

**EARLY SCHOOL START DATES IN NORTH CAROLINA AND THE AFFECT
ON NORTH CAROLINA'S HOSPITALITY AND TOURISM INDUSTRY:
AN ESTIMATE OF THE POTENTIAL FINANCIAL AND ECONOMIC IMPACT**

Report for:

Representative Constance Wilson
and the
North Carolina House of Representatives

Report by:

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Executive Summary

The start of the public school year has crept ever earlier into the “traditional” summer vacation months of June, July and August. For the past two years, 92% of North Carolina’s county school systems have begun their public school year between July 30th and August 12th. The purpose of this study was to examine the potential financial and economic benefits to North Carolina’s hospitality and tourism industry of delaying the start of the public school year until after the Labor Day holiday.

In response to a survey regarding their summer vacation plans and preferences, 100% of all responding families stated that they would extend their vacation or take an additional vacation, if the public school year were delayed until after the Labor Day holiday. Based on data provided by the North Carolina Department of Revenue, the statewide hospitality industry has generated an average of \$3.4 billion per year during the traditional summer vacation months. If the start of the public school year were delayed by only ten (10) days in the month of August, this could produce additional revenues of \$377.5 million per year. When considering the additional impact of the economic multiplier effect, it is quite possible that an additional \$880 million in economic activity could be generated, which would result in \$1.26 billion per year in economic growth.

However, this is not an accurate reflection of the statewide tourism industry. Supporting data indicate that families traveling in-state spend \$142.17 per day for day-trips and \$437.62 per day for overnight trips. If one-half of North Carolina’s 580 thousand families took an additional five-day vacation, the financial impact would generate \$634.5 million. With the economic multiplier effect, the statewide impact could be well above \$2.1 billion per year.

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Introduction and Problem Statement

Until the mid-1960's, it was customary for the public school year to begin shortly after the Labor Day holiday throughout the United States. However, due to a plethora of cause-and-effect factors, the start of the public school year has crept ever earlier into the "traditional" summer vacation season of June, July and August. In the State of North Carolina, this phenomenon of "early school start dates" has resulted in 92 of 100 North Carolina county school systems (or, 92%) beginning their public school year between school year between July 30th and August 12th for the past two years. Furthermore, all 17 (or, 100%) of North Carolina's city public school systems will begin their school year by or before August 20th of 2004 for the third consecutive year.

It is important to understand that no one involved with this research is criticizing the North Carolina Department of Public Instruction. To the contrary, the author is convinced that this agency is fully committed to serving the educational needs North Carolina's children to the greatest extent possible. However, concerns remain that the ever-earlier school start dates may be having an adverse effect on "traditional" family lifestyle patterns. Furthermore, these early school start dates may be creating an adverse economic and/or financial impact on North Carolina's hospitality and tourism industry.

Purpose of the Study

The purpose of this study was to examine the potential economic and financial benefits to North Carolina's hospitality and tourism industry of delaying the start of the public school year until after the Labor Day holiday.

Study Design and Methodology

The data were collected by using two separate procedures. The first procedure consisted of a survey instrument that was designed to collect information about the vacation travel patterns and preferences of North Carolina families. The second procedure collected revenue data from the North Carolina Department of Revenue for the "traditional" summer vacation months of June, July, and August between 1999 and 2003.

Family Vacation Travel Patterns and Preferences. The author developed an electronic survey questionnaire that was posted on a variety of websites. The questionnaire asked North Carolina families questions about the number and length of their summer vacations, whether they traveled within North Carolina for their vacations, and their favorite vacation destinations within the state. In addition, the questionnaire requested information about types of vacation activities, type(s) of accommodations that were used, restaurant preferences and frequency of dining out.

The final question asked: "If the State of North Carolina delayed the start of the public school year until after the Labor Day holiday, each year, your family would be most likely to:" respondents were provided with options that included: (1) adding an extra vacation period, (2) extending an existing vacation period, (3) making no changes in their vacation schedule, and (4) any other option they might consider.

Economic Analysis Component. Based on sales and use tax revenue data provided online by the North Carolina Department of Revenue, the author extracted revenues for all food and beverage outlets, novelty and gift shops, and hotels, motels, and cottages throughout the state for the months of June, July, and August for 1999 through 2003.

