

BANK OF ISRAEL

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**The short- and long-term effects of universal preschool: Evidence from the Arab population in Israel**

* The implementation of the Free Compulsory Education for Ages 3–4 Law in Arab localities with low socioeconomic status began in the 1999–2000 school year, practically ensuring universal access to preschools in these areas, leading to a significant expansion of access to municipal preschools in these areas.
* Increased access to preschool for children aged 3–4 resulted in substantial improvements in children's academic achievements later in life, including better performance in matriculation and psychometric exams, greater likelihood of acquiring higher education, and reduced involvement in criminal activities during adolescence.
* The research findings emphasize the importance of early childhood education as a means of promoting human capital and social mobility, especially among populations from low socioeconomic backgrounds.

Early childhood education can significantly affect children's development and long-term success. To invest in human capital and improve social mobility, many developed countries provide public preschool education for children aged 3–4.

The Free Compulsory Education for Ages 3–4 Law was fully implemented from the 2015–2016 school year, but was partially implemented as early as 1999–2000 in localities with low socioeconomic rankings, most of which were Arab. A new study conducted by Dr. Elad Demalach from the Bank of Israel's Research Department and Prof. Analia Schlosser from Tel Aviv University's Berglas School of Economics examined the effects of implementing this Law in the Arab population based on extensive administrative data. The research exploited the variation in the Law's implementation between different localities in the Northern District to distinguish between its unique effects and other trends occurring in Arab society.

The research findings indicate a sharp increase in enrollment rates for municipal preschools in localities where the law was implemented, along with expanded availability of kindergartens. This increase was above and beyond the parallel increase in comparison localities where the Law was not implemented, as well as in comparison with national priority areas, confrontation line localities, and neighborhood rehabilitation areas where early childhood education availability was already high before the Law's implementation. Thus, the Law's application led to an almost immediate increase in enrollment rates for public preschool education to 80 percent, compared to rates of 20 percent (for age 3) and about 35 percent (for age 4) before the Law's implementation (Figure 1).

In the long term, the expansion of preschool education availability led to significant improvements in children’s academic achievements later in life (Figure 2). Students’ standardized test scores in 5th and 8th grades were higher, their matriculation eligibility rates increased, more students took psychometric exams, and their achievements in these exams improved. Additionally, there was an increase of about 5 percentage points in the rate of those acquiring post-secondary education and a 4 percentage point increase in those acquiring academic education in colleges and universities. This increase is significant, even in relation to findings from similar studies worldwide, as the enrollment rate for academic education among the cohorts aged 3–4 before the Law's implementation in the localities where it was applied was low, at only about 26 percent.

Furthermore, the study found an improvement in the school environment among age cohorts exposed to universal preschool education in their place of residence during childhood. These students reported a better learning atmosphere in the classroom, better relationships with friends and teachers, and a greater sense of personal security at school. In addition to academic improvement, there was a decrease in the rate of criminal cases during adolescence among males who were exposed to preschool education in childhood, mainly with regard to property and violent offenses.

The research findings highlight the importance of early childhood public education as a vital tool for long-term investment in human capital, particularly among people from low socioeconomic backgrounds, and for promoting social mobility and reducing inequality. Cost-benefit calculations conducted by the researchers found that the increased investment in preschool education due to the Law was worthwhile in the long run, as the benefit received from the capitalized earning potential for individuals who were added to those acquiring higher education exceeded the cost of providing two years of preschool education to all individuals who enrolled as a result of the Law.[[1]](#footnote-1)

Currently, the main potential for improvement in enrollment for education at age 3 is in the Bedouin society, where only 65 percent of 3-year-old children are enrolled in preschool programs, compared to 85 percent in the rest of Arab society and almost 100 percent in Jewish society, despite the fact that the Compulsory Education Law officially applies at this age.[[2]](#footnote-2) The findings of the current study emphasize the importance of working to remove barriers and fully realize preschool enrollment rates among Bedouins, in order to promote human capital and their successful integration into the economy and society.

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| **Figure 1: Enrollment Rates to Public Preschools Among the Arab Population in the Research Localities (Northern District), 1998–2003** |
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| Notes: This figure shows the enrollment rates at public preschools by year in various groups of Arab localities, by treatment status. The sample includes only localities in northern Israel. The analysis is based on aggregate registration data from the Ministry of Education, and on the number of residents by locality and year as provided by the Central Bureau of Statistics. The treatment localities received universal preschool education beginning in 2000. The comparison localities with no universal preschool education are those that were not included in the first stage of the Law’s implementation. National priority, confrontation line, and neighborhood rehabilitation localities are those that received subsidies for preschool education prior to the implementation of the Law. |

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| **Figure 2: Effect of Exposure to Universal Education at Age 3–4 in Arab Localities on Educational Outcomes** |
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| \* University-eligible certificate is a matriculation certificate that meets the minimum requirements of universities, including at least Level-3 mathematics, Level-4 English, and a Level-5 major field of study. |

1. A simple cost-benefit calculation based on capitalizing the wage return from increased acquisition of higher education versus the annual cost of preschool education for ages 3–4. The calculation does not take into account additional benefits such as crime reduction and overall productivity growth, nor does it consider funding costs for higher education and one-time costs of constructing preschool buildings. [↑](#footnote-ref-1)
2. Data from 2021. Data on the Jewish population are taken from the Central Bureau of Statistics (2023), “Statistical Yearbook of Israel 2022”, Jerusalem. Data on Bedouins and other Arabs are taken from Weissblai (2023), “Implementation of the Compulsory Education Law for Children Aged 3–4 in Bedouin Education - Update.” Jerusalem: Knesset Research and Information Center. [↑](#footnote-ref-2)