

BY THE NUMBERS:

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

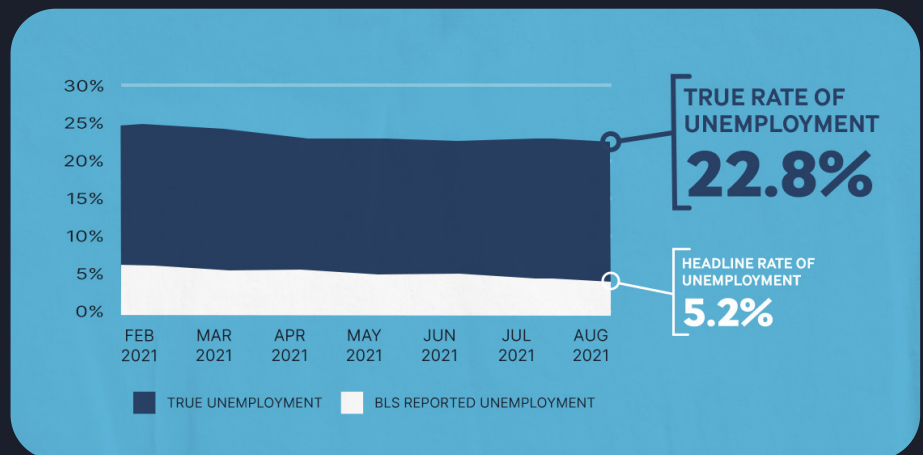


Ludwig Institute for Shared Economic Prosperity

September 14, 2021

OVERVIEW:

The Ludwig Institute for Shared Economic Prosperity (LISEP) has issued its monthly True Rate of Unemployment (TRU) for August 2021. The TRU, which measures the rate of “functionally unemployed” Americans, stands at 22.8% for the month of August. This is a decrease of 0.6 percentage points over the July 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 or more hours a week), or is working a job with wages below the poverty level, defined as \$20,000 annually before taxes. A summary for August follows.



KEY TAKEAWAYS:

- **The overall True Rate of Unemployment decreased from July to August**, dropping from 23.4% to 22.8%, a 0.6 percentage point decrease. This aligns with the trend reported by the BLS in the August unemployment report, which indicates a 0.2 percentage point decrease, from 5.4% to 5.2%.
- **The TRU data reflects a trend among lower-paying sectors of the economy to increase wages.** As the economy rebounds, employers in historically lower-paying industries – such as retail, hospitality, and food service – have been increasing starting wage levels, which is reflected in the August TRU. In an attempt to attract and retain a stable employee base as the economy recovers, these industries have increased pay and/or hours, thus lifting thousands of active employees over the poverty level.
- **All major demographics experienced an improvement in the True Rate of Unemployment**, led by Black workers with a 1.1 percentage point decrease, from 29.8% to 28.7%. The TRU for Hispanics decreased from 25.4% to 25.1%, with the White TRU rate dropping from 21.6% to 21.2%. The TRU for men dropped a full percentage point, from 19.2% to 18.2%, while the rate for women dropped a more modest 0.4 percentage points, from 28.3% to 27.9%.
- **Among educational groups, those with advanced degrees saw the biggest improvement**, with the TRU dropping from 12.8% to 10.4%, a 2.4 percentage point improvement. This was followed by those with some college but less than a bachelor’s degree, dropping from 26.2% to 25.1%, and those who ended their education with a high school diploma, with the TRU dropping from 26.6% to 25.8%. Two groups, however, saw an increase in TRU: those with no high school diploma, from 46.0% to 47.7% (a 1.7 percentage point increase), and those with only a bachelor’s degree, from 15.8% to 16.1% (a 0.3 percentage point increase).

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