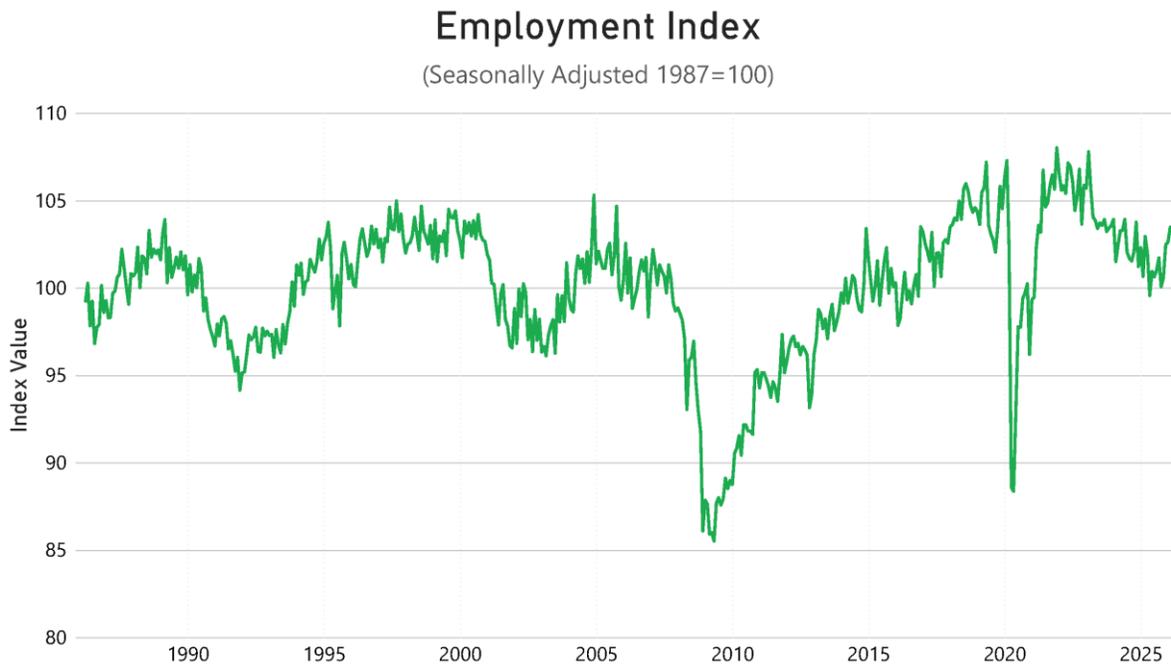


Small Business Employment Index Shows Positive Start to Year

Based on 428 respondents to the February survey of a random sample of NFIB's member firms, surveyed through 2/28/2026.

