

BY THE NUMBERS:

Summary of True Rate of Unemployment
For Month Ending **October 31, 2020**

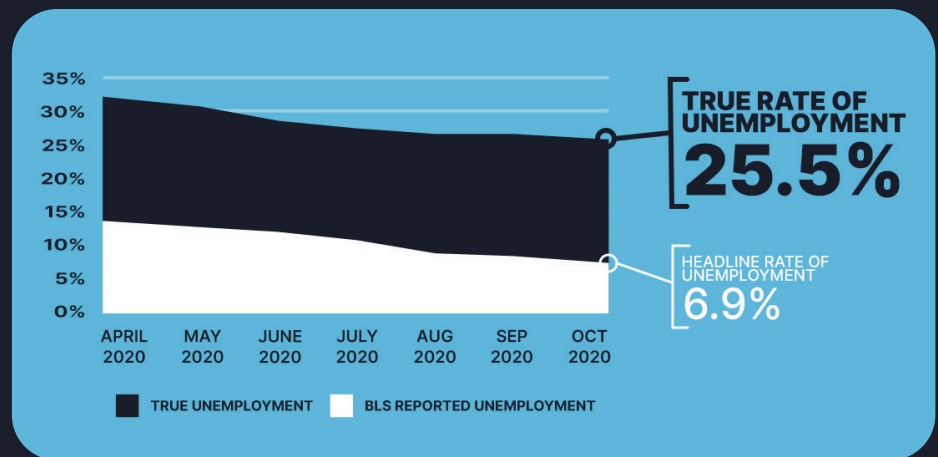


Ludwig Institute for Shared Economic Prosperity

November 19, 2020

OVERVIEW:

The Ludwig Institute for Shared Economic Prosperity (LISEP) has issued its monthly report of “functionally unemployed” Americans – the True Rate of Unemployment (TRU) – which stands at 25.5% for the month of October. TRU measures the functionally unemployed by using U.S. Bureau of Labor Statistics data to track the percentage of the labor force that is unemployed, desires but cannot secure full-time employment (35+ hours a week), or has a full-time job but earns wages below the poverty level, conservatively pegged at \$20,000 annually before taxes. A summary for October follows.



KEY TAKEAWAYS:

- TRU declined from September to October, but much less than the BLS reported rate of unemployment. TRU fell from 26.1 to 25.5%, merely 2% of its value, whereas the BLS U3 fell more than an eighth of its value, from 7.9 to 6.9%. This indicates that the rapid recovery of jobs is made up in large part by low-wage or part-time positions.
- TRU for Black Americans remains significantly higher than the national average at 31.1%, a slight improvement over the 32.0% rate in September.
- TRU for Hispanic Americans increased, from 30.8% in September to 31.9% in October. The BLS rate for Hispanic Americans reported a fall of 1.5% from 10.3% to 8.8%. Thus, for Hispanic workers specifically, those rejoining the workforce are doing so in low-wage or part-time positions.
- TRU for women remains higher than the national average and improved only slightly, from 30.8 to 30.4%, and continues to more accurately portray the gender gap in employment status. The BLS reports that male and female unemployment is practically the same (female is actually lower by 0.2%), but the TRU tells a different story. Male TRU in October was 21.2%, while the female TRU was 30.4%. This shows that even in a time when men and women both have been able to work from home, women are more likely to be forced into part-time or low-paying jobs.
- The numbers show that the educational divide has been exacerbated by the COVID crisis, as recovery among different levels of education has not been equal. The TRU for those with an advanced degree in October was 13.1%, which is comparable to the January level of 12.4%. This is in stark contrast with those with no high school degree, which has increased from 45% in January to 50.2% in October.