NFIB RESEARCH CENTER

WISCONSIN SMALL BUSINESS ECONOMIC TRENDS

Winter 2026

Introduction

Each month, NFIB publishes the Small Business Economic Trends (SBET) report, which tracks economic activity among small businesses in the U.S. The survey measures changes in sales, employment, investment, financing, and economic sentiment. While this is a useful country-wide snapshot, no state can be defined by national numbers alone. Therefore, the NFIB Research Center has produced state-specific numbers in our new, semi-annual "State of the States" SBET report for some of the largest states in the U.S. To create statistically meaningful numbers, responses from six monthly surveys are pooled together, creating data points for summer (April-September) and winter (October-March). These reports help signal the unique challenges and strengths of each state covered.

WISCONSIN

Though famous for consumable products, especially beer, cheese, and other dairy products, Wisconsin has a tremendously diverse economy. Manufacturing is its single largest sector (consumable production actually falls in this manufacturing category, making up 18% of the total). Real estate and professional and business services are the next two largest sectors, followed by health care. But cutting across all industries, how is the environment for small businesses? Pretty good, the data shows, slightly better than in the U.S. overall.

Contextual Data

GDP:	$483 Billion (21st)
Per capita income:	$71,300 (29th)
Unemployment rate:	3.5% (11th)

497,370
small businesses

1.3 million
small business employees

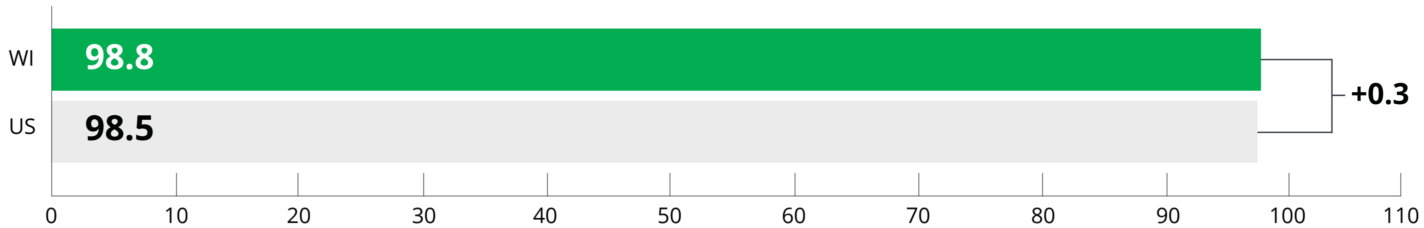
Home to a roughly half-trillion economy and some 500,000 small businesses, Wisconsin is on the larger side for the U.S., but not far from the median. That goes similarly for its earnings, with a per capita income right near the middle of the road (ranking 29th). One area where Wisconsin does stand out is its labor market. Wisconsin peaked during overheated post-pandemic recovery at a much lower unemployment rate than the rest of the economy. Its unemployment rate has increased substantially over the last three years, but it still remains comfortably below the national level (4.3%), ranking eleventh among states. In other words, Wisconsin's labor market was extremely tight, and though it has calmed, remains tighter than the national market.

Optimism Index

NFIB's Optimism Index is the best single indicator of the health of the small business environment, and it offers reasonably good news for Wisconsin. Currently, the state has an Index of 98.8. That's just above both the U.S. level (98.5) and the historical national average (98.0). It marks the second consecutive period that Wisconsin has outperformed the U.S. average (Fig. 1).

Historically, Wisconsin has generally remained close to the U.S. overall. It underperformed in the late 1970s and early 1980s and had consistent but modest overperformance for much of the late 2010s, but it has otherwise remained close to the national level.

