



## The Nevada Policy Research Institute

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Contact Andy Matthews  
(702) 222-0642

### **Study: Spending increases in Nevada may worsen results**

Spending more public money on Nevada education, healthcare, public safety and transportation may actually lead to performance decreases in those areas, a new study finds.

Geoffrey Lawrence, fiscal policy analyst at the Nevada Policy Research Institute and author of the study, examined Nevada's spending over the last 10 years and concludes "that tax dollars have been spent very ineffectively in Nevada, and that higher tax rates have largely failed to produce improvement in the quality of services provided." The study, titled "Tax Dollar Performance in Nevada," is available online at [http://www.npri.org/docLib/20090224\\_Tax\\_Dollar\\_Performance.pdf](http://www.npri.org/docLib/20090224_Tax_Dollar_Performance.pdf).

The study's key findings suggest that for every additional \$100 in per-capita tax revenues:

- Graduation rates decline by 0.37 percent while SAT scores improve by 0.81 points.
- The quality of healthcare deteriorates — to the tune of an additional 16.6 years lost to premature death per 100,000 in population.
- The crime rate increases by 0.64 percent over the national average.
- Nevada's national ranking of highway system performance falls by 0.5 places.

The study comes as Nevada's legislators are talking about the need to tie funding to performance. Senate Majority Leader Steven Horsford recently told *Las Vegas Weekly* that, "We need to ensure every dollar that's allocated to a state agency is tied to a specific outcome that is measurable around a set of services, and a set of priorities. To the degree that certain agencies can't meet the standard, then we need to have a discussion about whether [we need to fund them]."

Lawrence writes that the study's results "may be an indication of the fact that some services are better provided by the private sector than by government. As a result, tax increases that expand the government's role in providing a service, to the exclusion of the private sector, produces a decline in the quality of the service received by Nevada residents."

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The Nevada Policy Research Institute • 3155 E. Patrick Lane, Suite 10, Las Vegas, NV 89120  
Phone: (702) 222-0642 • Fax: (702) 227-0927 • Web site: [www.npri.org](http://www.npri.org)