

SCHOOL ONLY AFTER LABOR DAY

House Bill 5080 (Substitute H-1) First Analysis (10-9-97)

**Sponsor: Rep. Pat Gagliardi
Committee: Tourism**

THE APPARENT PROBLEM:

Reportedly, tourism is now the second leading industry in Michigan. More than 150,000 people are employed in the tourism industry, generating revenues exceeding \$8.5 billion annually (\$8.7 billion in 1996). The bulk of the tourism revenue is generated in the summer months, in particular July and August. According to industry members, the trend over the past couple of decades for school districts to begin the start of school before the Labor Day weekend has severely impacted tourism in the state, resulting in revenue losses of between \$80 million and \$100 million by some estimates. The director of Travel Michigan reported in a recent Lansing State Journal article (9-22-97) that "[h]otels with 90 percent occupancy rates in August plunge to 35 percent occupancy by Aug. 20." According to the St. Ignace Area Tourist Association, the Minnesota tourism industry saw an increase of \$25 million in revenues after that state passed legislation that delayed the start of schools until after Labor Day. Some industry leaders have projected that if Michigan schools began after Labor Day, businesses would see extra tourism-related revenues of approximately \$50 million, thus generating \$3 million in sales and use taxes, with 73.3 percent (over \$2 million) going into the School Aid Fund. In response to these and other concerns, members of the tourism industry have requested legislation to prohibit Michigan schools from starting the school year before Labor Day.

THE CONTENT OF THE BILL:

The bill would amend the Revised School Code to require school districts to ensure that the school year not begin before the Tuesday after Labor Day, beginning with the 2000-2001 school year. For the 1998-1999 and 1999-2000 school years, the starting date could not be before September 1. The bill would apply to local school districts, local act districts, public school academies, and intermediate districts.

MCL 380.1284b

FISCAL IMPLICATIONS:

According to the House Fiscal Agency, the bill would have an indeterminate fiscal impact on state and local revenues, and on local costs. The agency says that state revenues would increase if out-of-state tourism were to increase and brought increased tourism taxes for state use. If Michigan residents increased their tourism spending as a result of the bill, it is reasonable to assume that increased money spent on tourism would lead to less money spent on other revenue-generating activities, creating a possible "wash" in revenues. Also, with extended periods of time for travel into August and early September, Michigan residents could possibly decide to travel out-of-state, thereby taking Michigan dollars out of the state. Finally, it is possible that there would be no change in revenues because of a simple shift in the time when people take their vacations. In other words, people may decide to take a week-long vacation at the end of August rather than at the beginning, but not change their overall spending patterns. Because of the indecisive nature of the above behaviors, the impact on state revenues would be indeterminate.

The HFA reports that the same analysis can be applied to local revenues. Furthermore, depending on the indecipherable impact on state revenues, specifically sales taxes, it is impossible to determine an impact on the School Aid Fund, which is then distributed to local school districts.

Changes in local costs attributable to the bill would also be indeterminate. The primary factor for varying local costs, with respect to the bill, would be the costs associated with operating schools at the end of June as opposed to the end of August. The end of June may be cooler by a few degrees than temperatures at the end of August, thereby reducing costs to schools with air conditioning or in similar situations. However, these types of variations are unpredictable and more than likely minimal. (10-8-97)

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ARGUMENTS:***For:***

Tourism ranks second only to manufacturing in the state, generating revenues in excess of \$8.5 billion a year. July and August are the peak months for travel in the state, yet Michigan businesses face a loss of potential earnings during the last one to two weeks of August due to the increasing trend for schools to begin school years before the Labor Day weekend. Some have estimated that requiring schools to start after Labor Day would result in additional revenues to the state of \$50 million or more. Since three quarters of the sales tax is earmarked for the School Aid Fund, the bill could generate an extra \$2 million or more for Michigan schools.

In addition, the bill is good for both businesses and families. Businesses that are dependent on the tourist trade for their livelihood earn the bulk of their yearly revenues during the summer months (between Memorial Day and Labor Day), and primarily the months of July and August. The early start dates for many schools cut this peak earning period by several weeks. In addition, families with school-aged children often opt to stay home the week before school starts in order to prepare for school (shopping, adjusting sleep schedules, arranging child care, and so on), which further shortens the window for travel activities. Travel and tourism over the Labor Day weekend are also affected in the same way (reportedly, a loss of between \$80 million and \$100 million).

Families are affected in a similar manner, as there is a smaller window in which to schedule vacations and other summer activities. Weather statistics have shown that late August and early September are ideal times for Michigan activities, yet many are denied the option of taking vacations during these times due to the restraints of early start dates for schools. In addition, many high school students lose out on potential earnings for tourism-related jobs because of school conflicts. The bill would be a win-win solution for businesses dependent on the tourist trade, for the state in increased income and sales taxes, for schools through revenue credited via increased sales taxes, and for families in increased options for planning Michigan-based vacations and activities.

For:

Reportedly, at least 12 other states have recently adopted similar legislation. According to members of the tourist industry, Minnesota has already seen a jump in revenue of \$25 million just by adding an extra week or so on to their summer season. With Michigan's abundance of lakes, forests, golf courses, and other

attractions, there is no reason that Michigan could not match or exceed Minnesota's success.

