Year Post-Graduation, 2019-2021 Cohort, Fields of Study



Source: Post-Secondary Employment Outcomes, Iowa Board of Regents, CSI Analysis
Note: See "Supplemental Dashboard" section for individual university breakdowns versus retention over time.

Iowa's retention challenge is concentrated most acutely in its two largest fields for degree production: business management, marketing, and related support services and engineering. These fields retained just 50% and 40% of graduates in-state one year after graduation, respectively, representing some of the worst outcomes of any field in the cohort. They are also the two of the largest sectors by volume, collectively accounting for 12,397 graduates in the 2019–2021 cohort, or nearly 40% of all graduates across the three regent universities. These two fields comprise over 90% of all graduates in the seven fields that make up the worst performing quartile. Other low-retention fields such as philosophy and religious studies (36%) or architecture and related services (40%) produce far fewer graduates and contribute far less to aggregate outmigration. When the state's largest programs are also its worst performers on retention, the losses compound in ways that even high-retention fields—like education at 81% public administration and social service professions at 84%—cannot offset.

Understanding which degree fields yield the highest out-migration reveals the scale and concentration of the problem, but it cannot explain why those graduates leave. Based on the data in figure 3, Iowa's public universities may be producing graduates trained for the fields business management and engineering at rates that exceed what Iowa's economy can support. Unfortunately, available data cannot pinpoint whether individual graduates work in sectors or fields relevant to their degrees. For example, an engineering graduate retained in Iowa may be working in finance rather than manufacturing or technical services. Operating within this limitation, the following section compares the sectors graduates enter with the composition of Iowa's labor market. This approach identifies sector-level supply-demand gaps but cannot fully trace whether individual graduates find field-appropriate employment. The approach can help to determine whether the state's universities are training workers for Iowa jobs or setting them up for employment outside the state or outside their field of study.

GRADUATE RETENTION BY NAICS SECTOR

The previous section identified which degree fields experience the highest graduate out-migration of graduates from Iowa's three public universities. This section examines why they leave by assessing the alignment between degree production and Iowa's labor market structure.

To assess the extent of divergence between the degrees graduates obtain at Iowa's public universities and the degrees needed to meet workforce demand in the state, this report draws on one-year post-graduation outcomes for the 2019-21 cohort, disaggregated by sector and degree level.[14] This disaggregated data comes from the U.S. Census Bureau's "Post-Secondary Employment Outcomes Explorer."[15] The analysis identifies the sectors and fields of study in which over- or under-production of degrees may be driving low retention. It starts by examining the relationship between supply and demand. Figure 4 compares two key metrics. The y-axis illustrates degree production, measured as the share of total graduates entering each major NAICS sector classification. The x-axis illustrates Iowa's total nonfarm sector composition—the share of Iowa's economy each sector represents.

If Iowa's public universities were producing degrees in proportions that closely match Iowa's labor market structure, major sectors would cluster within the shaded blue band. This band represents ideal alignment, where a sector's share of graduates matches its share of employment within a ±2 percentage point margin. Since perfect proportionality is improbable, the ±2% tolerance serves as a conservative threshold for identifying meaningful gaps. The figure displays two time periods using Iowa Workforce Development's industry projections.[16] Actual data from 2022 represents current labor market conditions, while 2032 reflects projected sector composition in 2032. This formulation allows for comparison between production degrees and both current and future workforce needs. Dots above this range indicate sectors where degree production (graduate share) exceeds the sector's concentration in Iowa's economy. For these sectors, the state is more likely to experience excess supply of graduates relative to Iowa's workforce composition. Dots below the ideal slope indicate a shortage of graduates with degrees aligning to these sectors. Dots colored red indicate a sector with a supply-demand gap over or under 2% relative to the ideal slope, while those colored blue fall within the acceptable range.

