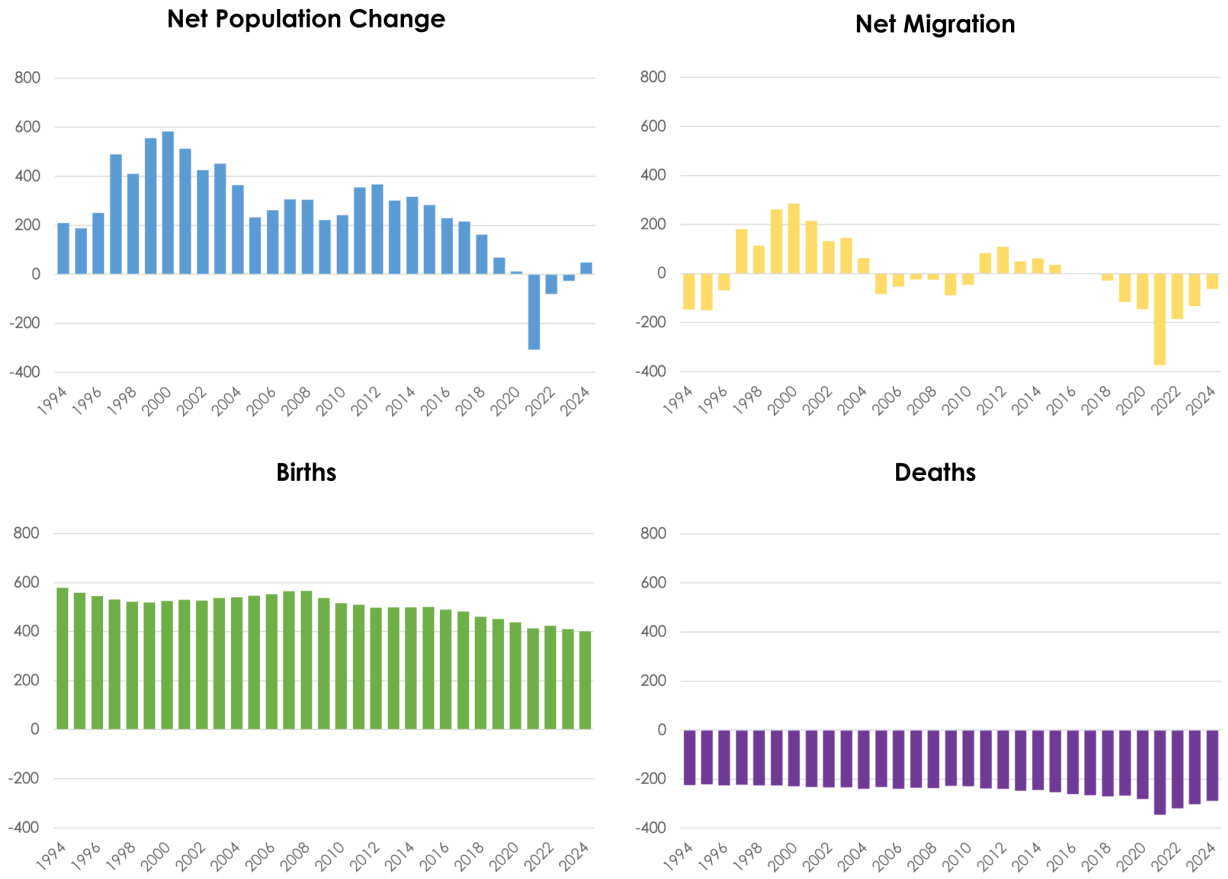
DEMOGRAPHIC INFORMATION

POPULATION CHANGE

California's population was an estimated 39.2 million as of July 1, 2024, up 49,000 persons or 0.1 percent from July 1, 2023. The rate of growth is slightly above the projected increase in the department's latest population projection series released in September 2024 that are discussed below. The increase follows three years of July 1 population declines, the first-ever for the state. Those were the result of higher COVID-era mortality, a significant drop in immigration, and more domestic out-migration driven in part by the expansion of remote work.

