

DEMOGRAPHIC INFORMATION

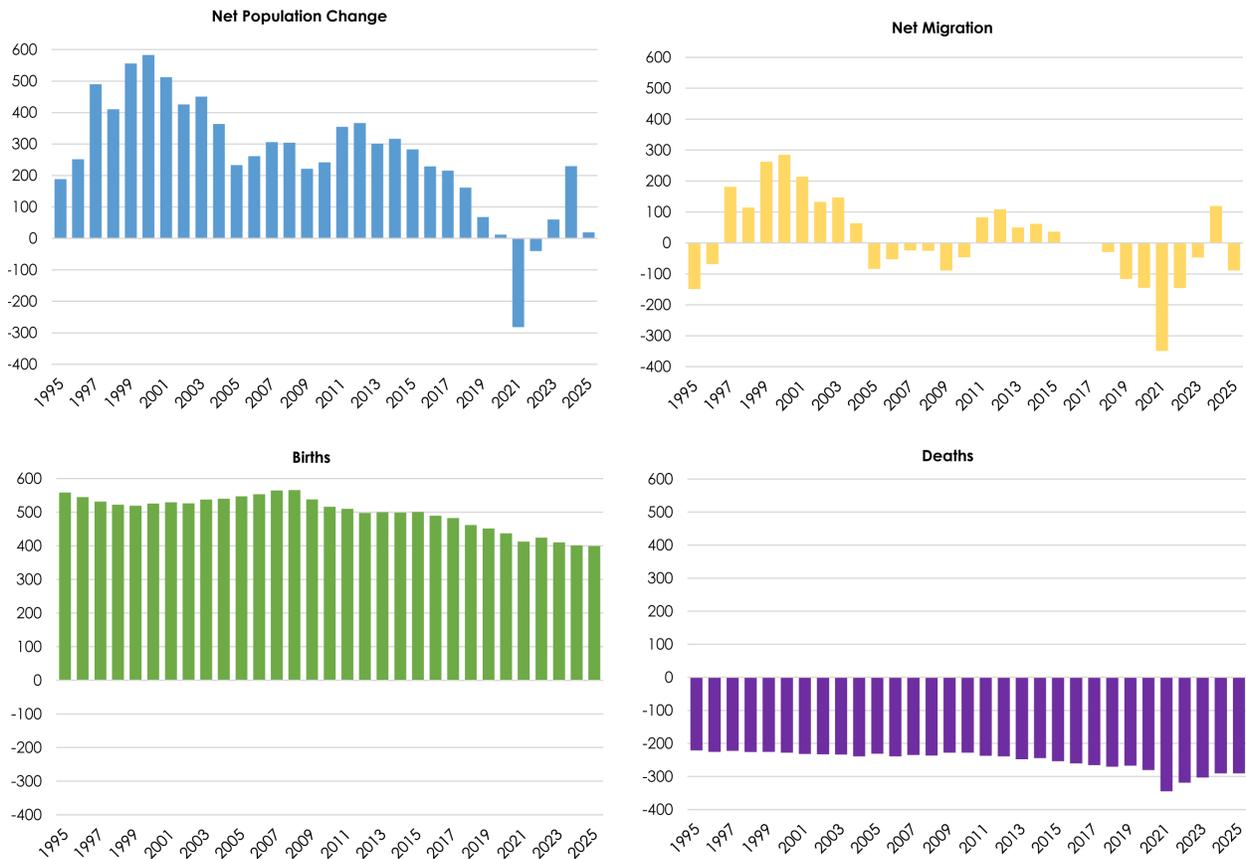
Despite the challenges posed by federal immigration policies and ongoing housing affordability issues, the state's overall demographic trends remain strong and underscore California's ongoing status as a national leader: one of just a half-dozen large states with more births than deaths (natural increase), above-average health, and a preferred destination for educated migrants seeking new opportunities.

