# Testing the Efficacy of the NBA's Age Eligibility Rule Using Censored Regression

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Introduction

✦ The 2005 NBA's CBA included, for the first time, a minimum age rule requiring all American-born players to be at least 19 years of age by December 31 of the draft year and be at least one year removed from high school in order to be draft eligible.

✦ The relationship between age and ability is "one of the most basic in all of economics. It is at the foundation of all acts of production or utility creation" (Sowell & Mounts, 2005).

✦ NBA labor market outcomes have specifically been investigated as a function of college production (Coates & Oguntimein, 2010), opportunity costs (McCann, 2004) and the problem of choosing talent in a hyper-competitive workplace (Groothuis et al., 2009).

✦ This paper adds to the literature by focusing on age of entry into the labor market as the variable of interest.
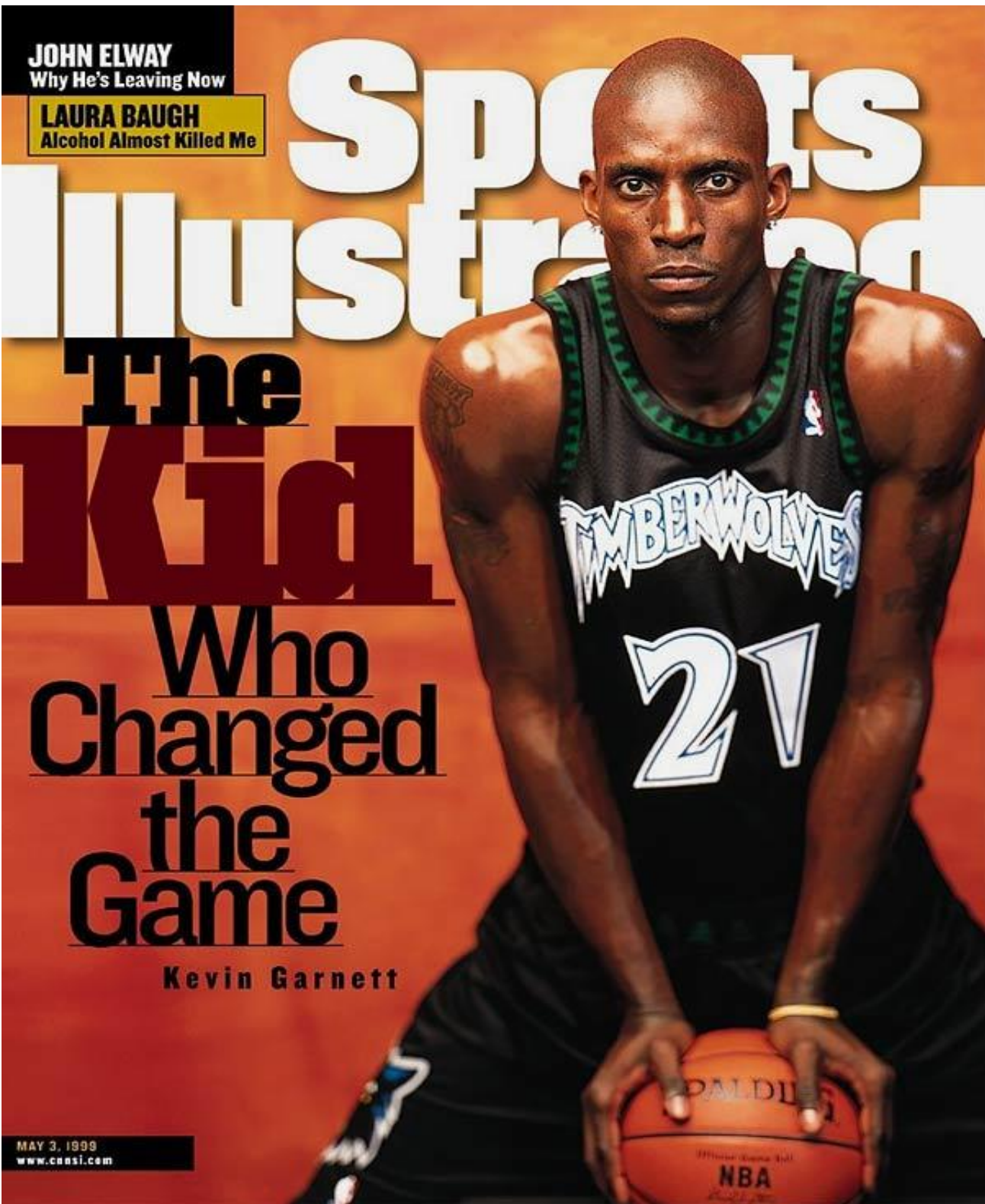
Research Question

