

PLANNING FOR CALIFORNIA'S FUTURE: THE STATE'S POPULATION IS GROWING, AGING, AND BECOMING MORE DIVERSE

Introduction

California faces a number of important policy decisions. These choices will take place in the context of significant demographic shifts that may affect demands on state and local budgets and policies. Three demographic trends loom large: California is big and getting bigger; it is diverse and becoming more so; and it is getting older. Specifically:

- Between 2000 and 2020, the state is projected to add approximately 10 million people, roughly equivalent to the population of the state of Michigan.
- By 2020, whites' share of the state's population is expected to shrink to 37.4 percent, while Latinos' share is projected to rise to 41.4 percent, and Asians' share is expected to increase to 12.5 percent.
- The number of Californians age 65 or older is expected to increase by 75.4 percent between 2000 and 2020.

California Faces Three Major Demographic Trends

California Is Big and Getting Bigger

California's population dwarfs that of every other state – including that of Texas, New York, and Florida, the next three most populous states (Table 1). In 2006, California's white population alone was larger than the population of Illinois, its Latino population was larger than the population of Pennsylvania, and California's Asian population was larger than the population of Oregon.

California's population growth has considerably outpaced that of the rest of the US. During most of the last century, the state's population grew at two to four times the rate of the rest of the nation (Figure 1). Between 1980 and 1990, for example, California's population increased by 25.7 percent while that of the rest of the US grew by only 7.9 percent. California's growth rate slowed to 13.8 percent from 1990 to 2000, approximately equal to the rate of the rest of the country (13.1 percent); but the state still added more than four million people, roughly equivalent to the population of Kentucky. Between 2000 and 2006, the state's population growth rate remained close to the rest of the nation's, and it is expected to remain low by historical standards through 2020.¹ Even at this lower growth rate, California is expected to add about 500,000 new residents each year from 2000 to 2020 – equivalent to adding a city the size of Long Beach each year.

California Is Increasingly Diverse

California's population is far more ethnically diverse than that of the rest of the US.² In 2000, California was already a "majority minority" state (Figure 2). In 2006, whites accounted for 42.8 percent of the population, compared to 69.4 percent in the rest of the US.³ Latinos constituted 35.9 percent of the population, compared to 11.9 percent in the rest of the US; Asians constituted 12.1 percent of the population, compared to 3.2 percent in the rest of the country. Blacks were a relatively smaller share of California's population, comprising 6.0 percent of the state's population, compared to 13.0 percent in the rest of the US. By 2020, whites' share of the population is expected to drop further, to 37.4 percent (Figure 3).

Table 1: California's Population Dwarfs That of All Other States	
State	2006 Population
California	36,457,549
Texas	23,507,783
New York	19,306,183
Florida	18,089,888
California White	15,600,175
California Latino	13,074,155
Illinois	12,831,970
Pennsylvania	12,440,621
Ohio	11,478,006
Michigan	10,095,643
North Carolina	8,856,505
Virginia	7,642,884
Minnesota	5,167,101
Colorado	4,753,377
California Asian	4,424,529
South Carolina	4,321,249
Oregon	3,700,758
Arkansas	2,810,872
Nevada	2,495,529
California Black	2,201,043
New Mexico	1,954,599

Source: US Census Bureau

California Is Growing Older

True to its national image, California is younger than the nation overall. In 2006, the state's median age – the age of the Californian at the midpoint of the age distribution – was 34.4, compared to 36.4 in the US as a whole. Older Californians – those age 65 or older – comprised 10.8 percent of the 2006 population, compared to 12.7 percent in the rest of the US. However, older Californians are the state's fastest growing age group.

