

# THE SUMMER SURGE IN COLLEGE UNEMPLOYMENT: WHY IT HAPPENS AND WHAT YOU CAN DO ABOUT IT

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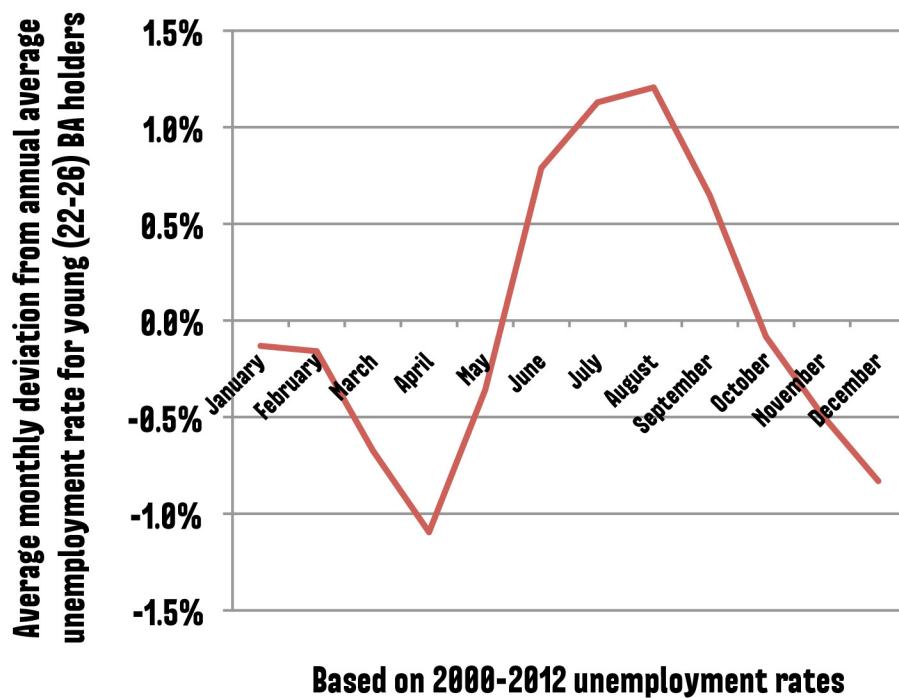


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It happens every summer: unemployment among recent college graduates<sup>1</sup> rises, prompting a rash of news articles about the woes of new graduates. What these stories miss is that unemployment among recent college graduates is cyclical: it goes up every summer when pretty much everyone graduates from college at the same time and it comes down every fall as college students find their way into the labor market.

The most recent statistics fit the general seasonal pattern in recent college graduate unemployment. In 2013, 1.7 million recent college graduates entered the labor market, with most graduating in May or June (though a smaller graduation cycle occurs in January).<sup>2</sup> When these newly minted Bachelor's degree-holders between the ages of 22 and 26 enter the workforce at the beginning of the summer, they increase the labor supply among Bachelor's degree holders in their age group by about 17 percent.<sup>3</sup> This seasonal surge in the college labor supply leads to a spike of 0.8 percentage points to 1.2 percentage points in the unemployment rate of recent college graduates during the summer months relative to the annual average (Figure 1). Then, over the following few months, unemployment declines as the labor market absorbs these recent graduates.

**Figure 1. With most college students graduating in May or June, unemployment for recent college graduates rises in July and peaks in August before declining in the fall.**



Source: Georgetown University Center on Education and the Workforce analysis using the Current Population Survey (CPS), 2000-2012.

