

Executive summary

Definition

A 'gap year' is a period of time taken out of formal education or between completing a qualification and seeking work. In this report, we restrict our analysis to young people who delay university enrolment for one or two years after completing Year 12 at school. We do not consider those people who, having commenced a university course, take time out from their study.

The concept of a gap year is related to deferral but it is not the same. While some gap-takers have deferred a university offer, others may make the decision to enrol after working or travelling. The decision to enrol may be a result of their gap year experience. Also, some deferrers are not counted as gappers because they do not take up their deferred university place.

Gap-taking has become more common in recent years but little is known about the characteristics of those who take gap years or their reasons for doing so.

In the United Kingdom and Canada, gap-takers undertake a range of activities that can include work, volunteering or travel – and often combine these activities. Gaining a better understanding of the incidence of gap-taking in Australia, the characteristics of gappers, their reasons for gap-taking, and the activities that they undertake during their gap years are the main purposes of this report.

Gap-takers may benefit from the diversity of their gap year experiences. They may develop organisational skills and become more motivated to pursue their chosen courses and careers. If they do, they may be more successful in their courses and, if the diversity of their gap year experience is valued by prospective employers, they may gain employment advantages.

Approach

This report uses data on three cohorts of young people from the Longitudinal Surveys of Australian Youth (LSAY). We use cohorts of students in Year 9 at school in 1995 (the Y95 cohort), students in Year 9 at school in 1998 (the Y98 cohort) and students who were 15 years old and at school in 2003 (the Y03 cohort). Annual interview data to 2006 were used for the Y95 cohort, and up to and including 2007 for the Y98 and Y03 cohorts.¹

After an introduction that examines literature on gap-taking in Australia and overseas, the following questions were framed to provide detailed information on gap-taking and to structure the report.

- What is the incidence of gap-taking over the period from 1999 to the present and what are the characteristics of those who take gap years compared with those who do not?
- What reasons do young people give for taking gap years?

¹ Data from these cohorts are presented as summary descriptive statistics and, for the Y98 data, a logistic regression model was developed to explore the factors that influence gap-taking.

- What activities; for example, work, other study, travel, or volunteering, do young people undertake during a gap year?
- What is the influence of gap-taking on subsequent university course progress?
- What is the influence of gap-taking on labour market outcomes?

The incidence of gap-taking

The incidence of gap-taking has increased over recent years. Using LSAY data, we find that 10% of Y95 school completers, 16% of Y98 school completers and at least 16% of Y03 school completers took gaps of one or two years. The most recent figure is an interim estimate and is expected to increase as some gap-taking students from that cohort enter university in 2008 and 2009.

Characteristics of gap-takers

Gap-takers are likely to have lower-than-average tertiary entrance rank (TER) scores and lower-than-average Year 9 mathematics achievement. They are also more likely than non-gappers to have somewhat unfavourable attitudes towards schooling. Students who received Youth Allowance payments while at school (and who were from low-socioeconomic status families) were less likely to take a gap year than students who did not receive this allowance while at school. Students from regional locations were more likely than those from metropolitan locations to take a gap year. Gappers are also more likely to be from an English speaking home background.

Coming from a regional location appears to exert a stronger influence on gap-taking than being a low achiever or being in a sufficiently low socioeconomic status category to have received Youth Allowance while at school.

Overseas, gap-taking is found to be more common among young women and among those who attended private schools. We do not find a relationship between gender or school sector and gap-taking in Australia.

Reasons for deferring

Deferring after being offered a university place is much less common than taking a gap and applying for university entry during the gap. Approximately three-quarters of those individuals who defer university entry take up those courses.

The most common reasons for deferring are to 'take a break' or to work. Few of those who say they are 'taking a break' travel during the break. Some gappers who travel may be missed in the survey, so the estimate of numbers travelling may be low.

Intending to qualify for Youth Allowance is not a frequently stated reason for deferring, but wanting to work is a relatively common reason for doing so. Qualifying for Youth Allowance may, of course, be an incidental outcome of the decision to work.

Gap year activities

The most common activities of Australian gap year students are work (40%) and study or training (33%), while the activities of one-fifth of gappers are unknown. Only 3% of Australian gap year students report travel as their main activity. This is much lower than the incidence of travel reported for students in the United Kingdom.

Gap-taking and eligibility for Youth Allowance

Gap-taking leads to increased access to Youth Allowance payments among Y98 students. The probability of receiving Youth Allowance payments increases after taking a gap year. The likelihood of a high-socioeconomic status student gaining access to Youth Allowance payments improves relative to a low-socioeconomic status student, following a gap year. The LSAY data have allowed us to explore the possibility that working during a gap year and earning more than the relevant income threshold for independent status has enabled some gappers to qualify for the Youth Allowance scheme as independent students. In fact, 15% of gappers in this study earn more than \$18 500 in a gap year, based on eligibility criteria in 2007-08.

Across all cohorts, twice as many high-socioeconomic status as low-socioeconomic status students commence university courses. This greater proportion of the former attending university and the increase in the likelihood of qualifying for Youth Allowance after taking a gap year results in a greater number of high-socioeconomic status university students receiving Youth Allowance compared with low-socioeconomic status students.

Course progress following a gap year

We find no difference in course change or attrition between gappers and non-gappers in the Y98 cohort examined when they were aged around 23 years. Three per cent of both groups left their first course to do another, while approximately 8% dropped out of their courses.

The main difference between gappers and non-gappers is the proportions who have completed their first course. Seventy-one per cent of non-gappers have completed compared with 59% of gappers. Ten per cent of non-gappers and 20% of gappers are still studying.

Labour market outcomes for gap-takers

The labour market outcomes for members of the Y98 cohort at age 23 are examined.

At this age, non-gappers have higher earnings and work more hours per week than gappers. Non-gappers are also much more likely to work in professional and associate professional occupations, while gappers are more likely to be in the trades and advanced and intermediate clerical occupations.

About 90% of both gappers and non-gappers are employed, but 65% of non-gappers and just over half (53%) of gappers are employed on a full-time basis.

Non-gappers are more likely than gappers to earn more than \$40 000 per year.

Differences in employment status and earnings may have little to do with gap-taking behaviour. Instead, it seems likely that differences in individuals' characteristics and their associated

course choices influence employment status at 23 years of age. Course choices are related to the occupations that graduates intend to pursue; employment outcomes, including earnings, in turn are associated with those occupations. In short, there appears to be a chain of influences, beginning with achievement and other student characteristics and ending with employment status and earnings, and gap-taking may be an incidental event in this chain.