EMBARGO 1 PM THURSDAY

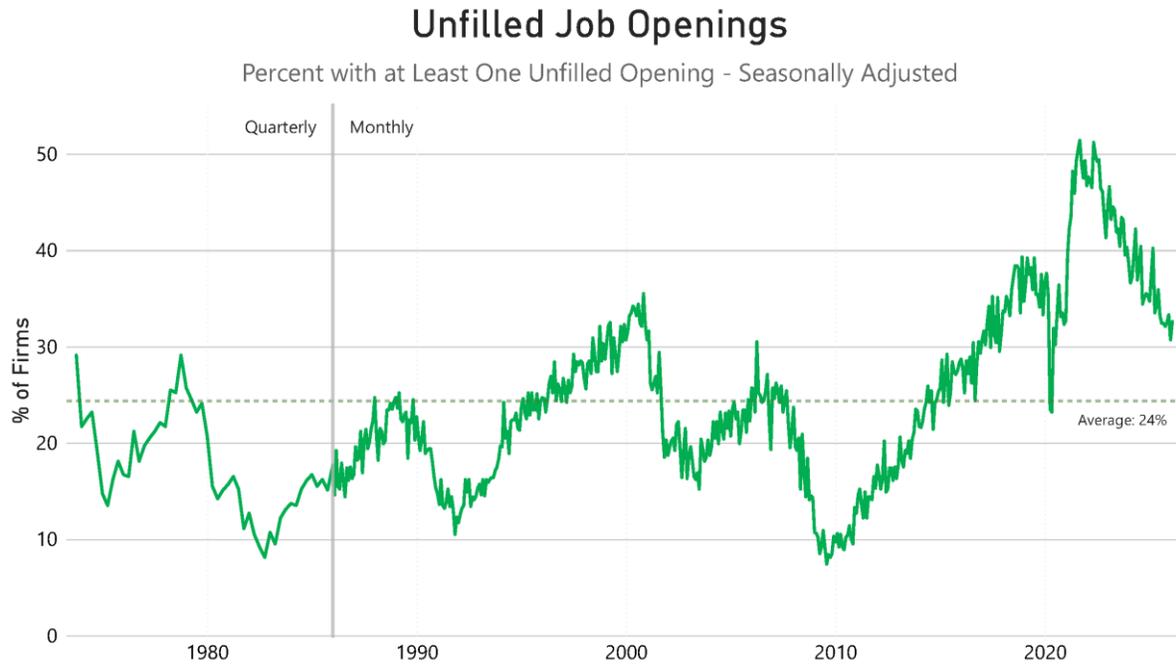


The NFIB Small Business Employment Index is a new measure of the current state of the small business labor market. The Index integrates actual and planned changes in employment and employee compensation into a singular data point. A higher Index reflects an overall tighter labor market; a lower Index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

The Employment Index ticked up in February, up nearly a point from January to 103.5.¹ After January consolidated the gains measured in December, February showed further tightness. This current reading is 2.3 points above the 2025 average of 101.2, and 3.5 points above the historical average of 100. These higher numbers are indicative of growing tightness in the labor market, though the market remains in balance overall.

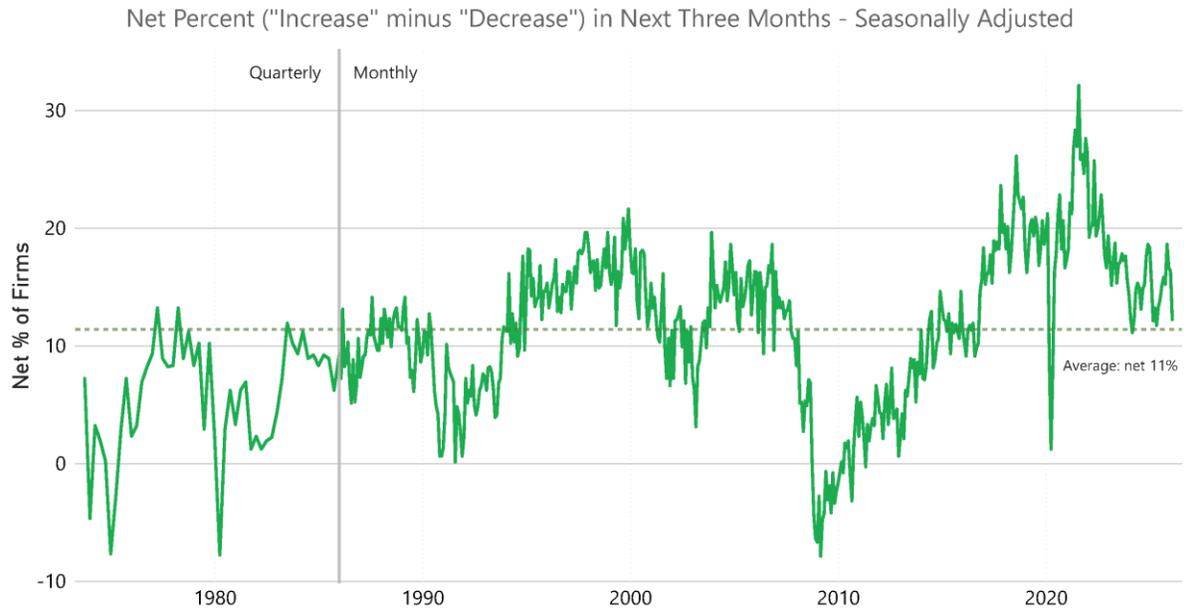
¹ January Index correction: original reading 101.6, corrected reading 102.6.

In February, 33% (seasonally adjusted) of small business owners reported job openings they could not fill in the current period, up 2 points from January. Unfilled job openings remain above the historical average of 24%. Twenty-eight percent have openings for skilled workers (up 3 points), and 10% have openings for unskilled labor (unchanged).



A seasonally adjusted net 12% of owners plan to create new jobs in the next three months, down 4 points from January and the lowest level since May 2025. Despite the decrease, hiring plans are close to their average of a net 11%.