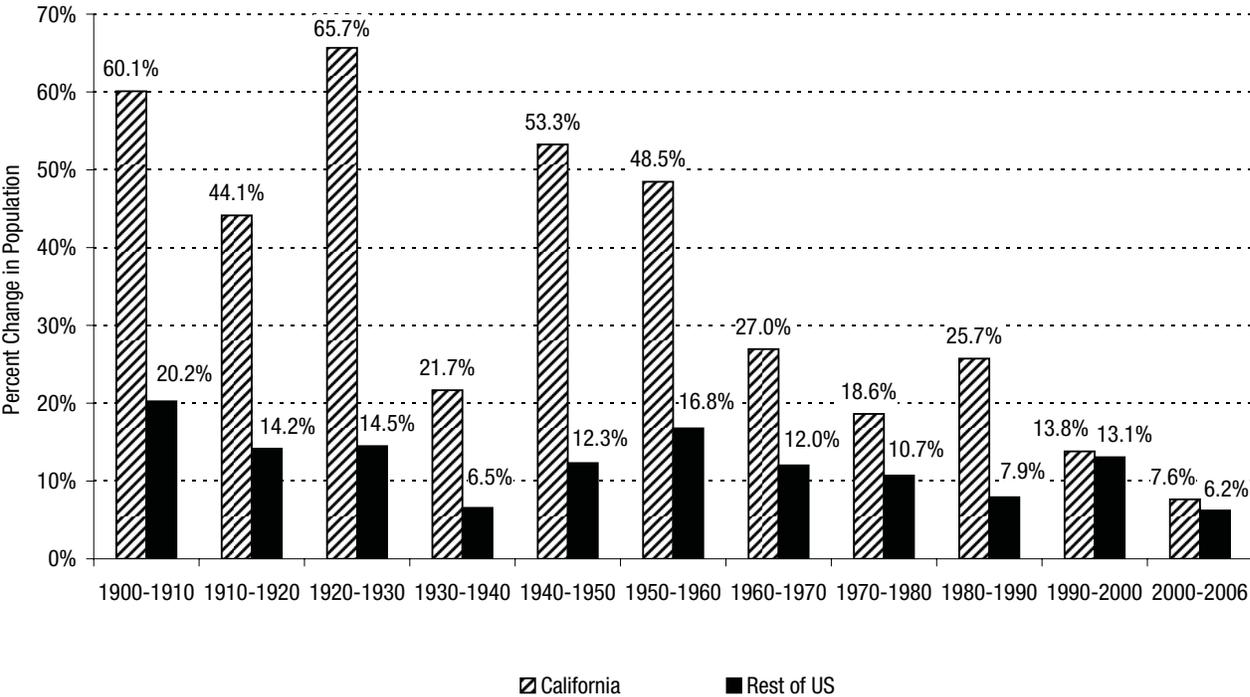
Growth Rates Will Vary Widely by Population Group

To get a better picture of these trends, it is useful to examine population forecasts for major racial/ethnic and age groups. Population growth rates for these groups are expected to vary widely.

Whites' and Latinos' Shares of the Population Will Change the Most

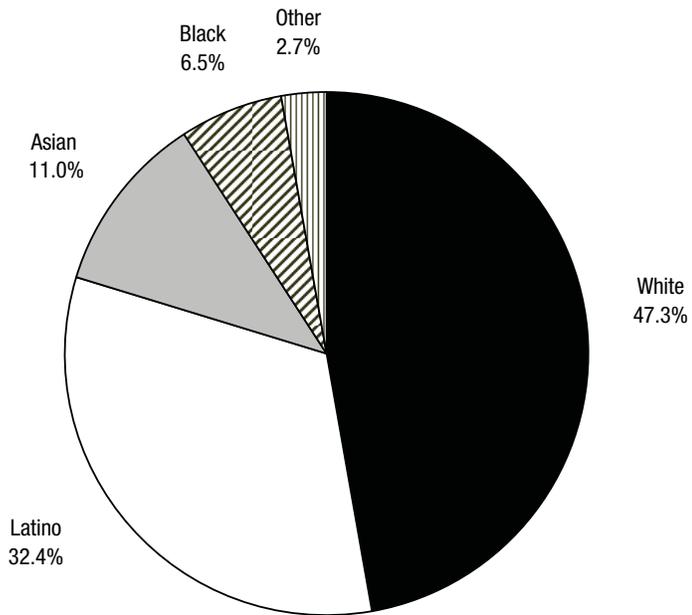
Whites are declining as a share of the population. California's white population is declining as a share of the state's total population and, by 2020, should be much older as a whole than that of other racial and ethnic groups (Table 2). Projections vary,

Figure 1: California's Population Grew Faster Than That of the Rest of the US Throughout the 20th Century



