

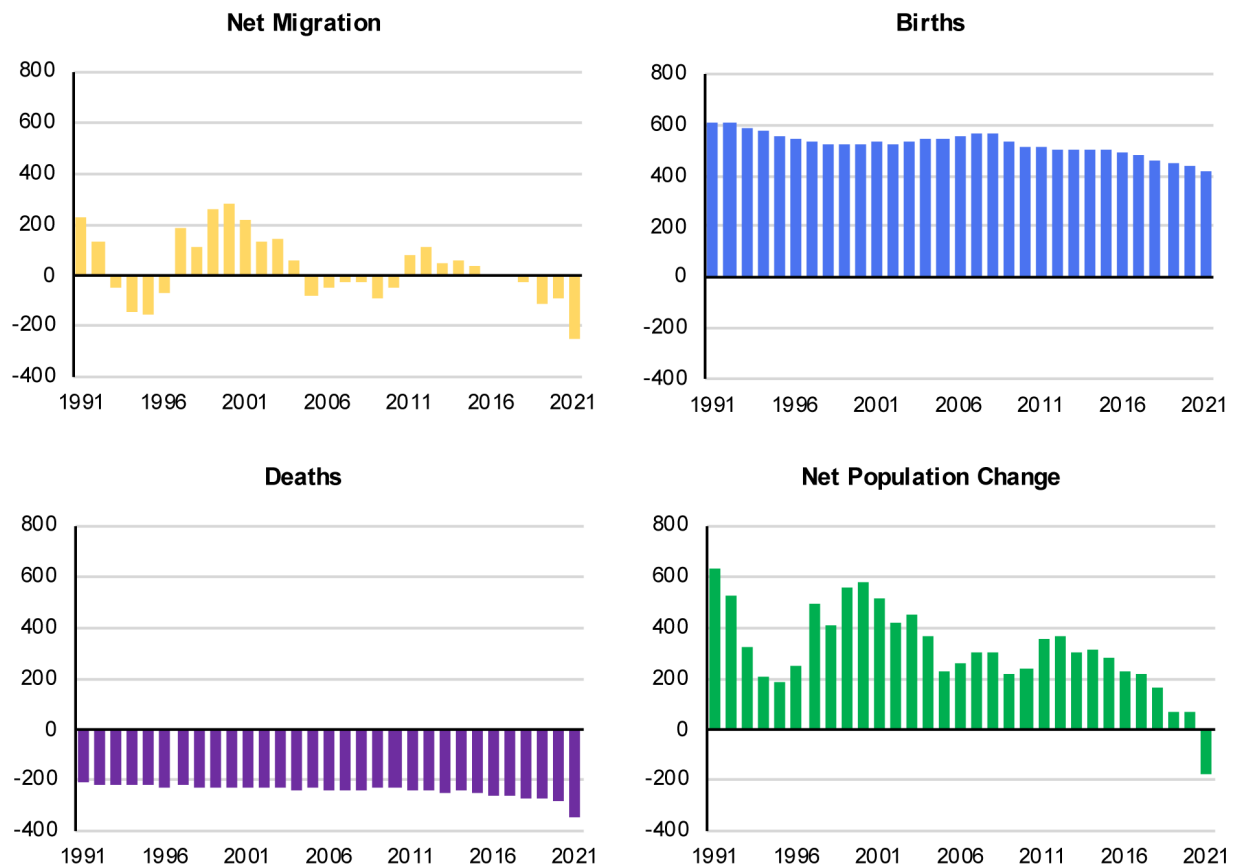
DEMOGRAPHIC INFORMATION

Disruptions caused by the COVID-19 Pandemic continue across California and only slowly are its impacts on demographic trends beginning to come into view. While all Californians share in sacrifices related to the pandemic, this burden has not been borne equally, with those on the lower end of the economic spectrum experiencing the dual burden of greater mortality and larger economic loss. How the population rebounds and changes from this experience is in many ways still uncertain, but emerging trends offer a measure of foresight.

POPULATION CHANGE

California's population was an estimated 39.4 million as of July 1, 2021, down 0.4 percent from July 1, 2020. In the last half of the decade, California's population growth has slowed due to; declining births correlated with changes in education, marriage, and work decisions; rising deaths from an aging population; and reduced net migration from recent decreases in foreign immigration. The pandemic exacerbated these trends and drove the state's population growth negative in fiscal year 2020-21. California's 0.5 percent annualized rate of growth since 2010 is lower than in preceding decades, but is comparable to the national growth rate during the same period (0.7 percent), and is two and a half times the European Union's population growth rate (0.2 percent).

