

Mind the Gap?
Estimating the Effects of Postponing Higher Education[#]
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This version: August 15, 2006

Abstract

This paper estimates the effects on earnings of “gap years” between high school and university enrollment. The effect is estimated by means of standard earnings functions augmented to account for gap years and a rich set of control variables using administrative Swedish data. We find that postponement of higher education is associated with a persistent and non-trivial earnings penalty. The main source of the persistent penalty appears to be the loss of work experience after studies. The reduction of lifetime earnings associated with two years postponement of higher education amounts to 40-50 percent of annual earnings at age 40.

JEL-classification: I23, J24, J31.

Keywords: timing of education, schooling interruptions, returns to work experience.

[#] We thank seminar participants at Uppsala University as well as Iida Häkkinen, Hessel Oosterbeek and Björn Öckert for helpful comments. Financial support from the Swedish Council for Working Life and Social Research (FAS) is gratefully acknowledged.

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