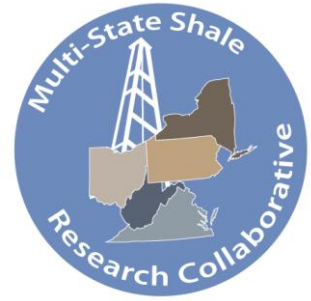


## **FOR IMMEDIATE RELEASE**

November 21, 2013

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# **New Six-State Study Finds Jobs Impact of Shale Drilling Exaggerated by Industry and Supporters**

HARRISBURG, PA (November 21, 2013) — Drilling in the six states that span the Marcellus and Utica Shale formations has produced far fewer new jobs than the industry and its supporters claim, according to a new report released today by the Multi-State Shale Research Collaborative, a group of research organizations tracking the impacts of shale drilling.

“Industry supporters have exaggerated the jobs impact in order to minimize or avoid altogether taxation, regulation, and even careful examination of shale drilling,” said Frank Mauro, Executive Director of the Fiscal Policy Institute in New York, a member of the Collaborative.

Shale drilling has created jobs, particularly in Pennsylvania and West Virginia, and cushioned some drilling-intensive areas in those states from the worst effects of the Great Recession and the weak recovery. As this report documents, however, the number of shale jobs created is far below industry claims and remains a small share of overall employment.

“Shale drilling has made little difference in job growth in any of the six states we studied,” said Stephen Herzenberg, Executive Director of the Keystone Research Center in Pennsylvania, a member of the Collaborative. “We know this because we now have data on what happened, not what industry supporters hoped would happen.”

The Marcellus and Utica shale formations span six states: New York, Ohio, Pennsylvania, West Virginia, Maryland, and Virginia. Natural gas development in these six states was fueled by high commodity prices from 2000 to 2008. As prices have declined more recently, gas drilling activity has slowed while development of higher-priced oil has accelerated.

Recent trends are consistent with the boom and bust pattern that has characterized extractive industries for decades. It also points to the need for state and local policymakers to collaborate to enact policies that serve the public interest.

Below are the key findings from the new report:

- **While shale-related employment has made a positive contribution to job growth, the number of jobs created is far below industry claims and remains a small share of overall employment in the region.**
  - Between 2005 and 2012, less than four new direct shale-related jobs have been created for each new well drilled, much less than estimates as high as 31 direct jobs per well in some industry-financed studies.
  - Region-wide, shale-related employment accounts for just one out of every 795 jobs. By contrast, education and health sectors account for one out of every six jobs.

- Job growth in the industry has been greatest (as a share of total employment) in West Virginia. Still, shale-related employment is less than 1 percent of total West Virginia employment and less than half a percent of total employment in all the other states.
- **Many of the core extraction jobs existed before the emergence of hydrofracking.**
  - Together, Pennsylvania, Ohio, and West Virginia had 38 percent of all producing wells in the country in 1990 and 32 percent in 2000.
  - Some counties with a long history of mineral extraction have experienced a shift in employment from coal to shale extraction.
- **Industry employment projections have been overstated.**
  - Some industry supporters have equated “new hires” with “new jobs” and attributed ancillary job figures to shale drilling even when they have nothing to do with drilling.
  - Industry-funded studies have used questionable assumption in economic modeling to inflate the number of jobs created in related supply chain industries (indirect jobs) as well as those created by the spending of income earned from the industry or its suppliers (induced jobs).
- **Drilling is highly sensitive to price fluctuations, which means that job gains may not be lasting.**
  - In some counties, employment gains have been reversed as drilling activity shifted to more lucrative oil shale fields in Ohio and North Dakota.
  - Direct shale-related employment across the six-state Marcellus/Utica region fell over the last 12 months for which there are data — the first quarter 2012 to the first quarter 2013.

Members of the Multi-State Shale Collaborative said this report provides some needed context in shale drilling and related policy debates.

“While shale development has been important to West Virginia's ongoing economic recovery, it is less than 1 percent of the state's employment mix,” said Ted Boettner, Executive Director of the West Virginia Center on Budget & Policy, a member of the Collaborative. “This means policymakers need to make the important public investments in higher education and workforce development that will diversify our economy and make it stronger over the long-term.”

“This report shows very few shale-related jobs created in Ohio,” said Amanda Woodrum, an energy researcher with Policy Matters Ohio, another member of the Collaborative. “If Pennsylvania and West Virginia are indicators for what we can expect in Ohio, employment in Ohio’s shale industry will continue to be very modest.”

“Counting shale jobs accurately will help state and local governments plan for impacts and removes the hype intended to discourage unbiased scrutiny of the industry’s pluses and minuses,” said Herzenberg. “Our report recommends a six-state commission that establishes a consensus method to track jobs.”

*The Multi-State Shale Research Collaborative brings together independent, nonpartisan research and policy organizations in New York, Ohio, Pennsylvania, Virginia, and West Virginia to monitor employment trends and the community impacts of energy extraction in the Marcellus and Utica Shale. Member organizations include the Fiscal Policy Institute of New York, Policy Matters Ohio, Keystone Research Center/Pennsylvania Budget and Policy Center, Commonwealth Institute for Fiscal Analysis in Virginia, and West Virginia Center on Budget and Policy. View the full report at <http://www.multistateshale.org>.*