COMMON SENSE INSTITUTE

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PEOPLE—IOWA'S MOST VALUABLE EXPORT

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ABOUT THE AUTHORS

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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

Iowa's long-standing strength in workforce quality is increasingly undermined by a quiet but persistent crisis: the outmigration of its college-educated young adults. Each year, hundreds of highly skilled Iowans graduate—and then leave. This talent drain is reshaping Iowa's labor market and threatening the state's long-term economic competitiveness. Building on earlier CSI research, this report quantifies the cost of losing Iowa's educated workforce by combining microdata on interstate migration with economic modeling. The findings estimate the public investment lost when college graduates depart the state and the broader, long-term consequences for GDP, personal income, and the vitality of Iowa's high-skill labor force.

KEY FINDINGS

- In 2024, Iowa had the **seventh highest cumulative net outmigration of bachelor's degree holders aged 25 to 29 nationally** and the highest of any Midwestern state.
  - After adjusting for population, Iowa ranked fourth nationally and third in the Midwest for net outflows in this group.
- From early adulthood through age 60 (2023 to 2060), one individual Iowan who left the state post-graduation is projected to earn an estimated **$4.5 million in total gross nominal earnings.**
  - State and local governments in Iowa forego **$383,991 in tax revenue over the working life of each out-migrating graduate.**
- Using dynamic economic modeling, CSI projects the net loss of 3,445 college-educated Iowans in 2023 translates to a long-term economic loss of—
  - **$6.1 billion in GDP by 2060 and**
  - **$17.6 billion in cumulative personal income by 2060.**
- From kindergarten through college (2006–2022), **CSI estimates the total cost to educate a single Iowan at $255,713,** not adjusted for inflation, including:
  - $147,921 in public investment by the state of Iowa,
  - $107,791 in private spending by families, primarily during post-secondary years.
- Cumulatively across all levels of educational attainment, from 1982 to 2024 **Iowa experienced a total net outflow of 41,424 young adults aged 25- to 29-years-old or an average net outflow of 986 Iowans per year.** Disaggregated by educational attainment, this comes out to the following cumulative flows:
  - Bachelor's degree or higher: **Net outflow of 93,058,**
  - Some College: **Net outflow of 16,337,**
  - High School Graduate: **Net inflow of 35,702,**
  - Less than High School Graduate: **Net inflow of 32,269.**
- Of Americans born in 1992, those born and raised in Iowa earn the third highest average incomes nationally among their peers, according to Opportunity Atlas.

