Economic Impact of a Post Labor Day Start Date for Maryland Public Schools

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Table of Contents

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Executive Summary

A decision to extend the traditional summer vacation beyond the Labor Day holiday for all public county school systems in Maryland would have a positive net economic and revenue impact for businesses and governments across the state. It would defer the start of the new academic year by six to 14 days for school year 2013-2014, depending upon the jurisdiction. In so doing, it would mitigate, for many Maryland families, the natural scheduling constraints that are created by the placement of the Labor Day holiday – the longtime, traditional capstone to the summer tourist season – within the confines of the public school calendar. While Labor Day weekend in Maryland is more commonly associated with family trips to resort destinations such as Ocean City and Deep Creek Lake, and for good reason, the aforementioned time window also coincides with other major events occurring throughout the state. They include, but are not limited to, the Maryland State Fair in Timonium, the Grand Prix of Baltimore and four weeknight home dates at Oriole Park at Camden Yards.

By eliminating such constraints, an estimated 8.5% of the 514,680 affected families--those with school age children--would take either a new day trip or a new overnight trip to one of Maryland's three top destinations (Baltimore City, Deep Creek Lake, or Ocean City). Another 5.2% would take a new out-of-state day or overnight trip, and the remaining families would devote at least one additional day to a family recreational activity within their own jurisdiction. The net effect for Maryland is an additional $74.3 million in direct economic activity, including $3.7 million in new wages and a separate $7.7 million in state and local revenue. It should also be expressly noted that this estimate only includes the direct economic and tax impacts. Incorporating the indirect and induced activity would result in a significant upward revision of the total impact.

Table 1
New Direct Economic Activity
(Dollars in Millions)

Destination/Category	New Day Trips	New Overnight Trips	Total New Trips	New Economic Activity	New Tax Revenue
Baltimore City	17,670	2,962	20,632	$16.1	$1.9
Deep Creek Lake	195	1,795	1,990	$2.5	$0.3
Ocean City	11,552	9,449	21,001	$14.9	$2.2
Subtotal	29,417	14,206	43,623	$33.5	$4.4
Out-of-State	12,777	13,926	26,703	($3.5)	($0.3)
Baseline In-State Activity				($7.8)	($0.6)
Net Direct Tourism Impact				$22.2	$3.5
Local Family Recreational Impact				$52.1	$4.1
TOTAL DIRECT IMPACT				**$74.3**	**$7.7**

Note 1: Details may not sum to totals due to rounding
Note 2: New Economic Activity includes new wages

School Calendar Impact

Currently, all Maryland school districts begin the school year earlier than Labor Day. While the majority of Maryland's twenty-four school districts begin one week prior to Labor Day, some begin even earlier. After weighing the number of additional school days by affected households, Maryland school districts would average an additional 8.7 days of summer vacation if the next school year began on September 3, the day after Labor Day. Table 2, below, shows the 2013-2014 school starting dates and the additional number of summer vacation days if school started the day after Labor Day in each jurisdiction. Under Maryland law, schools are required to be open for at least 180 actual school days and a minimum of 1,080 school hours. In order to adhere to the statute, this report assumes additional summer vacation days added to an individual school district would be accounted for during each school district's current school year calendar. Thus, the school calendar change would allow for an expansion in the number of summer vacation days, as opposed to a shift from one part of the summer to another.

Table 2
Additional Summer Vacation Days Resulting from Post-Labor Day Start Date for the 2013-2014 School Year

Jurisdiction	Start Date	Additional Summer Vacation Days
Allegany County	26-Aug	7
Anne Arundel County	26-Aug	7
Baltimore City	26-Aug	7
Baltimore County	26-Aug	7
Calvert County	20-Aug	13
Caroline County	26-Aug	7
Carroll County	26-Aug	7
Cecil County	22-Aug	11
Charles County	26-Aug	7
Dorchester County	26-Aug	7
Frederick County	19-Aug	14
Garrett County	26-Aug	7

Jurisdiction	Start Date	Additional Summer Vacation Days
Harford County	26-Aug	7
Howard County	26-Aug	7
Kent County	26-Aug	6
Montgomery County	26-Aug	7
Prince George's County	19-Aug	14
Queen Anne's County	26-Aug	7
Somerset Count	26-Aug	6
St. Mary's County	21-Aug	12
Talbot County	27-Aug	6
Washington County	21-Aug	12
Wicomico County	26-Aug	7
Worcester County	26-Aug	6

Note : Kent, Somerset and Worcester County are scheduled off the Friday prior to Labor Day

Direct Economic Impact

The mandate of a post-Labor Day school starting date for the 2013-2014 school year would result in $74.3 million in new direct economic activity and approximately $7.7 million in new state and local government revenues. More detail about the composition of the impact is shown in Table 3: net economic activity, exclusive of new wages, would increase by $70.6 million, state revenue would increase by $5.2 million, local government revenue would increase by $2.4 million, and $3.7 million in new wages would be realized. State and local revenues include personal and corporate income taxes, sales taxes, accommodations taxes, admissions and amusement taxes, as well as certain fees.

