ODU’s Dragas Center for Economic Analysis and Policy: Unemployed Virginians Face An Income Cliff and COVID Infections Continue to Rise

40,188 Virginians file initial unemployment claims; continued claims decline to 358,065.

Norfolk, VA – (July 23, 2020) – Newly released nonseasonally adjusted data from the U.S. Department of Labor shows that 40,188 Virginians filed an initial unemployment claim for the week ending July 18, an increase of 7,896 from the previous week. For the week ending July 11, continued claims decreased by 14,005 to 358,065.

“The jump in initial unemployment claims in Virginia highlights the fragility of the Commonwealth economy,” said Robert McNab, director of the Dragas Center. “The failure of Congress and the administration to pass a meaningful extension of the expanded unemployment benefits will reverberate throughout Virginia. Proposals to adjust these benefits to previously earned income seriously misjudge the capacity of state unemployment systems, which are already coping with historic caseloads, to manage this additional complexity. Forcing unemployed Virginians off an income cliff in the midst of a pandemic is shortsighted and endangers prospects for a sustained recovery.”

For the United States, more than 2.3 million Americans filed an initial unemployment claim either through a regular state program (1.37 million) or the Pandemic Unemployment Assistance (PUA) program (974,999). Approximately 32 million Americans received some form of unemployment assistance for the week of July 4, a decline of 200,615 from the previous week but also 30 million more than the same week in 2019.

“With another 2.3 million Americans filing new applications for unemployment benefits, this is the eighth straight week of initial claims around 2 million and the 18th consecutive week they’re above 1 million. With nearly 32 million Americans receiving some form of unemployment benefits, labor markets will not return to pre-COVID levels for an extended period of time,” said Dominique Johnson, research associate at the Dragas Center. “Allowing extended unemployment benefits to expire will also exacerbate existing racial inequities as Black Americans have been disproportionately impacted by the pandemic. Black households typically have less wealth, reducing their ability to cope with financial shocks.”
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: For comparability with other states and the nation, we use data from the U.S. Department of Labor for unemployment claims in Virginia. We use data from the Virginia Employment Commission and the U.S. Department of Labor for unemployment claims and labor market statistics at the city and county level.

###

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 (831-917-2455, rmcnab@odu.edu) or Dominique Johnson (757-506-1565, 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.