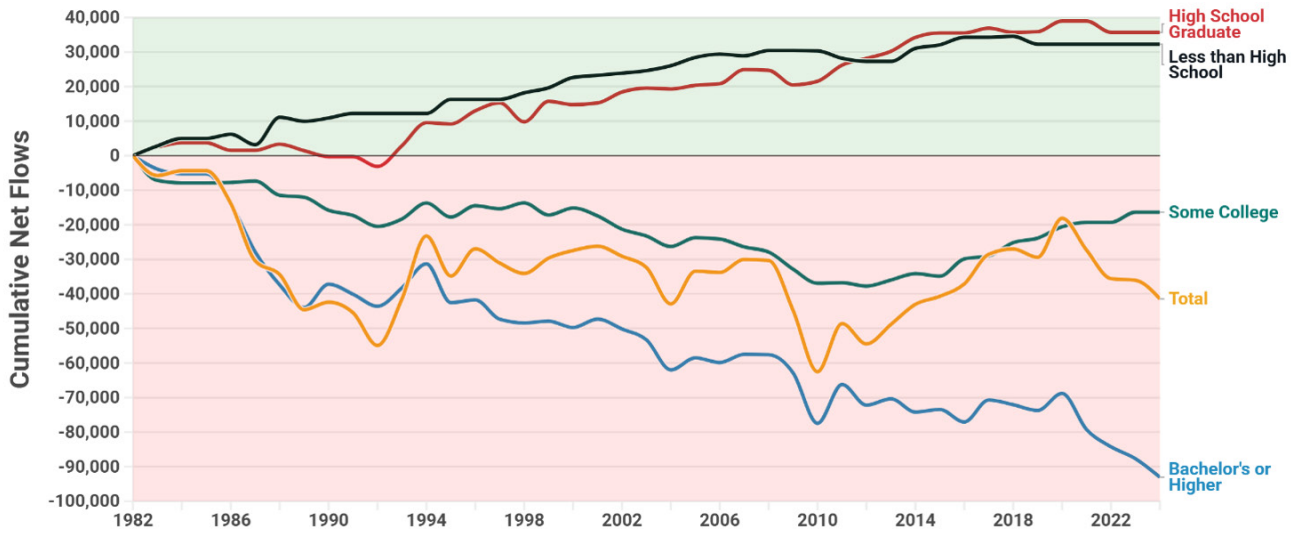
IOWA'S NET OUTFLOW OF YOUNG GRADUATES

In its February 2025 report, "Demographics are Destiny: How Iowa's Demographics are Shaping the State's Population, Workforce, and Economy," Common Sense Institute briefly noted that Iowa's outbound migration flows are heavily concentrated among young adults. A subsequent report, "Where are the Men," further highlighted that this trend is particularly prevalent among the college-educated. The growing absence of young, educated Iowans raises concerns for the state's economy. Fewer young adults entering the labor force amid an increasingly ageing population poses the risk of slower economic growth for the state.[1] This report builds upon CSI's previous findings to take a closer look at who is leaving the state.

As earlier CSI research has shown, outbound migration among young adults is concentrated among those with postsecondary degrees.[2] In this section, CSI focuses on Iowans aged 25 to 29 to quantify that pattern. This age group was selected because it represents the critical transition from graduation to the early stages of career establishment. These five years provide a meaningful window for new workers to assess whether Iowa's labor market adequately rewards their skills. The analysis in this section assesses net domestic migration patterns using weighted Integrated Public Use Microdata Series (IPUMS) data. The IPUMS database is publicly available and maintained by the University of Minnesota.[3] For details on the data sources and variables used in this analysis, see the Methodology section.

To understand how migration differs by education, CSI disaggregated the IPUMS data into four major educational attainment groups, ranging from less than high school to a bachelor's degree or higher. Figure 1 visualizes cumulative net migration flows for each of these groups from 1982 to 2024.

FIGURE 1. CUMULATIVE NET FLOWS OF 25- TO 29-YEAR-OLDS BY EDUCATION ATTAINMENT IN IOWA, 1982 TO 2024



Source: CSI Calculations, IPUMS

The magnitude of net migration outflows is stark. Since 1982, Iowa has experienced a total net cumulative outflow of 41,424 (figure 1, yellow line) young adults aged 25- to 29-years old. This equates to an average net outflow of 986 Iowans per year over this 42-year period. Of the total net outflows, 93,058 (figure 1, blue line) held a bachelor's degree or higher—the largest outflow among all four education groups. The only other group with a net outflow was those with "some college," totaling 16,337 (figure 1, green line). In contrast, individuals with only a high school diploma or less contributed to net inflows of 35,702 (figure 1, red line) and 32,269 (figure 1, black line), respectively. In absolute terms, these migration trends are worrisome for Iowa's labor force and economy. These trends hold when comparing Iowa with other states. Figure 2 visualizes cumulative net migration flows of 25- to 29-year-old bachelor's degree holders across all 50 states over the same period as shown in figure 1.

FIGURE 2. CUMULATIVE NET FLOWS OF 25- TO 29-YEAR-OLDS, BACHELOR'S DEGREE OR HIGHER, 1982 TO 2024

Source: CSI Calculations, IPUMS

In 2024, Iowa ranked seventh highest in the nation for cumulative nominal net outmigration of bachelor's degree holders in this age group, the highest of any Midwestern state. When adjusted for state population size, Iowa ranked fourth nationally and third in the Midwest. Figure O in the appendix visualizes these per-capita net flows. This trend presents a serious challenge for policymakers and employers. As young, college-educated Iowans continue to leave at disproportionate rates, they effectively take with them thousands of dollars in taxpayer-funded public education investment and decades of future earning potential—resulting in a significant net loss to Iowa's workforce and economy.

