

Testimony of
Frank Thompson
Northern Tier Regional Planning and Development Commission
Northern Tier Workforce Investment Board

Submitted to the
House Labor Relations Committee
Employment and Training Within Marcellus Shale

September 16, 2010

Scranton, PA

My name is Frank Thompson and I thank you for the opportunity today to discuss the dominant topic facing the Northern Tier region, the extraction of gas from the Marcellus Shale, specifically the workforce challenges and opportunities. I work for the Northern Tier Regional Planning and Development Commission and serve as the Director for the Northern Tier Workforce Investment Board (NT WIB).

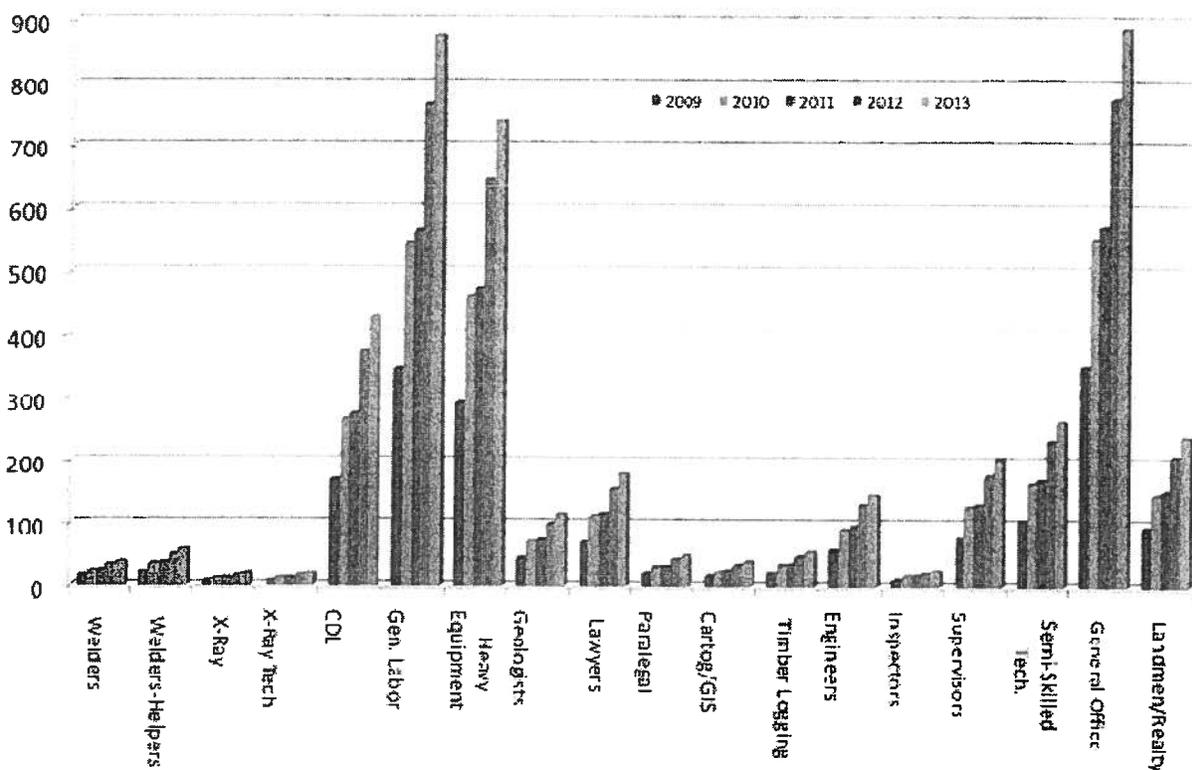
Background

The WIB is responsible for numerous federal and state employment and training programs and serves a five-county, extremely rural, isolated area of roughly 180,000 residents covering 4,000 square miles with a population density of 45 people per square mile (compared to the Commonwealth's 270 people per square mile). Bradford, Sullivan, Susquehanna, Tioga and Wyoming Counties represent 9% of the state's geography, but roughly 1% of the population and is located at the heart of the Marcellus Shale exploration right now.

Oil and gas is a legacy industry, an industry with a culture that is established in many other regions nationwide. While the Northern Tier has a strong history of agriculture and manufacturing, mining is new to our region. Roustabouts, roughnecks, wildcatters are all new terms to our labor force. Several generations have been drilling in other states, establishing a lineage that ingrains career ladders and pay scales into the youth as they grow and choose career paths.

In June 2009, through a Labor and Industry grant and Industry Partnership with the NT WIB, the Central Pennsylvania Workforce Development Corporation (Central WIB), and Penn College, through its Marcellus Shale Education and Training Center, developed a Workforce Needs Assessment (available at www.pct.edu/msetc). This document focuses on direct labor through interviews with employers in the industry and establishes a benchmark of 11.53 jobs per well drilled. There are essentially three areas of employment in the natural gas industry: pre-drilling, drilling and post drilling. The analysis of the information also determines that the direct workforce needed to drill a single well is comprised of 410 individuals with almost 150 different occupations. For our five counties, between 3,200 and 5,400 direct jobs will be created, dependent upon the level of activity and the number of wells drilled. These projections will be low based on the drilling activity to date. In fact, 52% of all Marcellus wells in the Commonwealth have been drilled in the Northern Tier.

