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 countries, and no race or ethnic group constitutes a majority of the state’s population. In the early 21st century, growth has slowed. Growth rates have averaged less than 1 percent in each of the past 10 years, making this the slowest-growing period in state history. Even so, the number of people added to the state’s population has been substantial—about 275,000 new residents each year. The California Department of Finance’s most recent estimate, made in January 2015, places the state’s population at 38.7 million.

California will continue to gain millions of new residents in each of the next two decades, increasing demand in all areas of infrastructure and public services—including education, transportation, housing, water, health, and welfare.

As growth continues, regional and racial/ethnic populations will shift

- **Population gains are projected to continue.**
  By 2030, California’s population is projected to reach 44.1 million. Annual growth rates are expected to be just under 1 percent, similar to growth experienced in the first decade of this century. Even so, average annual increases between now and 2030 will exceed 340,000—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 came from migration, primarily from the rest of the United States. Since 1990, most of the state’s growth has been from natural increase, that is, the excess of births over deaths. Over the past 10 years, gains from international migration have been partially 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 27 percent of the state’s population in 2030, the same share as in 2013.
• Inland areas will grow at higher rates.
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. That pattern is projected to continue, with the Inland Empire, the Sacramento region, and the San Joaquin Valley projected to grow faster than other areas of the state.

• Latinos have surpassed whites as the state’s largest ethnic group.
No ethnic group represents a majority of California’s population. In 2014, Latinos surpassed non-Hispanic whites to become the state’s largest ethnic group. By 2030, 43 percent of the state’s population will be Latino and 34 percent will be white. Latinos already make up 52 percent of children age 17 and younger.

• In the past 10 years, immigration from Latin America has slowed while immigration from Asia has increased.
Since 2006, Asia has replaced Latin America as the leading source of new immigrants. In 2013, more than twice as many immigrants arrived from Asia as from Latin America, and China replaced Mexico as the leading country of origin. For many decades before 2006, the majority of immigrants arriving in California were from Latin America.

• Immigrants from Asia tend to be highly educated.
More than half of newly arrived immigrants from Asia ages 25 to 64 have at least a bachelor’s degree, compared with only one-third of Californians born in the US. Immigrants from India are perhaps the best-educated population group in California, with three-fourths having earned at least a bachelor’s degree.

• Some 75 percent of California immigrants are legal residents of the United States.
The vast majority of immigrants in California have visas or are naturalized. Naturalization rates are at the highest levels in more than 30 years, with 49 percent of the state’s immigrants becoming citizens.
California’s population is aging

• **Large numbers of Californians are reaching retirement age.**
  In 2014, 12.9 percent of Californians were age 65 and older, compared with only 9 percent in 1970. By 2030, that share will grow to 19 percent. The total number of adults age 65 and older is projected to grow from 5 million in 2014 to 8.6 million in 2030.

• **By 2030, no ethnic group will compose a majority of the senior population.**
  The number of seniors in every major racial/ethnic group will increase by 2030. Whites will remain the largest group and are projected to grow by 45 percent (1,321,000 people) between 2014 and 2030. However, the fastest rates of growth will occur among nonwhite populations, especially Latinos (140%, or 1,324,000 people) and Asians (91%, or 672,000 people). The African American senior population will increase by 81 percent, or 210,000 people.

• **The number of children will increase very slowly.**
  From the 2013–14 to the 2023–24 school year, the number of children in public schools is projected to remain virtually unchanged, according to the California Department of Finance. This is a consequence of slight declines in birth rates and small increases in the number of women of childbirth age, 15 to 44. By contrast, in the 1990s, the number of school-age children grew more than 20 percent.

Looking ahead

The state’s growing, changing population will put pressure on infrastructure and public services. There are several key areas to watch.

**Health and human services.** Meeting the needs of a large, fast-growing senior population will pose challenges. For example, although 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. Finding alternatives to nursing-home care, which is especially expensive, will be critical.

**Housing.** California’s largest population group is young adults in their 20s. Between 2015 and 2030, these young adults will become middle aged, 35 to 44 years old. These are the ages at which adults typically get married, start families, and establish their own households. As a result, housing demand will rise.

**Schools.** The slow growth in the number of school-age children is likely to lead to further increases in per student aid as the state budget grows. Demand for higher education should remain strong as improvements in graduation rates boost the number of students graduating from high school and a greater share of students complete a college preparatory curriculum.
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