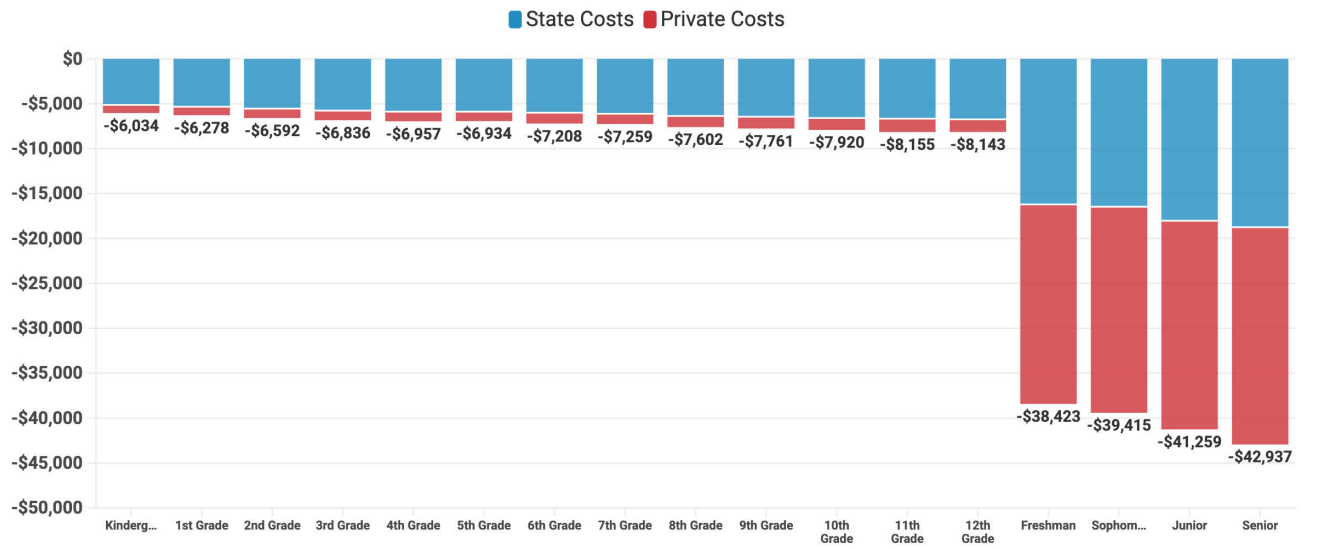
WHAT DOES NET OUTMIGRATION COST THE STATE?

The outmigration of highly educated young Iowans comes at a steep price—not only in terms of lost potential, but in real fiscal and economic terms. When a college graduate leaves the state, Iowa loses the future tax contributions, spending, and productivity that individual would have otherwise generated over a lifetime. At the same time, the state faces a significant opportunity cost: public funds invested in education become a depreciating asset when the return—human capital—is realized elsewhere. These losses compound over decades and across thousands of individuals, ultimately weakening the state's long-term fiscal health and economic vitality. The following subsections illustrate both the upfront investment Iowa makes in its young people and the downstream losses incurred when those individuals build their careers elsewhere.

Societal Cost of Iowa Public Education

Iowa's investment in human capital begins early. From kindergarten through college, the state provides substantial public funding to support the development of its future workforce. This subsection's analysis uses education expenditures for public K–12 education and public universities. It splits expenditures between state and local tax dollars and private costs incurred by parents. The analysis tracks a hypothetical average Iowan who entered kindergarten in 2006 and graduated from a public Iowa university in 2022. This case study serves to represent the opportunity cost in public and private investments of students entering the workforce today. When students leave Iowa after graduation, the return on that investment is essentially exported to another state, leaving Iowa with the sunk costs of development but none of the economic or fiscal benefits. Detailed information on the sources of these cost estimates is available in the Methodology section.

