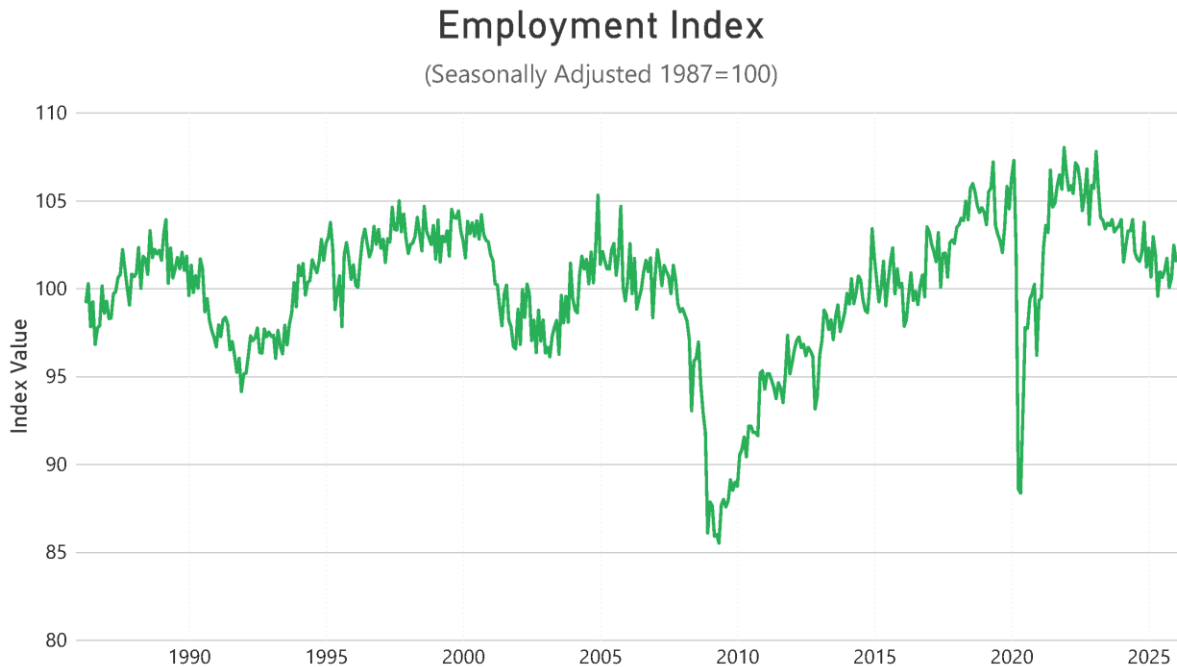


New Employment Index Shows Balanced Job Market

Based on 959 respondents to the January survey of a random sample of NFIB's member firms, surveyed through 1/30/2026.

