



Opinion Poll

Extreme Weather Puts Economic Chill on Michigan Small Businesses

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Small Business Majority

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Executive Summary

Extreme weather events have been front-page news lately, especially with the U.S. experiencing record storms across much of the country and devastating droughts in the West. Unfortunately, this is nothing new. The years 2011 and 2012 were the most extreme years on record for destructive weather events and caused more than \$170 billion in damages, much of that to businesses.¹

Research shows small businesses are especially susceptible to financial ruin after an extreme weather event. An estimated 25% of small to mid-sized businesses do not reopen following a major disaster,² and about 30% of all small businesses affected by Hurricane Sandy failed as a direct result of the storm.³ It's not surprising then that polling conducted by Public Policy Polling for Small Business Majority found that nearly 1 in 5 Michigan small business owners had to lay off workers after they were negatively impacted by an extreme weather event.

Nearly half (43%) of the Michigan small business owners polled reported they have seen examples of extreme weather financially impacting their own business or that of someone they know. In fact, a vast 75% of those respondents replied that it was their own business that was affected. What's more, a staggering 92% percent of small employers impacted by extreme weather said they experienced a significant financial impact to their business, and more than four in 10 reported experiencing damages of between \$5,000 and \$25,000.

In addition to experiencing loss through financial damages, a majority of small business owners say they've been forced to close their business or suspend operations due to an extreme weather event. Forty-four percent of respondents report they've had to close their business for up to a week after a storm, and some owners have had to close for as long as 14 to 30 days. Perhaps due to the loss in revenue from these closures, as mentioned earlier, nearly 1 in 5 Michigan small employers report they've had to let workers go as a result of an extreme weather event.

Clearly, Michigan entrepreneurs know how devastating climate change and extreme weather events can be to their businesses, and they support clean energy policies and expanded use of renewable energy sources aimed at lessening the impacts of climate change and that benefit their bottom lines. A 57% majority agree with Gov. Snyder's recent remarks about the need for a clean energy policy in Michigan that would help eliminate energy waste and replace coal with renewable energy sources to meet the state's energy needs. Fifty-nine percent of small employers agree the expanded use of renewable energy sources such as solar and wind power can have economic benefits for small business owners by creating new business opportunities for entrepreneurs. What's more, 50% believe implementation of clean energy policies such as the Clean Air Act can help small businesses improve their bottom lines by spurring technological innovation to meet clean air standards, creating new industries and stimulating demand for services. More than half (52%) support the Environmental Protection Agency regulating carbon emissions that contribute to climate change from existing power plants.

Small employers also support federal legislation that would promote energy conservation and cut waste, and 53% agree there should be a federal insurance program to help small businesses recover from extreme weather and climate-related events. Fifty-five percent of small business owners support proposed legislation that would strengthen energy efficiency requirements in housing and commercial building codes, incentivize industrial energy efficiency using rebates for certain equipment, encourage energy-efficient supply chains, increase conservation efforts at federal agencies and provide energy efficiency training for workers.

While climate change and extreme weather events have sparked partisan debate, it's important to note that Michigan small business owners don't see this issue through an ideological lens. The political breakdown of the poll was varied, with 38% identifying as Republican, 20% as Democrat and 41% as independent.

¹ State of the Climate in 2012," NOAA, August 2013; <http://www.ncdc.noaa.gov/bams-state-of-the-climate/2012.php>

² The Institute for Business & Home Safety (IBHS), 2005. "Open for Business: A Disaster Planning Toolkit For the Small to Mid-Sized Business Owner."

