EXHIBIT 1

EXHIBIT 1

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Laying off workers still would cost taxpayers

Ed Vogel

By ED VOGEL

LAS VEGAS REVIEW-JOURNAL CAPITAL BUREAU

CARSON CITY — If Gov. Jim Gibbons and legislators decide to lay **off** thousands of state employees to save money, the state **still** will be on the hook for paying their unemployment benefits, which **would cost** more than \$1 million a month for every 1,000 **workers** affected.

Besides unemployment **costs**, the state **would** be obligated to pay laid-**off workers** for any sick leave and vacation time they have accumulated, according to Gibbons' communications director, Daniel Burns.

"The governor, the speaker and everyone in leadership knows this is a very complex issue," Burns said. "That's why we don't want to see anyone laid **off** in government, or in private industry."

Because of declines in tax revenue that support state government, Gibbons and legislators must cut state spending by 22 percent, or \$900 million, in the period between March 2010 and June 30, 2011.

Gibbons said Tuesday he will call the Legislature into a special session soon after he delivers a Feb. 8 State of the State address.

While Gibbons has not announced his plans for reducing spending, **laying off workers**, cutting pay and reducing or eliminating some programs have been mentioned by employee representatives as the most likely options.

Private companies pay a tax to cover unemployment checks for their laid-**off workers**, but the state and local governments do not. Instead, they are billed by the Employment Security Division for the entire **costs**.

"The state of Nevada, like all other government agencies, is what is called a reimbursable employer," said Mae Worthey, a spokeswoman for the Department of Employment, Training and Rehabilitation. "This means they don't pay insurance premiums, but directly reimburse the UI (Unemployment Insurance) trust fund for all claims **costs.**"

Covering unemployment benefits hasn't been much of a problem in state government to this point.

The Department of Personnel said just 60 state employees have been laid **off** in the last year and a half.

In contrast, private companies in the state cut their work forces by 9.5 percent, or 118,000 employees, in 2009 and are expected to lay **off** another 90,000 **workers** over the next two years.

Grey Weyland, a Personnel Department employee, said the unemployment **costs** to the state **would** be more than \$1 million a month if 1,000 people lose their jobs.

The state has 16,000 general government employees. That total does not include public education and university and community college employees whose salaries are also largely funded by state appropriations.

Worthey said the maximum unemployment paid to any laid-**off worker** is \$400 a week. The average is a little more than \$300 per week.

If 1,000 employees are laid **off** and they receive \$300 a week, then the state **cost would** run \$1.2 million for each four-week period.

In addition to unemployment **costs** for laid-**off workers**, the state ultimately must pay back more than \$1 billion that it will borrow from the federal government by the end of 2010 to continue to pay unemployment benefits for private industry.

With unemployment at 13 percent, the state, like most other states, had to get federal loans to pay benefits starting last fall when its unemployment trust fund was depleted.

Unless Congress forgives them, the states eventually will be charged interest on their loans and must pay them **off** over time.

In the 1970s, Nevada increased the tax that employers pay for unemployment benefits to cover a previous loan. And it could boost this tax again. But the Legislature also could use general fund dollars to pay **off** the federal loan.

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Laying off workers still would cost taxpayers By ED VOGEL

Feb. 01, 2010

Las Vegas Review-Journal

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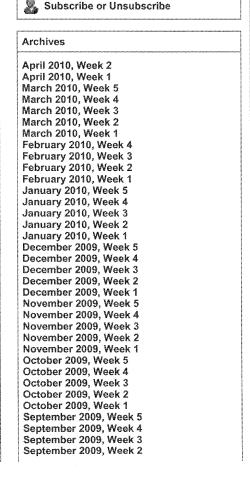
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Contact Capital Bureau Chief Ed Vogel at [log in to unmask] or 775-687-3901.

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