BY THE NUMBERS:
Summary of True Rate of Unemployment
May 2024

OVERVIEW:
The Ludwig Institute for Shared Economic Prosperity (LISEP) has issued its monthly True Rate of Unemployment (TRU) for May 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 24.6% for the month of May, a 0.4 percentage point increase over the April rate.

KEY TAKEAWAYS:
• Lower-income workers took a hit in May, with the overall functional unemployment rate climbing nearly a half percentage point. May’s overall TRU increased from 24.2% to 24.6%, a 0.4 percentage point increase. LISEP reported that the overall increase in TRU reflects a weakening labor market, which was accompanied by a 0.2 point decrease in the labor participation rate.

• Black workers experienced an even higher increase, with a TRU that jumped 2.4 percentage points, from 25.7% to 28.1%. This effectively erases all gains Black workers made during the month of April, when their functional unemployment rate dropped 2.3 percentage points.

• Functional unemployment was also up for Hispanic workers, with the TRU climbing 0.2 percentage points, from 28.7% to 28.9%. And while the rate for White workers improved, dropping from 22.9% to 22.7%, LISEP notes that this can be attributed to functionally unemployed workers leaving the workforce.

• The TRU for women in the workforce approached 30%, rising by half a percentage point to 29.9%. The TRU for male workers also increased, climbing 0.8 percentage points to 19.9.