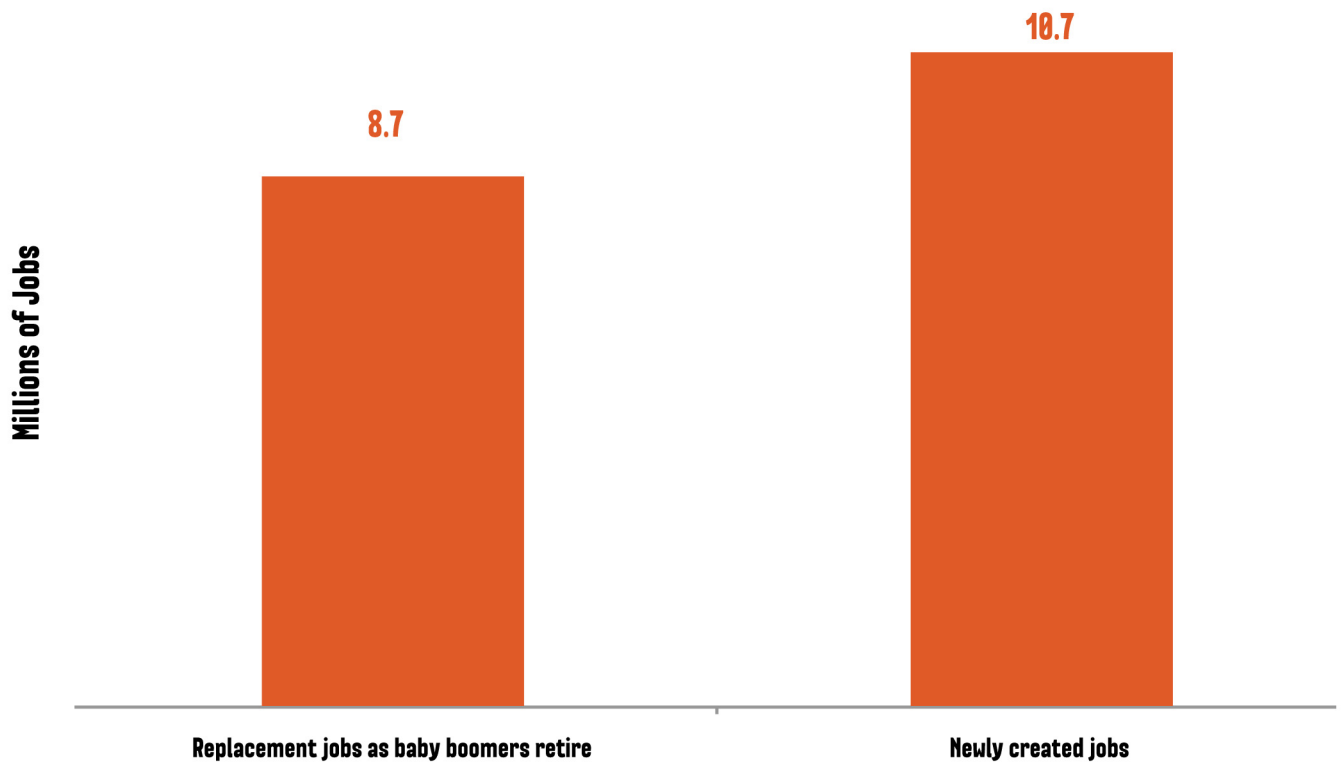
<sup>1</sup> In this analysis, "recent college graduates" refers to Bachelor's degree holders aged 22 to 26.

<sup>2</sup> National Center for Education Statistics (NCES), Digest of Education Statistics 2011-2012, Table 283.

<sup>3</sup> This estimate is based on a Georgetown University Center on Education and the Workforce analysis using the Current Population Survey (CPS), 1994-2012, and Digest of Education Statistics 2011, 2012, Table 283. This estimate assumes 40 percent of recent college graduates being in the 22-26 age group and graduating in May/June, with roughly 27 percent of that group going on to get a graduate degree.

This summer, college graduates can feel a little more optimistic about their prospects. If the recovery holds, there will be 19.4 million job openings for people with four-year college degrees over the next 10 years: 10.7 million brand new jobs for college graduates and 8.7 million job openings to replace retiring baby boomers (Figure 2). And as inevitable as the summer surge in unemployment of recent college graduates is, there are some tried and true strategies that can minimize its effects.