Following a nationwide trend, California's population growth had slowed prior to the pandemic, decelerating from more than 1 percent annually in the early 2000's to 0.1 percent in 2019. Slow population growth in the state is due largely to declining births correlated with changes in education, marriage, and work decisions, as well as increasing deaths from an aging population and domestic out-migration offsetting gains from domestic in-migration and immigration. These trends continue post-pandemic.



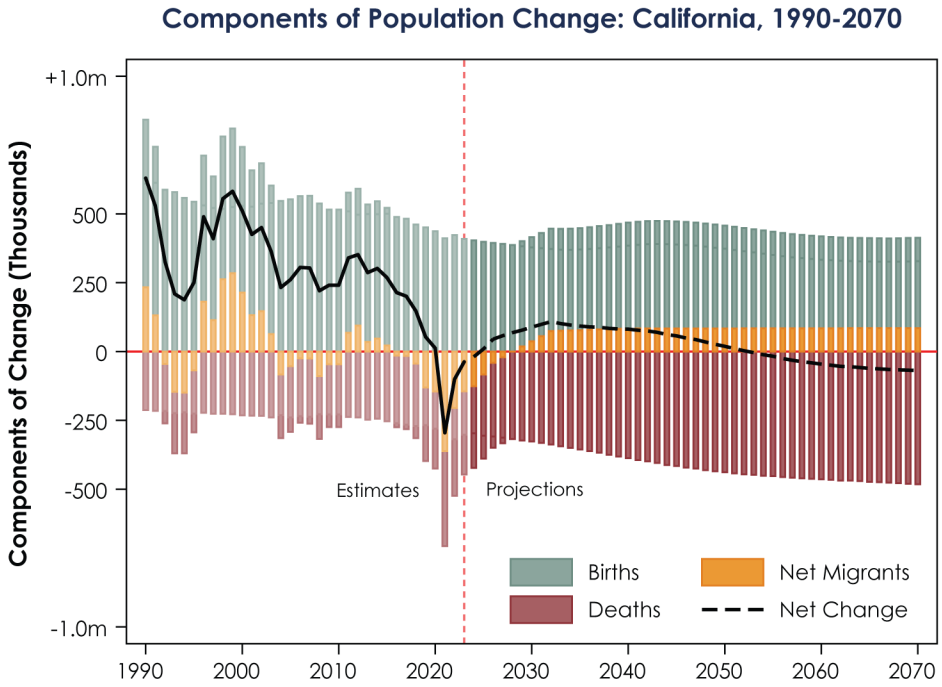
Data Source: State of California, Department of Finance. California County Population Estimates and Components of Change by Year, July 1, 1992-2024. December 2024.

Immigration has rebounded from pandemic lows to levels consistent with the pre-pandemic average. For nearly 20 years, California has experienced negative net domestic migration, in which the number of people moving out of the state in a year exceeds the number moving in. Since 2016, net domestic outmigration has exceeded net international migration, leaving natural increase as the only source of population growth. With a post-COVID rebound in immigration levels, an estimated 134,400 immigrants came to California in 2023-24, offsetting most of the domestic out-migration during that time and contributing to a reversal of California's recent declines in population. Despite these improvements, net total migration remained negative (-62,600 net migrants), limiting overall population growth.

Regionally, many inland counties continue to see significant growth, extending a trend that began in 2016. Many coastal counties also experienced growth in 2023-24, reversing previous population declines, as a balance between remote and in-office work establishes itself. Most counties in the major population centers of Southern California and the Bay Area have grown in population.

