



ISSUE BRIEF : Q1 2020

# IOWA IS NOT FULL

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## STATE REPORT



**BUSINESSFORWARD**  
FOUNDATION

# TOPLINE

President Trump argues we cannot accommodate more immigrants because “our country is full.”

In fact, America has an aging problem, declining birthrates, and thousands of underpopulated cities and towns struggling with falling home prices and dwindling tax revenue. We need immigrants to keep our economy growing.

“Our country is full.  
Our area is full.  
The sector is full...  
Can’t take you anymore.  
I’m sorry, turn around,  
that’s the way it is.”

- PRESIDENT DONALD TRUMP

## U.S.

1. The U.S. has plenty of land, water, food, and energy.
2. America’s problem is fewer babies, fewer workers, and migration from small towns to big cities.
3. Trump’s restrictive immigration policies are bad for business, property values, pensions, and social security.
4. Over 10 years, restrictive immigration policies could cost \$1.5 trillion in GDP and 15.3 million jobs.<sup>2</sup>
5. Countries currently on the track Trump recommends are struggling.

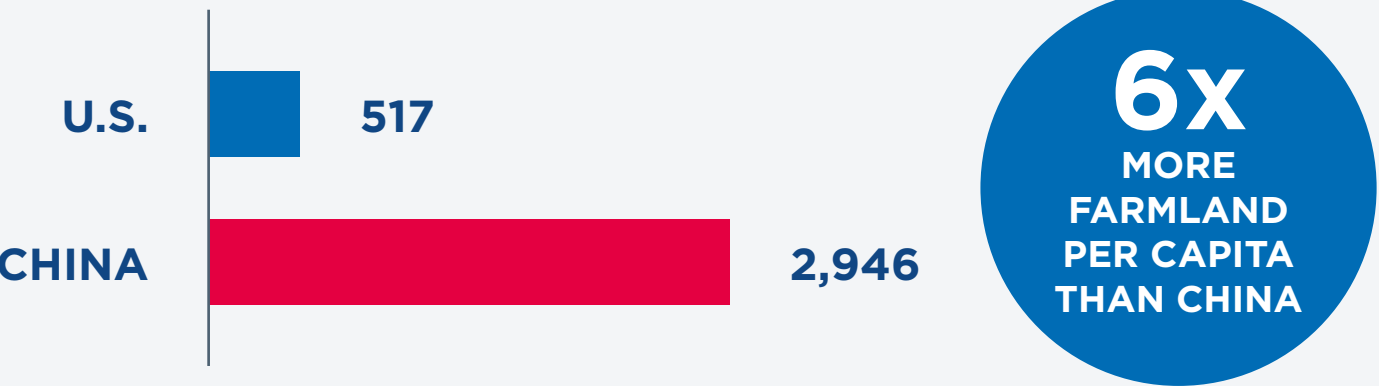
## IOWA

1. Iowa’s population is among the oldest in the U.S., and it is aging faster than the rest of the country.
2. Its aging population is slowing business formation and job growth. It’s also increasing health care costs and encouraging younger workers to leave.
3. Immigrants already contribute \$296 million to Iowa’s economy each year.<sup>3</sup> Continued immigration could prevent its economy from spiraling.
4. A balanced immigration policy would grow Iowa’s GDP by \$5.1 billion over ten years. Restrictive policies would reduce its GDP by \$4 billion.<sup>4</sup>

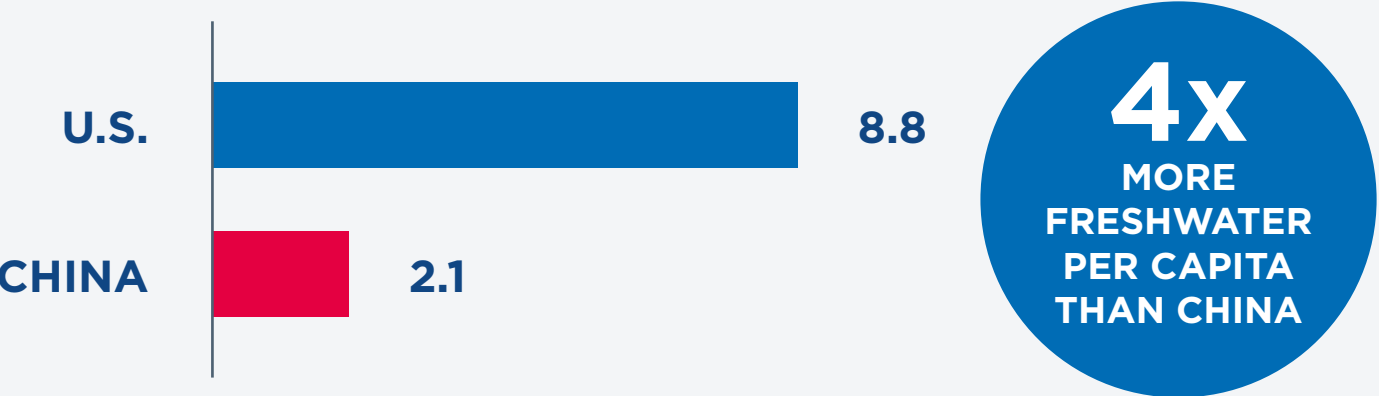
# THE U.S. HAS PLENTY OF LAND, WATER, FOOD, AND ENERGY FOR MILLIONS OF NEW AMERICANS

## FARMABLE LAND & FRESHWATER

PEOPLE PER SQUARE MILE  
OF FARMABLE LAND<sup>5</sup>



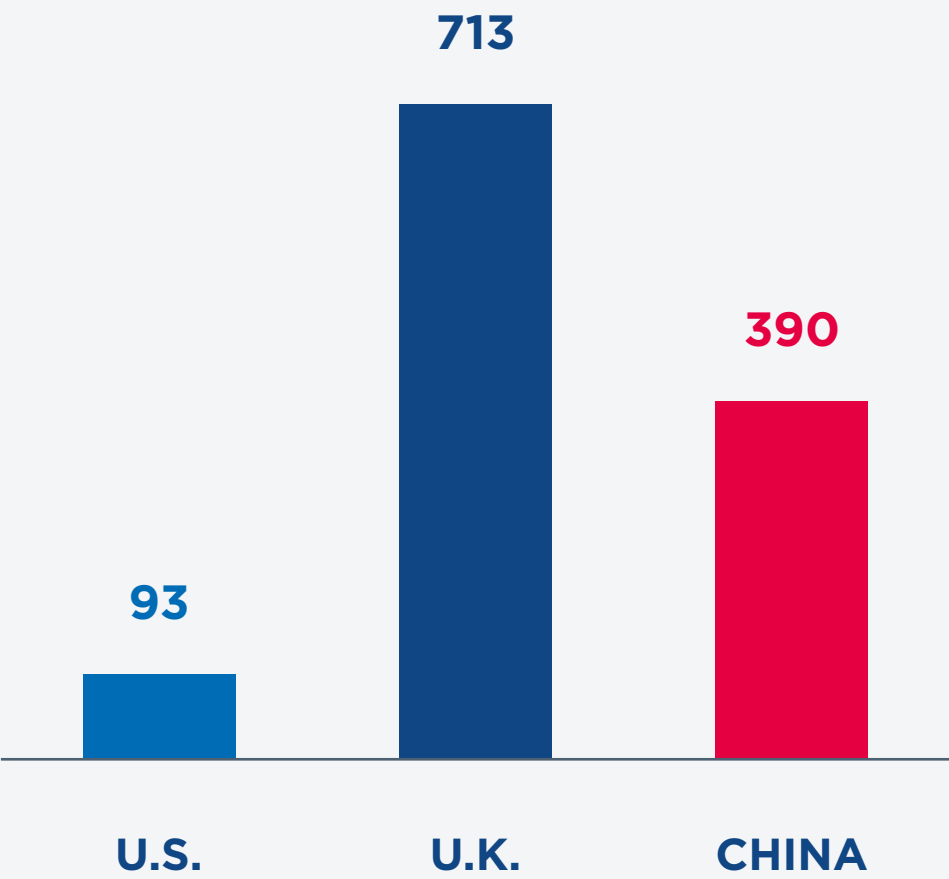
RENEWABLE INTERNAL FRESHWATER,  
PER CAPITA, IN THOUSANDS OF CUBIC METERS<sup>6</sup>



## POPULATION DENSITY

The U.S. has room. In 2018, the UN reported that the U.S. had seven times fewer people per square mile than the UK and four times fewer than China.