Components of Population Change: California 1991-2021



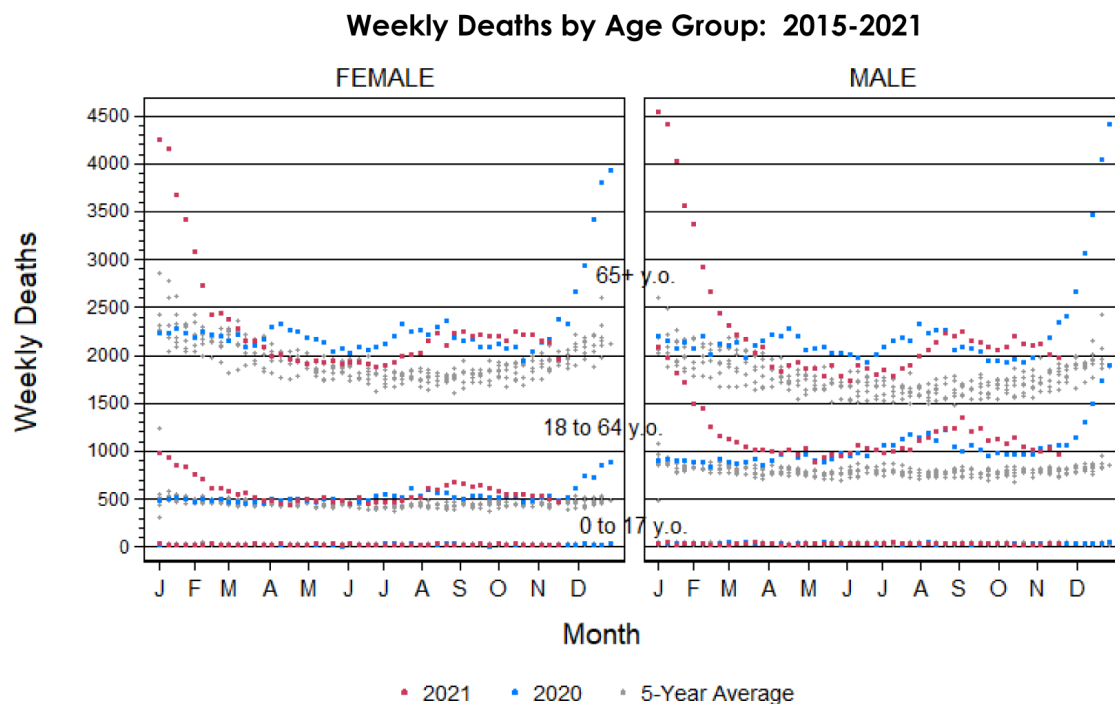
Data Source: State of California, Department of Finance. California County Population Estimates and Components of Change by Year, July 1, 1991-2021. December 2021. (Values in 1,000s)

The above figure shows population change resulting from births, deaths, and net migration. Net migration is likewise a combination of net domestic migration, which has almost always been negative between 1991 and 2021, and international migration. In normal years, California has positive international immigration, which offsets domestic out-migration and contributes a significant share of net growth in population. The suspension of immigration processing from March 2020 through February 2021, continued pandemic restrictions, and administrative backlog have had significant impacts on population growth in California. While higher domestic out-migration continues, the decline in international migration and a marked drop in domestic in-migration created the conditions for California's first negative growth rate since 1900.

Regionally, inland counties continue to have the highest population growth rates, continuing a trend that began in 2016. Most of the urban coastal counties have grown