Findings

Family Vacation Travel Patterns and Preferences. Two hundred useable survey responses were received between December 10 2003 and January 20 2004. Among these respondents, 96 (40%) stated that they took one vacation per summer, 64 (27%) took two vacations per summer, and 80 (33%) took three or more vacations per summer. Furthermore, 192, or 80%, of the responding families indicated that their vacations were three to four days long. Only 32 families (13%) took vacations of seven to ten days in length, and 16 families (7%) took vacations of more than two weeks. The majority of respondents (192, 80%) took their vacations in North Carolina, and vacation destinations were distributed equally between the High Country and the Coastal Plain.

160 (67%) respondents stated that they stayed in a hotel, motel, or resort while on vacation, and 80 (33%) respondents indicated that they stayed in either a hotel or with family and friends while on vacation. Respondents also indicated that they dined at restaurants frequently during their summer vacations: 80 families (33%) ate out three times per day, 64 families (27%) ate out at least twice per day, and 96 families (40%) ate out at least once per day. The majority of responding families (176, 73%) preferred casual, full-service restaurants. Perhaps surprisingly, only 32 families (13%) preferred quick-service restaurants such as McDonalds, etc.

With regard to the item about changing the families' vacation plans, 100% stated that they would either extend a planned vacation, they would add an extra vacation trip, or attempt to do both. 32 (13%) of the responding families indicated that they had children in grades K through 3, 144 (60%) of the responding families indicated that they had children in grades 4 through 6, and 112 (47%) of the responding families indicated that they had children in grades 7 through 9. These data are summarized in Table 1 at the end of the text.

Economic Analysis Component. As stated previously, these data were extracted from sales and use tax revenue reports available from the North Carolina Department of Revenue. In order to estimate the possible increase in revenue for the hospitality sector of the tourism industry, the author determined the mean daily revenue for the month of August between 1999 and 2003, which is slightly over \$39 million per day. By further assuming that the delayed start of the school year will add 10 additional days to North Carolina's families' vacation time, the projected revenue growth would be \$377.5 million per year. These data are summarized in Table 2 at the end of the text.

Discussion and Conclusions

The hospitality sector is, by far, the largest segment of the tourism industry in North Carolina, and the industry has grown to become the largest in the state. However, the direct benefit of increased revenue reflects only a portion of the full implications. The “multiplier effect” is a phenomenon that results from the influx of outside revenue. For example, when families travel on vacation, the monies they spend are fed into the local economies, and these monies are used to pay salaries and wages to members of these disparate communities. In North Carolina, the factor of \$2.33 is frequently cited as being quite reflective of the statewide economy. Therefore, the multiplier effect would generate an additional \$880 million in revenue, driving the overall statewide impact to \$1.26 billion per year.

It is important to note that the revenue data provided do not account for vacation dollars spent at amusement parks, entertainment, golf courses, resorts and spas, travel and transportation expenses, and a myriad of other activities. Supporting data are available that indicate that families traveling in-state spend an average of \$142.17 per day for day-trips and \$437.62 per day for overnight trips. By using this approach, if one-half of North Carolina’s 580 thousand families were to take an additional five-day vacation, the financial impact would generate \$634.5 million. When the economic multiplier effect is added, the overall statewide impact could be well above \$2.1 billion per year.

Limitations of the Study

The findings reported in this paper were limited by several factors. The first of these was the small sample size of families who responded to the survey questionnaire. It is difficult to imagine that 240 responding families are representative of the approximately 580 thousand families in North Carolina with school-aged children. Furthermore, since completion of the survey required access to and use of a computer, it is questionable that the respondents are demographically representative of all North Carolina’s families.

The second limitation was time. Due to the time constraints imposed by the need for providing an early report, the author was not able to deliver the family survey to a broader spectrum of families across the state.

The third limitation was the unavailability of revenue reports for North Carolina’s entire tourism. Since sales and use taxes are not applicable to amusement and entertainment venues, golf course greens fees, cart and equipment rentals, etc., it is impossible to accurately predict the actual amount of revenue that comes into North Carolina through its tourism industry.