PEOPLE PER SQUARE MILE<sup>7</sup>



## U.S. FOOD PRODUCTION

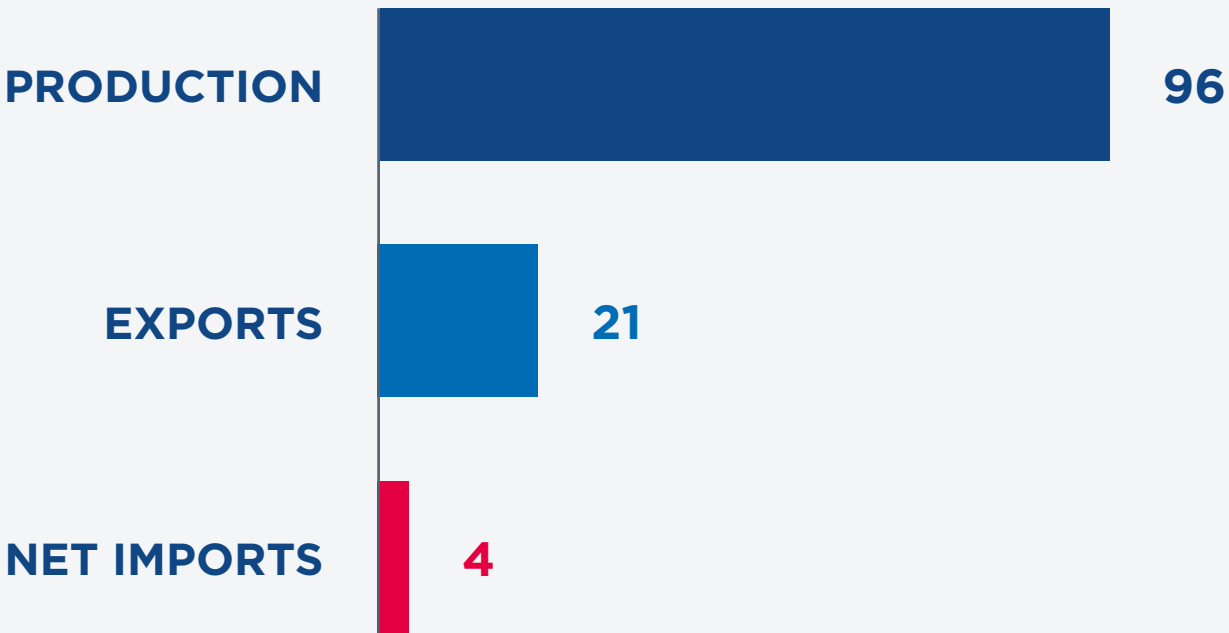
THE U.S. EXPORTS

**\$140 BILLION**

IN AGRICULTURAL PRODUCTS PER YEAR.<sup>8</sup>

## U.S. ENERGY PRODUCTION

(QUADRILLION BTUS, 2018)<sup>9</sup>



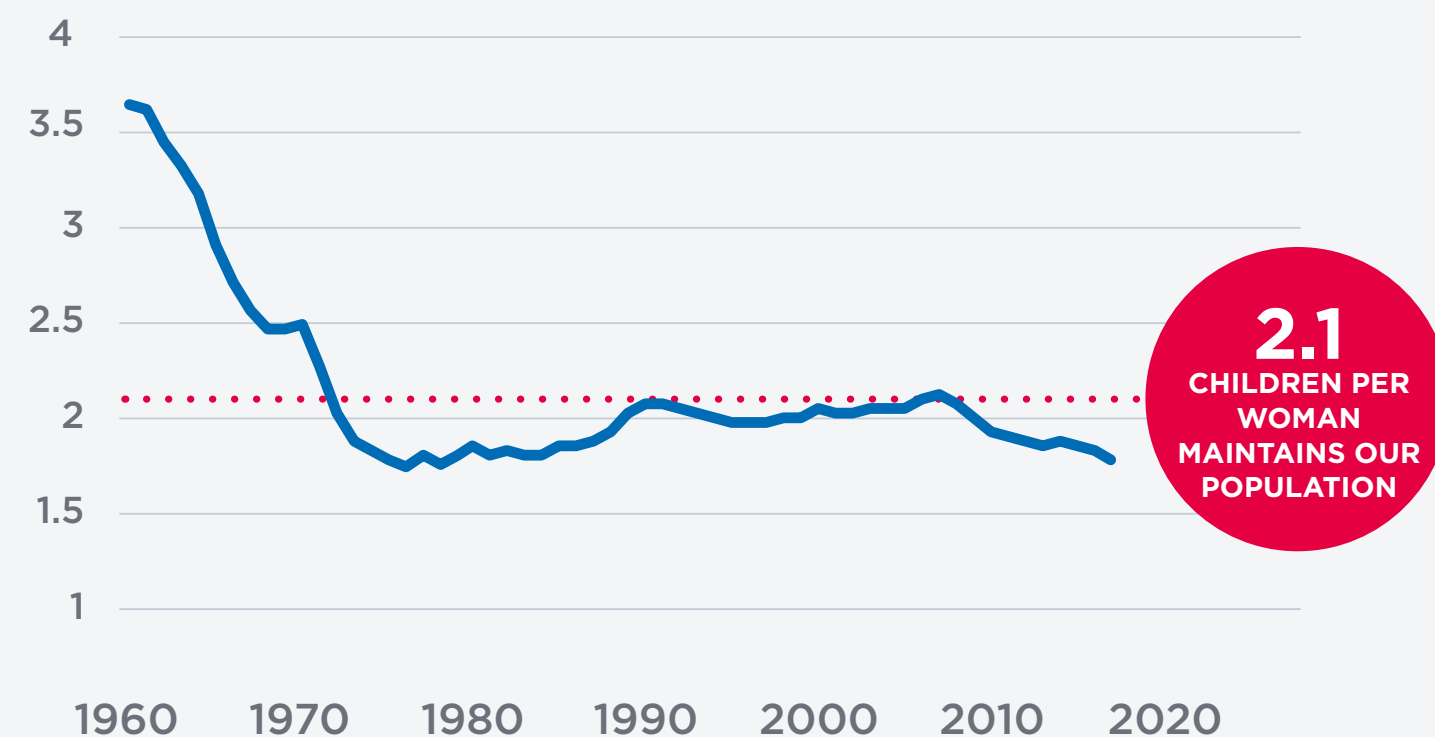
# OUR REAL PROBLEM: FEWER BABIES, FEWER WORKERS, AND MIGRATION FROM SMALLER CITIES TO BIGGER ONES

The U.S. has two problems that, together, are putting enormous pressure on half of the country. 1) Americans are having fewer kids, and 2) they are leaving less-populated areas for jobs and opportunities in major cities, mostly on the East and West Coasts.

## DECLINING FERTILITY RATE

U.S. fertility is at a record low. To maintain our population, each woman must have 2.1 children on average; today, they are having 1.8. Without immigration, the U.S. population will shrink. Economists predict our birth rate will fall to 1.5 or 1.4 children per woman.