FIGURE 3. COST TO EDUCATE AVERAGE IOWAN IN PUBLIC SCHOOL SYSTEM, 2006 TO 2022



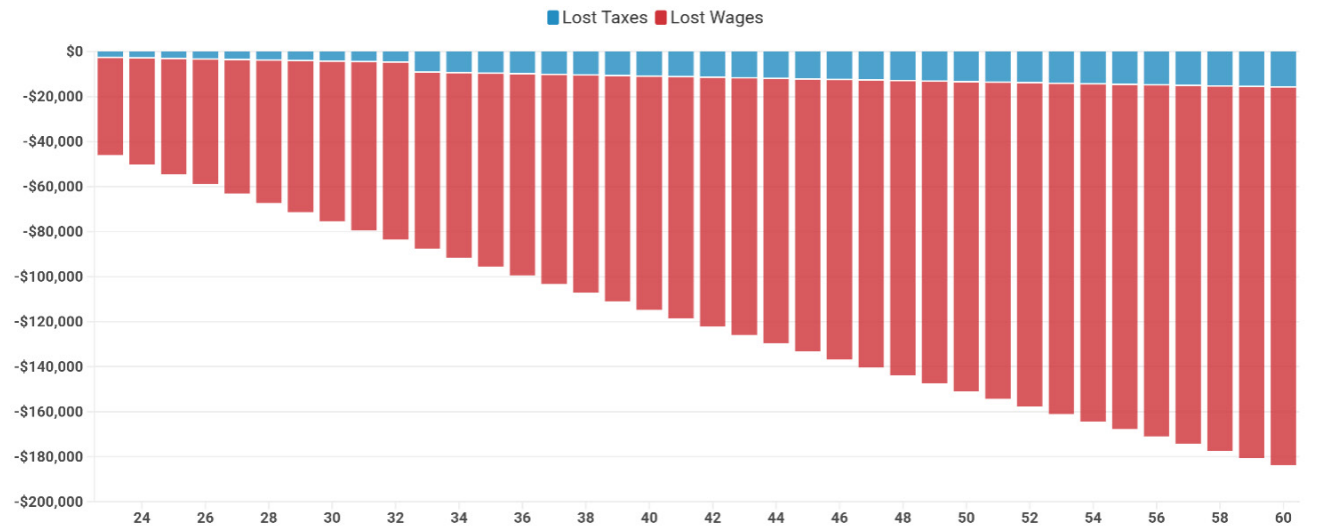
Source: CSI Calculations
Note: Detailed data sources available in the Methodology section.

From kindergarten through college graduation, the state of Iowa invested an estimated $147,921 per student in public education from 2006 to 2022. Families contributed an additional $107,791—most of it during the post-secondary years—bringing the total cost to educate a single Iowan to $255,713. When graduates leave Iowa, the state incurs a net loss: public funds intended to build long-term human capital instead leave the local economy, forfeiting potential returns from taxpayer investment that could have supported economic activity and growth in Iowa. When parents invest private dollars in their children's education, they presumably care about it adding value for their child, regardless of where he or she resides after graduation. Nonetheless, from Iowa's perspective these private dollars represent another economic opportunity lost—capital that could have otherwise fueled local industries or generated higher in-state returns.

Direct Costs of Losing a Young Degree Holder

There are significant economic implications in losing a college-educated Iowan. As shown in figure 4, each outmigrant represents hundreds of thousands of dollars in forgone taxable wages over a working lifetime. This amounts to millions in lost economic output over a 38-year period. These losses affect state and local governments, with property taxes comprising a significant portion of the local share. The broader economy also takes a hit, as these individuals tend to be higher earners and consumers. Over time, the cumulative effect of this talent drain reduces Iowa's ability to grow, innovate, and fund essential public services. Detailed information on the source of these cost estimates is available in the Methodology section.

