

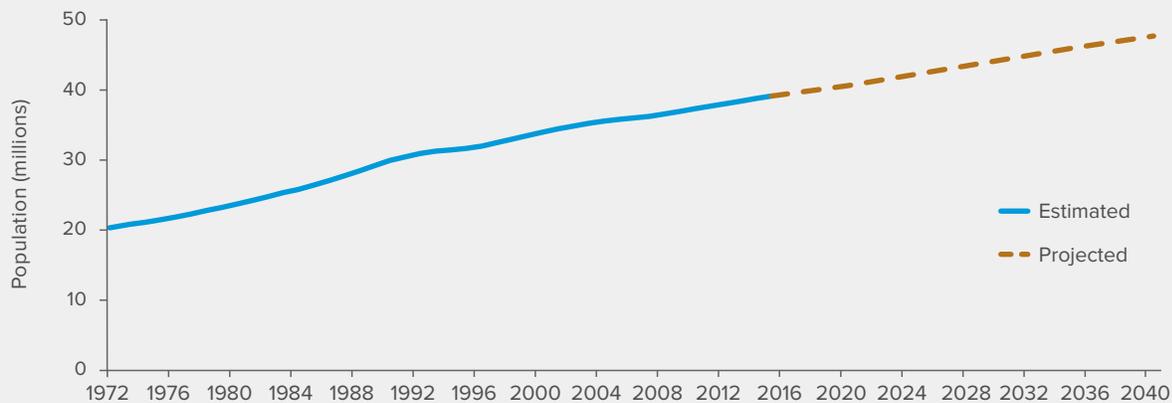
Even slow growth will put pressure on infrastructure and public services

California has long been known for and even defined by 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—on average 330,000 new residents each year between 2011 and 2017. The California Department of Finance's most recent estimate, places the state's population at 39.5 million as of January 2017.

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.

CALIFORNIA'S POPULATION WILL CONTINUE TO GROW



SOURCE: California Department of Finance projections, 2016 series.

NOTE: Population as of July of each year.

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 million. Annual growth rates are expected to be 0.8 percent, similar to growth experienced in the first decade of this century. Even so, average annual increases between now and 2030 will exceed 333,000—equivalent to adding the population of a city the size of Santa Ana 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 resulted 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.
- 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 San Joaquin Valley, and Greater Sacramento 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 2015, Latinos replaced non-Hispanic whites as the state's largest ethnic group. By 2030, 41.5 percent of the state's population will be Latino and 35.8 percent will be white. Latinos already make up 52 percent of children age 17 and younger.

LATINOS HAVE BECOME CALIFORNIA'S LARGEST ETHNIC GROUP



SOURCES: 1980 Census; Annual Estimates of the Resident Population by Sex, Race, and Hispanic Origin for the United States, States, and Counties: April 1, 2010, to July 1, 2016; and California Department of Finance projections.

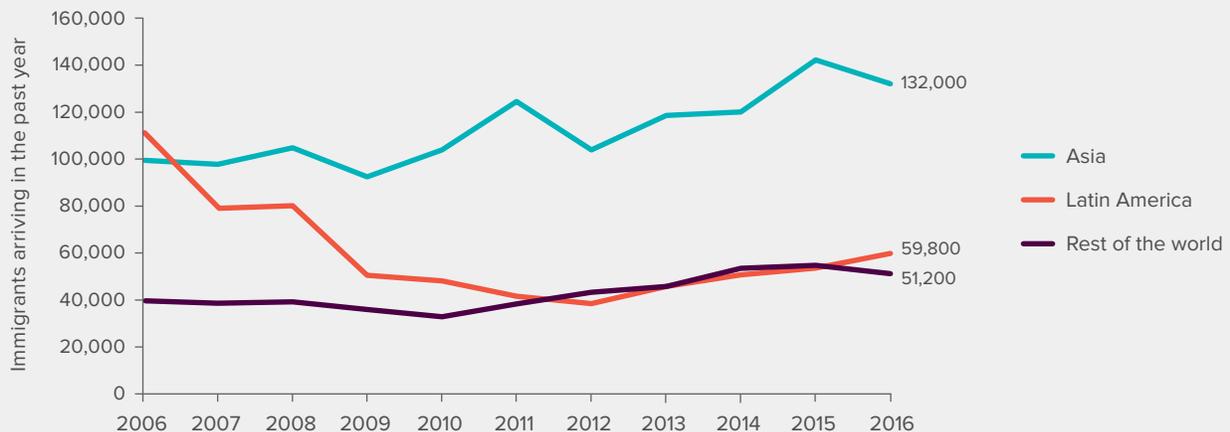
- **Three-quarters of California immigrants are legal residents of the United States.**

California is home to more than 10 million immigrants—about one in four of the foreign-born population nationwide. In 2016, the most current year of data, 27 percent of California's population was foreign born, about twice the US percentage. The vast majority of immigrants in California are legal residents of the United States. In fact, half of California's immigrants are naturalized US citizens, and another 26 percent have green cards, visas, or some other legal status. Still, more than 2 million undocumented immigrants live in California—nearly a quarter of the national total and more than 6 percent of the state's population. Projections suggest that the share of immigrants in the state's population will remain at its present level.

