

Questions Raised About Shale Job Number Claims

MARC LEVY, Associated Press

HARRISBURG, Pa. (AP) — It might sound good as a campaign claim, especially if you're trying to take credit for it: The Marcellus Shale natural gas industry supports more than 200,000 jobs, goes an online ad for Gov. Tom Corbett. Then there's what Corbett said in his first re-election campaign speech: "The energy industry in Pennsylvania is now supporting the livelihoods of over 200,000 people and their families."

The problem is, it's an iffy claim for an energy sector that economists say is relatively small.

The statistic comes from a state Department of Labor and Industry report, whose authors don't exactly make the same claim. It is the agency's estimate of employment at Pennsylvania businesses in 36 different lines of work that have some sort of relationship to the exploration of the Marcellus Shale, the nation's largest-known natural gas reservoir.

That number was about 232,000 at the end of March, an increase of roughly 31,000 over the four years that drilling has boomed in the Marcellus Shale.

Aside from the fact that many of those employees were here before the drilling boom, not every business or employee in that statistic is involved in Marcellus Shale-related work.

"We can't guarantee that every one of those employees are working in the Marcellus Shale," department spokeswoman Sara Goulet said. "We don't have that ability to drill down to determine that."

The flipside is the Labor and Industry Department report does not include out-of-state businesses — say, Ohio and West Virginia companies that send pipeline or drilling services crews to Pennsylvania — and it does not include railroads, law firms, hotels, quarries or certain other lines of business that have handled rising demand because of the drilling boom.

Patrick Henderson, a deputy chief of staff for Corbett who spearheads energy policy, said the department's figure requires context, but he would not say it is necessarily inaccurate. Rather, the figure is conservative, Henderson said, because it does not take into account a ripple effect of money being spent in the state's economy because of people whose work involves some sort of relationship with Marcellus Shale or people who benefit from lower gas prices and the royalties from the gas harvested beneath their land.

For instance, Henderson said, any tally should count the extra employees hired at a

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Published on Chem.Info (<http://www.chem.info>)

convenience store and gas station to accommodate the heavy patronage by drilling hands. In any case, the exact number is not as important as is the idea that a significant number of people base their livelihoods on the industry, and policymakers need to be mindful of that, Henderson said.

"You get to a certain number where people realize it's a big enough deal that you have to pay attention to the public policy that affects it, and that's the goal," Henderson said. "Without question, the number of Pennsylvanians working in oil and gas is a big number."

The Labor and Industry Department statistic counts six "core" industries that involve oil and gas extraction and pipelines. Over four years, those jobs grew by 17,414 to 28,155.

Then it counts 30 "ancillary" industries, including highway construction, metal making, laboratories, trucking, power plants and engineers. Over four years, those jobs grew by 13,352 to 203,814.

Tim Kelsey, a Penn State professor of agricultural economics and a co-director of the university's Center for Economic and Community Development, said an academic economist's very rough calculation of the job impact would be closer to multiplying by two the increase in core jobs — 17,414 — to get a figure of about 34,000 or 35,000. And that includes ripple effects, Kelsey said.

But a formal economic study to better determine the employment impact takes time and money, he said.

"There's absolutely no doubt that the Marcellus Shale is having a positive employment, wage and income effect, particularly in the counties where it's going on," Kelsey said. "What is not clear exactly is how large those effects are."

Source URL (retrieved on 10/21/2014 - 3:13am):

<http://www.chem.info/news/2013/11/questions-raised-about-shale-job-number-claims>