

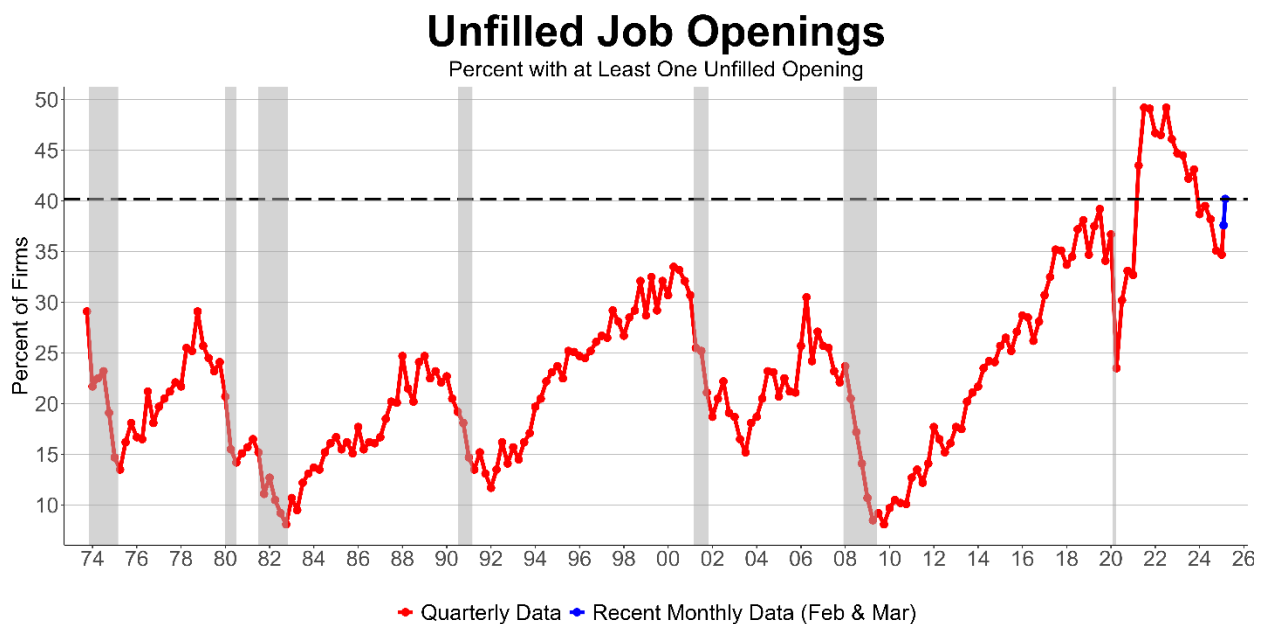
Labor Quality Remains a Headwind for Job Growth

Based on 508 respondents to the March survey of a random sample of NFIB's member firms, surveyed through 3/27/2025.

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The U.S. Bureau of Labor Statistics (BLS) reported that in February, 151,000 jobs were created in the U.S. economy. Revisions to estimates for December and January totaled 2,000 lower than previously reported. The unemployment rate rose slightly to 4.1 percent. Employment grew in health care, financial activities, and transportation and warehousing, while federal government employment declined.

Specifically looking at small businesses, NFIB's March Small Business Economic Trends survey found that 40 percent (seasonally adjusted) of all owners reported job openings they could not fill in the current period, up 2 points from February. Thirty-three percent have openings for skilled workers (up 2 points) and 13 percent have openings for unskilled labor (unchanged).



