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CONTACT

Colleen Madden Blumenfeld, Director of Public Relations

Mobile: 314-807-1568

colleenmadden@challengergray.com

FOR IMMEDIATE RELEASE

What Does the Future Hold for College Students Graduating During the COVID Recession?

CHICAGO, June 15, 2020 – New college grads are entering the job market during a confirmed recession, according to the National Bureau of Economic Research, as the unemployment rate for the nation hit 13.3% in May. Looking at past recessions, this does not bode well for these workers' overall career trajectories in terms of average wages and available jobs, according to one workplace authority.

“Job prospects for college grads who enter the job market during a recession could take years to recover. This group tends to have higher unemployment, even years later, than bachelor’s degree holders who graduated at other times. Meanwhile, wages rose slowly during one of the tightest job markets in recent history pre-COVID, but that could turn to stagnation during a recession,” said Andrew Challenger, Senior VP of global outplacement and executive and business coaching firm Challenger, Gray & Christmas, Inc.

In May, the unemployment rate for those holding a bachelor’s degree or higher was 7.4%, compared to 2.5% in March and 1.9% in February, according to the Bureau of Labor Statistics (BLS).

A survey of 2008 college graduates conducted in 2009 and 2012 by the Department of Education found the unemployment rate of these graduates in 2009 was 9%, about on par with the national rate, but well above the 4.9% unemployment rate for those who held at least a bachelor’s degree, according to the BLS. In 2012, the unemployment rate for these graduates was 6.7%, compared to 4.0% for all workers with a bachelor’s degree or higher.

Meanwhile, wages for new college grads were stagnant even prior to the downturn. According to a study conducted in 2019 by executive search firm Korn Ferry, entry-level salaries for 2019 college graduates averaged \$51,347, up 1.9% from the \$50,390 2018 college grads were compensated. The study noted that adjusting for about 2% inflation year-over-year, wages remained effectively flat.

“While the country was experiencing record-low unemployment and employers reported labor shortages in a number of industries, wages were still rising much slower than expected. It was the one area that did not seem to see a boon from the hot economy,” said Challenger.

In fact, from March 2019 to March 2020, real average weekly earnings increased just 0.7%, according to an April report from the BLS. The latest wage data from the BLS released in May saw a real hourly earnings increase of 7.5% on the loss of millions of lower-paying and entry-level jobs in April.

According to the National Bureau of Economic Research, college students who graduate during a recession may earn 9% less in the first year of working than they could have expected to make in better times, and it can take ten years or longer to recover. During the first ten years of work, people will experience 70% of their wage growth. Many entering the workforce during tough economic times will struggle to ever catch up and will earn tens of thousands of dollars less over their lifetimes.

A National Association of Colleges and Employers (NACE) report that tracks salaries for new college graduates shows that during times of recession and their aftermath, average starting salaries for bachelor’s degree graduates decreased. For example, between 1989 and 1994, they declined each year, from \$50,856 (adjusted for inflation) in 1988 to \$44,560 in 1994; from \$56,569 in 2001 to \$50,078 in 2004; from \$53,451 in 2009 to \$52,353 in 2010. Salary data from NACE for new college graduates was even lower in 2018 at \$50,944.

Those who graduate with STEM or business degrees will likely fare better with wages. According to NACE, Engineering degrees will earn graduates the most on average, bringing in a starting salary projected to be over \$69,000, while Computer Science degrees could earn a starting salary of over \$67,000. Business degree holders are projected to earn nearly \$58,000 in their starting positions.

BROAD CATEGORY	2020 SALARY PROJECTION	2019 SALARY PROJECTION	% CHANGE
Engineering	\$69,961	\$69,188	1.1%
Computer Science	\$67,411	\$67,539	-0.2%
Math & Sciences	\$62,488	\$62,177	0.5%
Business	\$57,939	\$57,657	0.5%
Social Sciences	\$57,425	\$57,310	0.2%
Communications	\$56,484	\$52,056	8.5%
Humanities	\$53,617	\$56,651	-5.4%
Agriculture & Natural Resources	\$53,504	\$55,750	-4.0%

Source: Winter 2020 Salary Survey, National Association of Colleges and Employers

“The longer it takes for a COVID-19 vaccine to be developed and distributed so the economy can rebound fully will impact how much these newest graduates’ earning capacity suffers,” said Challenger.

“Recovery will mean graduates will have to be open to changing jobs – as soon as possible and, perhaps, more often, much like their Millennial counterparts found themselves doing post-Great Recession,” he added.

“In the meantime, graduates of the Class of 2020 can begin to navigate these challenging times by building up their networks and gaining relevant experience in their selected fields. While this may not be through a regular full-time job, it could manifest through contract or temporary work.

“College grads who are having a difficult time finding a job or have had an offer revoked can also do volunteer work to apply their relevant skills. Build a website or write marketing copy for a charity working toward social change. Volunteer in these organizations’ finance departments or help with financial records. All of this can and should go on a resume, so that when the economy recovers, you have the work experience to demand a higher wage,” said Challenger.

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