

**STUDY TITLE:** Deepwater Program: Assessing and Monitoring Industry Labor Needs

**REPORT TITLE:** Labor Needs Survey, Volume I: Technical Report and Volume II: Survey Instruments

**CONTRACT NUMBER:** 1435-98-CT-30898

**SPONSORING OCS REGION:** Gulf of Mexico

**APPLICABLE PLANNING AREAS:** Gulfwide

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**BACKGROUND:** The National Research Council, in a series of evaluations of the Minerals Management Service's (MMS) programs, has pointed out that while the MMS is responsible for the activities on the federal Outer Continental Shelf it does not have a standard statistical series that differentiates between activities on the onshore, the state offshore, and the federal offshore. While the Census on Minerals does collect data on the near and the deep offshore this is not published due to confidentiality problems, particularly in the deep water.

This lack of data is a particular problem for the MMS as the agency is responsible for monitoring the impacts of offshore activities under the National Environmental Policy Act and the Outer Continental Shelf Lands Act.

**OBJECTIVES:** The goal of this study was to develop a statistically sound and standardized survey methodology for gathering expenditure and employment data on OCS-related activities.

**DESCRIPTION:** This report presents the results of an effort to develop a methodological approach for surveying the firms that are directly or indirectly engaged in the extraction of hydrocarbons from the federal offshore in the GOM, and then, to analyze any data obtained from the various waves of this survey. The primary objective of this project was to develop a standardized and repeatable survey process, which the MMS could execute periodically to obtain the data it needs to support its research requirements. Part of this study was also to identify specific problems that might create

barriers to gathering the data. A secondary objective was to gather as much valid data as possible in the course of developing the survey methodology.

**SIGNIFICANT CONCLUSIONS:** Looking forward the Survey Team has come to some conclusions about the future approach that the MMS should take.

- The first option is to ask for less detail, to breakout individual questions, and to send different questions to different firms to achieve a higher response rate. If this is not possible another option is to prioritize the questions.
- The second option is to request the same level of detail as in the current survey but with regulatory authority. The Survey Team would like to point out that a number of Federal agencies, faced with the same dilemma and low response rate, are requesting regulatory authority for their surveys.
- The third option, if the MMS chooses not to request a regulatory route, would be to conduct negotiations with the operators to identify trade-offs that could be given in exchange for the requirement to complete the survey every 5 years.

In evaluating the survey the Survey Team concluded that the low response rate was exacerbated by the burden level of the survey. Given the nature of the data requested, the MMS should consider coordinating their survey with the 5-year Census of Manufacturers as this might reduce burden levels.

**STUDY RESULTS:** The primary goal of this project was to establish a methodology and create survey instruments that the MMS could use in the future. The secondary goal was to gather data in a small sample survey, given the constraints on resources available.

The primary goal was achieved. A robust methodology, critiqued by both industry and academia, was developed as were survey instruments and the delineation of the sample universe for the various industrial sectors. The level of detail in the survey was based, in large part, on the input requirements of the MMS economic impact models.

However, the Survey Team determined that certain requirements made by the MMS modelers should be rethought. This determination centers in large part on company expenditure data and the categorization of the data. Industry reacted negatively to the level of expenditure data requested. This reaction was based on burden level rather than any opposition to participating in the survey.

The secondary goal was only met in part. Data was received and, based on this data a picture of the industry can be drawn. However, given the small sample size and the low response rate, the data are presumed biased. A picture has emerged of the industry but this picture is not reliable.

The operator data response did not allow the categorization of expenditure data by water depth or by type of activity. Since companies were asked for proprietary data, the research team was bound by the rules requiring an aggregation of at least 3 firms in every category in order to protect confidentiality. This meant that a breakdown of expenditures by NAICS category and by region could be provided for two of the industry sectors, importantly including the operators.

The employee data are more extensive, although again the survey size is small. The picture that emerges from the survey of the employees shows an industry where the employees are largely Caucasian males, married, mostly with a college education level, and relatively well paid. The majority of employees live in the GOM region with a small percentage commuting from other regions.

The main complaint that the Survey Team received was that the survey instruments were too detailed. Tied to this complaint was another, namely that the burden rate was too high. This came particularly from the smaller companies, but even from some of the larger companies.

The Survey Team concluded that one of the main reasons that operators were not willing to identify their contractors was an unwillingness to impose this burden on them.

On a practical note, a hard-copy form of the survey instruments were mailed to the selected recipients. The companies were given the option of downloading the survey instruments from a web site and responding electronically. In the future, the Survey Team would recommend the MMS investigate the anecdotal perception that response rates appear to be higher when a survey is conducted using a secure, interactive web site, or by automated telephone in the case of the employee surveys.

**STUDY PRODUCTS:** ICF Resources Incorporated. 2008. Labor needs survey. Volume I: Technical report. U.S. Dept. of the Interior, Minerals Management Service, Gulf of Mexico OCS Region, New Orleans, LA. OCS Study MMS 2008-051. 79 pp.

ICF Resources Incorporated. 2008. Labor needs survey. Volume II: Survey instruments. U.S. Dept. of the Interior, Minerals Management Service, Gulf of Mexico OCS Region, New Orleans, LA. OCS Study MMS 2008-052. 124 pp.