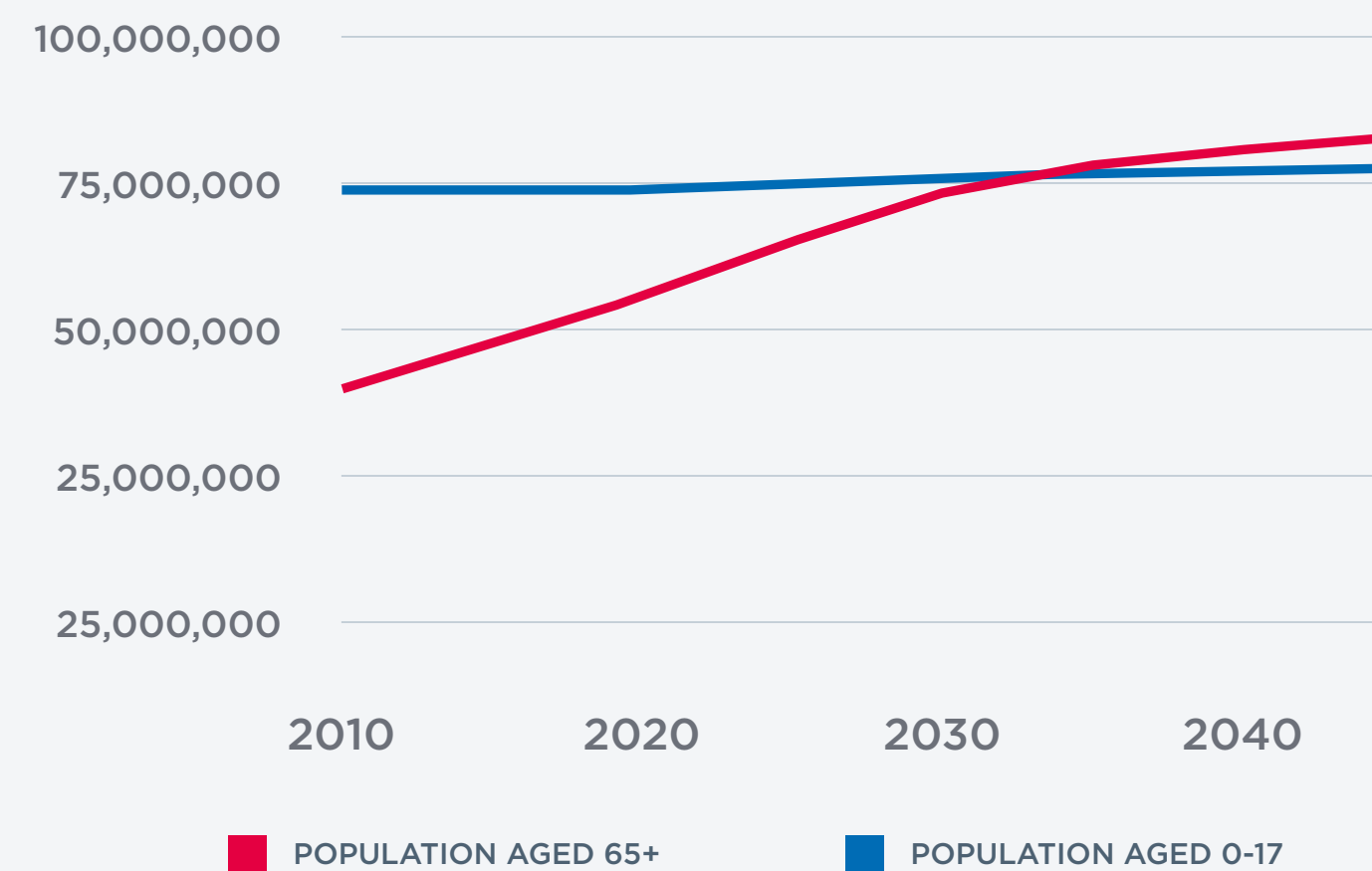
U.S. FERTILITY RATE<sup>10</sup>



## BY 2035, SENIORS WILL OUTNUMBER MINORS IN THE U.S.

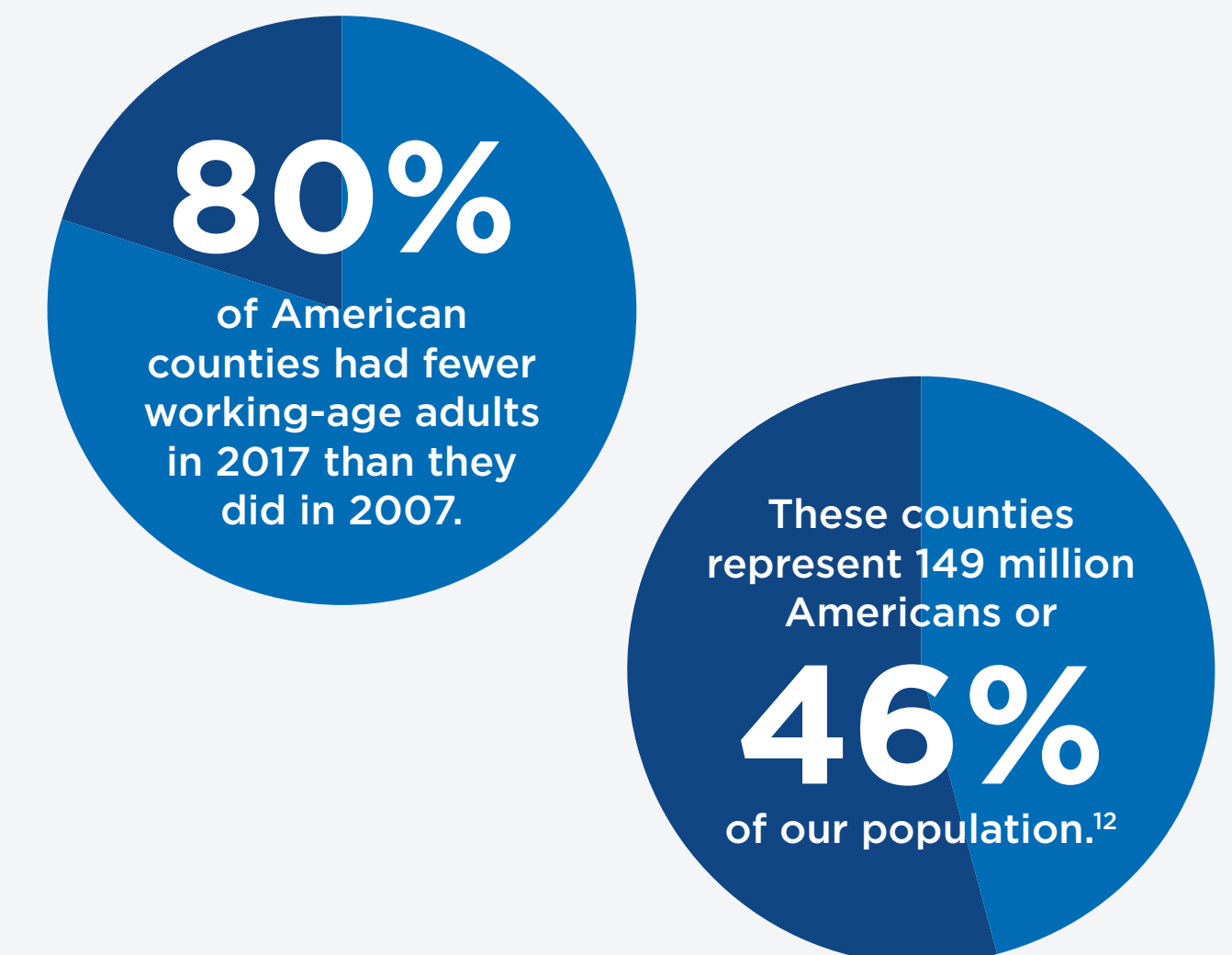
The number of seniors in the U.S. is on track to double by 2060. To maintain a substantial labor force, the U.S. needs more babies and immigrants.

U.S. POPULATION AGED 0-17 & AGED 65+<sup>11</sup>



## MIGRATION TO CITIES

Superstar cities such as New York City, Los Angeles, and San Francisco have attracted highly skilled workers to knowledge industries.

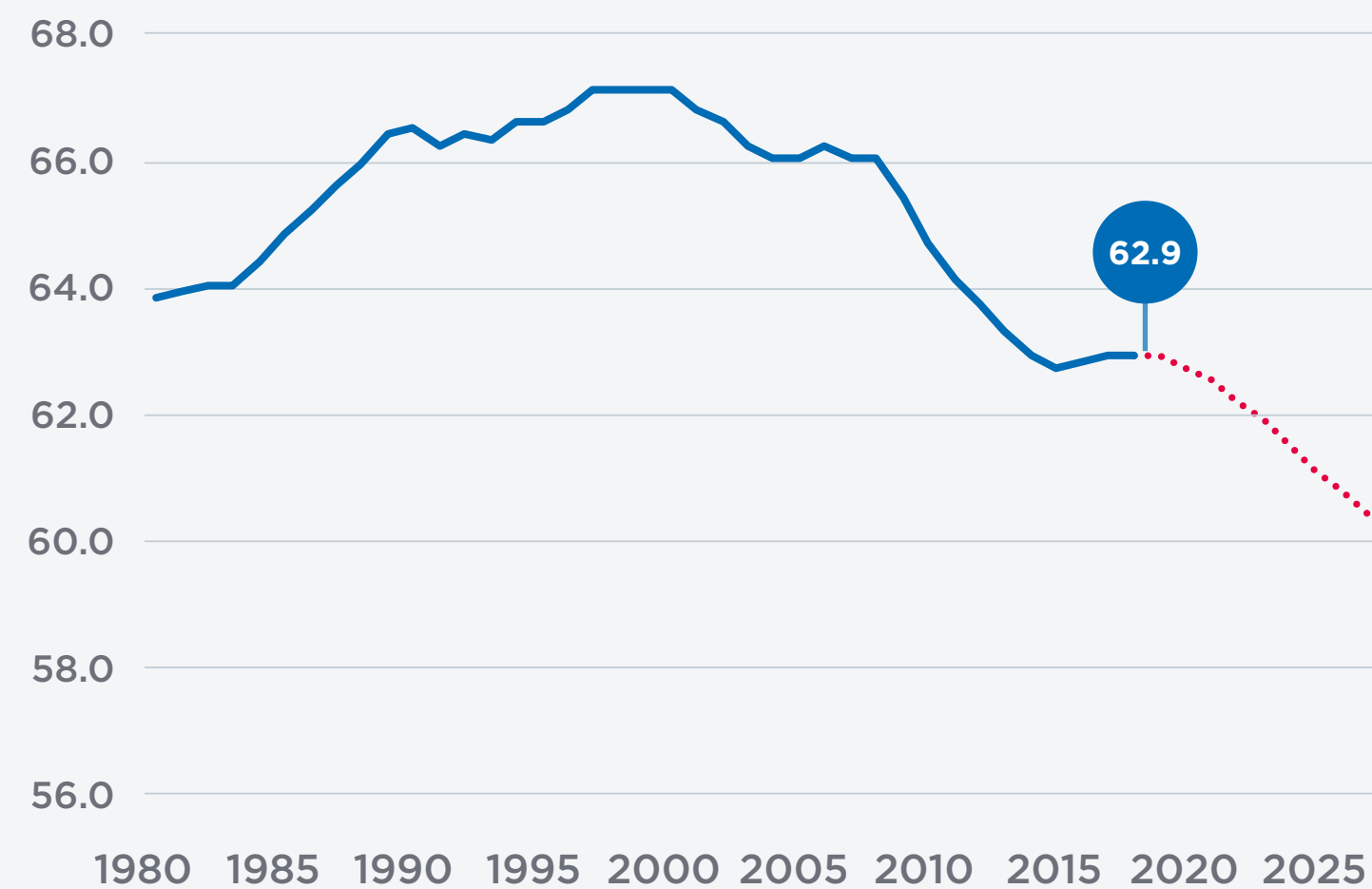


# SLOWING LABOR GROWTH IS BAD FOR BUSINESS AND WORSE FOR SOCIAL SECURITY

## DECLINING LFP = LESS ECONOMIC GROWTH

In 2018, the Congressional Budget Office reported that the labor force participation rate would decrease over the next ten years as a result of baby boomers aging into retirement.

