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FISCAL RESEARCH CENTER
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SUBJECT: School Start Dates

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The staff of the Fiscal Research Center has discussed at some length the issue of the effect of school start dates and scheduling breaks on sales tax revenue. We have also sought help from people outside the Center. Despite this, we are at a loss as to how to measure this effect.

One approach would be to see if sales tax revenues in August as a share of total sales tax collections have declined over time. If an earlier school start date reduces expenditures in August, we should observe less sales tax collection in August. We considered the past ten years and found that August share of sales tax has actually trended up. This suggests that school opening dates have not had an effect. But there is a lot of volatility in August's share of sales tax revenue. A problem with this method is that the Department of Revenue did not always use the same dates to measure August collections. For example, they might not "close the month" until September 3 one year and August 30 another year.

There are a lot of things that make it difficult, and perhaps impossible to measure the effect. There are so many confounding factors that it is not possible to identify the effect of a change in school start dates.

- Families may take their vacation earlier in the summer. Thus, while the beaches and parks may be quieter in August than they used to be, they are more active in June. Likewise, rather than shopping for school in mid-August, families might do it in late July. Thus, the effect may be one of timing of expenditures and not the level of expenditures.
- To the extent family bookings at a hotel/resort drop in a period such as August, the hotel / resort will attempt to attract more demand from business groups holding meetings, tourists without school age children and others to make up for the drop in demand for hotel/resort rooms.
- The State adopted sales tax holidays that would cut into sales tax revenue in August in some years.

- Households are taking fewer week-long vacations. There is a trend to take long week ends rather than week long vacation. Given that individuals keep a job for less time, the amount of acquired vacation time has declined.
- Only a fraction of vacations are taken within Georgia. So, if an early school start date did curtail vacations, there would be a small effect on Georgia. This further implies that any effect on Georgia may be due to decisions by schools in other states.
- Changes in fashion will affect what clothes are purchased, and perhaps how much is spent.
- The state of the economy, and the level of confidence households have in the economy affect households' discretionary expenditures. The price of gasoline may effect how far families will travel. To the extent that any fear of traveling long distance that arose because of 9/11 has waned, families may be more likely today to travel outside of Georgia for their vacation.