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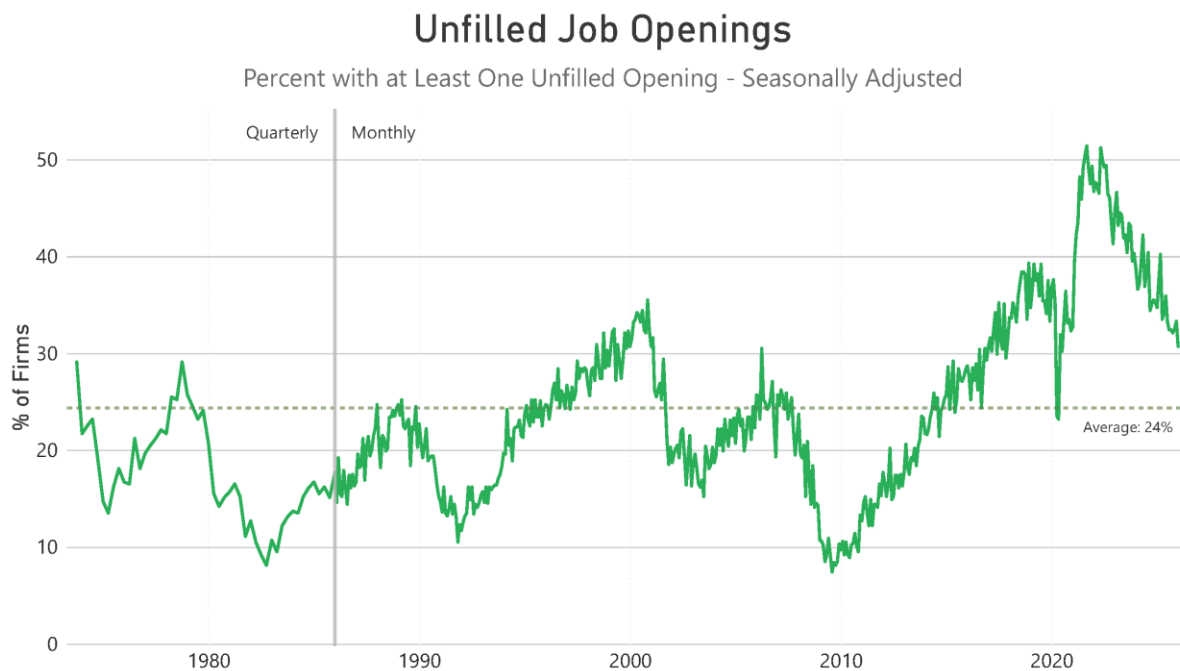
The NFIB Small Business Employment Index is a new measure of the current state of the small business labor market. The Index integrates actual and planned changes in employment and employee compensation into a singular data point. A higher Index reflects an overall tighter labor market; a lower Index reflects an overall weaker labor market.

The Employment Index fell nearly 1 point in January to 101.6, erasing about half of the large gain in December, which reached the highest level since March 2025. The Index remains above the historical average of 100, and just slightly above the 2025 average of 101.2.

Looking at the components of the index, the decline is driven by categories related to actual compensation. Reported actual compensation change declined 7 points from last month, and actual compensation change compared to prior expectations declined 6 points. On the other hand, compensation expectations were positive,

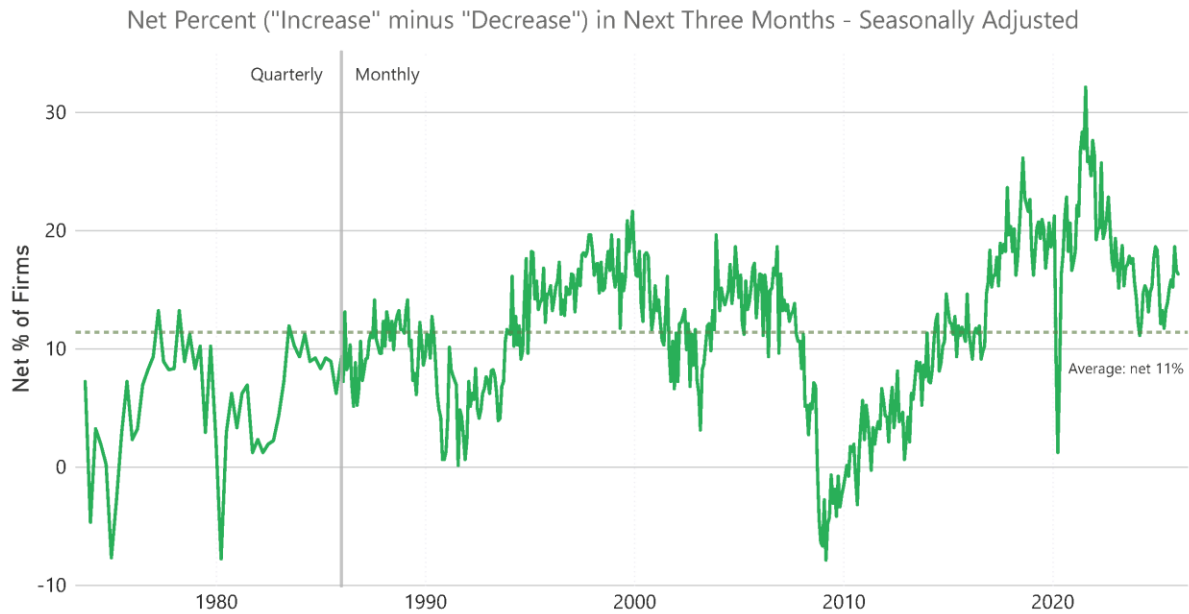
with a 6-point increase in those planning raises in the next three months. Meanwhile, the headcount-related categories were all essentially flat.

