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Mock Memo For Senator Bob Casey re: Federal Funding to Achieve Universal Preschool

**Issue Addressed:**

The United States is experiencing a widespread socio-economic inequality as a culmination of trends from many years prior. Foremost, from 1980 to 2016, the Gini coefficient<sup>1</sup> has risen in America by 20% to a current figure of approximately .481.<sup>2</sup> Additionally, this economic trend is complemented by the disproportional growth of the upper economic class, as compared to the middle class and the economically struggling. Since 1981, the top 5% of earners have experienced income growth at a rate greater than the other 95% of Americans.<sup>3</sup> Specifically, since the ‘Great Recession’ in 2007, only the highest 20% of median income for family earners have seen an increase in wealth accumulation; the remaining 80% have seen a negative change in median income.<sup>4</sup> Thus, an economic landscape is created whereas the wealthiest individuals are accumulating wealth at a rate higher than other individuals, creating a self-sustaining trend. The effects of this economic inequality include adverse impacts on individuals’ personal health and social capital, since they begin to take part in activities in unhealthy consumption while greater interpersonal tension arises.<sup>5</sup> This establishes that current economic inequality need addressed not only for the issues it is in and of itself, but also for its negative impact on society as a whole.

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<sup>1</sup> The Gini Coefficient is a measure of economic inequality in a set population, with zero representing no inequality and one representing absolute inequality.

<sup>2</sup> Horowitz, J. M., Igielnik, R., & Kochhar, R. (2020, January 19). Trends in U.S. income and wealth inequality. Retrieved from <https://www.pewsocialtrends.org/2020/01/09/trends-in-income-and-wealth-inequality/>

<sup>3</sup> Ibid.

<sup>4</sup> Ibid.

<sup>5</sup> Thorbecke, E., & Charumilind, C. (2002). Economic Inequality and Its Socioeconomic Impact. *World Development*, 30(9), 1477–1495. doi: 10.1016/s0305-750x(02)00052-9

### **Factors Leading to Economic Inequality:**

One of the most crucial factors to address when approaching economic inequality is its relationship with education. In particular, it is the ability for an individual to have access to - and succeed within - academics. Specifically, kindergarten education and development within this age-range is directly tied to the student's maturation, since these factors help to foster the non-cognitive measures<sup>6</sup> of an individual.<sup>7</sup> A similar trend is present, in that a student is able to earn a greater income as an adult relative to their peers if they are more engaged academically at a young age.<sup>8</sup> Additionally, large variations exist among both the quality of schools and general economic mobility among geographic lines, further demonstrating the relationship between these two factors and highlighting the inequality itself.<sup>9</sup> These factors emphasize the importance of education in developing a robust approach to the economic achievability for an individual and addressing economic inequality as a whole. In particular, one of the most pertinent of these educational factors has been at the early education and kindergarten level.

### **Analysis of Options:**

When approaching the use of federal funds towards preschool education, multiple schools of thought present themselves regarding the scope of the government's presence in the states. In particular, the following options work to address preschool, since it falls outside the k-12 education system, which, in turn, is outside of the typical purview of the Department of

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<sup>6</sup> Non-cognitive measures track a student's effort, initiative, engagement in class, and whether the student values school.

<sup>7</sup> Chetty, R., Friedman, J., Hilger, N., Saez, E., Schanzenbach, D. W., & Yagan, D. (2010). How Does Your Kindergarten Classroom Affect Your Earnings? Evidence From Project STAR, 1–80. doi: 10.3386/w16381

<sup>8</sup> Aaronson, D., & Mazumder, B. (2008). Intergenerational Economic Mobility in the United States, 1940 to 2000. *Journal of Human Resources*, 43(1), 139–172. doi: 10.3368/jhr.43.1.139

<sup>9</sup> Chetty, R., Hendren, N., Kline, P., & Saez, E. (2014). Where is the Land of Opportunity? The Geography of Intergenerational Mobility in the United States. doi: 10.3386/w19843

Education. First, one of the most drastic measures would be to allocate funds for the establishment of a universal federal program responsible for creating a preschool infrastructure to be adopted by or built within the communities of each state. Second, a measure that would provide the states with greater autonomy would be the establishment of by-need federal funding for a preschool program contingent upon the socio-economic landscape of a community and the ability for the students in the area to achieve educational benchmarks. For a measure that targets states in a differentiating manner, the analysis used to allocate funding for the Department of Education's Head Start Program could be utilized. Third, the strategy that would target the child and family most directly would be an expansion of the tax credit for low-income families that seek preschool from a valid and accredited institution. These options demonstrate the varying degrees by which the federal government could position itself in addressing preschool education.

**Policy Recommendation for State Funding by Need:**

So as to address the issues of intergenerational economic inequality, a program is recommended that establishes a plan for universal preschool by providing funding for states according to their respective needs. These funds would then be invested in communities - as to be determined by the state - in proportion to their needs, so as to create free or reduced-cost options for preschool programs. This cost-sharing model allows for states to use the funds as they see best fit, which would include the use of vouchers for families in areas with a developed preschool marketplace or the creation of a preschool program in areas where such a marketplace is not present. This bill would not create nor dictate the measures specifically, but rather provide the states with the funds and means necessary to do so. The appropriated funds would total \$376

billion dollars over 10 years.<sup>10</sup> Though the funds may not be enough to achieve absolute universal preschool within the 10 year time period, it allows for proper evaluation and possible fund reauthorization after this time period concludes.

### **Counter-Argument and Rebuttal:**

One foreseeable counter-argument to this bill would be the cost of \$376 billion dollars and toll this would create as an additional expense for the federal government. Especially in light of the costs necessary to address the COVID-19 pandemic and its impact on the economy, opponents may argue that this appropriation of funds is both unnecessary and frivolous. To the contrary, as outlined previously in the section entitled “Factors Leading to Economic Inequality”, a correlation exists between academic success at a young age and adult income. This can translate to greater potential tax revenue at the local, state, and federal level. This allows for the costs of the act to be an investment that would be paid for once the student becomes a tax-paying citizen. While the bill would create an immediate economic burden, this would be only temporary.

### **Conclusion:**

A present relationship exists between one’s economic potential and their academic success prior to adulthood. In particular, a focus on preschool education allows for the development of non-cognitive skills that yield a greater adult income. Thus, investment by the federal government to expand a family’s access to preschool education is a means by which to

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<sup>10</sup> This cost is approximate to the number of three-to-five year olds not already enrolled in a preprimary program (4,362,000) multiplied by the median annual cost for a four year old to receive center based care (\$8,600) and the ten years the federal fund would be established. This total was then rounded to the nearest billionth to account for the construction of preschool centers in preschool desert areas as well as administrative costs. The statistics regarding preprimary enrollment were found at [https://nces.ed.gov/programs/digest/d19/tables/dt19\\_202.20.asp](https://nces.ed.gov/programs/digest/d19/tables/dt19_202.20.asp) and the median cost was determined by the Committee for Economic Development and found at <https://www.ced.org/assets/reports/childcareimpact/181104%20CCSE%20Report%20Jan30.pdf>.

address current trends in economic inequality and immobility. While theoretical options present themselves in manners that incorporate the federal government to varying degrees, a middle approach is most effective. The policy recommended here would allow for the creation of a federal fund for states to develop their preschool programs on a basis contingent upon their need. Though opponents may find issue with its cost, the fund acts as an investment in the student that would be paid for through taxes once the student reaches adulthood. This bill thus provides the states with the autonomy to address their specific needs while nonetheless improving upon the availability of preschool education across the United States.