

California Projects Zero Population Growth Through 2060 Stagnant population could shrink labor force as Boomers retire.

By Jack Rogers

For most of its history, California has been a magnet for newcomers who were drawn to a state where the future always arrives first, with population growth literally reflecting a gold rush—until now.

In 2013, California's state finance department, which issues demographic reports every 10 years, predicted that the trajectory of population growth in the Golden State would look like a space launch in the next three decades: rocketing from 35M to nearly 53M by 2060.

The financial department issued its 2023 forecast this week—and the rocket launch has been canceled: the experts are projecting that California's population has plateaued at around 39.5M and will hover at that level until 2060.

The new projection comes after three years of unprecedented population declines as residents fed up with a variety of quality-of-life issues, including high housing costs, have left the state and trimmed California's population by about 1%., Mercury News reported.

The department said it has factored in declining birth rates, aging residents and more people moving away in the years leading up to and during the pandemic into its new projection.

“Adding those numbers has shown a reality that's different than what we expected,” Andres Gallardo, a state demographer, told the San Jose newspaper.

According to the report, the flat-lining projection for population growth threatens California's status as an economic powerhouse—if California was a nation, it would have the sixth-largest economy in the world.

Although some of the pandemic-era shifts are stabilizing, Gallardo said, the “compounding effects” of the changes may have a profound long-term impact. As an example, he cited birth rates, which have been dropping for several years: a trend that will compound itself 20 years from now when fewer people will be at the age to start having children.

The report said a stagnant population could mean a shrinking labor force as retiring Boomers are not replaced, a scenario that could mirror flagging economies in the Rust Belt.

State agencies rely on the finance department's population estimates to determine budgets and new housing targets, among other priorities.

However, not all of the experts agree with the Finance Department's assessment. Stephen Levy,

directory of the Center for Continuing Study of the California Economy in Palo Alto, told the Mercury News that the state's demographic projection is in "conflict with the continuing job growth predicted by all of the regional planning agencies in California."

This is particularly true in the Bay Area, which is seeing an influx of workers in the burgeoning generative AI sector.

Levy said if the state can achieve its goal of building more than 2.5M market-rate and affordable homes by 2030, it should be able to accommodate more residents and mitigate the housing affordability crisis.

He added that a no-growth population projection "assumes that we fail miserably in producing more housing."