



NACE BRIEF: SALARIES AND THE COLLEGE CLASS OF 2020

Fewer Jobs, But Higher Salaries



NATIONAL ASSOCIATION OF COLLEGES AND EMPLOYERS
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FEWER JOBS, BUT HIGHER SALARIES

The Class of 2020 graduated into a job market disrupted by COVID-19, and a new study from the National Association of Colleges and Employers (NACE) illustrates the depth of that disruption.

NACE's [First-Destination Survey for the Class of 2020](#) revealed that fewer 2020 bachelor's degree graduates found jobs within six months of graduation in comparison to their 2019 peers. In particular, there was a significant decline in the percent of graduates who were employed full time within six months of graduation.

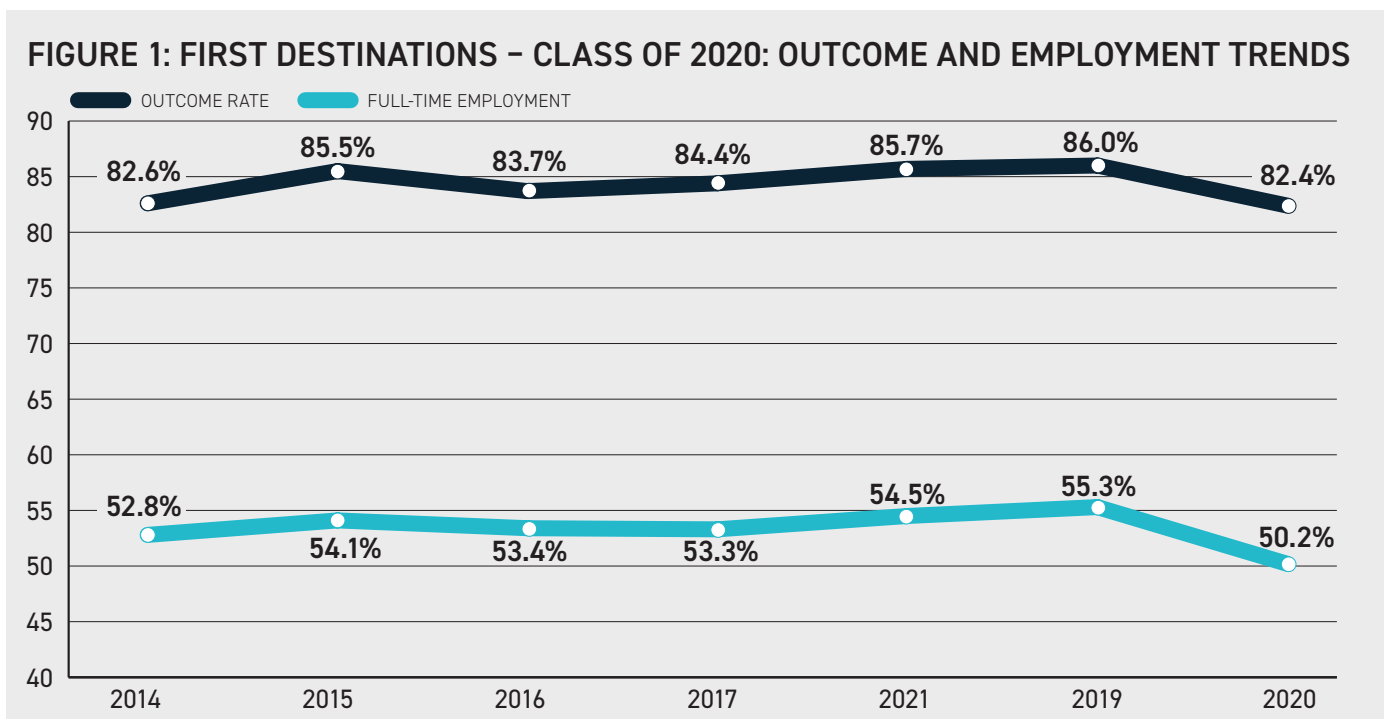
At the same time, however, the overall average starting salary for the class rose—and not insignificantly.