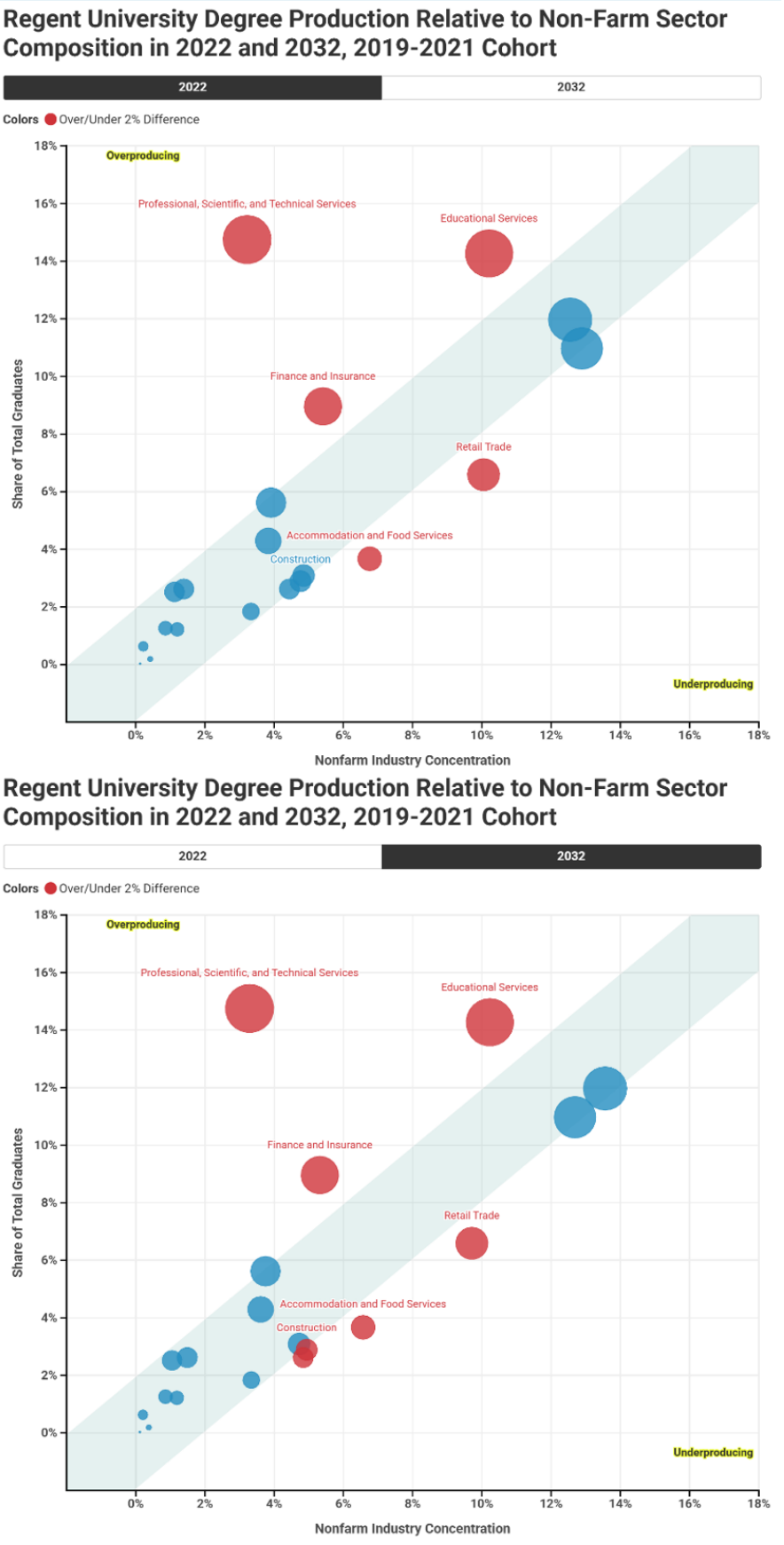
Iowa's public universities are producing graduates at a distribution that falls short of ideal alignment for certain sectors. The three NAICS sectors that account for much of the observed mismatch between degree production and Iowa's labor market demand are professional, scientific, and technical services; educational services; and finance and insurance. Regent university graduates entered these sectors at

the first-, second-, and fifth-highest rates, respectively. While these fields attract a large share of graduates, each is disproportionately represented relative to its employment footprint in the state economy.

For additional context, figure 5 visualizes sectors by retention and includes the share of jobs in each sector that typically require postsecondary education. The figure also includes the expected retention benchmark of 65.3%, which assumes all resident students remain in Iowa after graduation. While the retained workforce need not consist exclusively of in-state residents, achieving ideal retention implies a minimum net-zero migration outcome, where graduate inflows fully offset any outmigration. Figures 3 through 5 will be useful for the upcoming analysis of the most mismatched sectors. Analysis on individual sectors are formatted as subsections and are limited to the three most overproduced sectors and one sector at high risk for underproduction.