³ Crespin, Richard. "Sandy's Big Price for Small Businesses." Forbes. 23 January 2013. <http://www.forbes.com/sites/csr/2013/01/23/sandys-big-price-for-small-businesses/>

Main Findings

- **Small business owners have laid off employees as a result of extreme weather events:** Due to the devastating financial impacts of extreme weather on their businesses, nearly 1 in 5 employers (17%) have had to lay off employees. What's more, 44% of respondents report they've had to close their business for up to a week after a storm, and some owners say they've had to close for as long as 14 to 30 days.
- **Nearly half of Michigan small employers have been personally affected by extreme weather events:** More than four in 10 (43%) Michigan small business owners report they have personally seen examples of extreme weather financially impacting their own business or those around them. When asked whether it was their own or a nearby business impacted by extreme weather events, a vast 75% say that it was their own business that was affected.
- **Small business owners say they have seen a significant financial impact to their business as a result of extreme weather:** A staggering 92% of small business owners say the financial impact to their business was significant, and more than four in 10 report damages between \$5,000 and \$25,000.
- **Small business owners believe climate change that causes extreme weather hurts small businesses, and favor stronger standards aimed at curbing emissions from existing power plants that cause climate change:** 57% of small employers agree climate change and extreme weather events like Hurricane Sandy are an urgent problem that can disrupt the economy and harm small businesses. What's more, more than half (52%) support the Environmental Protection Agency regulating industrial carbon emissions from existing power plants that contribute to climate change.
- **Small business owners agree with Gov. Rick Snyder that Michigan needs a strong clean energy policy:** 57% of small employers agree with Gov. Snyder, who recently said that Michigan needs a clean energy policy in that would help eliminate energy waste and replace coal with renewable energy sources to meet the state's energy needs. Twenty-eight percent say they *strongly support* the governor's push for renewable energy sources.
- **Small employers support legislation that would promote energy conservation, cut waste and help them recover from extreme weather events:** 53% agree there should be a federal insurance program to help small businesses recover from extreme weather and climate-related events, and 55% of small business owners support legislation that would strengthen energy efficiency requirements in housing and commercial building codes, incentivize industrial energy efficiency using rebates for certain equipment, encourage energy-efficient supply chains, increase conservation efforts at federal agencies and provide energy efficiency training for workers.
- **Small business owners support the expanded use of renewable energy sources that provide economic benefits for entrepreneurs, and believe policies like the Clean Air Act help spur innovation and create economic growth:** A majority of small business owners (59%) agree the expanded use of renewable energy sources such as solar and wind power can have economic benefits for small business owners by creating new business opportunities for entrepreneurs. What's more, 50% believe implementation of clean air policies such as the Clean Air Act can create economic benefits for small employers by spurring technological innovation to meet clean air standards, creating new industries and stimulating demand for services.
- **Respondents were politically diverse:** 38% identified as Republican, 20% as Democrat and 41% as independent or other.

Michigan Entrepreneurs Have Been Significantly Impacted by Extreme Weather; Had to Lay Off Employees Because of it

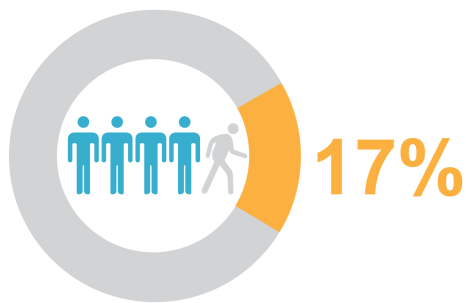
Small business owners in Michigan have been significantly impacted by extreme weather events—so much so that nearly 1 in 5 (17%) said they’ve had to lay off employees because of it.

It’s no surprise then that nearly half (43%) of Michigan small business owners report that either their own business or those surrounding them have suffered financial impacts as a result of extreme weather events. Of those who said that they’ve seen examples of extreme weather affecting small businesses, a vast 75% say that it was their own business that was impacted.

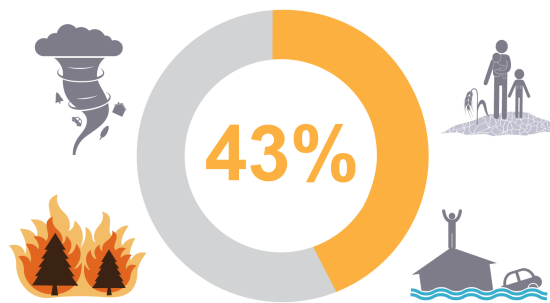
These layoffs may stem from the fact that a majority of small business owners report they’ve had to close their business for a period of time after an extreme weather event. In fact, 44% say they’ve had to close or suspend operations for up to a week, and some small business owners report having to close their business for as long as 14 to 30 days. What’s more, a vast 92% of small business owners who were impacted by an extreme weather event say the financial impact to their business was significant, and more than four in 10 report they have suffered damages between \$5,000 and \$25,000.

