



Opinion Poll

Extreme Weather Puts Economic Chill on Virginia 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 (18%) Virginia small business owners had to lay off workers after they were negatively impacted by an extreme weather event.

Nearly four in 10 (39%) of the Virginia 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, nearly two-thirds (65%) of those respondents replied that it was their own business that was affected. What's more, a staggering 87% percent of small employers impacted by extreme weather report they've experienced a significant financial impact to their business in the aftermath of an event, and nearly four in 10 small business owners report they've experienced damages 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. Six in 10 small business owners report having 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, Virginia small employers report they've had to let workers go as a result of extreme weather.

The majority of small business owners (56%) agree there should be a federal insurance program to help entrepreneurs recover from extreme weather and climate-change related events.

Clearly, Virginia small business owners know how devastating climate change, and extreme weather events it causes, can be to their business. Fifty-eight percent 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. They also 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. In fact, 64% 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.

Small employers also support federal legislation that would promote energy conservation and cut waste. Fifty-two 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.

More than half (51%) 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. What's more, 52% support the Environmental Protection Agency regulating carbon emissions that contribute to climate change from existing power plants.

While climate change and extreme weather events have sparked partisan debate, it's important to note that Virginia small business owners don't see this issue through an ideological lens. The political breakdown of the poll was varied, with 35% identifying as Republican, 26% as Democrat and 40% 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 Crespín, 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 small business owners (18%) have had to lay off employees. What's more, a vast 59% of respondents report having 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.
- **Four in 10 Virginia small employers have been personally affected by extreme weather events:** Four in 10 (39%) Virginia 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, nearly two-thirds (65%) said 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 87% of small business owners impacted by extreme weather say the financial impact to their business was "significant," and nearly four in 10 report damages between \$5,000 to \$25,000.
- **Entrepreneurs believe there should be a federal insurance program in place to help small businesses recover from extreme weather events:** 56% of small employers agree we need a federal insurance program to help small employers recover from extreme weather climate change-related events.
- **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:** 58% 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. And more than half (52%) support the Environmental Protection Agency regulating industrial carbon emissions from existing power plants that contribute to climate change.
- **Small employers support legislation that would promote energy conservation and cut waste:** 52% 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 businesses 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 vast majority of small business owners (64%) 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 half (51%) 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:** 35% identified as Republican, 26% as Democrat and 40% as independent or other.

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

Small business owners in Virginia have been significantly impacted by extreme weather events—so much so that nearly 1 in 5 (18%) said they’ve had to lay off employees because of it.

It’s no surprise then that four in 10 (39%) Virginia 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 65% say that it was their own business that was impacted.

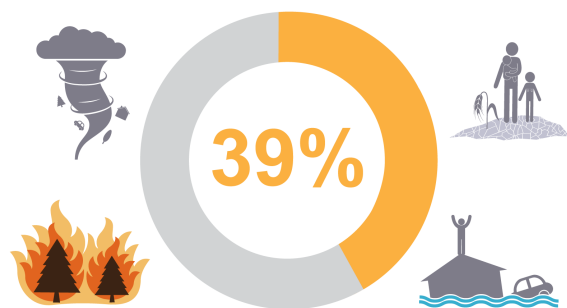
Layoffs may stem from the fact that a majority of small business owners report they’ve had to close their business for a period of time after an extreme weather event. In fact, six in 10 say they’ve had to close or suspend operations for up to a week, and some small business owners report having to close their business for as long as 14 to 30 days. What’s more, a vast 87% of small business owners impacted by extreme weather say the financial impact to their business was “significant,” and nearly four in 10 report having suffered damages of between \$5,000 and \$25,000.

