

BY THE NUMBERS:

Summary of True Rate of Unemployment
For the Month of **January 2021**

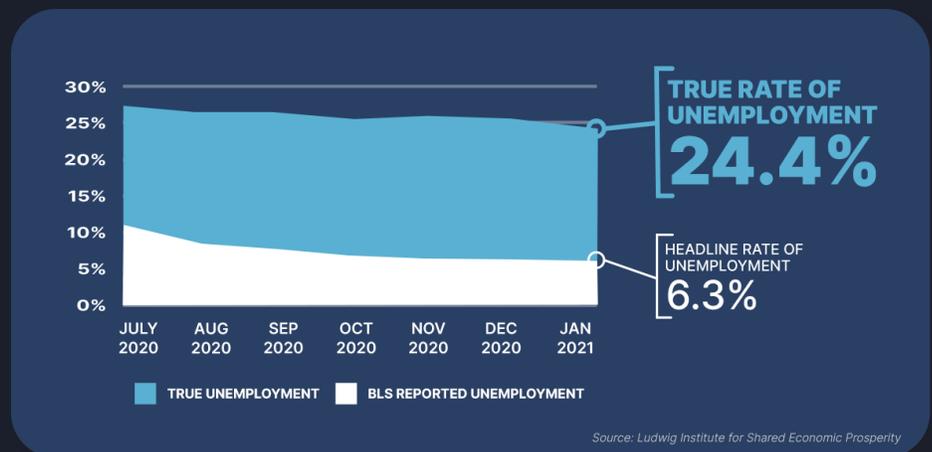


Ludwig Institute for Shared Economic Prosperity

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OVERVIEW:

The Ludwig Institute for Shared Economic Prosperity (LISEP) has issued its monthly True Rate of Unemployment (TRU) for January 2021. The TRU, which measures the rate of “functionally unemployed” Americans, stands at 24.4% for the month of January. This is a decrease of 0.7 percentage points from the December 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 January follows.



KEY TAKEAWAYS:

- **The overall True Rate of Unemployment continues to improve marginally**, from 25.1% in December to 24.4% in January, a 0.7 percentage point decrease. This is the lowest TRU since March 2020, when the rate was 23.8%.
- **Not all demographics are seeing improvement**, with Black workers losing ground while most other groups improved. The TRU for White Americans improved from December to January, from 22.7% to 22.3%, and Hispanic workers saw an improvement, from 31.6% to 29.9%. Meanwhile Black workers are worse off, with the TRU increasing from 30.2% to 30.7% – in contrast to the BLS unemployment report, which showed improvement for Black workers, dropping from 9.9% in December to 9.2% in January. This is an indication that while more Black workers may be finding jobs, they are largely low-wage positions that fail to lift them above the poverty level.
- **Women workers posted some of the biggest gains since December**, with an improvement of nearly 2 percentage points, from 30.4% to 28.5%. This matches the rate from March 2020 – the last time the TRU for women was below 30%. A significant gap remains with their male counterparts, however, with a January TRU of 20.9% for men.
- **Workers with lower educational attainment also gained in the January report**, possibly due to the gradual reopening of service industry businesses and the increased availability of lower-skill jobs. For those with less than a high-school diploma, the TRU improved by 2.6 percentage points, although it still remains exceedingly high, at 46.7%. For those with only a high-school diploma, the rate improved to 29.8%, compared to 30.5% in December.

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