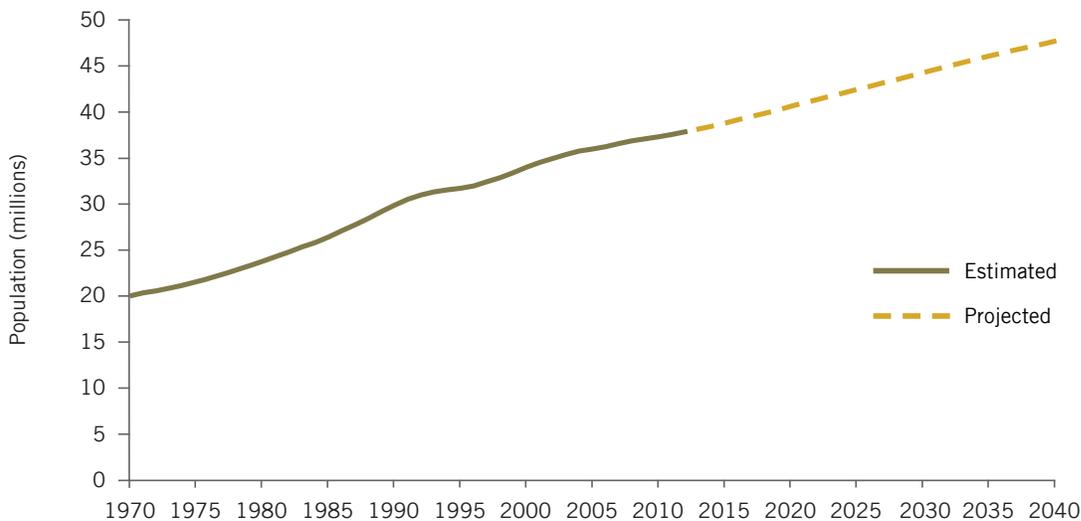


GROWTH WILL PUT PRESSURE ON INFRASTRUCTURE

California has long been known for and even defined by its tremendous population growth. No other developed region of similar size anywhere in the world has sustained so much growth over such a long period. Equally remarkable has been the population's increasing diversity. California is home to large groups of immigrants from more than 60 nations, and no race or ethnic group constitutes a majority of the state's population. Although growth rates have slowed, the state added 3.4 million people from 2000 to 2010 (according to Census counts), reaching a total population of 38 million. The most recent estimate by the California Department of Finance (January 2013) places the state's population at 37.6 million.

During the next 20 years California's population will continue to increase, with millions of new residents added each decade. This growth will lead to increased demand in all areas of infrastructure and public services—including education, transportation, corrections, housing, water, health, and welfare.

CALIFORNIA'S POPULATION WILL CONTINUE TO GROW



SOURCE: California Department of Finance projections.

NOTE: Population as of July of each year.

GROWTH WILL CONTINUE AS REGIONAL, RACIAL/ETHNIC, AND AGE GROUPS SHIFT

- **Population gains are projected to continue.**

By 2025, California's population is projected to reach 42.5 million. Annual growth rates are expected to be just 1 percent, similar to growth experienced in the first decade of the 2000s but substantially slower than in earlier decades. Even so, average annual increases between now and 2025 will exceed 350,000—equivalent to adding the population of a city the size of Anaheim each year.

- **Migration will account for a small share of growth.**

Before 1990, most of California’s population growth was due to migration, primarily from the rest of the United States. Since 1990, most of the state’s growth has been due to natural increase (the excess of births over deaths). Over the past 10 years, gains through international migration have been fully offset by domestic migration losses. Population projections suggest this pattern will continue, with almost all of the state’s population growth expected to come from natural increase. Immigrants are projected to make up 29 percent of the state’s population in 2025, a modest increase from 27 percent in 2009.

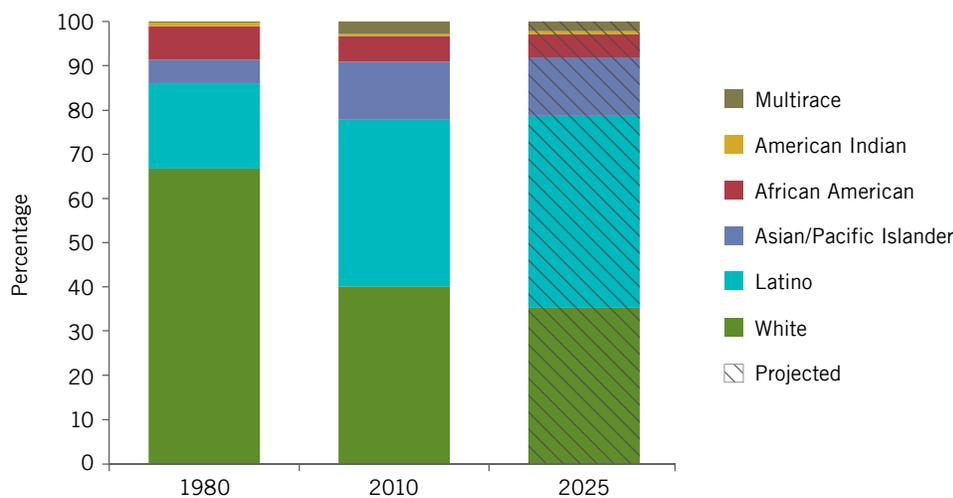
- **Inland areas will see higher growth.**

The inland areas of California have experienced faster growth rates than the coastal areas for many decades, but coastal counties are still home to most of the state’s population. Projections indicate that the Inland Empire, the Sacramento region, and the San Joaquin Valley will grow faster than other areas of the state.