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

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



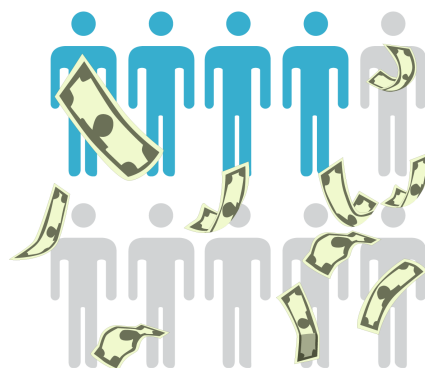
Nearly four in 10 Virginia small business owners have seen an impact to their small business or one around them because of extreme weather



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



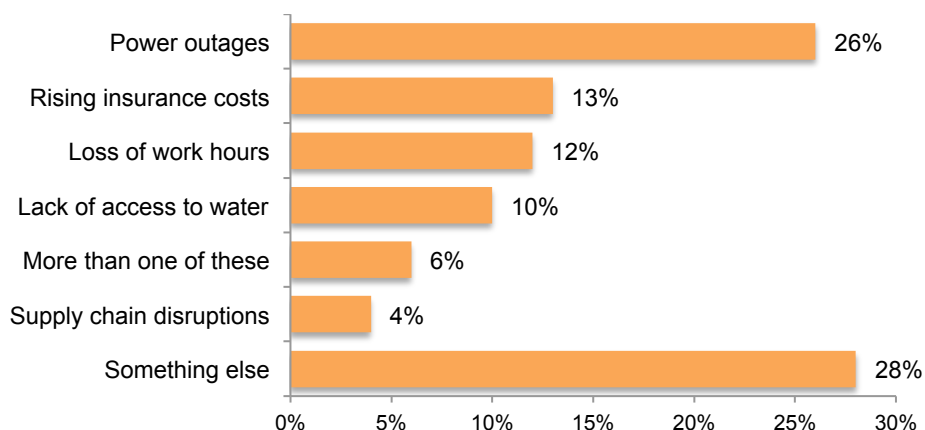
Four in 10 small employers have suffered between \$5,000 and \$25,000 in damages as a result of extreme weather



Small business owners also suffered from numerous indirect impacts from extreme weather events, including power outages (26%), rising insurance costs (13%), loss of work hours (12%) and more.

■ **Figure 2: Small business owners have suffered a number of indirect impacts to their business 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?

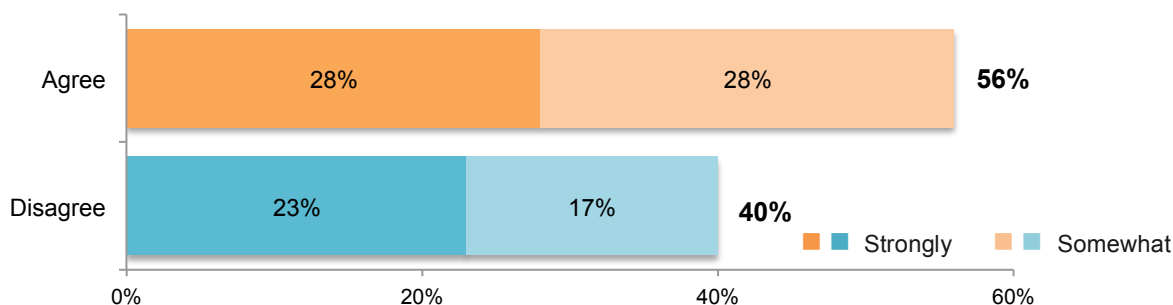


Virginia Entrepreneurs Support Federal Clean Energy Standards and Programs

Virginia small business owners support federal clean energy policies that seek to spur innovation and reduce energy waste. And they agree there should be a federal insurance program to help small businesses recover from extreme weather and climate-change related events. Fifty-six percent support this endeavor.

■ **Figure 3: Virginia entrepreneurs agree there should be a federal insurance program to help small businesses recover from extreme weather**

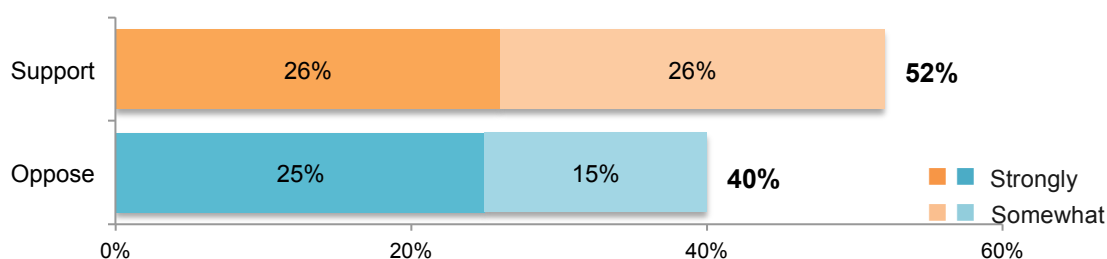
Do you agree or disagree that there should be a federal insurance program to help small businesses recover from extreme weather and climate-related events, or not?