Small Business Optimism Index
Seasonally Adjusted (1986=100)



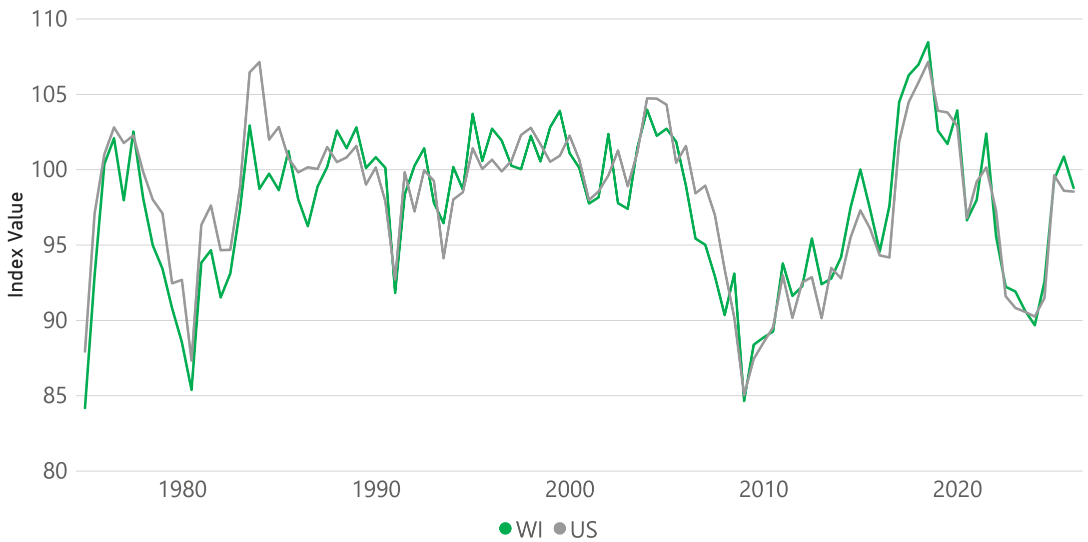


Figure 1

Optimism Index (cont.)

The Optimism Index is the output of 10 individual underlying components. These components add more nuance to the topline conclusion of slight overperformance for Wisconsin. Given that main conclusion, it is no surprise that, for the most part, the individual component gaps between Wisconsin and the U.S. are quite small (Table 1). The biggest single difference is in real sales expectations, where Wisconsin businesses are substantially more pessimistic (-9 points). This is counterbalanced by stronger hiring plans and plans to make capital outlays. The higher employment plans are unsurprising given the contextual data suggesting a tighter labor market in Wisconsin.

Optimism Index Components

Component (Seasonally Adjusted)	Current (WI)	Current (U.S.)	Difference (Rounded)
Plans to Increase Employment	20.2	15.4	5
Current Openings	33.6	32.0	2
Expected Credit Conditions	-4.1	-4.2	0
Expect Economy to Improve	18.7	18.9	0
Expect Real Sales Higher	1.4	10.6	-9
Earnings Trends	-20.0	-21.4	1
Current Inventory (Too Low)	-2.5	-2.6	0
Plans to Increase Inventory	-5.1	-2.4	-3
Now a Good Time to Expand	15.9	13.2	3
Plans to Make Capital Outlays	23.4	19.4	4

Table 1

Business Health

To better understand small businesses, NFIB recently added a question asking owners to rate their business's current health. This serves as a concrete, point-in-time complement to the more comprehensive and forward-looking Optimism Index. The Business Health data supports the Optimism Index's story of similar-but-slightly-better conditions for Wisconsin than the U.S. overall.

Wisconsin had fewer businesses reporting excellent health (–2 percentage points), but 5 points more reporting good health (Fig. 2). Roughly 1 percentage point fewer report fair or poor health. Obviously, fewer reporting excellent health is not ideal, but the other gaps favor the state. In sum: Minimal difference but on net better for Wisconsin.

