

Four out of ten recent college graduates say they are underemployed

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2 December 2013

Four in ten recent college graduates in the US said they were underemployed, according to a survey released earlier this year by Accenture, a management consulting firm.

According to the report, 41 percent of people who graduated from college during the past two years were “underemployed and working in jobs that do not require their college degrees.”

Accenture’s 2013 College Graduate Employment Survey, conducted in March, polled 1,010 students who are were to graduate in 2013 and 1,005 students who graduated from college in 2011 and 2012.

Only 16 percent of pending 2013 graduates had secured employment, according to the survey. Forty-five percent of 2011 and 2012 graduates were prepared to accept a substantially lower pay rate than they had hoped, and 32 percent of 2011 and 2012 graduates who were employed earn less than \$25,000 per year.

Sixty-eight percent of 2011 and 2012 graduates are currently employed full time and 16 percent are working part time. Over half said finding employment was difficult, with 20 percent of 2011 and 2012 graduates saying finding a job was “extremely difficult.” Seven percent of 2011/2012 graduates said they have not had any job since they graduated.

Forty-two percent of 2011 and 2012 college graduates expect they will have to go back to school for a graduate program in order to secure a decent job in their field of interest.

The report showed a sharp increase in students who began their college education in junior or community colleges, but transferred to four-year universities. One-quarter of pending 2013 graduates from a four-year institution attended community colleges before transferring to four-year universities, up from 11 percent among 2011 and 2012 graduates.

Fifty-two percent of college graduates with a two-year degree said they would need to go back to school for a four-year degree to get a job in their field. When college graduates who chose jobs that were not related to their field of study were asked why they did so, 45 percent cited that it was taking too long to find a job and 32 percent said there were not enough openings.

The study makes clear that unpaid internships rarely lead to full-time employment. As the report noted, “Out of the 72 percent of 2011/2012 college grads who participated in an internship while still in school, only 42 percent said the internship led to a job.”

Even as finding work continues to be extremely difficult, students and graduates are finding themselves drowning in debt. Some 43 percent of young people today have student debt, up from 25 percent in 2003. Among 25-year-olds who have student debt, the average amount is now more than \$20,000, double what it was a decade ago.

The growth of student loans has been caused by the sharp rise in college tuition, driven by the slashing of state and federal education funding. The percentage of revenues raised by public universities through tuition has doubled, from 25 percent in the late 1980s to 50 percent today. Average fees for public universities for in-state residents were \$8,400 for the 2013-2014 school year, and \$19,100 for out-of-state tuition. For private institutions the average cost has soared to \$30,500.

In late November, President Obama laid out a program to slash liberal arts programs and universities, and plans to institute a college ranking system by 2015 aimed at systematically de-funding poor and working-class colleges.

In August, Obama signed a bill that eliminates lower interest rates for low-income subsidized student loan borrowers, and ties interest rates for all student loans to

government borrowing costs, allowing interest rates to go up to 8.25 percent for undergraduates, 9.25 percent for graduates and over 10 percent for parents.

When interest rates begin to rise, as is expected in the coming years, student loan rates will increase dramatically; for example, if interest rates rose to the average level of the 1990s, student loan interest rates would rise to over 8 percent.

Another recent report showed that the Department of Education was employing “debt specialists” from the private sector to recover loans that had fallen into default. In 2011 the Federal Trade Commission received 181,000 complaints of abusive debt collection practices from such firms.

In November the Census Bureau reported that the mobility of adults aged 25-29 is at a 50-year low. Only 4.9 million, or just 23.3 percent, of this age group moved between March 2012 and March 2013, down from 24.6 percent a year before. This figure has had a steady downward trend since at least 1965, when it peaked at 36.7 percent.

Given the difficulty of finding work, many young people are unable to relocate and are increasingly moving back with their parents. One-third of 2013 graduates planned to live with their parents after graduating, and 44 percent of 2011/2012 graduates were living at home with their parents.



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