

# How effective is compulsory schooling as a policy instrument?

## Changes in compulsory schooling laws have significant effects on certain population groups, but are costly to implement

Keywords: compulsory schooling, returns to schooling, intergenerational, human capital, signaling

### ELEVATOR PITCH

Compulsory schooling laws are a common policy tool to achieve greater participation in education, particularly from marginalized groups. Raising the compulsory schooling requirement forces students to remain in school which, on balance, is good for them in terms of labor market outcomes such as earnings. But the usefulness of this approach rests with how the laws affect the distribution of years of schooling, and the wider benefits of the increase in schooling. There is also evidence that such a policy has an intergenerational impact, which can help address persistence in poverty across generations.

### KEY FINDINGS

#### Pros

- ⊕ Opportunity costs of remaining in school may decrease due to compulsory schooling reforms.
- ⊕ Changes in compulsory schooling provide an important tool to estimate the economic return to schooling.
- ⊕ Children of parents who had more schooling due to compulsory schooling reforms may themselves experience benefits.
- ⊕ Indirect benefits from compulsory schooling reforms include lower crime rates and improved mental health outcomes.

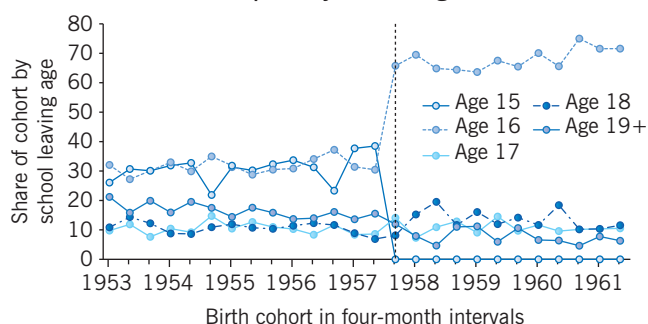
#### Cons

- ⊖ While politically convenient, compulsory schooling reforms are expensive.
- ⊖ Most evidence suggests that the education impact from compulsory schooling is primarily on the most “marginal” students.
- ⊖ Estimated returns are highest when compulsory schooling reforms encompass an important qualification level, which makes results hard to generalize.
- ⊖ There is less evidence of wider impacts from compulsory schooling on physical health or mortality rates.

### AUTHOR'S MAIN MESSAGE

The intended impact of a change in compulsory schooling is, by and large, to increase the level of education of those most likely to leave school early; if this is a large cohort and there is strong compliance, it will also raise average schooling levels in the population. The economic return—in terms of earnings—to this schooling can be sizable, which may also have intergenerational returns for the children of those affected by the reforms. Other social benefits, such as crime reduction, improvements in financial literacy, and improvements in mental cognition in older age may also be quite substantial. Less evident are lasting impacts on other private outcomes, such as health.

School leaving age in England and Wales before and after compulsory schooling reform



Note: The reform took effect for cohorts born in the final four months of 1957 onwards, indicated by the vertical dotted line.

Source: UK Labour Force Survey, 1993–2012; [1].