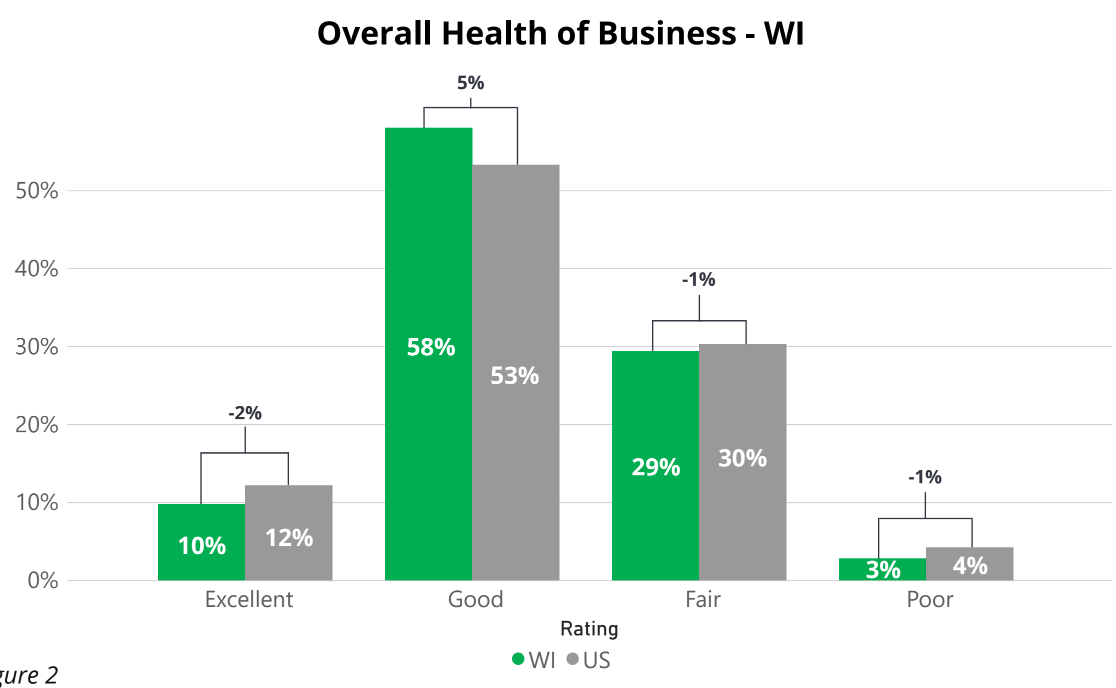


Figure 2

Employment Index

Earlier this year, NFIB introduced a new Small Business Employment Index, which is designed to give a single measure of the small business job market. For this Index, higher numbers represent a tighter labor market, where hiring and retention are more difficult, and lower numbers represent a weaker labor market, where finding and keeping workers is easier. This Index is of particular interest for Wisconsin since the contextual data identified unemployment as a key point of difference between Wisconsin and the U.S. overall.

The Small Business Employment Index aligns with that contextual data, showing a Wisconsin job market that is tighter than the U.S. Currently, the Index advantage is quite large, with a reading of 104.8 for WI vs 101.6 for the U.S. This data is further confirmation that workers are harder to find and keep in Wisconsin than in the U.S. overall.