Table 3
Direct Economic Activity and Revenue Generated from Post-Labor Day Start Date

Economic Activity	$70,610,232
New Wages	$3,690,375
State Government Revenue	$5,231,045
Local Government Revenue	$2,437,092

The increase in economic activity stems from two components: tourism and family recreational activities. The tourism component accounts for new day and overnight trips to Ocean City, Deep Creek Lake, Baltimore City and out-of-state. Accounting for $22.2 million in economic activity, the tourism impact represents 30% of the total new economic activity. Further details regarding the impact for each destination are provided later in this section.

Family recreational spending accounts for the remaining impact. Family recreational activities include close-to-home activities such as going to the movies, enjoying a dinner out, hosting a BBQ, attending the Maryland State Fair, attending a baseball game at Oriole Park at Camden Yards or at one of the state's multiple minor-league venues and a myriad of other, similar activities. This impact is estimated at over $52.1 million, or approximately 70% of new economic activity.

Tourism Impact

While Maryland boasts many tourism destinations, Ocean City, Deep Creek Lake and Baltimore City are the State of Maryland's largest tourism centers and the focus for this component of the study. Using several multi-attribute models which incorporate factors such as income, geography and existing tourism statistics (more detail in methodology section), this report estimates the economic impact that a post-Labor Day starting date for the upcoming school year would have on these three tourism destinations. The aggregate economic activity of these three destinations would account for the vast majority of the in-state tourism impact of a starting date change for the 2013-2014 school year.

Table 4
In-State Tourism Impact from Post-Labor Day Start Date

Day Trips	29,417
Overnight Trips	14,206
Economic Activity	$31,761,505
New Wages	$1,747,938

Ocean City

As Maryland's top family destination, Ocean City visitors experience a classic beach vacation. Families can enjoy over ten miles of beach, where fishing and water sports are bountiful. With just under three miles of boardwalk, families can play at arcades, shop at boutiques, ride amusement rides and dine at restaurants. Additionally, Ocean City boasts several world class golf courses. Lastly, the extension of summer vacation would allow more visitors to enjoy Ocean City's Labor Day Weekend Arts and Crafts Festival.

A post-Labor Day school starting date would produce over 21,000 new trips to Ocean City. As shown in Table 5, Ocean City's economic activity would increase by nearly $15 million, accounting for 20.1% of the total new economic activity. Due to this increase in economic activity, over $930,000 in new wages would be generated. Ocean City would see a significant amount of new wages because of its large number of seasonal employees. This wage increase is not necessarily correlated with new jobs because it is likely that seasonal employment would be extended to accommodate the longer summer vacation period.

Table 5
Ocean City Tourism Impact from Post-Labor Day Start Date

Day Trips	11,552
Overnight Trips	9,449
Economic Activity	$14,000,577
New Wages	$936,875

Baltimore City

Boasting the Inner Harbor, the National Aquarium, numerous museums, shops and restaurants, Baltimore City welcomed over 22 million visitors in 2011. Such a diverse range of options and Baltimore's geographic location, generally bordering or very close to the state's population centers, make it a popular destination for resident day trips. In addition to these general tourism activities, a large component of Baltimore City's popularity originates with the city's sports teams and sporting events. A particularly significant occurrence in this analysis is the timing of the Grand Prix of Baltimore. The Grand Prix includes many family-friendly activities and the race event takes place over the Labor-Day weekend.

A post-Labor Day school starting date would bring more than 20,000 new family visitors to Baltimore City--17,670 for day trips and 2,962 for overnight stays. As shown in Table 6, below, Baltimore City's economic activity would increase by over $16 million, constituting 22.8% of the total new economic activity. We estimate approximately $650,000 of new wages would be generated from this increase in economic activity. It is important to note that Baltimore City's wage impact is smaller as a share of new economic activity relative to the other tourist destinations. This is largely attributable to the year-round nature of Baltimore's tourism industry relative to the other two destinations.