Notably, some sectors that appear undersupplied in figure 4—such as retail trade and wholesale trade—are not examined in detail because most positions in these sectors do not require

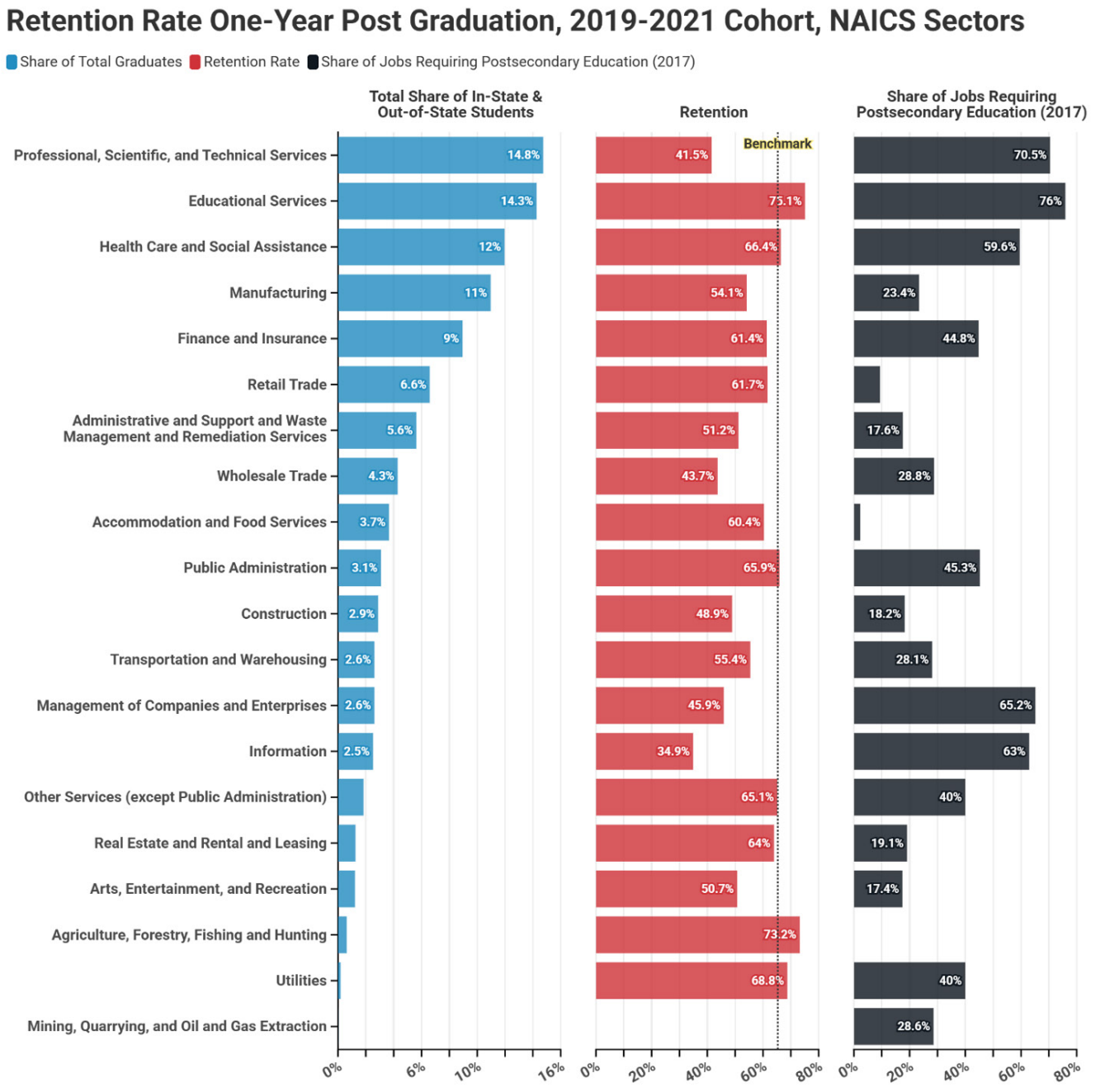
FIGURE 4.



Source: Post-Secondary Employment Outcomes, Iowa Workforce Development, CSI Analysis

bachelor's degrees. According to 2017 data, only 11.6% of jobs in retail trade and 28.8% in wholesale trade' require post-secondary education.[17] See figure 5. While these sectors represent significant shares of Iowa's economy, the mismatch between graduate supply and sector size does not indicate workforce misalignment stemming from regent university graduates. The subsections that follow focus on sectors where degree requirements are substantial and misalignment carries direct implications for graduate retention.