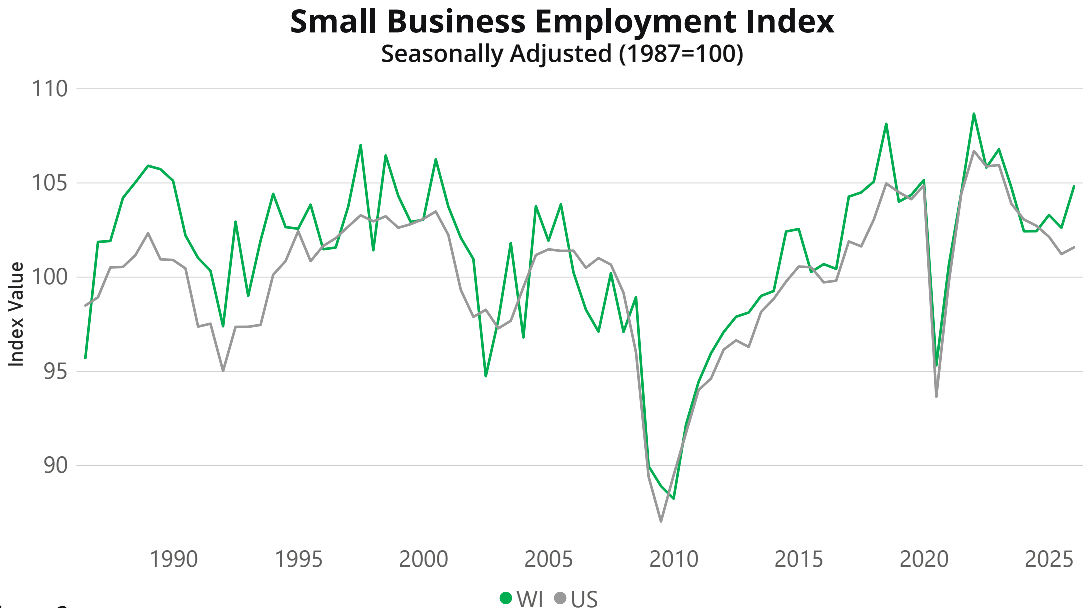


Figure 3

"This data is further confirmation that workers are harder to find and keep in Wisconsin than in the U.S. overall."

Uncertainty Index

Uncertainty has soared in the past couple of years, with the Oct. 2024-Mar. 2025 period being the national peak in this category. Wisconsin had a similar spike before a concerning result last period (Apr. 2025-Oct. 2025), when its Uncertainty Index ticked up even higher (though only 0.1 points). Fortunately, the latest data counters that result, as Wisconsin dropped precipitously. Now the state's Index is significantly below the national level (Fig. 4).

If the latest data confirms that the last period's higher-than-U.S. uncertainty was no cause for panic, it also calls for caution with this period's lower-than-U.S. uncertainty. The falling uncertainty is good news, but it isn't clear that Wisconsin is suddenly much better than the U.S. one period after being much worse. Most likely, Wisconsin is tracking closer to the U.S. than the numbers suggest on a single period basis.

