

The Middle Class Is Collapsing: Nearly 1 in 4 Americans Now 'Functionally Unemployed'

Do you ever feel like you are “functionally unemployed”?

If so, you are definitely not alone. There are lots of people out there that cannot pay the bills each month even though they have jobs. In fact, there are lots of people out there that literally cannot afford to put a roof over their heads even though they are employed. Yes, there are many hard working Americans that are now living in their vehicles or in “tent communities” because that is all they can afford.

In recent years, the cost of living has been rising much faster than paychecks have, and so now a substantial percentage of the population is living in a state of constant financial stress. The middle class has been collapsing all around us, and we are witnessing an extraordinary amount of economic suffering all over the country right now.

For years, the federal government has been telling us that the unemployment rate in the U.S. is very low.

Everyone knows that is a bunch of hogwash.

According to a report that was recently released by the Ludwig Institute for Shared Economic Prosperity, the true rate of unemployment in the U.S. was 24.3% last month.

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But another indicator suggests those pieces of government data may be painting an overly rosy picture of the economy,

with a recent report from the Ludwig Institute for Shared Economic Prosperity (LISEP) finding the “true rate” of unemployment stood at 24.3% in April, up slightly from 24% in March, while the official Bureau of Labor Statistics rate remained unchanged at 4.2% over the same period.

LISEP’s measure encompasses not only unemployed workers, but also people who are looking for work but can’t find full-time employment, as well as those stuck in poverty-wage jobs. By tracking functionally unemployed workers, the measure seeks to capture labor market nuances that other economic indicators miss, such as Americans who are left behind during periods of economic expansion.

Today, there are millions upon millions of Americans that are “functionally unemployed.”

According to Gene Ludwig, you can literally “be homeless and in a tent community and have worked one hour” and be counted as “employed” by the federal government.

“The unemployment data, as it’s put out, has some flaws,” LISEP chairman Gene Ludwig told CBS MoneyWatch. “For example, it counts you as employed if you’ve worked as little as one hour over the prior two weeks. So you can be homeless and in a tent community and have worked one hour and be counted, irrespective of how poorly-paid that hour may be.”

I know that a lot of you can really identify with what I am talking about in this article, because you are experiencing deep economic pain on a daily basis.

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Earlier this month, I heard from a reader that is essentially “functionally unemployed” at this point.

I asked him if I could share an excerpt from his email to me

with all of you, and he gave me permission. If you are suffering too, hopefully his story will help you to realize that you aren't alone.

Last year my income was \$19,000. If I didn't have a mortgage/rent free house to live in, I would be homeless!!!

I try to stock up on food when ever my local Grocery Store puts items on sale.

I shop at Thrift Stores and only on the half price days.

In 8 years my Real Estate Taxes have gone from \$1,400 to \$2,000.

In 8 years my Real Estate Insurance has gone from \$1,500 to \$2,200.

I haven't had a Vacation in DECADES!!!

I seldom eat out.

I drive a 40 year old Pickup with 220,000 miles on it.

I try to combine errands and shopping in one trip to conserve on gasoline and not put as many miles on my old Pickup.

During the hot summer months I take a shower out of the end of a garden hose to cut my water bill.

I wear my clothes day after day until they get so dirty I can't stand it or they start to stink.

I can only dream about living a normal American middle class lifestyle.

I hear of people making \$100,000 a year and how they cannot pay their bills. MY GOODNESS MAN, I WOULD CONSIDER MYSELF RICH IF I COULD MAKE \$100K A YEAR!!!!!!

Countless others are living a similar lifestyle.

As I discussed earlier this month, one survey discovered that 70% of Americans are the most financially stressed that they have ever been in their entire lives.

And the cost of living just continues to soar.

In fact, the average price of a pound of ground beef just surged to another brand new record high.

The average cost of one pound of ground beef reached a record-high of \$ in April, according to numbers from the Bureau of Labor Statistics. That is up nearly 50% from five years ago.

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Ouch.

Our cost of living crisis never seems to end.

Inflation is one of the primary reasons why consumer sentiment in the U.S. just hit the second lowest level ever recorded.

The index of consumer sentiment dropped to 50.8, down from 52.2 in April, in the preliminary reading for May. That is the second-lowest reading on record, behind June 2022.

The outlook for price changes also moved in the wrong direction. Year-ahead inflation expectations rose to 7.3% from 6.5% last month, while long-term inflation expectations ticked up to 4.6% from 4.4%.

And the outlook for the months ahead is not promising at all.

Last month, the Conference Board's index of leading economic indicators fell for a fifth month in a row.

The short-term outlook for the U.S. economy worsened significantly in April, according to the Conference Board's latest Leading Economic Index (LEI).

On Monday, the research said that the index—a closely monitored composite of several economic indicators—had fallen by 1.0 percent to 99.4 in April, registering the fifth consecutive monthly decline and the steepest drop since March 2023. Over the six months ending in April 2025, the LEI fell by two percent, matching the pace of decline posted over the previous six months.

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Let me try to end this article on a positive note.

If you are “functionally unemployed,” I know that it is tough right now. In this difficult economic environment, we are all just going to have to get lean and mean.

Do your best to try to earn as much money as you can, and once you have got it hold on to it very tightly.

The middle class has been getting eviscerated for years, but we must never give up. It won't be easy, but if you are willing to fight you can survive in this economy.

Just keep putting one foot in front of the other every day, and just keep looking for more opportunities to make things better for you and your family.

Michael Snyder's *new book entitled “10 Prophetic Events That Are Coming Next” is available in paperback and for the Kindle on , and you can subscribe to his Substack newsletter at .*