

**FOR IMMEDIATE RELEASE**

**Contact:**  
Joe Garvey  
Public Affairs Specialist  
Old Dominion University  
Office: 757-683-6479  
[jgarvey@odu.edu](mailto:jgarvey@odu.edu)

## **ODU's Dragas Center for Economic Analysis and Policy Forecasts Unemployment Rate Will Exceed 10% By Summer**

*Latest data shatter record claims set only one week ago.  
Initial claims show a stunning collapse in economic activity.  
Virginia eclipses previous record with 114,104 initial claims.*

**Norfolk, VA** – (April 2, 2020) – Newly released nonseasonally adjusted statistics from the United States Department of Labor show initial unemployment claims more than doubled in Virginia for the week ending March 28. A total of 114,104 individuals filed claims, an increase of 67,827 from the prior week.

Over the past two weeks, approximately 3.5% of Virginia's civilian labor force has filed an unemployment claim. While claims have risen in the past, the current spike is unprecedented and provides a measure of the rapid economic contraction due to the COVID-19 pandemic and associated social distancing measures.

Nationally, the seasonally adjusted number of initial claims was 6.65 million for the week ending March 28, an increase of 3.34 million from the record set the previous week. Unemployment claims increased in almost every state. In the three states where unemployment claims declined, the level of claims was still significant, with almost 110,000 filing claims in Minnesota, over 71,000 in Nevada, and more than 28,000 in Rhode Island.

Many states reported layoffs in service-related industries, in particular the accommodation and food service sectors. As social distancing measures spread, we are observing declines in employment in manufacturing, retail, and health care and social assistance. We expect layoffs in these industries to continue.

We project that the level of initial claims will moderate from its historic level as the initial wave of economic contraction passes. The number of unemployed Americans, however, will rise and the unemployment rate will exceed 10% nationally and in Virginia by summer.

Unemployment claims have risen in past recessions. However, these increases have typically occurred over months. The speed of the current economic contraction is straining unemployment systems across the United States and is likely to increase demands on public services at every level of government.

We believe expanded UI benefits will provide relief to unemployed workers and are necessary as social distancing measures are expected to remain in place for weeks, if not months. It is likely that the expanded UI benefits will provide more immediate relief as direct payments to taxpayers under the CARES Act will take weeks to electronically deposit and months to mail if a physical check is required.

In all likelihood, the magnitude of layoffs will increase calls for an additional stimulus bill and income support for Americans in the coming weeks. We believe that addressing the revenue shortfall of state and local governments should be an important part of this package. Without swift, coordinated action by the federal government, the economic crisis from the COVID-19 pandemic will deepen over the short-term.

Note: Advance claims are not directly comparable to claims reported in prior weeks. Advance claims are reported by the state liable for paying the unemployment compensation, whereas previous weeks' reported claims reflect claimants by state of residence. In addition, claims reported as "workshare equivalent" in the previous week are added to the advance claims as a proxy for the current week's "workshare equivalent" activity.

###

### **About the Dragas Center for Economic Analysis and Policy:**

The Dragas Center for Economic Analysis and Policy in the Strome College of Business at Old Dominion University undertakes a wide range of economic, demographic, transportation and defense-oriented studies. For two decades, the Center and its predecessors have produced the highly regarded State of the Region Report for Hampton Roads and economic forecasts for the region. If you would like more information about this topic, please contact Robert M. McNab at 831-917-2455 or email at [rmcnab@odu.edu](mailto:rmcnab@odu.edu).

### **About Old Dominion University:**

Old Dominion University is Virginia's entrepreneurial-minded doctoral research university with more than 24,000 students, rigorous academics, an energetic residential community and initiatives that contribute \$2.6 billion annually to the Commonwealth's economy.

Joe Garvey  
Public Relations Specialist  
Old Dominion University  
[igarvey@odu.edu](mailto:igarvey@odu.edu)  
757-683-6479