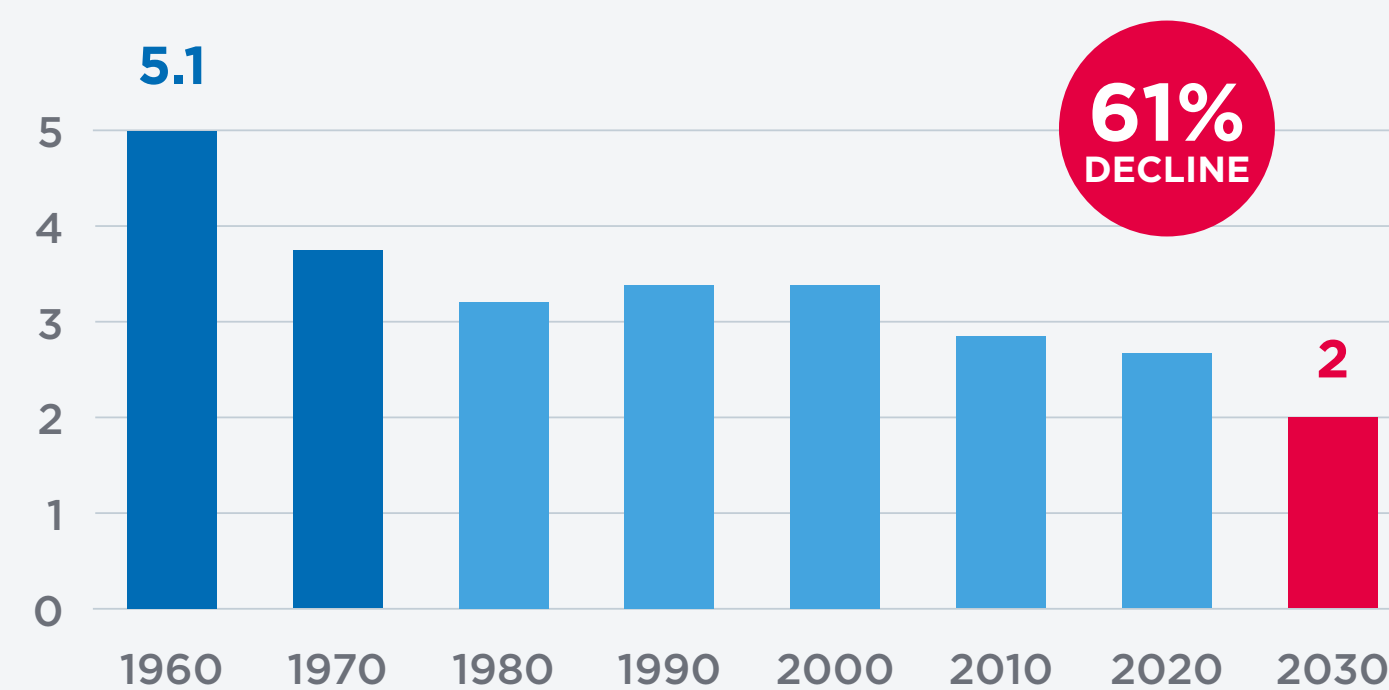
### HISTORICAL AND PROJECTED LABOR FORCE PARTICIPATION RATE<sup>13</sup>



## DEPLETING SOCIAL SECURITY AND OTHER PENSIONS

The ratio of contributing workers to Social Security beneficiaries has dropped drastically since 1960.

### NUMBER OF WORKERS SUPPORTING EACH SOCIAL SECURITY RETIREE<sup>14</sup>



THE SOCIAL SECURITY TRUST FUND  
WILL RUN OUT OF MONEY BY 2033.

MARCH 6, 2019  
JAY BYERS, DAN CULHANE AND MIKE RALSTON

## IOWA BUSINESS LEADERS CALL FOR IMMIGRATION REFORM TO SPUR ECONOMIC GROWTH<sup>15</sup>

THE COURIER

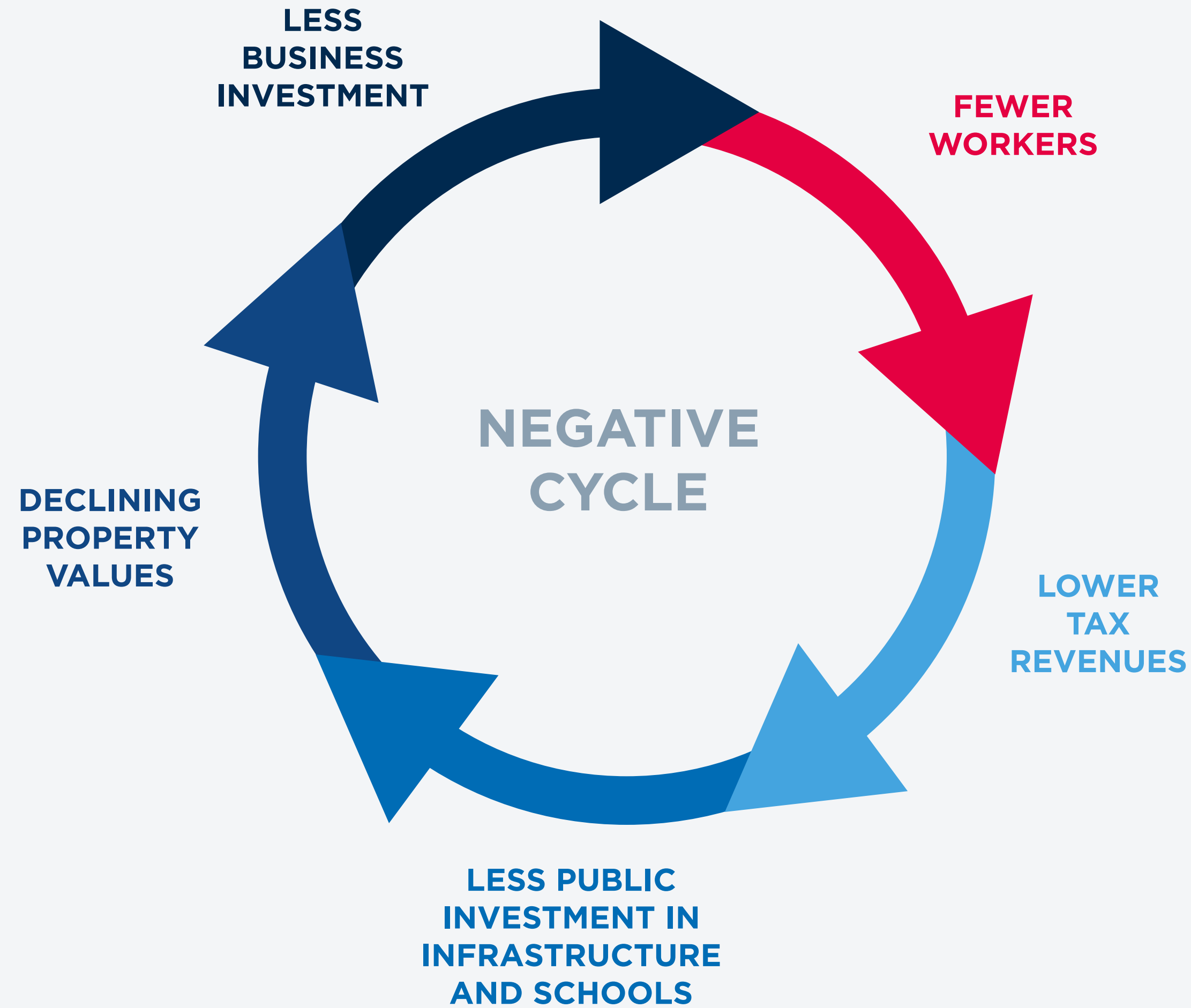
## IOWA'S SMALL TOWNS STRUGGLE TO GAIN TRACTION AND GROW

"Small towns around Iowa have been fighting to support themselves as rural populations continue to decline, while state government has been investing more in larger cities where the population is growing."<sup>16</sup>

BY RANDY PAULSON  
AND ZOE SEILER  
APRIL 26, 2019

Des Moines  
Register

# WHEN A COMMUNITY AGES AND SHRINKS, IT CREATES A NEGATIVE CYCLE THAT'S HARD TO BREAK



“

Labor is always something that our dairy farmers struggle with. We are constantly going through a flux of employees. Quite a few dairy farmers use immigrant labor, and it's important that we continue to look into that issue...<sup>17</sup>

”