The fourth limitation was the lack of accurate revenue reports for North Carolina’s lodging industry. Revenue reports are based on data provided by traditional lodging accommodation properties such as hotels and motels, inns, resorts, etc. that are required to collect and pay local occupancy taxes. One of the largest and fastest-growing segments of the lodging industry includes vacation homes, condominiums, time-shares, and similar properties that are not required to collect and pay these occupancy taxes. As a result, the hospitality industry data included in this report are understated, perhaps by as much as 15% to 20%.

Summary

In the preceding sections, the author has described a research project that was designed to estimate the financial and economic impact on North Carolina's hospitality and tourism industry of delaying the start of the public school year until after the Labor Day holiday. Based on data collected from North Carolina families and revenue data collected from the North Carolina Department of Revenue, the findings indicate that this delay could increase statewide revenues by approximately \$377.5 million per year. Furthermore, when considering the economic multiplier effect, an additional \$880 million could be circulated throughout the state's economy, thereby creating \$1.26 billion per year in economic growth. Alternate approaches to the analysis indicate that the statewide financial and economic impact could exceed \$2.1 billion per year.

Lastly, it is very important to note that this economic growth is based on a change in consumer expectations about the future. As a result, this type of growth is a shift of the economic demand curve, which is growth of the most robust kind.

Table 1.
Summary of North Carolina's Families Vacation Preferences

	Number	Percent
Number vacation trips/summer		
One	96	40
Two	64	27
Three or more	80	33
Length of vacation trips		
3 – 4 days	192	80
7 – 10 days	32	13
2 weeks or longer	16	7
Lodging accommodations used on summer vacations		
Hotel, motel, resort	160	67
Hotel/motel/resort or with friends/family	80	33
Dining out at restaurants on summer vacations		
Three times per day	80	33
At least twice per day	64	27
At least once per day	96	40
Type restaurant preferred on summer vacations		
Casual, full-service restaurants	176	73
Quick-service/fast-food restaurants	32	13
Change in vacation plans?		
Add vacation, extend vacation, or both	240	100

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Table 2.
Hospitality Industry Sector Revenues

