Overview

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  - Broad challenges and approaches in resource based economies

**Scott Miller**, Director, Consortium for Energy, Economics, and the Environment (CE3), Ohio University’s Voinovich School of Leadership and Public Affairs
  - Landscape of shale gas development in Ohio

**Dale Arnold**, Director, Energy, Utilities, and Local Government Policy, Ohio Farm Bureau Federation
  - Lessons from Ohio on community level approaches to managing shale gas development

Questions??
Historical Challenges of Resource Economies

• Historically, resource dependent economies have underinvested in human capital and lacked diversification of other non-resource dependent industries.

• Long-term, this leads to lower economic growth and less economic development in natural resource dependent places.

• Dutch Disease or the Resource Curse is often used to describe this paradox
Coal and Shale: Divergent Paths

- Coal dependent communities in Appalachia face increased economic competition and continued job loss due to a variety of factors, including the shale gas boom from hydraulic fracturing, retirement of coal-fired power plants, low cost coal alternatives in other regions of the United States, and environmental regulations.

  - Shale gas drilling represents a unique opportunity.
    - Economic success is not guaranteed
    - Fiscal challenges and opportunities exist
    - Preparation for negative economic impacts can help economies maximize benefits
Negative Impacts

- Over-population
- Majority of jobs go to in-migrants
- Crime and traffic issues increase
- Infrastructure is strained
- Revenue delays

- Local officials left out of planning
- Bust leaves economy vulnerable
- Stigma
- Dutch Disease
- Resource curse
Manage Rapid Population Growth

- In-migrants arrive
  - Full hotels
  - Average rent rises
  - Homelessness
  - Long commutes
- Plan for the bust
  - Avoid overbuilding
Manage Rapid Population Growth

- Man-camps
  - Associated with:
    - Higher crime rates
    - Strained infrastructure
    - Stigma
  - Manage the man camps
    - Regulations
    - Building permits
Be Present in the Planning

• Have city representatives present when deciding:
  • When and where well pads are placed
    • Protects tourism and agricultural industries
  • Which routes industry trucks use
    • Reduces noise pollution and manages traffic
  • Careful preparations are essential
    • Decrease stigma associated with fracking
    • Protect the area’s brand
Other Strategies

- First Source Hiring Practices
- Impact Fees
- Severance Taxes
- Developer Finance Infrastructure or Trust Funds
- Capture value-added production associated with the resource extraction.
Prepare for the Bust

- Support other industries to prevent resource curse/Dutch disease
- Avoid over-building
- Create fund for future needs
- Identify skills of resource based workforce and how those skills translate to emerging occupations. What are the training gaps?
References

References, cont.


