

DEMOGRAPHIC INFORMATION

Results from the 2010 Census, initially released on December 21, 2010, have now been incorporated into current population estimates. In addition to being used for budget planning, state-produced demographic data are used by local officials to calculate their annual appropriations limits and by state officials to calculate state subvention funds distributed on a per capita basis.

There was a 1.25 million discrepancy between the census count for California and the estimate produced by the Department of Finance. Although discrepancies between estimates and censuses occur every decade, this discrepancy was larger than expected and likely resulted from the depth of the recession late in the decade that caused net domestic migration to other states. The reduced base population from the 2010 census will affect population projections, especially in the short term. The Department will be developing ways to better incorporate information about California's economic conditions into population projections.

POPULATION OVERVIEW

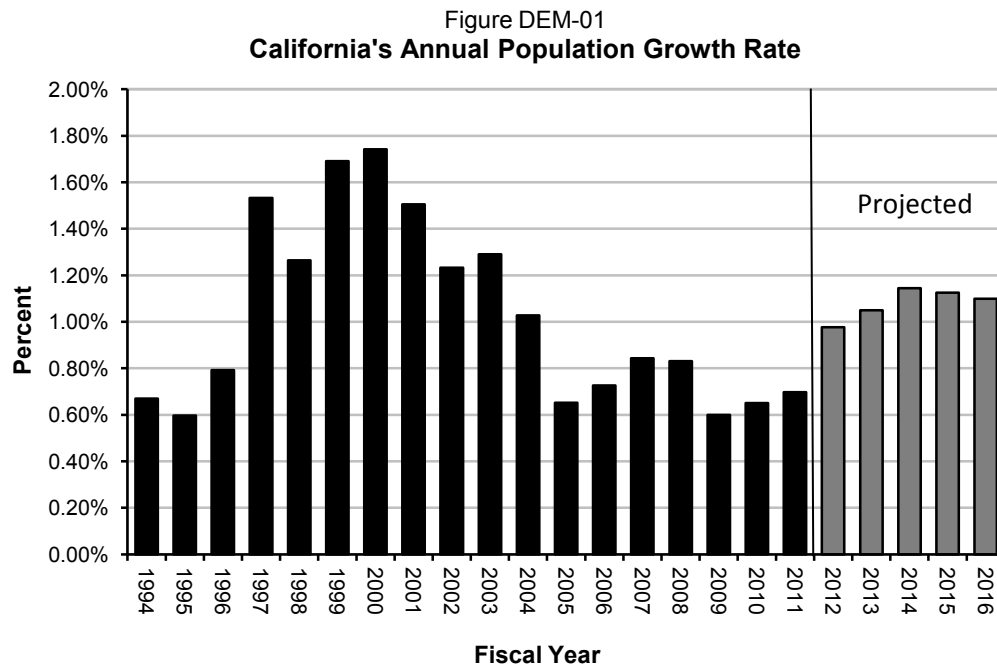
The Budget assumes a population estimate of more than 37.5 million people residing in California as of mid-2011. California continues to experience moderate growth, growing by only 0.7 percent in the last fiscal year, which is slightly higher than each of the previous two years.

- The estimate of the population on July 1, 2011 is 37,579,000.

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- The population is forecast to be 37,946,000 by July of 2012 and 38,344,000 by July of 2013, reflecting a short-term annual growth rate of 1.01 percent.

Figure DEM-01 displays the projected annual growth rates through 2016.

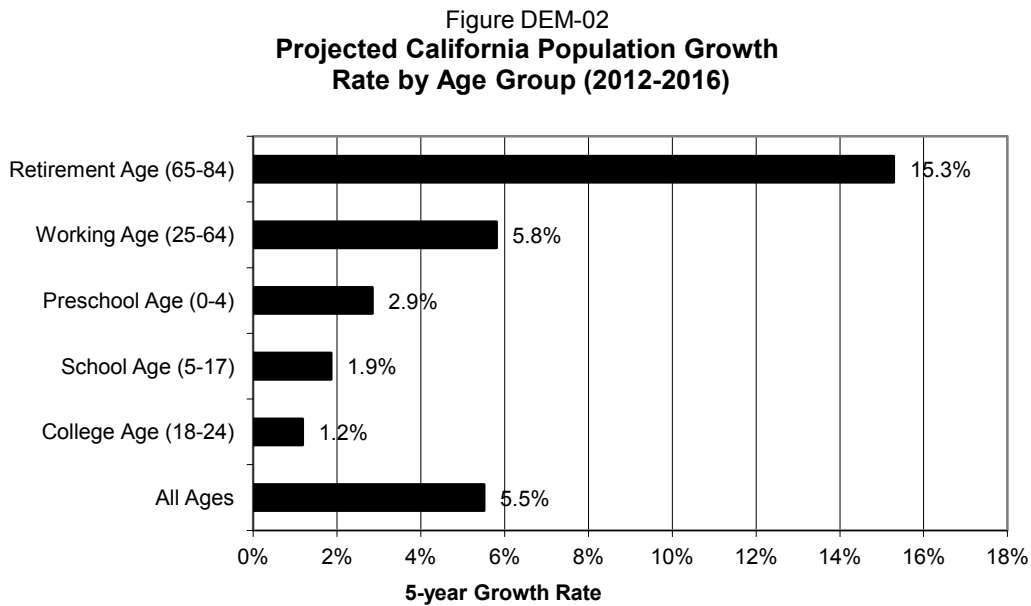


Through the next five years, the state will start to grow at a higher rate, averaging 414,000 additional residents each year. Natural increase (more children being born than people dying) will account for two-thirds of the growth, while net migration (people moving to California from other states and other countries, less those moving out) accounts for the remaining third. By July 2016, California will have added almost 2.1 million people and have a population of over 39.6 million, a five-year growth rate of 5.5 percent. If California continues to grow at this pace, the state population will not exceed 50 million before 2040.

Population growth rates vary significantly by age group. The state's projected total five-year population growth of 5.5 percent is almost double the anticipated 2.9-percent growth in the preschool-age group, as births declined for calendar years 2009 and 2010. Both the school-age group and the college-age group will grow even more slowly, with growth rates of 1.9 percent and 1.2 percent respectively. The working-age

population will grow by 1.2 million or 5.8 percent. The population of the retirement-age group, those over age 65, will continue to soar, with a five-year growth rate of more than 15 percent.

Figure DEM-02 shows the projected cumulative growth rates by age group through 2016.



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