Table 6
Baltimore City Tourism Impact from Post-Labor Day Start Date

Day Trips	17,670
Overnight Trips	2,962
Economic Activity	$15,442,685
New Wages	$655,671

Deep Creek Lake

As the largest freshwater lake in Maryland, Deep Creek Lake welcomes an estimated 1.1 million annual visitors. Families visiting Deep Creek Lake can participate in a wide variety of outdoor activities including golfing, boating, hiking, kayaking and fishing. Families also can enjoy the beauty of Deep Creek Lake by simply relaxing by the fire or taking in the breathtaking scenery.

A post-Labor Day school starting date would produce nearly 2,000 new family visitors to Deep Creek Lake. As shown in Table 7, below, Deep Creek Lake's economic activity would increase by over $2.3 million or 3.3% of the total new economic activity. Additionally, approximately $155,000 of new wages would be generated. Similar to Ocean City's new wages, these do not necessarily account for new jobs, since it is likely that seasonal employment would be extended to accommodate the longer summer vacation period. Due to the proximity of Deep Creek Lake to Maryland's population centers and visitor statistics, the model predicts fewer trips to this destination relative to the other two destinations.

Table 7
Deep Creek Lake Tourism Impact from Post-Labor Day Start Date

Day Trips	195
Overnight Trips	1,795
Economic Activity	$2,318,242
New Wages	$155,392

Out of State and Baseline In State Offsets

Although the change to a post-Labor Day school starting date would have a gross positive direct economic impact of over $33.5 million for the tourist destinations, approximately $11.3 million in economic activity must be subtracted to account for resident spending that would occur out of state due to a new vacation and for spending that would have occurred in the absence of the in-state trips. We estimate that 26,703 Maryland families would travel outside of the state as a result of the longer summer vacation--13,926 for an overnight trip and 12,777 for a day trip. The loss of the economic activity for those residents totals $3.5 million. A larger impact stems from the in state substitution effect: the $7.8 million in foregone spending that would have occurred had the residents not taken an in-state day or overnight trip. For both instances, the counteracting spending is related to daily spending for items that would not be purchased in the wake of a new trip, generally non-durable types of expenditures. The $11.3 million lost is more than offset by the tourism and non-tourism related gains, making every jurisdiction a net positive.

Local Family Recreational Activies Impact

While a significant impact would be felt within the tourism destinations, the larger and broader effect is attributable to families engaging in at-home activities which they could not have otherwise enjoyed, or family recreational activities. We assume families that do not take a significant day or overnight trip would each introduce one new family recreational activity per week of additional summer vacation time. Examples of such activities include a trip to the movie theater, a dinner out, hosting a BBQ, attending the Maryland State Fair or a myriad of other such activities.

Table 8, below, highlights an economic non-tourism benefit of over $52 million across all regions of Maryland, accounting for roughly 70% of the new economic activity. Therefore, extending the summer season by a weighted average of 8.7 days would result in a net increase in economic activity across all jurisdictions in Maryland.

Table 8
Regional Economic Non-tourism Activity

Region[1]	Net Economic Activity	
Eastern MD	$	2,800,451
Capitol MD	$	23,538,741
Central MD	$	19,210,458
Southern MD	$	5,275,183
Western MD	$	1,231,703
Total	$	52,056,536

Conclusion

The extension of the traditional summer vacation beyond the Labor Day holiday for all public county school systems in Maryland would have a substantial positive impact on both the state and local governments' economies. This extension would generate $74.3 million in new direct economic activity, including $3.7 million in additional wages, and boost state and local government revenues by $7.7 million. Perhaps most importantly, every jurisdiction in the state stands to gain an economic benefit from this change.

Additionally, it must be stressed that the actual impact of a change to a post-Labor Day school start date is likely to be higher than the estimates in this report. Our model does not take into account any multiplier effect from the direct increase in economic activity, for this reason alone, the estimate's risk is entirely to the upside. Also, for any given year, the date on which Labor Day falls would alter the number of days in which summer vacations would be impacted. For this estimate, the 2013-2014 school year served as the basis, with Labor Day falling on the second day of the month; in any given year Labor Day could be on the first or the seventh, leaving room, more often than not, for more available summer vacation days and more economic activity. Overall, it is likely that the increase in economic activity estimated by the model is conservative and the actual economic impact would be higher.

