

Boom in oil and gas drilling paying big dividends across McKean County

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The boom in oil and gas well drilling is paying big dividends across McKean County with the extraction and refining industry responsible for generating \$25.4 million in compensation annually for every 100 workers employed in the county, according to a study done by Penn State University.

Officials said the refining industry is key to the overall economic picture, helping to provide jobs which benefit the local area. In turn, those workers spend money in the community as part of a "trickle down" effect.

All told, the report — prepared by Penn State's Office of Workforce Education and Development — indicates that \$2.1 million in property taxes are paid each year by businesses and individuals in the county to local governments.

Dollar values included in the brief are from 2006. The figures have been derived from the federal government and various other sources.

"The impact statement is really a benchmark for what the industry is worth in total jobs, compensation and property taxes," said David Passmore of the Office of Workforce Education and Development, adding the \$2.1 million in property taxes represents a "pretty strong impact" to the local region.

"This presents an opportunity for the community to take advantage of the growth in that area," Passmore said. "People are often surprised by how many additional jobs an industry spins off."

According to the report, due to a need to supply the gas and oil extraction and refining industry, other industries in the county employ an additional 325 workers. In turn, industry workers spend money on such items as housing, food, health care and other retail goods and services, creating another 130 jobs.

In short, every 100 jobs associated with the industry can be traced to 555 total jobs in the county, officials said.

"It seems they (industry) continue to hire as quickly and as many as they can," Commissioner Bruce Burdick said Monday. "There is definitely a spin off from companies that decide to do business here. Those people are buying fuel locally and eating here."

"We know with historic data the industry nationwide seems to be declining, but that doesn't hold true for McKean County."

While the amount of oil and gas drilling permits issued this year by the state Department of Environmental Protection has leveled off, the demand to drill continues at a high rate.

In previous years, the number of permits issued by the agency reached record highs across the region. Driving the surge is well head prices remaining at historic levels and the desire to capture natural gas, the price of which has continued to skyrocket for consumers.

All of this has left industry leaders looking for ways to revitalize an aging workforce through educational offerings at secondary and post-secondary schools. To that end, a report issued previously by the Pennsylvania Department of Labor and Industry Center of Workforce Information and Analysis indicated the average wage of employees in the energy industry increased by 20 percent between 1995 and 2004.

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According to the Penn State report, for every 100 jobs, the industry generates \$6.5 million in compensation — including wages, pensions and income of proprietors — for its own county employees and \$15.8 million in compensation for employees whose jobs are created because their firms supply the industry in the county.

Meanwhile, the income spent by industry workers and those supplying them generates an additional \$3.1 million in compensation for other county workers, the report notes. All told, that's \$25.4 million in annual compensation for every 100 workers employed in the county.

"The study shows what we've known all along. The oil and gas industry is vital to the economy of our area, including the number of jobs it supplies and the trickle down effect from them," state Rep. Martin Causer, R-Turtlepoint, said.

Passmore said the figures supplied in the report don't account for the recent boom — meaning the economic impact on the county will likely be higher in the coming years. He did say, however, the industry has one of the largest multipliers — or trickle down effects — in the state.

Rose Baker, program manager of the Workforce Assessment Center at Penn State, added the brief represents the impact the industry has had on the county over time, noting “just because somebody might hire 10 workers, doesn't mean that another 12 employees are instantly hired someplace else.

“It really happens over time because people (in any industry) tend to try and do more with less (workers).”