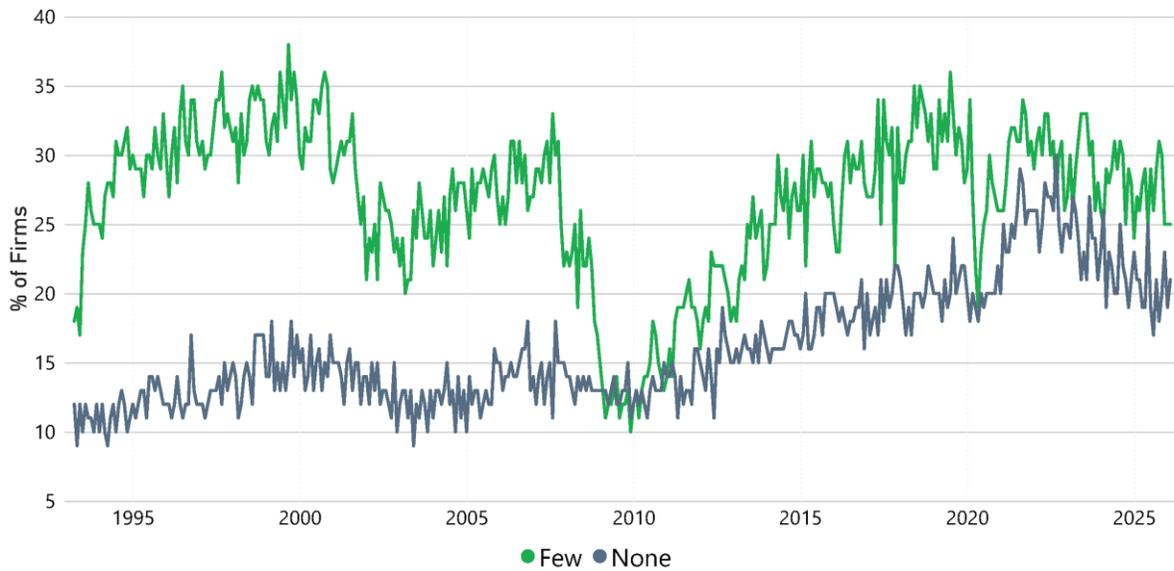
Hiring Plans



Overall, 54% of owners reported hiring or trying to hire in February, up 4 points from January. Forty-six percent (85% of those hiring or trying to hire) of owners reported few or no qualified applicants for the positions they were trying to fill (up 2 points). Twenty-five percent reported few qualified applicants (unchanged), and 21% reported none (up 2 points).

