

## **ODU's Dragas Center for Economic Analysis and Policy: Virginia's Unemployment Rate Climbs Above 10%**

*Another 58,605 Virginians filed an initial unemployment claim while continued claims rise to 403,557*

**Norfolk, VA** – (May 22, 2020) – Newly released nonseasonally adjusted data from the U.S. Department of Labor shows that 2.2 million Americans filed initial unemployment claims for the week ending May 16, a decline of 249,000 claims from the previous week. An additional 1.1 million individuals filed an initial claim for pandemic unemployment assistance, which covers workers typically ineligible for state unemployment insurance benefits, such as the self-employed and independent contractors.

“More than 38 million unemployment insurance claims have been filed over the last nine weeks. The national unemployment rate now exceeds 20% and is likely much higher as some workers have left the labor force entirely,” said Robert McNab, director of the Dragas Center. “We are not seeing consumer spending and business hiring rise yet, even in states that have moved quickly to ‘reopen’ their economies. Until consumer confidence rises, the economic picture remains lackluster at best and bleak at worst.”

In Virginia, 44,699 claims were filed for the week ending May 16, a decline of 7,440 from the previous week. An additional 13,906 Virginians filed an initial claim for pandemic unemployment assistance, bringing the total of initial claims in Virginia to 58,605.

“Approximately 9% of workers in the Commonwealth are receiving unemployment benefits. While we are several weeks past the peak, initial claims remain at historically high levels. We project the unemployment rate in Virginia will likely approach 15% by the end of May,” said Dominique Johnson, research associate at the Dragas Center.

Newly released nonseasonally adjusted data from the Bureau of Labor Statistics shows Virginia lost 365,200 jobs in April. Most of the losses were concentrated in the leisure and hospitality sector, which lost 167,800 jobs. The unemployment rate rose to 10.8%, the highest rate on record. The size of the labor force also contracted significantly, shrinking 1.7%.

Of the Virginians receiving unemployment benefits as of May 16, 92,688 worked in food and accommodation services, followed by retail trade (56,679) and health care and social assistance (47,554). We estimate 26.1% of workers in food and accommodation services are receiving unemployment benefits, followed by other services, except public administration (19.7%); arts, entertainment and recreation (14.6%); and retail trade (13.9%).

Note 1: 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.

Note 2: Continuing claims by industry sector covers 93.4% of total continuing claims for the week ending May 9. Industry sectors are self-reported. Continuing claims as a share of industry employment uses 2018 Quarterly Census of Employment and Wages (QCEW) employment estimates by two-digit NAICS from the Bureau of Labor Statistics.

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**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 by email at [rmcnab@odu.edu](mailto:rmcnab@odu.edu), or Dominique Johnson at 757-506-1565 or by email at [d1johnson@odu.edu](mailto:d1johnson@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.