

## 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 largest: 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 33.7 percent, while Latinos' share is projected to rise to 43.0 percent and Asians' share is expected to increase to 12.7 percent.
- The number of Californians age 65 and above is expected to increase by 71.3 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 2000, California's white population alone was larger than the population of Illinois, its Latino population was larger than the population of Michigan, and California's Asian population was larger than the population of Oregon.

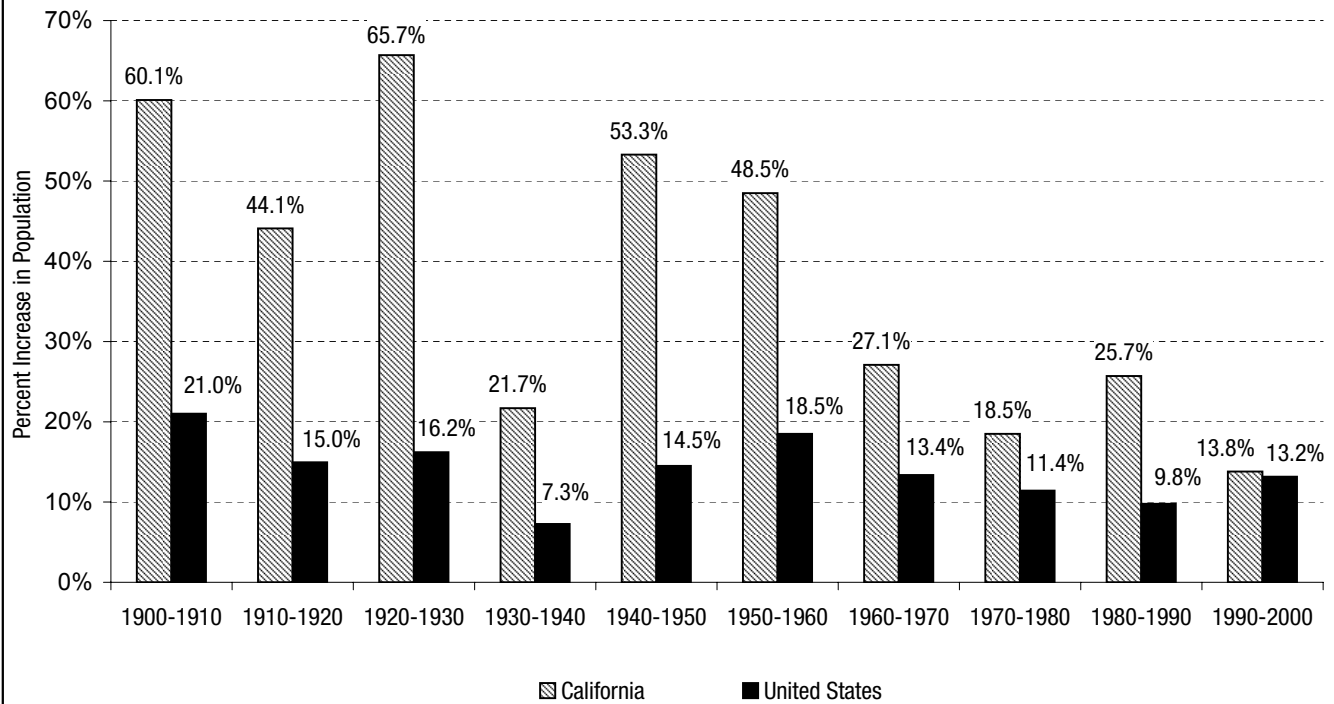
**Table 1: California's Population Dwarfs That of All Other States**

State	Population
<b>California</b>	<b>33,871,648</b>
Texas	20,851,820
New York	18,976,457
Florida	15,982,378
<b>California White</b>	<b>15,816,790</b>
Illinois	12,419,293
Pennsylvania	12,281,054
Ohio	11,353,140
<b>California Latino</b>	<b>10,966,556</b>
Michigan	9,938,444
North Carolina	8,049,313
Virginia	7,078,515
South Carolina	4,012,012
<b>California Asian</b>	<b>3,648,860</b>
Oklahoma	3,450,654
Oregon	3,421,399
Arkansas	2,673,400
Utah	2,233,169
<b>California Black</b>	<b>2,181,926</b>
Nevada	1,998,257

Source: US Census Bureau

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 three times the rate of the nation as a whole (Figure 1). Between 1980 and 1990, for example, California's population increased by 25.7 percent while that of the US overall grew by only 9.8 percent. California's growth