**Figure 2: Over the next decade, the U.S. economy will add a total of 19.4 million jobs for holders of a four-year college degree.**

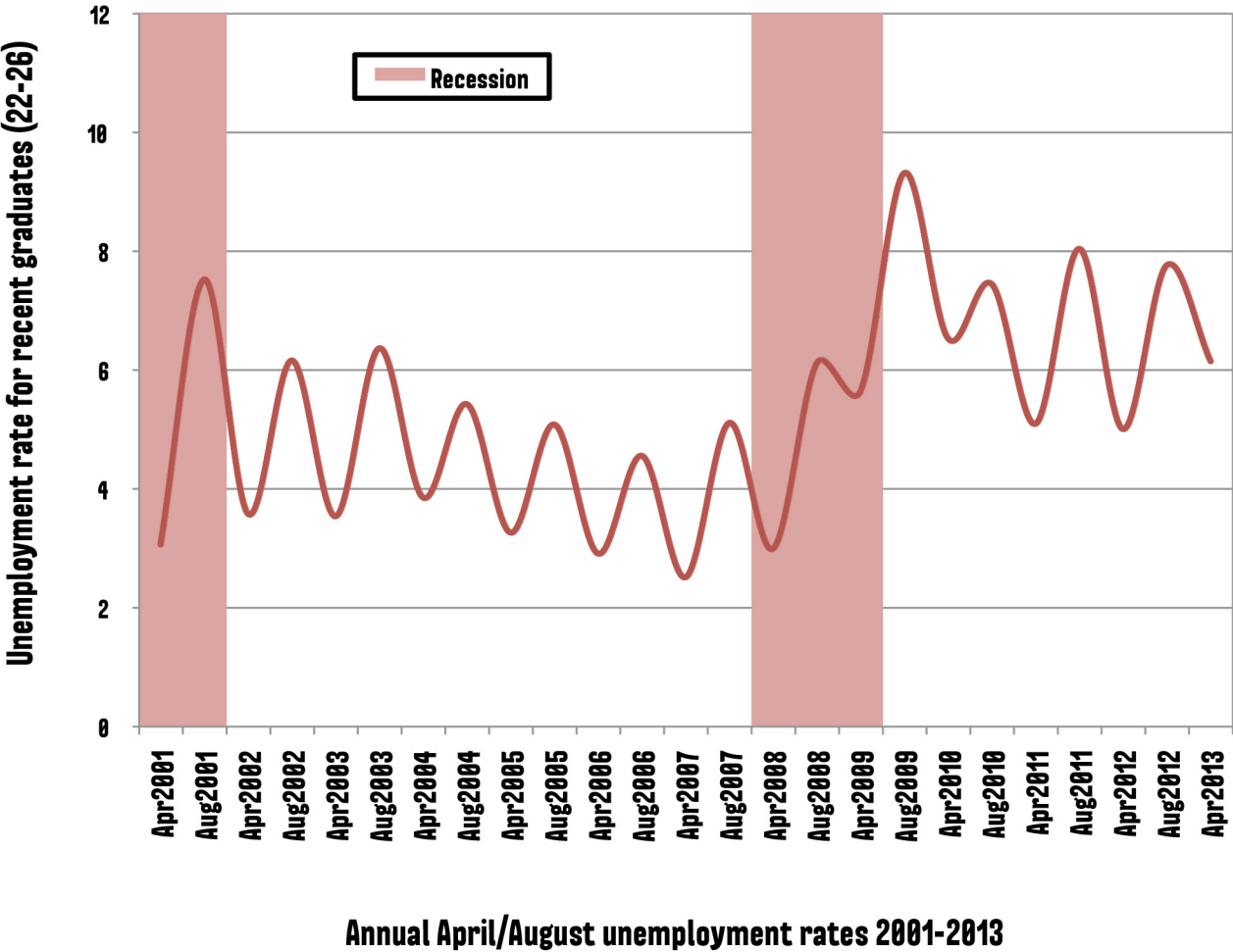


Source: Carnevale et al. 2013

The summer surge in unemployment of recent college graduates happens every year regardless of overall economic conditions (Figure 3). This cycle took place in 2006, when national unemployment was below 5 percent and it happened during the recession of 2001. It also happened during the Great Recession of 2008, though the significantly lower demand in the labor market from this most recent recession meant that the spike in the unemployment rate for recent college graduates has been higher and the labor market has taken longer to absorb the new graduates.

During the worst of the recession, between August 2008 and April 2009, the recovery from the summer surge of college unemployment was relatively weak. As the recovery started to take hold in 2010, however, the summer surge in college unemployment faded away dramatically in the fall.