- MITCH SCHULTE  
ASSOCIATE DIRECTOR,  
IOWA STATE DAIRY ASSOCIATION

AUGUST 16, 2019  
BRIAN TABICK

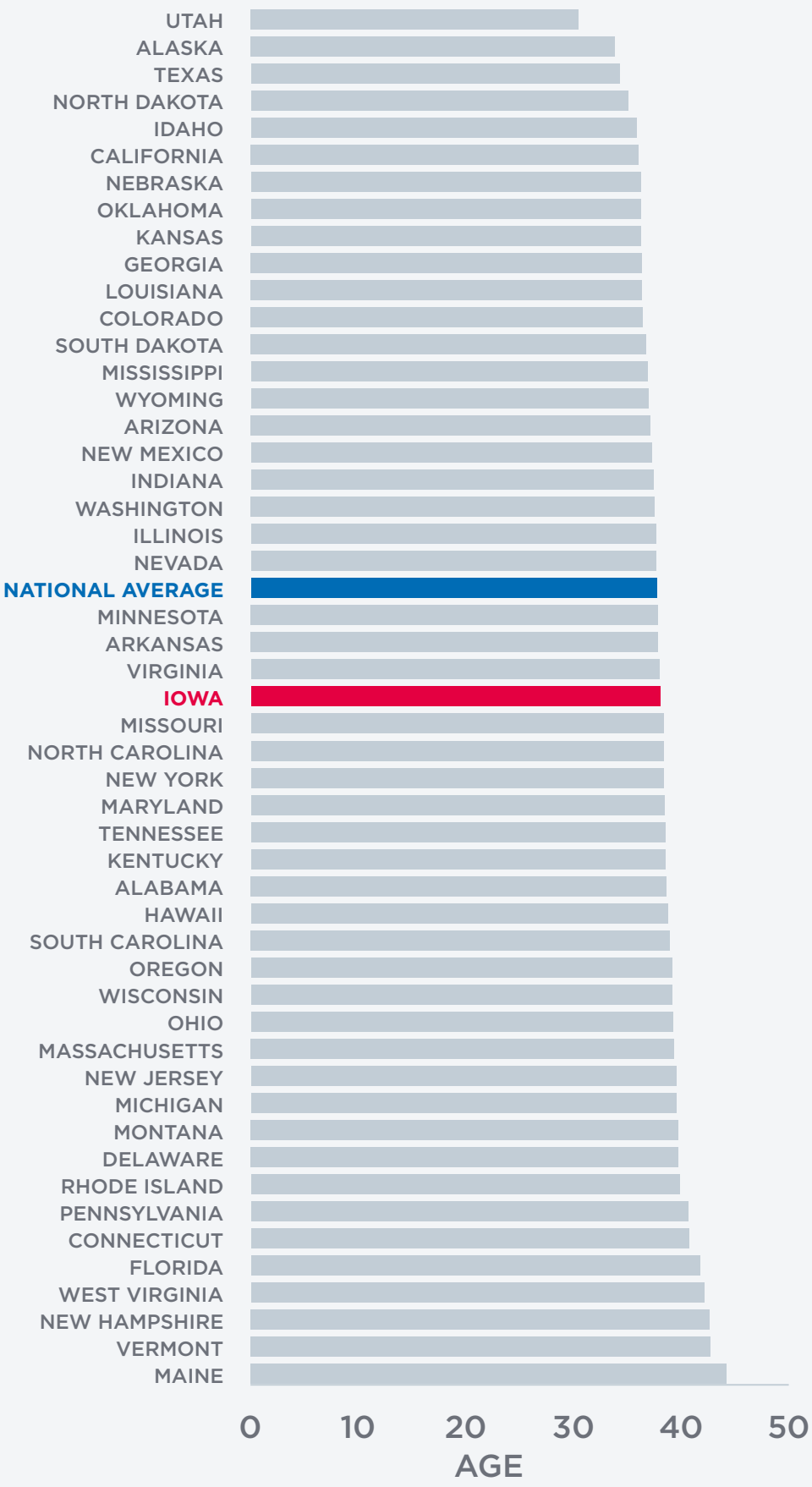
AN AGING POPULATION OF  
DOCTORS HAS SCHOOLS  
FOCUSING ON KEEPING  
GRADUATES IN IOWA<sup>18</sup>



# IOWA, ALREADY OLD, IS AGING FASTER THAN OTHER STATES

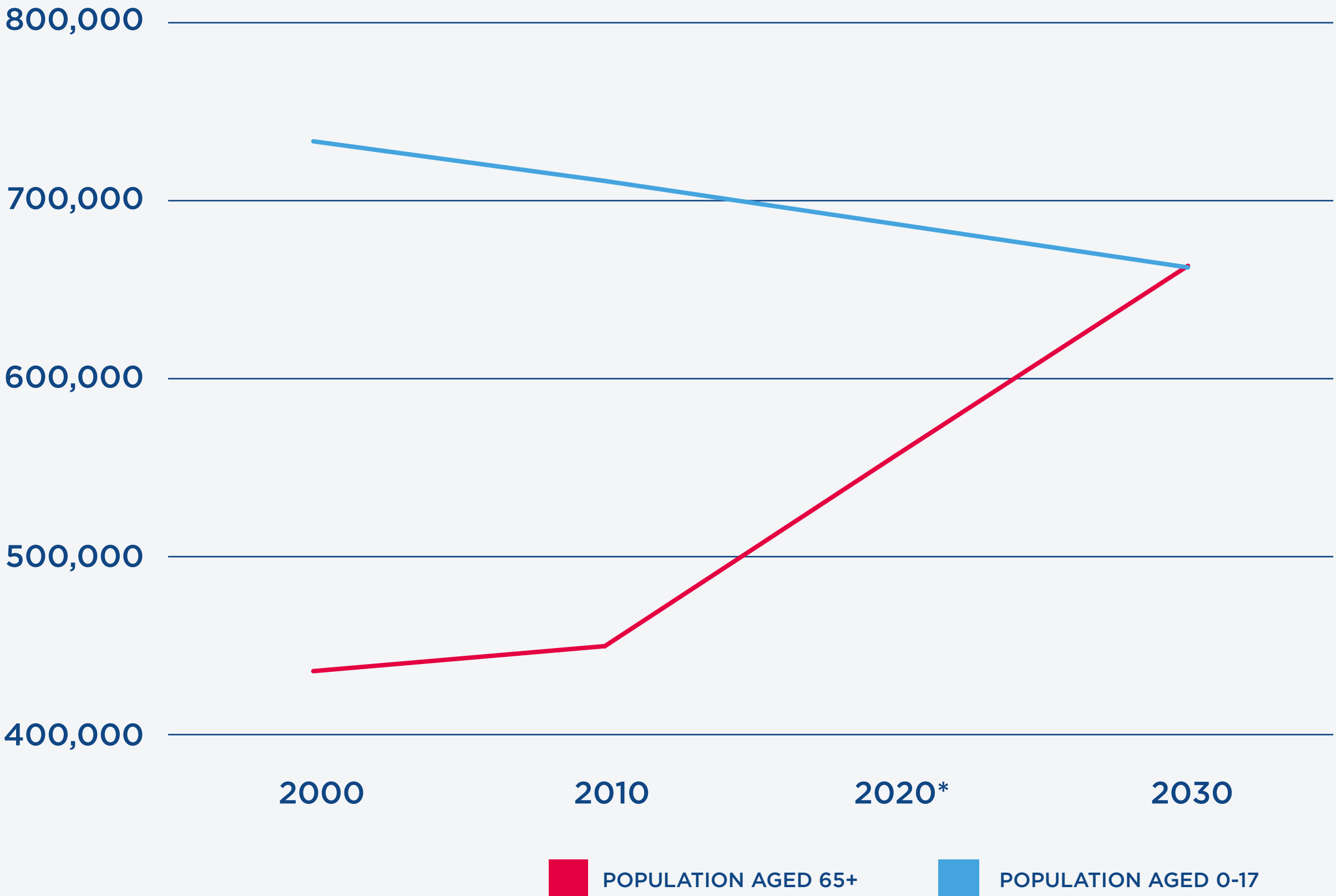
## IOWA'S POPULATION IS ALREADY OLD

### MEDIAN AGE RANKINGS<sup>19</sup>



## IOWANS ARE AGING FASTER

### IOWA POPULATION AGED 0-17 & AGED 65+<sup>20</sup>



**SENIORS  
ARE GOING TO  
OUTNUMBER  
MINORS  
BY 2030**

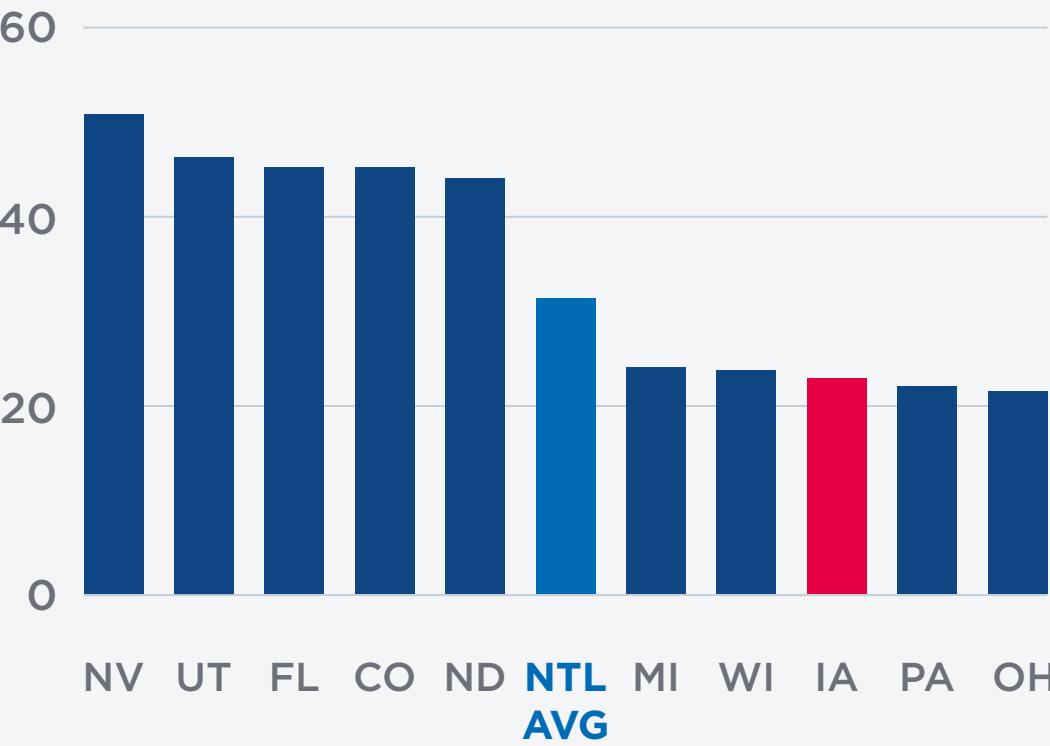
\* DATA NOT PROVIDED; EXTRAPOLATION

# IOWA IS ENTERING A NEGATIVE CYCLE

## AGING SLOWS BUSINESS FORMATION AND JOB GROWTH

### BUSINESS DYNAMISM RANKINGS (EIG)<sup>21</sup>

EIG's ranking reflects the rate of new business formation, frequency of labor market turnover, the geographic mobility of the workforce.