In January, 31% (seasonally adjusted) of small business owners reported job openings they could not fill in the current period, down 2 points from December. Unfilled job openings remain above the historical average of 24%. Twenty-five percent have openings for skilled workers (down 3 points), and 10% have openings for unskilled labor (unchanged).

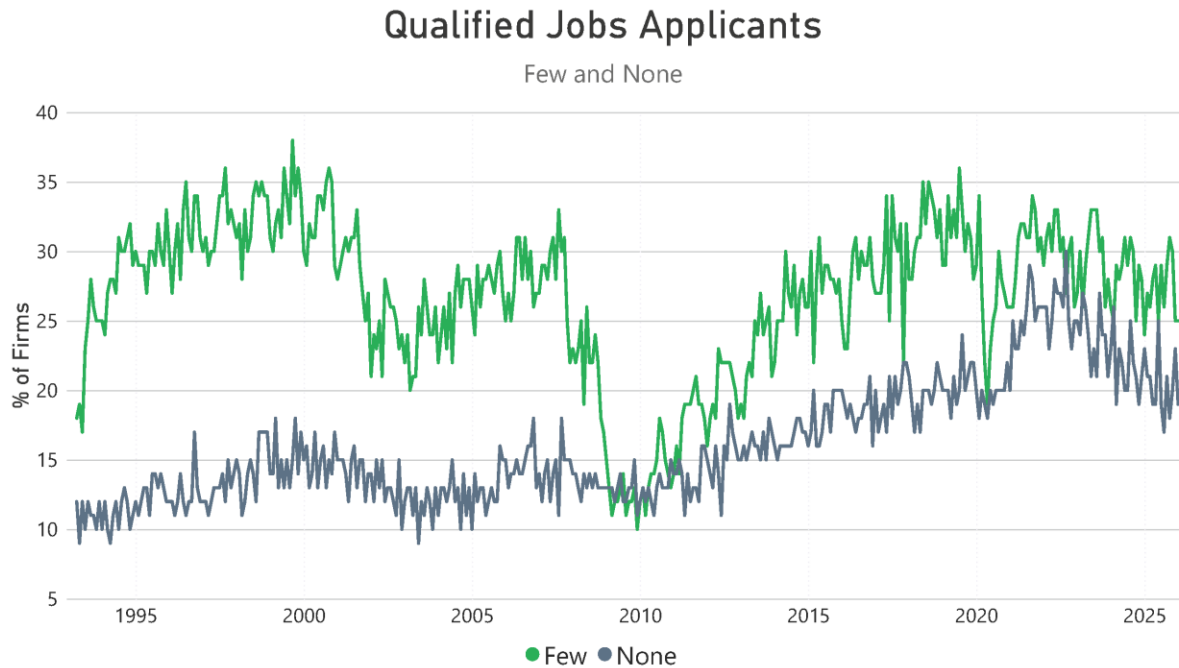


A seasonally adjusted net 16% of owners plan to create new jobs in the next three months, down 1 point from December.

