

BY THE NUMBERS:

Summary of True Rate of Unemployment
For the Month of **December 2020**

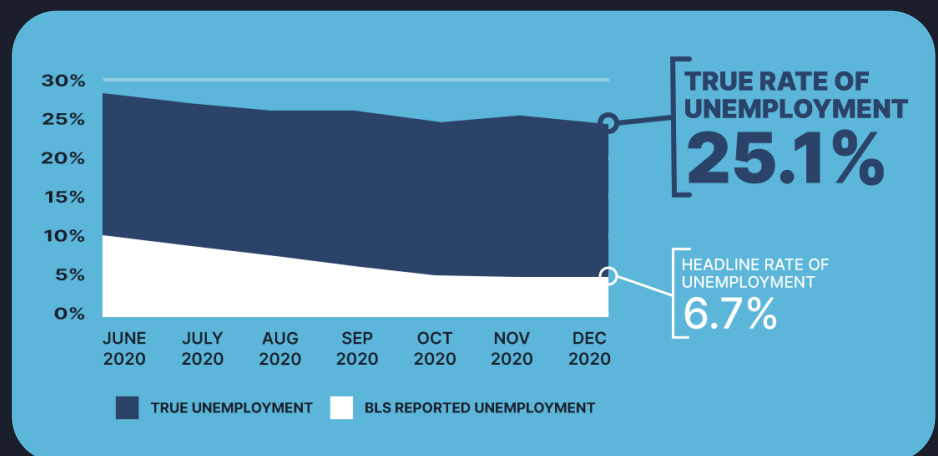


Ludwig Institute for Shared Economic Prosperity

January 27, 2021

OVERVIEW:

The Ludwig Institute for Shared Economic Prosperity (LISEP) has issued its monthly True Rate of Unemployment (TRU) for December 2020. The TRU, which measures the rate of “functionally unemployed” Americans, stands at 25.1 percent for the month of December. This is a decrease of 0.6 points over the November rate. TRU measures the percentage of the U.S. labor force that is functionally unemployed by using data compiled by the U.S. Bureau of Labor Statistics (BLS), tracking the percentage of the U.S. labor force that is unemployed, desires but cannot secure full-time employment (35+hours a week), or is working a job with wages below poverty level, defined as \$20,000 annually before taxes. A summary for December follows.



KEY TAKEAWAYS:

- **The True Rate of Unemployment improved slightly from November to December**, from 25.7 percent to 25.1 percent, a 0.6 point decrease. This was almost entirely fueled by 1.3-point swing in the TRU for White Americans, which improved from 24 percent in November to 22.7 percent in December.
- **Even with a meager recovery in the overall TRU, the racial gap continues to widen.** The TRU for Black Americans improved from November over December, but by a mere 0.2 points, from 30.4 percent to 30.2 percent, versus the 1.3-point improvement for their White counterparts. Meanwhile, the TRU for Hispanic workers worsened, increasing 1.5 points, from 30.1 to 31.6 percent.
- **The gender gap widened as well**, in spite of a meager improvement for women. While the TRU for women improved by 0.3 points, from 30.7 to 30.4 percent, this is less than the 0.9 percent improvement for men, who already enjoy a substantially better TRU with a November rate of 21.5 percent (improving to 20.6 percent for December). Furthermore, there has been no progress in the TRU Out of Population for women, an indication they are dropping out of the labor force entirely.
- **Education appears to be a major factor in both the ability to find a living wage job, and in the rate of recovery** from the pandemic recession. Workers with the highest education levels (professional or advanced degrees) have fully recovered to pre-pandemic levels at 11.5 percent, a full percentage point lower than in February 2020. Living-wage job prospects worsened, though, for those with only a high school education, increasing from 21.8 percent to 24.1 percent, and for those with less than a high school diploma, with a TRU of 49.3 percent, up 0.8 points over November.