'Real' Unemployment Rate Shows Far More Jobless

Published: Thursday, 2 Aug 2012 | 2:52 PM ET

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While the national unemployment rate paints a grim picture, a look at individual states and their so-called real jobless rates becomes even more troubling.

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The government's most widely publicized **unemployment rate** measures only those who are out of a job and currently looking for work. It does not count discouraged potential employees who have quit looking, nor those who are underemployed — wanting to work full-time but forced to work part-time.

For that count, the government releases a separate number called the "**U-6**," which provides a more complete tally of how many people really are out of work.

The numbers in some cases are startling.

Consider: Nevada's U-6 rate is 22.1 percent, up from just 7.6 percent in 2007. Economically troubled California has a 20.3 percent real rate, while Rhode Island is at 18.3 percent, more than double its 8.3 percent rate in 2007.

Those numbers compare especially unfavorably to the national rate, high in itself at 14.9 percent though off its record peak of 17.2 percent in October 2009.

Only three states — Nebraska (9.1 percent), South Dakota (8.6 percent) and North Dakota (6.1 percent) — have U-6 rates under 10 percent, according to research from RBC Capital Markets.

Election battleground states paint a picture not much more flattering. Florida's U-6 number is an ugly 17 percent, though Pennsylvania and Ohio are both around 14 percent, below the national U-6 average.

The numbers come as the government prepares to release its latest reading, the July nonfarm payrolls number, on Friday. Economists expect the report show about 100,000 jobs created for the month and the traditional "U-3" rate to hold steady at 8.2 percent.

"The lack of improvement in state U-6 rates continues to be troubling," Chris Mauro, head of US Municipals Strategy at RBC, said in a research note. "While down from recent peaks, state U-6 levels remain dramatically higher than they were in 2007 and 2008."

Mauro used the numbers to demonstrate that investing in municipal bonds remains a challenge because high real unemployment rates will be a drain on local finances.

"We remain concerned about the corrosive influence that these stubbornly high U-6 rates may have on both consumer sentiment and state and local tax revenues," he said. "At current levels, these U-6 rates will continue to be a drag on credit quality."