Estimated Northern Tier W/B Region Occupational Requirements
2009-2013



Opportunities/Challenges for the Local Area

As many can attest, the oil and gas industry is a complicated industry for those with a background in it. For an area new to the industry, understanding the industry's structure and needs is a daunting task. There are many steps to extracting natural gas and there can be many levels of employers involved. Some companies own or operate many of the subsidiaries extracting the gas, creating a relatively uniform structure from well pad construction to extracting and selling the gas to the marketplace. Other companies subcontract each and every step of the process with potentially more than 50 subcontractors stepping foot on a site over the course of the process. Terminology, job descriptions, skill sets, training requirements and needed experience can vary, so the process for the local workforce to learn is gradual, which is difficult in the constantly moving climate of this industry.

Six years ago, the NT WIB began working with the healthcare industry to promote career awareness. Most youth, and the public in general, thought of healthcare as just doctors and nurses, but those occupations are a small portion of the employment opportunities offered for those in a wide range of physical and academic levels. The same is true for the gas industry, most think of only the actual drillers regarding career opportunities. Nearly one-quarter of projected openings in our region are office workers.

There will be opportunities for those with varying educational backgrounds and physical capabilities, but job opportunities onsite, for people with limited experience, are fewer in the short term. Safety is a priority in any industrial setting. This fact alone inhibits the process of bringing on a new, inexperienced workforce, regardless of training. There are a finite number of drilling rigs operating in the Commonwealth. For example, a drilling company with 10 rigs operating and six people on a shift, in all likelihood, could only have one person with no experience on any one particular team without creating potential safety hazards. A new individual couldn't be added to this crew for a number of weeks or months at a minimum.

Education/Career Exploration

I previously mentioned the gas industry in terms of its culture. One role in which the WIB sees itself playing is in the development of career lattices for school systems, as well as an educational effort for job seekers and the underemployed regarding industry careers. Locals are attracted to the earnings, but are unprepared for the commitment required. These people often don't understand the long term potential for promotions and future earnings, and give up too soon.

The Fit4 Natural Gas class, a newly developed program produced at the local level comes from a Labor and Industry grant and a partnership between Penn College's Marcellus Shale Education and Training Center, the Central Pennsylvania Workforce Development Corporation (the Central WIB) and the Northern Tier WIB. The 160-hour, three-week course is designed for entry-level labor positions and provides certifications in SAFELAND, First-Aid, CPR, Forklift, as well as hands-on heavy equipment basics and gas field basics, safety and terminology. Just as important as the curriculum is the requirement of perfect attendance for any participant, the ten-hour days and the commitment necessary to satisfy the class. The course is completed with an employer networking day where the graduates have a chance to directly interact with the employers. The networking also allows the local PA CareerLink® and WIB a chance to gain credibility and information from the employers. Continued interaction with the employers will allow the program to be tweaked and adjusted to create the best possible opportunities for our citizens and establish the start of qualified workforce labor pool for the on-site workers. We recently were notified that an employer will offer jobs to every individual completing the class. Six classes have been held to date with 88 completers and about a 65% employment rate to date.

A new \$4.9 million federal grant, called ShaleNet, is going to provide funding over the next three years to 18 WIBs across Pennsylvania and parts of Ohio and West Virginia. This opportunity will expand SAFELAND, Fit4 Natural Gas training, as well as create a web-based talent-matching system to match an individual's skill sets with skill required in the industry. WorkKeys, an assessment tool, will have profiles done for six high priority occupations within the industry.

Other programs are being developed, including Penn College's Marcellus Shale Education Training Center which has several new short-term programs geared towards the industry, including welding and off-road CDL licenses. Johnson College has been progressive and started a new welding program and restarted its diesel mechanics program. Lackawanna College has a newly developed Associates Degree program in Natural Gas Technology as well. Both Career and Technology Centers in the region either have begun or are starting secondary and adult programs for employment in the gas industry.

Workforce Needs/Summary

We are training staff to create employment experts in the PA CareerLinks® who know the lingo, the opportunities, the skill and experience requirements and what it takes to work in the jobs related to the gas industry. The local area will continue its Fit4 Natural Gas program, a low-cost effort that will help the local workforce develop, become competitive, and allow many of the out-of-area workers to return when appropriate.

It will take years for the local workforce and training providers to integrate with companies extracting natural gas from the Marcellus Shale. This is an evolutionary and fluid process to say the least. I understand that perception can be reality, and while it's frustrating to see trucks with Oklahoma and Texas plates in our region, I believe that over time the future workforce of the Marcellus Shale will be Pennsylvania and Northern Tier residents and natives.