[1]Eastern MD: Cecil, Kent, Queen Anne's, Talbot, Caroline, Dorchester, Wicomico, Worcester, Somerset; Central MD: Harford, Carroll, Baltimore City, Baltimore County, Howard, Anne Arundel; Southern MD: St. Mary's, Charles, Calvert; Capitol MD: Frederick, Montgomery, Prince George's; Western MD: Garrett, Allegany, Washington

Appendix: Methodology

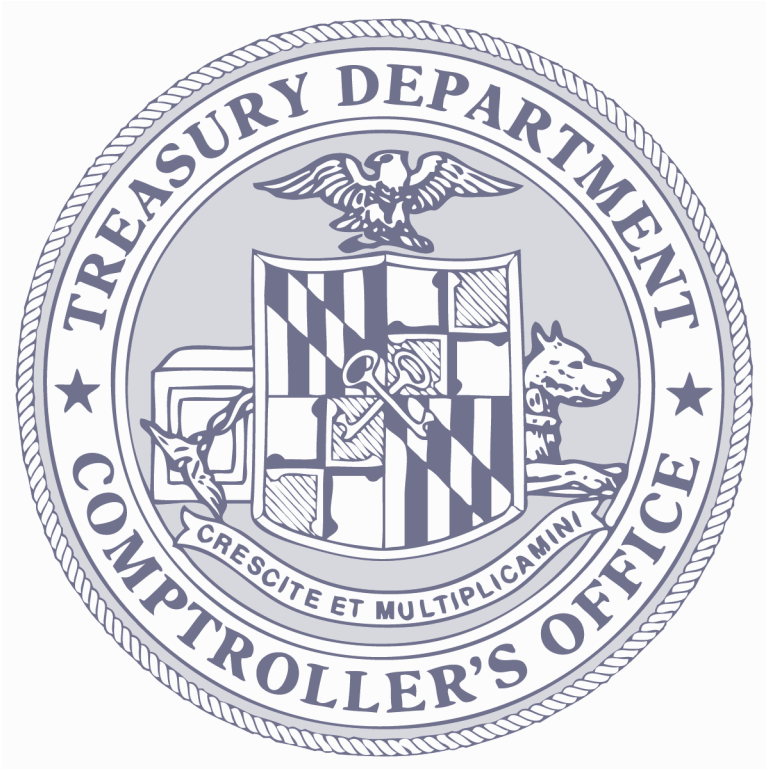
The number of families affected by the proposed school year calendar change was calculated using US Bureau of the Census data and student data from the National Center for Education Statistics. Affected families by jurisdiction served as the basis for each of the models, allowing the introduction of varying income levels and geographical attributes. After determining the number of families impacted, assumptions were made to determine the number of families taking a new summer vacation as a result of the additional summer vacation days. Although most families did not take another summer vacation, it was assumed that their average spending habits would be altered by the newly available summer vacation time.

Several multi-attribute models incorporating income, geography and preference (based on visitor information) were developed to determine the destination for new summer vacations. Destinations included in the models were Baltimore City, Deep Creek Lake, Ocean City and out-of-state. The out-of-state factor was assumed to be directly related to income and preference. Income was weighed higher because, on average, travel expenses are greater when traveling out of state. Both a day trip model and an overnight model were developed. The day-trip model weighed both income and geography equally, while the overnight model weighed income more heavily.

Data was collected on tourism spending in Baltimore City, Deep Creek Lake and Ocean City. The data, collected from Maryland's Department of Business and Economic Development, the City of Ocean City's Comprehensive Annual Financial Report (CAFR), Garrett County Chamber of Commerce and Visit Baltimore, allowed assumptions to be made regarding average spending per family in each destination.

Using data from the Bureau of Labor Statistics, United States Annual Consumer Expenditure database, we calculated an average spending at home basis for family recreational activities (entertainment, food away from home, etc.). This allowed for a new variable to be calculated for marginal spending on family recreational activities. For the tourism offsetting expenditures, similar data was used. The model estimated that every region in Maryland would benefit from a net increase in economic activity due to the change in the school calendar.

The actual impact of a change to a post Labor Day school start date is likely to differ from the estimates in this report. The model does not take into account any multiplier effect from the direct increase in economic activity. Additionally, for any given year, the date on which Labor Day falls would alter the number of days in which summer vacations would be impacted. Overall, it is likely that the increase in economic activity estimated by the model is conservative and the actual economic impact may be higher.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