

BY THE NUMBERS:

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

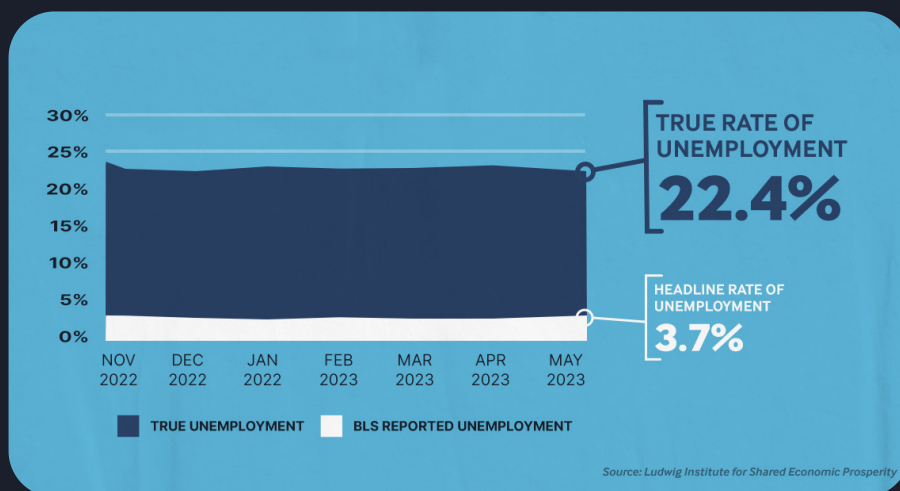


Ludwig Institute for Shared Economic Prosperity

June 14, 2023

OVERVIEW:

The Ludwig Institute for Shared Economic Prosperity (LISEP) has issued its monthly True Rate of Unemployment (TRU) for May 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 22.4% for the month of May. This is a decrease of 0.7 percentage points over the April rate.



KEY TAKEAWAYS:

- **The overall True Rate of Unemployment improved from April to May**, dropping from 23.1% to 22.4%, a 0.7 point decrease. This contradicts the trend indicated by the government report released by the U.S. Bureau of Labor Statistics (BLS), where the unemployment rate *increased* from 3.4% to 3.7% over the same timeframe.
- **The May TRU report was good news across the board** for all major demographics. Black workers saw a 0.5 percentage point improvement (24.5% to 24%), while the rate for Hispanic workers improved by 0.1 percentage points, from 26.2% to 26.1%. The TRU for White workers improved by 1.1 percentage points, from 22% to 20.9%, with the TRU for male workers improving by 0.9 percentage points (18.9% to 18%), and improved by 0.4 percentage points for women (27.9% to 27.5%).
- **LISEP credits a cooling of inflation combined with wage gains for low-income earners** as the primary factors in increasing the availability of living-wage jobs across all demographics. Meanwhile, the discrepancy between the LISEP and BLS reports is primarily due to the loss of low-wage part-time workers, counted as “employed” by the BLS – but classified as “functionally unemployed” by LISEP in previous monthly reports.
- **The contrast between the LISEP and BLS reports is an example of the shortcomings of government headline statistics** in assessing the status of the economy, according to LISEP. The loss of low-wage, part-time jobs is unsurprising, and it can be argued that jobs incapable of lifting workers out of poverty should not be considered employment for the purpose of setting economic policy.

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