

Nobody's Hiring the Bottom Rung

How AI is deleting the entry-level job, and breaking the only ladder a career was ever built on.

Kymata Labs Research · An independent research institution studying how AI systems actually behave in~13 min read production.

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The first jobs AI fully absorbs aren't the dangerous or tedious ones — they're the entry-level ones: the junior analyst, the first-year associate, the support rep, the junior developer. Companies aren't firing anyone for it; they're doing something quieter, simply declining to backfill the seat when it empties. Drawing on Stanford Digital Economy Lab payroll data showing a 16% relative employment decline for AI-exposed workers aged 22–25, a leaked PwC planning slide cutting entry-level associates 32% by FY2028, Federal Reserve figures showing new graduates now worse off than the broader workforce, and SignalFire data on collapsing new-grad tech hiring, this paper argues that deleting the entry-level job doesn't just hurt new graduates. It severs the apprenticeship pipeline every senior professional climbed — so in a decade, there is no one left to promote.

The argument, in moves

1. **The first jobs AI takes are the entry-level ones, not the hard ones.** Today's models are best at exactly the work we hand to beginners: summarizing a document, drafting a first pass, reconciling a spreadsheet, boilerplate code, the routine ticket. The junior's job description and the model's sweet spot are nearly the same paragraph.
2. **No one is being fired, which is why it goes unnoticed.** Companies aren't cutting juniors' pay or laying them off; they are quietly declining to backfill the seat when it empties. The adjustment runs through ¹ headcount, not wages, and it concentrates exactly where AI automates the work rather than augments it.
3. **This is already in the records, not a forecast.** Four independent sources point the same way: Stanford payroll data ¹, a leaked PwC slide ², Federal Reserve figures ^{3 4}, and SignalFire hiring data ⁵. We lead with what employers have already done, not with what anyone predicts.
4. **Seniority is junior work, survived.** Every senior professional alive climbed a ladder whose bottom rung was an entry-level job. Expertise was never stored in the title — it lived in the climb. Delete the rung and you don't get a faster senior; you get no senior at all.
5. **The bill arrives late, which is why it's easy to ignore.** Each decision to not-backfill is defensible on its own. Stack them across an industry and you get something nobody chose: a profession that has stopped manufacturing its own future experts.

The one-liner: you can't have senior people without junior people, and we just stopped hiring the junior people. Pull the rung out, and the people standing on it fall; so, eventually, does the ladder.

The strongest evidence: a ledger, not a prediction

The most robust claim here doesn't rest on anyone's forecast about the future. The Stanford Digital Economy Lab went straight to the ¹ ADP payroll records rather than a survey, and found a pattern they titled, pointedly, "Canaries in the Coal Mine." Since broad generative-AI adoption, early-career workers aged 22–25 in the most AI-exposed occupations have seen a **16% relative employment decline** — even as older workers in the **same jobs**, and workers in less-exposed fields, held steady or grew.

The mechanism is the whole point. The adjustment runs through **headcount, not wages**: firms aren't paying juniors less, they're hiring fewer of them, and the effect concentrates exactly where AI **automates** the work rather than **augments** it. The sharpest single example: employment for software developers aged 22–25 has fallen roughly **20%** from its late-2022 peak.

We flag the provenance honestly. The August 2025 draft reported a 13% decline; the figure was revised **up** to 16% in November 2025 ¹. And the lab's own February 2026 follow-up directly rebuts the "it's just interest rates" counterargument. The cycle is real, but a pure downturn doesn't sort this cleanly by age and exposure.

The pattern repeats across four sources

No single number proves the thesis alone. What makes it hard to dismiss is that four independent measurements — a payroll ledger, a corporate planning slide, a central-bank labor survey, and an industry hiring report — all bend the same way.

