New Survey Reveals School Districts Cutting Spending Due To Rising Energy Costs

Honeywell International

Lack of Resources, Strategic Plans and Internal Expertise Create Barriers to Lowering Energy Use and Utility Bills

MINNEAPOLIS, Dec. 17, 2009 – Two-thirds of school districts responding to a new "School Energy and Environment Survey" from Honeywell (**NYSE: HON**) and Education Week Research have made spending cuts or modifications as a direct result of rising energy bills. Seventy-four percent of respondents also said their districts don't have the money to pursue energy retrofit or renewable energy projects. These budgetary constraints and cutbacks, primarily in building maintenance and capital investment, are hurting efforts to boost efficiency and resolve schools' long-term energy and financial concerns.

"The School Energy and Environment Survey reveals that increased energy spending is negatively impacting school districts' investments, programming and priorities," said Sean Herdman, the associate publisher at Education Week Research. "Spending cuts tied to rising energy costs include areas that impact instruction and the learning environment, including teacher staffing, maintenance and key capital investments."

The online survey gathered input from more than 250 district administrators nationwide regarding energy management and environmental sustainability practices. More than half of respondents have scaled back, delayed or eliminated the possibility of energy efficiency and renewable energy projects due to the economic downturn. In addition, while 96 percent of survey respondents view energy management as important to their district's long-term success, one-third reported that they do not have a strategic plan for managing energy consumption and costs.

"Many districts find themselves caught in a vicious cycle: deferred maintenance and upgrades mean less efficient equipment, which results in higher energy bills and ultimately leads to tighter budgets," said Paul Orzeske, president of Honeywell Building Solutions. "Unless districts find solutions to address the required energy and infrastructure improvements, they'll have to dedicate more money to utility bills, and less to teachers, supplies and other critical needs."

Although school districts consider renewable energy sources as a potential solution, many do not have the internal resources or expertise to determine the most suitable investments for their buildings. According to the survey, 61 percent of school districts have evaluated or implemented renewable energy sources, with solar photovoltaic, wind and geothermal the most popular choices. Yet, 40 percent of these respondents said they don't have a clear understanding of the variables

that impact the economic viability of renewable technology.

“The renewable energy options that seem to be top of mind are telling,” said Jeremy Eaton, vice president of energy solutions for Honeywell Building Solutions. “Solar, wind and geothermal are the most visible, well-known technologies. However, when we analyze energy prices, resource availability, financial incentives and other factors, we see biomass thermal as having the greatest financial drivers for the education industry as a whole. And that technology is barely on people’s radar, according to the survey.”

In addition, while there is growing interest for schools to incorporate sustainability practices into their building operations and curriculum, there is a clear gap between commitment and activity. While 26 percent of districts have set goals to reduce their carbon footprints, only 7 percent have completed a greenhouse gas inventory — a necessary step in cataloging emissions and setting a baseline to gauge the impact of environmental initiatives.

When broken down by district type, the gap becomes more evident. For example, 40 percent of urban districts have made carbon reduction commitments, yet only 9 percent have completed an emissions benchmark.

“Many schools are trying to improve sustainability, but it’s difficult to make changes without having the tools to identify the main areas of concern or measure success,” Orzeske said. “The key is establishing an accurate baseline, and finding the mix of conservation measures that will deliver not only environmental benefits, but also improve the bottom line.”

Survey Methodology
In July 2009, Honeywell Building Solutions and Education Week Research conducted an online survey of Education Week Web subscribers identified as school district administrators or school board members. The survey consisted of 253 respondents from across the United States.
For detailed survey results, please visit www.honeywellnow.com [1].

Honeywell and Energy
Honeywell provides a broad range of services and technology designed to reduce schools’ utility bills and environmental footprint. The company is currently helping hundreds of U.S. school districts beat the budget crunch with energy and operational savings expected to total more than $370 million. This is possible through performance contracts, which allow schools to fund facility improvements through the savings the upgrades produce over a specified timeframe, typically 10 to 20 years. Honeywell guarantees the results so the work usually doesn’t impact budgets or require additional taxpayer dollars.

Overall, nearly 50 percent of Honeywell’s product portfolio is linked to energy efficiency. The company estimates the global economy could operate on 10 to 25 percent less energy by using existing Honeywell technologies.

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