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ECONOMIC
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Executive Summary

From Managing Decline to Building the Future: Could a Heartland Visa Help Struggling Regions?

Parts of the United States count among the richest, most educated economies in the world, while others struggle with a variety of socioeconomic problems. Today's diverging economic fortunes are exacerbated by a new era of demographic challenges. Population growth has slowed, the number of prime working age people (25-54) is stagnating, and the country is aging rapidly.

EIG's latest report, "From Managing Decline to Building the Future," lays out how demographic decline and population loss are not just symptoms of place-based economic decline, they are direct causes of it. Population loss reverberates through housing markets and municipal finances. Low-growth places have weaker labor markets and suffer from less economic dynamism. What's more, these trends are set to deepen over the next decade.

As these communities fall behind, they still remain an essential part of the U.S. economic engine - accounting for 11 percent of GDP, roughly the equivalent of Canada's economic output. Despite the challenges they face, many low-growth counties still have strong economic foundations. Akron, New Haven, and St. Louis all number among the many U.S. cities located in counties that are facing demographic headwinds. They're joined by places, such as South Bend, Buffalo, and Dayton, with strong anchor institutions and deeply proud histories of resilience and reinvention.

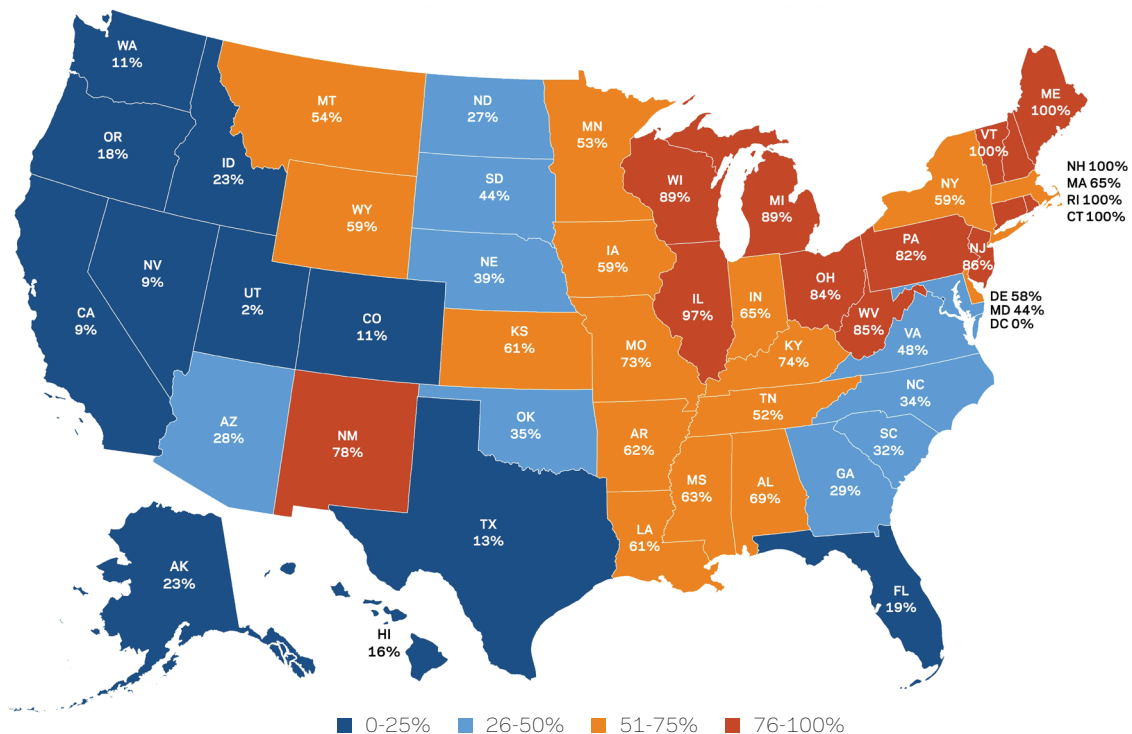
That's why EIG is committed to unlocking the potential of these communities by proposing a new program of place-based visas—let's call them Heartland Visas. This program could become a powerful economic development tool for communities facing the consequences of demographic stagnation, but not content to simply manage decline. The visas would constitute a new, additive, and voluntary pathway for skilled immigrants to come to the United States. Eligible communities would opt-in to hosting visa holders, who would provide a much-needed injection of human capital and entrepreneurial vitality into parts of the country that retain considerable economic potential.