Source	Finding	Measure
Payroll data	Workers 22–25 in the most AI-exposed jobs, relative employment since GenAI adoption (Stanford / ADP)	–16%
Payroll data	Software developers 22–25, from their late-2022 peak (Stanford)	–20%
Corporate slide	PwC US entry-level associates planned, FY2025 → FY2028 — a 32% cut, audit down 39% (Business Insider)	3,242 → 2,197
Federal Reserve	Recent-grad unemployment, 2026:Q1, with 41.5% underemployed (NY Fed)	5.7%
Federal Reserve	Young grads 23–27 vs a comparable base-line (3.25%) — a historical flip (St. Louis Fed)	4.59%
Big Tech hiring	New-grad share of hires at the 15 largest tech firms; hiring down 25% vs 2023 and >50% vs 2019 (SignalFire)	7%

The leaked slide. The named corporate case is unusually concrete. An internal PwC US planning slide, reported by Business Insider, shows the firm intends to hire **32% fewer entry-level associates by FY2028**, dropping from 3,242 tax and assurance associates in FY2025 to 2,197 in FY2028, with **audit cut 39%** ². The slide names the cause in the firm's own language: "transformation efforts, the impact of AI, and further AC integration" — AC being the offshore Acceleration Centers. The law-firm parallel is weaker: per NALP, AI has had "no impact on total law-grad hiring, yet," so we lead with accounting, where the move is clear, and treat law as the likely next domino.

The Fed's ledger. For most of modern memory, a fresh degree bought a labor-market advantage. That has inverted. The New York Fed puts recent-graduate unemployment at **5.7%** in 2026:Q1, with **41.5% underemployed**³. The St. Louis Fed sharpens the reversal: young grads aged 23–27 averaged **4.59%** unemployment against a **3.25%** comparable baseline⁴. New entrants are now worse off than the broader workforce they are trying to join — a historical flip, not a rounding error.

Big Tech's front door. At the 15 largest technology companies, new graduates are now just **7% of hires**, with new-grad hiring down roughly **25% from 2023** and **more than 50% versus 2019**⁵. The industry that built itself on cheap, teachable, ambitious young engineers is quietly closing the door they came in through — at the precise moment its own tools made the junior engineer's first-year tasks the easiest thing in the world to automate.

The forecast, handled honestly. In May 2025, Anthropic CEO Dario Amodei warned that AI could wipe out **half of all entry-level white-collar jobs** and push unemployment to **10–20%** within one to five years⁶. We include it because it framed the debate, and we flag it for exactly what it is: a forecast, not data. By May 2026, Amodei and OpenAI's Sam Altman were reported to be softening those numbers. Think of the forecast as the ceiling of the worry and the measured data as its floor — and notice that even the floor is high enough to be alarming.

On the structure of the broken ladder

The popular story had automation eating the difficult and the dangerous: the surgeon, the long-haul driver, the structural engineer. Reality ran the other way. Today's AI is best at exactly the work we hand to beginners, so companies make a rational, local decision: why hire and train a first-year associate for a year of supervised reps when a model does the deliverable today, at a fraction of the cost, with no ramp? The seat doesn't get cheaper so much as it quietly stops existing.

Each of those decisions is defensible on its own. Stack them across an industry and you get something nobody chose: a profession that has stopped manufacturing its own future experts. The first-year associate was never just cheap labor — he was a senior partner sitting through an early, expensive, necessary draft of his own career. We automated the apprenticeship and kept the title.

This is why two cohorts are now forming, handed opposite fates by the same tools. One generation is already on the ladder: the mid-career and senior professionals who climbed when the bottom rung still existed. AI makes them **more** valuable, because they have the judgement to direct the model, the experience to catch it when it is confidently wrong, and the seniority to own the output. The other generation is arriving at the foot of a ladder that no longer has a first rung, asked to demonstrate experience the system has quietly stopped letting them earn. The line between them is roughly the year you were born, and it is hardening into one of the more consequential divides of the decade.

What it means: the same data, three readers

A severed pipeline can be re-spliced, though not by wishing it. The same studies that diagnose the break also point at what holding it open would require — and what that looks like depends on who you are.

For individuals — aim past the rung that's being deleted. Target roles where a human **directs and checks** the AI, the work that is surviving, rather than the routine output AI now produces outright. Get inside any apprenticeship that still exists, even a smaller one; proximity to senior judgement is the asset, the title is not. Build the one thing AI still can't be trusted with: judgement about when its confident answer is wrong.