	Jun-99	Jul-99	Aug-99	
Dairies & dairy bars	\$8,550,896	\$9,452,702	\$9,851,112	
Vending & drink stand	\$65,663,737	\$46,703,670	\$44,537,833	
Restaurants, cafeterias, etc.	\$666,502,315	\$651,270,295	\$698,742,910	
Taverns & nightclubs	\$24,724,118	\$25,238,015	\$28,162,758	
TOTAL F&B	\$765,441,066	\$732,664,682	\$781,294,613	
Gift & novelty shop	\$31,215,628	\$35,528,308	\$38,561,093	
Hotels, Motels, cottage rentals	\$197,492,025	\$245,505,037	\$282,779,614	
TOTAL HOSPITALITY	\$994,148,719	\$1,013,698,027	\$1,102,635,320	
	Jun-00	Jul-00	Aug-00	
Dairies & dairy bars	\$8,796,472	\$9,691,709	\$9,711,892	
Vending & drink stand	\$48,541,008	\$53,245,316	\$42,376,352	
Restaurants, cafeterias, etc.	\$691,458,008	\$710,514,419	\$703,955,039	
Taverns & nightclubs	\$23,242,005	\$28,201,622	\$25,439,482	
TOTAL F&B	\$772,037,493	\$801,653,066	\$781,482,765	
Gift & novelty shop	\$30,614,806	\$34,386,893	\$34,238,774	
Hotels, Motels, cottage rentals	\$191,739,593	\$244,087,315	\$302,355,928	
TOTAL HOSPITALITY	\$994,391,892	\$1,080,127,274	\$1,118,077,467	
	Jun-01	Jul-01	Aug-01	
Dairies & dairy bars	\$8,947,726	\$10,055,927	\$10,464,798	
Vending & drink stand	\$49,753,146	\$54,858,963	\$46,249,188	
Restaurants, cafeterias, etc.	\$709,992,652	\$741,158,005	\$728,206,659	
Taverns & nightclubs	\$25,697,027	\$28,329,623	\$25,663,259	
TOTAL F&B	\$794,390,551	\$834,402,518	\$810,583,904	
Gift & novelty shop	\$26,733,986	\$30,825,587	\$32,295,484	
Hotels, Motels, cottage rentals	\$197,667,614	\$261,485,187	\$307,082,432	
TOTAL HOSPITALITY	\$1,018,792,151	\$1,126,713,292	\$1,149,961,820	
	Jun-02	Jul-02	Aug-02	
Dairies & dairy bars	\$10,038,891	\$10,335,703	\$10,430,911	
Vending & drink stand	\$57,479,006	\$60,194,773	\$55,376,671	
Restaurants, cafeterias, etc.	\$792,821,244	\$775,081,130	\$750,887,688	
Taverns & nightclubs	\$29,055,948	\$31,270,117	\$28,394,245	
TOTAL F&B	\$889,395,089	\$876,881,723	\$845,089,515	
Gift & novelty shop	\$24,425,935	\$34,350,028	\$29,734,760	
Hotels, Motels, cottage rentals	\$209,668,891	\$261,173,590	\$305,475,373	
TOTAL HOSPITALITY	\$1,123,489,915	\$1,172,405,341	\$1,180,299,648	
	Jun-03	Jul-03	Aug-03	
Dairies & dairy bars	\$9,416,094	\$10,994,649	\$11,345,420	
Vending & drink stand	\$58,885,486	\$59,436,651	\$54,018,772	
Restaurants, cafeterias, etc.	\$791,867,300	\$793,668,910	\$ 815,437,177	
Taverns & nightclubs	\$30,559,646	\$33,561,862	\$32,331,386	
TOTAL F&B	\$890,728,526	\$897,662,072	\$913,132,755	
Gift & novelty shop	\$27,674,182	\$30,256,660	\$33,705,621	
Hotels, Motels, cottage rentals	\$238,089,621	\$301,960,148	\$353,224,183	
TOTAL HOSPITALITY	\$1,156,492,329	\$1,229,878,880	\$1,300,062,559	
TOTAL H&T REV.	\$5,287,315,006	\$5,622,822,814	\$5,851,036,814	
ANNUAL AVG. REV.	\$1,057,463,001	\$1,124,564,563	\$1,170,207,363	
MEAN REV/DAY	\$35,248,767	\$36,276,276	\$37,748,625	\$ 377,486,250