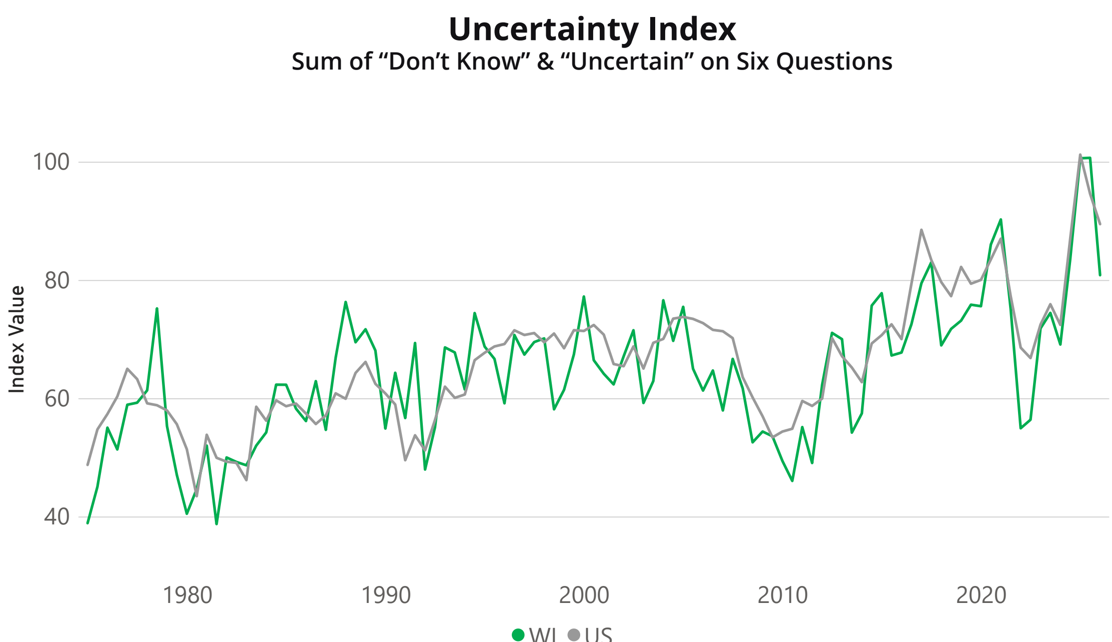


Figure 4

Top Issues

To add color to the measurement of the small business environment, NFIB asks owners to identify the single most important problem for their business. This data extends the similar profile of Wisconsin and the U.S. while adding nuance about the difficulty of the labor market and comparatively better sales.

For six of nine issues, the data shows no difference between Wisconsin and the U.S. overall (Table 2). Then, for one issue, it shows only a borderline difference, a 3-point gap for Competition from Large Business. That leaves just two categories with meaningful gaps: Labor Quality and Poor Sales. Wisconsin small businesses report significantly greater challenges with labor quality (+5 points), which is unsurprising given the contextual data and Employment Index. Simply put, the small business job market is tighter and tougher for Wisconsin small businesses. On the other hand, Wisconsin small businesses report fewer issues with poor sales (-7 points). That is a particularly positive result, as the poor sales issue spikes in economic downturns. The two divergent problems align in that a stronger sales environment often supports additional workers.

Single Most Important Problem	Current (WI)	Current (U.S.)	Difference (Rounded)
Competition from Big Business	8.9	5.7	3
Labor Cost	7.5	8.5	-1
Financing & Interest Rates	3.4	2.9	1
Government Regulation	8.2	8.2	0
Inflation	13.0	12.6	0
Labor Quality	25.3	19.9	5
Taxes	17.1	17.3	0
Poor Sales	2.7	9.8	-7
Cost or Availability of Insurance	8.9	9.9	-1

Table 2

Top Issues (cont.)

Since this is the first Wisconsin-specific report, reviewing the historical data has value. The next graphs cover this history of all nine problems, split across three graphs to avoid overcrowding. The first graph shows three of the most consistent issues: Taxes, Government Regulation, and Competition from Large Businesses. Taxes have typically been the worst of these three, which is common for the U.S. (Fig. 5). However, Government Regulation has often been close behind, and even ahead sometimes. Competition from Large Businesses has most often been third, though it is higher than Government Regulation in the current data.