FIGURE 5.



Source: Post-Secondary Employment Outcomes, U.S. Bureau of Labor Statistics, Iowa Board of Regents, CSI Analysis
Note: 'Share of Jobs Requiring Postsecondary Education' reflects U.S. data. See "Supplemental Dashboard" section for individual university breakdowns versus retention over time.

Professional, Scientific, and Technical Services

The largest degree-sector imbalance occurs in professional, scientific, and technical services. Among the 2019–21 cohort, 14.8% of graduates entered this sector even though it accounted for only 3.2% of total nonfarm employment in 2022—an 11.6 percentage-point gap. See figure 4. This sector includes occupations such as legal services, accounting, architecture, engineering, computer services, and scientific research.[18] Those occupations align most closely with business management, marketing, and related support services and engineering, the two largest and worst-performing degree fields by retention identified in the previous section. Together, these two fields produced 12,397 graduates in the 2019–21 cohort. The sector's employment footprint would imply graduates are being trained at more than four times the rate needed.

The result is degree production substantially exceeding the sector's capacity to absorb graduates within Iowa, increasing the likelihood that workers either accept employment outside their field or leave the state to find suitable opportunities. Indeed, professional, scientific, and technical services falls well below the expected retention benchmark of 65.3%, recording a retention rate of just 41.5%, the second lowest of any major sector. See figure 5. Moreover, 70.5% of jobs in this sector require postsecondary education, indicating that low retention is not due to a lack of degree-appropriate positions but rather to insufficient positions relative to graduate supply.

Educational Services

The next largest imbalance occurs in educational services. The sector employed 14.3% of graduates while representing 10.2% of statewide nonfarm employment in 2022, producing a 4.1 percentage-point gap. See figure 4. However, despite the supply-demand gap, 75.1% of graduates entering this sector were retained in the state—well above the 65.3% benchmark. See figure 5. This result may seem to contradict the trend observed in professional, scientific, and technical services, where overproduction led to low retention. However, educational services is a unique case.

This sector draws primarily from the education field of study, which produced 2,812 graduates in the 2019–21 cohort and retained 71.5% of them in-state—the second-highest retention rate of any major field. See figure 3. The sector is predominantly public-sector driven; in 2022, only 22.4% of workers in the sector were privately employed.[19] Research from the National Bureau of Economic Research found that workers in state-specific licensed occupations—a category that includes teachers—migrate interstate at rates 36% lower than workers in otherwise comparable occupations.[20] This phenomenon occurs not because educators are averse to moving, but because structural incentives keep them in place. State-specific licensing requirements and non-movable pension systems make crossing state lines costly for educators. Graduates entering this field likely stay in Iowa not because labor demand is meeting supply, but because the profession itself discourages leaving. That dynamic inflates the sector's retention figure in a way that doesn't reflect broader market alignment.

Additionally, 76% of jobs in educational services require post-secondary education, meaning most positions in the sector are degree appropriate. While the sector shows overproduction relative to its employment footprint, the high degree intensity and structural barriers to out-migration combine to

produce retention outcomes that mask the underlying supply-demand imbalance. In other fields, the overproduction of labor results in outmigration. In the case of educational services, the oversupply of labor may put downward pressure on wages instead.

Finance and Insurance

Finance and insurance shows a pattern consistent with professional, scientific, and technical services. Approximately 9% of graduates entered the sector despite it comprising only 5.4% of nonfarm jobs in 2022, resulting in a 3.6 percentage-point gap. See figure 4. The sector retains 61.4% of its graduates—below the 65.3% benchmark. See figure 5.

This sector draws heavily from business management, marketing, and related support services, which retained only 50% of its 7,740 graduates, one of the worst retention rates among all fields of study. See figure 3. Unlike educational services, this sector lacks the structural barriers that prevent out-migration. While 44.8% of jobs in the sector require postsecondary education—a moderate share—graduates enter it at rates exceeding the sector's share of total employment. This gap suggests overproduction relative to available positions, which increases competition for a limited number of in-state roles and contributes to outmigration.

Health Care and Social Assistance

Health care and social assistance is Iowa's second-largest employment sector, representing 13% and 14% of nonfarm jobs in 2022 and 2032, respectively. Yet only 12% of graduates enter the sector. As shown in figure 4, 2022 saw a modest 0.60 percentage-point shortfall that fell within the acceptable alignment range. That gap is expected to grow to 1.6 percentage points by 2032, suggesting the sector remains at risk for future underproduction of degrees. The sector retains about 66.4% of its graduates, which is slightly above the 65.3% benchmark. See figure 5.