LATEST POPULATION ESTIMATE

California's population was an estimated 39.5 million as of July 1, 2025, up 19,000 persons or 0.05 percent from July 1, 2024. This increase continues the state's recovery to positive growth following several years of COVID-era population declines driven by disruptions to migration, mobility, and mortality patterns.

Before the COVID-19 Pandemic, California's population growth generally mirrored the slowdown seen nationwide, 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 limiting gains from domestic in-migration and immigration. These long-term demographic dynamics continue to shape the state's post-pandemic outlook.

California Components of Population Change: 1995-2025
(Values in Thousands)



Source: California Department of Finance, 2026-27 Governor's Budget Forecast.

Foreign immigration dropped to 20,000 in 2020-21 but rebounded to pre-pandemic levels of approximately 259,000 in 2023-24, offsetting most of the domestic out-migration during that time. Due to recent federal actions, foreign immigration is estimated to have dropped to 126,000 in 2024-25. The number of people moving out of California to other states, meanwhile, has exceeded the number moving in from other states for over 20 years, with net domestic migration estimated at -216,000 in 2024-25, largely in line with pre-pandemic levels. While foreign immigration historically offset most of the domestic out-migration, the slowdown in legal immigration under the current administration has slowed overall population growth from 230,000 or 0.58 percent in 2023-24 to just 19,000 or 0.05 percent in 2024-25. Natural increase contributed an increase of 108,000 persons in 2024-25 as births are stable and deaths have returned to the state's pre-pandemic trends.

Regionally, many inland counties continued to see growth, extending a trend that began in 2016 and was accelerated by the pandemic. Some coastal counties, however, experienced declines in growth in 2024-25 as the flow of international

migrants slowed and previous migrants moved to other areas. Los Angeles is notable as the county's population had the largest numeric decline of almost 28,500 persons in 2024-25. While lower immigration contributes to this decline, most of the decrease is driven by higher domestic migration resulting from wildfires, especially the Palisades and Eaton fires, which rank as the third- and fourth-most destructive fires in the state's history, destroying approximately 12,500 homes.

POPULATION PROJECTIONS

California's population is projected to increase at an average annual rate of approximately 0.16 percent through 2050, when it is expected to reach a peak of 40.8 million before slowly declining to 39.5 million by 2070. This is about 1.7 million fewer residents in 2070 than projected in the Governor's Budget in January 2025, due largely to lower levels of immigration.

While fertility and mortality assumptions are generally unchanged from that previous series, migration assumptions were updated to reflect the new policies of the current federal administration. Annual net international migration is now assumed to be in the range of 125,000 to 140,000 annually from 2025 to 2070, a decrease of around 60,000 from a range of 170,000 to 210,000 in the previous series. While a significant change, the projected immigration is comparable to levels of the last decade, when net immigration ranged from 123,000 to 162,000 and the current federal administration was in office for part of that time. Actual immigration, however, could be much lower over the next several years due to significant deportations as well as additional limits on immigration, recent changes to the H-1B visa program, and long-term damage to the United States' image among potential immigrants. However, available data does not yet support a downgrade beyond what is reflected in the current series.

Commensurate with less international in-migration, domestic out-migration was lowered such that net domestic flows average about -70,000 per year rather than -100,000 per year from 2025 to 2070. The net result of these changes is a slightly lower California population growth, averaging about 0.02 percent annually from 2025 to 2070, a reduction of about 0.09 percentage point from the previous series.