What's more, 52% 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. More than one-quarter (26%) 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?

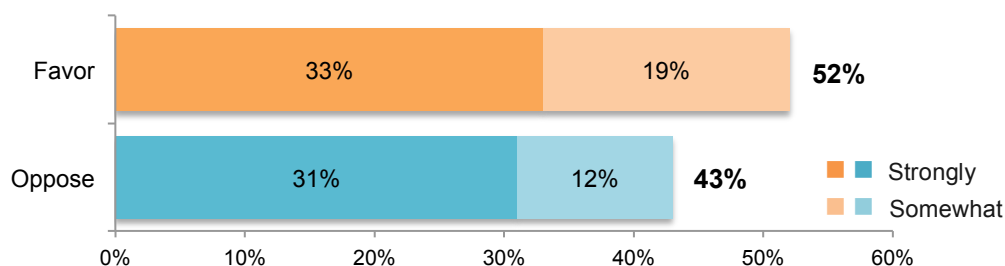


Small Employers Support Clean Energy Policies, Use of Renewable Energy Sources

Virginia 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. Fifty-eight percent of small employers in Virginia agree climate change and extreme weather events like Hurricane Sandy are an urgent problem that can disrupt the economy and harm small businesses, and 52% favor the Environmental Protection Agency creating stronger standards for industrial carbon emissions from existing power plants that contribute to climate change, and one-third say they *strongly favor* this regulation.

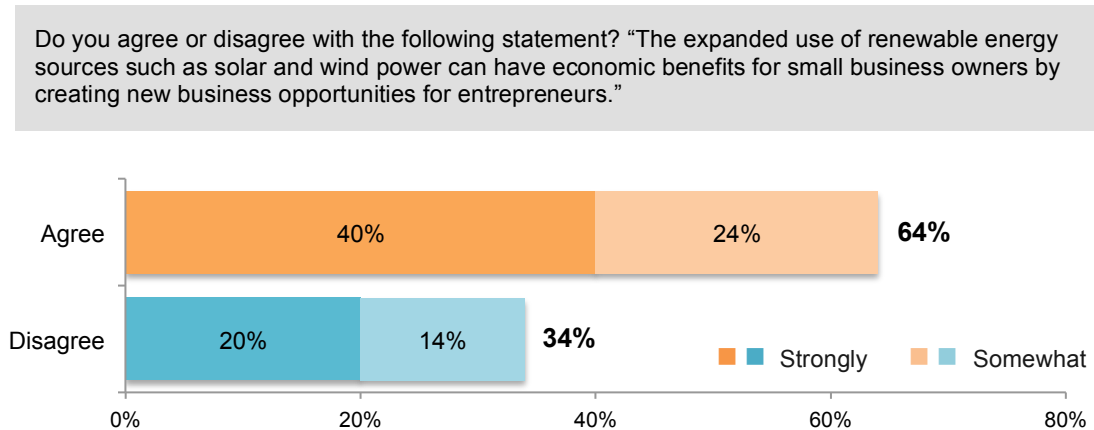
■ **Figure 5: Virginia small business owners support the EPA regulating carbon emissions from existing power plants**

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?