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



Source: US Census Bureau

rate slowed dramatically from 1990 to 2000 to 13.8 percent, bringing it close to the national rate of 13.2 percent; but the state still added over four million people, roughly equivalent to the population of Kentucky in 2000. Population growth between 2000 and 2020 is expected to remain slow by historical standards.<sup>1</sup>

### California Is Increasingly Diverse

California's population is far more ethnically diverse than the US as a whole.<sup>2</sup> In 2000, California was already a majority "minority" state. Whites accounted for only 46.7 percent of the population, compared to 69.1 percent in the US as a whole. Latinos constituted 32.4 percent of the population, compared to 12.5 percent in the US; Asians constituted 11.1 percent of the population, compared to 3.7 percent in the US. Blacks were a relatively smaller share of California's population, comprising 6.4 percent of the state's population, compared to 12.1 percent in the US as a whole.<sup>3</sup> By 2020, whites' share of California's population will drop to approximately one-third of its total population (Figures 2 and 3).

### California Is Getting Older

True to its national image, California is younger than the nation overall. In 2003, the state's median age – the age of the Californian at the midpoint of the age distribution – was 34.1,

compared to 36.0 in the US. Older Californians – those age 65 and above – comprised just 10.3 percent of the population, compared to 12.0 percent in the US. However, older Californians are the state's fastest growing age group.

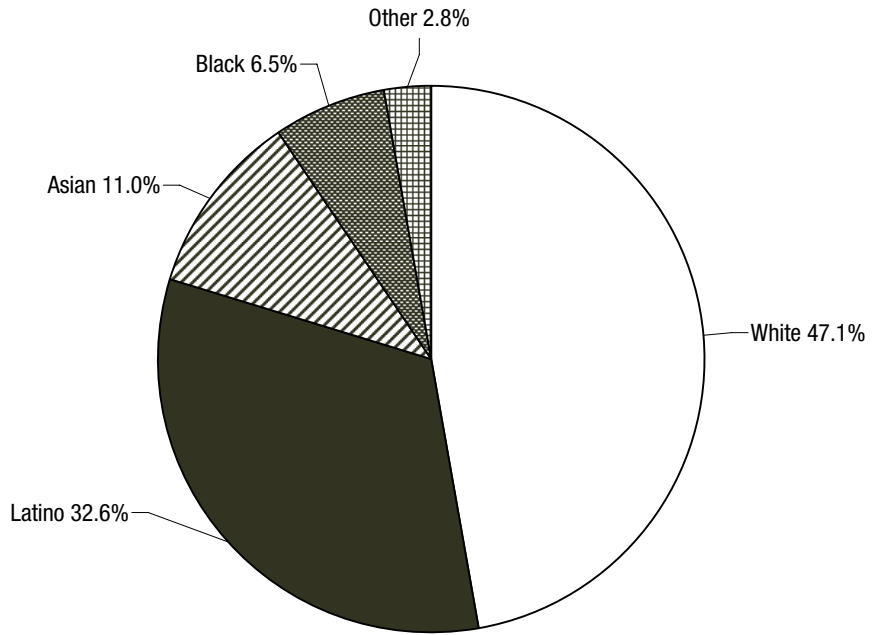
### How Are Trends Expected to Vary by Population Group?

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

### The Experience of Racial and Ethnic Groups Is Projected to Vary

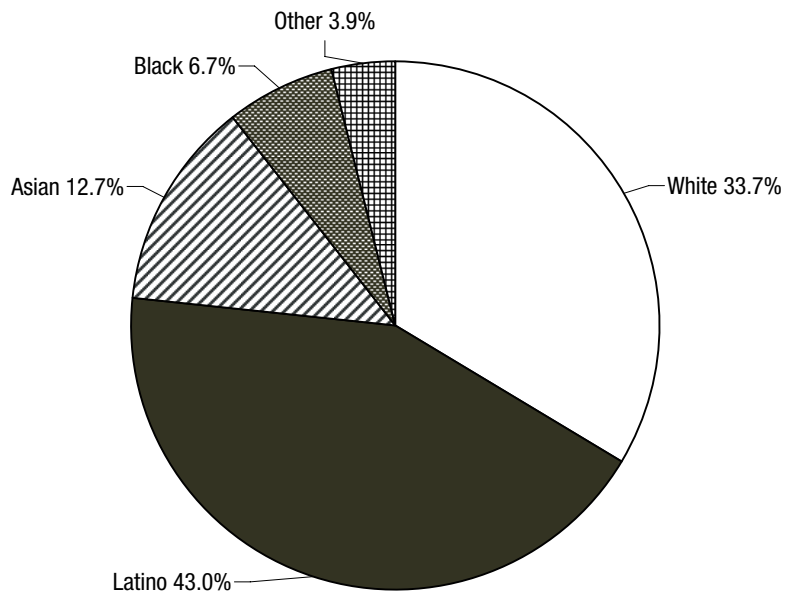
**Whites:** California's white population is declining as a share of the state's total population and, by 2020, should be much older, on average, than the state's other racial and ethnic groups (Table 2). Projections vary, but according to the Department of Finance (DoF), between 2000 and 2020 California's white population will decline in absolute numbers, falling from just over 16 million to under 15 million. Whites' share of the population is expected to shrink from 47.1 percent to 33.7 percent. Almost one-quarter (23.0 percent) of the white population is projected to be age 65 and above.

