

NC Economy Watch

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A slowing labor market for everyone - including recent college grads

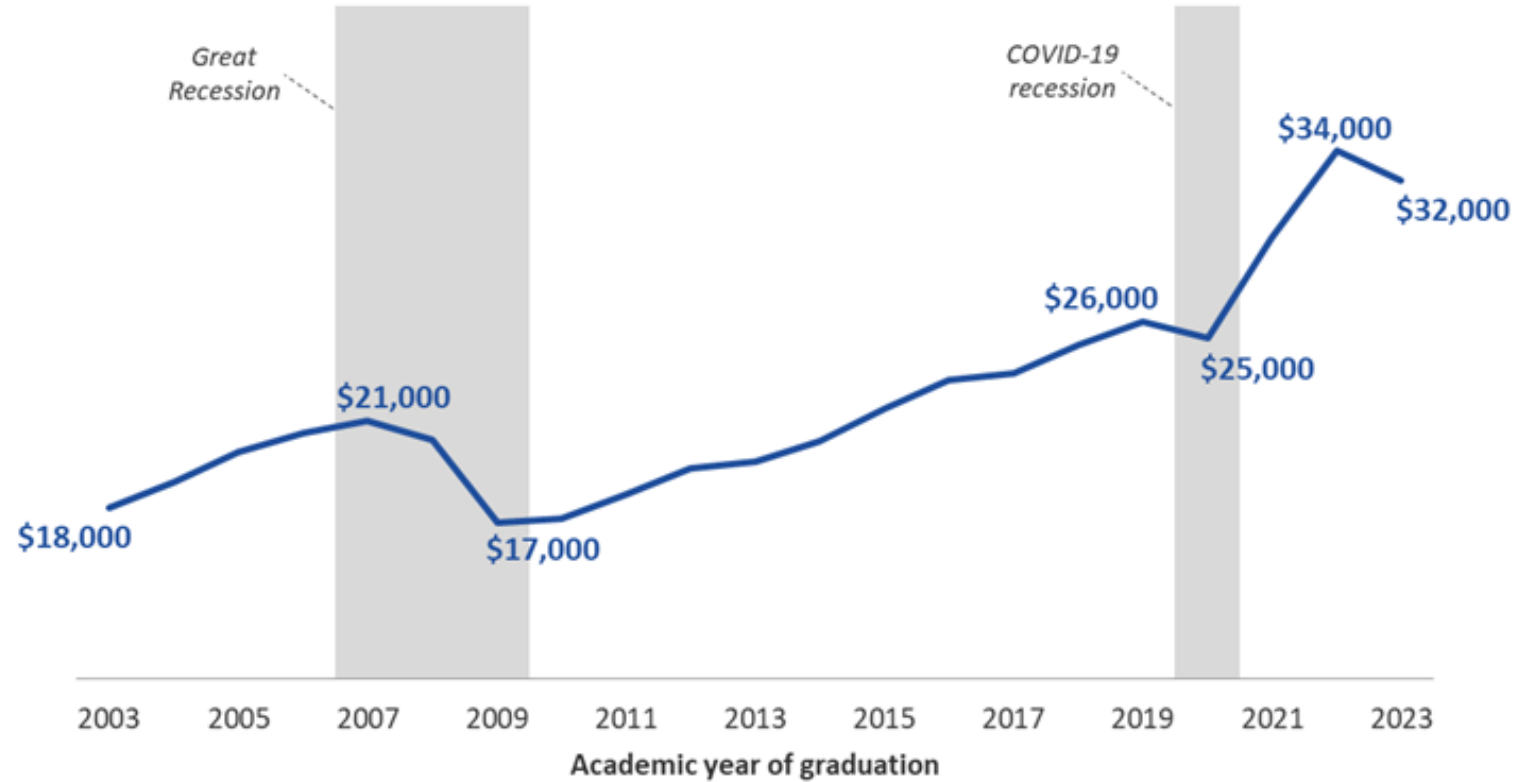
We are now in the **fourth year** of a prolonged **labor market slowdown**.

Mass layoffs are in the news, but they remain relatively **uncommon**. The less-visible but more-important story has been **hiring freezes**. Most employers are reluctant to let go of the people they have, but they're also reluctant to bring on new workers.

