

BY THE NUMBERS:

Summary of True Rate of Unemployment
For the Month of **April 2023**

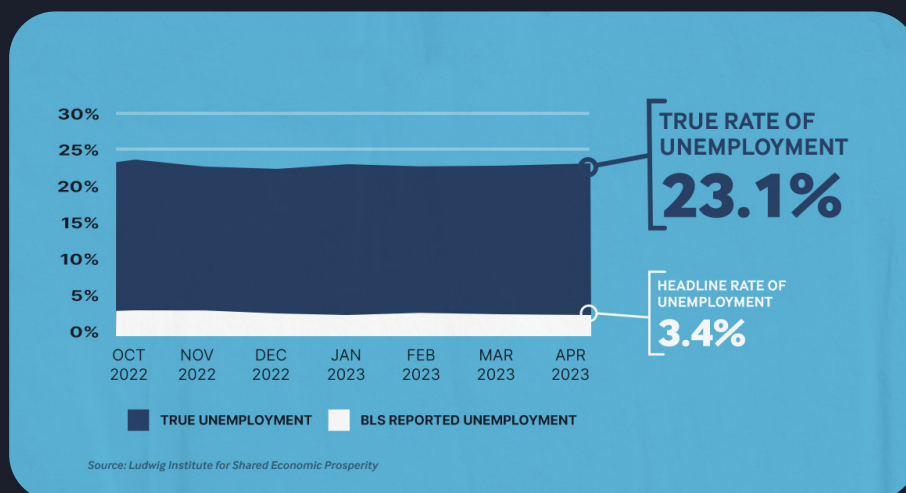


Ludwig Institute for Shared Economic Prosperity

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OVERVIEW:

The Ludwig Institute for Shared Economic Prosperity (LISEP) has issued its monthly True Rate of Unemployment (TRU) for April 2023. The TRU, which measures the percentage of “functionally unemployed” in the American workforce – defined as the jobless, plus those seeking but unable to find a full-time job that pays above the poverty level after adjusting for inflation – stands at 23.1% for the month of April. This is an increase of 0.2 percentage points over the March rate.



KEY TAKEAWAYS:

- **The overall True Rate of Unemployment worsened from March to April**, climbing from 22.9% to 23.1%, a 0.2 point increase. This contradicts the trend indicated by the government report released by the U.S. Bureau of Labor Statistics (BLS), where the unemployment rate decreased from 3.5% to 3.4% over the same timeframe.
- **The April TRU report was a mixed bag among key demographics**, as the TRU for White workers went up half a percentage point, from 21.5% to 22%, while the TRU for Hispanic workers went down a full percentage point, from 27.2% to 26.2%. For men, the TRU dropped 0.4 percentage points, from 19.3% to 18.9%, while for women the TRU increased, from 27% to 27.9%.
- **Black workers seemingly hit a TRU milestone during April**, with a rate that dropped from 25.4% to 24.5% — the lowest functional unemployment rate since January 1995, the first month for which LISEP

has data. But TRU's sister metric, TRU Out of the Population (TRU OOP), suggests the improvement is the result of Black workers leaving the labor force, not finding full-time employment. TRU OOP serves as an indicator of workforce participation by measuring the percentage of total working-age population seeking, but unable to find, a full-time paying job above the poverty level. During the same time period, TRU OOP only improved 0.1 percentage points.

- **No single factor could be isolated as a cause for this shift in TRU and TRU OOP for Black workers**, but inflationary pressures on expenses associated with holding a job, such as childcare and transportation, may mean some low-wage jobs are now money-losing propositions. It is an area in need of further research on behalf of policymakers, and serves as an example of why headline statistics cannot be accepted at face value as a basis for economic policy.

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