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



Source: CBP analysis of Department of Finance data

Figure 3: In 2020, Latinos' Share of the Population Will Exceed That of Whites



Source: CBP analysis of Department of Finance data

**Table 2: Population Snapshot – Whites, 2020**

	Percent
Share of Total Population: Projected 2020	33.7
Percent Change: 2000-2020	-8.0
Age Distribution: Projected 2020	
0-19 years of age	19.7
20-24 years of age	5.2
25-64 years of age	52.1
65 to 85+ years of age	23.0

Source: CBP analysis of Department of Finance data

**Latinos:** In contrast, Latinos are expected to increase as a share of the state’s total population, rising from 32.6 percent in 2000 to 43.0 percent in 2020, adding 7.8 million people over those two decades (Table 3). While the Latino population also is aging, it will remain the youngest racial/ethnic group. In 2020, over one-third of Latinos (34.2 percent) are projected to be under the age of 20.

**Table 3: Population Snapshot – Latinos, 2020**

	Percent
Share of Total Population: Projected 2020	43.0
Percent Change: 2000-2020	70.3
Age Distribution: Projected 2020	
0-19 years of age	34.2
20-24 years of age	7.5
25-64 years of age	51.2
65 to 85+ years of age	7.2

Source: CBP analysis of Department of Finance data

**Asians:** Asians are the state’s second fastest growing racial/ethnic group (Table 4). California’s Asian population is expected to increase by 48.6 percent between 2000 and 2020, and Asians’ share of the population is projected to rise from 11.0 percent to 12.7 percent. Asians are also the second oldest racial/ethnic group. By 2020, 16.7 percent of Asians are expected to be age 65 and above.

**Table 4: Population Snapshot – Asians, 2020**

	Percent
Share of Total Population: Projected 2020	12.7
Percent Change: 2000-2020	48.6
Age Distribution: Projected 2020	
0-19 years of age	21.0
20-24 years of age	5.8
25-64 years of age	56.5
65 to 85+ years of age	16.7

Source: CBP analysis of Department of Finance data

**Blacks:** Blacks’ share of California’s population is projected to remain essentially unchanged between 2000 and 2020 (Table 5). The black population also is expected to be relatively young in 2020; 27.6 percent of blacks are projected to be under the age of 20 and only 11.6 percent are projected to be over the age of 65.

**Table 5: Population Snapshot – Blacks, 2020**

	Percent
Share of Total Population: Projected 2020	6.7
Percent Change: 2000-2020	32.1
Age Distribution: Projected 2020	
0-19 years of age	27.6
20-24 years of age	7.4
25-64 years of age	53.4
65 to 85+ years of age	11.6

Source: CBP analysis of Department of Finance data

## Some Age Groups Will Experience Relatively Slow Growth, but Older Californians’ Share of the Population Will Increase Dramatically

The age structure of California’s population will shift along with the state’s racial and ethnic composition (Figures 4 and 5). Most importantly, California is becoming older – although the state’s population of children and young adults will continue to grow. The projected trends by key age groups are summarized below:

**Children Age 0 to 4:** Between 2000 and 2020, children age 0 to 4 are expected to just maintain their share of the population. Nevertheless, the number of children under the age of 5 should increase by approximately 600,000 over the two decades. Almost 60 percent of children age 0 to 4 in 2020 are projected to be Latino; about 22 percent are projected to be white.

