

# Austin American-Statesman

## **\*TBLC COVID-19 MEDIA CALL: CORONAVIRUS IN TEXAS: JOB LOSSES KEEP MOUNTING**

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Nearly 314,000 Texans filed initial claims for unemployment benefits last week, on top of more than 430,000 in the previous two weeks, as staggering job losses from the economic deep freeze caused by the coronavirus pandemic show no sign of abating.

The combined number of newly out-of-work Texans is enough to push the state's unemployment rate above 8% — from 3.5% in February — although the official figure for March won't be available until later this month.

The Texas unemployment rate topped out at 8.3% on a seasonally adjusted basis in the wake of the most-recent recession about a decade ago, but it took more than a year for unemployment to get to that level.

Nationally, about 6.6 million people filed initial claims for unemployment benefits last week, according to the U.S. Labor Department. The federal agency also revised upward the previous week's record 6.65 million jobless claims by 219,000, putting the weekly figure at a new all-time high of 6.86 million.

"We haven't seen a situation like this before," in terms of the speed and geographic reach of the coronavirus-induced downturn in economic activity, said Jason Schenker, president of Prestige Economics in Austin.

The new claims for unemployment benefits over the past few weeks likely translate to a national jobless rate slightly above 13%, Schenker said, compared with 3.5% in February.

The Texas rate could hit double-digit percentages as well eventually, he said, because "there is nothing that would stop that from happening," depending on how long the virus crisis makes strict social-distancing efforts and stay-at-home orders necessary.

In addition, the jobless numbers in Texas and nationally probably are higher already than the latest figures indicate.

That's because unemployment offices across the country have been flooded by newly out-of-work people trying to access benefits all at once, leading to substantial bottlenecks. The Texas Workforce Commission, which processes unemployment claims in the state, has acknowledged that many people have had trouble getting

through on its clogged phone lines and website, and it has urged them to keep trying.

In the Austin metro area, about one out of every five workers — or 261,000 — have lost their jobs as a result of the plummet in economic activity caused by the pandemic, according to Jon Hockenyos, president of economic analysis firm TXP Inc., who outlined his analysis in a presentation to city leaders this week.

With the local unemployment rate at 2.6% in February, his estimate would mean joblessness in the Austin area has rocketed into the lower to mid-20% range.

Still, Hockenyos said Thursday that it's possible the federal government's roughly \$2 trillion national relief package might prevent the official unemployment rate in the Austin region from scaling those heights, because part of the measure is designed to provide resources for businesses to keep employees on their payrolls and off the unemployment rolls. But "it seems to be a slow roll-out" of the federal program, Hockenyos said in an email.

Unemployment in the Austin metro area topped out at 7.4% on a seasonally adjusted basis during the last recession.

Regardless of how high jobless rates ultimately rise amid the current crisis, Schenker said he expects the figures to begin to fall relatively sharply — albeit not to pre-pandemic levels — as soon as some semblance of normal life resumes. The timing of that happening is unknown, however.

Consumer demand for all manner of goods and services has dried up, as fears of catching or spreading the coronavirus prompt people to hunker down amid widespread stay-at-home orders and travel restrictions. The result has been the huge numbers of job losses, because businesses have temporarily closed or severely cut back operations.

"The question is when will we let up on the gas (in terms of relaxing social distancing policies) and how quickly will people go back to bars and restaurants and concerts and sporting events?" Schenker said. "Trying to pick a peak on this is tough because there is so many moving pieces."

If it happens relatively soon, he said, it's possible the statewide unemployment rate could retreat to about 6% by the end of the year "as we gain quite a few of these jobs back." But he said it probably will take at least two years for the job market to recover completely.