**Figure 3. Boom or bust, every year the unemployment rate for recent college graduates goes up in the summer following graduations and then declines, as the new graduates are absorbed into the labor market.**

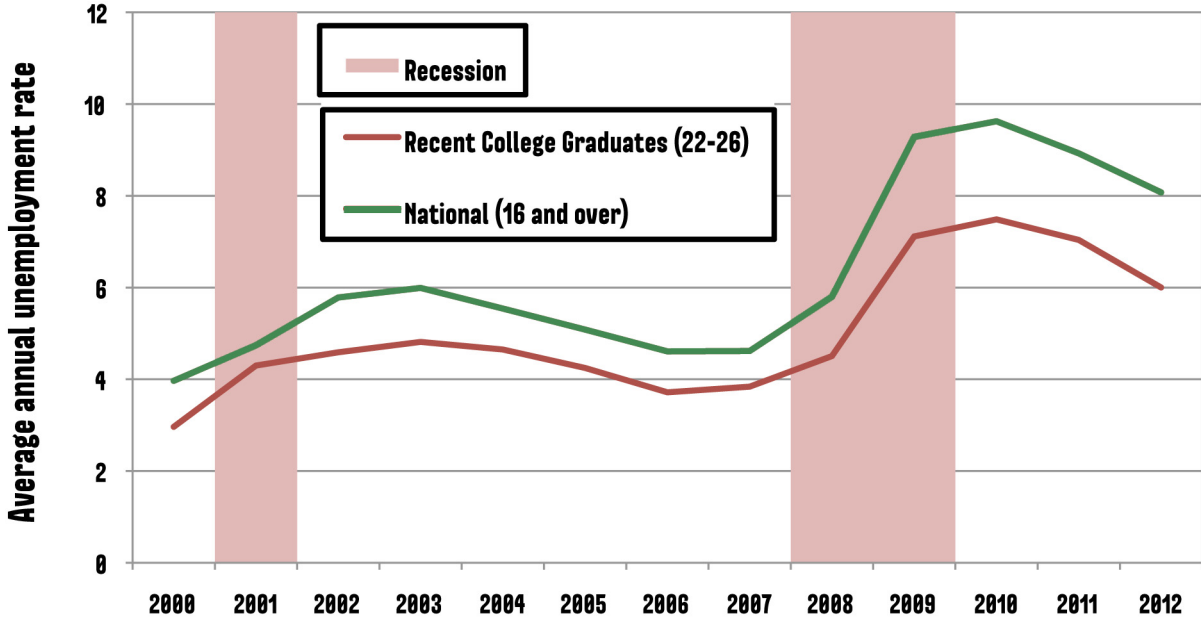


Source: Georgetown University Center on Education and the Workforce analysis using the Current Population Survey (CPS), 2001-2013.

Average annual unemployment rates provide a more accurate picture of recent college graduates' employment prospects. An analysis of the annual average unemployment rates for recent college graduates demonstrates that the job market has indeed been exceptionally challenging for them. Between 2007 and 2010, the unemployment rate for recent college graduates nearly doubled, from 3.8 percent to 7.5 percent, before falling to 6 percent in 2012 as the recovery started to take hold.

Yet even among this most vulnerable group of college graduates, the benefits of having a college degree can be clearly seen. Recent college graduates still face a lower unemployment rate than the workforce overall, and the gap between the two has nearly doubled since the beginning of the recession—from less than 1 percentage point in 2007 to more than 2 percentage points in 2012 (Figure 4).