Hiring Plans



Overall, 50% of owners reported hiring or trying to hire in January, down 3 points from December and the lowest reading since May 2020. Forty-four percent (88% of those hiring or trying to hire) of owners reported few or no qualified applicants for the positions they were trying to fill (down 4 points). Twenty-five percent reported few qualified applicants (unchanged), and 19% reported none (down 4 points).



In January, 16% of small business owners cited labor quality as their single most important problem, down 3 points from December. This is the third consecutive month that labor quality, reported as the single most important problem, has declined.

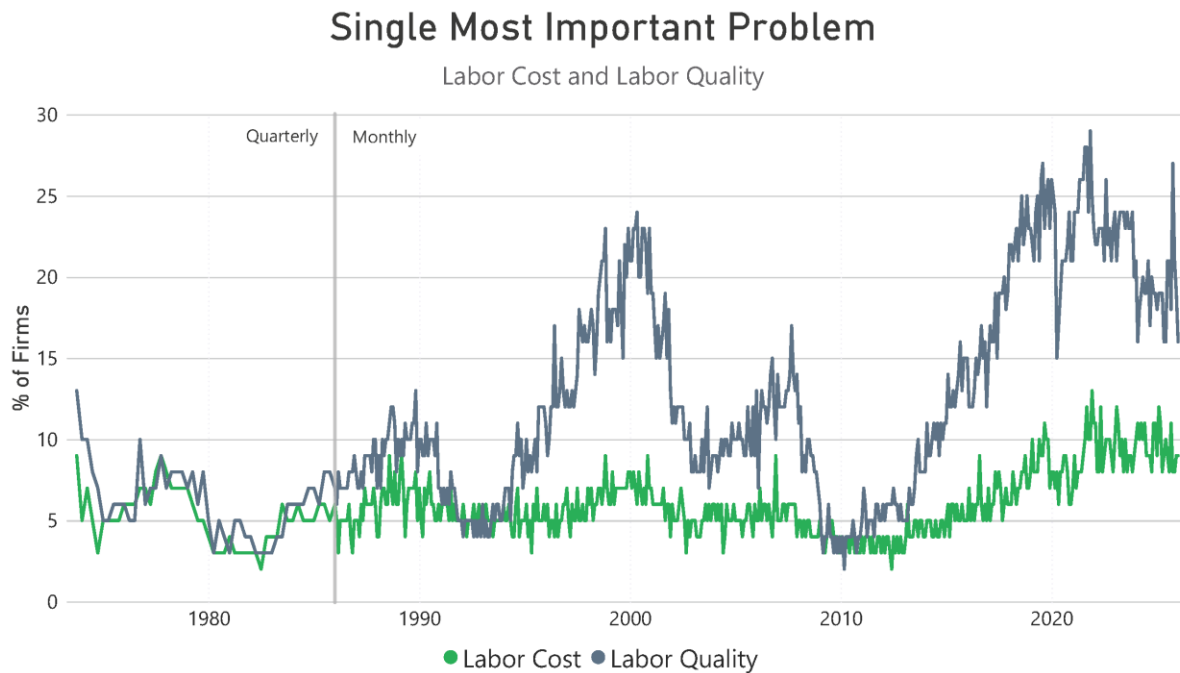
Labor quality reported as the single most important problem was the highest in the construction, manufacturing, and professional services industries, and lowest in wholesale and finance. Thirty percent of small businesses in the construction industry reported labor quality as their single most important problem, 14 points higher than for all firms. Only 2% of businesses in the finance industry reported labor quality as their single most important problem.

