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Unemployment rate for recent grads now outpaces all workers

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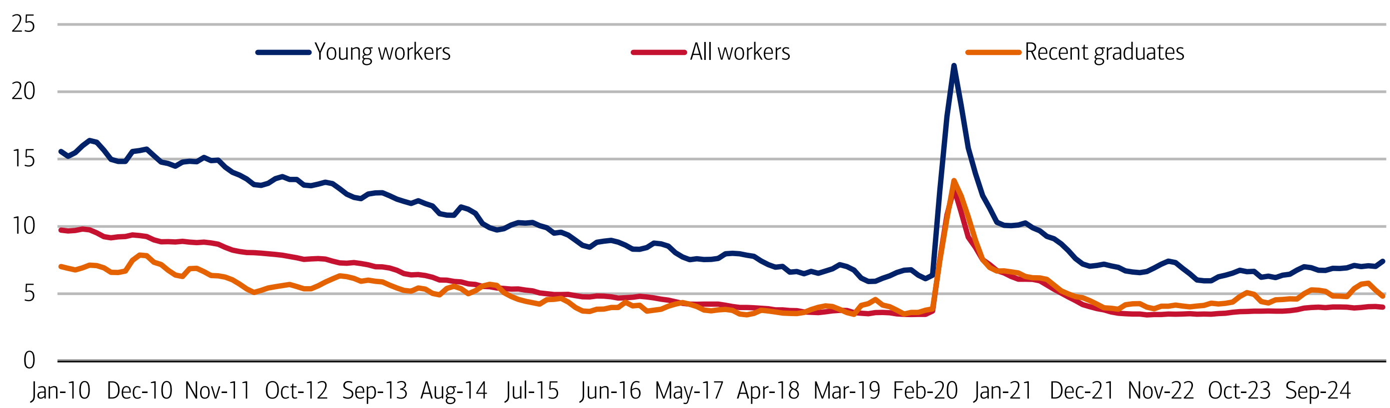
Young workers' unemployment rate has been increasing over the past few months, and in the last few years, the unemployment rate of recent graduates has surpassed overall unemployment – a reversal from pre-pandemic trends
Unemployment rates for recent college graduates vs. other groups (monthly, %)



Source: US Census Bureau and US Bureau of Labor Statistics, Current Population Survey (IPUMS)
Note: Rates are seasonally adjusted and smoothed with a three-month moving average. All workers are those aged 16 to 65; recent graduates are those aged 22 to 27 with a bachelor's degree or higher; young workers are those aged 22 to 27 without a bachelor's degree. All figures exclude those currently enrolled in school.

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Since the start of the year, the unemployment rate has risen slightly, most recently having increased from 4.1% to 4.2% in July, according to the Bureau of Labor Statistics (BLS). But post pandemic, a new normal emerged for recent college graduates: their unemployment rate has consistently outpaced that of all workers, a reversal from the trend seen the decade prior.

Markedly, more than 13% of unemployed Americans in July were new entrants or those looking for jobs with no prior work experience, which skews towards Gen Z. That is the highest since 1988. And if the labor market cools further, job prospects are likely to remain tough for younger workers as global trade tensions heighten economic uncertainty and some sectors swiftly embrace AI, potentially crowding out entry-level positions.

For more, read Job hoppers hit pause.

Methodology

Selected Bank of America transaction data is used to inform the macroeconomic views expressed in this report and should be considered in the context of other economic indicators and publicly available information. In certain instances, the data may provide directional and/or predictive value. The data used is not comprehensive; it is based on **aggregated and anonymized** selections of Bank of America data and may reflect a degree of selection bias and limitations on the data available.

Any payments data represents aggregated spend from US Retail, Preferred, Small Business and Wealth Management clients with a deposit account or credit card. Aggregated spend include total credit card, debit card, ACH, wires, bill pay, business/peer-to-peer, cash and checks.

Any **Small Business** payments data represents aggregate spend from Small Business clients with a deposit account or a Small Business credit card. Payroll payments data include channels such as ACH (automated clearing house), bill pay, checks and wire. Bank of America per Small Business client data represents activity spending from active Small Business clients with a deposit account or a Small Business credit card and at least one transaction in each month. Small businesses in this report include business clients within Bank of America and generally defined as under $5mm in annual sales revenue.

Unless otherwise stated, data is not adjusted for seasonality, processing days or portfolio changes, and may be subject to periodic revisions.

The differences between the total and per household card spending growth rate can be explained by the following reasons:

1. Overall total card spending growth is partially boosted by the growth in the number of active cardholders in our sample. This could be due to an increasing customer base or inactive customers using their cards more frequently.
2. Per household card spending growth only looks at households that complete at least five transactions with Bank of America cards in the month. Per household spending growth isolates impacts from a changing sample size, which could be unrelated to underlying economic momentum, and potential spending volatility from less active users.
3. Overall total card spending includes small business card spending while per household card spending does not.
4. Differences due to using processing dates (total card spending) versus transaction date (per household card spending).
5. Other differences including household formations due to young adults moving in and out of their parent's houses during COVID.

Any household consumer deposit data based on Bank of America internal data is derived by anonymizing and aggregating data from Bank of America consumer deposit accounts in the US and analyzing that data at a highly aggregated level. Whenever median household savings and checking balances are quoted, the data is based on a fixed cohort of households that had a consumer deposit account (checking and/or savings account) for all months from January 2019 through the most current month of data shown.

Bank of America aggregated credit/debit card spending per household includes spending from active US households only. Only consumer card holders making a minimum of five transactions a month are included in the dataset. Spending from corporate cards are excluded. Data regarding merchants who receive payments are identified and classified by the Merchant Categorization Code (MCC) defined by financial services companies. The data are mapped using proprietary methods from the MCCs to the North American Industry Classification System (NAICS), which is also used by the Census Bureau, in order to classify spending data by subsector. Spending data may also be classified by other proprietary methods not using MCCs.

Generations, if discussed, are defined as follows: Gen Z, born after 1995; Younger Millennials: born between 1989-1995; Older Millennials: born between 1978-1988; Gen Xers: born between 1965-1977; Baby Boomer: 1946-1964; Traditionalists: pre-1946.

The Pay Disruptions Rate is defined as the proportion of customers who previously had 12 months of regular payroll payments into their accounts, but then had three months of no payments, relative to the total number of customers with 12 consecutive months of payroll.

The job-to-job change rate (J2J rate) is defined as the proportion of customers with an identified change in their employer as a proportion of the total number of customers. Net income is defined as the net direct deposit income after deductions.

We estimate the median pay rise associated with a J2J change using the pay in the latest three-month period compared to the same three months a year ago.

Any reference to card spending per household on gasoline includes all purchases at gasoline stations and might include purchases of non-gas items.

A Bank of America proprietary survey was conducted from January 2024-August 2025 with approximately 1500 respondents over the course of each month.

Additional information about the methodology used to aggregate the data is available upon request.

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Disclosures