



A partnership among, Keystone College, King's College, Luzerne County Community College, Marywood University, Misericordia University, Penn State Wilkes-Barre, The Commonwealth Medical College, University of Scranton, & Wilkes University

Release: Immediate
Date: September 13, 2010
Contact: Teri Ooms
The Institute for Public Policy & Economic Development
570.408.9850
ooms@institutepa.org

**Baseline Socioeconomic Analysis
for the Marcellus Shale Development in Pennsylvania**

The Institute for Public Policy & Economic Development in conjunction with the Department of Agricultural Economics and Rural Sociology, College of Agricultural Sciences at The Pennsylvania State University recently released a study titled *Baseline Socioeconomic Analysis for the Marcellus Shale Development in Pennsylvania*. The project was funded by the Appalachian Regional Commission.

Components of this study included a mail survey of residents living in the Marcellus Region and interviews with key informants. A sample of 1917 households within selected Appalachian counties in the Marcellus Shale region in Pennsylvania was carried out to ascertain current views of residents concerning gas industry development in their areas and to obtain information about their perceptions of their communities.

Interviews of elected and appointed leaders, representatives of human service and educational agencies, and civic organizations were conducted in five Pennsylvania counties (Lackawanna, Luzerne, Westmoreland, Greene, and Susquehanna) and areas in other shale rich states (Texas and Arkansas) to ascertain their perceptions of current and future economic, social, and environmental impacts associated with large scale natural gas development.

Some of the findings of the report detailed the vast economic development in shale counties in Texas and Arkansas that include business and new job creation, and a relatively small impact from the recession that occurred in other areas of the nation due to shale mining.

Surveys from Pennsylvanians detail how little the population knows about shale, and how the majority of those surveyed rely on the media for their information. Many of the subjects did not believe that developing the natural gas industry would impact materially on most community services and on the overall quality of life. Other responses detailed that there was general support for natural gas extraction as a means of decreasing the nation's reliance on foreign energy resources, and a majority felt that any negative impacts from the drilling can be prevented.

Participants from all four study counties described economic growth, especially in the food service, hospitality, and retail industries (hotels/motels, restaurants, bars, convenience stores, etc.). The two more densely populated counties, Westmoreland and Lackawanna, indicated that they are becoming regional 'hubs' for the natural gas industry. Because of their physical infrastructure (warehouses, office space, transportation corridors), gas companies and their subcontractors are locating their offices and equipment in these central locations where they can easily access well sites and pipelines.

Nearly all study participants expressed support for some form of taxation (a severance and/or property tax) on the natural gas industry that would provide revenue for communities affected by development. This was seen not only as remuneration for expenses directly attributable to the industry, but also as an opportunity to improve the community, its infrastructure, and what it has to offer its residents.

The most significant social concern expressed among study participants was the fear that development of the Marcellus Shale would create or exacerbate inequalities among local residents. This can occur directly (i.e., those with leases and royalty income versus those without) and indirectly by making life harder for those already disadvantaged. This was most often conveyed in terms of housing problems, but was also described in terms of increased cost of living and limited access to services.

Roads and traffic issues top the list of concerns about physical infrastructure in all four counties. Managing growth was a concern because of the potential costs to municipalities to extend water and sewer lines. The cost and availability of housing is a significant concern in the rural counties.

Study participants expressed concern about the impacts on the landscape, and relatedly, their desire to live in the area. For many, the rural nature of these areas is the reason they live where they do; they feared that development of the Marcellus would permanently degrade the amenities and quality of life they've come to appreciate.

For more details on the methodology of the research and the results of the survey and interview processes go to The Institute's website at www.institutepa.org where the complete study may be found.