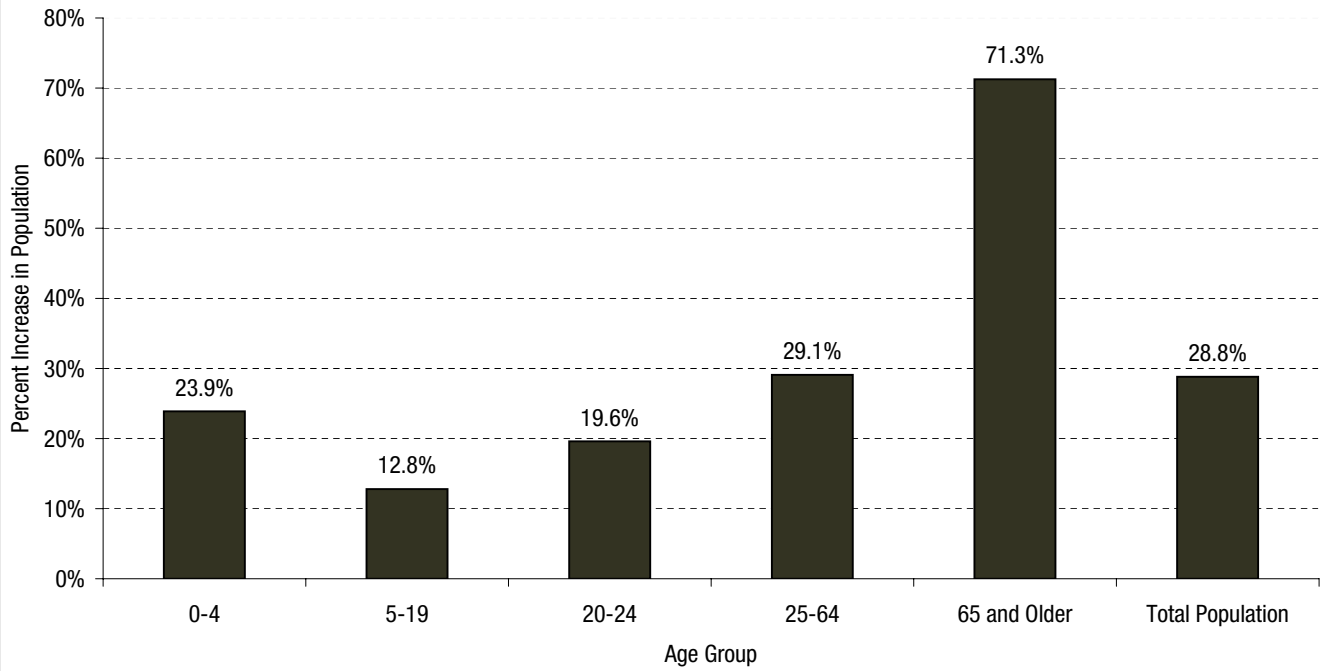
**School-Age Children:** California’s school-age population – those age 5 to 19 – is expected to increase much more slowly between 2000 and 2020 than in the recent past and at less than half the rate of the population overall (a 12.8 percent increase compared to a 28.8 percent increase). Just over half (53.1 percent) of school-age children in 2020 are projected to be Latino; 25.5 percent are expected to be white.

**Young Adults:** The young adult population – those age 20 to 24 – is projected to grow faster than the state’s overall population between 2000 and 2010, but then growth will slow and the young adult population is expected to decline slightly, by 2.1 percent, over the following decade. Almost half (49.3 percent) of this age group is projected to be Latino in 2020; 11.3 percent is projected to be Asian, and 7.6 percent is projected to be black.

**Prime Working-Age Population:** California’s prime working-age population (those age 25 to 64) is projected to grow at a healthy rate between 2000 and 2020, rising slightly faster than the state’s overall population (29.1 percent compared to 28.8 percent). Whites are expected to comprise just over one-third (33.6 percent) of prime-age workers in 2020; Latinos, 42.1 percent; Asians, 13.7 percent; and blacks, 6.8 percent.