- **California’s population will continue to diversify.**

No ethnic group composes a majority of California’s population, with whites (non-Hispanic) making up 40 percent of the state’s population and Latinos making up 38 percent. The California Department of Finance projects that in 2016 Latinos will replace whites as the largest ethnic group. By 2025, 42 percent of the state’s population will be Latino and 35 percent will be white. Latinos already make up 52 percent of children age 12 and younger. Latino increases are due to both immigration and relatively high birth rates.

LATINOS WILL BECOME CALIFORNIA’S LARGEST ETHNIC GROUP



SOURCES: 1980 and 2010 Censuses; California Department of Finance projections.

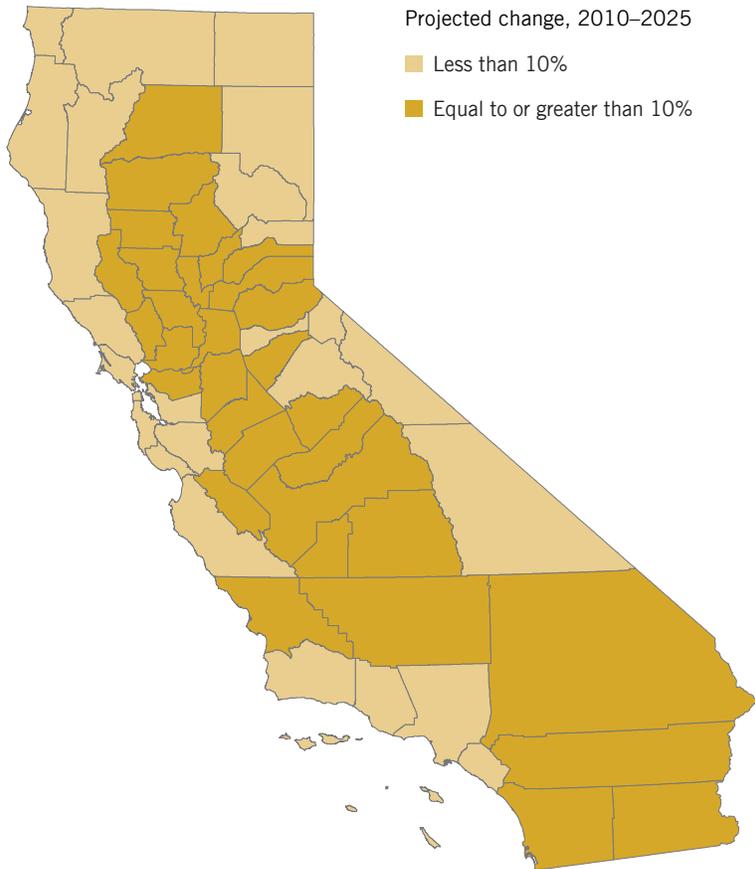
- **Large numbers of Californians will soon reach retirement age.**

In 2010, 11 percent of Californians were age 65 and older, compared to only 9 percent in 1970. By 2025, that share will grow to 17 percent. The total number of adults age 65 and older is projected to grow from 4.2 million in 2010 to more than 7 million in 2025.

- **The number of children will increase very slowly.**

From the 2012–13 to the 2021–22 school year, the number of children in public schools is projected to increase by only 1 percent, according to the California Department of Finance. This is a consequence of slight declines in birth rates along with a small increase in the number of women ages 15 to 44. In contrast, the number of school-age children grew by more than 20 percent during the 1990s.

INLAND COUNTIES WILL EXPERIENCE FASTER POPULATION GROWTH



SOURCE: California Department of Finance projections.

LOOKING AHEAD

The state's growing and changing population will put pressure on a variety of infrastructure needs and public services. There are several key areas to watch.

Health and human services. Meeting the needs of a large and growing senior population will pose more challenges. For example, even though Medi-Cal enrolls a far larger share of children, senior adults account for a much higher share of expenditures. Annual costs per enrollee are at least five times higher for adults older than 50 than for children. Nursing home care is especially expensive.

Housing. After seniors, adults in their late 20s and early 30s will be the fastest-growing age group. Between 2010 and 2025, the number of adults ages 25 to 39 will increase by almost 30 percent. Because these are the ages at which young adults typically get married, start families, and establish their own households, housing demand will rise.

Schools. The relatively slow growth in the number of school-age children could give the state time to catch up on school infrastructure needs and a chance to adjust school budgets, perhaps increasing per student expenditures. Demand for higher education should remain strong as the number of students graduating from high school plateaus at a historically high level.

Contact a PPIC expert:



Hans Johnson
johnson@ppic.org



Laura Hill
hill@ppic.org

Read more:

- CLIMATE CHANGE
- CORRECTIONS
- ECONOMY
- HEALTH CARE
- HIGHER EDUCATION
- HOUSING
- K-12 EDUCATION
- POLITICAL LANDSCAPE
- POPULATION
- SOCIAL SAFETY NET
- WATER

This series is funded by PPIC's Donor Circle and the S. D. Bechtel, Jr. Foundation.



PPIC

PUBLIC POLICY
INSTITUTE OF CALIFORNIA

The Public Policy Institute of California is dedicated to informing and improving public policy in California through independent, objective, nonpartisan research. We are a public charity. We do not take or support positions on any ballot measure or on any local, state, or federal legislation, nor do we endorse, support, or oppose any political parties or candidates for public office. Research publications reflect the views of the authors and do not necessarily reflect the views of the staff, officers, or Board of Directors of the Public Policy Institute of California.

Public Policy Institute of California
500 Washington Street, Suite 600
San Francisco, CA 94111
T 415 291 4400 F 415 291 4401
www.ppic.org

PPIC Sacramento Center
Senator Office Building
1121 L Street, Suite 801
Sacramento, CA 95814
T 916 440 1120 F 916 440 1121

JANUARY 2014