Figure 1: Michigan small businesses suffered economic hardships due to extreme weather

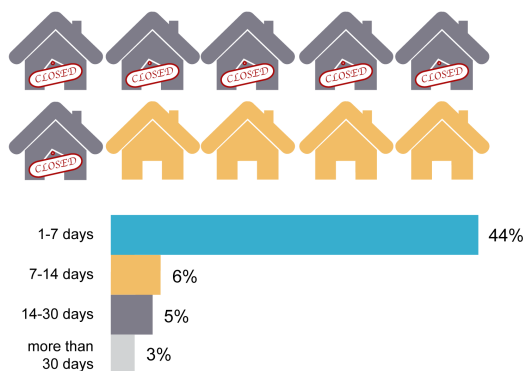
Nearly 1 in 5 Michigan small business owners have laid off employees due to extreme weather events



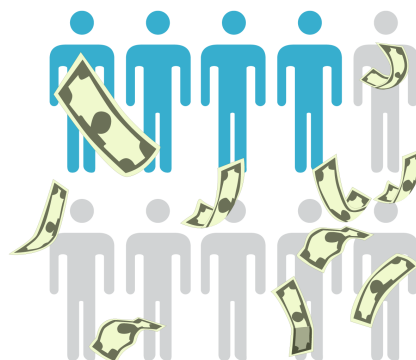
Nearly half of Michigan small business owners have seen an impact to their small business or one around them because of extreme weather



Majority of small business owners are forced to close or suspend operations as a result of extreme weather events



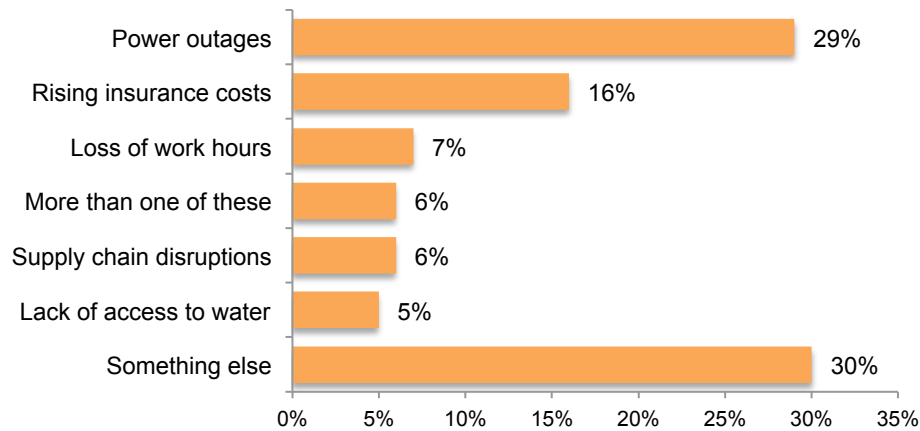
More than 4 in 10 Michigan small businesses impacted by extreme weather suffered \$5,000 to \$25,000 in damages



Small business owners also suffered from numerous indirect impacts from extreme weather events, including power outages (29%), rising insurance costs (16%), loss of work hours (7%) and more.

Figure 2: Small business owners have suffered a number of indirect impacts due to extreme weather events

Have you experienced any indirect impacts to your business from extreme weather events such as power outages, lack of access to water, rising insurance costs, supply chain disruptions, loss of work hours, more than one of these or something else?