We all know about the challenges faced by the class of 2025 in today's labor market, but data from NC TOWER show **these trends were already underway two years ago...**

Recent College Grads Earned Less Than the Previous Year's Graduating Class

Median earnings of state university graduates in North Carolina the first year after receiving a bachelor's degree



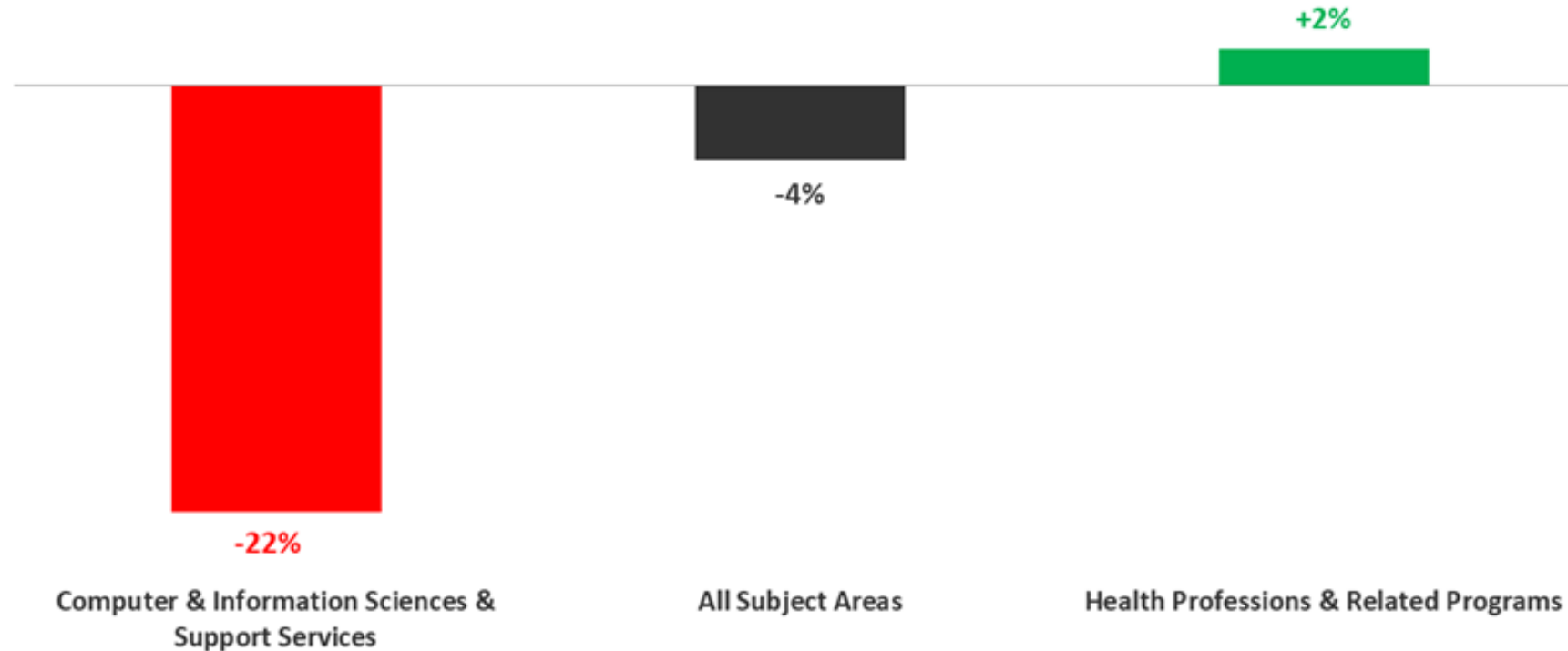
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Source: NC TOWER / NC Common Follow-up System (CFS)

Note: wage amounts are in nominal dollars and are rounded to the nearest thousand

I.T.-Related Grads Took a Big Pay Cut, While Healthcare Majors' Earnings Increased

Change in median earnings of recent state university graduates in North Carolina (class of 2023 vs. class of 2022), by major



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Source: NC TOWER / NC Common Follow-up System (CFS)

What's the solution?

It depends on what the problem is...

Is this a temporary, **cyclical** problem?

The economy goes through periodic boom-and-bust cycles. Many employers, especially in the tech sector, over-hired in the years following the COVID-19 recession. The tech hiring bubble eventually went bust, but it might recover again, like it did after the 1990s tech bubble.

Or the result of longer-term, **structural** changes in the value of college?

Technological changes like computerization increased the labor market value of a college degree in the 1990s. Since then, the supply of college graduates has risen, while the relative value of a college degree has plateaued.

Or is this early evidence of **A.I. job losses**?

Anecdotal evidence suggests that, at least among some I.T. and professional services firms, generative artificial intelligence and other technologies are being deployed to reduce the amount of labor needed to complete a given business task.

Resources of interest

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The Labor Market for Recent College Graduates

<https://www.commerce.nc.gov/news/the-lead-feed/july-2025-nc-economy-watch>

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“Thank you!”

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