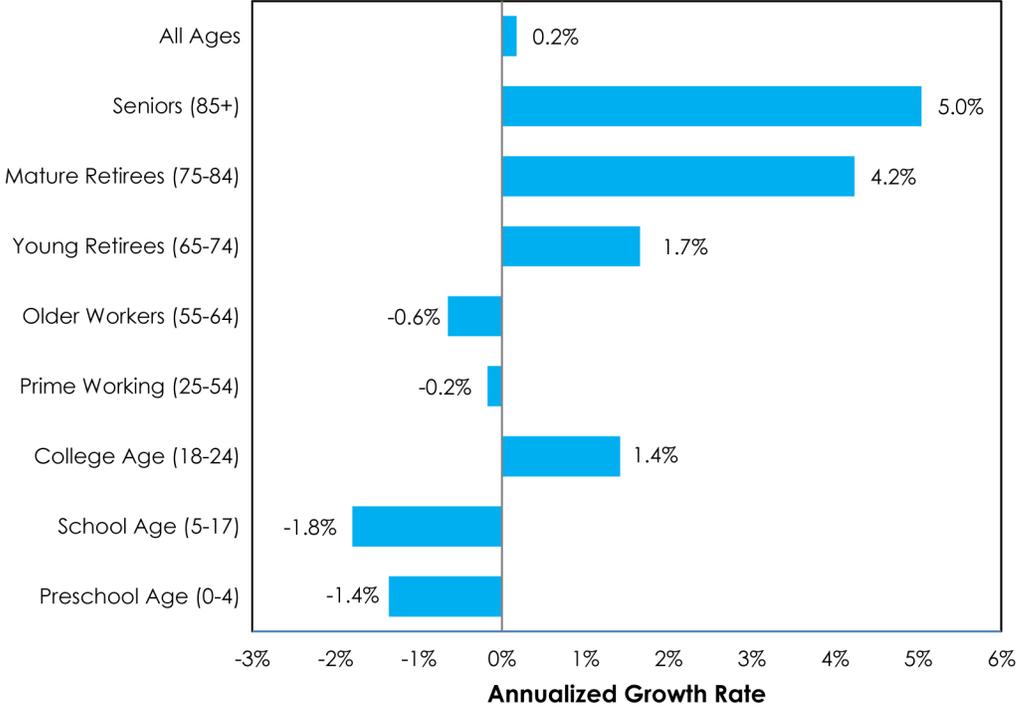
UNEVEN GROWTH BY AGE GROUP

The age structure of the California population continues to shift in ways seen across much of the developed world. While the overall population is projected to grow at an

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annualized rate of 0.2 percent from 2025 to 2030, growth is expected to vary significantly across age groups as shown in the California Population Growth Rate by Age Group figure. Population growth is expected to be driven by California's aging population (increasing 65,000 per year on average from 2025 to 2030) and a boost from college-aged population (increasing 60,000 per year), while the state's under-18 age cohort (decreasing 139,000 per year) and working-age population (prime working age decreasing by 27,000 per year and older workers decreasing by 30,000 per year) are projected to decline. The under-18 age cohort is projected to continue to decline due to lower birth rates in recent years. The retirement-age population, those 65 and older, is projected to continue to grow, with the highest growth rates expected among the oldest cohorts (75 to 85 and 85 and older) as the early Baby-Boomer cohort enters these age groups. The college-aged population is projected to experience a slight increase of 1.3 percent annualized growth through 2030 as California is expected to continue to be an attractive destination for educational and working opportunities.

California Population Growth Rate by Age Group (2025-2030)