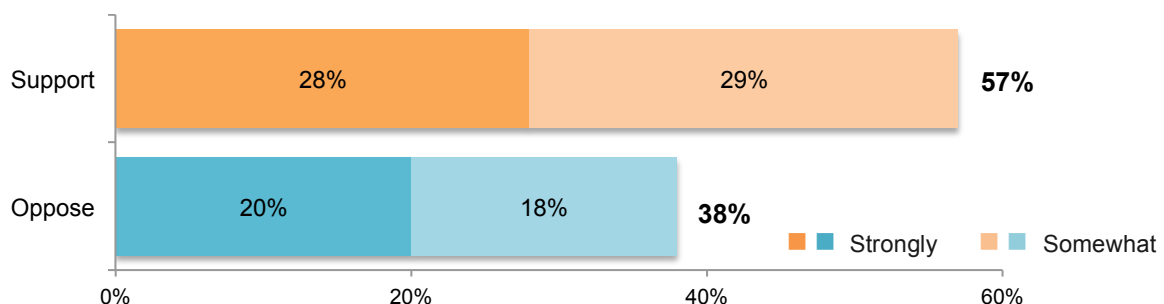


Michigan Entrepreneurs Support State and Federal Clean Energy Standards

Michigan small business owners showed particularly strong support for state and federal clean energy policies that seek to spur innovation and reduce energy waste. In fact, 57% of respondents say they agree with Gov. Snyder’s recent remarks about the need for a clean energy policy in Michigan that would help eliminate energy waste and replace coal with renewable energy sources to meet the state’s energy needs. Twenty-eight percent say they *strongly support* a strong clean energy policy for the state.

Figure 3: Michigan entrepreneurs support a strong clean energy policy for the state that would help eliminate energy waste and replace coal with renewable energy sources

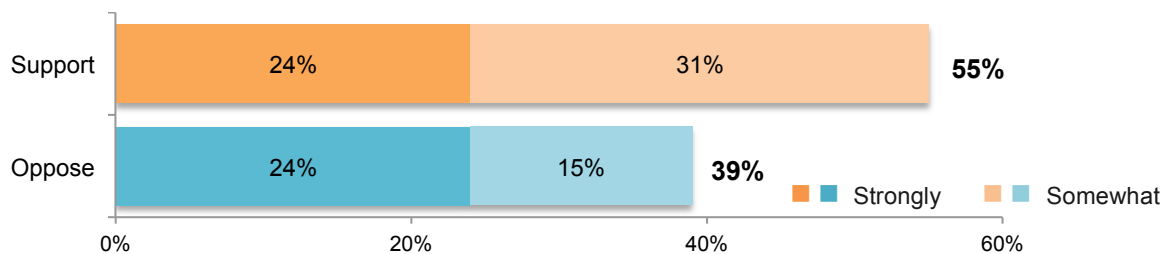
Governor Rick Snyder of Michigan recently spoke about clean energy, saying Michigan needs an energy policy with an emphasis on eliminating energy waste and replacing coal with renewable energy sources to meet the state’s needs. Do you strongly support, somewhat support, somewhat oppose, or strongly oppose the governor’s push for renewable energy sources?



What's more, 53% agree there should be a federal insurance program to help small businesses recover from extreme weather and climate-related events and 55% support federal legislation that would promote energy conservation and cut energy waste by strengthening energy efficiency requirements in housing and commercial building codes, incentivizing industrial energy efficiency, encouraging energy efficient supply chains and providing energy efficiency training for workers. Nearly a quarter (24%) of respondents say they *strongly support* this legislation.

■ **Figure 4: Small employers support federal legislation that would promote energy conservation and reduce energy waste**

Congress has an opportunity to pass a bill that promotes energy conservation and cuts energy waste. Among other things, the legislation would strengthen energy efficiency requirements in housing and commercial building codes, incentivize industrial energy efficiency using rebates for certain equipment, encourage energy efficiency supply chains, increase conservation efforts at federal agencies, and provide energy efficiency training for engineers, architects, and building construction workers. Do you strongly support, somewhat support, somewhat oppose, or strongly oppose this bill?

