

Job Openings and Hiring Plans Fall to Six-Year Lows

Labor Cost Rises to a Historical High

Based on 504 respondents to the May survey of a random sample of NFIB's member firms, surveyed through 5/29/2026.

EMBARGO 1 PM THURSDAY

Key Insights:

Amidst low hiring plans, small business owners face mounting pressure to retain workers in a tight labor market and some are navigating costly new state mandates, compounding already elevated labor expenses and squeezing already thin profit margins.

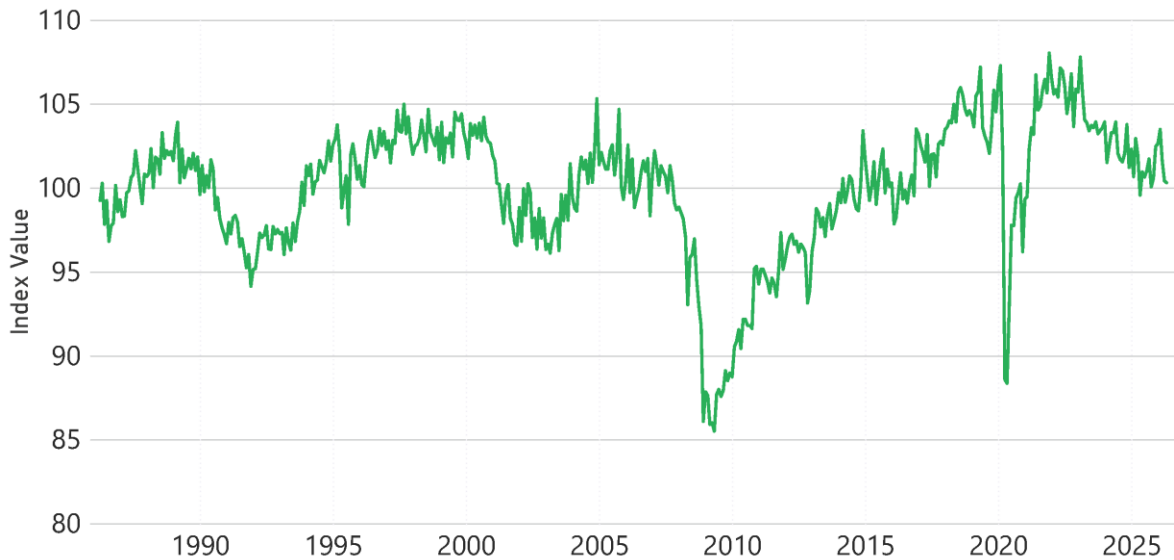
- Labor costs increased to the highest reading in history for the survey's question about business challenges. Fourteen percent of business owners reported labor costs as their single most important problem, up 5 points from April.
- Job openings fell 5 points in May to 29%, marking the lowest level since May 2020.
- Hiring plans in the next three months dropped 4 points from April to a net 9%, marking the lowest level since May 2020.

The NFIB Small Business Employment Index is a 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 remained essentially flat in May, registering 100.3 in May after measuring 100.4 in April. This is the third consecutive month in which the Index has declined. The current reading is below the 2025 average of 101.2 but slightly above the historical average of 100.0.

Employment Index

(Seasonally Adjusted 1987=100)



In May, 29% (seasonally adjusted) of small business owners reported job openings they could not fill in the current period, down 5 points from April and marking the lowest level since May 2020. Twenty-seven percent have openings for skilled workers (down 2 points), and 9% have openings for unskilled labor (down 4 points).