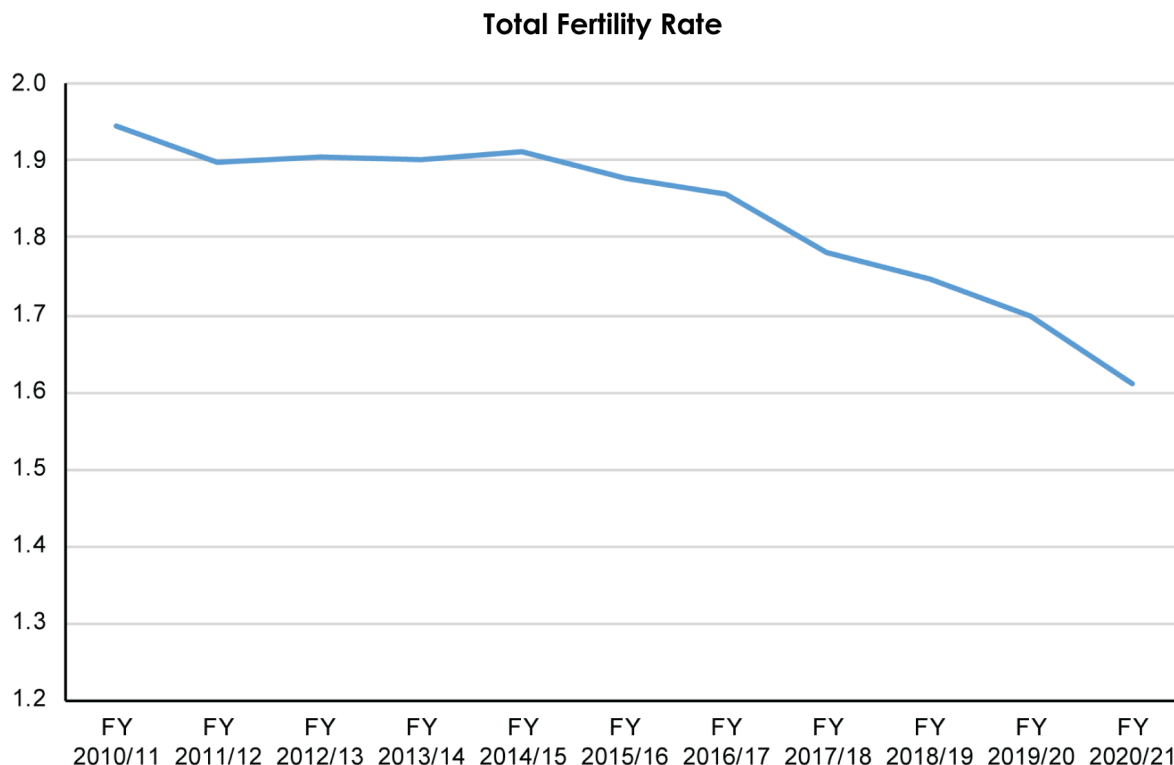
at a much slower pace, and many have lost population as the shift to remote work has enabled individuals to relocate to lower-cost counties and fewer international migrants are arriving.

Deaths have been rising as California's population ages, but the pandemic elevated annual numbers above recent averages. While some months in calendar year 2021 had fewer deaths than in 2020, the Delta variant kept deaths above the five-year trend, and overall deaths in 2021 should be similar to 2020. The below figure displays the five-year trend in gray, 2020 deaths in blue, and 2021 deaths in red. Deaths among Californians over 65 continue to dominate, while deaths among men 18-64 are considerably above trend, with that group having the highest number of COVID-19 related deaths per thousand people in the state.



Total Fertility Rates (TFR)—the total number of children that would be born to each woman if she were to follow average fertility patterns to the end of her child-bearing years—has been declining throughout the decade. Although those declines were relatively modest for the early part of the decade, since 2016 fertility has experienced a stronger negative trend. The pandemic may have also changed some families' childbearing plans entirely. While the 1.61 TFR for 2020-21 reflects a significant decrease from the 1.7 TFR in 2019-20 due to the COVID-19 Pandemic, future TFRs are unlikely to be large enough to raise births significantly beyond 450,000 per year. Current births become K-12 enrollment in 4 to 5 years: if current trends continue, statewide school