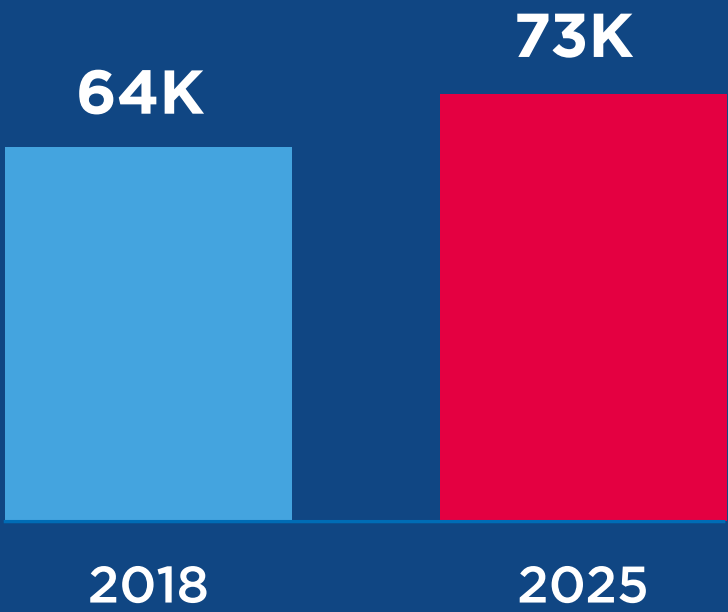


IOWA RANKS  
**#46**

## AGING INCREASES HEALTH CARE COSTS

As Iowa ages, the cost of caring for its population will increase. The greatest risk factor for developing Alzheimer's is old age. In 2018, Medicaid costs associated with caring for people with Alzheimer's added up to more than \$630M.<sup>22</sup>

### NUMBER OF ALZHEIMER'S PATIENTS IN IOWA (65+)<sup>23</sup>

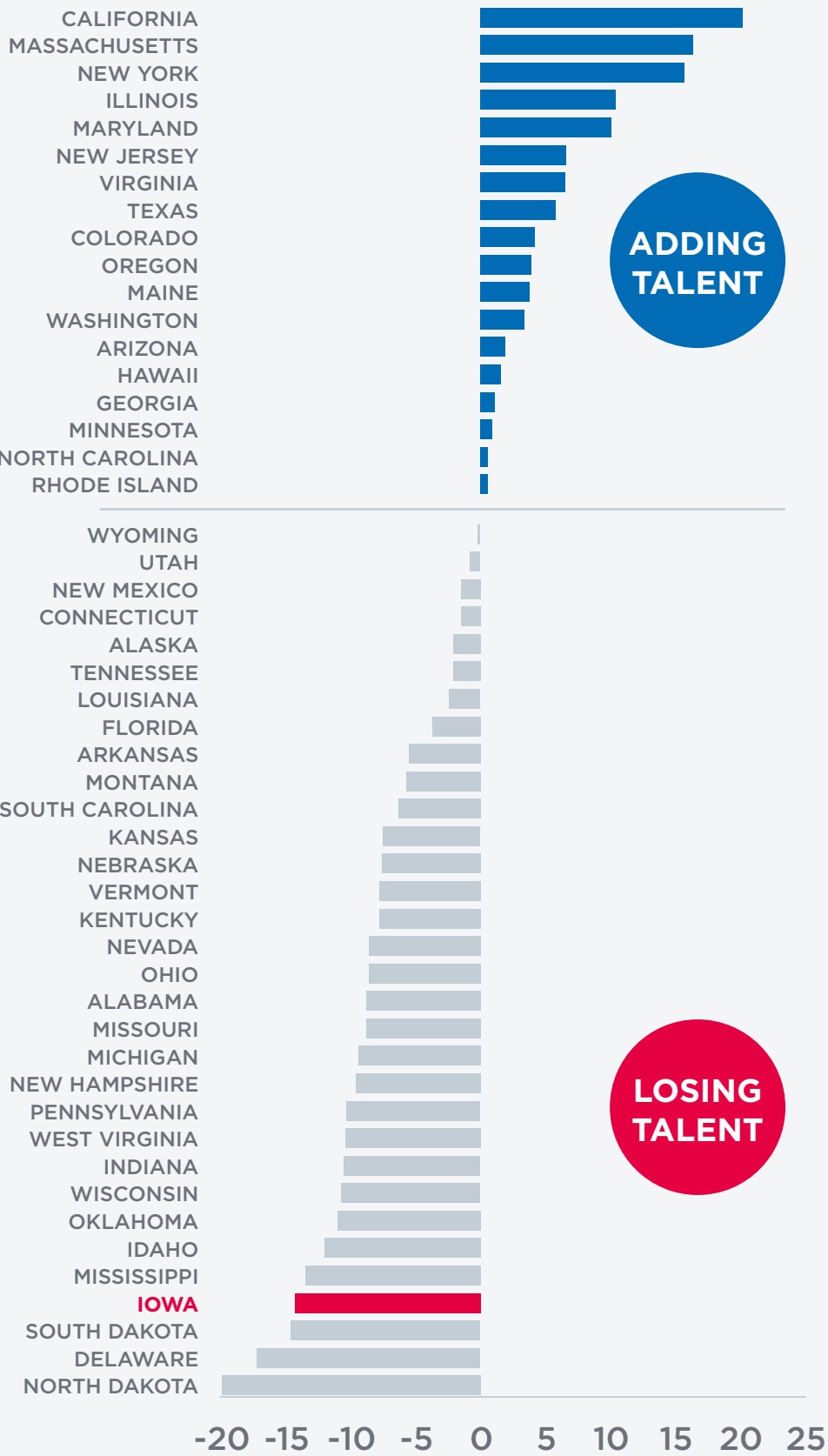


“The prevalence [of Alzheimer's] is increasing, but the biggest reason that is happening is because we have an aging population.”<sup>24</sup>

- SUSAN CALLISON  
PROGRAM SPECIALIST,  
ALZHEIMER'S ASSOCIATION

## IOWA IS LOSING YOUNG TALENT

### BRAIN DRAIN (GAP IN PERCENT OF HIGHLY EDUCATED BETWEEN ENTRANTS AND LEAVERS)<sup>25</sup>



# IMMIGRANTS CAN BREAK THE NEGATIVE CYCLE IN IOWA

## RECENT IMMIGRANTS ALREADY CONTRIBUTE \$296 MILLION TO IOWA EACH YEAR<sup>26</sup>

The net economic impact of immigrants to Iowa includes household income and tax contributions minus the cost of services like schools, police protection, and health care.



**+\$296M**  
IOWA

## IMMIGRANTS START NEW BUSINESSES<sup>27</sup>

New jobs tend to come from new businesses, but business creation in Iowa is down. Immigrants are an exception.

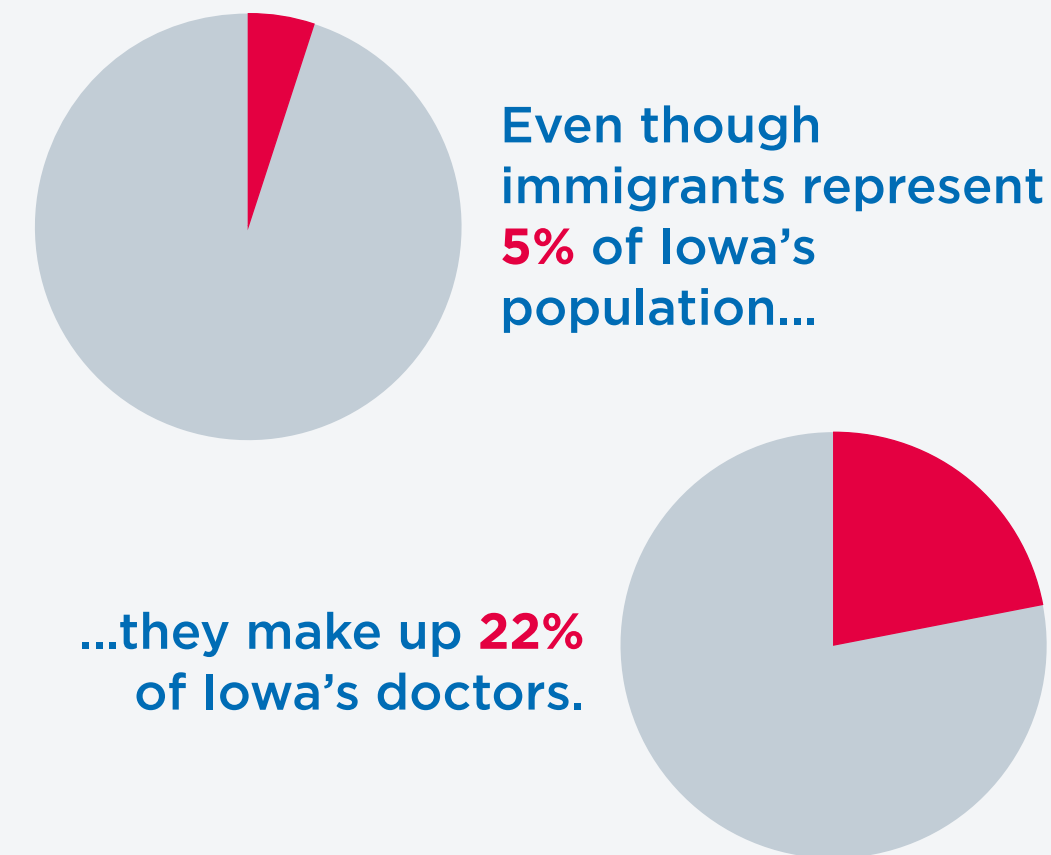
**MORE THAN  
6,000  
IMMIGRANTS  
ARE SELF-EMPLOYED  
AND  
25,000  
PEOPLE IN IOWA ARE  
EMPLOYED BY  
IMMIGRANT-OWNED  
BUSINESSES**

