

STATES PREFER LAYOFFS OVER FURLOUGHS

It is becoming less fashionable to furlough employees in order to save money, and states are starting to show a trend towards outright layoffs as the tool of choice. "I can confirm that states are now moving to layoffs they had hoped to avoid," said Philippa Dunne, co-editor of the Liscio Report, an economic newsletter which polls state leaders. "To me, this is terrible timing because private hiring remains anemic, so piling on state and local layoffs is dangerous." Only 13 states are using furloughs the bridge 2011 budget gaps versus 19 which are preferring outright layoffs. "The scale of the crunch that states -- and local governments for that matter -- are under suggests furloughs are not enough," said director of the state fiscal project at CBPP Nicholas Johnson. "You can't just tell everyone to take a day off here and there and expect that will remedy the situation."

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