



# Strengthening Pennsylvania Businesses through Investments in Early Care and Education

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How Investments in Early Learning  
Increase Sales from Local Businesses,  
Create Jobs and Grow the Economy

A report by: **AMERICA'S EDGE**  
Strengthening Businesses Through Proven Investments in Kids

# Executive Summary

## How Early Learning Investments Can Help Expand Pennsylvania's Economy

Pennsylvania business leaders recognize that the key to jump-starting the state's economy and keeping struggling companies in business is to generate additional sales of local goods and services, while also creating new jobs. That is why, after taking a hard look at the research and calculating proven returns on investment, Pennsylvania business leaders are calling on state and federal policy-makers to invest in early care and education. This report documents that investments in early learning provide a significant, immediate economic boost for local businesses and help build stronger communities over the long term.

Fully investing in early care and education would generate billions of dollars in sales of goods and services for Pennsylvania businesses and create tens of thousands of jobs in the state. In fact, investments in quality early learning generate more new spending for local businesses than investments in eight other major economic sectors. For every \$1 invested in early care and education in Pennsylvania, an additional \$1.06 is generated for a total of \$2.06 in new spending in the state. This strong economic boost for local businesses is higher than investments in other major sectors such as transportation, construction, wholesale trade, retail trade and manufacturing. Inversely, cuts to state early learning programs would hurt local businesses in Pennsylvania by eliminating \$1.06 in additional new spending for every \$1 cut.

Early care and education should be a critical component of Pennsylvania's economic recovery. To provide increased access to quality early care and education for qualifying Pennsylvania children from birth through age four would require an investment of an additional \$2.2 billion. That investment would generate \$2.4 billion in total new spending in Pennsylvania businesses. And nearly all of these dollars generated in Pennsylvania would stay in Pennsylvania – helping local businesses prosper while also creating up to 75,000 new jobs, including 17,000 jobs outside the early learning sector.

Such an investment will also save Pennsylvania businesses money every day through reduced absenteeism and turnover.

The average working parent in America misses five to nine days of work per year because of child care problems. This costs U.S. businesses \$3 billion a year. Research confirms that if parents have quality early care and education available in their communities, not only will absenteeism and turnover go down, but productivity will also go up – immediately improving businesses' bottom lines.

Yet another strategic reason for this investment is that access to quality early care and education will increase the ability of Pennsylvania businesses to attract skilled employees. Quality programs for our youngest children are needed for the same reasons communities strive to have a strong K-12 education system to attract skilled workers and new businesses. Sixty percent of new jobs in the early 21st century will require skills possessed by only 20 percent of the current workforce. As our economy begins to turn around, Pennsylvania businesses need the right resources to attract and retain the best workers. One resource that can help communities attract the best employees is the availability of quality early learning for their children. Finally, such an investment will establish a foundation for sustained economic growth because quality early learning is key to ensuring that future employees have the early 21st century skills Pennsylvania businesses need. To remain competitive in a global marketplace, businesses need communicators, collaborators and critical thinkers. Research confirms that quality early learning is the crucial first step in the development of those skills. And research shows that the return on investment is impressive: Studies of high-quality early education programs for at-risk children have shown that quality programs can save as much as \$16 for every dollar invested.

**The bottom line:** With limited funds available to help businesses and our economy get back and stay on track, few investments make as much sense for Pennsylvania businesses' balance sheets as do investments in high-quality early care and education.