Percent Reporting Labor Quality as Single Most Important Problem

Industry	Jan. 2026	Jan. 2025
Construction	30%	31%
Manufacturing	24%	23%
Professional services	21%	14%
Transportation	17%	23%
All firms	16%	18%
Services	14%	20%
Agriculture	12%	7%

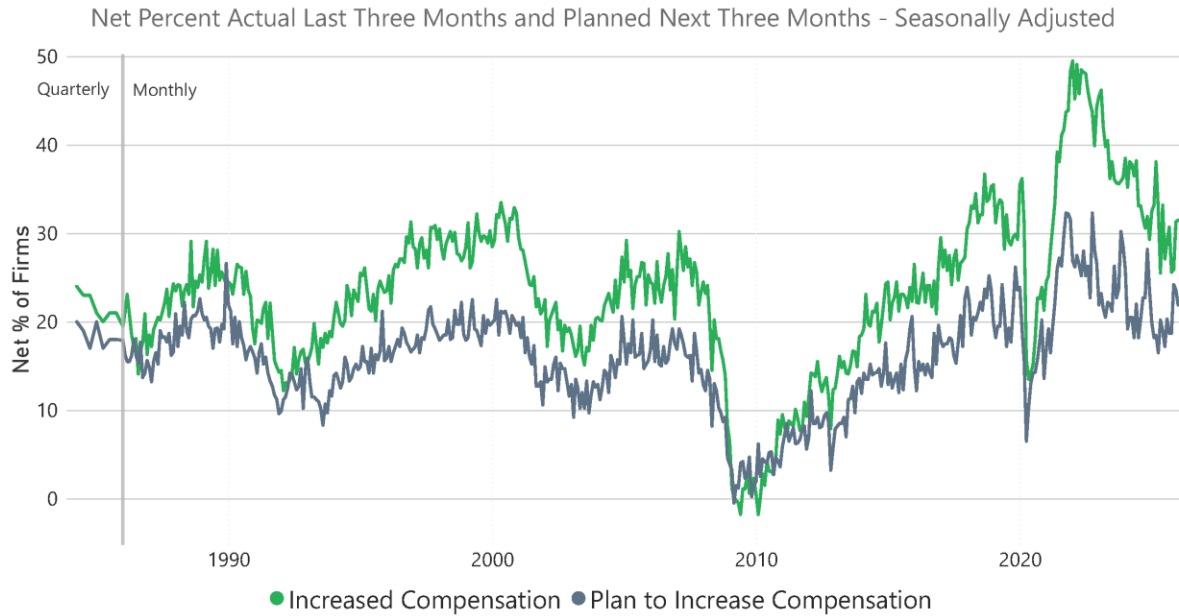
Retail	11%	13%
Wholesale	9%	18%
Finance	2%	6%

Labor costs, reported by small business owners as the single most important problem, remained at 9%.



In January, a seasonally adjusted net 32% reported raising compensation, up 1 point from December. A net 22% (seasonally adjusted) plan to raise compensation in the next three months, down 2 points from December.

Planned and Actual Labor Compensation Changes



Quotes from NFIB Members

"The biggest issue for our business is finding workers who want to work and finish an apprenticeship." – Construction, MT

"The need for trades is desperate in order for businesses to continue in this country. When the older workforce finally feels able to retire and live a comfortable life, who is going to take their place? We need to encourage trades for kids to start looking at other avenues besides electronics, or we as a nation are going to be in trouble and will be dependent on other countries for trade." – Manufacturing, CT

"Skilled employees are difficult to find, and they require more than we can afford to pay for those that are available." – Professional services, ID

"We are a part-time business and can't make the transition to hire help, add inventory, and add more expenses for insurance and employees. We can barely make a net income." – Retail, WI

"Skilled machinists are not available. We tried for years to get one. We do not have enough employees to be able to train someone. Most schools (trade schools) are teaching robotics, not basic machining. The machinists that are available are

working. It would take a fortune to be able to take them away from their present employer (and I would not do that anyway)." – Manufacturing, OH

"Because minimum wages keep increasing, we need to raise prices to pay employees. This causes loss of business and inflation." – Services, NJ

"Not being able to provide health insurance is a limiting factor on who applies for a job." – Agriculture, WI

"Wages in California are ridiculous (too high)! Health insurance is unaffordable for most. I'd love to provide better benefits, but it is cost prohibitive." – Manufacturing, CA