The sector draws primarily from health professions and related programs, which produced 1,145 graduates in the 2019–21 cohort and retained 69% of them—slightly above both the sector average and the benchmark. See figure 3. Additionally, 59.6% of jobs in the sector require post-secondary education, indicating substantial degree-appropriate employment. See figure 5.

The sector exhibits near-alignment between graduate share and employment share while maintaining retention rates at or slightly above expectations. This finding suggests current degree production levels roughly match the sector's capacity to absorb graduates. However, the widening gap projected for 2032 indicates potential future shortfalls. In the meantime, the sector's ability to maintain benchmark-level retention may reflect adequate alignment between supply and available positions.

THE ECONOMIC IMPACT OF DEGREE PRODUCTION REALIGNMENT

The sector-level analysis suggests Iowa's regent universities produce graduates at a distribution that does not reflect the structure of the state's labor market. Overproduction concentrates in smaller sectors like professional, scientific, and technical services and finance and insurance, while larger employment sectors remain underserved. The magnitude of these gaps, particularly the 11.6 percentage-point imbalance in professional, scientific, and technical services, translates directly into graduates leaving the state for employment elsewhere.

Common Sense Institute models a counterfactual scenario to illustrate the economic stakes of misalignment—one in which Iowa's graduate pipeline is perfectly aligned with its nonfarm labor market. Sector-specific employment is rebalanced to match projected labor demand, redistributing degree production across industries to close identified supply-demand gaps. This rebalancing yields approximately 1,199 surplus graduates—calculated as the difference between current degree production and the sector-aligned workforce demand—who would otherwise leave Iowa for out-of-state labor markets. Retaining these graduates in-state would generate an estimated $55 million in wage income and $5.1 million in state tax revenue, in addition to the broader economic activity of 1,199 additional residents contributing to Iowa's economy.

These inputs are modeled through a REMI Tax-PI simulation to estimate the broader macroeconomic effects. The result illustrates what Iowa's economy stands to gain under full alignment in a single year. The finding is neither a forecast nor a policy recommendation. The scenario makes no claim that perfect rebalancing is achievable or even desirable in totality. It simply illustrates the economic value of closing the gap between what Iowa's public universities produce and what its economy demands. A detailed methodology is available in the methodology section.

Table 1 presents the estimated single-year dynamic impact of fully aligning Iowa's regent university graduate pipeline with projected 2027 labor market demand. Under full realignment, gross domestic product would grow by an estimated $52 million,

TABLE 1. THE ECONOMIC COST OF DEGREE-LABOR MARKET REALIGNMENT AT IOWA'S REGENT UNIVERSITIES, 2027

Category	2027
Gross Domestic Product (mln)	$52
Output (mln)	$145
Personal Income (mln)	$84
Disposable Personal Income (mln)	$74

Source: REMI, CSI Analysis
Note: Outputs reflect the one-year impact of the respective graduating class. For example, the 2027 outputs indicate the estimated impact of degree misalignment for the 2026 graduating cohort, one-year post graduation.

while total economic output would increase by $145 million. Personal income would grow by $84 million and disposable personal income by $74 million, driven primarily by the $55 million direct increase in wage income of the retained graduates.

These results reflect a single graduating cohort in a single year and do not compound successive cohorts. The figures therefore understate the cumulative economic value of sustained alignment over time. Nonetheless, these estimates represent economic outcomes Iowa should expect to forgo next year if current misalignment persists. Every graduating class that is not realigned represents another cohort of surplus graduates who leave the state—taking with them their wage income, tax contributions, and the downstream economic activity their spending would have supported. Over time, the cumulative cost of inaction will also compound. Each departing cohort will permanently reduce Iowa's working-age population, narrow its tax base, and weaken the labor supply available to employers already struggling to fill critical positions.

Iowa's public universities generate substantial returns to the state across many dimensions, and nothing in this analysis suggests otherwise. But the misalignment identified here represents a meaningful and addressable inefficiency—one where a portion of the state's investment in higher education yields returns realized elsewhere. The data already exists to identify where the gaps are largest. The sector-level and field-of-study findings in this report point to a clear starting place. Closing even a portion of the alignment gap would help Iowa retain more of its homegrown talent and capture more of the economic return on taxpayer investment in its public universities.