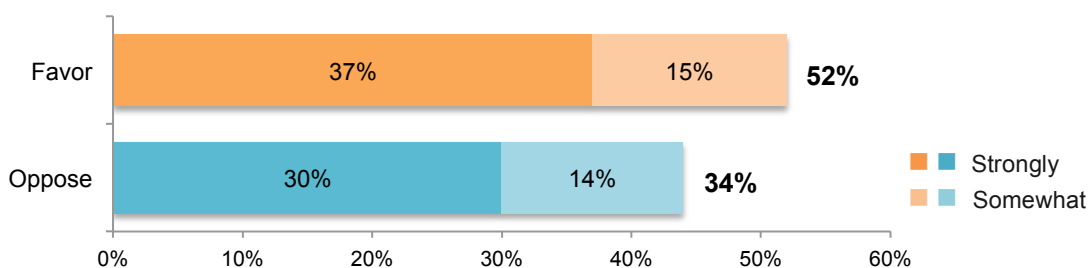


Small Employers Support Clean Energy Policies, Use of Renewable Energy Sources

Michigan small business owners see the link between climate change and extreme weather events, and they support strong clean energy standards that help curb the damaging effects of climate change. As a result, poll results revealed strong support for clean energy policies that help small businesses become more energy efficient and reduce energy waste, improving their bottom lines. In fact, Michigan small business owners showed strong support for regulating carbon emissions from existing power plants. Fifty-two percent favor the Environmental Protection Agency regulating industrial carbon emissions from existing power plants that contribute to climate change, and 37% say they *strongly favor* this regulation.

■ **Figure 5: Michigan small business owners support the EPA regulating carbon emissions from existing power plants**

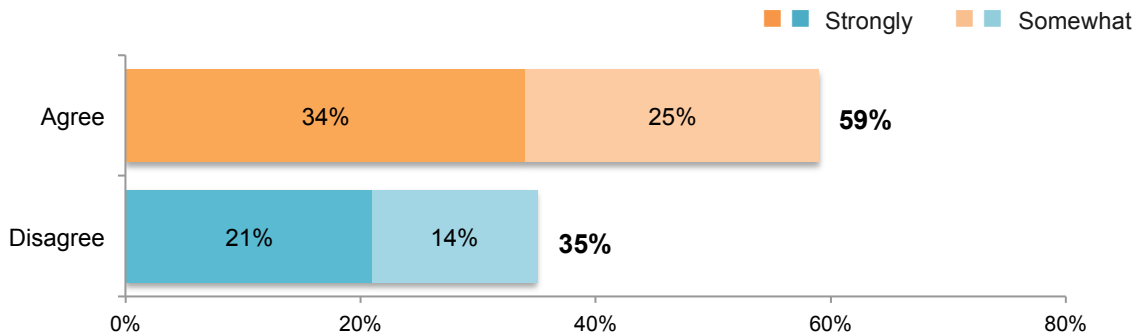
Under the authority of the Clean Air Act, the EPA may start to regulate industrial carbon emissions that contribute to climate change and put limits on how much existing power plants, refineries, and other major industries pollute. Generally speaking, do you favor or oppose the EPA's role in regulating carbon emissions from existing power plants?



What's more, 59% agree the expanded use of renewable energy sources such as solar and wind power can have economic benefits for small business owners by creating new business opportunities, and more than one-third (34%) *strongly agree* this is beneficial for small business. Half of Michigan small business owners (50%) agree the implementation of clean air policies such as the Clean Air Act can create economic benefits for small businesses by spurring technological innovation to meet clean air standards, creating new industries and stimulating demand for services.

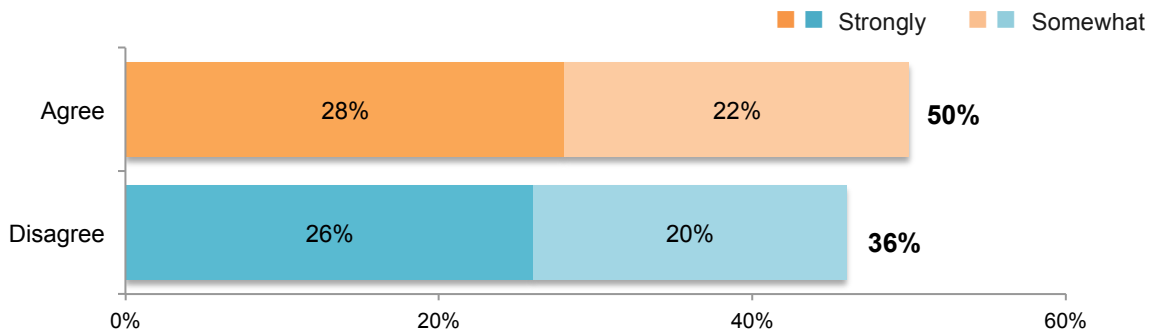
■ **Figure 6: *Entrepreneurs believe renewable energy sources have economic benefits for small business owners***

Do you agree or disagree with the following statement? "The expanded use of renewable energy sources such as solar and wind power can have economic benefits for small business owners by creating new business opportunities for entrepreneurs."