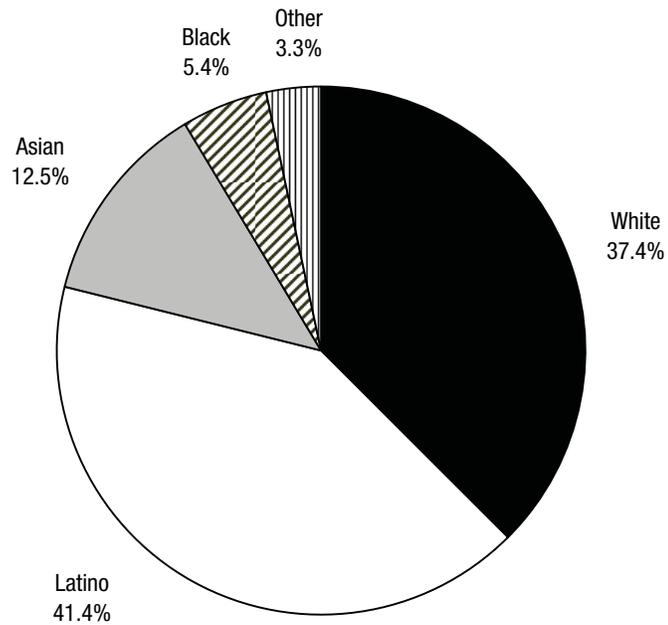
Source: US Census Bureau

Figure 2: By 2000, California Was a "Majority Minority" State



Source: Department of Finance

Figure 3: In 2020, Latinos' Share of the Population Is Expected To Exceed That of Whites



Source: Department of Finance

but according to the Department of Finance (DOF), between 2000 and 2020, California's white population will increase by only 2.3 percent, to 16.5 million. Whites' share of the population is expected to shrink from 47.3 percent to 37.4 percent. Slightly more than one-fifth (21.6 percent) of the state's whites are projected to be age 65 or older.

Latinos' share of the population is rising. In contrast, Latinos are expected to increase as a share of the state's population, rising from 32.4 percent in 2000 to 41.4 percent in 2020, adding 7.2 million people over those two decades. Although the Latino population also is aging, it will remain the state's youngest racial/ethnic group. In 2020, more than one-third of Latinos (34.6 percent) are projected to be under the age of 20.

Asians also are increasing as a share of the population. Asians are the state's second fastest growing racial/ethnic group. California's Asian population is expected to increase by 46.9 percent between 2000 and 2020, and Asians' share of the population is projected to rise from 11.0 percent to 12.5 percent. Asians also are the second oldest racial/ethnic group. By 2020, 16.9 percent of Asians are expected to be age 65 or older.

Blacks' share of the population is declining. Blacks' share of California's population is projected to decline slightly, from 6.5 percent in 2000 to 5.4 percent in 2020. The black population also is expected to be relatively young in 2020; 26.7 percent of blacks are projected to be under the age of 20, and only 13.0 percent are projected to be age 65 or older.

California Is Growing Older

The age profile of California's population will shift along with the state's racial and ethnic composition. Most importantly, California is becoming older – although the state's population of children and young adults will continue to grow.

The 0 to 4 age group is expected to remain steady as a share of the population. Between 2000 and 2020, children age 0 to 4 are expected to just maintain their share of the population (Figure 4). Nevertheless, the number of children under age 5 should increase by more than 740,000 over the two decades. In 2020, more than half (55.7 percent) of children age 0 to 4 are projected to be Latino; about one-quarter (26.2 percent) are projected to be white (Figure 5).

The school-age population is projected to grow slowly. California's school-age population – those age 5 to 19 – is expected to increase much more slowly between 2000 and 2020 than in the recent past and at less than half the rate of the population overall (13.5 percent for school-age children compared to 29.4 percent for the population overall). Slightly more than half (50.9 percent) of school-age children are projected to be Latino in 2020, and 28.5 percent are expected to be white.

The young adult population is expected to grow slightly more slowly than the overall population. The young adult population – those age 20 to 24 – is projected to grow by 26.2 percent between 2000 and 2020, compared to 29.4 percent for the population as a whole. The projected increase in the young adult population is made up of two distinct trends. Between 2000 and 2010, the number of Californians age 20 to 24 is expected to increase by 22.2 percent. However, in the following decade, growth is anticipated to slow to 3.3 percent. In 2020, Latinos are projected to be half (49.9 percent) of the young adult population; Asians, 10.4 percent; and blacks, 5.5 percent.

