U.S. Unemployment Claims Total 6.6 Million Last Week

Labor Department reports a record 7.5 million received benefits at the end of March as coronavirus continues to hit job market.

A city worker delivering application forms for unemployment benefits in the parking lot of Kennedy Library in Hialeah, Fla.

PHOTO: CRISTOBAL HERRERA/SHUTTERSTOCK

By Sarah Chaney and David Harrison
Updated April 9, 2020 10:13 am ET
The number of Americans seeking unemployment benefits continued to surge at record levels, bringing the total number of applications to nearly 17 million since the coronavirus pandemic shut down swaths of the U.S. economy. The Labor Department reported Thursday that another 6.6 million people submitted applications for unemployment benefits in the week ended April 4. That is on top of a revised 6.9 million in the prior week, a record, and 3.3 million the week before.

Another key measurement of joblessness showed a record 7.5 million Americans were receiving unemployment benefits at the end of March. Continuing claims, a figure that captures the number of people drawing on benefits, grew by 4.4 million in the week ended March 28 to 7.5 million, eclipsing a record set in 2009 at the end of the financial crisis. The number of continuing claims lags behind the application data and is expected to continue to grow as more people seek jobless benefits.

Jobless claims, a proxy for layoffs, provide temporary financial assistance for workers who lose their jobs.

“We clearly are still processing individuals who are having a hard time getting claims through at the state level in addition to the large numbers of layoffs that corporate America is now doing,” said Joseph Brusuelas, chief economist for RSM US LLP. “You should still expect to see staggeringly large numbers of individuals file for first-time claims.”

Each additional week of historically high jobless claims dims the prospects for a rapid economic recovery once the novel coronavirus is contained in the U.S. and businesses start reopening.
U.S. employers shed 701,000 jobs in March, in the worst month for job losses since the 2007-2009 recession. But these losses still don't show the pandemic's full impact on the labor market. WSJ's Eric Morath explains. Photo: JOHN MINCHILLO/ASSOCIATED PRESS

It isn't clear exactly when jobless claims will peak, but evidence suggests that they will continue to register high levels in the coming weeks. The federal rescue package signed into law in March increases the pool of workers who can tap benefits by making independent contractors and self-employed individuals eligible, at least in some cases.

Perhaps more significantly, states are still addressing backlogs of claims. Many laid-off Americans have been unsuccessful in applying for unemployment insurance because state labor department websites are freezing and their phone lines are inundated with inquiries.

Meanwhile, auto makers and major retail chains such as Macy's Inc. have announced furloughs of tens of thousands of workers, further swelling the ranks of the unemployed.
Mr. Brusuelas said that will likely push the unemployment rate up to around 20% this year, a figure reminiscent of the Great Depression.

Subrina Norton, 50 years old, is one American receiving jobless benefits. She applied for unemployment insurance immediately after getting laid off from her Oklahoma City waitressing job in March. Her online application kept getting rejected, prompting her to try calling.

She was able to access her unemployment benefits after she contacted the office of one of her U.S. senators, James Inhofe. The senator’s office put her in touch with a state official who was able to help her fill out the application forms.

“It was just a blessing because I was really getting stressed out,” Ms. Norton said.

Her checks, for $150, started arriving less than two weeks after she was laid off from her $7.25 an hour job. She is still waiting for the additional $600 payments that were included as part of the federal rescue package.

Last week, jobless claims in California, Georgia and Michigan were the highest in the nation.

States are adapting to address an unprecedented rise in applications for unemployment benefits. Many have reallocated or added staff to handle calls and claims audits. Despite these changes, some Americans are still struggling to file applications.

Corinne Chin, a 23-year-old of Brooklyn, N.Y., hasn’t been able to apply for unemployment benefits since she was furloughed from her creative marketing agency in mid-March because of the coronavirus.

She said she sometimes calls New York’s labor department hundreds of times a day.

“I’m stuck right now, and I haven’t been able to get through to any representatives,” she said.
Ms. Chin has savings but is worried about her financial situation in a couple of months if she still doesn’t have any income. Most of the companies in her industry have implemented hiring freezes. She said she is hesitant to seek a job where work is available, such as at a grocery store, because of the possibility she could be exposed to the coronavirus.

Layoffs are hitting a widening array of industries, state-level data suggest.

Take Oregon as an example. In the week ended March 21, slightly more than 30% of the state’s jobless claims were from laid-off workers in the restaurant industry. In the week after, the share of claims from restaurant employees remained roughly the same, but the portion of claims coming from health-care and retail workers rose.

“There’s still a lot of these sectors for this virus to go through,” said Jacob Robbins, assistant professor of economics at the University of Illinois in Chicago. “This is what’s really concerning me right now.”

The steep rise in joblessness is keeping job-training centers like Goodwill in Fort Worth, Texas, busy.

“People are calling in, and they’re like, ‘I need a job. I need it right now. I’ve got to feed my kids,’” said Romney Guy, vice president of workforce development at Goodwill in Fort Worth.

The Goodwill location is now offering virtual job training to help people develop resumes, as well as interviewing and computer skills. Ms. Guy said the job-training center is seeing an increase in upper-middle income individuals seeking assistance.
A man speaking with a library worker after receiving an unemployment form in Hialeah, Fla. PHOTO: MARCO BELLO/REUTERS