



State Population Profile

The first in a new series by NPG.

California Here We Come? Be Careful What You Wish For

An NPG Commentary
by Edwin S. Rubenstein

With over 39 million people (according to 2021 Census estimates) – California is the nation’s most populous state – well ahead of second place Texas (29 million) and third place Florida (22 million). State officials project a population of 45 million by 2050.¹

In the last half of the 20th century California’s population more than tripled, reaching 34 million in 2000, while growing at a rate far higher than the rest of the country.

But more recent data seems to offer relief from the outsized population gains that alarm California’s NPG community.

Since 2000 California has experienced its slowest growth rates ever recorded. From 2010 to 2020 state population grew by 5.8% (or 2.4 million) – considerably below the 6.8% recorded in the rest of the country.

Still better – at least for people who share our population goals – was the news that the state’s population actually *declined* by almost 300,000 in the 18 months between January 1, 2020 and July 1, 2021. Increasing pandemic related deaths, sharp declines in international migration under Trump’s *Remain in Mexico* policy, and a rise in residents moving to other states, account for the losses.²

More recent evidence suggests the population decline has already run its course. COVID deaths have peaked nationally, migrant arrests at the Southwestern border through June 2022 (1.74 million) have already surpassed those for all of fiscal year 2021, (1.73 million) – which at the time was the **highest number of illegal crossings** recorded at least since 1960.³

Under Biden the Southwest border has become, essentially, an open border, where officials have authority to turn migrants away, and do not penalize those who cross illegally again.⁴

THE CALIFORNIA DELUSION

Hollywood. The Dream Factory. A place to be discovered. A land of vast opportunity.

But that California is long gone, as one veteran population activist writes:

“May be it’s still an okay place to visit (I’ve lived here

too long to be a good judge), but most people wouldn’t want to live here for a list of reasons, including poor air quality. ...Dirty beaches, a poor education system, unaffordable housing (both to rent and to buy), massive homelessness, continuing gang problems, a now nearly year-round fire season and the infamous insane commutes round out the state’s woes.

Oh, and California is now also a ‘sanctuary state,’ which essentially means it’s not complying with federal law on immigration. Put another way, it’s gone full-on rogue.”⁵

Over 10 million Californians are immigrants – more than any other state. That’s hardly surprising given the state’s huge population. But the immigrant *share* of state population is out of whack completely. More than one-quarter – 27% – of Californians are foreign born, according to the 2019 American Community Survey. The second-place ranking goes to New Jersey, with 23%.⁶

Those states are in a class by themselves. In the rest of the country, immigrants are a mere 12% of population.⁷

THE HOMELESSNESS CAPITAL OF THE COUNTRY

On any given night in 2020 just over 580,000 people in the U.S. were homeless, according to U.S. Department of Housing and Urban Development data. Californians accounted for 28% of the homeless population, or more than twice its population share (12.5%).⁸

But there are degrees of homelessness. The “lucky” ones live in emergency shelters or transitional housing, while the remainder – call them the “hard core” homeless – are forced to live in unsheltered locations such as street corners, alleys, abandoned buildings, and vacant lots.

“California is ... particularly notable as accounting for more than half of all unsheltered homeless people in the entire country at 51% or 113,660. That’s nearly nine times the number in the next highest state, which is Texas with 13,212.”⁹

A bad situation for sure, but one made worse by state

spending aimed at helping illegal aliens. We speak of generous health care subsidies, free perks at state universities, a legal defense fund, and, more recently, a proposed expansion in taxpayer funded nutrition assistance under the Medi-Cal program.¹⁰

Californians face a choice: continue doling out enormous benefits to illegal aliens, or shift state funding to citizens – whether native-born or immigrant – who are here legally.

For most of us, this is a no-brainer.

PUBLIC SCHOOL ENROLLMENT

What a difference a decade makes.

Ten years ago, state public schools were struggling to accommodate a massive influx of immigrant students. Schools were so crowded that some lengthened the time between classes to give students time to make their way through packed halls. The LA school district called in the Army Corps of Engineers to manage its infrastructure expansion program.¹¹

The state was adding 100,000 new students each year.