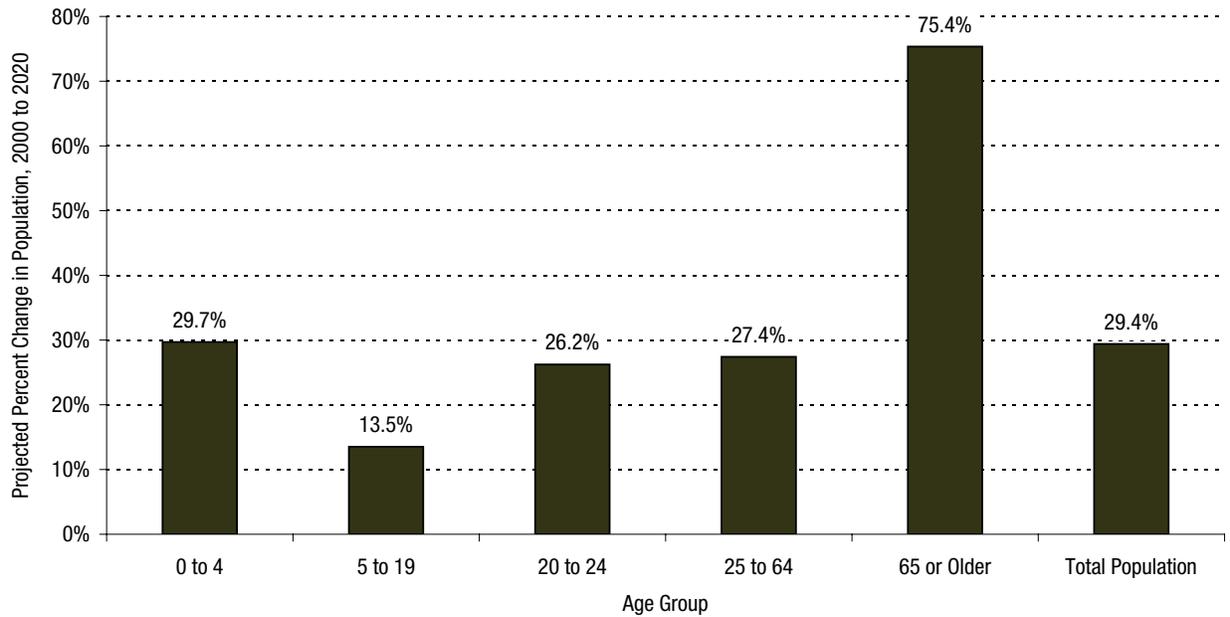
The prime working-age population is projected to grow at a healthy rate. California's prime working-age population – those age 25 to 64 – is projected to grow at a healthy rate between 2000 and 2020, only slightly more slowly than the overall population (27.4 percent compared to 29.4 percent). Whites are

Table 2: Population Snapshot in 2020 by Race/Ethnicity

	Percent			
	Whites	Latinos	Asians	Blacks
Projected Percent Change in Population, 2000 to 2020	2.3	65.1	46.9	7.8
Projected 2020 Share of Total Population	37.4	41.4	12.5	5.4
Projected 2020 Age Distribution				
0 to 19 years	20.4	34.6	23.4	27
20 to 24 years	5.5	8.2	5.7	7.0
25 to 64 years	52.5	49.7	54.0	53.3
65 or older	21.6	7.5	16.9	13.0
Total	100.0	100.0	100.0	100.0