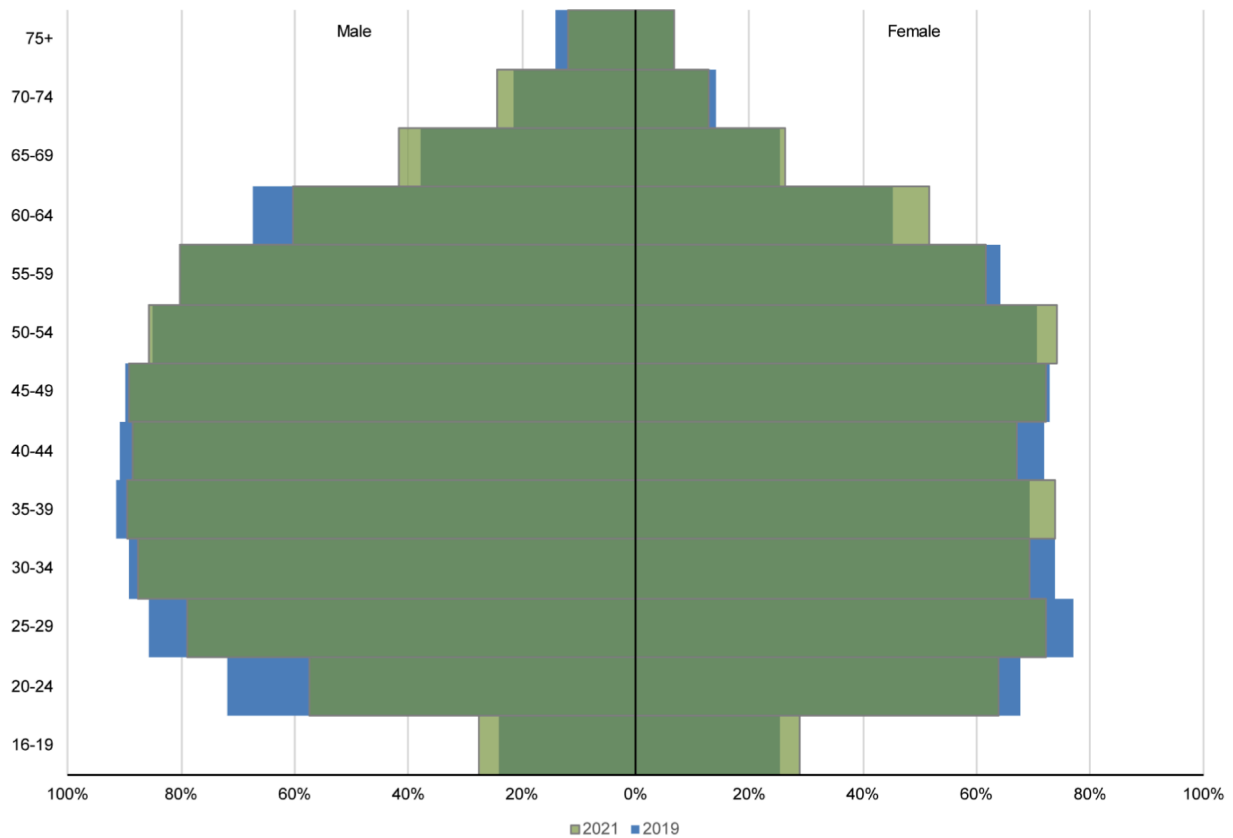
enrollment will not reach the levels of previous decades. This has both significant societal and labor force repercussions for the coming years. When the additional deaths associated with the pandemic are combined with the reduced births, the result is a steep decline in natural increase (52 percent decrease from the year prior).



