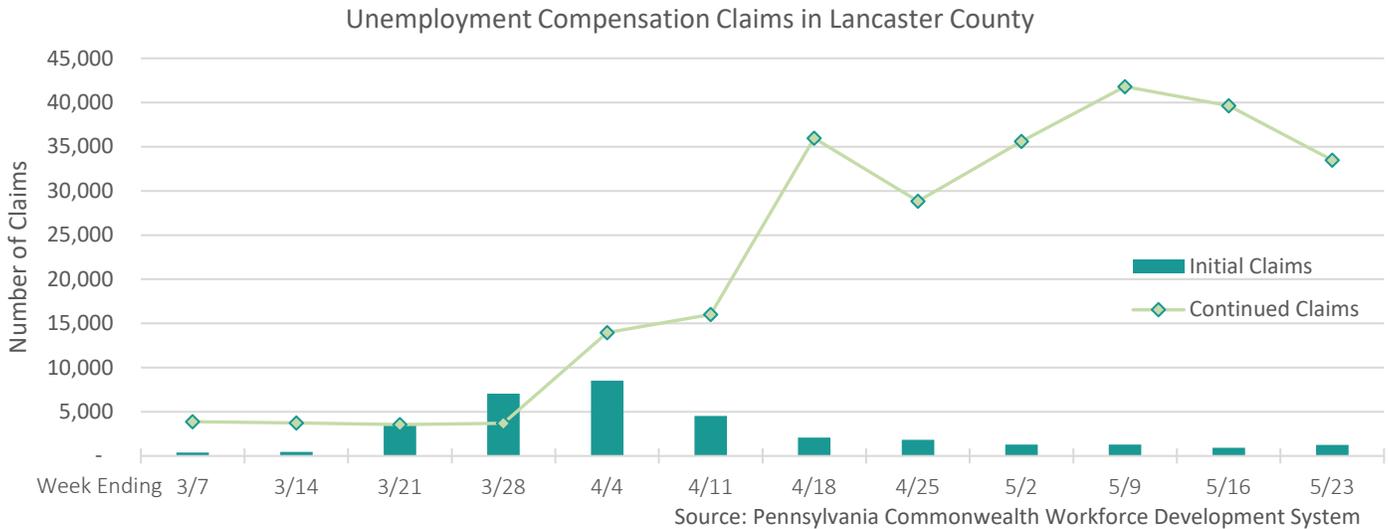


# UNEMPLOYMENT IN LANCASTER COUNTY:

## Update on initial claims to understand the state of business

May 29, 2020



Businesses and workers have taken a significant financial blow over the past eight weeks. The UC claims data suggests things are moving in the right direction, albeit slowly. While initial unemployment claims are falling, they remain high and signal cause for continued concern over the shape of Lancaster County’s economic recovery and when employment will bounce back.

The unemployment compensation (UC) data may be the most readily-available data describing the state of Lancaster County’s economy. This data has two important measures: initial claims, which measures the rate of job loss on a weekly basis; and continued claims, which indicates the persistence of unemployment. The two together are an early indication of whether March and April’s sharp rise in unemployment will be temporary.

UC claims data suggests things may be slowly turning around, yet there is a lot of ground to be regained. Immediately following Governor Wolf’s initial order that nonessential businesses close, initial UC claims spiked. In the span of three weeks, Lancaster County residents filed 20,100 claims. Nearly 60% of this

employment loss was in four sectors: manufacturing, construction, retail, and accommodation and food service. Since then, there have been two rounds of small business stimulus, and funds from the Paycheck Protection Program started to flow into the County.

After peaking in early April, initial UC claims have generally fallen week-over-week. But they remain at concerningly high levels. The first half of May averaged 1580 initial claims per week, seven times higher than early March levels. Recognizing the lag in processing claims, it appears continuing UC claims may have crested in the first week of May (with 41,800 continued claims).

These early signs suggest some people are going back to work. However with nearly 33,500 UC claims in the week-ending May 23<sup>rd</sup>, unemployment in the County is more than 150% higher than levels in and around the Great Recession.

The UC data highlights that important sectors to Lancaster County’s economy continue to struggle. As the County advances to partial and then full reopening, businesses face uncertainty around how they can operate safely, if the costs of “new normal” are sustainable, and if early signals of demand for goods and services are strong or weak. The UC data will be an early indicator of how these factors will impact job recovery in the County.

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