POPULATION PROJECTIONS

California is expected to grow by more than 1.6 million people between 2020 and 2070, according to the current population projection, with seniors representing a growing share of the state's population and the number of births continuing a years-long decline. The projection reflects updated expectations for future population growth, with more optimistic migration assumptions in particular. At the time of the release of the Governor's Budget in January 2024, the Department of Finance projected that California would have 39.9 million people by July 2035. The current series projects a population of almost 40.4 million in 2035, reaching 41.7 million people in 2055, with an annualized growth rate of about 0.2 percent. This contrasts with the previous series, which had California topping out at 40.2 million people in 2044. Population is projected to decline beginning in 2055.

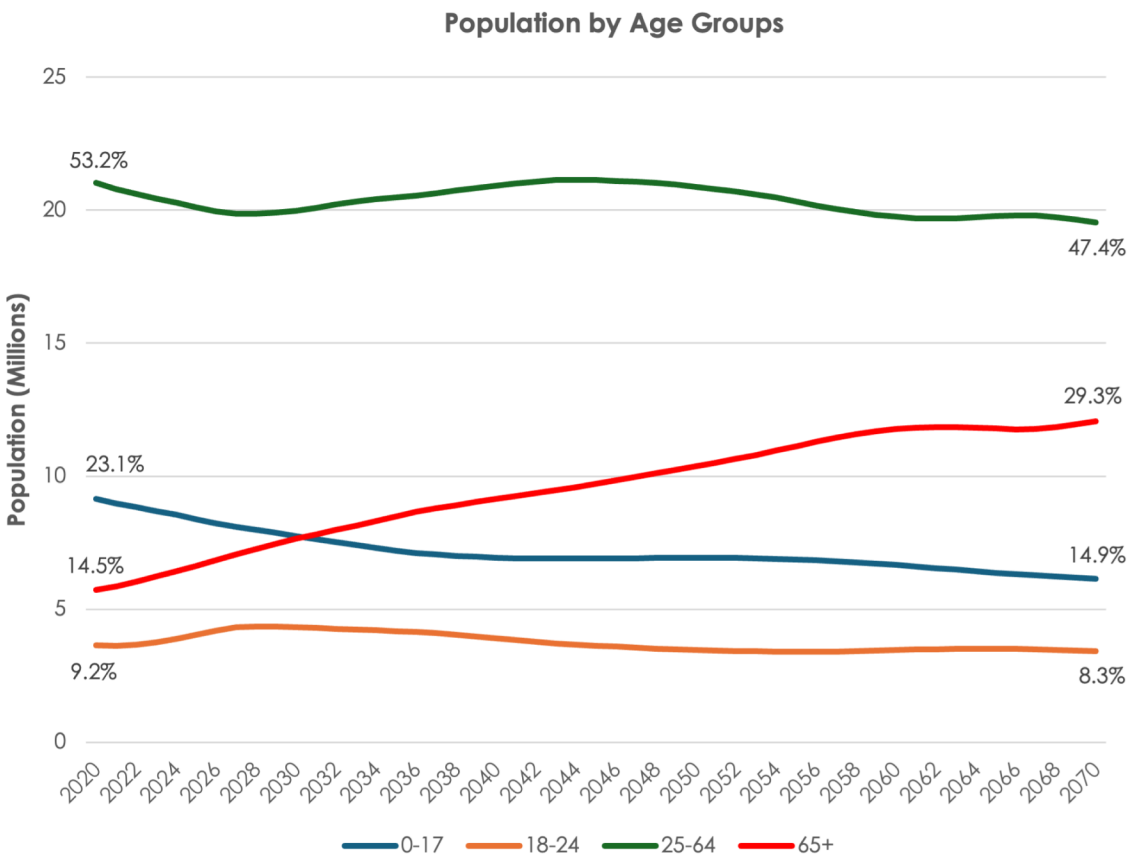


Total population is calculated using projected births, deaths, and migration—collectively, the *components of change*. The crude birth rate has been declining in California since the late 2000s and is projected to decline further from 10.5 births per 1,000 population in 2023 (409,000 births) to 8.0 per 1,000 in 2070 (328,000 births). Across the current projection, from 2020 to 2070, the Total Fertility Rate is projected to decline slightly, from 1.5 to 1.3 children per woman of childbearing age due to changes in education, marriage, and work decisions and thus lower births are driven by the smaller number of women of childbearing ages past 2038. This reduction

