

MEMORANDUM

TO: Center for Regulatory Solutions
FROM: FTI Consulting
DATE: Nov. 4, 2015
RE: Results from surveys conducted in Ohio on corn ethanol and RFS

This memo presents the results of an Ohio statewide poll conducted between October 30 and November 2, 2015 by FTI Consulting. The poll was conducted among 600 Ohio registered voters aged 18+, with 300 reached via cell phone and 300 reached via landline. The margin of error for the N=600 sample is plus or minus 4.0 percentage points. Poll respondents were contacted randomly from an Ohio file of regularly updated voter records and the survey composition reflects the geographic and demographic makeup of the Ohio electorate.

SUMMARY

According to the latest data from the U.S. Dept. of Agriculture, Ohio currently ranks seventh in the nation in annual corn production, and at various times is either seventh or eighth (output changes throughout the year) in the country in total volume of fuel ethanol that's manufactured and sold into the nation's fuel markets.

Owing to that status, we expected to encounter a significant bloc of support for corn ethanol and the Renewable Fuel Standard (RFS) among registered voters in Ohio. What we found instead was essentially an even-split among those who support the RFS and existing corn ethanol mandates when the question is first asked, with slightly more respondents opposed to the mandate than supportive of it. Critically, this result was registered absent the introduction of any information about the RFS or the corn ethanol mandate to the respondents. As a default, starting position, our poll suggests more Ohioans oppose the RFS and expanded corn ethanol mandates than support it.

Once respondents were actually introduced to some of the basic environmental facts related to corn ethanol's environmental performance over the past decade, the overwhelming majority of those who initially supported the program and mandate quickly migrated over to the opposition column.

In fact, the abrupt and en masse migration away from a position of support on the RFS and corn ethanol mandates to one opposed to both began even before these environmental facts were introduced. The first question we asked simply sought to gauge respondents' views related to how adaptable the RFS should be to current market conditions – whether, for instance, EPA should have the discretion to change the amount of ethanol mandated to be added to the nation's fuel supply based on changes to American consumers' total fuel demand.

Fully two-third of respondents told us they agreed with the statement that “ethanol levels should be

flexible to market fluctuations and should be adjusted based on actual demand numbers,” compared to just 25 percent who said that ethanol volume requirements established by Congress in 2007 should remain in place and followed today.

Opposition to the RFS as currently constituted, and to the corn ethanol mandate in particular, continued to build throughout the survey, but really reached its crescendo once respondents were informed of the existence of government and academic studies that pointed to ethanol’s less-than-optimal performance relative to conventional, hydrocarbon-based fuels on key environmental priorities.

For example, nearly 80 percent of respondents – a group comprised almost evenly of Republicans, Democrats and Independents – said they would be less likely to support the RFS and higher corn ethanol mandates once learning how many gallons of water is required to produce one gallon of ethanol, data we collected from a report issued by the Sandia National Laboratories.

An even greater number – nearly nine in 10 respondents – said they’d be less likely to support the RFS and ethanol under a scenario in which ethanol production and consumption contributed to decreases in air quality and increases in greenhouse gas emissions relative to the use of conventional fuels, which is what two separate reports issued by the National Academy of Sciences found would happen. Once introduced to these studies and others, fully 82 percent of Ohio registered voters participating in our survey expressed the view that mandating more corn ethanol be added to the country’s fuel supply has had a negative effect on the environment.

While respondents were provided brief summaries of the key findings from several high-profile government and academic reports on the environmental performance of ethanol, virtually no outside information was provided on some of the other “hot-button” issues that have come to define the broader debate, in particular the assertion that 1) higher blends of corn ethanol in fuel tanks can have deleterious impacts on vehicles and performance, and 2) that the RFS has played a role in raising food and grocery costs. Even still, we asked respondents what their first-blush views were on those two issues as well – to help us better understand what the default, informed-by-no-new-information position is among the Ohio public.

We were surprised to see that more than 80 percent of respondents believed the performance of their vehicles will suffer if EPA opts to add more ethanol to the nation’s fuel supply – suggestive of the idea that respondents have seen first-hand how ethanol can impact their own cars and trucks. An even greater number, 84 percent of respondents, said that they would expect the cost of food and groceries to rise under a scenario in which more ethanol was forced into the mix. Again, it’s critical to note that we did not introduce any new information that either supported or were in opposition to those broader contentions.

Finally, and perhaps most surprising to us, a clear majority of Ohioans (54 percent) believe that the RFS and corn ethanol production has actually had a negative impact on job creation and the economy, notwithstanding the fact that Ohio is a top-10 state in both corn production and fuel ethanol manufacturing. A full 77 percent of Ohioans said they “disagreed” with the view that ethanol industry is important to their local economy.