■ **Figure 7: *Small business owners agree clean air policies can create economic benefits for small businesses***

Do you agree or disagree with the following statement? "The implementation of clean air policies such as the Clean Air Act can create economic benefits for small businesses by spurring technological innovation to meet clean air standards, creating new industries and stimulating demand for services to help with regulatory compliance."



Conclusion

Climate change and the devastating effects of extreme weather events are a real problem facing small business owners across the state. Too many Michigan entrepreneurs have been significantly impacted by extreme weather, including damage to their business, closures, loss in income and job loss. This doesn't just impact small business owners. When workers are laid off as a result of extreme weather events, everyone suffers.

Small business owners believe climate change and the extreme weather events it creates are an urgent problem impacting employers and the economy, and because of this support standards aimed at curbing the effects of climate change. Michigan entrepreneurs support a state policy that would help eliminate energy waste and replace coal with renewable energy sources to meet the state's energy needs. Small business owners support policies like these because they will help control the effects of climate change and extreme weather events that hurt small businesses and bolster Michigan's economy. As the state's biggest job creators, Michigan's leaders should listen to small employers and move forward with strong clean energy standards that will help protect the state's businesses, economy and environment now.

Methodology

This poll reflects a telephone survey of 554 Michigan small business owners, conducted by Public Policy Polling for Small Business Majority with a margin of error of +/- 4.2%. The survey was conducted from February 7-10, 2014.

Poll Toplines

February 7 – February 10, 2014

554 Michigan small business owners of 100 or less employees

1. Are you the owner of a small business?

Yes.....100%

No0%

2. How many people are directly employed by your business, including yourself: is it just you, is it between two and five employees, is it between six and 10 employees, is it between 11 and 25 employees, is it between 26 and 50 employees, is it between 51 and 100 employees, or is it more than 100 employees?

Just yourself.....25%

2 to 5.....50%

6 to 10.....12%

11 to 25.....8%

26 to 50.....4%

51 to 100.....1%

More than 100.....0%

3. (Q3-23 asked only of those with 100 or fewer employees) Do you agree or disagree with the following statement? "Government policies that encourage energy efficiency measures can have economic benefits for small business owners such as lowering utility bills."

Strongly agree 38%

Somewhat agree.....27%

Somewhat disagree14%

Strongly disagree.....11%

Not sure10%

4. Do you agree or disagree with the following statement? "The expanded use of renewable energy sources such as solar and wind power can have economic benefits for small business owners by creating new business opportunities for entrepreneurs."

Strongly agree 34%

Somewhat agree.....25%

Somewhat disagree14%

Strongly disagree.....21%

Not sure5%

5. Do you agree or disagree with the following statement? "The implementation of clean air policies such as the Clean Air Act can create economic benefits for small businesses by spurring technological innovation to meet clean air standards, creating new industries and stimulating demand for services to help with regulatory compliance."

Strongly agree..... 28%

Somewhat agree..... 22%

Somewhat disagree..... 20%

Strongly disagree.....26%

Not sure.....5%

6. Under the authority of the Clean Air Act, the EPA may start to regulate industrial carbon emissions that contribute to climate change and put limits on how much existing power plants, refineries, and other major industries pollute. Generally speaking, do you favor or oppose the EPA's role in regulating carbon emissions from existing power plants?

Strongly favor..... 37%
Somewhat favor15%
Somewhat oppose..... 14%
Strongly oppose.....30%
Not sure..... 4%

7. Do you agree or disagree with the following statement? "Climate change and extreme weather events like Hurricane Sandy are an urgent problem that can disrupt the economy and harm small businesses."

