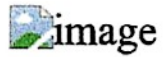


Unemployment rate for college-educated workers has drifted higher.



## White-Collar Workers Fear for Jobs

Some employees, spooked by layoffs and the rise of AI, hold on to positions

BY RACHEL LOUISE ENSIGN

Office workers are filled with anxiety.

Tuesday's jobs report was the latest ominous sign in an era of big corporate layoff announcements and CEOs warning that AI will replace workers. The overall unemployment rate ticked up to 4.6%. Sectors with a lot of office workers, like information and financial activities, shed jobs in October and November.

Hiring in many industries that employ white-collar workers has softened this year, according to Labor Department data, while the unemployment rate for collegeeducated workers has drifted higher.

Fears about the job market are contributing to widespread pessimism about the economy. The University of Michigan's index of consumer sentiment is near historic lows. Many Americans are buckling under almost five years of persistent inflation. College-educated workers who were once insulated from economic concerns aren't anymore.

Just a few years ago, these workers were getting promotions and raises left and right. Now they are hanging on to their jobs for dear life, spooked by high-profile layoff announcements, the rise of artificial intelligence and an un-forgiving job market for the unemployed.

Americans with bachelor's degrees or higher put the average probability of losing their jobs in the next year at 15%, up from 11% three years ago, according to November data from the Federal Reserve Bank of New York. Workers in this group now think losing a job is more likely than those with less education do, a striking reversal from the past.

They also are growing more pessimistic about their ability to find a new job if they do get laid off. In that same survey, college-educated workers said they have an average 47% chance of finding a job in the next three months if they lost their job today, down from 60% three years ago. "It's a moment of intense uncertainty," said Sarah Rand, 42 years old, who was laid off from her communications role at the University of Chicago in the spring. Her husband was laid off from a digital health startup around the same time. They were both earning six figures. "If we can't feel stability, if the economy isn't working for us, then who is it working for?"

Rand is trying to build up a consulting business, but so far that brings in about a third of her prior job's pay. The couple reduced the hours for the nanny who took care of their two young children, stopped retirement contributions and got rid of their second car.

Rand is finding that the job market feels dramatically different than it did in 2022, when the university recruited her with a five-figure raise and a more senior title than her previous job. Job applications without a personal connection



seem to go into a black hole. When she does land an interview, the hiring process can take months.

Additionally, many companies seem to want employees to do more with less. "I'm seeing a lot of roles where it's like three jobs squished into one," Rand said.

For now, there is an over--whelming sense that professional mobility has gotten a lot tougher. "I used to look at the job market as if I moved, I'd have the opportunity to level up. Now I'll be lucky to stay the same," she said.

There is no firm definition of white-collar employee in government data. The term broadly applies to people who work in offices and have higher education, such as a bachelor's degree or some college. In recent decades, hiring in management and professional jobs rapidly outpaced other categories.

By some important measures, college-educated workers are doing just fine. The unemployment rate for workers with a bachelor's degree or higher and who are 25 or older stands at a relatively low 2.9%, though that is up from 2.5% a year earlier. And people with college degrees still earn far more than those without one.

Still, many are starting to feel a paradigm shift.

Right after the pandemic, many companies couldn't hire enough white-collar workers—partly because they wanted to keep up with the surge in demand that came in Covid's wake. In recent months, however, companies including Amazon.com, United Parcel Service and Target announced cuts to white-collar roles. Some companies overhired and now have to correct for that. Others are holding back on hiring as they try to navigate the White House's new tariff policies and funding cuts.

Top executives are warning artificial intelligence could make the situation even worse. Earlier this year, Ford Motor CEO Jim Farley said the technology will "replace literally half of all white-collar workers in the U.S."

Job openings in some white-collar industries are well below where they were right before the pandemic, according to Indeed. In mid-December, software-development jobs stood at 68% of their February 2020 level, while marketing roles were at 81% of their prepandemic level. Job postings in healthcare—where it is a lot harder to replace workers with AI—have held up much better.

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