RECOMMENDATIONS

This report identifies misalignment between Iowa's degree production and its labor market structure, quantifying both the retention gaps by field of study and the sector-level imbalances driving graduate out-migration. The Iowa Board of Regents is taking meaningful steps to address workforce alignment. In November 2025, the Board presented a comprehensive workforce alignment review that connected degree programs to labor market outcomes using public data sources, including Iowa Workforce Development, the U.S. Census Bureau, and the Bureau of Labor Statistics.[21] The Board also launched a public Recent Alumni Career Outcomes dashboard that publishes income data at one, five, and ten years post-graduation. Additionally, the dashboard tracks average student debt by program, providing transparency that helps students make informed decisions. These efforts demonstrate a commitment to serving Iowa's workforce development goals. As the Board's November 2025 workforce alignment report acknowledges, however, a critical data gap limits the ability to fully assess alignment.[22]

Currently, the available data does not connect majors to specific occupations, only to the industry. This deficit means current data cannot precisely trace whether individual graduates work in sectors relevant to their degrees, as noted in this report. An engineering graduate retained in Iowa may be employed in finance rather than manufacturing or technical services, for example. A business degree holder may work in health care administration rather than professional services. Without data that draws a clearer connection between degrees obtained and specific post-graduation occupations, it remains difficult to distinguish between graduates who leave because no relevant jobs exist and those who stay but work outside their field of training. Likewise, current data does not allow researchers to measure how effectively degree programs are placing graduates in field-appropriate employment.

Adding enhanced degree-to-occupation tracking to the Board of Regents' existing workforce alignment initiatives would provide valuable information for improving workforce development in Iowa. Currently, available data links graduates to broad industry sectors, but does not consistently capture whether a graduate's specific field of study aligns with their eventual occupation. Collecting data at this finer level would help identify which programs successfully place graduates in occupations in Iowa that match their training and which produce workers who leave the state or accept employment outside their field.

BOTTOM LINE

Iowa's regent universities produce graduates at a distribution that does not reflect the structure of the state's labor market, and that misalignment carries a measurable economic cost. The two largest degree-producing programs, business management and engineering, are also the two most retention-challenged fields. Iowa's public universities currently produce more graduates trained for work in these sectors than what these sectors can absorb within the state's economy. The result is a public investment in human capital that increasingly yields its returns elsewhere—in the states and labor markets that import the graduates Iowa trains. Based on the latest publicly available data and CSI analysis and modeling, the upcoming 2026 graduating cohort alone could generate an estimated $52 million in GDP and $84 million in personal income within one year of graduation—if degree output were better matched to Iowa's labor market.

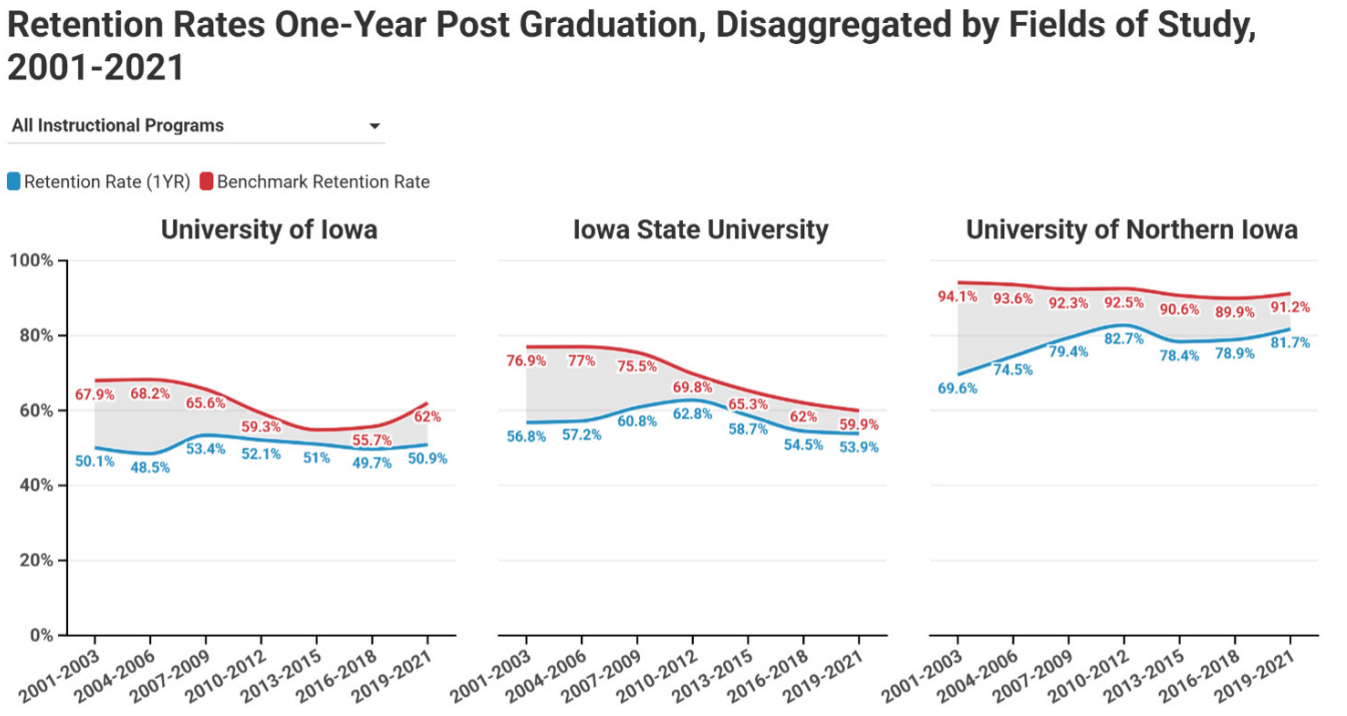
Addressing this gap does not require narrowing the mission of public higher education. It first requires better data. The Iowa Board of Regents has already begun publishing workforce alignment reviews and career outcomes dashboards. The next step is enhanced field-to-sector employment tracking that connects what students study to where they actually work. With this data, policymakers and universities can make more deliberate decisions about degree production and ensure Iowa's investment in its graduates more consistently translates into economic growth for Iowa.