Immigrants are both more likely to hold an advanced degree and more likely to be of working age.<sup>28</sup>

## IMMIGRANTS CAN HELP FILL THE HEALTH CARE LABOR GAP

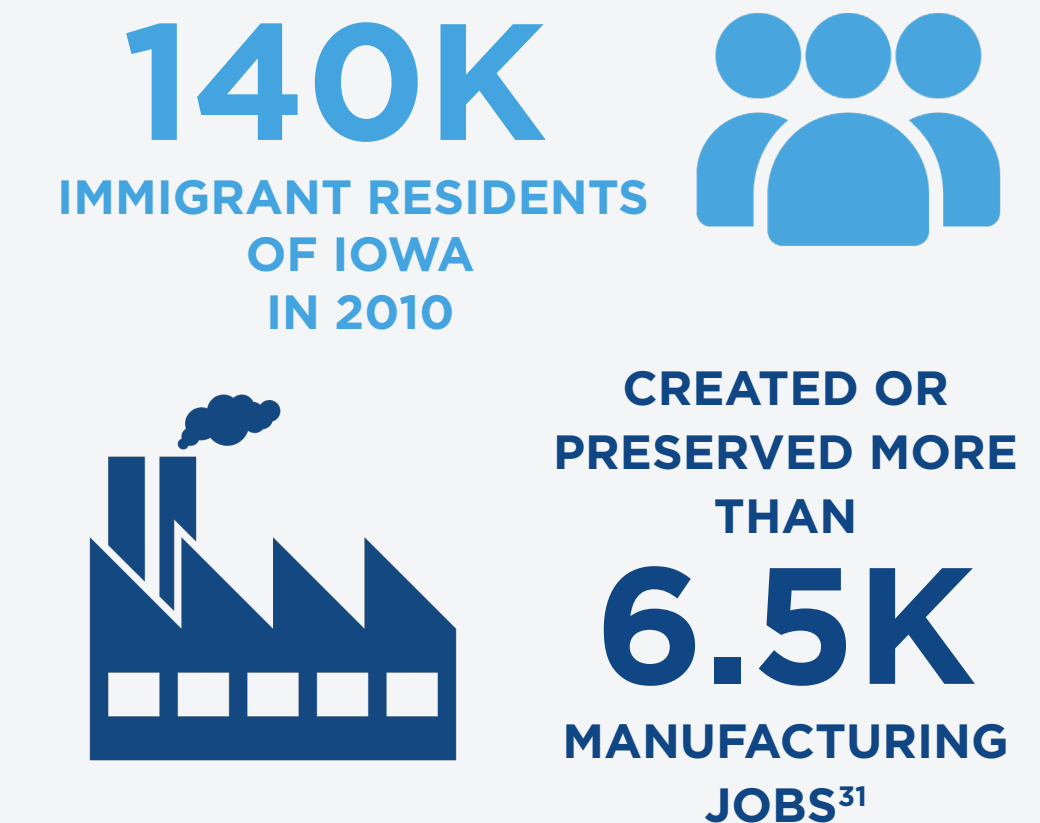
Across the U.S., and in Iowa specifically, there aren't enough doctors to serve the aging population. Rural areas, which already have fewer resources, will experience a more severe shortage of doctors.

### IMMIGRANTS MAKE UP A LARGE SHARE OF DOCTORS<sup>29</sup>



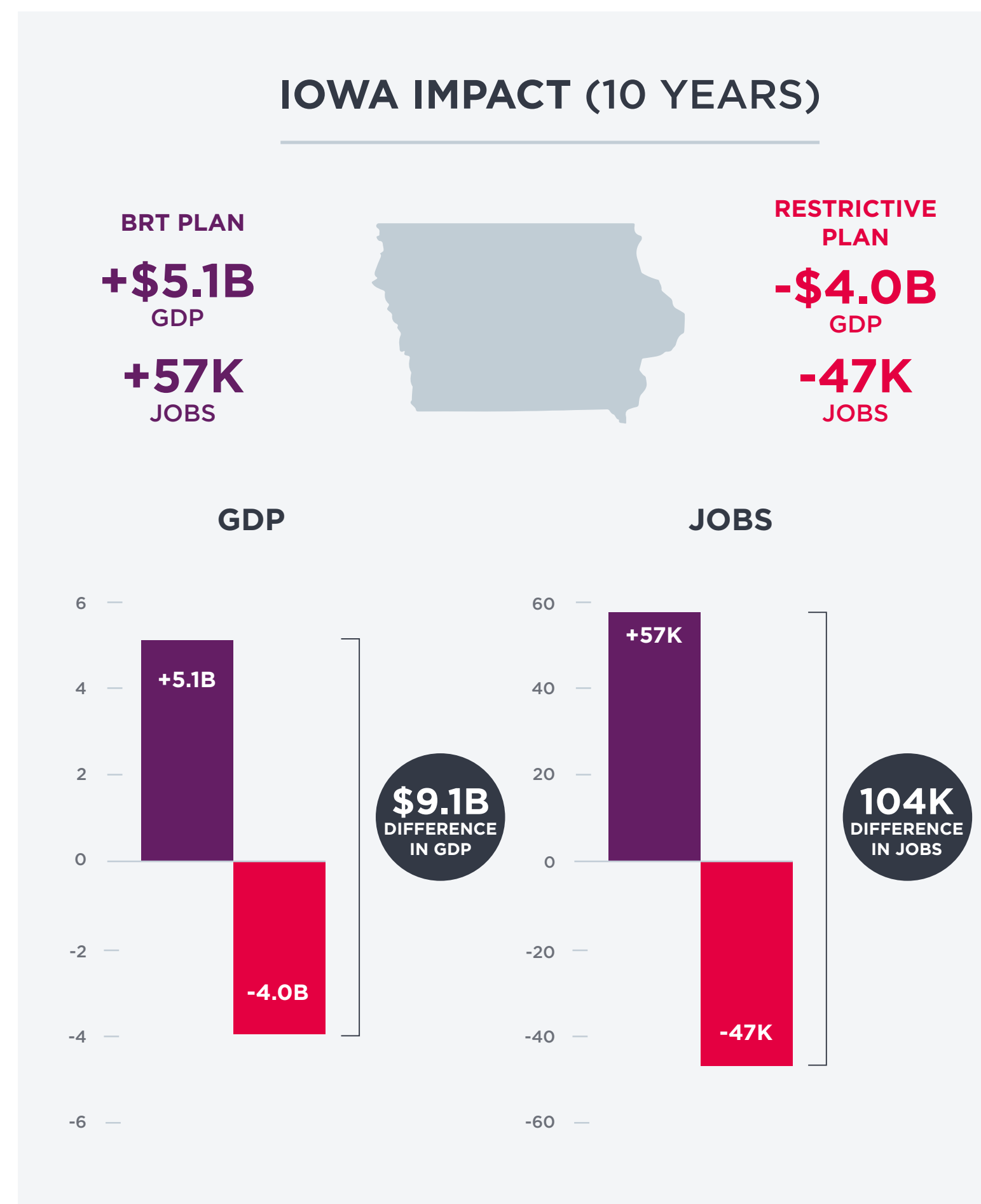
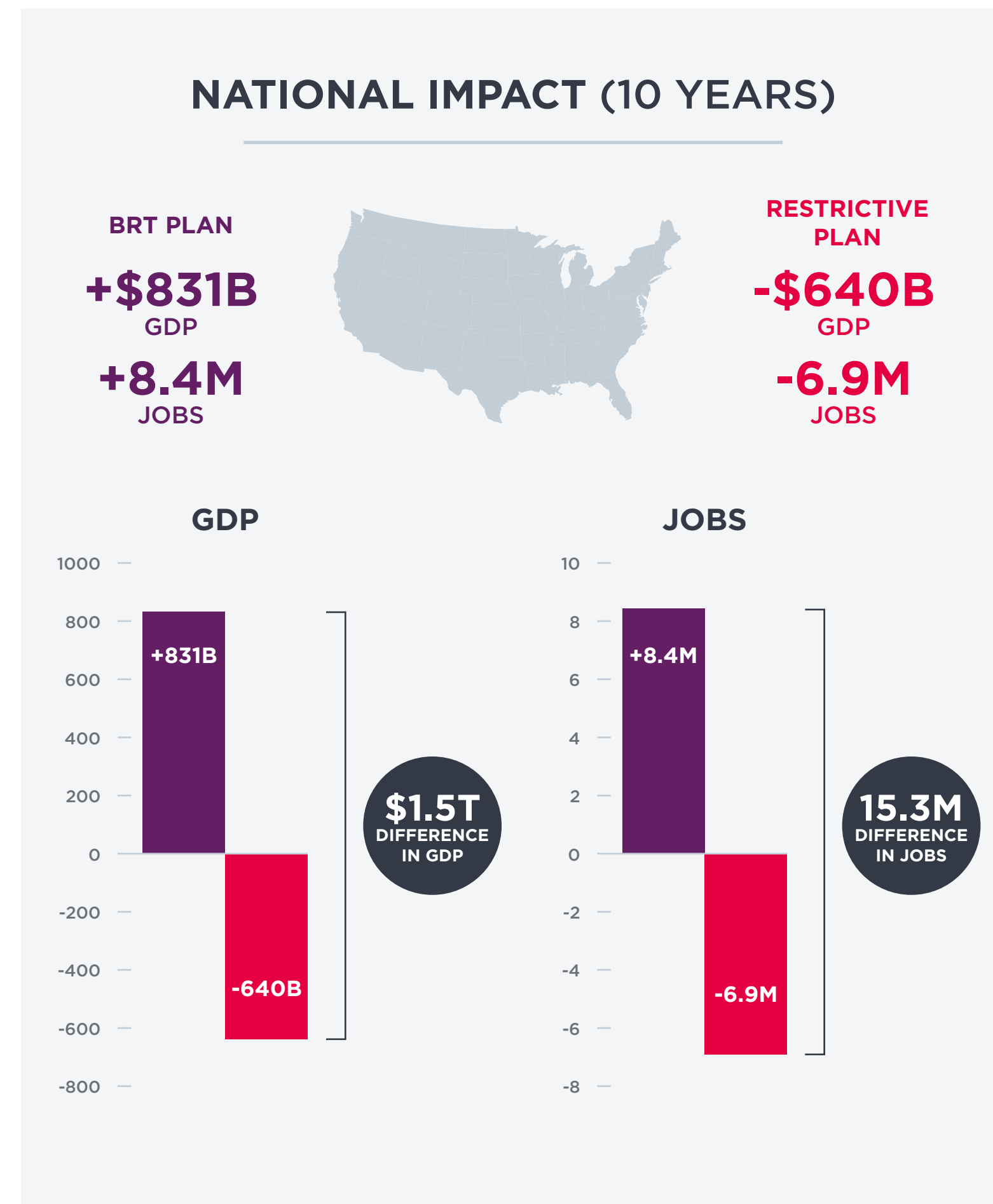
## IMMIGRANTS CONTRIBUTE TO THE MANUFACTURING SECTOR