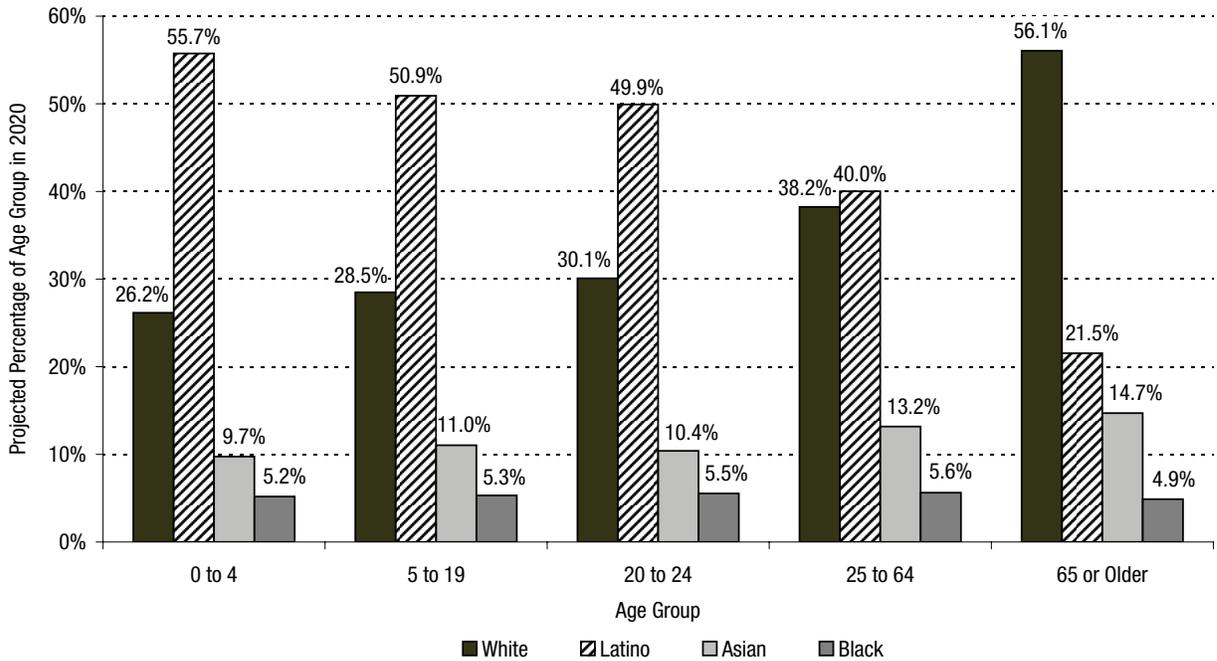
Source: Department of Finance

Figure 4: Californians Age 65 or Older Are Projected To Be the Fastest Growing Age Group Between 2000 and 2020



Source: Department of Finance

Figure 5: In 2020, Latinos Should Comprise the Largest Share of All Age Groups Except 65 or Older



Source: Department of Finance

expected to comprise 38.2 percent of the prime working-age population in 2020; Latinos, 40.0 percent; Asians, 13.2 percent; and blacks, 5.6 percent.

The older population is expected to increase dramatically.

The most dramatic shift is the projected increase in the number of older Californians. Between 2000 and 2020, the number of Californians age 65 or older is expected to increase by 75.4 percent, compared to a 29.4 percent increase for the state’s population overall. In 2020, California is projected to be home to 2.7 million more older residents than in 2000. More than half (56.1 percent) of these older Californians are expected to be white, although whites’ share of the total population is expected to fall to 37.4 percent.

What Might These Shifts Mean for Public Policies?

California’s rate of population growth should slow between 2000 and 2020, but the significant shifts in the age structure and racial/ethnic composition of the population have important implications for the budget and public policies.

K-12 Education

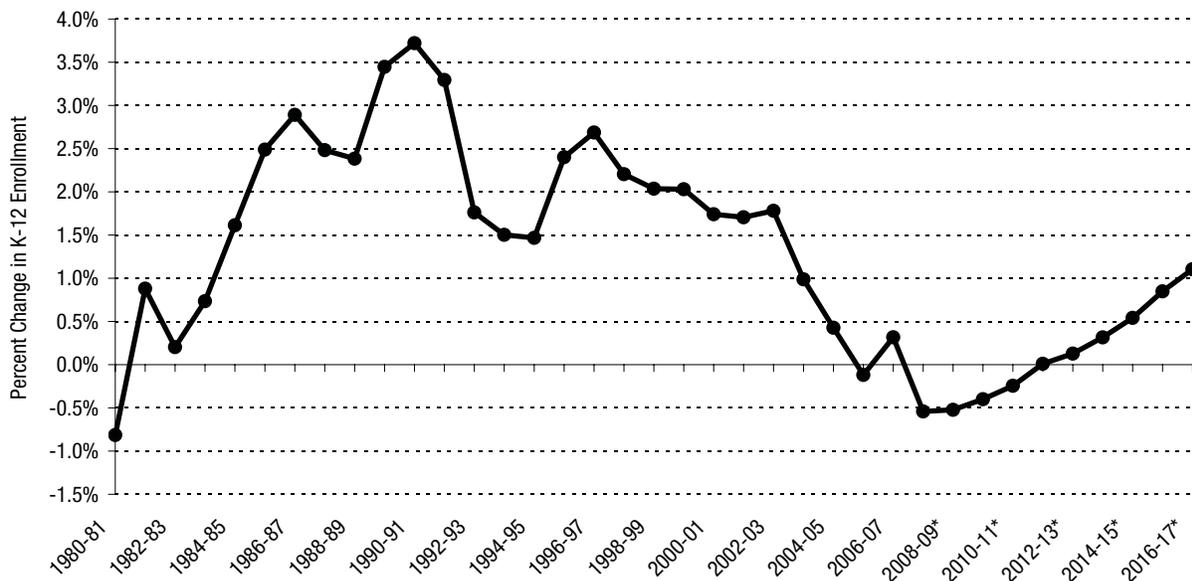
Although school enrollment increased by 23.2 percent – more than 1.1 million children – between 1990 and 2000, enrollment

between 2000 and 2010 is expected to increase by only 3.4 percent, just over 203,000 children (Figure 6). After 2010, the pace is expected to pick up again, with K-12 enrollment projected to rise by more than 183,000 (3.0 percent) between 2010 and 2016.⁴ The school-age population is projected to be increasingly Latino and Asian (Figure 7). In 2020, approximately half (50.9 percent) of Californians age 5 to 19 are expected to be Latino; 11.0 percent are expected to be Asian; 5.3 percent are projected to be black; and 28.5 percent are projected to be white. In fact, between 2000 and 2020, the number of whites in this age group is projected to decline by more than 340,000, whereas the number of Latinos is projected to increase by more than 1.2 million.