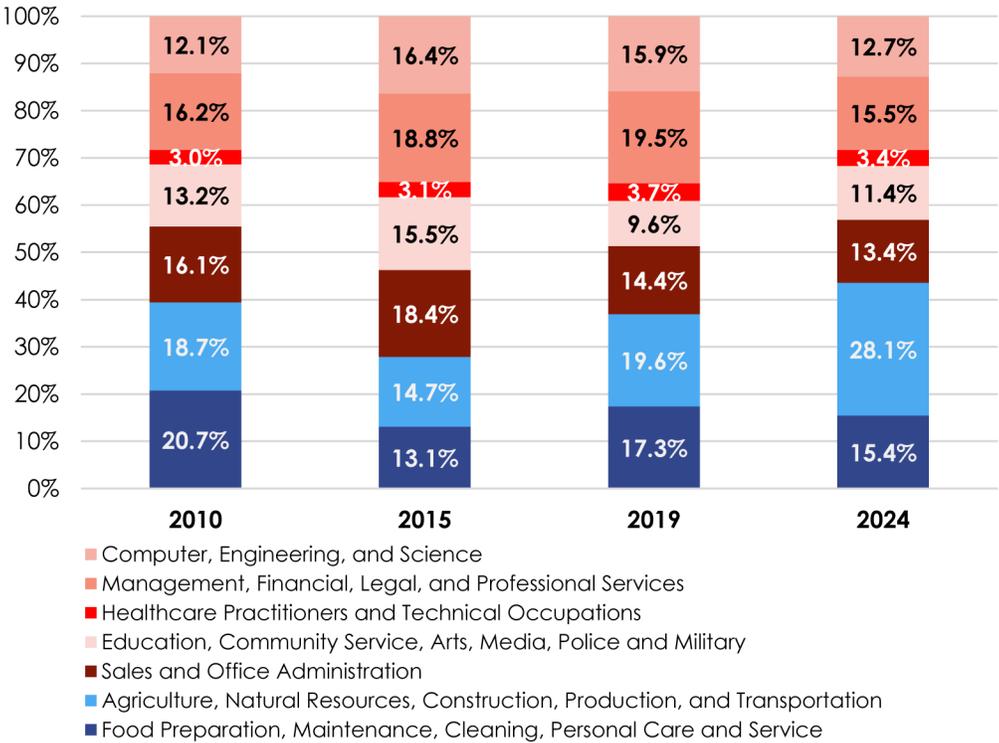


Source: California Department of Finance, 2026-27 Governor's Budget Forecast.

THE IMPACT OF IMMIGRATION

Despite low fertility, the working age population is expected to remain relatively stable so long as California continues to attract young adults from across the country and around the world. Over half of the children born in California today have at least one foreign-born parent, underscoring migration's impact on the state's population growth and future workforce. Immigration has also mitigated the effects of an aging population, as new arrivals to California in prime working ages make up for fewer children born in the state. The state attracts both relatively high and low-skilled workers and relatively fewer in the middle (see figure on Occupations of California Immigrants).

**Occupations of California Immigrants
(Age 16 and Older, Worked in the Last 5 Years)**



Over the past decade the distribution of immigrants by occupation has seen an increase in traditional agriculture and construction sectors (increasing its share of total immigrants from 15 percent in 2015 to 28 percent in 2024) away from the telecommunications, information technology, and professional services sectors whose combined share have declined from 72 percent in 2015 to 56 percent in 2024. These changes are driven by economic needs and the relative skills of incoming immigrants. Overall, the occupations held by recent immigrants appear to more closely follow those of the 2005-2010 time period rather than more recent trends.

California remains home to over 10 million foreign-born residents, most of whom are long settled in the state, with nearly three-quarters having arrived before 2000. Although historically most immigration to California came from Mexico and Latin America, the pattern has changed over the last decade as new migrants arrived from a more diverse set of countries, especially across Asia. The education profile of immigrants has also shifted. In 1990, most immigrants arrived in California as young adults and with minimal education. In 2024, nearly 50 percent of immigrants have a bachelor's degree or higher, although 23 percent have not completed high school.

RISKS

While this current series of population projections is already downgraded due to lower assumed immigration, the lower level of foreign in-migration associated with current federal policy could decline further than expected due to additional restrictions on legal migration and enhanced policies concerning undocumented migration. Immigration accounts for nearly 50 percent of the state's overall population growth in any given year; therefore larger-than-expected declines in immigration would likely create conditions for population losses within a year. Moreover, the risk 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, including those with legal documentation. Such policies as well as others, including restrictions on international students, could do long-term damage to the United States' historic reputation as a desirable destination for immigrants of all types.

Beyond migration, there are several other policy risks that might affect the state's population because of their effect on mortality or fertility. For example, the loss of Affordable Care Act subsidies 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. While members of the federal administration have discussed potential policies to incentivize more births, such efforts have generally had little effect on birthrates and might be offset by other proposed federal actions.