SUPPLEMENTAL USER DASHBOARDS

The following dashboards extend the analysis presented in the main report by allowing readers to explore retention trends at the individual university level, filtered by field of study and NAICS sector. Each dashboard tracks one-year post-graduation retention rates against CSI's benchmark from 2001 to 2021, making it possible to assess whether retention gaps have widened, narrowed, or persisted over time across specific programs and industries. Policymakers, university administrators, and researchers are encouraged to use these tools to identify patterns relevant to their institution or area of interest.

The field of study dashboard in figure 6 disaggregates retention by instructional program across the University of Iowa, Iowa State University, and the University of Northern Iowa. The dropdown filter allows users to isolate specific fields of study, revealing which programs drive the most significant departures from the benchmark at each university.

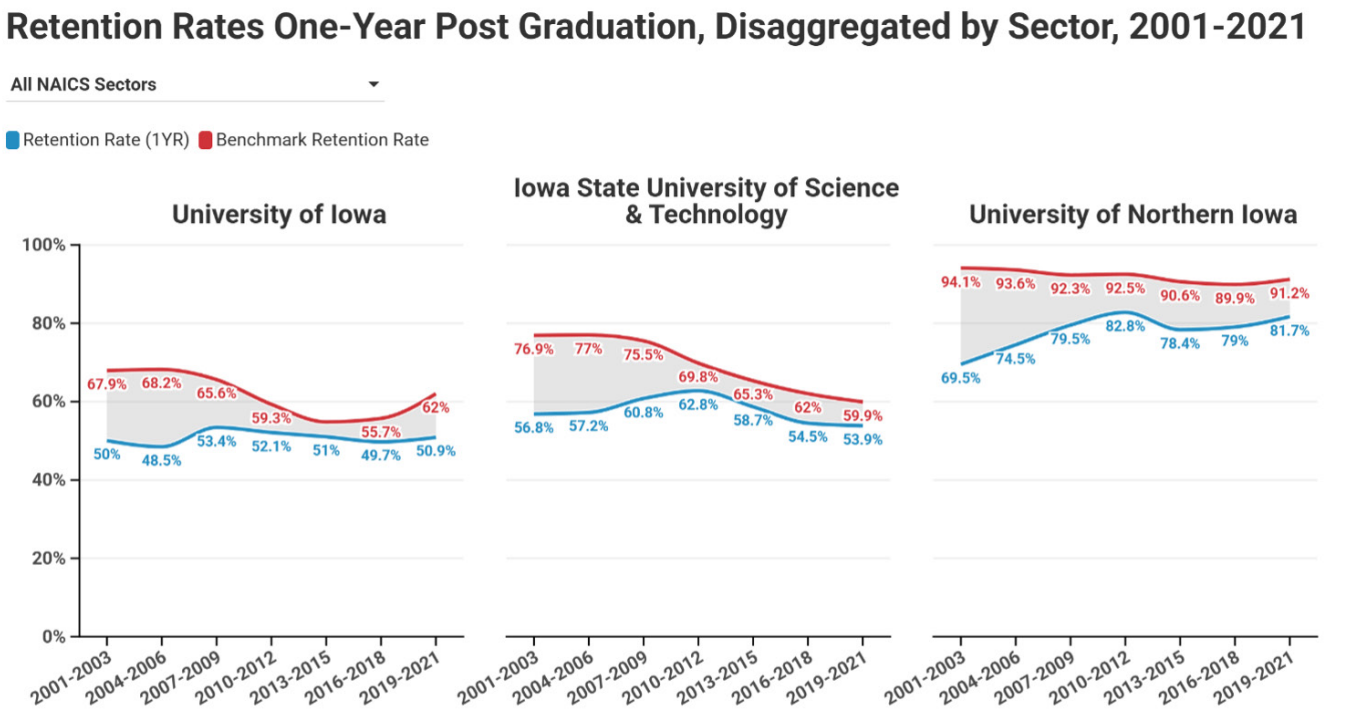
FIGURE 6.