The changing demographics may present schools with greater challenges. In 2020, 56.2 percent of California’s school-age population is expected to be Latino or black, and a sizable minority is likely to be English language learners.⁵ Many of these children currently have lower levels of educational attainment. For example, the summary results from the 2006 Standardized Testing and Reporting (STAR) Program – the standardized tests given to California students in grades 2 through 11 – report that only 27 percent of Latinos and 29 percent of blacks scored at the “proficient and above” level in English, compared to 60 percent of whites and 64 percent of Asians.⁶

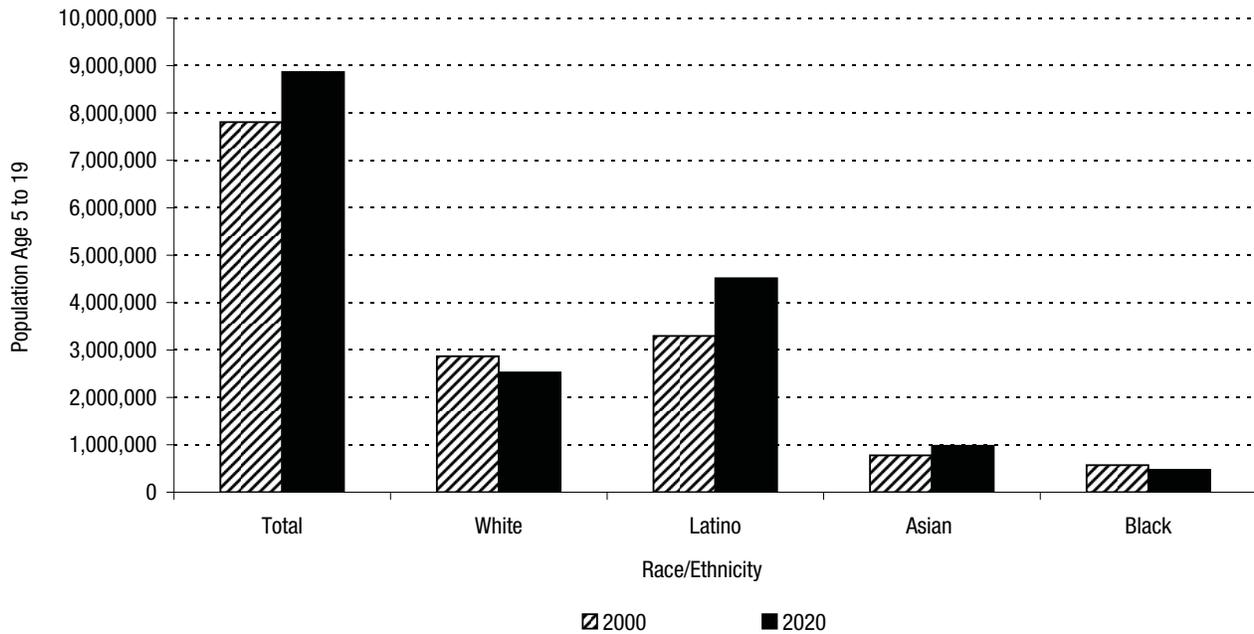
Similarly, students in schools with low pass rates on the California High School Exit Exam (CAHSEE) are 30 times more likely to be

Figure 6: K-12 Enrollment Is Expected To Grow More Slowly From 2000 to 2016 Than in the Past Two Decades



* Projected.
Source: Department of Finance

Figure 7: The K-12 School-Age Population Is Projected To Be Increasingly Latino and Asian in 2020



Source: Department of Finance

enrolled in schools that are at least 90 percent non-white than students in schools with high pass rates.⁷ These low pass-rate schools have fewer fully credentialed teachers, are more likely to be “critically overcrowded,” and are substantially more likely to be eligible for state relief for substandard conditions under the settlement of the Williams case.⁸ Over the next two decades, California therefore is likely to face increased demand for investment in K-12 education.

Higher Education

Enrollment in California’s public postsecondary colleges and universities is projected to continue to climb through 2015 – the latest year for which the DOF has made a projection.⁹ The three segments – the University of California (UC), the California State University (CSU), and the California Community Colleges (CCC) – are expected to add almost 477,000 undergraduates between 2005 and 2015 (Figure 8). In contrast, between 1995 and 2005, the three segments added approximately 373,000 undergraduates. The community colleges are expected to experience the greatest percentage increase (24.5 percent) and numeric growth of new students (approximately 394,000) between 2005 and 2015.