✦ Does precocity, as measured by the age of entry into the elite-level professional basketball labor pool, lead to better career outcomes?
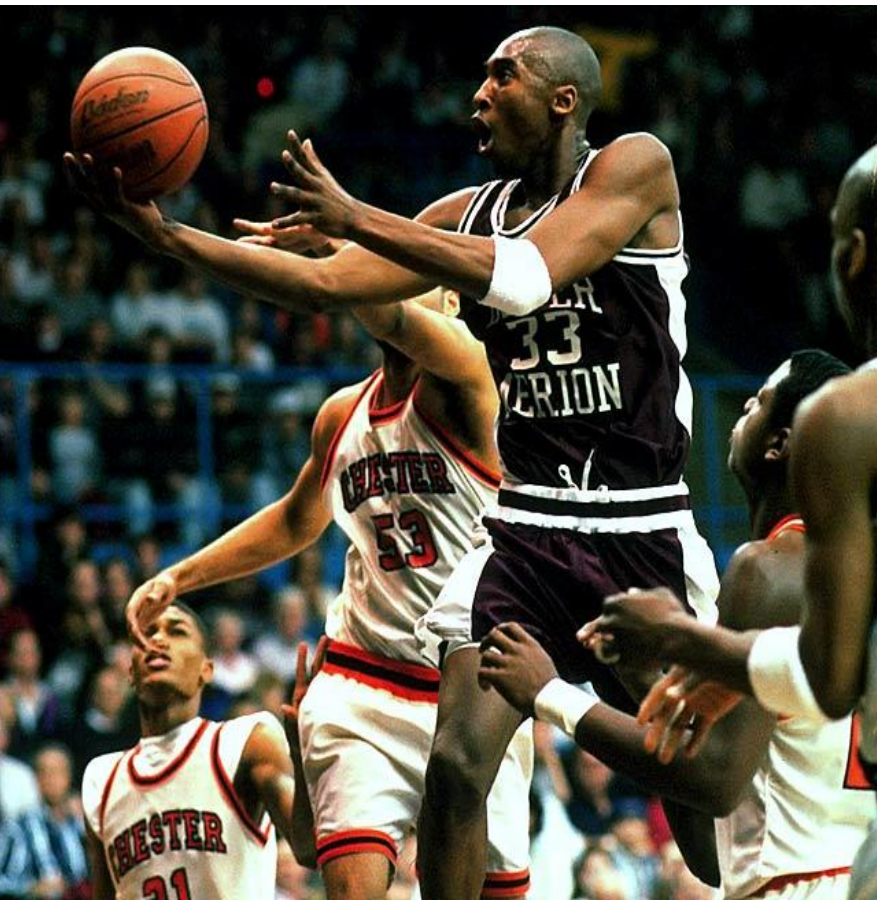
Data and Model

✦ Data were culled from publicly available sources, including the official websites of NBA.com and Basketball-Reference.com. The resulting data set includes all first round NBA draft picks from 1989 to 2000.

✦ In 1995, for the first time in 20 years, an American player was drafted straight out of high school. An increasing number of high school players were drafted directly into the NBA with no college experience in subsequent years prior to the minimum age rule's enactment in 2005.

Summary Statistics

Variable	N	Mean	SD	Min	Max
AGE	332	22.03	1.27	18	26
DRFT	332	14.40	8.07	1	29
EDUC	332	0.94	0.24	0	1
PSTN	332	0.40	0.49	0	1
HT	332	2.02	0.09	1.78	2.28
NATL	332	0.89	0.32	0	1
RACE	332	0.79	0.41	0	1
MNT	332	21.98	8.85	3.10	41.10
PER	332	13.56	3.63	-0.90	26.50
A-S	332	0.80	2.25	0	15

Hypothesis Testing

■ General Form Equation

$$P = \beta_0 + \beta_1 AGE + \beta_2 DRFT + \beta_3 CLLGE + \beta_4 PSTN + \beta_5 HT + \beta_6 NATL + \beta_7 RACE + \varepsilon$$

■ Dependant Variables

MNT, PER and A-S

Regression Results

Variable	MNT	PER	A-S
AGE	-1.294***	-0.509***	-0.259**
	(0.342)	(0.161)	(0.105)
DRFT	-0.581***	-0.173***	-0.084***
	(0.049)	(0.023)	(0.015)
EDUC	-3.743**	-2.531***	-1.742***
	(1.83)	(0.864)	(0.563)
PSTN	2.249*	-0.477	0.347
	(1.183)	(0.558)	(0.364)
HT	-7.913	-6.520**	0.43
	(6.601)	(3.116)	(2.031)
NATL	-0.215	-0.412	-0.397
	(1.362)	(0.643)	(0.419)
RACE	2.373**	0.469**	0.355
	(1.000)	(0.472)	(0.308)
Constant	75.730***	42.948***	8.424*
	(16.141)	(7.62)	(4.965)
R²	0.448	0.27	0.193

Note: Robust standard errors in parentheses. *, **, and *** denote significance at 10, 5 and 1% levels, respectively.

Conclusion

✦ The younger a player is when he first enters the NBA labor pool the more successful he is likely to be.

✦ There is no systematic evidence of any success among "late bloomers."

✦ Our findings cast doubt on the long-term on-court efficacy of the NBA's age rule, although the recent imposition of the league's age policy, coupled with certain off-court considerations that may be relevant, caution against any conclusive determination regarding the rule's effectiveness (and necessity).