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April Unemployment Rate Rose to a Record 14.7%

Unprecedented 20.5 million jobs shed as coronavirus pandemic hit the economy



What April's Jobs Report Says About the U.S. Economy

WSJ explains the context behind the April jobs report. Photo: Justine Lane/EPA/SHUTTERSTOCK

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WASHINGTON—The April unemployment rate rose to a [record 14.7%](#) and payrolls dropped by an unprecedented 20.5 million as the coronavirus pandemic hit the economy.

April's jobless rate eclipsed the previous record rate of 10.8% for data tracing back to 1948. It also approached the 25% rate economists estimate was hit during the Great Depression.

The job losses due to business closures triggered by the coronavirus produced by far the steepest monthly decline on records back to 1939. By comparison, nearly 2 million jobs were lost in one month in 1945, at the end of World War II.

The job losses and high unemployment mark a sharp pivot from just a few months ago, when the economy was pumping out hundreds of thousands of new jobs, and joblessness was [hovering near 50-year lows](#). The jobs bust has been widespread. Friday's jobs report will show the extent to which the economic pain has hit services and other lower-wage jobs, and white-collar jobs in business services, including lawyers, architects and consultants.

"It's a very, very difficult situation, even for companies that were growing at a record pace before," said Julia Pollak, labor economist at job site ZipRecruiter. "The big question is just, 'How long-term will this be?'"

The longer-term severity of the employment crisis depends on factors such as the path of the coronavirus and how fast consumers start to visit businesses and open up their wallets, as the economy reopens. Such reopenings are already materializing in South Carolina, Georgia, Texas and elsewhere, though often with restrictions.

It will likely take a while for industries directly affected by the coronavirus, including restaurants, hotels and transportation, to recover.

Colby Hill Inn, in Henniker, N.H., is normally fully booked on weekends, but guests canceled all room reservations because of the pandemic. "Without that income coming in, it is really hurting us," said Jefferson Brechbühl, a co-owner of the inn.

The inn would typically operate with about 20 employees during its busy season, which starts this month. But after furloughs, the inn is instead offering restaurant takeout services with six workers, including some who have seen their hours cut.

Mr. Brechbühl said reopening guest rooms would be critical to bringing back employees such as a sous-chef who is [making more money](#) on expanded unemployment benefits than he would at his job.

With a thinner staff, Mr. Brechbühl said he is scrambling to answer the phone and fill takeout orders. So far, the lodge is mainly funneling these food-service revenues toward guest-room refunds, he said.

The April unemployment rate could mask the current degree of joblessness. Some Americans whose jobs were cut aren't actively looking for work because many companies have implemented hiring freezes, or they worry a return to work would raise their exposure to the coronavirus.

Lower-income Americans are most vulnerable to the effects of job losses, said Steve Preston, chief executive at Goodwill Industries International.

"They have no resources. It takes time to get unemployment, if they qualify for unemployment," Mr. Preston said, referring to financial benefits that states offer to those out of work. He added most people coming to Goodwill for help are seeking support filing for unemployment benefits.

Lynne Reback of Sanford, Fla., filed for unemployment benefits on March 15 after she was laid off from her bartender job at the Orlando International Airport. But she didn't receive her first payment of \$275 until April 16. The following two weeks she received a \$600 payment, less than the \$875 she was expecting.

She said she's worried about making her mortgage payments and the possibility of a housing foreclosure. "We don't want to lose it, but at the same time, we don't know how long this will take," she said.

The widespread nature of the job losses extends to health care, as those not working to fight the pandemic are seeing fewer patients for routine checkups and,

in some cases, only offering emergency procedures. In March, health-care payrolls fell by 43,000, with job losses occurring at dentists' and physicians' offices. Much bigger losses are expected in the April report.



April's jobs report, low-risk businesses in California reopen for curbside pickup today, and testing will increase at the White House. WSJ's Jason Bellini has the latest on the pandemic. Photo: John Locher/Associated Press

Hiring still occurred in some pockets of the economy, and the April report sheds light on how many jobs were added at places such as online retailers and the Census Bureau.

One indication of how quickly Americans can return to their jobs when the economy reopens is the number who are on temporary, as opposed to permanent, layoff.

"The more that workers have a connection to their previous employer, then the more rapidly we can start up jobs again," said Erica Groshen, former commissioner of the Bureau of Labor Statistics under President Obama.

She noted that 83% of the increase in unemployment in March came from workers on temporary furloughs, not permanent layoffs.

Rebecca Smith, 47, was temporarily laid off from her bus-driving job in mid-March and hopes to be back behind the wheel by June. After surviving Covid-19, the disease caused by the new coronavirus, she is looking forward to returning to her normal work and life routine and seeing other workers in the bus-driving industry.

“It’s almost like having a little family,” she said. “We all look out for each other. I’m eager to see my extended family.”

Employers could have also cut workers’ hours in April as an alternative to laying them off. This trend began in March, when average weekly hours ticked down a couple notches from February. Meanwhile, the number of people working part time who would have preferred full-time work increased swiftly in March, another indication that workers saw their hours cut back.

About 23% of respondents to a ZipRecruiter survey had seen their working hours or their wages fall, or both, between February and mid-April. The average pay cut reported was 57%.

Though government programs intended to help businesses and individuals weather the crisis still face delays, many companies and Americans are now drawing on federal and state aid. Nearly 23 million people were receiving unemployment benefits in the week ended April 25, according to the Labor Department.

Valori Wells, owner of Stitchin’ Post, a quilting-supplies store, said small-business loans through the federal government’s Paycheck Protection Program allowed her to bring back three employees who were laid off as a result of the pandemic.

The business, based in Sisters, Ore., is now operating with eight employees who are filling shipping orders and handling social media, among other tasks. The employee count is still down from 13 before the coronavirus.

Ms. Wells said she hopes to bring back all of her workers, but is unsure when she will be able to.

“I can’t predict what’s going to happen,” she said. “All I can do is hope that at some point I can get back to some sense of normalcy within our business—or new normalcy.”

Overall sales at the craft-supply store were down by about 30% in April from a year earlier. The silver lining is that the pandemic forced Stitchin’ Post to invest in its website with knitting demo videos and blog posts, Ms. Wells said. Online sales have grown about threefold as a result.

“There’s blessings in all of this. At least, we have to find them,” Ms. Wells said.

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