Motivation

Do parents strategically limit their children’s educational attainment?
- Leopold et al. (2011), Konrad et al. (2002): Strategic location choices of children
- First children tend to move farther away from parents’ homes
- Family visits considered as burdensome
- Do parents benefit from limiting educational attainment?
- Trade-off between children’s expected earnings and less visits/care at old-age
- Higher education leads to higher expected earnings of children
- However, higher education is negatively correlated with staying close to parental homes

**Aim of this paper:**
- Identification of strategic parental influence
- Benefits of university foundations on neighbourhood

Identification strategy

Strategy affects only children and siblings differently
- due to focus of parental expectations on only children
- Siblings can share family visits and responsibility
- Only children are more affected by parents’ preferences to keep children close
- Distance to next university influences propensity of children’s move-out
- Systematic differences between only children in rural and urban areas

Endogeneity concerns
- Closedness to university not randomly assigned
- Use of 13 university foundations between 1971 and 1995 as natural experiments: exogenous variation of distance to nearest university
- Differences-in-differences identification strategy: Do only children benefit more from university foundations in terms of schooling?

Data and Descriptive Statistics

**Data from German Socio-Economic Panel (GSOEP)**
The estimation sample contains individuals born between 1964 and 1988 in West-Germany. ATS denotes whether individuals have completed academic secondary school track.
Using geographic information we calculate the minimum distance to the nearest university. Alternatively, a dummy variable close indicates if a university is within a radius of 20 km.

**Summary statistics**

<table>
<thead>
<tr>
<th>Variable</th>
<th>N</th>
<th>Mean</th>
<th>Std. Dev.</th>
<th>Min.</th>
<th>Max.</th>
</tr>
</thead>
<tbody>
<tr>
<td>ATS</td>
<td>1995</td>
<td>0.346</td>
<td>0.476</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>only Child</td>
<td>1995</td>
<td>0.387</td>
<td>0.487</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>uni-father</td>
<td>1995</td>
<td>0.125</td>
<td>0.331</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>close</td>
<td>1995</td>
<td>0.604</td>
<td>0.489</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>min-dis</td>
<td>1995</td>
<td>19.8</td>
<td>16.5</td>
<td>1</td>
<td>79.8</td>
</tr>
<tr>
<td>years of birth</td>
<td>1995</td>
<td>1975.8</td>
<td>8.5</td>
<td>1964</td>
<td>1988</td>
</tr>
</tbody>
</table>

Source: SOEP, wave 1984-2010 (controlled remote data access via SOEPremote).

**Results from Probit Estimations**

**Determinants of finishing academic school track**

<table>
<thead>
<tr>
<th>Dependent variable: Academic School Track (ATS)</th>
<th>(1)</th>
<th>(2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>only child x min-dis</td>
<td>0.003</td>
<td>0.047</td>
</tr>
<tr>
<td>min-dis</td>
<td>-0.001</td>
<td>-0.135*** (-0.056) (-0.082)</td>
</tr>
<tr>
<td>only child x close</td>
<td>0.134***</td>
<td>0.056</td>
</tr>
<tr>
<td>close</td>
<td>-0.009</td>
<td>-0.024</td>
</tr>
<tr>
<td>only child</td>
<td>0.157***</td>
<td>0.189***</td>
</tr>
<tr>
<td>uni father</td>
<td>0.461***</td>
<td>0.104***</td>
</tr>
<tr>
<td>timetrend</td>
<td>0.001</td>
<td>0.153***</td>
</tr>
</tbody>
</table>

Source: SOEP, wave 1984-2010 (controlled remote data access via SOEPremote).

**Effects of university foundations on secondary school track choices**

- Higher ratio of pupils with ATS near to newly founded universities (treat)
- After university foundations (post) higher propensity of ATS
- Higher positive effect of university foundations on only children

A comparison of educational attainment in relation to university foundations

**Summary of Findings**

- Some empirical evidence for strategic parental influence on children’s educatinal outcome
- Baseline models:
  - Higher probability of only children attending academic school track if living close to a university
  - Potential non-strategic effect: Many academic parents with only one child live in university cities
- Differences-in-differences:
  - Exogenous variation of distances to universities due to foundations
  - Differences-in-differences show positive effects of university foundations on propensity of ATS in general
  - Only children benefit significantly more in terms of schooling if a university is founded nearby
- Other findings are in line with previous studies on the German education system
  - Most important determinant of children’s educational attainment is parents’ levels of education
- In general, ATS ratio increases over time

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