FIGURE 4. COST TO LOSE AVERAGE, COLLEGE-GRADUATE IOWAN, 2023 TO 2060



Source: CSI Calculations
Note: Detailed data sources available in the Methodology section.

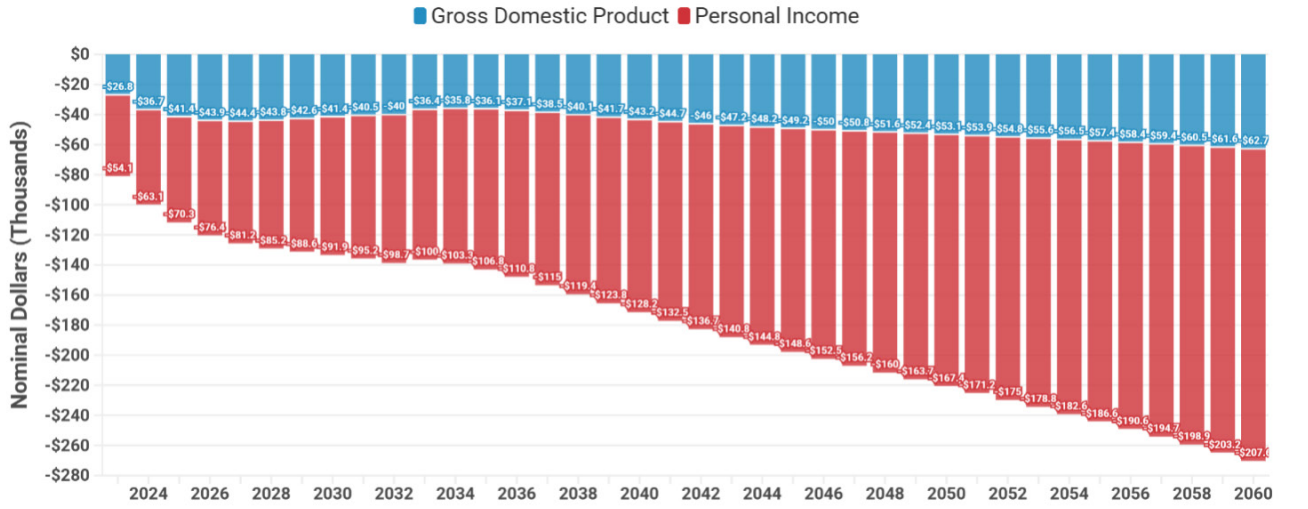
From early adulthood through age 60 each Iowan who leaves the state represents an estimated $383,991 in forgone tax revenue. The state bears the larger share of this loss—about $249,048 or 64.9%. Local governments lose approximately $134,942, mostly property taxes, accounting for the remaining 35.1%. Beyond the fiscal impact, total nominal earnings lost to Iowa's economy—after subtracting those taxes—are projected at $4.1 million per individual by age 60. This is a substantial long-term drain on the state's economic base, and it serves as the foundation for the next section's dynamic economic analysis.

Dynamic Economic Impact of Losing a Young Degree Holder

Domestic net outmigration of educated Iowans creates ripple effects throughout the state's economy. Common Sense Institute quantifies the indirect economic implications of this talent outflow using the REMI Tax-PI model. This dynamic model allows CSI to simulate the impact on Iowa's economy of losing a college-educated worker.

The model utilizes two primary components: lost tax revenue and lost wages. The inputs for this model can be found in figure 4. Lost revenue includes forgone income taxes, sales taxes, and property taxes that would have been generated had the individual remained in Iowa. Property tax losses are estimated beginning at age 33, under the assumption that the person would have purchased a home at that point. Lost wages represent the total gross labor income the individual would have earned while living and working in Iowa. This captures the broader loss of human capital to the state's economy and the resulting decline in productivity, consumption, and taxable income over time. Figure 5 forecasts the indirect economic costs associated with each out-migrating college graduate from 2023 to 2060, covering the individual's working years from roughly age 23 to 60.

