Abstract:
Previous empirical evidence is mixed regarding the impact of universal preschool on cognitive skills. We show that preschool enrollment can impact test scores positively if it does not lead to earlier school enrollment. We examine rich student data and use different enrollment cutoff dates in Hungary to separate the beneficial direct effect of earlier preschool enrollment from a negative indirect effect that may occur through earlier school enrollment. We find significant direct impacts: 6th-grade reading (math) test scores increase by 9.0 (6.3) percent of a standard deviation for children who enroll in preschool a year earlier. This impact persists through 10th grade and is larger among disadvantaged children. The findings support the importance of universal preschool for improving cognitive skills and equity. They highlight a key consideration for policy evaluation and design and help reconcile ambiguities in the previous empirical evidence.