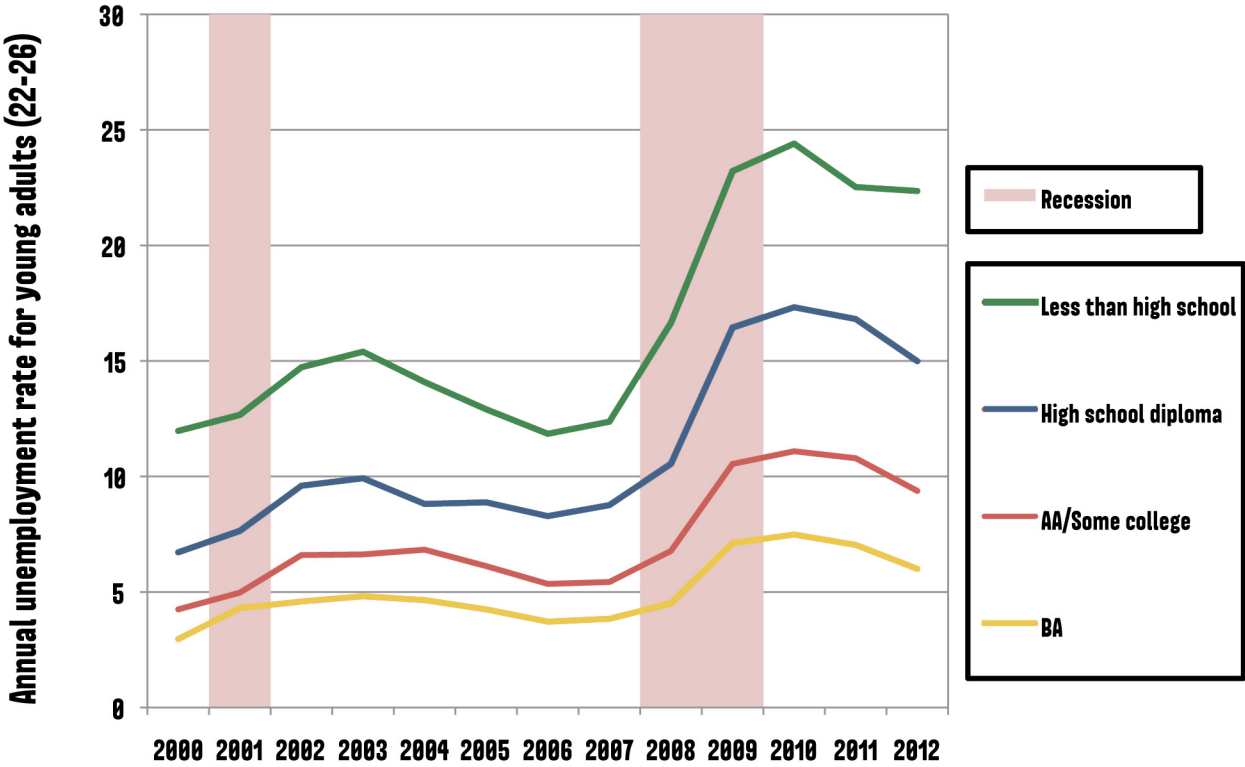
**Figure 4. The annual unemployment rate for recent college graduates has remained below the national unemployment rate since 2000.**



Source: Georgetown University Center on Education and the Workforce analysis using the Current Population Survey (CPS) and Bureau of Labor Statistics, "Seasonally Adjusted Unemployment Rate, 16 and Over." *Labor Force Statistics from Current Population Survey, 2000-2012*.

Despite their struggles during the Great Recession, recent college graduates with a Bachelor’s degree still have substantially better employment prospects than their less-educated peers. In 2010, the year that national unemployment reached its peak, unemployment for young adults between the ages of 22 and 26 with some college or an Associate’s degree peaked at 11.1 percent. For those with only a high school diploma, it was 16.8 percent, and for high school dropouts it was 24.4 percent. By comparison, unemployment for recent college graduates with a Bachelor’s degree was 7.5 percent (Figure 5).

**Figure 5. Despite their recent struggles, recent college graduates with Bachelor’s degrees are more likely to find jobs than their less educated peers.**



Source: Georgetown University Center on Education and the Workforce analysis using the Current Population Survey (CPS), 2000-2012.

While public concern over the plight of recent college graduates is understandable and justified, the summer unemployment surge among recent college graduates is a recurring trend. Misinterpreting the numbers makes the situation seem worse than it really is, and may misleadingly color the public’s perception of the value of college degree. A closer look shows that recent college graduates still continue to benefit from their degrees, even in the exceedingly challenging labor market of the past several years.