Unfilled Job Openings

Percent with at Least One Unfilled Opening - Seasonally Adjusted



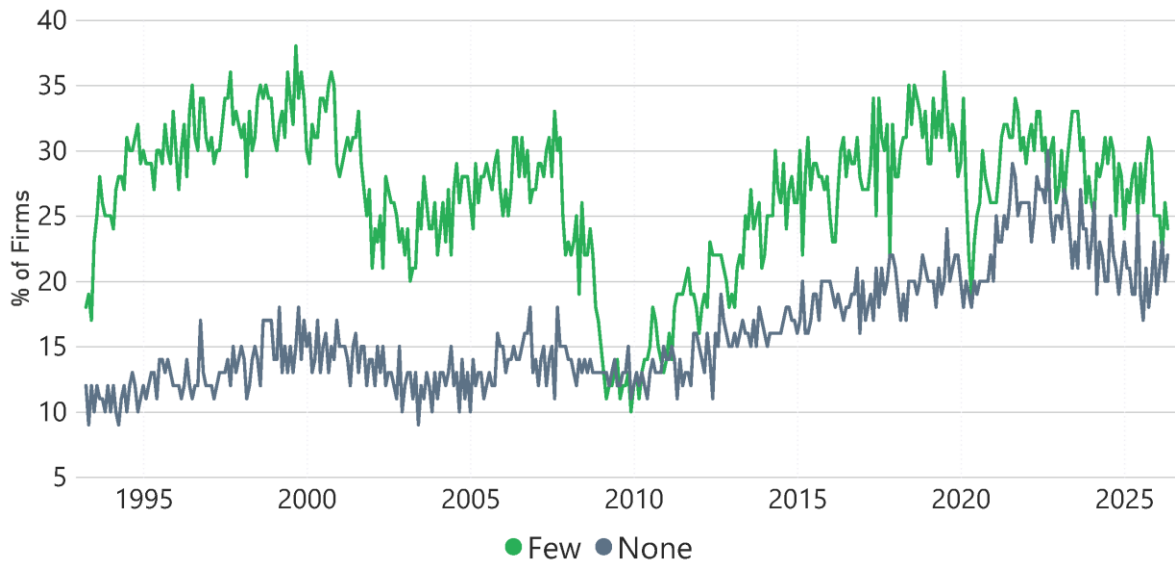
Looking ahead, a seasonally adjusted net 9% of owners plan to create new jobs in the next three months, down 4 points from April and marking the lowest level since May 2020. Plans to hire are now below its historical average of a net 11%.



Overall, 55% of owners reported hiring or trying to hire in May, up 2 points from April. Forty-six percent (84% of those hiring or trying to hire) of owners reported few or no qualified applicants for the positions they were trying to fill (unchanged). Twenty-four percent reported few qualified applicants (down 2 points), and 22% reported none (up 2 points).

Qualified Jobs Applicants

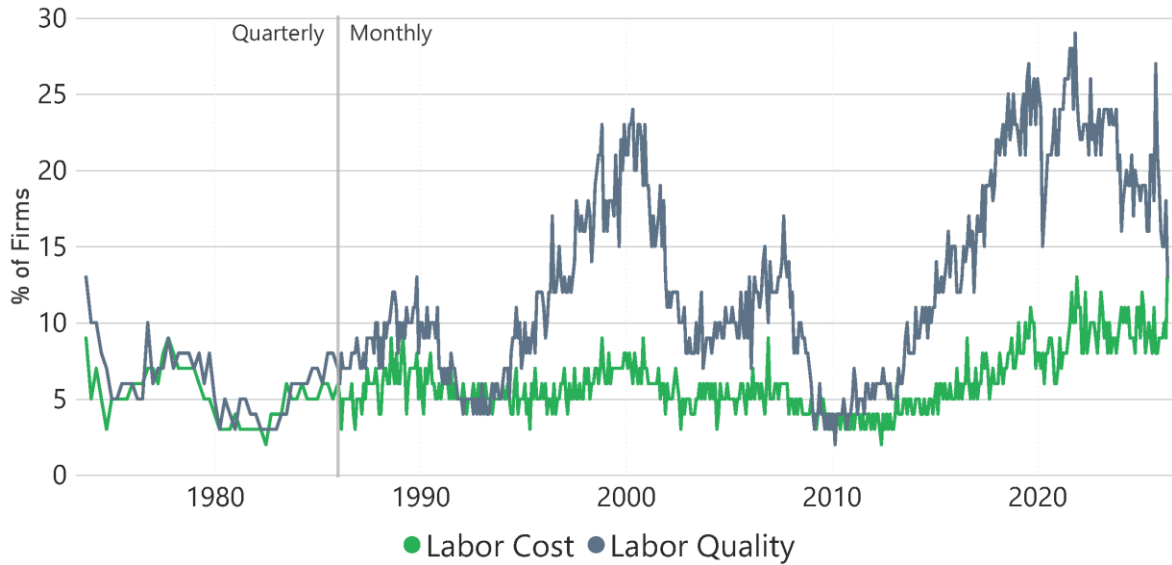
Few and None



In May, 13% of small business owners identified labor quality as their single most important problem, down 5 points from April and marking the lowest level since December 2016. While reports of labor quality as the single most important problem declined in May, reports of labor costs increased to the highest reading in the survey's history. Fourteen percent of business owners reported labor costs as their single most important problem, up 5 points from April.

