
A Summary of Research Results

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CALIFORNIA'S DEMOGRAPHIC FUTURE . . . NEW TRENDS MAY POSE SOME UNEASY POLICY CHOICES IN THE YEARS AHEAD . . .

N-2481-NICHD, California's Demographic Future, by Kevin F. McCarthy and R. Burciaga Valdez, 26 pp., $4.00

Changes in fertility, migration, and immigration are restructuring California's age and ethnic profiles, and will continue to shape the state's policy agenda for the rest of the century, according to N-2481.

Demographers Kevin F. McCarthy and R. Burciaga Valdez highlight recent trends: an aging population; a decline in population growth; a reduction in the number of migrants from other states; a dramatic increase in foreign-born residents; and a decrease in the fertility rate of California women, primarily because of their increasing participation in the labor force. All of this will have important consequences for the state's education system, child care and health services, labor force, tax revenues and public service expenditures.

California's most important challenge will be coping with greater population diversity, the authors write. Californians have never been a homogeneous population, and the state has largely benefited as a result; but in a period of slow economic and population growth, which the authors foresee for the next decade, current demographic trends will bring mixed blessings.

The state's economy ought to benefit considerably, the study says. The labor force will mature, and an increase of prime-age workers (those in mid-career and peak earning stages) should cause productivity and wages to rise—wages by about 10 percent by 1990.

Increasing numbers of dual-earner households will spur consumer demands for a variety of goods and services. A 10-percent increase in two-earner families could boost the state's aggregate income by $2 billion, for example.
The maturing of the labor force, slowed migration from other states (due at least in part to the high cost of housing in California), and the decline in native births would ordinarily prefigure a shortfall in the labor supply, particularly in entry-level jobs. But the study contends that the high levels of immigration from other countries, particularly Mexico, Latin America, and Asia, will continue in the 1980s, adding sufficient new workers to forestall a labor shortage.

But immigration creates problems of its own. Will the skills most immigrants bring with them match those needed by the economy? As the authors note, “Special training programs—much like the job training programs set up for native-born minorities during the Great Society era—may be needed to take full advantage of this resource.” And they add, “If industry does the training, it will raise labor costs. If government does the training, it may require increased taxes.”

Increased employment of women may also play a significant role in satisfying the state’s demand for labor; but given the current shortage of institutional day care, this result is in question.

The state’s public sector, like its economy, may also find that demographic trends bring mixed blessings, the study says. The higher wages of a more productive and affluent labor force should increase resources available for tax revenues; but new revenue demands from schools and the health-care system may outstrip resource growth.

While secondary and postsecondary schools will continue facing enrollment declines until the end of the decade, elementary educators can anticipate an enrollment increase of 32 percent as the offspring of the “baby boom” generation reaches school age.

At the same time, student ethnic composition in California is changing. As schools in the Southland become heavily Latinized, educators must meet the challenge posed by demands for special programs and bilingual curricula. The prospects for continued immigration and changing family patterns will also add a new list of demands to the schools’ traditional responsibilities, such as English language instruction for adults, vocational training, perhaps child care
(expanding the school day to match the work day), and even special enrichment classes and curricula (on a fee-for-service basis) for the children of affluent two-worker couples.

Pressures for subsidizing health care will also build as California’s older population expands and more foreign immigrants arrive, the authors say.

Californians over 75 are the fastest growing segment of the elderly—and those most likely to suffer from chronic and disabling diseases requiring medical care, homemaker assistance, meals-on-wheels, visiting nurses for those who live alone, and long-term care facilities for those who cannot. Thus the state’s hospitals and nursing homes will soon feel the pressures of an aging population, and the state will face increasing political pressure to pay more of these costs, particularly as the children of the elderly are asked to assume a larger share of the medical and custodial costs of caring for their aged parents at a time when they are working to establish a foundation for their own financial security in old age.

The state’s immigrants, especially its refugees and illegals, will place additional demands on public hospitals—already overburdened by bad debts and charity care—especially where minority and immigrant populations are heavily concentrated. Twenty-eight percent of San Francisco County’s residents were foreign born in 1980, as were 22.3 percent of Los Angeles County’s residents, compared with only 7 percent of Sacramento County’s. The dilemma here, the authors note, is the inability of the most affected areas to finance additional services—and the unwillingness of the remainder of the state to pay part of the bill.

California’s traditional image as the Golden State “where anything is possible” still persists in the 1980s, say the authors. In the face of growing population diversity, however, with its inherent potential for generating conflict, more than a little of the glitter is off the gold. Californians are in for some uneasy policy choices in the years ahead, between the possible and the not-so-possible.
N-2481-NICHD may be obtained directly from the Publications Department, The RAND Corporation, 1700 Main Street, P.O. Box 2138, Santa Monica, California 90406-2138, or by telephoning (213) 393-0411, Extension 686.

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