FIGURE 5. INDIRECT ECONOMIC COST PER OUT-MIGRATING STUDENT (AGE 23 TO 60)



Source: REMI, CSI Calculations
Note: Detailed data sources available in the Methodology section.

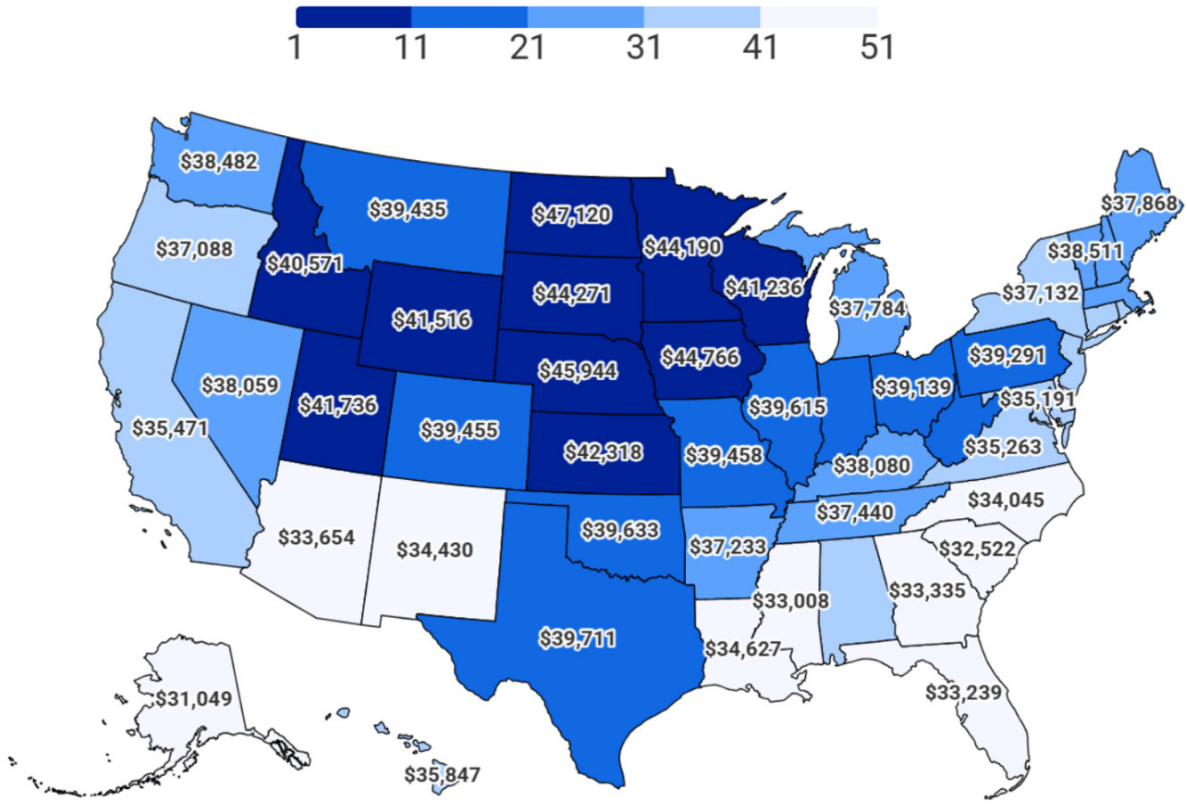
Each year the state loses a college-educated Iowan, it forfeits an estimated $26,821 in gross domestic product (GDP) and $54,081 in personal income. Over a full 38-year working life, the economic impact of one college-educated Iowan leaving the state after graduation compounds significantly, totaling approximately $1.7 million in lost GDP and $5.1 million in lost personal income per person. Based on a net outmigration of 3,445 college-educated Iowans in 2023 alone (see Figure A), the total long-term projected loss to Iowa's economy from all outmigration amounts to $6.1 billion in GDP and $17.6 billion in personal income by 2060. This forecast does not represent money Iowa actively loses from its economy but rather foregone economic gains that would have occurred had out-migrating college graduates remained in the state.

