California 2025

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Outline

- Population and economy forecasts
- Funding and meeting needs
  - Education facilities
  - Transportation
- Governance challenges
California population will grow, but at a slower pace.
Latino population will grow the most
Economic shift to service-related industries will continue

% change in employment in selected industries

Source: UCLA-Anderson forecast
The new economy will demand higher levels of education

Demand for workers by educational attainment

Source: PPIC dynamic projections with UCLA economic forecasts
Ethnic groups have very different education levels

Percentage of college graduates, ages 25-64, 2000

Latino: 8%
White: 37%
Asian: 45%
African American: 18%
Other: 26%
Education of California’s population not likely to meet economy’s demands

Percentage distribution by educational attainment, 2020

- Less than high school graduate
  - Economy’s demand for workers: 11%
  - Education level of population: 22%

- High school graduate
  - Economy’s demand for workers: 14%
  - Education level of population: 17%

- Some college
  - Economy’s demand for workers: 36%
  - Education level of population: 28%

- College graduate
  - Economy’s demand for workers: 39%
  - Education level of population: 33%
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California and U.S. infrastructure spending are about the same.

Per capita state and local capital outlay expenditures

Expenditures (1997 per capita $s)

- California total
- United States total

Source: Census of Governments Compendium of Government Finances, 1957-1997
State relies increasingly on bonds to pay for public investments

1965-66

- General fund: 42%
- Special funds: 28%
- Bonds: 28%
- Federal funds: 2%

$307 per capita

2002-03

- General fund: 77%
- Special funds: 14%
- Federal funds: 1%
- Bonds: 8%

$299 per capita

Source: California Department of Finance
Debt servicing requirements may limit state’s capacity for new bonds in near term

Ratio of general fund debt to revenues

% 0 1 2 3 4 5 6 7 8


Source: Legislative Analyst’s Office
Education facilities outlook has improved dramatically following institutional changes.

California general obligation education bonds, 2001-2004

- **K-12**
  - State: $21.4 billion
  - Local: $20.3 billion
  - Passed with less than 2/3 of the vote

- **Higher Education**
  - State: $4.0 billion
  - Local: $9.1 billion
  - Passed with less than 2/3 of the vote
Despite fluctuations, the trend in demand will rise in all education sectors.

- Total population
- College age population: 18 to 24 years old
- High school age population: 14 to 17 years old
- K-8th grade age population: 5 to 13 years old
Highway investment has seriously lagged use and population growth.
California highway investments are also much lower than the U.S. average.
For transportation, Californians say they’d rather manage demand than build.

Which one comes closest to your views about planning for 2025 in your part of California?

- Expanding mass transit and more efficient use of freeways and highways: 67%
- Building more freeways and highways: 30%
- Don't know: 3%
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Lack of confidence in government is a source of resistance to planning

How much confidence do you have in your local / state government’s ability to plan for the growth and future in your region / the state?

Local government
- A great deal: 28%
- Only some: 15%
- Very little: 8%
- None at all: 2%
- Don’t know: 2%

State government
- A great deal: 31%
- Only some: 12%
- Very little: 9%
- None at all: 2%
- Don’t know: 2%
There are strong partisan differences on spending for infrastructure.
Regional planning seen as the answer, but with local voters in charge

Should local governments work together and have a common regional plan or each have its own plan?

- Common regional plan: 77%
- Each its own local plan: 20%
- Don't know: 3%

Who should make the important decisions?

- Local voters: 73%
- Local elected officials: 23%
- Don't know: 4%
Whites will still be majority of voters in 2020

Projected 2020 voters

- African American: 8%
- Asian: 10%
- Latino: 19%
- White: 63%
Some issue areas to address for future planning

- The education deficit
- The threat of unrepresentative government
- The inequity of infrastructure
- The shrinking infrastructure dollar
- The difficult policy context