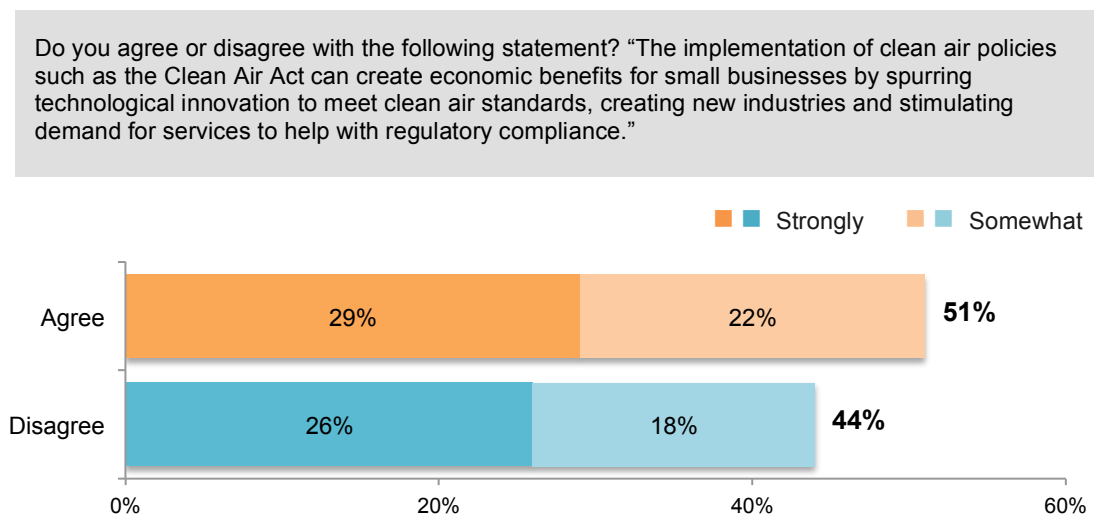


What's more, 64% agree the expanded use of renewable energy sources such as solar and wind power can have economic benefits for small business owners by creating new business opportunities, and 40% *strongly agree* this is beneficial for small business. More than half of Virginia small business owners (51%) 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***



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



Conclusion

Climate change and the extreme weather events it causes are real problems facing small business owners across the state. Too many Virginia 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 it. As the state's biggest job creators, Virginia's leaders should listen to small employers and move forward with stronger clean energy standards that will help protect the state's businesses and economy now.

Methodology

This poll reflects a telephone survey of 505 Virginia 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

505 Virginia 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.....13%

11 to 25.....8%

26 to 50.....3%

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 40%

Somewhat agree.....25%

Somewhat disagree12%

Strongly disagree.....12%

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 40%

Somewhat agree.....24%

Somewhat disagree14%

Strongly disagree.....20%

Not sure3%

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..... 29%

Somewhat agree..... 22%

Somewhat disagree..... 18%

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..... 33%
Somewhat favor19%
Somewhat oppose..... 12%
Strongly oppose.....31%
Not sure..... 5%

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 agree..... 39%
Somewhat agree..... 19%
Somewhat disagree..... 12%
Strongly disagree.....25%
Not sure.....5%

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

Yes 39%
No 51%
Not sure10%

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.....44%
Somewhat significant 43%
Somewhat insignificant 9%
Insignificant 2%
Not sure..... 2%

10. Was it your small business that was affected?

Yes..... 65%
No..... 35%

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 48%
\$5,000 to \$25,000.....37%
\$25,000 to \$50,000..... 7%
\$50,000 to \$75,000.....4%
\$75,000 to \$100,000..... 2%
\$100,000 to \$150,000..... 1%
\$150,000 to \$200,000..... 0%
\$200,000 to \$250,000..... 1%
More than \$250,000..... 0%
Not sure.....0%

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

Yes 18%
No 82%
Not sure 0%

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 23%
1 to 7 days 59%
7 to 14 days 11%
14 to 30 days 4%
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 26%
Lack of access to water 10%
Rising insurance costs 13%
Supply chain disruptions 4%
Loss of work hours 12%
More than one of these 6%
Something else 28%
None of these 1%
Not sure 0%

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 28%
Somewhat disagree 17%
Strongly disagree 23%
Not sure 5%

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 26%
Somewhat support 26%
Somewhat oppose 15%
Strongly oppose 25%
Not sure 8%

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

Woman 46%
Man.....54%

18. 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 26%
Republican 35%
Independent/Other40%

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

Democrat 48%
Republican 21%
Neither 31%

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

Hispanic6%
White 78%
African-American.....7%
Other.....8%

21. 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..... 2%
30 to 45..... 12%
46 to 65..... 56%
Older than 65 30%