

The jobless gap between high-school and college grads is shrinking.

The New College Unemployment Line

An NBC News poll recently found that only one-third of Americans believe a four-year college degree is worth the cost. A new study by the Cleveland Federal Reserve Bank helps explain why: Many young college graduates out of work are having a harder time than high-school grads finding jobs, and artificial intelligence isn't to blame.

The share of Americans who believe a college degree pays off has fallen by 20 percentage points since 2013. Today, 63% say that it's "not worth the cost because people often graduate without specific job skills and with a large amount of debt to pay off," according to the NBC poll. Only 46% of those with college degrees believe they are worth the cost, a 17-point decline.

You don't need an economics degree to notice that young college grads are struggling. According to the Cleveland Fed study, the unemployment gap between high-school and college grads between the ages of 22 and 27 has tightened to a mere 2.5-percentage points, compared with about five percentage points in previous decades.

Young high-school grads are still more likely to become unemployed. However, college grads who become unemployed are now more likely to remain so than high-school grads. The fall in the job-finding rate for young college grads began around 2000, which suggests AI isn't the cause. Instead, the study suggests that the declining job prospects for young college grads "may reflect the continued growth in college attainment, adding ever larger cohorts of college graduates to the ranks of job seekers." It's also possible that college grads are more likely to have parents who can support them, so they can be choosier in job searches.

A government bias toward four-year college and declining academic standards have produced too many college grads who are ill-prepared for the modern workplace—and a dearth of young people skilled in the trades. The unemployment rate last year for 20-to-29-year-olds who had recently received an associate degree was 2.1% versus 15.3% for those with a bachelor's degree.

"The labor market advantages conferred by a college degree have historically justified individual investment in higher education and expanding support for college access," the Cleveland Fed study concludes. "If the job-finding rate of college graduates continues to decline relative to the rate for high school graduates, we may see a reversal of these trends."

All of this is a warning to colleges and a cry for Congress to reduce subsidies for four-year degrees that may cost more than they're worth in the labor market.

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