

Education and Training over the Lifecycle

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Abstract

We estimate a structural dynamic programming model of education and training choices made over the lifecycle using a panel of young white males taken from the NLSY 79-95. We examine 2 competing hypotheses for the explanation of the existence of a positive correlation between the incidence of training and both schooling and training experience accumulated in the past; namely that the correlation is explained by persistent individual specific tastes and abilities or that it is explained by a true causal effect of accumulated human capital on future training choices. Our results indicate that individual skill endowments explaining grade attainments are strongly (positively) correlated with skills and tastes for on-the-job training. However, given individual endowments, reaching a higher grade level reduces the probability of receiving on the job training. This is consistent with the hypothesis that firms may view on the job training as a substitute for education.