

BY THE NUMBERS:

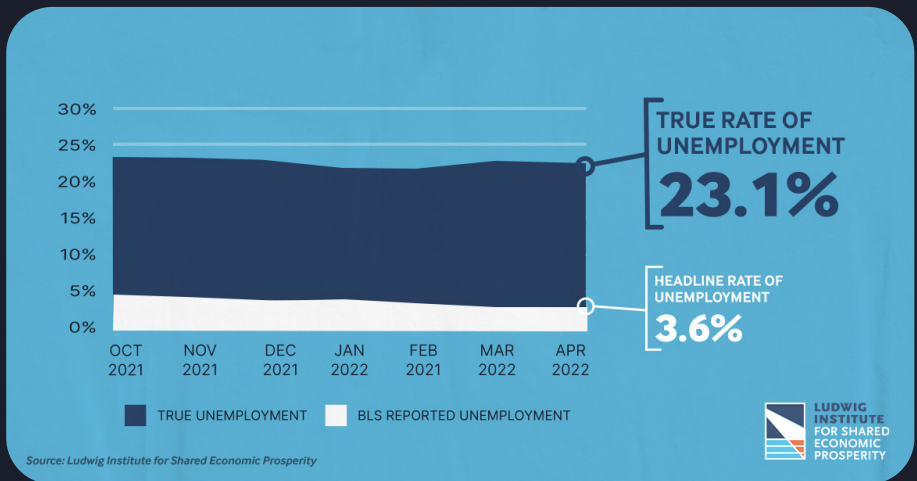
Summary of True Rate of Unemployment
For the Month of **April 2022**

Ludwig Institute for Shared Economic Prosperity

May 18, 2022

OVERVIEW:

The Ludwig Institute for Shared Economic Prosperity (LISEP) has issued its monthly True Rate of Unemployment (TRU) for April 2022. The TRU, which measures the percentage of “functionally unemployed” Americans – defined as the jobless, plus those unable to find a full-time job that pays above the poverty level – stands at 23.1% for the month of April. This is a decrease of 0.4 percentage points over the March rate.



KEY TAKEAWAYS:

- **The TRU for April decreased by 0.4 percentage points**, dropping from 23.5% in March to 23.1%. While at first glance this would appear to be a positive trend, this may be due to low-wage workers leaving the workforce entirely.
- **Even as the TRU decreased for April, the TRU Out of Population (TRU OOP) did not change.** The TRU OOP, the percentage of the entire adult population (age 16 and older) who could be classified as functionally unemployed, is a good indicator of changes in workforce participation. The unchanged TRU OOP implies that the decrease in TRU may be due to functionally unemployed workers moving into the ranks of discouraged workers and leaving the labor market.
- **The U.S. Bureau of Labor Statistics (BLS) also reported no change from March to April**, holding steady at 3.6% – in spite of adding 428,000 jobs. This could be a further indication that low-wage workers are becoming discouraged due to the failure of wages to keep up with inflation, and are dropping out of the labor market.
- **By demographic, Hispanic workers saw the biggest TRU improvement**, dropping by 1.6 percentage points to 25.7%, followed by Blacks workers, with a 1.4 percentage point drop to 26.5%. The large movement is probably beyond just those workers moving into the “discouraged” category and more likely a rebound from a significant uptick in the TRU for Black and Hispanic workers in March, when these groups saw 1.6 and 2.2 percentage point spikes, respectively.