For employers — you're booking a saving today and a succession crisis later. An AI-lean team looks productive while quietly training no one — the same trap PwC's own slide describes, at scale. Treat junior hiring as R&D on your own talent, not a cost line: the first-year associate is next decade's partner, or there

isn't one. Redesign the entry role around supervising AI, so the rung still exists, just higher up the ladder than it used to be.

For policymakers — the labor market is reversing on the people you most need to protect. New grads are now worse off than the broader workforce, a historical flip the Fed data already shows. Fund apprenticeships and earn-while-you-learn paths directly; the private pipeline that used to provide them is closing. Watch accounting and consulting as the leading edge, and law as the likely next domino — and measure it before the ladder is fully gone.

The takeaway: this isn't an argument against using AI for the routine work. It's genuinely good at it, and pretending otherwise helps no one. It's an argument for noticing what the routine work was **for**. It was the classroom. Automate the lesson and keep the diploma, and you save a fortune now, then wake up one day with no one qualified to run the place. The cheapest seat in the building was always the most important one.

Frequently asked questions

Isn't entry-level hiring always the first thing companies cut in a downturn? Why blame AI?

It's a fair challenge, and the honest answer is that the two are tangled together. Junior roles are cyclical; they soften when budgets tighten. But the Stanford Digital Economy Lab isolated the AI signal: the 16% decline shows up specifically for 22-to-25-year-olds in the most AI-exposed occupations, while older workers in the very same jobs, and workers in less-exposed fields, held steady or grew. A pure downturn doesn't sort that cleanly by age and exposure. And the lab's own February 2026 follow-up directly rebuts the "it's just interest rates" reading. The cycle is real, but it isn't the whole story.

PwC is one firm. Is this actually a trend or a headline?

One firm, but a loud one, and the slide is specific: 32% fewer entry-level associates by FY2028, with audit cut 39%, attributed in PwC's own words to "transformation efforts, the impact of AI, and further AC integration." The macro data is what turns one slide into a pattern: SignalFire finds new-grad hiring down more than 50% versus 2019 at the largest tech firms, and the Stanford figures span occupations, not companies. We've been deliberate about where the evidence is strong. Accounting and consulting are clearly moving. Law has not moved yet, and we say so.

Didn't the AI-jobs doomsayers walk back their predictions?

Some did, and we say so plainly. Dario Amodei's May 2025 warning — half of entry-level white-collar jobs gone, unemployment at 10–20% within five years — is a forecast, not a measurement, and by May 2026 he and Sam Altman were reported to be softening it. So we don't lean on the forecast. We lean on what's already in the payroll records: a 16% relative employment decline that has happened, not one that might. Think of the forecast as the ceiling of the worry and the measured data as its floor, and notice that even the floor is high enough to be alarming.

If AI does the junior work, who cares whether juniors get hired?

Whoever needs a senior in ten years. Seniority is not a credential you buy; it's junior work, survived and metabolized. The first-year associate who reconciles the messy ledger becomes the manager who knows when a number is lying. Delete the rung and you don't just lose this year's hires; you stop manufacturing next decade's experts. The bill arrives late, which is exactly why it's easy to ignore now.

What's the single most useful thing a young worker can do right now?

Get inside an apprenticeship pipeline that still exists, even a smaller one, and become the person who supervises the AI rather than the person it replaces. The roles disappearing are the ones AI automates outright, while the roles that survive are the ones where a human directs, checks, and owns the model's output. Aim for that second kind early, and treat judgement — the thing AI still can't be trusted with — as the skill you're actually being hired to build.

References

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- 6 Axios (May 28, 2025). “Anthropic CEO Dario Amodei: AI could wipe out half of all entry-level white-collar jobs.” (A labeled forecast. By May 2026, Amodei and OpenAI’s Sam Altman were reported to have softened these predictions.) <https://www.axios.com/2025/05/28/ai-jobs-white-collar-unemployment-anthropic>