Strongly support..... 35%
Somewhat support..... 22%
Somewhat oppose..... 13%
Strongly oppose.....25%
Not sure.....5%

8. Have you personally seen examples of extreme weather financially impacting your small business or those businesses around you?

Yes 43%
No 50%
Not sure 7%

9. (Q10-14 asked only of those who said 'yes' to Q9) Was the financial impact on the small business significant, somewhat significant, somewhat insignificant, insignificant, or other?

Significant.....45%
Somewhat significant 47%
Somewhat insignificant 7%
Insignificant 1%
Not sure..... 0%

10. Was it your small business that was affected?

Yes..... 75%
No..... 25%

11. (Q12-14 asked only of those who said 'yes' to Q11) What was the financial impact in combined physical damage and lost sales dollars to your business?

\$0 to \$5,000 40%
\$5,000 to \$25,000.....43%
\$25,000 to \$50,000..... 8%
\$75,000 to \$100,000..... 4%
\$100,000 to \$150,000..... 2%
\$150,000 to \$200,000..... 1%
\$200,000 to \$250,000..... 0%
More than \$250,000..... 1%
Not sure..... 1%

12. As a result of the impact of the extreme weather, did you have to lay off any employees?

Yes 17%
No 82%
Not sure 1%

13. As a result of the impact of the extreme weather, how many days were you closed or unable to operate?

Didn't have to close 41%
1 to 7 days 44%
7 to 14 days 6%
14 to 30 days..... 5%
More than 30 days 3%

14. Have you experienced any indirect impacts to your business from extreme weather events such as power outages, lack of access to water, rising insurance costs, supply chain disruptions, loss of work hours, more than one of these, or something else?

Power outages 29%
Lack of access to water..... 5%
Rising insurance costs..... 16%
Supply chain disruptions..... 6%
Loss of work hours 7%
More than one of these 6%
Something else 30%
None of these 1%
Not sure 1%

15. Do you agree or disagree that there should be a federal insurance program to help small businesses recover from extreme weather and climate-related events, or not?

Strongly agree 28%
Somewhat agree..... 25%
Somewhat disagree 18%
Strongly disagree.....25%
Not sure..... 4%

16. Congress has an opportunity to pass a bill that promotes energy conservation and cuts energy waste. Among other things, the legislation would strengthen energy efficiency requirements in housing and commercial building codes, incentivize industrial energy efficiency using rebates for certain equipment, encourage energy efficient supply chains, increase conservation efforts at federal agencies, and provide energy efficiency training for engineers, architects, and building construction workers. Do you strongly support, somewhat support, somewhat oppose, or strongly oppose this bill?

Strongly support 24%
Somewhat support..... 31%
Somewhat oppose 15%
Strongly oppose.....24%
Not sure..... 7%

17. Governor Rick Snyder of Michigan recently spoke about clean energy, saying Michigan needs an energy policy with an emphasis on eliminating energy waste and replacing coal with renewable energy sources to meet the state's energy needs. Do you strongly support, somewhat support, somewhat oppose, or strongly oppose the governor's push for renewable energy sources?

Strongly support 28%
Somewhat support..... 29%
Somewhat oppose 18%
Strongly oppose.....20%
Not sure..... 5%

18. If you are a woman, press 1. If a man, press 2.

Woman 39%
Man.....61%

19. If you are a Democrat, press 1. If a Republican, press 2. If you are an independent or identify with another party, press 3.

Democrat 20%
Republican 38%
Independent/Other 41%

20. (Asked only of independents:) Do you think of yourself as closer to the Democratic or Republican Party?

Democrat 42%
Republican 25%
Neither 32%

21. If you are Hispanic, press 1. If white, press 2. If African-American, press 3. If other, press 4.

Hispanic 3%
White 87%
African-American..... 3%
Other..... 7%

22. If you are 18 to 29 years old, press 1. If 30 to 45, press 2. If 46 to 65, press 3. If you are older than 65, press 4.

18 to 29..... 1%
30 to 45..... 8%
46 to 65..... 64%
Older than 65 26%

23. Would you be willing to be contacted by a media organization to talk about the effects of extreme weather on small businesses, or not?

Yes..... 19%
No..... 81%