

BANKRUPTING AMERICA

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Cheat Sheet: The Real Unemployment Situation **The 9.6% unemployment rate doesn't take into account 12 million people**

Every month, the Bureau of Labor Statistics (BLS), a part of the Department of Labor, releases information regarding the nation's unemployment rate. This figure is currently 9.6%.ⁱ The BLS calculates this rate by looking at the number of people who are unemployed as a percentage of the "labor force." To be counted in the labor force, you must either have a job or have searched for work in the last four weeks.ⁱⁱ The latest report shows that our jobs situation remains dismal: we have had unemployment over 9.5% for 16 consecutive months; our current rate of 9.6% is more than double the rate of 4.7% in the month before the recession began.ⁱⁱⁱ

However, using this as a measure of unemployment doesn't tell the whole story. The *real* unemployment rate is much higher than 9.6%

There are two groups of people that are not counted in the traditional measure of unemployment. First, there are people who are "marginally attached" to the labor force. These are people who do not have a job but would like one. But because these people have not actively searched for work in the past four weeks – often because they do not think work is available, or do not think they are qualified for available jobs – they are not counted in the labor force. Currently, there are 2.5 million such people.^{iv}

The other group of people not counted in the 9.6% unemployment rate are those now working part time (because they could not find a full-time job or because they have had their hours reduced). There are 9.5 million people that fall into this category.^v

In total, this is 27 million people affected – much higher than the 14.88 million counted under the traditional measure of unemployment. This increases the real unemployment rate to 17.1 percent.^{vi}

The real number of people under-employed is equivalent to:

The 50 largest U.S. companies (by number of employees) laying off all of their workers, hiring new workers, and then laying them off too.^{vii}

More than all of the employees in the U.S. manufacturing and retail industries.^{viii}

Everyone who currently has a job in these twenty-seven states: Alabama, S. Carolina, Kentucky, Connecticut, Oregon, Oklahoma, Iowa, Kansas, Utah, Arkansas, Nevada, Mississippi, Nebraska, New Mexico, W. Virginia, New Hampshire, Idaho, Maine, Rhode Island, Montana, Delaware, South Dakota, North Dakota, Alaska, Vermont, Wyoming.^{ix}

ⁱ Bureau of Labor Statistics, Unemployment Rate, Series Id: LNS14000000, < http://data.bls.gov/PDQ/servlet/SurveyOutputServlet?data_tool=latest_numbers&series_id=LNS14000000>

ⁱⁱ Bureau of Labor Statistics, "How the Government Measures Unemployment," Accessed 10/8/2010. < http://www.bls.gov/cps/cps_htgm.htm#unemployed>

ⁱⁱⁱ Bureau of Labor Statistics, Unemployment Rate, Series Id: LNS14000000, < http://data.bls.gov/PDQ/servlet/SurveyOutputServlet?data_tool=latest_numbers&series_id=LNS14000000>

^{iv} Bureau of Labor Statistics, "The Employment Situation – September 2010," Released October 8, 2010. < <http://www.bls.gov/news.release/empsit.nr0.htm>>

^v Ibid.

^{vi} Ibid

^{vii} Calculated based on the Fortune 500 ranking of the largest U.S. companies. <<http://money.cnn.com/magazines/fortune/fortune500/2010/performers/companies/biggest/employees.html>>

^{viii} Bureau of Labor Statistics, Data Series ID # CES3000000001 and ID # CES4200000001

^{ix} Calculated based on Bureau of Labor Statistics, State Employment Data, Table B.7. August 2010. < <http://www.bls.gov/sae/eetables/saetableb7.pdf>>