Qualified Jobs Applicants

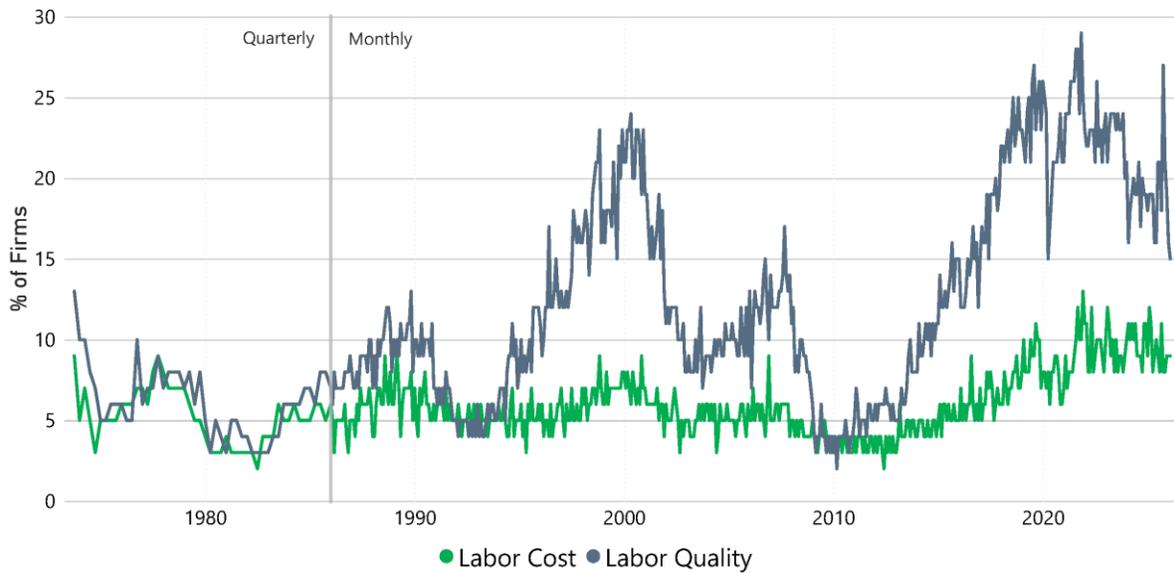
Few and None



In February, 15% of small business owners cited labor quality as their single most important problem, down 1 point from January and the fourth consecutive monthly decline. The last time labor quality, reported as the single most important problem, was this low was in April 2020. Labor costs, reported by small business owners as the single most important problem, remained at 9%.

Single Most Important Problem

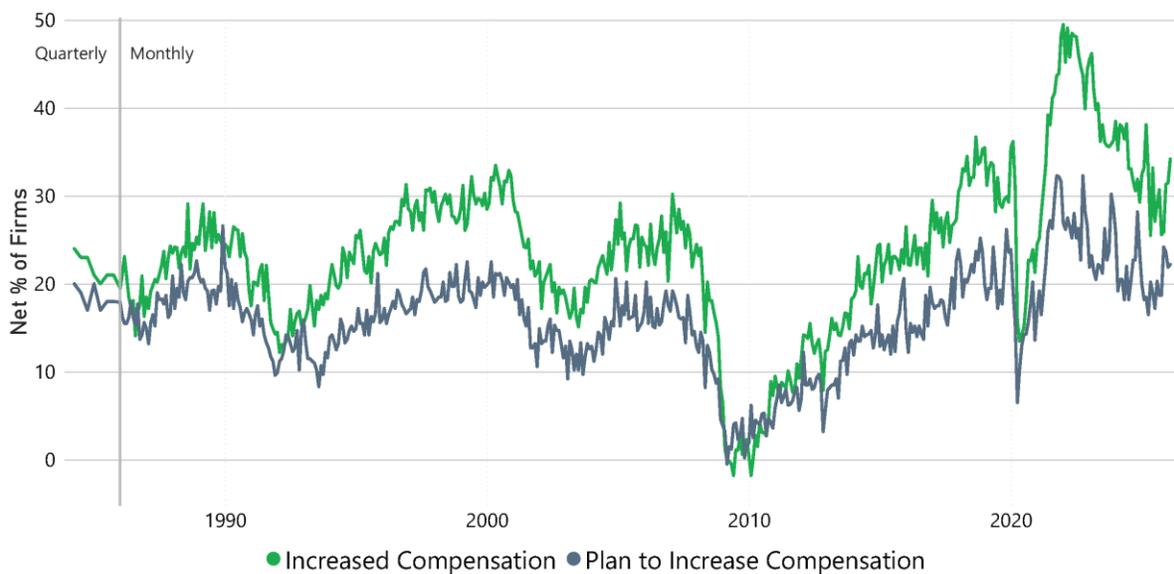
Labor Cost and Labor Quality



In February, a seasonally adjusted net 34% reported raising compensation, up 2 points from January and the highest level since March 2025. A net 22% (seasonally adjusted) plan to raise compensation in the next three months, unchanged from January.

Planned and Actual Labor Compensation Changes

Net Percent Actual Last Three Months and Planned Next Three Months - Seasonally Adjusted



Quotes from NFIB Members

"As the minimum wage keeps increasing each year, it becomes more difficult to pay employees and still be able to make childcare affordable for parents. Increasing minimum wage is the top problem." – Services, NJ

"Hiring skilled and unskilled people has been a problem. If they have good qualifications, they have a bad attitude! Most don't have the needed skills but would like to learn. I need more skilled people before I can spend time on trainees." – Services, MI

"Finding labor in my business is the most pressing problem. Nobody wants a career. Too much jumping around." – Services, AL

"This country suffers from a lack of skilled workers. It is almost impossible to find skilled workers in the automotive repair field." – Services, MI

"Besides taxes being a problem, good labor is very hard to come by." – Services, WA

"It's getting more and more difficult to find labor, especially CDL drivers who will do physical labor as well as drive. We are a small garbage company, and this is our biggest challenge." – Transportation, NY