

To: Joint Committee on Government and Finance
Legislative Oversight Commission on Education Accountability

From: West Virginia Workforce Development Board

Re: §5B-2B-4a. Report to Legislature

Date: August 19, 2015

Employment growth within the Marcellus Shale Gas Field has slowed compared to previous years. Statewide employment in oil and gas extraction core industries in 2014 grew by 440 jobs, or 3.4 percent since 2013. Growth in five of the major industry sectors was countered by a decline of employment in oil and gas pipeline construction. The average annual wage within the core oil and gas industries increased by \$4,247 (+5.4%), from \$78,005 in 2013 to \$82,252 in 2014.

Employment growth occurred in **Crude Petroleum & Natural Gas Extraction (211111)** up 348, or 14.6%, **Natural Gas Liquid Extraction (211112)** up 2, or 2.9%, **Drilling Oil & Gas Wells (213111)** up 25, or 1.7%, **Support Activities for Oil & Gas Operations (213112)** up 128, or 2.9%, and **Pipeline Transportation of Natural Gas (486210)** up 36, or 3.0%. Employment in **Oil & Gas Pipeline & Related Structures (237120)** declined 99, or 3.1% from 2013 to 2014. Wage growth occurred in most major industry sectors, including **Crude Petroleum & Natural Gas Extraction (211111)** up \$3,870 (+4.7%), **Support Activities for Oil & Gas Operations (213112)** up \$6,075 (+9.0%), **Pipeline Transportation of Natural Gas (486210)** up \$2,847 (+2.9%), **Natural Gas Liquid Extraction (211112)** up \$7,032 (8.0%), and **Oil & Gas Pipeline & Related Structures (237120)** up \$5,117 (+6.4%). **Drilling Oil & Gas Wells (213111)** saw a decline in the average annual wage, down \$1,978 (-2.4%), Total payroll in the six core oil and gas extraction sectors grew by \$90,423,798 (+9.1%) between 2013 and 2014.

Workforce Investment Board Regional Activity

Employment and wage data related to oil and gas extraction varied considerably across the state's seven workforce investment areas between 2013 and 2014.

Within **Workforce Investment Area 1 (Fayette, Greenbrier, McDowell, Mercer, Monroe, Nicholas, Pocahontas, Raleigh, Summers, Webster, Wyoming)**, wages rose \$5,834 (+8.1%) to \$78,219, while employment fell 75 from 372 to 297 (-20.2%).

Within **Workforce Investment Area 2 (Boone, Cabell, Lincoln, Logan, Mingo, Putnam, Wayne)**, wages rose \$5,120 to \$85,395 (+6.4%). Employment declined 88 (-9.4%).

Workforce Investment Area 3 (Kanawha) saw a slight increase in wages in core oil and gas industry sectors, up \$991 (+1.0%). Employment was up 69 (+5.2%).

Workforce Investment Area 4 (Calhoun, Clay, Jackson, Mason, Pleasants, Ritchie, Roane, Wirt, Wood) experienced a decline in oil and gas industry wages, falling \$2,006 (-3.3%). Employment rose, however, adding 62 jobs (+3.5%).

Within **Workforce Investment Area 5 (Brooke, Hancock, Marshall, Ohio, Tyler, Wetzel)**, wages in the oil and gas sector rose \$5,427 (+6.1%), while employment rose 62 (+8.8%).

Workforce Investment Area 6 (Barbour, Braxton, Doddridge, Gilmer, Harrison, Lewis, Marion, Monongalia, Preston, Randolph, Taylor, Tucker, Upshur) saw the greatest increase in both oil and gas sector wages and employment, with wages growing by \$5,882 (+7.8%), and employment climbing 109 (+2.3%).

Workforce Investment Area 7 (Berkeley, Grant, Hampshire, Hardy, Jefferson, Mineral, Morgan, Pendleton) saw a decline of \$1,059 (-1.3%) in oil and gas sector wages. Employment was unchanged over the year.

Employment Change by Demographics and Residency

Core oil and gas industry sectors are dominated by male employees, but female workers made some inroads into this industry between 2009 and 2014. The number of female employees grew by 253 (+124.6%) in **Utility System Construction (2371)** and by 214 (+52.3%) in **Support Activities for Mining (2131)**.

Employment gains by race varied by industry sector, but some notable employment gains by percentage for **Support Activities for Mining (2131)** included Black (+217.6%), Two or More Race Groups (+157.1%), and American Indian or Alaska Native (+87.0%). Notable employment gains by race within **Utility System Construction (2371)** included Black (+303.6%), Two or More Race Groups (+253.8%), White (+116.5%), American Indian or Alaska Native (+712.5%), and Asian (+238.0%). Data for Native Hawaiian or Other were statistically insignificant.

Within Utility System Construction (2371), the number of Hispanic or Latino workers increased by 228 (+530.2%), and rose by 126.7% in **Oil and Gas Extraction (2111)**.

A survey conducted by WorkForce West Virginia queried all companies performing work in the oil and gas industry within the state on legal residency and veteran status of employees. Over one-half (53.9%) of employers responded. Results of the survey reveal the percentage of legal state residents employed in five core oil and gas sectors as follows: **Crude Petroleum and Natural Gas Extraction (211111)** 91 percent, **Drilling Oil and Gas Wells (213111)** 54.7 percent, **Support Activities for Oil and Gas Operations (213112)** 88.4 percent, **Oil and Gas Pipeline and Related Structures Construction (237120)** 69.4 percent, and **Pipeline Transportation of Natural Gas (486210)** 97.2 percent. The percentage of veterans employed in these sectors is as follows: **(211111)** 5.6 percent, **(213111)** 2.7 percent, **(213112)** 5.7 percent, **(237120)** 1.7 percent, and **(486210)** 2.7 percent.

According to WorkForce West Virginia, 1,197 people who received unemployment benefits gained employment in a subsequent quarter of 2014 in one of the six core oil and gas industry sectors. Of this total, 744 of them had not been employed within one of these six sectors prior to 2014.

Occupational Wages in Oil and Gas Extraction Core Sectors

The table below provides wage data on key occupations within the Oil and Gas Extraction Industry. The wage range varies from a high of Gas Plant Operators at \$61,950 to Roustabouts, Oil and Gas at \$29,900.

Key Occupations in Marcellus Shale related core industries		
SOC	SOC / Job Title	Ann Wage*
47-2061	Construction Laborers	\$31,620
47-2073	Operating Engineers	\$45,460
47-5011	Derrick Operators, Oil & Gas	\$42,080
47-5012	Rotary Drill Operators, Oil & Gas	\$55,640
47-5013	Service Unit Operators, Oil & Gas	\$43,960
47-5071	Roustabouts, Oil & Gas	\$29,900
49-9041	Industrial Machinery Mechanics	\$41,810
51-4121	Welders	\$44,750
51-8092	Gas Plant Operators	\$61,950
53-3032	Truck Drivers, Heavy and Tractor-Trailer	\$37,430
53-7071	Gas Compressor and Gas Pumping Station Operators	\$56,980
53-7073	Wellhead Pumpers	\$39,690
* 2014 Annual		