THE MARKET VALUE OF IOWA'S EXPORTED LABOR

At its core, the loss of talent from Iowa's economy comes down to labor market supply and demand. Iowa produces a steady supply of educated, work-ready individuals, but its demand for high-skilled labor—reflected in job opportunities and wages—is often outpaced by stronger labor markets in other states. In-demand workers gravitate toward regions where wages and career opportunities converge in their favor. Regions with more diverse economies, higher wages, and denser professional networks can "poach" Iowa's talent through market gravity. When the marginal return to education is greater elsewhere, mobile workers will leave in pursuit of it. In this framework, Iowa becomes a net exporter of human capital. And because college-educated workers are especially responsive to opportunity differences, even modest gaps in compensation or career potential can drive persistent outmigration.

For Iowa, this means that even though the state produces capable and educated individuals, it struggles to retain them in the face of competitive out-of-state opportunities. In many ways, Iowa produces more human capital than its own economy can fully absorb. This creates what economists might consider a positive externality for the rest of the country: other states benefit from Iowa's investment in people—through education, culture, and community values—without having borne the cost of developing that talent. When Iowans relocate, their incomes often outperform their peers' incomes in new environments, signaling that the value was embedded in the person, not necessarily the place they moved to. Figure 6 illustrates this dynamic using the average household income outcomes of people born in 1992, based on where they grew up.

FIGURE 6. AVERAGE HOUSEHOLD INCOME OUTCOMES BASED ON LOCATION OF CHILDHOOD, BORN 1992



Source: Opportunity Atlas
Note: States are colored by rank.

Using data from Opportunity Atlas, figure F ranks states based on the average household income of individuals born in 1992 and raised in the state, regardless of where they reside today. Of the Americans born in 1992, those born and raised in Iowa earn the third highest average incomes nationally as working adults. This strongly supports the idea that Iowa cultivates a labor force with high intrinsic values that employers across the country are willing to compete for. This dataset pays no regard to where these individuals end up living and working while earning their above-average incomes. It considers only where they were born and raised. The data explored in the previous sections of this report provides that information: many of Iowa's most valuable laborers realize their full labor market value by leaving Iowa to seek employment and income.

This outcome does not occur by accident. It results from a combination of cultural norms, educational infrastructure, and economic opportunity during formative years that create value in the Iowa-raised worker. Yet, the state struggles to retain this skilled workforce. Future CSI research will explore the underlying causes of the state's so-called "brain drain."

BOTTOM LINE

Iowa produces a talented and in-demand workforce, which the state struggles to retain after graduation. By the time a young college graduate leaves the state, Iowa—both from public and private resources—has made substantial investments into that individual. When they leave, the economic return on that investment leaves with them. Already, this outmigration has cost Iowa billions in lost GDP and personal income. Without action to bridge the gap between the state's education pipeline and its economic opportunities, the talent drain will intensify—undermining Iowa's ability to grow, compete, and thrive in the decades ahead. Future research could help illuminate why the talent Iowa produces is in such high demand elsewhere and examine the strengths and limitations of Iowa's labor force in the national context.

METHODOLOGY

IPUMS

This analysis examines net interstate migration flows among young adults aged 25 to 29 using data from the IPUMS CPS ASEC sample. The goal is to understand how migration patterns vary by educational attainment across U.S. states. The analysis includes only individuals with valid responses for both current residence and residence one year ago. Migration flows are measured at the state level and disaggregated by year and education group. Population-level estimates were produced using person-level sampling weights. The following variables were used in this analysis:

AGE (Age): The sample was restricted to individuals aged 25 to 29 to focus on young adults who are likely to have completed their formal education and are in the early stages of their working lives.

