School entry and leaving laws and earnings over the life cycle
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Abstract
Purpose: Study the lifetime effects of school entry and leaving laws on labor market outcomes.
Method: Exploit geographical and temporal variation from independent changes in cutoff rules for school enrollment and compulsory schooling requirements in Germany after WWII.
Results: Returns to compulsory schooling differ by the statutory age at school entry; younger school starters benefit relatively more from extended schooling compared to older entrants.

Motivation & Research Questions
School entry and leaving laws typically coexist. Both might affect outcomes in the long run but are usually studied in isolation, which might mask potential interaction effects.
- Are there important interaction effects between these policies?
- To what extent can later policies reinforce or compensate for initial disparities due to school entry rules?

Relevant School Regulations in Germany after World War II
School enrollment typically after the 6th birthday but the exact cut-off dates are state-specific. The expected age at school entry depends on birth date, state of school enrollment, and the starting date of the school year.
Compulsory schooling is grade-based (not age-based). Extension from 8 to 9 years after WWII. In some states, a simultaneous shift of the starting date of the school year yielded two shortened school years. Exposure to the reforms depended on birth date and state.

Data & Method
NEPS Starting Cohort 6 - Adults
- Survey collected annually since 2007/8.
- Detailed information on educational trajectories, date and place of birth
SIAB 1975 - 2017
- 2% sample from social security records
- Daily data on labor market biographies
- Limited information on educational attainment, place of schooling unknown
- Focus on individuals born 1944 - 1963

Empirical Strategy – Diff-in-Diff
(1) Compliance (using NEPS)
\[ \text{Educ}_{\text{com}} = \alpha + \beta \text{ASE}_{\text{com}} + \beta_1 + \beta_2 + \beta_3 + \beta_4 + \beta_5 + \beta_6 + \beta_7 + \beta_8 + \beta_9 + \beta_{10} + \beta_{11} + \epsilon \]
(2) Reduced form (using SIAB)
\[ \text{Y}_{\text{com}} = \gamma_0 + \gamma_1 \text{ASE}_{\text{com}} + \gamma_2 + \gamma_3 + \gamma_4 + \gamma_5 + \gamma_6 + \gamma_7 + \gamma_8 + \gamma_9 + \gamma_{10} + \gamma_{11} + \epsilon \]

Results
Age-specific effects of age at school entry
Lifetime effects on earnings

Interaction effects