Preparing for California’s New Generational Future

Replacing the Old Assumptions with a New Narrative that Matches the New Trends

Dowell Myers

USC Sol Price School of Public Policy
Demographic Assumptions

are Core to Public Beliefs about Taxation, Education, Dependence and Priorities for California Policy

Are the Old Assumptions an Accurate Guide for the Future?
Spending and Taxes in California by Age

Dollars Per Capita (2000 Dollars)

Source: Immigrants and Boomers, Figure 9.1; Ron Lee et al. (2003)
## Reversal of Outlooks

### 1990 Outlook
- Growth booming out of control
- Runaway immigration and unlimited rise in foreign born
- High fertility, too many kids
- And we cannot afford them
- Growth coming from outside foreign lands and other states

### 2010 and beyond
- Slow steady increase
- Diminished immigration, even during good economy
- Reduced fertility, and a shortage of children, who we desperately need
- Growth from native Californians: homegrown
Four Revolutions

Continued Slow Population Growth

Immigration Turnaround:
Foreign Born Peaked or Declining

Generation Transformation:
Declining Number of Children
A Soaring Senior Ratio

Homegrown Revolution:
New Importance of Investing in Children
Continuing Low Population Growth
Total Population of California
How Much Will Growth Resurge?

Source: US Census Bureau, CA Department of Finance, Pitkin-Myers CA Generational Projections 2012
What Year Does California Reach 50 Million Population?

• Old Expectation = 2032

• New Outlook = 2049

Source:
California Department of Finance, 2007 and 2013
Immigration Turnaround
Annual Immigrant Arrivals
Percentage Change in Net Flow Since 1970


Dowell Myers, USC Price
Foreign Born Share of The Population
Leveling Off

Source: US Census Bureau, Pitkin Myers Generational Projections for LA, CA, and US
Political Lag of Demographic Change

State of California, 2010, Ethnic Composition

<table>
<thead>
<tr>
<th>% of Population</th>
<th>42</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of Age 18+</td>
<td>50</td>
</tr>
<tr>
<td>% of 18+ Citizens</td>
<td>62</td>
</tr>
<tr>
<td>% of Registered</td>
<td>65</td>
</tr>
<tr>
<td>% of Voters</td>
<td>64</td>
</tr>
<tr>
<td>% of HS 2012</td>
<td>32</td>
</tr>
</tbody>
</table>

Source: Author’s Compilation of California Department of Finance data, exit poll data, and California Demographic Futures Projections 9.5

Dowell Myers, USC Price
Reversal of Outlooks

1990 Outlook
Accelerated immigration

Most immigrants are recent arrivals

Immigrant share soaring and assumed unlimited

Rapid racial replacement

A revolution in outlook on immigration

2010 and Beyond
Diminished immigration, even during good economy

Most are long-settled arrivals & older

Immigrant share constant and stable for the future

Slowing racial change

Dowell Myers, USC Price
Generation Transformation

Declining Numbers of Children
Surging Numbers of Retirees
What is the Political Relation?
Annual Births
No longer on an Upswing after 1990

Source: California Department of Finance
Dowell Myers, USC Price
Growth in Age Groups in California

1990-2010

2010-2030

Source: US Census Bureau, Pitkin-Myers 2012 CA Generational Projections

Dowell Myers, USC Price
Senior Ratio Soars After 4 Flat Decades


Dowell Myers, USC Price
The Trigger of Many Crises

• Social Security & Pension Fund Crisis

• Medicare/Health Insurance Crisis

• Workforce Replacement Crisis

• Taxpayer Replacement Crisis

• Deficit Crisis

• The Home Seller Crisis
Old Folks Need the Young to Make It

Dowell Myers, “Housing market links older whites, young Latinos,” Sacramento Bee, July 31, 2011

Dowell Myers, USC Price
Likely Responses to Rising Senior Ratio

- Reduced growth in GDP
- Delayed retirement by seniors
- Reduced or delayed senior benefits
- Higher taxes on young and old
- Young adults in supreme demand!
- Greater reliance on immigrant workers
- Rediscovery of neglected minority youth
## Reversal of Outlooks

<table>
<thead>
<tr>
<th>1990 Outlook</th>
<th>2010 and beyond</th>
</tr>
</thead>
<tbody>
<tr>
<td>High fertility</td>
<td>Reduced fertility, even during good economy</td>
</tr>
<tr>
<td>Too many children</td>
<td>A <strong>shortage</strong> of children; Not enough taxpayers and workers for the future</td>
</tr>
<tr>
<td>A growing tax burden</td>
<td></td>
</tr>
<tr>
<td>Very few elderly</td>
<td>Baby Boomer tsunami creates soaring senior ratio</td>
</tr>
<tr>
<td><strong>A revolution in outlook on the generations</strong></td>
<td></td>
</tr>
</tbody>
</table>

Dowell Myers, USC Price
The Homegrown Revolution in California
Rise of a Homegrown Majority

Source: Author’s analysis of U.S. Census 1980-2000 and American Community Survey 2005-2008 data
Birthplace of Young Compared to Old
CA Residents By Age and Birthplace, 2030

Source: Pitkin-Myers 2012 CA Generational Projections
Source: Pitkin-Myers
CA Generational Projections 2012
Senior Ratio Soars After 4 Decades Flat

Seniors (65+) per 100 Working Age (25-64)


Dowell Myers, USC Price
Index of Children’s Importance (iCi)

• Assigned at birth, based on the senior ratio expected to prevail when the child reaches age 25 (number of seniors per 100 working age)

• Growth in the ratio indicates the added economic and social weight to be carried by the children when grown.

• A child born in 2010 in California is fully twice as important (index of 2.02) as a child who was born in 1985 (index of 1.00).
Rising Importance of Children

Index of Children's Importance in California

Source: Author’s construction, US Census, DOF 2013 California projections

Dowell Myers, USC Price
## Reversal of Outlooks

<table>
<thead>
<tr>
<th>1990 Outlook</th>
<th>2010 and beyond</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth coming from outside: immigrants and from inter-state</td>
<td>Growth from native Californians: homegrown</td>
</tr>
<tr>
<td>Growth is excess, too costly and unwanted</td>
<td>Too little growth to meet the needs of the economy and generational support</td>
</tr>
<tr>
<td>Neglect and under-investment in skill development of children</td>
<td>Children deserve investment for maximum productivity and future prosperity of the state</td>
</tr>
</tbody>
</table>

**A revolution in outlook on the homegrown**

Dowell Myers, USC Price
Rediscovering the Generational Partnership

**Children $\$**
educational investments

**Seniors $\$**
health care
home sales
pensions

**Mature Adults $\$**
Prime working age
Strong support for children & seniors

**Young Adults $\$**
new workers
new homebuyers
new taxpayers

the cycle of roles

Dowell Myers, USC Price
Conclusions

• What is the most surprising finding about the new generational future of California?
  Is it the leveling off of the foreign born?
  Is it the new majority of the homegrown?
  Could it be the explosion of seniors?
  Or is it the scarcity of children and their doubled importance?

• Maybe it’s the realization that the generations might really be connected after all

Dowell Myers, USC Price
thank you

More Information on
Generational projections
California futures

Visit USC PopDynamics