



WYOMING
DEPARTMENT OF EDUCATION

*Creating Opportunities
for Students to Keep
Wyoming Strong*

Jillian Balow

Superintendent of Public Instruction

Dicky Shanor

Chief of Staff

Brent Bacon

Chief Academic Officer

Brent Young

Chief Policy Officer

Dianne Bailey

Chief Operations Officer



Cheyenne Office

Hathaway Building, 2nd Floor
2300 Capitol Avenue
Cheyenne WY 82002-0206
Phone: (307) 777-7690
Fax: (307) 777-6234

Riverton Office

320 West Main
Riverton, WY 82501
Phone: (307) 857-9250
Fax: (307) 857-9256

On the Web

edu.wyoming.gov
wyomingmeasuresup.com

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To: Chairman Representative Doug Lamborn, United States House of Representatives Committee on Natural Resources Subcommittee on Energy and Mineral Resources

From: Jillian Balow, Wyoming State Superintendent of Public Instruction

Re: Testimony in Support of H.R. 5259, the Certainty for States and Tribes Act

Dear Chairman Lamborn and Committee Members,

My name is Jillian Balow and I am the State Superintendent of Public Instruction for the State of Wyoming. Thank you for the opportunity to appear before the committee today to discuss our support for H.R. 5259, the Certainty for States and Tribes Act. Federal energy royalties and their impacts on states is an issue of critical concern to the State of Wyoming and its public education system.

I am a fifth-generation Wyoming native and taught for over a decade in Wyoming elementary and secondary classrooms. As the State's chief education official, I am proud to say Wyoming has a tremendous education system, preparing our students for a successful future.

There are many factors that contribute to Wyoming's success in education, but one of the most critical reasons is the support provided by our federal energy production. As you know, Wyoming is a leading producer of oil, gas, and coal as well as wind energy. Federal mineral royalties account for a significant portion of Wyoming's education spending. The responsible production of these resources supports school construction and remodeling, teacher pay, and therefore the ability to attract bright, talented educators for our students.

I grew up in Gillette, Wyoming, which is known as the 'Energy Capital of the Nation' because of the abundant coal, oil, and gas reserves in the region, so I have seen firsthand fossil fuel energy production and its benefits to local communities, our state, and the country. In addition to good-paying, family-wage jobs for miners and service workers, this production generates billions of dollars in tax revenue for our State and supports nearly every other sector of our economy.

Through my testimony today, I hope to provide an overview of the importance of federal energy production to Wyoming's education system, address the crippling effects of efforts designed to prohibit responsible federal energy production, and discuss the benefits of increasing federal and state coordination and cooperation on issues like federal royalty changes.

Benefits of Federal Energy Production through Royalties and Other Revenues for Wyoming Students

Since 2003, Wyoming has spent more than \$3 billion from federal mineral royalties, taxes, and fees for school construction or renovation, improving the educational environment for over 100 schools and touching each one of Wyoming's counties. Research demonstrates high-quality educational facilities are critical for high-quality instruction and high-quality outcomes for our students.¹

As you can see from Attachment 1, coal lease bonus payments pay for our school construction. In addition, approximately twenty five percent of our school operational budgets rely directly on federal mineral royalties. During each biennium since 2009-2010, the School Foundation Program has gotten about \$600 million from Federal Mineral Royalties, more than one third of the \$1.6 billion spent by that account each biennium.

In addition, energy producers are often some of the most involved volunteers in our school systems, helping valuable after-school programs, serving as mentors and coaches, assisting those students in need, and filling other vital roles. Their dedicated time is invaluable for our students.

Public K-12 education remains one of Wyoming's top public service expenditures. Preparing our students for tomorrow's workforce requires investing in them today. In Wyoming, that investment is made possible by oil, gas, and coal production.

And while state revenues from energy production are down significantly, efforts to raise taxes, royalties, and other fees would further hamper that production. It is incongruent to suggest on one hand that energy production from federal resources is not generating a fair return while at the same time advocating an end or significant reduction in that production.

Wyoming is not alone in facing budget shortfalls for education and other essential government services due to the current downturn in energy production. States across the country, and particularly in the West, are being forced to make difficult decisions about budgets. Those who are likely to be most impacted by these cuts are those citizens often who can least afford it.

Impact of 'Keep It in the Ground' Efforts

As noted in the U.S. Department of Energy Information Agency's recently released *Annual Energy Outlook*, coal will remain a significant part of America's energy portfolio even if the

¹ See Attachment 1, excerpt from *Estimation of Wyoming School Facilities Department Future Revenue Streams and Department Expenditure Needs: 2017-2022. Report Prepared for the Wyoming School Facilities Department, November 2014.* Center for Energy Economics and Public Policy, University of Wyoming. Robert Godby, David Aadland, Roger Coupal, Chris Weingardt, and Anne Alexander. Pgs. 3-4.

Administration's Clean Power Plan proposal is fully implemented, which is far from guaranteed at this point due to legal challenges.² Thus, Americans will continue to rely on coal as a source of low-cost, reliable, safe electricity.

Efforts by some to keep our nation's natural resources "in the ground" present a very misguided and dangerous policy prescription, which would have significant, negative effects on people across the country. In addition to critical education services that coal royalties fund in my state, prohibiting federal fossil fuel production would drive up energy prices, directly impacting families on fixed incomes as well as putting American manufacturing at a further disadvantage compared to their foreign competitors.

Increasing Federal-State Cooperation and Consultation

There is little doubt that relations between states and the federal government have strained in recent years across a number of policy issues. Increasing cooperation and consultation between states and the federal government should be a priority to ensure more responsible, effective public service, which is what taxpayers deserve.

The role of the Royalty Policy Committee is "to review and comment on revenue management and other mineral-related policies and to provide a forum to convey views representative of mineral lessees, operators, revenue payors, revenue recipients, governmental agencies, and public interest groups."³

Reinstating the Royalty Policy Committee is one straight-forward, common sense way to improve communication between States and the Federal Government. In addition, through the creation of the State and Tribal Resources Board, those states and tribes most dependent on royalty revenue from oil, gas, and coal will be provided greater opportunity to report on the impact of changes to royalty policy and be allowed additional time, if needed, to prepare for any reductions to critical services, including education funding. I applaud Representative Zinke for introducing H.R. 5259, which would reestablish the Royalty Policy Committee, and thank those members, including Representative Lummis who herself served as a member of that body before it was disbanded, who have co-sponsored this legislation to date.

I appreciate the opportunity to speak with you today on this important topic. Thank you again for asking me to participate, and I look forward to your questions.

Sincerely,

Jillian Balow
State Superintendent of Public Instruction

² *Annual Energy Outlook 2016 Early Release: Annotated Summary of Two Cases*; [http://www.eia.gov/forecasts/aeo/er/pdf/0383er\(2016\).pdf](http://www.eia.gov/forecasts/aeo/er/pdf/0383er(2016).pdf)

³ *Royalty Policy Committee Charter*, http://www.onrr.gov/Laws_R_D/RoyPC/PDFDocs/charter.pdf