KEY FINDINGS

1. Ohioans do not support the ethanol mandated targets established by Congress under the RFS.

- A significant percentage - close to one-half (45%) - of Ohioans disagrees with the increased use of corn ethanol in our nation's fuel supply each year. Importantly, one-quarter (25%) said that they "Strongly Disagree."
 - In fact, a very small minority, only 15%, say that they "Strongly Agree" with these higher targets.
 - More than one-quarter (27%) express familiarity with the RFS. Regardless of pre-existing awareness, a majority (62%), are less likely to support the existing RFS, especially upon learning that the EPA said that congressional targets were too high.
 - Notably, more than two-thirds (67%) said that ethanol levels should be flexible to market fluctuations and should be adjusted based on actual demand numbers. Considerably less, only one-quarter (25%), stated that levels should follow the pre-existing targets that were established by the RFS in 2007, regardless of how the demand for fuel changes.
 - Opinions by race pose an interesting divide, with 70% of Whites saying ethanol levels should be flexible to market fluctuations, whereas only 56% of non-whites say the same.
 - All political parties were in agreement that the amount of ethanol should be flexible with the market: 76% of Republicans, 61% of Independents, and 66% of Democrats.

2. While Ohioans believe their state is heading in the right direction, a majority are anxious about their local economic performance. When it comes to jobs, Ohioans feel that the RFS is having a negative effect.

- Ohioans are optimistic about the direction of their state. Almost six-in-ten (59%) say Ohio is headed in the right direction, 28% think it is going down the wrong track, and 8% say neither.
- Only slightly more than one-third (36%) of Ohioans rate their local economy as "Excellent" or "Good," with 42% rating it as "Fair," and 22% rating it as "Poor."
- Only a little over one-quarter (28%) say that their local economy is "Getting Better," 17% say it is "Getting Worse," and 55% say it is "Staying About the Same."
- There is little confidence in the national government and their policies as well.

- More than half (58%) believe that less than 25 gallons of water is used to produce one gallon of ethanol from corn.
 - Upon learning more about the toll on the supply of corn and water from scientific studies, Ohioans are less likely to support the existing RFS and the higher ethanol targets.
 - More than two-thirds (68%) are less likely to support the existing RFS and the higher ethanol targets after hearing that in 2013 40% of the corn crop went to producing ethanol.
 - A large majority (79%) are less likely to support the existing RFS and the higher ethanol targets after learning that it takes 880 gallons of water to produce one gallon of ethanol according to a Sandia National Lab study.
 - Ohioans are clearly against expanding the amount of ethanol that is added to their fuel mix and have concerns about food prices and water availability due to the massive amounts necessary to produce ethanol.
 - When asked outright, a large portion (59%) state they are concerned that the increased use of ethanol in the fuel supply means less corn is being produced for food.
 - Here, too, opinions by race pose an interesting divide. At 71%, African Americans are especially concerned that the increased use of ethanol in the fuel supply means less corn is being produced for food (compared to Whites at 57%).
 - Also of interest is the age divide. Those over 60 years of age are worried about food shortages to a greater extent than younger Ohioans (70%, compared to a little over half (51%) of those 18-39).
 - More than two-thirds (67%) state they are concerned that the increased use of ethanol in the fuel supply could contribute to shortages in the availability of water.
 - More than eight-in-ten (84%) believe that mandating more corn ethanol in the country's fuel supply would actually increase the cost of food and groceries.
 - Nearly nine-in-ten (87%) believe that mandating more corn ethanol in the country's fuel supply would decrease the country's water supply.

4. Ohioans are troubled by the environmental impact of the increased ethanol use in our nation's fuel supply.

- The vast majority of Ohioans (89%) are less likely to support the existing RFS since ethanol-fueled vehicles do up to 80 percent more damage to air quality than those fueled with conventional gasoline, according to a National Academy of Science study.
 - All political parties are in agreement, including 92% of liberal Democrats.
- Three-in-four (76%) feel that their local area will be less likely to comply with the EPA's new air quality regulations due to the impact of ethanol on air quality.
- More than eight-in-ten (82%) believe that mandating more corn ethanol in the country's fuel supply will have a negative environmental impact and three-quarters of Ohioans (75%) believe this mandate will worsen climate change.
- Most respondents find the arguments that factor in the total, lifecycle emissions associated with its production compelling, at 66%. Compared to only half of Ohioans (50%) that find studies that solely take into account the actually burning of ethanol to be a compelling argument.
- Eight-in-ten (80%) of Ohioans say they are less likely to support the existing RFS and higher ethanol targets because advanced biofuels have failed to materialize so far.

5. Ohioans are alarmed about the bottom line and the financial impact on their pocketbooks of ethanol in gasoline.

- The majority of Ohioans worry about the negative impact on their vehicles, and thus the increased expense, due the increased use of ethanol in the gasoline.
 - 74% believe that it will result in increased trips to the gas pump.
 - 73% believe that it will reduce their car's fuel efficiency.
 - 72% believe that it will result in increased trips to the mechanic.
 - 70% believe that it will damage their car's engine or fuel tanks.
- More than eight-in-ten (81%) believe that mandating more corn ethanol in the country's fuel supply actually diminishes the performance of automobiles.
- A majority (78%) are less likely to support the existing RFS and the higher ethanol targets knowing that the corn ethanol industry has benefitted from nearly \$50 billion in taxpayer subsidies according to a University of Tennessee study.
 - All political parties are in agreement and say they are less likely to support the RFS and higher ethanol levels: 81% of Republicans, 79% of Independents, and 74% of Democrats.

About FTI Consulting

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