College students who are getting ready to graduate should not be derailed by temporary setbacks in the job market and should instead think of ways they can beat the odds. Some good preemptive strategies are to:



Find your institution's career counseling or career services office. These offices are usually equipped with professionals who can help you write and edit your resume and cover letter before you graduate.



Get the message out that you're looking for work through active networking and informational interviews to build knowledge capital on the industry or firm. Too many employers complain that new job applicants lack background knowledge of their industry.



Rely on previous internship connections (paid and unpaid) to get the word out about your full-time availability.



Start compiling a list of competencies you have that are relevant to a particular job, instead of courses you've taken. This is especially true for liberal arts majors whose college courses might look irrelevant but which almost always reflect underlying core competencies that are desired by many employers.



Make sure you have completed an adequate cost-benefit analysis if you plan to attend graduate school in an attempt to weather the storm. For more information about the economic value of your college major and benefits of graduate degrees, see these publications: *Hard Times 2013: College Majors, Unemployment*; and *Earnings and What's It Worth?: The Economic Value of College Majors*. With college costs rising faster than the rate of inflation, graduate school should be a decision made after you have a good plan for paying back any undergraduate loans.



Pay attention to industry winners and losers. The biggest winners by industry continue to be in leisure and hospitality, professional and business services, retail and healthcare. While construction and manufacturing are still fluctuating month to month between net gains and net losses, the returning jobs are in relatively high-skilled construction and high-tech manufacturing that require workers to demonstrate competence through some type of postsecondary credential, certificate, or certification. (For more industry specific information, see *Recovery: Jobs Growth and Education Requirements Through 2020* and for information on certificates see *Certificates: Gateway to Gainful Employment and College Degrees*.)



Recognize that learning is a life-long process and that renewing and upgrading of credentials is now a surefire way to demonstrate continued learning.

## References:

- Carnevale, Anthony, P., Nicole Smith, and Jeff Strohl. *Recovery: Job Growth and Education Requirements through 2020*. Washington, DC: Georgetown University Center on Education and the Workforce, 2013.
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That said, all errors, omissions, and views remain the responsibility of the authors.



# THE SUMMER SURGE

IT HAPPENS EVERY SUMMER: UNEMPLOYMENT AMONG RECENT COLLEGE GRADUATES RISES, PROMOTING A RASH OF NEWS ARTICLES ABOUT THE WOES OF NEW GRADUATES.

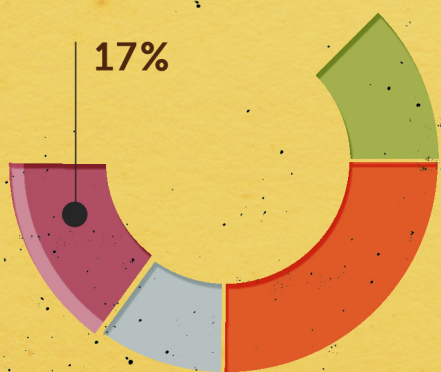


STUDENTS GRADUATE

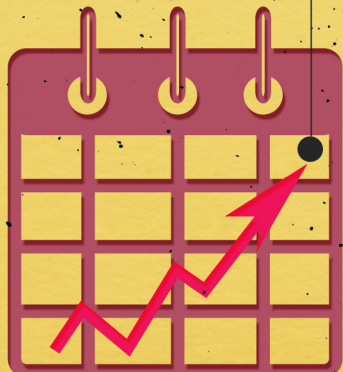
JOB SEARCH BEGINS

UNEMPLOYMENT PEAKS

ABSORBED INTO WORKFORCE



NEWLY MINTED GRADUATES ENTER THE WORKFORCE AT THE BEGINNING OF THE SUMMER, THEY INCREASE THE LABOR SUPPLY BY ABOUT 17%



0.8 - 1.2

THE SURGE IN LABOR SUPPLY LEADS TO A SPIKE OF 0.8 TO 1.2 PERCENTAGE POINTS IN THE UNEMPLOYMENT RATE OF RECENT COLLEGE GRADS DURING SUMMER MONTHS



AFTER A FEW MONTHS, AS THE LABOR MARKET ABSORBS THESE NEW GRADUATES, UNEMPLOYMENT DECLINES AGAIN IN THE FALL