LABOR FORCE TRENDS

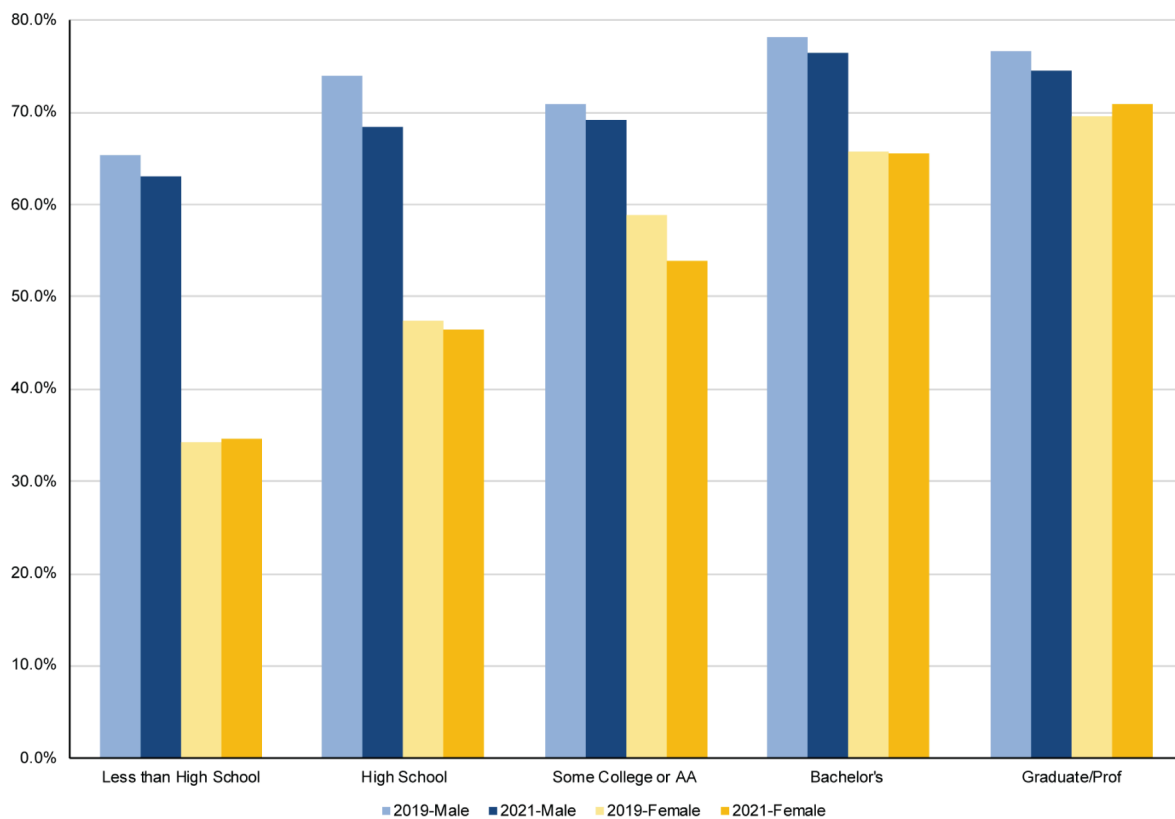
The Labor Force Participation by Age figure below considers the labor force participation rate (LFPR) from the Current Population Survey Annual Social and Economic Supplement (CPS ASEC) comparing 2019 and 2021 to highlight the effects of the pandemic. The LFPR for females overall had recovered to around 2019 rates by March 2021. However, women age 45 and over had generally higher participation rates in 2021 than in 2019 while women under 45 had lower LFPR, with the greatest decrease among those 25-34 years old (-4.7 percentage points), the group most likely to have children. While child care has been a challenge, some women who are staying home to care for family may still be reflected in the labor force as they are working part-time or are still actively seeking work. Males experienced a much greater overall decrease in LFPR (-3.4 percentage points) with large decreases for age groups 20-24, 25-29 and 60-64. Only the 65 and older group had a slightly increased participation rate (1.6 percentage points) in 2021 compared to 2019.

Labor Force Participation by Age



Labor force participation by educational attainment varies by gender and age group but overall the largest decreases are among those with a high school diploma (-2.9 percentage points) and some college or an associate's degree (-3.3 percentage points). Men uniformly experienced a decline in labor force participation rate regardless of their educational status. Among women, the least and most educated (non-high school graduates and those with a graduate or professional degree) had higher participation, while those with educational achievements ranging from a high school diploma to a bachelor's degree experienced decreased LFPR. Overall, the COVID-19 Pandemic's impact on the composition of future employment remains uncertain. Based on Pulse Survey data through October, for adults living in California households, 57.5 percent reported that at least one adult worked onsite at the workplace in the last week. See the figure below for more details.

Labor Force Participation by Sex and Education (Age 25+)



2020 CENSUS

The 2020 Census was the most challenging in history. The COVID-19 Pandemic required many changes to census operations: soon after the census' March 2020 start, Census offices were required to close, forcing delays in outreach efforts, the enumeration of group quarters, and non-response followup. This altered schedule for completion of the census shortened the time period to check and confirm the accuracy of the count. At this point, Census 2020 redistricting and reapportionment data have been released along with initial quality assessments. These assessments suggest that despite the hardships in conducting the count, Census 2020 is at least as accurate as previous ones. Additional data and final accuracy reports will be released over the course of 2022.

In addition to apportionment and redistricting, census data are used as the benchmark for population estimates for the next decade, the base population for the American Community Survey, and in the distribution of billions of dollars in federal funding. In California, the July 2021 estimates series released in December 2021 continues to use Census 2010 as the benchmark population since Census 2020 results with necessary detail are not yet available. Additional decennial census population, age, and other

data will be released in the coming year and incorporated into future estimates and projections.