OVERVIEW:

The Ludwig Institute for Shared Economic Prosperity (LISEP) has issued its monthly True Rate of Unemployment (TRU) for April 2024. 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 poverty wages (pegged at $25,000 a year in 2024 dollars) — stands at 24.2% for the month of April, which is unchanged over the March rate.

KEY TAKEAWAYS:

- **The TRU from March to April remained unchanged at 24.2%**. Despite the lack of overall improvement in functional unemployment, the April report offers some encouraging signs — a level TRU indicates that employment and wages are at least keeping up with inflation. But at 24.2%, the fact remains that nearly one-fourth of the workforce is either unemployed, working for poverty wages, or involuntarily part-time.

- **Black workers saw substantial gains, with functional unemployment dropping 2.3 percentage points**, from 28% to 25.7%. These gains, when combined with a slight uptick in functional unemployment among White workers (0.2 percentage points, from 22.7% to 22.9%), have narrowed the racial functional employment gap to 2.8 percentage points, the narrowest gap since April 2023 (2.4 percentage points; Black TRU 24.8%; White TRU 22.4%).

- **The April TRU report presents a complex picture for Hispanic workers**. The Hispanic labor force participation rate rose by 0.5 percentage points, indicating more Hispanics are entering the workforce. However, the TRU for Hispanic workers also increased (0.4 percentage points, from 28.3% to 28.7%). This suggests Hispanic workers joining the workforce were largely unsuccessful in finding functional employment or displaced other functionally-employed workers within the demographic.

- **The TRU for women rose 0.6 percentage points, from 28.8% to 29.5%**. This increase, when combined with the decline for men, further contributed to a widening gender gap — currently at 10.4 percentage points. The TRU for men showed positive signs, decreasing by a full percentage point, from 20.1% to 19.1%.