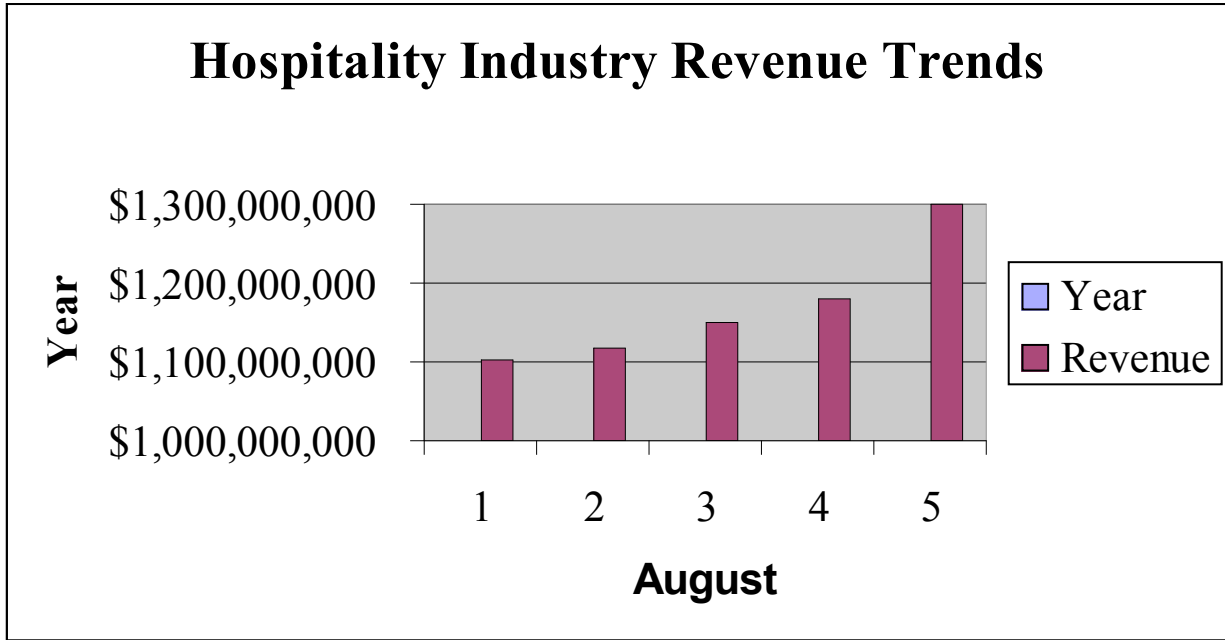


Figure 1. Hospitality Industry Revenue Trends for 1999 through 2003.

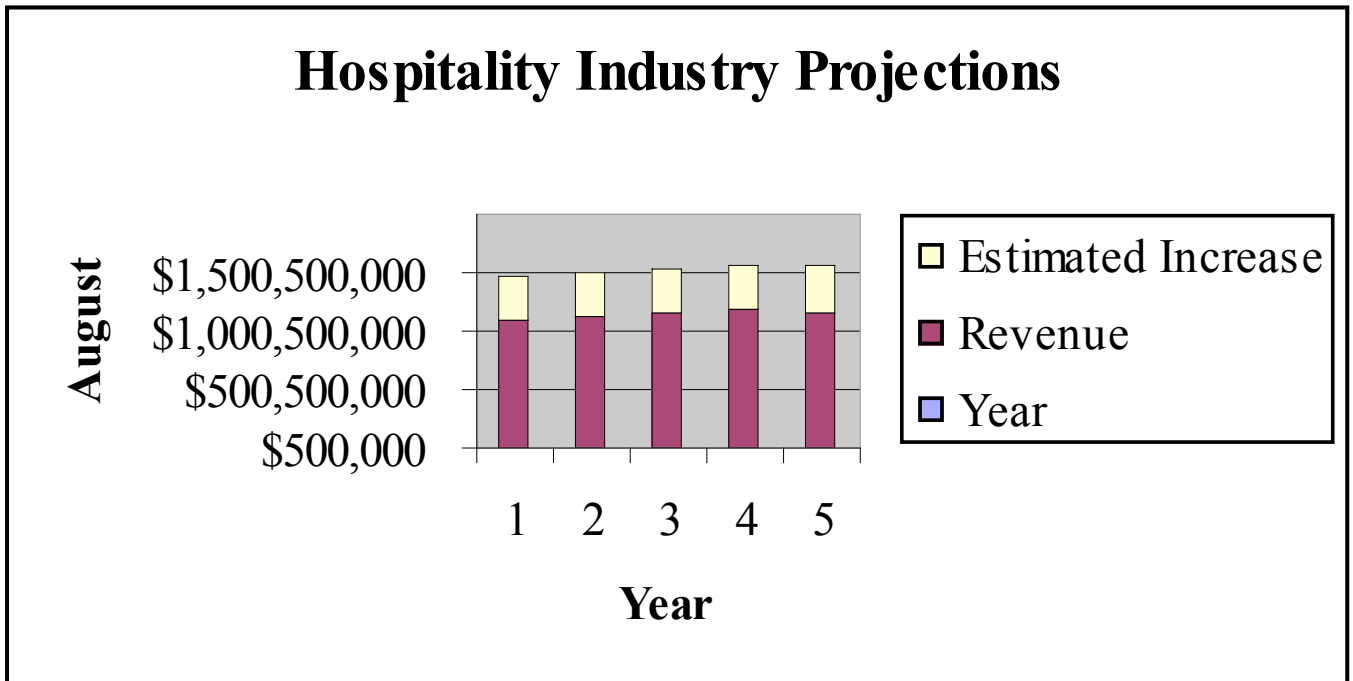


Figure 2. Hospitality Industry Revenue Including Projected Increases for 1999 through 2003.