

The Strong Jobs Recovery Continues: Yet There Remain 16 Million Un- and Underemployed Workers



EDI Note on the Employment Situation
April 1, 2022

The strong U.S. jobs recovery continued through March 2022. Payroll employment grew by over 430,000. Job gains in January and February 2022 were revised upwards as well. Though slight, the increase in the labor force participation rate from 62.3 to 62.4 is a welcome sign. March's labor force participation rate is still a full percentage point below February 2020, but has now risen in each of the past three months.

Key findings

- Unemployment rates fell across all social group categories (race/ethnicity/gender) used by the BLS.
- The number of those not-in-the-labor-force who want a job now increased more than the overall fall in the number of unemployed workers.
- Payroll employment grew by over 430,000, and there were upward revisions of previous months.
- The more comprehensive U-6 returns to pre-pandemic levels.
- Roughly 16 million workers are either unemployed, working involuntarily part-time, or not-in-the-labor-force but wanting a job.

The unemployment rate fell to 3.6% in March, marking the lowest unemployment rate since February 2020. At 6.9% the U-6 unemployment rate, which many consider a more comprehensive measure of un- and underemployment, returned to pre-pandemic values as well. Unemployment rates fell across every racial/ethnic group in the BLS report, though persistent differentials between groups remain. The unemployment rate for Black men and women fell to 5.6% and 5.5% respectively. Despite an overall decline to 4.2%, the unemployment rate for Hispanic or Latino men ticked upward to 3.8% while that for Hispanic or Latino women dropped from 4.8% to 4.2%.

While employment gains and lower unemployment are both welcome news, the number of those not-in-the-labor-force who want a job now actually increased more than the overall fall in unemployment. Although they want to work, the former group is not counted as officially unemployed because they have not actively sought work in the past four weeks. Despite the increase in labor force participation, the number of workers not-in-the-labor-force who want a job grew by 382,000 while the pool of unemployed workers declined by 318,000. Over 5.7 million of those not-in-the-labor-force now report wanting a job.

For the second month in a row now, involuntary part-time employment increased. *Together, roughly 16 million workers are either unemployed, working involuntarily part-time, or not-in-the-labor-force but wanting a job. For several months now, this count has flatlined, hovering stubbornly around a level of 16 million.*

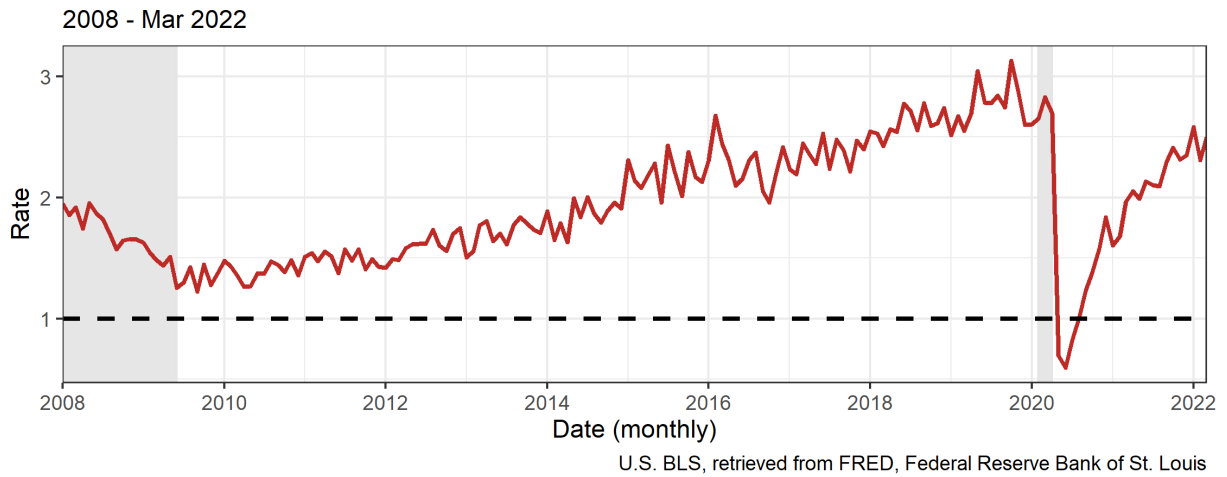
Figure 1: Total workers wanting (more) employment



U.S. BLS, retrieved from FRED, Federal Reserve Bank of St. Louis

In last month’s [EDI note](#), we compared the number of newly employed workers entering from unemployment to those coming from not-in-the-labor-force. Updating that chart with data from today’s BLS release shows that for the past months, nearly 2.5 times as many workers enter employment directly from not-in-the-labor-force than from unemployment. This ratio remains well below its pre-pandemic values.

Figure 2: Nearly 2.5 times as many workers enter employment directly from not-in-the-labor-force than from unemployment



A few months hardly constitutes a longer-term trend. Yet the steadiness in this ratio, along with the steady count of 16 million un- and underemployed workers since the end of 2021 suggest that there is still room for job growth, as today's job numbers show. There is no reason to suppose that these levels of un- and underemployment constitute a new post-pandemic 'natural' level, even if they have not budged much lately.