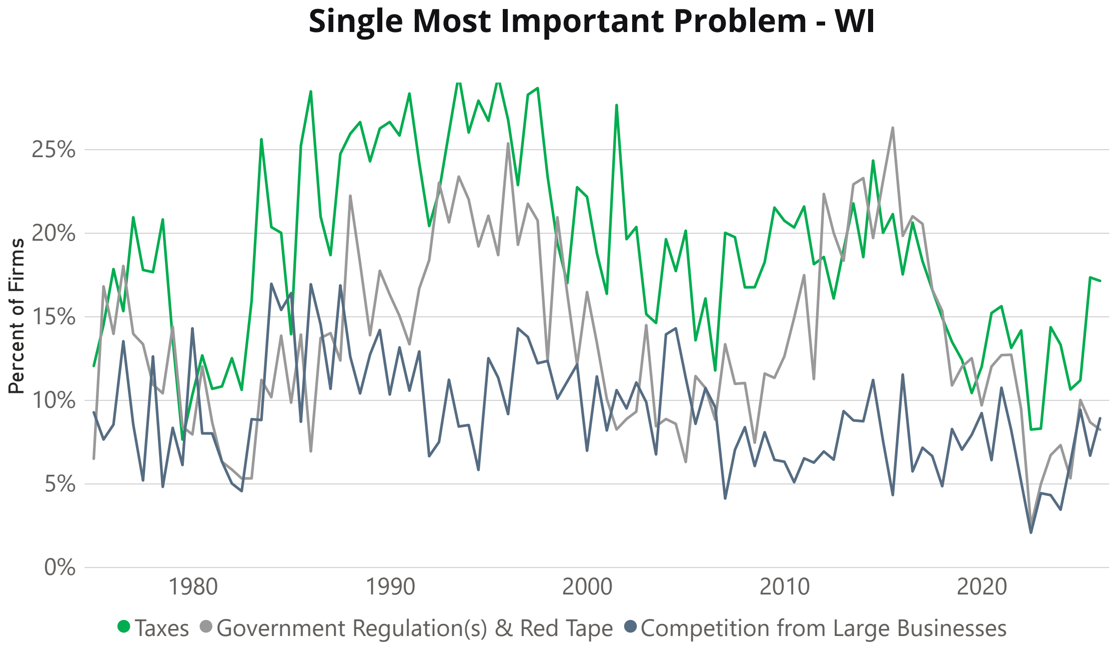


Figure 5

Top Issues (cont.)

The next figure shows three problems that are much less consistent than the previous trio. Poor sales, labor quality, and labor cost all move significantly in response to the business cycle, with poor sales spiking in recessions while the labor issues worsen during expansions. Indeed, the data confirms these tendencies. Poor sales had its highest peak in the Great Recession, while labor quality became elevated during the recovery, with its worst period during the overheated post-pandemic boom. Labor cost is typically a smaller concern. It had its peak in that post-pandemic boom as well.

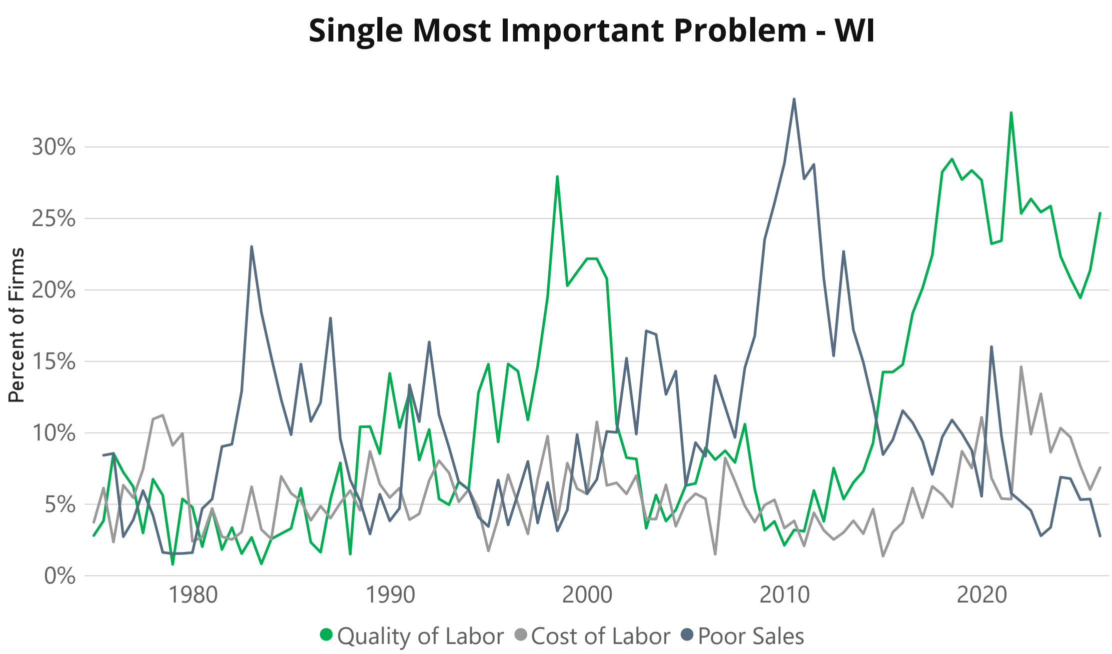


Figure 6

Top Issues (cont.)