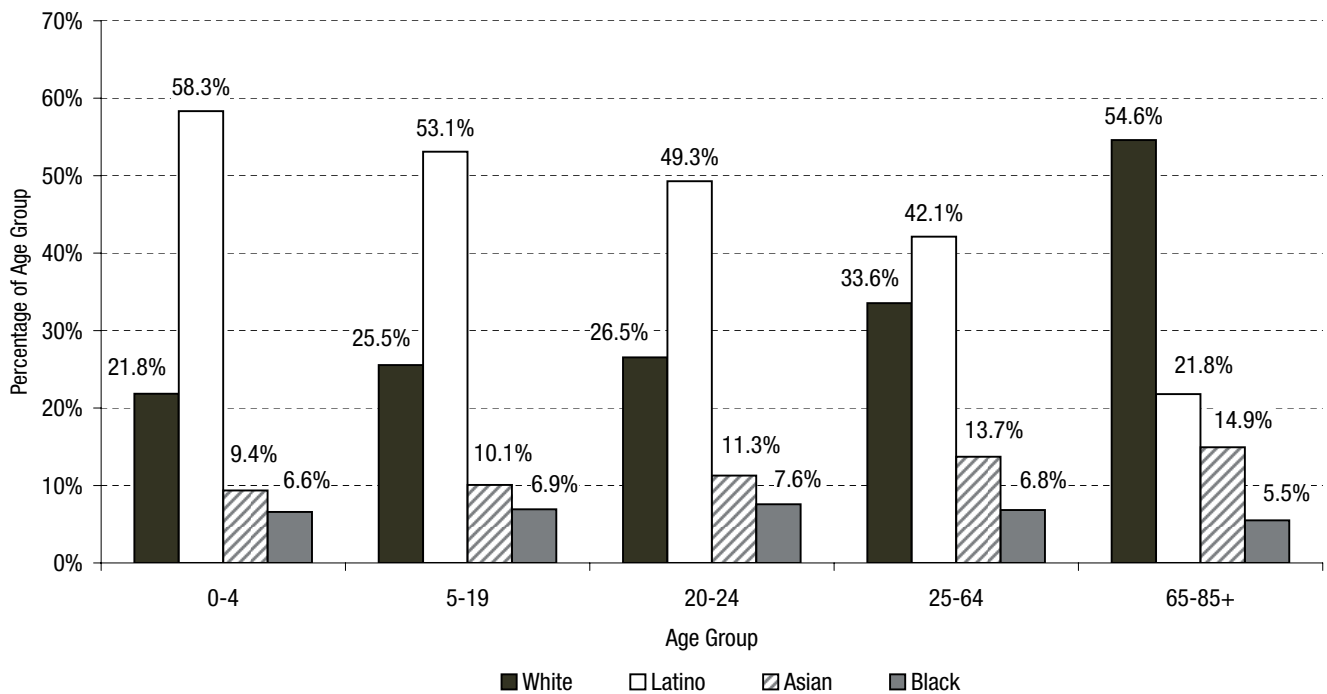
**Older Californians:** The most dramatic shift is the projected increase in the number of older Californians. Between 2000 and 2020, the number of Californians age 65 and above is expected

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



Source: CBP analysis of Department of Finance data

**Figure 5: In 2020, Latinos Will Dominate All Age Groups Except Age 65 and Above**



Source: CBP analysis of Department of Finance data

to increase by 71.3 percent, compared to a 28.8 percent increase for the state's population overall. In 2020, California should be home to almost 2.6 million more older residents than in 2000. More than half (54.6 percent) of these older Californians are expected to be white, while whites' share of the total population is projected to fall to 33.7 percent (Figure 5).

## What Does All of This Mean for California?

California's rate of population growth may 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 kinds of investments the state needs to make in infrastructure and services. For example:

### K-12 Education:

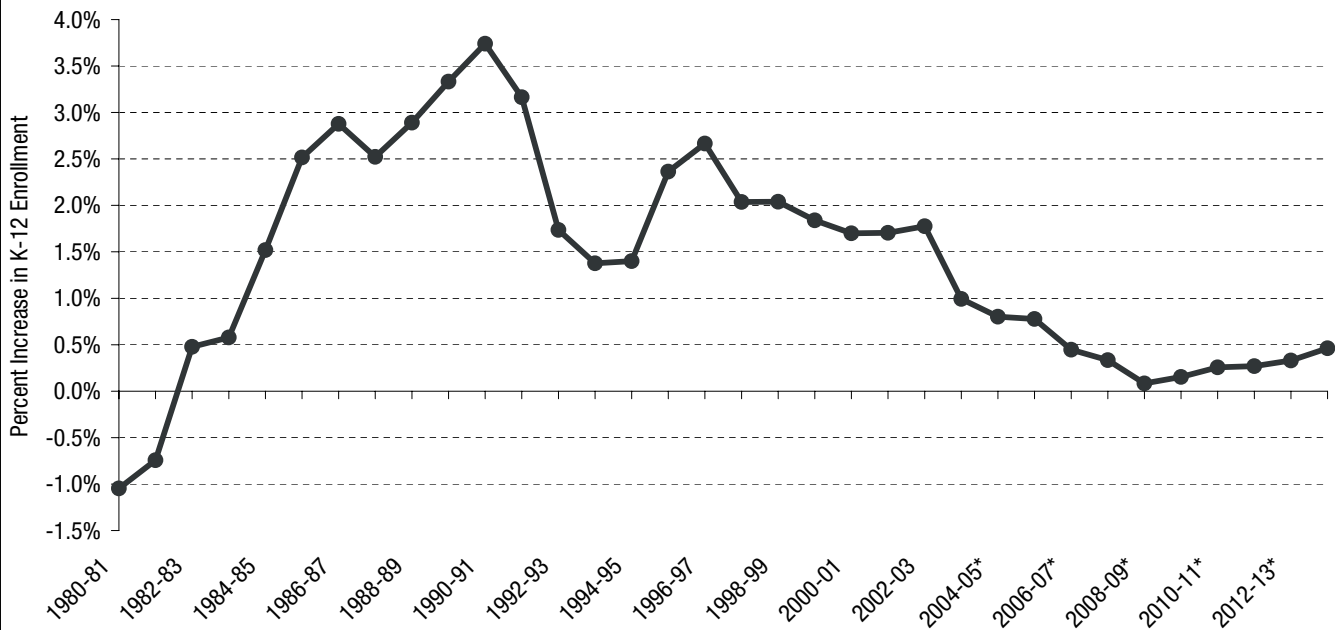
While school enrollment increased by 21.1 percent – more than one million children – between 1990 and 2000, enrollment between 2000 and 2010 is expected to increase by only 7.3 percent, a little over 430,000 children. However, the school-age population also is projected to be increasingly Latino and Asian (Figures 6 and 7). By 2014, more than half (54.0 percent) of school children are expected to be Latino and 12.2 percent are expected to be Asian; 6.5 percent are projected to be black and 25.8 percent are projected to be white. In fact, between 2000