FEWER GRADS SECURED JOBS THAN ANY CLASS SINCE 2014

There was a sharp decline in the overall outcomes rate for the Class of 2020 compared to the Class of 2019—82.4% versus 86%. (See Figure 1.) In fact, this outcomes rate is the lowest for any class NACE has recorded since initiating its First-Destination Survey for the Class of 2014. This means that the Class of 2020 had the smallest portion of graduates who had a positive outcome within six months of graduation. (See the Appendix for a complete definition of overall outcomes rate.)

Moreover, as Figure 1 also illustrates, there was a significant drop in the proportion of the class that was employed full time in a traditional employment setting as compared to previous years. Slightly more than half of the Class of 2020 had obtained a full-time position with a traditional employer within six months of graduating. This decline is particularly noteworthy when compared to the Class of 2019.

Taken together, the two declines underscore the level of disruption faced by the Class of 2020 graduates. In context, applying those rates to the approximately 2 million bachelor's degrees awarded in 2019 and 2020 results in 102,000 fewer graduates obtaining full-time employment with a traditional employer in 2020 as opposed to 2019.



WHO GOT JOBS?

It was *not* a good year for job seekers: Not only was full-time employment in a traditional setting down overall, but, of the 33 disciplines tracked and reported in NACE's study, only two—architecture and liberal arts/general studies—had a higher percentage of graduates secure such jobs in 2020 than in 2019.

Every other discipline experienced a decline in the percentage of graduates securing a traditional full-time job.

Which disciplines fared best? Graduates in the following disciplines that had the most success*:

- Engineering
- Engineering Technology
- Health Sciences
- Business
- Computer and Information Science

In this regard, 2020 was not particularly different than other years. Disciplines that produce graduates with applied technical knowledge/skills generally fare better in the labor market when compared to all other disciplines.

* Outcomes are adjusted to reflect only those students who were in the job market.

HIGHER SALARIES FOR THOSE WHO SECURED FULL-TIME JOBS

While the number of graduates finding jobs within six months of graduation declined significantly, the average starting salaries of those who *did* find full-time employment increased.

- The overall starting salary increased from \$54,488 in 2019 to \$56,576—an increase of 3.8%.
- The median salary rose from \$52,714 in 2019 to \$54,686—an increase of 3.7%.
- Even controlling for inflation, the salaries increased substantially—2.5% for the average starting salary, 2.4% for the median.

In fact, by discipline and in terms of average starting salary, only the transportation discipline reported a lower average starting salary. So, other than this exception, graduates who secured jobs obtained a higher average starting salary than their 2019 counterparts.

At first glance, these increases seem counter to economic logic. Generally, when the demand for a commodity (labor) goes down, the price for that commodity decreases unless the supply of the commodity goes down even further than the demand.

There is no evidence that the supply of graduates entering the workforce decreased in 2020. If it had, then the percent of the class continuing to seek employment six months after graduation would have decreased, or at least stayed the same as in 2019. In fact, the percent seeking employment increased from 11.1% in 2019 to 14.1% in 2020. So, the supply increased, demand declined, yet the price (salary) rose.

One possible explanation for this seeming inconsistency is that the average salaries are providing a distorted picture of the graduate labor market for the Class of 2020.

Over the years, there have been a number of studies reporting about the underemployment of college graduates, i.e., graduates who took jobs that the U.S. Bureau of Labor Statistics (BLS) classified as not requiring a bachelor's degree. The Federal Reserve Bank of New York pointed out that this is not unusual for new college graduates and has been the "norm" since the 1980s. It can take several years before many college graduates find their footing in the workplace and enter their professional fields.

Until that time, it is commonplace for a graduate to be employed in a transitional occupation. Data from the BLS Current Population Survey identifies the two leading occupational positions for these transitional jobs as retail salesclerks and waiters/waitresses. These jobs are in industries that were, for the most part, closed during the height of the COVID-19 pandemic in the summer of 2020. Thus, many of the jobs graduates take during their transition to professional occupations were not available.

One of the characteristics of these jobs is their very low salaries. Taking these low salaries out of the calculation of overall averages may artificially boost the overall average by leaving only the mid- and high salaries left on which to base the calculation.

THE REBOUNDED JOB MARKET, THE NEW WORLD OF WORK, AND THE CLASS OF 2020

The Class of 2020 graduated into a disrupted market, and the timing of this study—six months after graduation—reflects that.

