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A Coming Iowa Labor Shortage Census Data Indicate Nearly 200,000 Short by 2014

Iowa Policy Project research in the past has been cited in estimates of worker shortages in the coming years. A legislative committee discussed this issue Monday, Sept. 24, so we have updated our information for better perspectives on this issue.

The following information uses:

- The latest employment projections for Iowa, which are for 2014; and
- The most recent population projections, updated by the U.S. Census in 2005.

These projections show that between 2004 and 2014, employment is projected to increase 12.3 percent while the population age 18-64 is expected to grow by only 1.4 percent. This leaves an estimated shortage of nearly 200,000 people of prime working age.

Assuming that Iowa in 2014 will need to maintain the same ratio of labor force — persons 18-64 — to jobs, which was 1.07 to 1 in 2004, these are our findings from the available projections:

Projected Workforce Shortage in Iowa

	2004	2014	Change	Percent
Population age 18-64 (census projections)*	1,808,392	1,833,142	24,750	1.4%
Employment (IA occupational projections)**	1,693,400	1,901,930	208,530	12.3%
Ratio: Population / Employment	1.07	0.96		
Population needed to maintain 2002 ratio***		2,031,082		
Less projected population		(1,833,142)		
Shortage		197,940		

* From US Census Bureau population projections program, as of Sept. 2007

** From: ALMIS State Occupational Projections web site at

<http://www.projectionscentral.com/projhome.asp>

***Alternatively, this is the 2014 population if it grew as fast as employment.

The data simply show a mismatch between employers' plans to increase employment and likely population growth in the next decade. In practice, of course, the 1.9 million jobs projected to occur in 2014 will not be there if the population does not grow fast enough. On the other hand, rising demand for workers, accompanied by rising wages, could stimulate population growth.

The Iowa Policy Project (IPP) is a nonpartisan, nonprofit research and public policy analysis organization based in Mount Vernon. IPP reports on budget issues, job and income trends, and renewable energy and the environment are available on the web at <http://www.iowapolicyproject.org>.