

Maximizing the Gains of Old and New Energy Development for America's Rural Communities

Shale Energy Development Economic Impact Analysis Fact Sheet Series

1) Ohio Energy Trends

2) Characteristics of a Boomtown

3) Contributing Factors to a Boomtown Bust

4) Developing a Model to Measure Economic Change

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Communities with abundant oil and gas resources are more prone to long-term economic fluctuations experienced by natural resource dependent economies. To address these challenges a multidisciplinary team of OSU faculty received USDA funding for a project titled "Maximizing the Gains of Old and New Energy Development for America's Rural Communities." The central goal of this research project was to assess how energy development affects local job creation and the manner by which communities can reap positive long-term sustainable benefits. What makes this economic model unique is the combination of variables including community size, time frame, energy resource potential, economic sector, geography, historical intensity of energy infrastructure, and a host of other demographic and educational attainment variables.

To share this original research, the project team summarized and organized the results into six chronological fact sheets. The purpose of the Shale Energy Development Economic Impact Analysis Fact Sheet Series is to provide readers with reliable information on how energy development affects a rural community and to provide them with some strategies to assist them in the long term planning process.



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Key Findings from the Economic Impact Model

Impact on non-metro counties

- Positive effects are shown to increase with time, peaking at six years and declining afterwards. Between 2001 and 2013 an average county experienced a 0.1% annual job growth due to the energy sector.
- Construction, transportation and warehousing, wholesale trade, accommodation and food, and real estate are the industries that benefited most in terms of new employment. In contrast, manufacturing and agriculture lost some jobs.
- Comparing the job creation effects of energy shocks to equal-sized shocks in the rest of economy, growth elsewhere in the economy generally had larger net positive spillovers.

Impact on metro counties

- The effects of energy sector expansion on metropolitan employment are less pronounced compared to nonmetropolitan counties.
- After one year, estimates show a crowding out of jobs in other sectors of the economy as the energy sector expands.
- Crowding out causes the manufacturing sector to decline as a result of energy sector expansion.
- Employment in transportation and warehousing sectors increase after one year.

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