- **Immigration from Latin America has slowed, while immigration from Asia has increased.**

In 2006, Asia replaced Latin America as the leading source of new immigrants. In 2015, almost three times 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.

ASIA HAS SURPASSED LATIN AMERICA AS THE LEADING SOURCE OF NEW IMMIGRANTS



SOURCE: American Community Survey.

- **Immigrants from Asia tend to be highly educated.**

About 60 percent of newly arrived immigrants from Asia age 25 to 64 have at least a bachelor’s degree, compared with 30 percent of newly arrived immigrants from Latin America and 35 percent of Californians born in the United States. Immigrants from India are the most likely to be highly educated (85% have earned at least a bachelor’s degree).

California’s population is aging

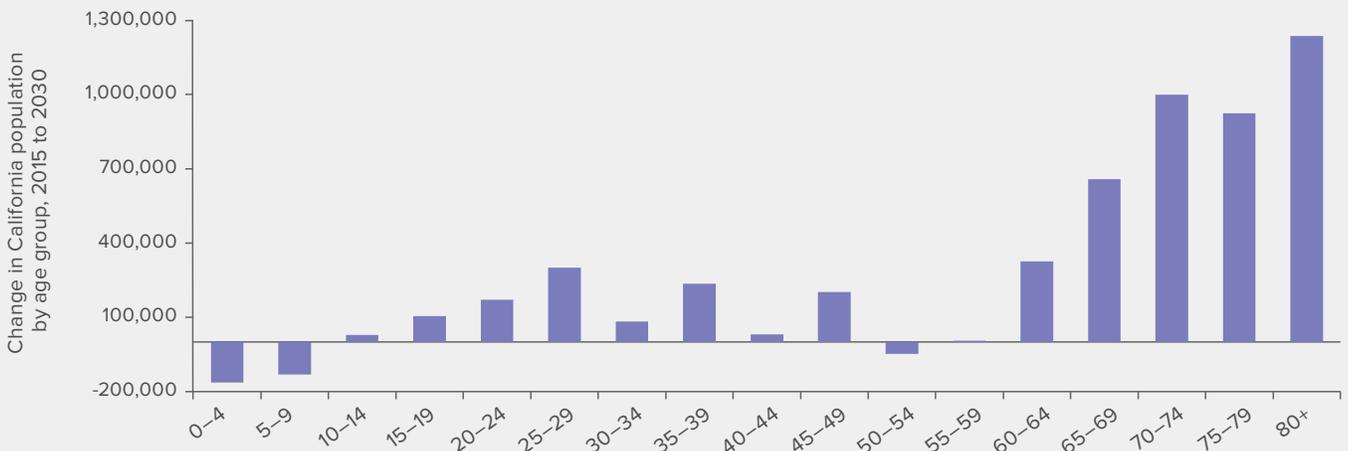
- **Large numbers of Californians are reaching retirement age.**

Even though California has the seventh-youngest population in the country, its population is aging rapidly. In 2016, 13.6 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 5.3 million in 2016 to 9.1 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—projected to grow by 52.7 percent (1,637,000 people) between 2016 and 2030—will remain the largest group of seniors. However, the most dramatic growth will occur among nonwhite populations, especially Latinos (118%, or 1,242,000 people) and Asians (61%, or 504,000 people). The African American senior population will increase by 89.9 percent, or 251,000 people.

CALIFORNIA’S POPULATION IS AGING



SOURCE: California Department of Finance projections.

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

From the 2015–16 to the 2025–26 school years, the number of children enrolled in public schools is projected to decrease by 2.6 percent, 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 childbearing age (age 15 to 44). In the 1990s, by contrast, 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 and on the state’s economy. There are several key areas to watch.

Health and human services. Meeting the needs of a large, rapidly growing senior population poses challenges. For example, although they are not the largest group of Medi-Cal enrollees (the share of children enrolled is far larger), 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. In the 2030s, these young adults will be 35 to 44 years old; this is the age range when 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.

Immigration reform. Immigrants are integral to California's workforce. Moreover, they now make up a substantial share of the state's highly educated workers: today, three of every ten highly educated workers in California are immigrants. PPIC has projected that California faces a workforce skills gap and needs to increase the number of adults with bachelor's degrees by an additional 1.1 million to meet workplace demands by 2030. These projections assume that the state will continue to attract substantial numbers of highly educated immigrants from abroad. Restrictions on the flow of those immigrants could exacerbate the workforce skills gap—and cause significant damage to the state's economy.

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