

## WHO TAKES THE JOBS?

As employment opportunities become available through the development of frac sand mines a natural question to ask is “who will take the jobs?” Research on this basic question suggests that the people who take these jobs come from: (1) changes in commuting patterns, (2) changes in the unemployment rate, (3) changes in the labor force participation rate, and (4) people moving



(migrating) into the region. The question is what might we expect in western Wisconsin. Unfortunately, there is no definitive answer to this question as the number of factors that influences the answer varies significantly across communities. There is, however, an extensive research base that we can draw upon to gain some insights.

For example, Eberts and Stone (1992) find that more local people entering the labor force to be the primary response to increased jobs. In a series of studies Bartik (1991, 2001) finds that strong job growth benefits workers with the fewest skills and lower education levels because tight labor markets force businesses to hire them. Blanchard and Katz (1992), however, find that over a longer period of time, people migrate into the area displacing some local residents.

In a series of studies focusing on rural areas a network of rural economists (Community Policy Analysis Network) found strong evidence that the largest response to growth in jobs is changes in commuting patterns (Johnson, Otto and Deller 2006). For example, Renkow (2003, 2006) finds for North Carolina counties that the primary labor supply response for metropolitan counties is an increase in in-commuting and for rural counties there is a reduction in out-commuting. The implication for western Wisconsin is that rather than jobs being taken from local unemployed or people who have left the job market jobs are taken by local residents who had been commuting out of the area for employment.

In a recent study Partridge, Rickman and Li (2009) of U.S. counties found that changes in commuting patterns dominated the four potential labor supply responses. But they are keen to note that this pattern varies across core cities, suburban and rural counties. Specifically, the more rural the county, such as many counties in western Wisconsin, the commuting response was reduced. For these more rural counties the smaller commuting response was matched by larger increases in labor force participation rates and lower unemployment rates.

The available research also suggests that the nature of the jobs that are being created plays an important role in answering the question “who will take the jobs”. For example, what are the skills, education levels, and work experiences required of the new jobs being created? For mining operations we know that many of the jobs are related to trucking, heavy equipment operations, and manual labor along with some management and engineering positions. This suggests that the need to “import” specialized workers is minimal and the ability of local workers to take the jobs is enhanced.

One of the complicating factors in answering the question addressed here hinges on what we mean by the “local” economy. Do we mean the town that the sand mine is operating, the county, or western Wisconsin? If we mean the town, then clearly many of the jobs will be taken by in-commuters. If we are thinking in terms of western Wisconsin, then changing in commuting becomes less relevant.



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The scale of the sand mining operation can also influence the nature of “who takes the jobs”. A number of studies examining the impact of large manufacturing plants and other large developments (e.g., Native American gaming venues) in rural areas suggest that there is a large influx of workers looking for employment opportunities. In the short-term these communities experienced increases in crime (e.g., minor larceny such as bad checks, domestic calls, and alcohol related incidents). But over time these short-term adjustment difficulties subsided. Many of the jobs taken were by in-migrants with local residents taking jobs from spin-off opportunities (e.g., new restaurants and retail stores, etc.). When the Crandon Mine was being proposed in Forest County, Wisconsin, there was significant concern that many of the jobs at the mine would be taken from in-migrants from the Upper Peninsula; specifically unemployed workers who had mining experience.

Given the scale of operation of many of the proposed frac sand mines coupled with the available research we are in a position to hazard an answer to the basic question: “who will take the jobs?” The available research suggests that in the short-term many jobs will be taken by local residents who were previously not working (not in the labor force), unemployed or underemployed (working at jobs below their skill or experience levels) or are currently commuting out of the community for work. As time moves on there is a shift to people moving into the community seeking jobs as well as an increase in the number of in-commuters. Many of the short-term economic gains by local residents may be displaced in the long-term.

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When considering the development of a sand mine there are several issues that the community should consider. These range from the potential economic benefits associated with employment opportunities to the compatibility of open pit mines with tourism and environmental concerns. When considering these issues it is important that local elected decision-makers and concerned citizens have access to the best information available. This series of factsheets is aimed at providing some insights into a range of issues surrounding the development of frac sand mines.