

# **Bond Case Briefs**

*Municipal Finance Law Since 1971*

---

## **Fitch: True Unemployment Effects on US States Masked by Workforce Exits**

Fitch Ratings-New York-24 September 2020: In addition to large swings in headline unemployment figures this year, material labor force exits are complicating the picture for US states. Certain states have seen an outsized proportion of their populations drop out of the labor force since the onset of the coronavirus pandemic, clouding an already high and uncertain unemployment landscape, says Fitch Ratings.

Focusing on the official unemployment rate alone may understate the pressure on states' economic and budget situations. While those not in the labor force are a small part of the employment picture for most states, they likely compound the negative fiscal effects of job losses. Those who have exited the labor force are typically not generating taxable income or purchasing as many taxable goods and services, and are also more likely to require publicly-funded social services such as Medicaid.

[Continue reading.](#)