Key findings from the report include:

- U.S. population growth has fallen to 80-year lows. The country now adds approximately 900,000 fewer people each year than it did in the early 2000s.
- The last decade marks the first time in the past century that the United States has experienced low population growth and low prime working age growth on a sustained basis at the same time.
- Uneven population growth is leaving more places behind. 86% of counties now grow more slowly than the nation as a whole, up from 64% in the 1990s.

- In total, 61 million Americans live in counties with stagnant or shrinking populations and 38 million live in the 41% of U.S. counties experiencing rates of demographic decline similar to Japan's.
- 80% of U.S. counties, home to 149 million Americans, lost prime working age adults from 2007 to 2017, and 65% will again over the next decade.
- By 2037, two-thirds of U.S. counties will contain fewer prime working age adults than they did in 1997, even though the country will add 24.1 million prime working age adults and 98.8 million people in total over that same period.
- Population decline affects communities in every state. Half of U.S. states lost prime working age adults from 2007-2017. 43% of counties in the average state lost population in that same time period, and 76% lost prime working age adults.
- Shrinking places are also aging the most rapidly. By 2027, 26% of the population in the fastest shrinking counties will be 65 and older compared to 20% nationwide.
- Population loss is hitting many places with already weak socioeconomic foundations. The share of the adult population with at least a bachelor's degree in the bottom decile of population loss is half that in the top decile of population growth. Educational attainment in the fastest shrinking counties is on average equivalent to that of Mexico today or the United States in 1978.
- Population loss itself perpetuates economic decline. Its deleterious effects on housing markets, local government finances, productivity, and dynamism make it harder for communities to bounce back. For example, this analysis found that a 1 percentage point decline in a county's population growth rate is associated with a 2-3 percentage point decline in its startup rate over the past decade.

Share of 2017 population living in a county that lost prime working age population 2007-2017



Source: U.S. Census Bureau, Moody's Analytics

There are few policy options to address seismic demographic changes and the socioeconomic problems they cause. One is available and can have a direct impact: immigration. Could a better federal skilled immigration policy be harnessed as an economic development tool for rekindling opportunity in left-behind places?

To be sure, a host of complementary longer-term policies are needed to rebalance the map of U.S. prosperity, including ones that address the human capital of the domestic workforce and immigrants already here. Yet, the data presented here outline a clear supply problem for struggling places—one that upskilling efforts or training programs alone would do little to address.

The exact outlines of a potential place-based visa scheme targeted to the needs of heartland communities are to be determined, but the data presented here suggest the architecture of the program should be anchored in a number of key principles.

- Both communities and visa-holders would “opt-in” on a voluntary basis. This **double opt-in structure** should help ensure strong matching between communities and new immigrants.
- Visas should represent a new door through which human capital can enter the United States and be **additive** to top-line skilled national immigration flows.
- Visas should be **targeted** to places confronting chronic population stagnation or loss as a means of boosting economic dynamism and fiscal stability.
- Visas should not be tied to any specific employer and instead make new talent **accessible** for all local employers, including startups and small businesses.
- Visas should provide a path to **permanent residency** and full mobility within the United States without taking opportunities away from other immigrants.
- The program should be accompanied by additional **federal resources** to smooth assimilation and job finding.

This proposal does not assume that every declining community will benefit via skilled immigration, nor does it deny that some demographic changes are necessary adjustments in the long run. Instead it aims to provide a powerful new tool for communities not content to simply manage decline. Indeed, being a magnet for skilled and entrepreneurial people the world over is one of the greatest advantages a nation can possess. It is time to fully capitalize on this advantage in pursuit of a more inclusive geography of economic growth and opportunity.

Read the Full Report at eig.org/heartland-visa