and 2014, white K-12 enrollment is projected to decline by about 490,000, whereas Latino enrollment is projected to increase by over 900,000.

The changing demographics may present schools with greater challenges. In 2013-14, 61 percent of California's school-age population is expected to be Latino and black, and a sizable minority is likely to be English language learners. Many of these children currently have lower levels of educational attainment at all grade levels. For example, the summary results from the 2005 Standardized Testing and Reporting (STAR) Program – the standardized tests given to California students in grades 2 through 11 – report that only 25 percent of Latinos and 27 percent of blacks scored at the “proficient and above level” in English, compared to 58 percent of whites and 62 percent of Asians.<sup>4</sup>

Similarly, students in schools with low pass rates on the California High School Exit Exam (CAHSEE) are far more likely to be enrolled in schools that are more than 90 percent non-white.<sup>5</sup> 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.<sup>6</sup> Over the next two decades, California therefore is likely to face increased demand for investment in K-12 education.

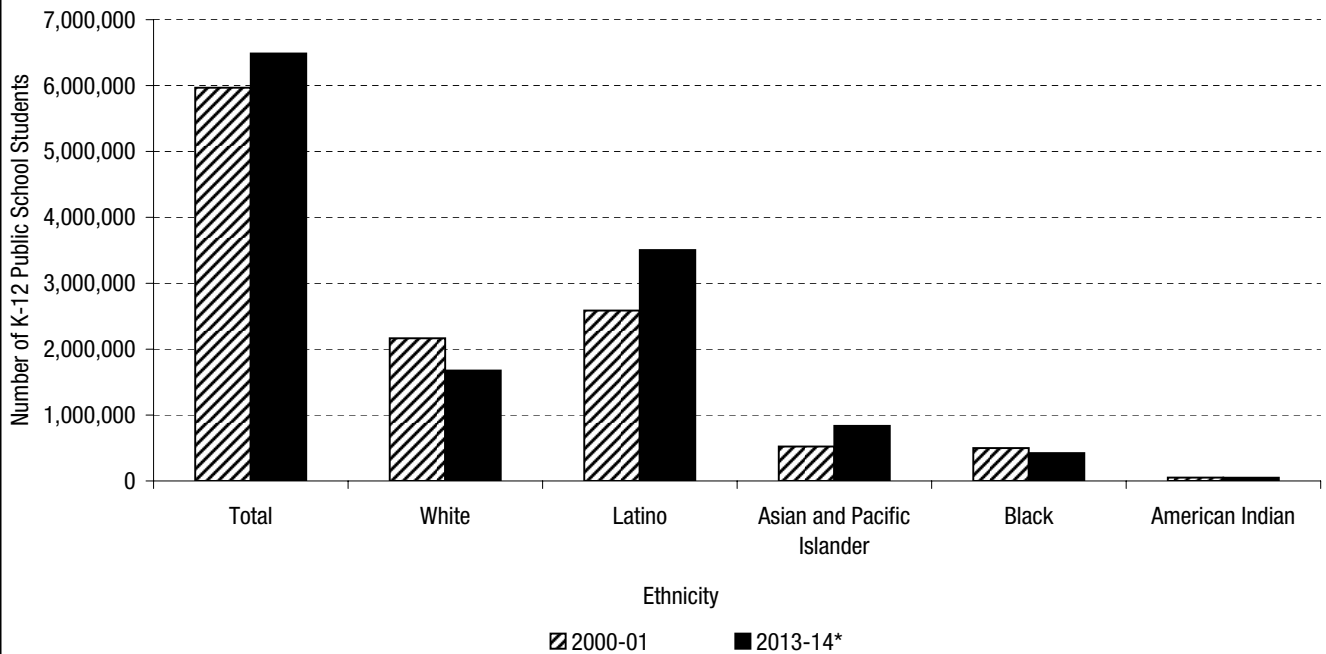
**Figure 6: K-12 Enrollment Is Expected to Grow More Slowly from 2000 to 2014 Than in the Past Two Decades**