When foreign-born workers move to the U.S., they reduce costs for firms and make it less attractive for them to move their operations abroad. Studies found that for every 1,000 immigrants that relocate to a given county, 46 manufacturing jobs are preserved or created.<sup>30</sup>



# TO APPRECIATE HOW RADICAL AND COSTLY RESTRICTIVE IMMIGRATION POLICIES ARE, COMPARE THEM TO WHAT MODERATE REPUBLICANS HAVE PROPOSED

The Business Roundtable is a non-partisan national trade group that generally supports Republican policies. It has proposed a balanced immigration plan that will help grow our population and workforce, in sharp contrast to 'restrictive' policies, which will accelerate negative trends nationwide -- but particularly in Iowa.<sup>32</sup>



## IMMIGRATION POLICY CHANGE COULD HAMPER IOWA BUSINESS, AG WORKFORCE

"Some Iowa industries — manufacturing in particular — could lose workers if federal protections for immigrants brought to the U.S. as children are removed, state business leaders say."<sup>33</sup>

BY ERIN MURPHY  
SEPTEMBER 19, 2017

**Des Moines**  
**Register**

# COUNTRIES CURRENTLY ON THE TRACK TRUMP RECOMMENDS ARE STRUGGLING

## ITALY



The OECD predicts that Italy's public debt to GDP ratio will rise from 133% to 144% by 2030 due to slow growth, low inflation, and rising interest costs. Italy also has a rapidly aging population, which will require more government spending and affect economic output.<sup>34</sup>

## JAPAN



The IMF reported that Japan's aging population could decrease GDP growth by one percentage point over the next three decades. By 2040, experts predict that one in three Japanese people will be over the age of 65. This would be the highest proportion in the world.<sup>35</sup>

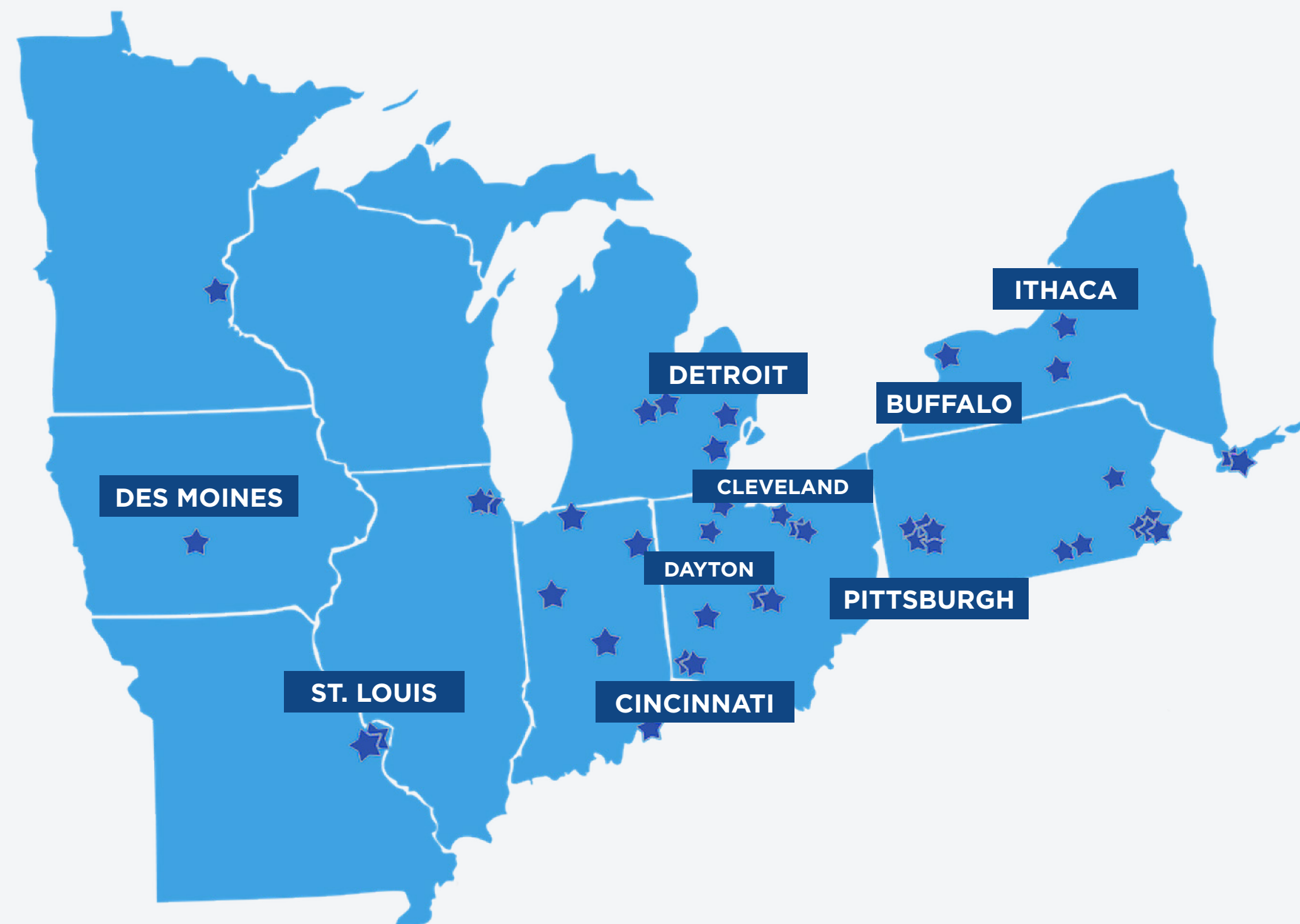
## POPULATION GROWTH BASED ON UN ESTIMATES, 2019<sup>36</sup>



Overall, Japan's population decreased by .26% and Italy's population decreased by .13%.

# WELL-RUN STATES AND CITIES ARE WELCOMING IMMIGRANTS

Launched in 2009, **Welcoming America** supports communities by creating a network of governments, organizations, and individuals and providing them with the tools and resources they need to support immigrants. Welcoming Economies Global Network is a regional network of organizations across the Midwest.<sup>37</sup>



The Greater Des Moines Partnership is an organization made up of 24 affiliate chambers of commerce, more than 6,400 regional business members, and more than 340 investors. It serves the Greater Des Moines area by working with businesses to find and recruit talent, secure capital, and expand their operations. Immigrants play an important role in this mission by growing the labor pool and creating jobs.<sup>38</sup>

“

These young adults have been educated here, prepared themselves for the opportunities that are here in central Iowa, and we certainly cannot afford for them not to continue to be strong contributors to our economy here in central Iowa.<sup>39</sup>

”

- MARY BONTRAGER  
EVP OF TALENT DEVELOPMENT,  
GREATER DES MOINES PARTNERSHIP

# ENDNOTES

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