The final trio includes the closely related Inflation and Financing Costs issues alongside Insurance. Inflation has had two spikes, one in the post-pandemic recovery, and another — the worst one — in the late 1970s. That worst inflation spike ended in the early 1980s when the Federal Reserve dramatically hiked interest rates to counter it, and in doing so, created the one period where financing costs were the top issue for small businesses. Insurance has mostly been lower among these issues, though it had a high period in the mid-2000s when post 9/11 repricing and a rapid runup in health insurance costs brought it to the fore.

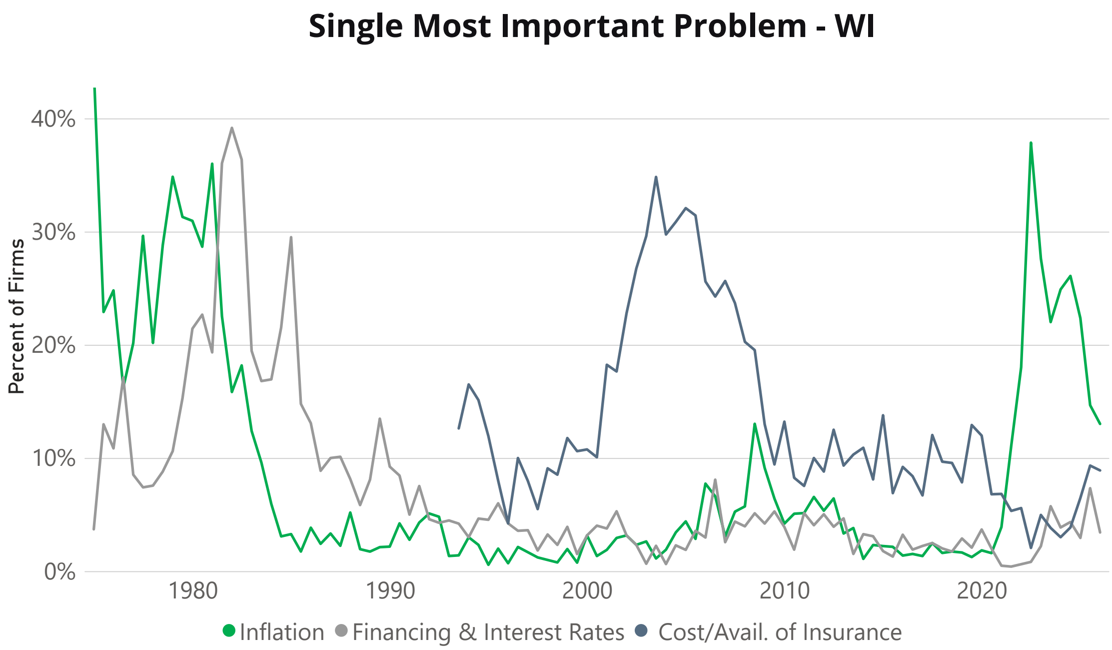


Figure 7

Conclusion

In this first Wisconsin-specific report, the news for the small business environment is generally good. Wisconsin is running just a bit ahead of the U.S. overall on the Optimism Index and Small Business Health. One key differentiator between Wisconsin and the U.S. is the labor market: Wisconsin's job market is meaningfully tighter, whether looking at government unemployment data, the Small Business Employment Index, or where Labor Quality ranks among the most important problems. Speaking of most important problems, that question adds a feather to Wisconsin's cap: Poor Sales is a much more minor issue in the state than the nation overall. Overall, the news is generally positive for small businesses in Wisconsin.

Methodology:

The data for this report is sourced from our Small Business Economic Trends Survey, which polls a random sample of NFIB members. The survey ran quarterly from 1973 to 1985 and has run monthly from 1986 through the present. As this is a national survey, the number of responses from an individual state are not necessarily statistically meaningful in a given month. To create this new state-specific report, we pooled data from multiple surveys into a weighted average for a given season (Apr-Sep for summer and Oct-Mar for winter). In the monthly era, that means six months of data, and in the quarterly era, that means two quarters of data. For winter 2026, Wisconsin had 146 total responses.