\*Projected.

Source: 1980-2000 from Department of Education; 2001-2014 from Department of Finance

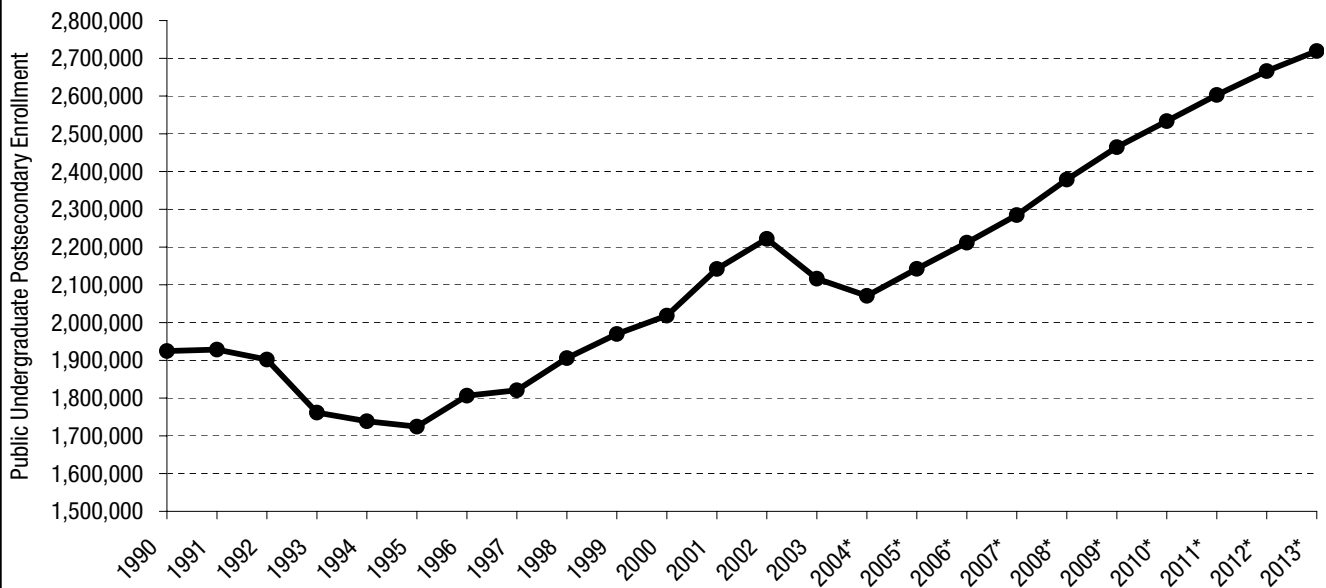
Figure 7: K-12 Enrollment Is Projected to Be Increasingly Latino and Asian Between 2000-01 and 2013-14



\* Projected.

Source: Department of Education and Department of Finance

Figure 8: California Public Undergraduate College Enrollment Is Projected to Increase Steadily Through 2013



\* Projected.

