

PUBLICATION

Fracking Revenue Offsets Education Costs

February 18, 2013

Many colleges across the country are now looking directly to oil and gas as a source of much needed revenue for education. With cut-backs to state budgets, many states are strongly considering whether to allow hydraulic fracturing ("fracking") wells on their campuses.

The University of Texas at Arlington (UTA) and Indiana State University have already commenced operations, with the UTA efforts generating over \$10 million from such activities last year. The wells also provide a unique educational environment for petroleum engineering students, allowing them to see actual operations of a functioning oil and gas derrick within walking distance of their classrooms. Pennsylvania is considering six different campuses as candidates for fracking wells, and has taken legislative action to determine how such revenues will be shared. For example, the new Pennsylvania law allocates half of the royalties from well leases to the universities where the well is located, with another fifteen percent toward subsidizing tuition costs. However, given the temporary nature of the leases, some schools are directing those revenues to endowments, rather than tuition subsidies.