Closing the Gap:

Why Expanding High-Quality Preschool Is Key to Reducing Inequality in America

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May, 2025

Abstract

This policy paper presents the case for expanding access to high-quality preschool as a strategic approach to reducing educational inequality and improving long-term economic outcomes in the United States. The argument is grounded in human capital theory and the concept of market failure, which together justify public investment in early childhood education (Heckman, 2006; Hanushek & Woessmann, 2010). Research shows that children from low-income families often begin school with disadvantages that persist without early intervention (Hart & Risley, 1995; Waldfogel, 2015).

Longitudinal studies such as the Perry Preschool Project and the Abecedarian Project demonstrate that early education leads to higher graduation rates, better health, and reduced public spending over time (Campbell et al., 2012; Heckman, 2006). The paper recommends expanding preschool availability, improving teacher preparation and compensation, and simplifying enrollment processes to ensure equitable access. These actions are essential not only to promote fairness but also to support national productivity and economic growth.

Keywords: early childhood education, human capital, educational inequality, preschool access, education policy

Introduction

In the United States, a child's chances of being ready to start school often depend more on their family's educational background than on their own potential. For years, research has shown that children from lower-income families tend to begin kindergarten behind their classmates in language, math, and social skills. This became impossible to ignore in the 1960s with studies like the Coleman Report and the launch of Head Start (Coleman et al., 1966; Waldfogel, 2015). Since then, studies have made it even clearer. Gaps in development appear by age three and tend to widen by the time children start first grade if no action is taken (Hart & Risley, 1995; Heckman, 2006).

One of the main reasons behind these early gaps is the education level of a child's parents. When parents have had fewer educational opportunities, they often have fewer resources to support their children's learning, even if they care deeply (Duncan & Magnuson, 2011; Waldfogel, 2015). As a result, many children enter school at a disadvantage that becomes harder to close over time.

The good news is that we know what works. High-quality early childhood education, especially preschool, can level the playing field for disadvantaged children (Waldfogel, 2015). Early investment is not only fair; it is also smart economics. Helping children early leads to benefits that multiply for society over time (Hanushek & Woessmann, 2010). Expanding access to high-quality preschool is one of the most powerful ways to reduce educational inequality and build a stronger future.

Theoretical Framework

Education is considered a public good because it benefits not only individuals but also the wider community. These broader benefits are known as positive externalities. Research shows that better-educated individuals are healthier, more productive, and less likely to rely on public assistance (Hanushek & Woessmann, 2010). Every additional year of schooling significantly reduces the chances of needing welfare support (Lochner & Moretti, 2004). Since private markets do not fully value these public benefits, they tend to underinvest in education, which economists describe as market failure.

Human capital theory offers another important perspective. It views education as an investment in a person's skills and abilities, much like a business invests in equipment to boost productivity. Research shows that early investments, especially in high-quality preschool programs, offer the highest returns in education, health, and economic outcomes (Heckman, 2006). Heckman estimates that the annual rate of return on early childhood education for disadvantaged children is between 7 percent and 10 percent, which is often higher than the returns on later interventions like college education, job training, or remedial programs.

Investments made in adolescence or adulthood tend to show significantly lower returns, making early childhood the most effective time for public investment (Heckman, 2006; Hanushek & Woessmann, 2010). Early education builds a strong foundation for skill development, making later learning more efficient and helping children succeed throughout their lives.

Even with these clear benefits, not all families are equally able to invest in early education. Many low-income families face financial barriers that limit their access to quality programs. Economists describe this problem as credit constraints. Families with fewer resources often cannot afford preschool, and banks usually do not offer secured loans for early education the way they do for purchases like cars or houses, where the loan is backed by collateral (Lovenheim & Turner, 2018). Since young children cannot offer any collateral or borrow against their future earnings, public investment is needed to ensure every child has a fair chance.

Taken together, these ideas make a strong case for public intervention. Early investments in education help build human capital, drive economic growth, and reduce future public costs related to welfare, healthcare, and criminal justice (Hanushek & Woessmann, 2010). Addressing inequality early is not only a matter of fairness. It is a smart and strategic investment in the future of society.