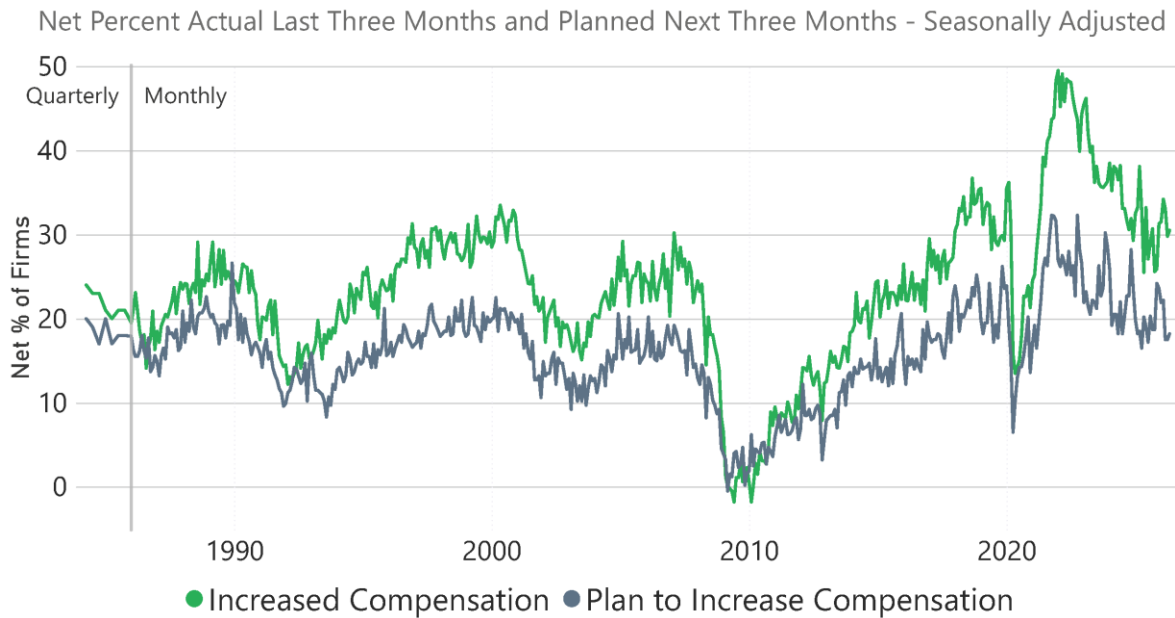
Single Most Important Problem

Labor Cost and Labor Quality



While unfilled job openings and hiring plans declined to six-year lows, compensation measures remained largely unchanged. In May, a seasonally adjusted net 31% reported raising compensation, up 1 point from April. A net 18% (seasonally adjusted) plan to raise compensation in the next three months, unchanged from April.

Planned and Actual Labor Compensation Changes



Quotes from NFIB Members

“Our labor struggle is blue-collar, especially entry level in our warehouse. We have applicants not show up for interviews and others apply, interview, accept, and not show up for work.” – Wholesale, OH

“Labor is in short supply for all levels.” – Agriculture, MI

“You can’t find anyone qualified who wants to actually work!” – Transportation, OH

“The Minnesota Paid Family Leave program gives money to the employees to take off but leaves the business to suffer the loss of productivity and client pressure. I can’t hire someone to do these jobs on a temporary basis. I wish the politicians who voted this new problem into existence would feel the financial pain of their poor decisions.” – Finance & Real Estate, MN

“Skilled labor like technicians and mechanics are hard to find. Unskilled labor was very challenging during Covid and then improved and is now worsening again.” – Services, NY