Despite the projected growth in higher education enrollment, recent studies suggest that the demand for skilled labor,

particularly college-educated labor, will outpace its supply.¹⁰ To some extent, this is because population groups with historically lower levels of postsecondary educational attainment are growing faster than those with higher levels. In 2000, Latinos constituted 42.6 percent of all 20 to 24 year olds, but only 12.6 percent of students receiving bachelor’s degrees from the UC and only 18.3 percent of those receiving bachelor’s degrees from the CSU in the same year.¹¹ In contrast, whites constituted 36.3 percent of the 20-to-24-year-old population, but 40.5 percent of students receiving UC bachelor’s degrees and 43.2 percent of students receiving CSU bachelor’s degrees. Enrollment and graduation rates must increase among Latinos and blacks, in particular, if California is to meet the workforce needs of its employers.

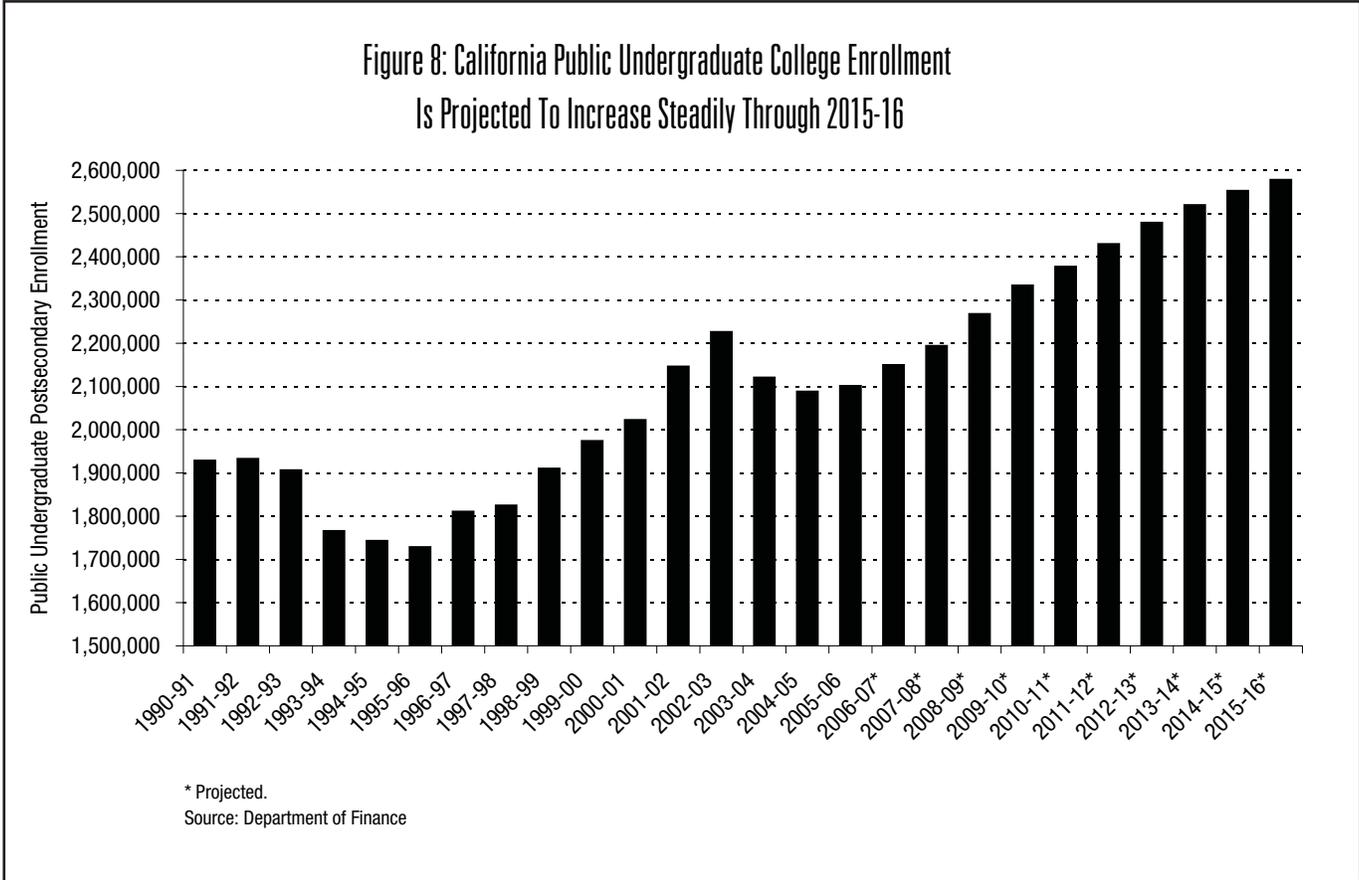
Care and Services for Older Californians