Fast forward to May 2022:

“California’s K–12 student enrollment has been declining, largely due to falling birth rates and net migration. Since COVID-19, drops in enrollment have been larger than expected – especially in Kindergarten and Grade 1. Most districts and counties will grapple with the fiscal challenges of downsizing over the next decade.”¹²

Fiscal challenges of downsizing? You must be kidding. Falling K-12 enrollment, plus record funding (thanks to federal pandemic spending subsidies) should make the early 2020s a Golden Age for Golden State pedagogy.

The problem? A relatively small share of K-12 outlays is actually spent in the classroom:

“Increases in personnel costs – such as rising health and benefit costs – can have an outsized impact: roughly 80% of current spending on K–12 students is for staffing (teachers, support staff, etc.). Notably, rising pension contributions absorbed about 25% of the K–12 spending increase from 2013–14 to 2019–20.”¹³

Bottom line: California’s public school bureaucrats have hijacked the K-12 budget goodies for themselves. **(Students must wait in line.)**

CALIFORNIANS ARE FLEEING IN RECORD NUMBERS

Net domestic migration – people moving to California from other states versus those moving the other way around – has ballooned from a net loss of 34,000 in 2012 to 277,000 in 2021. Over the decade the state has lost more than 1.625 million net people – more than the population of Philadelphia.¹⁴

State boosters insist that those who leave are primarily old and poor. Not so. Only 14% of the domestic exodus from 2012 to 2019 were making less than \$25,000; those earning

more than \$100K accounted for 38%, while the rate of departure for those making far more was even higher, according to IRS data.¹⁵

The vast bulk – 85% – of CA leavers are in their prime earning years of 25 to 64.¹⁶

Housing costs are by far the biggest reason cited by those choosing to leave the state. Since 1970, median home prices in LA, San Francisco, San Diego, and San Jose, rose to more than double those of major metros outside of California. A classic measure of housing affordability – a state’s average annual mortgage payment as a percent of state median income – ranks California 49th among all 50 states.¹⁷ Only in Hawaii is housing less affordable for middle-class residents.

Low-income minorities and illegal aliens are also heading for the exits – or simply not moving into the state. According to United Way of California, over 30% of state residents, including 40% of Blacks and 50% of Latinos, lack sufficient income to meet minimum living standards. Their home ownership rates are among the lowest as well.¹⁸

AN EXISTENTIAL THREAT

And we haven’t even mentioned climate change.

As home prices soar and wildfires rage, state politicians are increasingly befuddled by the need to address both issues simultaneously. If there is a common denominator – and NPG believes there is – it is population growth. Both problems are ultimately caused by human population growth.

There are limits to growth, even if many California politicians – including the current Governor, deny it. A year ago, Governor Newsome signed a bill that curtails single-family zoning by allowing up to four units on single lots, and another encouraging more housing density near commuter transit centers.¹⁹

Not a word on controlling – much less reducing – state population.

If California were an ocean liner, Newsome’s scheme would be seen for what it is:

Rearranging the deck chairs on a doomed vessel.

CONCLUSION

How does a state, once touted as the most environmentally woke of all, lose its grip on reality? For years California politicians have managed population problems the way Bernie Madoff managed his investment company. As a Ponzi scheme, relying on future generations to maintain the illusion of viability.

In the short run, this may be good politics. But eventually reality will intrude – the scam will implode.

Will it be a soft landing, controlled by Californians? Or will residents be controlled by fires, oppressive heat, and the breakdown of societal norms?

Stay tuned.

NOTES

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Edwin S. Rubenstein, president of ESR Research, is an experienced business researcher, financial analyst, and economics journalist. He has written extensively on federal tax policy, government waste, the Reagan legacy, and – most recently – on immigration. He is the author of two books: *The Right Data* (1994) and *From the Empire State to the Vampire State: New York in a Downward Transition* (with Herbert London, 1994). His essays on public policy have appeared in *The Wall Street Journal*, *The New York Times*, *Harvard Business Review*, *Investor's Business Daily*, *Newsday*, and *National Review*. His TV appearances include *Firing Line*, *Bill Moyers*, *McNeil-Lehr*, *CNBC*, and *Debates-Debates*. Mr. Rubenstein has a B.A. from Johns Hopkins and a graduate degree in economics from Columbia University.



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