STATEFIP (Current State of Residence): Indicates the respondent's current state of residence at the time of the survey. This variable determines destination states for in-migration and the basis for net migration flow calculations.

MIGSTA1 (State of Residence One Year Ago): Represents the state where the respondent lived one year prior to the survey. When this value differed from STATEFIP, the respondent was classified as a state-to-state mover. MIGSTA1 was used to identify origin states for out-migration.

EDUC (Educational Attainment): Educational attainment was grouped into four categories: Less than High School, High School Graduate, Some College or Associate's Degree, and Bachelor's Degree or Higher. These groupings were used to disaggregate migration flows and examine differences in net movement by education level.

ASECWT (Sampling Weight): The ASEC person weight was applied to generate weighted estimates of in-migrants and out-migrants by state and education group, ensuring that results reflect the U.S. population.

Migration flows were measured at the state level by comparing individuals' current state of residence with their state of residence one year earlier. An inflow refers to the weighted number of individuals who moved into a given state from another U.S. state, while an outflow captures those who left that state for another. The difference between these two measures yields net migration, with positive values indicating a net gain of residents and negative values indicating a net loss. All flows were weighed using person-level sampling weights to produce population-representative estimates, and results were disaggregated by educational attainment to highlight differences in migration patterns across education groups.

Kindergarten through College Education Cost Estimates

This analysis estimates the annual cost of educating a student in Iowa by combining public expenditures and private, out-of-pocket costs across both K–12 and postsecondary education. For K–12 students, the primary measure of state investment is the State Cost Per Pupil (SCPP), which reflects the baseline funding amount allocated per student through Iowa's school finance formula.[4] To account for private household spending, the analysis incorporates estimates from the Bureau of Labor Statistics (BLS) Consumer Expenditure Survey, which captures average annual education-related expenses paid by families—such as school supplies, extracurricular fees, tutoring, and other costs incurred by parents of public-school children.[5]

For post-secondary education, the analysis focuses on Iowa's three public regent universities: the University of Iowa, Iowa State University, and the University of Northern Iowa. State funding per pupil is calculated by dividing the total annual appropriations to these universities, as reported in the state budget, by the number of in-state undergraduate students enrolled each year.[6] In addition, the analysis includes per-student funding from the Iowa College Student Aid Commission, derived by dividing the Commission's total state-funded budget by the same in-state enrollment figure.[7] This captures direct state investment in financial aid beyond institutional support.

To reflect the private cost of attending a regent university, the analysis aggregates several components of the published cost of attendance. These include average annual tuition and fees, room and board, textbooks and supplies, transportation, and other personal expenses.[8] These costs are averaged across the three regent institutions to represent a typical student's financial burden.

Post-Graduation Cost Estimates

This analysis estimates the long-term post-graduation fiscal contributions of Iowa regent university graduates by modeling projected wage earnings and associated tax revenues at 1, 5, and 10 years after graduation. Wage estimates are derived from the Postsecondary Employment Outcomes (PSEO) data series, which provides observed median income trajectories for graduates of Iowa's public universities.

Using these income estimates, the analysis calculates expected income tax contributions based on a flat state tax rate of 3.8%, applied to gross earnings. Sales tax contributions are estimated by assuming that 25% of gross income is subject to Iowa's (plus local) 6.94% sales tax rate.

In addition to income and sales taxes, the model incorporates property tax contributions beginning at age 33, under the assumption that graduates become homeowners at that age. Property tax payments are calculated using a median home value of $300,000, with Iowa's effective average property tax rates applied. To reflect inflationary growth in local tax obligations, annual property tax payments are assumed to increase by 1% each year.

APPENDIX

FIGURE 7. PER-CAPITA CUMULATIVE NET FLOWS OF 25- TO 29-YEAR-OLDS, BACHELOR'S DEGREE OR HIGHER, 1982 TO 2024

Source: CSI Calculations, IPUMS

ENDNOTES

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