In addition to investing in its future, California will have to take care of its past. In 2020, more than 6 million of the state’s residents are projected to be age 65 or older. Older Californians are expected to be healthier than in the past, but their sheer numbers could strain programs such as Medi-Cal, In-Home Supportive Services, and the Supplemental Security Income/State Supplementary Payment (SSI/SSP) Program.¹² For example, according to the California HealthCare Foundation, seniors represent just 12 percent of persons enrolled in Medi-Cal, but 28 percent of Medi-Cal expenditures.¹³

Conclusion

In California, the scale of change – and, therefore, the scale of the policy challenge – is enormous. If the forecasters are right, the state’s population will grow by more than one-quarter (29.4 percent) between 2000 and 2020. California’s Latino population will increase by 65.1 percent and its white population by only 2.3 percent. By 2020, more than one out of seven Californians (14.4 percent) is expected to be age 65 or older.

Meeting the needs of a growing, changing, and increasingly diverse population poses complex challenges for policymakers. Californians concerned about their state’s future will want to ensure that the state has adequate resources to serve its residents, and the flexibility to reshape and redirect resources in response to shifting conditions.



The California Budget Project (CBP) was founded in 1994 to provide Californians with a source of timely, objective, and accessible expertise on state fiscal and economic policy issues. The CBP engages in independent fiscal and policy analysis and public education with the goal of improving public policies affecting the economic and social well-being of low- and middle-income Californians. General operating support for the CBP is provided by foundation grants, individual donations, and subscriptions. Please visit the CBP’s website at www.cbp.org.

ENDNOTES

- ¹ Population forecasts vary, but several recent projections, including those of the Department of Finance and the US Census Bureau, expect relatively slow population growth rates in California between 2000 and 2020, compared to historical rates.
- ² This report uses the Census Bureau’s definitions of race and ethnicity. The CBP grouped the population into five racial/ethnic groups: black, Latino, white, Asian, and “other.” Individuals who report being Latino, Hispanic, or Spanish are classified as Latino irrespective of their race. American Indians, Pacific Islanders, and individuals of another race or of two or more races are included in the “other” race category.
- ³ US Census Bureau, American Community Survey. US Census Bureau population data are not strictly comparable to Department of Finance population data. The DOF bases its projections on Census Bureau data, but makes several modifications, such as eliminating the “other” race category.

- ⁴ Department of Finance.
- ⁵ California Department of Education data show that 25.0 percent of California schoolchildren were classified as English learners in 2006-07.
- ⁶ In mathematics, 30 percent of Latinos and 24 percent of blacks scored at the “proficient or above” level, compared to 53 percent of whites and 67 percent of Asians. California Department of Education, *2006 Standardized Testing and Reporting (STAR) Program: Summary of Results*, downloaded from <http://www.cde.ca.gov/ta/tg/sr/documents/yr06rel89summ.pdf> on June 3, 2008.
- ⁷ John Rogers, Jennifer Jellison Holme, and David Silver, *More Questions Than Answers: CAHSEE Results, Opportunity To Learn, and the Class of 2006* (Institute for Democracy, Education, and Access, University of California, Los Angeles: 2005), p. 4.
- ⁸ John Rogers, Jennifer Jellison Holme, and David Silver, *More Questions Than Answers: CAHSEE Results, Opportunity To Learn, and the Class of 2006* (Institute for Democracy, Education, and Access, University of California, Los Angeles: 2005), p. 2.
- ⁹ Department of Finance.
- ¹⁰ Ellen Hanak and Mark Baldassare, eds., *California 2025: Taking on the Future* (Public Policy Institute of California: 2005), pp. 75-76 and Hans P. Johnson and Deborah Reed, “Can California Import Enough College Graduates To Meet Workforce Needs?,” *California Counts: Population Trends and Profiles* 8 (Public Policy Institute of California: May 2007).
- ¹¹ California Postsecondary Education Commission.
- ¹² Ronald Lee, Timothy Miller, and Ryan D. Edwards, *The Growth and Aging of California’s Population: Demographic and Fiscal Projections, Characteristics and Service Needs* (Center for the Economics and Demography of Aging, University of California, Berkeley: 2003), pp. xi-xiii.
- ¹³ California HealthCare Foundation, *Medi-Cal: Budget and Cost Drivers* (January 2006), p. 12.