Literature Review and Analysis

High-quality early childhood education is one of the strongest tools we have for closing gaps in school readiness. Waldfogel (2015) shows that preschool programs help young children, especially from disadvantaged families, build stronger academic and social skills before kindergarten. Children who attend preschool arrive better prepared and are more likely to succeed than those who do not, helping reduce early learning inequalities.

Long-term studies like the Perry Preschool Project and the Abecedarian Project show lasting benefits. The Perry Preschool Project found that children who attended preschool were more likely to finish high school, earn higher wages, and avoid trouble with the law (Heckman, 2006). The Abecedarian Project found similar outcomes, showing better academic performance, health, and employment later in life (Campbell et al., 2012).

Hanushek and Woessmann (2010) extend this idea by showing that cognitive skills, not just years of schooling, are what drive economic growth. Hanushek and Woessmann (2010) find that a one standard deviation increase in students' cognitive skills, as measured by international assessments, is associated with a two (2) percentage point increase in annual per capita GDP growth. This shows that improving education quality can have a powerful impact on a nation's economy, far beyond just increasing school enrollment. Countries where students perform better in math, reading, and science experience stronger economies. Building these skills early is crucial because later efforts often struggle to close gaps that began in early childhood.

Access to college also highlights early inequalities. Lovenheim and Turner (2018) explain that complex financial aid processes and a lack of clear information discourage many low-income and firstgeneration students from enrolling. While this challenge appears later, it often traces back to early educational disadvantages.

Early investment also plays a major role in advancing diversity, equity, and inclusion. Waldfogel (2015) and Hanushek and Woessmann (2010) point out that children from minority, low-income, and immigrant families often start school behind their peers. High-quality preschool programs can narrow these gaps early, creating fairer educational and economic opportunities.

The strong long-term results from the Perry Preschool Project and the Abecedarian Project demonstrate that expanding access to high-quality preschool is a proven strategy for reducing inequality and improving outcomes over a lifetime (Heckman, 2006; Campbell et al., 2012). These programs show that early investments, when carefully designed and targeted toward disadvantaged populations, can produce lasting economic and social benefits, supporting the need for a national effort to expand preschool access.

These research findings are clear. Investing in high-quality preschool strengthens the economy, reduces social costs, promotes equity, and builds a stronger society for everyone.

Policy Recommendations

Expanding access to high-quality preschool is critical to closing early learning gaps. Whether through universal or targeted programs, giving every child a strong start leads to better outcomes and helps level the playing field before gaps widen.

Quality matters as much as access. Strong results only come when preschool teachers are well trained, supported, and fairly paid (Waldfogel, 2015; Heckman, 2006). Investing in teacher preparation and working conditions is essential to making programs effective.

Simplifying enrollment is just as important. Complicated paperwork and poor outreach prevent many low-income and minority families from accessing programs. Making enrollment easy and expanding outreach would help reach the children who need it most.

High-quality preschool benefits everyone. Students build stronger skills, parents gain better job opportunities, and society sees lower crime, higher productivity, and reduced public costs. Even modest gains in student outcomes could boost GDP growth, with a 25-point rise in PISA scores linked to a 0.5 percentage point increase in annual GDP (Hanushek & Woessmann, 2010).

Challenges remain. High-quality programs are expensive and demand sustainable funding. Policymakers must plan carefully and commit to early education as a long-term national investment. The economic and social returns are too great to ignore.

Conclusion

Closing early learning gaps starts with investing in high-quality preschool. Research shows that early education gives disadvantaged children the skills they need to succeed and strengthens the economy by improving cognitive skills linked to national growth. Even modest improvements, like raising average test scores by 25 points, could boost a country's annual GDP growth by 0.5 percentage points (Hanushek & Woessmann, 2010).

Expanding access to quality programs, improving teacher preparation, and simplifying enrollment are critical steps. While funding and careful program design are challenges, the evidence is clear. Early investment promotes fairness, reduces social costs, and builds a stronger, more inclusive future for everyone.

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