Source: Department of Finance



**Higher Education:** Enrollment in California’s public postsecondary colleges and universities is projected to continue to climb, at least through 2013 – the latest year for which DoF has made a projection. The three segments – the University of California (UC), the California State University (CSU), and the California Community Colleges (CCC) – are expected to add over 700,000 undergraduates between 2000 and 2013 (Figure 8). In contrast, between 1990 and 2003, the three segments added approximately 192,000 undergraduates. The UC will experience the greatest percent increase (41.4 percent), but community colleges are expected to enroll the vast majority of the new students (over 527,000).<sup>7</sup>

Despite the projected growth in higher education enrollment, a recent study suggests that the demand for skilled labor, particularly college-educated labor, will outpace its supply.<sup>8</sup> To some extent, this is because population groups with relatively lower levels of postsecondary educational attainment are growing faster than those with higher levels. In 2000, Latinos constituted 43.1 percent of all 20-to-24-year-olds, but were only 12.6 percent of the students receiving bachelor degrees from the UC and only 18.3 percent of those receiving bachelor degrees from the CSU. In contrast, whites constituted 35.9 percent of the 20-to-24-year-old population, but represented 40.5 percent of students receiving UC bachelor degrees and 43.2 percent of students receiving CSU bachelor degrees. Enrollment and graduation rates must increase among Latinos and blacks, in particular, if California is to meet the future workforce needs of its employers.<sup>9</sup>

**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 six million of the state’s residents are projected to be age 65 and above. 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.<sup>10</sup> For example, according to the California HealthCare Foundation, the monthly cost under Medi-Cal of serving those age 65 and older is more than four times that of serving non-disabled adults.<sup>11</sup>

## 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 almost one-third between 2000 and 2020. California’s Latino population will increase by 70.3 percent and its white population will decline by 8.0 percent. By 2020, almost one in seven Californians will be over the age of 65.

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 re-target resources in response to shifting conditions.

*Barbara Baran prepared this Budget Backgrounder. 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](http://www.cbp.org).*

## ENDNOTES

- 1 Population forecasts vary but several recent projections, including projections by the Department of Finance (DoF), all expect relatively slow population growth rates in California between 2000 and 2020, compared to historical rates. The DoF projects that from 2005 to 2025, growth rates will be the lowest of any two decades in California’s recorded history. Ellen Hanak and Mark Baldassare, eds., *California 2025: Taking on the Future* (Public Policy Institute of California: 2005), pp. 28-30.
- 2 This report uses the Census Bureau’s definitions of race and ethnicity. Racial categorization by the Census Bureau is based on self-identification and the Census notes that racial categories “are socio-political constructs and should not be interpreted as being scientific or anthropological in nature.” The Census’s race categories include both racial and national-origin groups. The “white” category includes people with origins in “any of the original peoples of Europe, the Middle East, or North Africa.” The “Asian” category includes people with origins “in any of the original peoples of the Far East, Southeast Asia, or the Indian subcontinent.” The category “Hispanic (or Latino) origin” includes those whose origins are from Spain, the Spanish-speaking countries of Central and South America, the Dominican Republic, “or people identifying themselves generally as Spanish, Spanish-American, Hispanic, Hispano, Latino, and so on.” US Census, American Community Survey, *2004 Subject Definitions*, downloaded from [http://www.census.gov/acs/www/Downloads/2004/usedata/subject\\_Definitions.pdf](http://www.census.gov/acs/www/Downloads/2004/usedata/subject_Definitions.pdf) on September 21, 2005.
- 3 These data are from the US Census Bureau and they are not strictly comparable to the population data used in the rest of this report. The data for 2000 and projected 2010 and 2020 in the remainder of the report are from the DoF. The DoF used Census data as its benchmark (or starting population) for its projections but these data had been modified by the Census Bureau to eliminate the “other” race category. The DoF further refined the base population for special populations (including prisons, colleges, and military installations).



- 4 In mathematics, 27 percent of Latinos and 23 percent of blacks scored at the “proficient or above” level, compared to 51 percent of whites and 65 percent of Asians. California Department of Education, *2005 Standardized Testing and Reporting (STAR) Program: Summary of Results*, downloaded from <http://www.cde.ca.gov/nr/ne/yr05/documents/star1.pdf> on August 18, 2005.
- 5 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.
- 6 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. *Williams v. California* is a landmark case that brought attention to some of the substandard conditions in public schools across California. The state settled the case before it went to trial. The settlement package included four legislative bills that would, among other changes, provide new instructional materials and fund repairs in the lowest performing schools.
- 7 CBP analysis of March 2005 Department of Finance data.
- 8 Ellen Hanak and Mark Baldassare, eds., *California 2025: Taking on the Future* (Public Policy Institute of California: 2005), pp.75-76.
- 9 CBP analysis of California Postsecondary Education Commission data.
- 10 Ronald Lee, Timothy Miller, and Ryan Douglas Edwards, *The Growth and Aging of California’s Population: Demographic and Fiscal Projections, Characteristics and Service Needs* (California Policy Research Center, 2003), p. xi.
- 11 California HealthCare Foundation, *Medi-Cal: Budget and Cost Drivers* (May 2004), p. 12.