Response:

Though the bill may result in an increase in revenue for the tourism industry, that does not necessarily mean that over-all state revenues would increase. The fact is that many Michigan residents have fixed incomes and only so many discretionary dollars to use for leisure activities or other expenditures. The bill could result merely in a shift of where discretionary income is spent, or even a shift in the timing of a vacation rather than an extra vacation at the end of August. In either case, revenue to the state in the form of sales tax would stay the same. Further, some families may opt to travel out of the state since combining a week of vacation time with the extended Labor Day weekend would provide the opportunity to travel a farther distance, which actually would result in a loss of tourism dollars.

Rebuttal:

According to a 1995 EPIC-MRA public opinion survey commissioned by the Michigan Restaurant Association, nineteen percent of Michigan residents surveyed said that they would increase their travel and recreational activities if the opening date of schools were changed to after Labor Day. Even a nineteen percent increase would have a significant impact on generating revenue for businesses, individuals, and the state. Plus, since other states are moving to postponing school openings to after Labor Day, Michigan has the opportunity to woo families with school-age children to the state to visit Michigan friends and relatives who couldn't do so otherwise because of the Michigan children either getting ready for school or being in school.

For:

The bill would result in a uniform start date for schools. Having schools on the same calendar in regards to when school starts has several benefits. With today's mobile society and families separated by divorce, many extended families and parents sharing custody are spread out across the state. Family times would be easier to schedule if all districts started at the same time, and a later start date would afford more opportunities for families separated by distance to enjoy the many summer recreational activities available in the state. It also would be easier for businesses in the tourist trade to recruit and hire high school students, especially if a business were close to several school districts. This would allow high school students a greater opportunity to earn money for higher education and other expenses.

Against:

The bill represents a policy shift away from recent changes to the school code. The Revised School Code of 1995 gave the local school boards "general powers" so

that local school districts, through their boards of education, could make decisions that dealt with operating their local schools. A legislative mandate as to the start of a school year represents a shift away from local control and the flexibility to meet local needs. Under current law, local school boards have the flexibility to adjust school calendars to accommodate such things as local activities (some rural areas give one or more days at the start of deer season), snow days, power outages, construction schedules, and so on, which would be lost if the bill were enacted. Also, it is unclear how the bill would affect those districts offering year-round schooling.

Another change brought about by the Revised School Code is the requirement for school districts to increase school days from 180 to 190 days by the 2006-2007 school year. This represents an additional two weeks of school time. Schools may choose to increase the school day to accommodate the increased instructional requirement, but not all districts have that option. Some intermediate school districts in the Upper Peninsula cover an area greater than the state of Rhode Island, and already have bus routes of one to two hours for each way. To further extend the school day in some areas would raise safety issues, as well as infringe on after-school jobs and activities, and homework and family time. Most schools starting after Labor Day now go until the middle of June. Adding two more weeks would extend the school year to the end of June, or even into July if extra days had to be added to make up for snow days or days lost to other situations such as a broken water main. All the bill would be doing then is shifting the school calendar -- with students starting summer vacation later in the year rather than school starting slightly earlier in the fall. For high school students, this would result in a loss of employment in areas where they must compete with college students (who typically start summer vacation in May) for jobs.

Against:

The bill would make it difficult for teachers working on advanced degrees or certificate renewals to take college classes, which typically begin in June, during the summer. Some, but not all, colleges have a late summer session, but many teachers would not have access to those programs.

Against:

By June, temperatures are rising and since many schools do not contain air conditioning, it would be a hardship on students to attend school in late June.

Response:

Statistics provided by the Science and Technology Division of the Legislative Service Bureau show that on average, June temperatures are lower than the last week

of August and first week of September. Therefore, students would be more comfortable attending school in June than in late August. Michigan has some of its best weather in late August-early September, and students and families should have the opportunity to enjoy their state at its best.

The Michigan Association of School Administrators (MASA) opposes the bill. (10-7-97)

The Michigan Education Association (MEA) opposes the bill. (10-8-97)

POSITIONS:

The Hotel, Motel & Resort Association supports the bill. (10-8-97)

The Michigan Restaurant Association supports the bill. (10-8-97)

The Michigan Chamber of Commerce supports the bill. (10-8-97)

The Upper Peninsula Travel & Recreation Association supports the bill. (10-6-97)

The Michigan Boating Industries Association supports the bill. (10-6-97)

The West Michigan Tourist Association supports the bill. (10-8-97)

The Battle Creek Area Chamber of Commerce supports the bill. (10-7-97)

The Michigan Golf Course Owners Association supports the bill. (10-6-97)

The Greater Mackinaw Area Chamber of Commerce supports the bill. (10-6-97)

The Tourism Industry Coalition of Michigan supports the bill. (10-6-97)

The Caseville Chamber of Commerce supports the bill. (10-7-97)

The Alpena Area Convention and Visitors Bureau supports the bill. (10-7-97)

The Cheboygan Area Chamber of Commerce supports the bill. (9-24-97)

The Houghton Lake Area Tourism and Convention Bureau supports the bill. (10-6-97)

The Ludington Area Convention & Visitors Bureau supports the bill. (9-29-97)

The Ludington Area Chamber of Commerce supports the bill. (9-29-97)

Analyst: S. Stutzky

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.