Source: Post-Secondary Employment Outcomes, Iowa Board of Regents, CSI Analysis

The sector dashboard presents the same view but filtered by major NAICS industry classification. Users can isolate individual sectors by examining whether retention shortfalls are broad-based or concentrated in specific industries—providing additional context for the sector-level misalignment findings discussed in the main report.

FIGURE 7.



Source: Post-Secondary Employment Outcomes, Iowa Board of Regents, CSI Analysis

METHODOLOGY

To estimate the degree of alignment between Iowa's public university graduate pipeline and its nonfarm labor market, Common Sense Institute followed a multi-step modeling process. The analysis focuses on the 2027 graduating cohort that represents students graduating in the spring of 2026 and about to enter the workforce. The outputs of the table illustrate the single-year economic impact of degree realignment.

First, sector employment data from Iowa Workforce Development was used to interpolate the composition of Iowa's nonfarm labor market between 2022 and 2032, producing annual estimates of each sector's share of total employment across the projection window.[23]

Second, the 2027 sector employment shares were applied to the projected total number of graduates from Iowa's regent universities in that year, scaled by the expected share of in-state students relative to total enrollment. This calculation produced an ideal distribution of graduates across sectors—the number that would be produced if the graduate pipeline perfectly mirrored labor market demand among in-state students.

Third, the ideal graduate count was compared against projected actual production. The projected production assumes each field's share of total regent graduates will remain consistent with observed patterns from the 2019–21 cohort, distributed proportionally across sectors based on each field's share of total in-state graduates. The difference between the ideal and projected figures identifies the gap between what the labor market demands and what the university system is expected to supply. Positive values indicate underproduction relative to demand; negative values indicate overproduction. By construction, these gaps net to zero across all sectors—every graduate redirected from an oversupplied field fills a shortage elsewhere.

Fourth, the overproduction totals were used to estimate the economic benefit of realignment. Sectors where the university system currently overproduces graduates—approximately 1,199 graduates in 2027—represent workers the Iowa economy cannot absorb in their trained fields. Under current conditions, these surplus graduates leave the state, taking their earnings and economic activity with them. Under realignment, these graduates would instead be trained in fields matching Iowa's labor demand, enabling them to remain employed in-state. The model estimates three channels through which realignment generates economic value: retained wage income ($55 million, based on the median first-year earnings of Iowa bachelor's degree recipients from the Post-Secondary Employment Outcomes dataset), recovered state tax revenue ($5.1 million, at an effective 9.23% tax rate), and the retained population itself (1,199 residents who would otherwise have left).[24] These values were entered as positive shocks into a REMI Tax-PI model to estimate the broader macroeconomic effects of keeping these graduates—and their economic contributions—within Iowa.

Two important limitations should be noted. The model incorporates a one-year lag: economic output estimates for 2027 reflect the 2026 graduating cohort entering one-year post-graduation employment. Additionally, the model captures only the direct, single-year impact of realignment. It does not model the compounding effects that would accumulate as successive cohorts enter the workforce with improved alignment. This counterfactual scenario should therefore be understood as a conservative, single-period illustration of alignment's economic value, not a cumulative forecast.

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