However, that is not the end of the story for the Class of 2020. The job market rebounded, and unemployment rates for bachelor's degree graduates ages 20 to 24 fell from more than 20% in June 2020 to less than 7% as of October 2021.

Moreover, for those who graduated in 2020 as well as the college-educated workforce at large, the pandemic exacted changes to the world of work that can have a positive impact on workers and their opportunities. In particular, the rise in remote work arrangements—a necessity when the world faced "stay at home" orders—are now, if not common, certainly not unusual. This means that location is less of a barrier between a job seeker and a potential employer. This, coupled with an overall unemployment rate that is currently below 5%, means an increase in opportunities for the college-educated workforce.

REFERENCES

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ADDITIONAL RESEARCH INTO THE CLASS OF 2020

The public is invited to access additional information, free of charge, about the outcomes for the college Class of 2020 through the NACE website at www.naceweb.org/job-market/graduate-outcomes/first-destination/class-of-2020/, including:

- A summary report of outcomes, which includes an executive summary, selected tables/figures, and definitions, is available for download. (PDF format)
- An [interactive dashboard](#), containing outcomes data by degree level, geographic location, type of school, and discipline, is accessible to the public.

APPENDIX

Results presented here are derived from NACE's annual First-Destination Survey, which examines outcomes for the graduating class: Outcomes include securing employment of various types and levels; continuing one's education, i.e., securing a placement to pursue another or higher level degree; entrance into the military or service work; and still seeking either employment or further education.

The survey for the college Class of 2020 was conducted through individual colleges and universities nationwide, which then reported their results to NACE. The schools conducted the survey from graduation through December 30, 2020, and reported their data to NACE from January 6 through April 30, 2021. In total, NACE received reports from nearly 360 schools reporting outcomes for graduating classes totaling more than 750,000 students in four degree programs—associate's, bachelor's, master's, and doctoral-level programs. The results discussed in this brief focus on responses from 349 schools for more than 500,000 bachelor's degree graduates.

The Class of 2020 First-Destination Survey is the seventh in a series that began with the college Class of 2014. Results for previous classes can be accessed on the NACE website at www.nacweb.org/job-market/graduate-outcomes/first-destination/.

In terms of the data, please note:

- NACE tracks 33 academic disciplines through its First-Destination Survey. However, only those in which there are data for 1,000 graduates are reported here.
- Colleges report to NACE their aggregated outcomes; this includes overall average salaries. As a result, as noted in "Few Jobs, But Higher Salaries," the theory that many low-paying jobs were eliminated by the pandemic, thus leaving only higher paying jobs cannot be adequately assessed. One would need to disaggregate the salary data to see if low-end salaries were disproportionately absent from the average salary calculations in 2020 as opposed to those in other years.

Selected definitions

Overall career outcomes rate: The number of graduates who have landed in any of the employment categories, plus service and military, plus continuing education divided by the number of students for whom an outcome is known. It excludes those graduates identified as not seeking an outcome.

Expressed mathematically the career outcomes rate is: $(\# \text{ employed} + \# \text{ service} + \# \text{ military} + \# \text{ continuing education}) / (\# \text{ employed} + \# \text{ service} + \# \text{ military} + \# \text{ continuing education} + \# \text{ still seeking employment \& continuing education})$

Traditional employment: A graduate works for an employer with relatively steady work hours, a defined wage/salary, and a presumption of benefits such as medical insurance

A full list of definitions is available in the summary report, which can be downloaded at www.nacweb.org/job-market/graduate-outcomes/first-destination/class-of-2020/.

ABOUT THE NATIONAL ASSOCIATION OF COLLEGES AND EMPLOYERS

Established in 1956, the National Association of Colleges and Employers (NACE) is the only professional association in the United States that connects more than 9,800 college career services professionals, more than 3,300 university relations and recruiting professionals, and more than 300 business solution providers that serve this community.

NACE is the premier source of market research on career readiness and employment of recent college graduates. NACE forecasts hiring and trends in the job market; tracks salaries, recruiting and hiring practices, and student attitudes and outcomes; and identifies best practices and benchmarks.

NACE offers its members unparalleled research, networking and professional development opportunities, guidance on standards and ethics, and advocacy on key issues. For more information, visit www.naceweb.org.

