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FISCAL IMPACT REPORT

ORIGINAL DATE 3/8/19

SPONSOR HCEDC LAST UPDATED _____ HB 610/HCEDCS

SHORT TITLE Programs For Women In Oil & Gas Industry SB _____

ANALYST Klundt

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY19	FY20	FY21	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		See Fiscal Impact	See Fiscal Impact		Recurring	General

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Workforce Solutions Department (WSD)

Energy, Minerals and Natural Resources Department (EMNRD)

SUMMARY

House Bill 610 (HB610) establishes programs that (1) promote opportunities for women to develop their skills, continue their education, or be retrained for careers in the oil and gas industry; (2) connect women with business development resources to grow or establish oil and gas industry-related businesses, including business of landman, trucking, or plant operations; and (3) engage with businesses in the oil and gas industry to create apprenticeship programs to train and provide work experience to women interested in careers in the industry. HB610 also requires the Workforce Solutions Department (WSD) to collect statistical data on the number of women employed in the oil and gas industry in New Mexico (broken down by occupation) and publish a summary of the data on its website annually by November 1 to the interim legislative committee that studies labor and employment.

FISCAL IMPLICATIONS

To comply with HB610, The Energy, Minerals and Natural Resources Department (EMNRD) reported the department would require additional staff and funding, especially as the Oil Conservation Division (OCD), currently understaffed and underfunded during an unprecedented oil and gas boom within New Mexico. However, the agency did not provide an estimate. The average cost per FTE in FY19 at EMNRD is \$75.8 thousand.

SIGNIFICANT ISSUES

WSD is the primary agency responsible for administering the funds issued by the U. S. Department of Labor (USDOL) for employment services, job training, and support services to help New Mexicans with significant barriers to employment, including women. WSD receives approximately \$25 million from the USDOL distributed to the four local workforce development boards (LWDBs) to fund subsidized training activities for adults, dislocated workers, and youth using individual training accounts (ITA) as part of the Workforce Innovation and Opportunity Act (WIOA). Participants, including both women and men, interested in the oil and gas industry, can choose from programs registered in the statewide eligible training provider list (ETPL).

Currently, 21 One-stop Workforce Connections Centers operate statewide. Employment services staff work cooperatively and collaboratively with LWDBs to provide universal access to an integrated array of services to workers, jobseekers, and employers, such as entry, review, and maintenance of job-listings, assessment and testing of applicants, job search assistance, reemployment services to unemployed insurance claimants, labor market information, evaluation and assessment of skills, and abilities, and referral to training and support services.

For the purpose of this analysis it is assumed the “oil and gas” industry comprises the following industries: oil and gas extraction (NAICS 2111); support activities for oil and gas operations (NAICS 2131112); drilling oil and gas wells (NAICS 213111); and industrial machinery merchant wholesalers (NAICS 423830). The number of establishments in these industries in New Mexico as of 2017 was approximately 1,225, employing an annual average of 18,560 workers.

According to the 2013-2017 American Community Survey 5-Year Estimates (table S2403), the number of women working in the mining, quarrying, and oil and gas extraction industry (NAICS 21) was about 2,400 or 11.6 percent of all workers employed in this industry.¹

Using the Census Bureau’s EEO Tabulation for 2006 – 10 (table EEO-ALL01R), 35 workers, or 2.6 percent of all workers in the occupation of “derrick, rotary drill, and service unit operators, and roustabouts, oil, gas, and mining” (SOC 47-5010) were female. (Please note that this is the most recent data available.)

Using data from the Occupational Employment Statistics (OES) Survey, the oil and gas extraction (NAICS 2111) and the support activities for mining (NAICS 2131) employs a number of occupations. Below is a list of select occupations that work in these industries, along with their average wage, and average employment for 2017.²

¹ The percentage of women employed in the “oil and gas” industry defined above is not available.

² Please note that occupations with suppressed data are not shown in the table. Additionally, the “support activities for mining” industry includes industries other than “oil and gas.”

List of Select Occupations Employed in the Oil and Gas Extraction (NAICS 2111) and the Support Activities for Mining (NAICS 2131)			
Occupation	SOC	Average Annual Wage, 2017	Average Annual Employment, 2017
Automotive Service Technicians and Mechanics	49-3023	\$42,410	40
Bus and Truck Mechanics and Diesel Engine Specialists	49-3031	\$38,620	80
Construction Laborers	47-2061	\$28,860	510
Construction Managers	11-9021	\$104,050	40
Control and Valve Installers and Repairers, Except Mechanical Door	49-9012	\$71,140	200
Derrick Operators, Oil and Gas	47-5011	\$46,860	1,080
Electricians	47-2111	\$66,450	220
First-Line Supervisors of Production and Operating Workers	51-1011	\$75,740	40
Gas Plant Operators	51-8092	\$78,010	50
Geological and Petroleum Technicians	19-4041	\$44,500	70
Heavy and Tractor-Trailer Truck Drivers	53-3032	\$45,520	490
Industrial Machinery Mechanics	49-9041	NA	440
Occupational Health and Safety Specialists	29-9011	\$53,810	70
Operating Engineers and Other Construction Equipment Operators	47-2073	\$40,740	180
Petroleum Engineers	17-2171	NA	250
Petroleum Pump System Operators, Refinery Operators, and Gaugers	51-8093	\$62,800	490
Real Estate Sales Agents (includes the occupation of "Landman")	41-9022	\$84,120	80
Rotary Drill Operators, Oil and Gas	47-5012	\$50,870	390
Roustabouts, Oil and Gas	47-5071	\$35,740	2,360
Service Unit Operators, Oil, Gas, and Mining	47-5013	NA	1,540
Welders, Cutters, Solderers, and Brazers	51-4121	\$60,490	250
Wellhead Pumpers	53-7073	\$67,810	

The Oil Conservation Division (OCD) of EMNRD regulates the oil and gas industry through the New Mexico Oil and Gas Act. The act’s purpose is to prevent waste, protect correlative rights, and protect human health and the environment. OCD administers the regulatory requirements of the act but is not involved with education, training, recruitment or business development within the oil and gas industry.

OCD could promote the training and hiring of women both at OCD and within the oil and gas industry if provided with additional funding and staffing. OCD has identified several possible programs to promote hiring of women into the oil and gas industry: collaborations with UNM, NMSU, and NM Tech for education and recruiting; utilizing OCD district staff to offer mentorships to local high school students interested in industry careers; a summer intern program with the OCD; hands-on courses with the OCD, in the field and in the office; certificate programs through New Mexico Tech; and participation in STEM programs in local high schools and colleges.

ADMINISTRATIVE IMPLICATIONS

Currently, WSD does not collect statistical data on the number of women employed in the oil and gas industry. If WSD were to collect statistical data on the number of women employed in the oil and gas industry, a survey form would need to be created and distributed to employers. Data would need to be tallied and compiled in order to distribute to the interim legislative committee. Follow-up with the employers would be needed if either the employers do not respond to the survey or there were questions regarding their response.

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