in births is expected to continue to impact school enrollment as birth cohorts get smaller. Deceleration of improvements in life expectancy at birth since 2010, mostly a result of stalled mortality improvements at young adult ages, have translated to a projection of more modest increases in life expectancy over the next decades than previously assumed. As the elderly population grows, the projected number of deaths rises more rapidly: from a crude death rate of 7.8 deaths per 1,000 population in 2023 (300,000 deaths) to approximately 11.7 per 1,000 in 2070 (482,000 deaths). The number of deaths is projected to exceed the number of births starting in 2039. The previous projection series assumed that natural decrease (deaths exceeding births) would begin a few years earlier, in 2035. Overall, the new projection follows a similar profile to previous series since 2016, characterized by lower births and a slowing of population growth as the Baby Boomers enter their years of peak mortality. The level and characteristics of immigrants have had the most significant effect. Reflecting recent trends, the current series is a bit more optimistic about immigration and assumes that new arrivals are more highly educated.

The rate of net migration, meanwhile, is projected to steadily grow from approximately -4.82 net migrants per 1,000 population per year in 2023 (-189,000 net migrants) to 2.1 per 1,000 by 2070 (85,000 net migrants). A return to positive net migration is assumed to begin in 2026. Migration historically has contributed to California's youthfulness, as foreign-born Californians generally are of prime working ages (25-64). Foreign-born Californians are expected to continue to contribute significantly to the state's population growth: nearly one-half (47 percent) of children in California have at least one foreign-born parent.

Population growth rates are expected to vary significantly by age. In 2023, 24 percent of the population of California was under age 18 (9.2 million) and this share is projected to decrease to 15 percent by 2070. The working-age population (18-64) was 63 percent of the population (24.6 million) and is projected to decrease modestly as a share of the total population. Growth is expected in the age 65-and-over group: it was 14 percent of the population in 2023 (5.5 million) and is projected to grow to 23 percent in 2043 and 29 percent in 2070.



Population aging has been rapid since 2011 and will continue through the 2020s when a large cohort of Baby Boomers (born 1946-1964) is expected to move into and through retirement. The share of the population age 65-and-older is projected to grow rapidly, becoming a larger share of the population in 2030 than children under 18. The median age in California was 37.9 years in 2023, compared to 38.9 years nationwide. By 2043, the state median age is projected to increase to almost 44 years, and to 49 years in 2070. The U.S. population will see similar trends according to the latest Census Bureau projections. Compared with the previous projection series, the median age in 2043 is nearly 1.5 years higher due to lower fertility and increased life-expectancy.

RISKS

The projections discussed in this chapter were released in September and reflect current law. With increasing international migration and deaths returning to long-term trends, a stable foundation for continued growth is assumed to have returned. However, new policies by the incoming federal administration could alter the demographic trends and expected trajectories described in this chapter.

New potential federal policies could further reduce out-migration to other states as California becomes more attractive with its comparatively broad safety net, protections for LGBTQ residents, and other state policies. This would help offset lower foreign in-migration due to likely restrictions on both legal and undocumented migration. Immigration accounts for nearly 50 percent of the state's overall population growth in any given year; therefore, significant declines in immigration could create the conditions for population declines within a year. The prospect of sustained negative growth is heightened over the next decade as increased deportations would affect undocumented immigrants and likely lead to the emigration of related family members—even if they live legally in the U.S.

Beyond migration, there are several other policy risks that might affect the estimates and projections through mortality. A reduction in vaccination coverage or requirements might increase mortality at younger ages. Likewise, a repeal of the Affordable Care Act, barring any state actions, could lead to greater mortality due to more expensive and less accessible health care as well as an increase in the number of people with pre-existing conditions who lose health coverage.