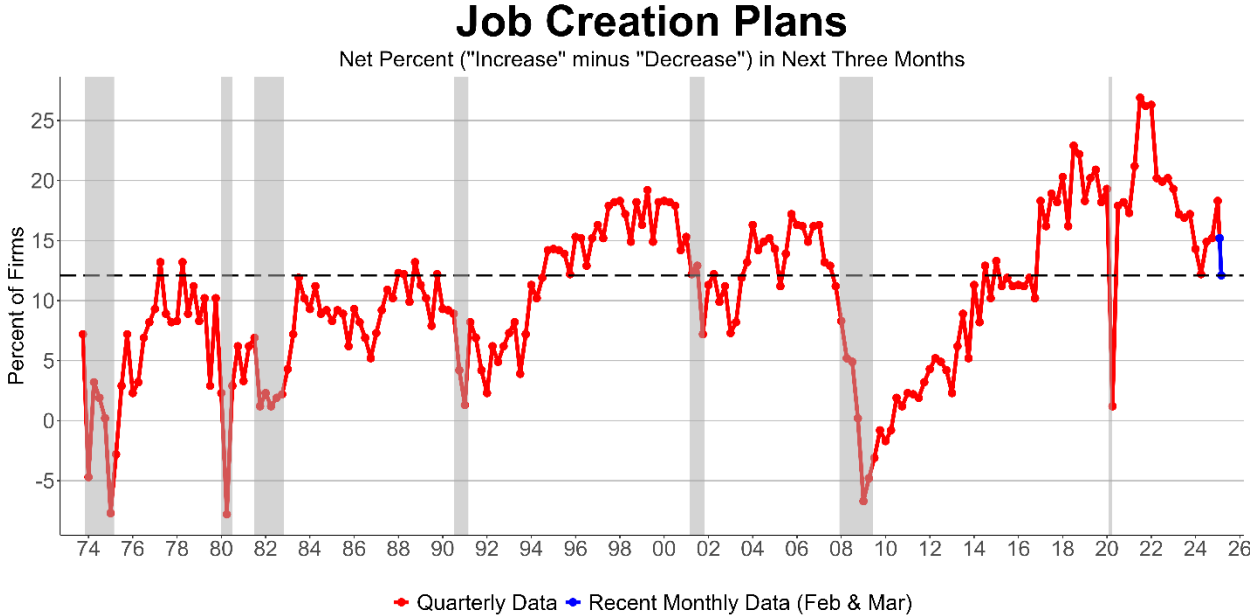
Job openings were the highest in the construction, transportation, and manufacturing sectors, and the lowest in the agriculture and wholesale sectors. Job openings in construction were up 10 points from last month (weather), and up 12 points from March 2024. Also notable, job openings in the transportation sector rose 23 points from the prior month to 53 percent. More firms reduced their

employment levels than increased them (14.4 percent reduced while 9.6 percent increased).

Industry- Percent with Job Openings

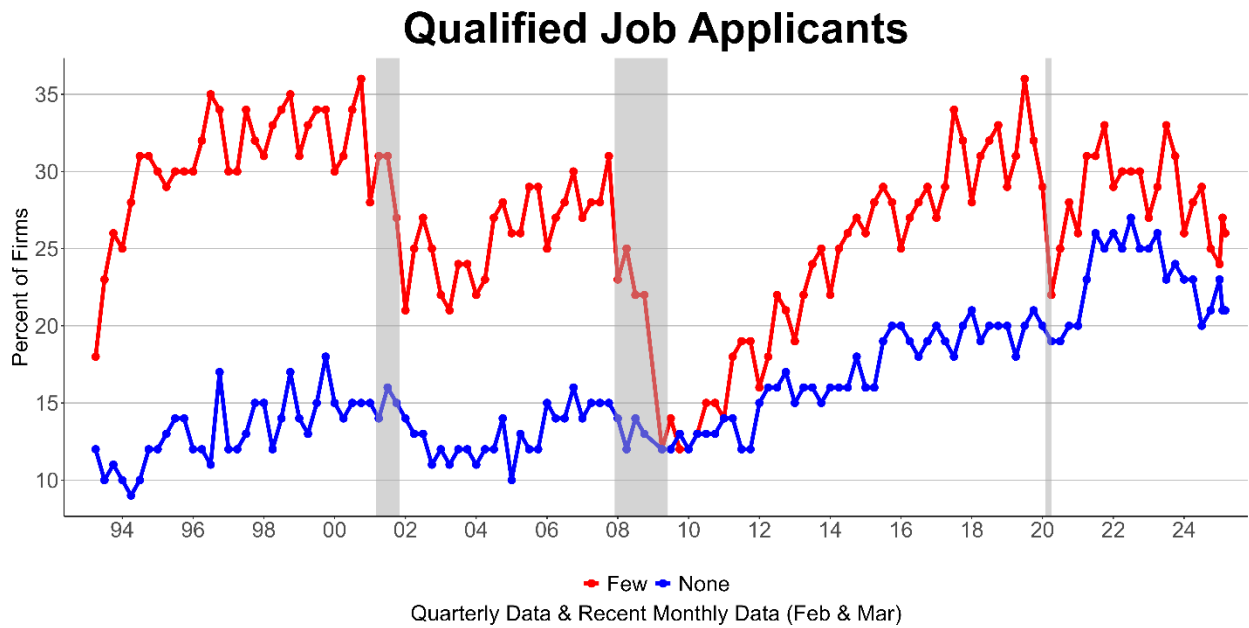
Industry	Mar. 2025	Mar. 2024
Construction	56%	44%
Transportation	53%	77%
Manufacturing	47%	27%
Services	38%	44%
Retail	35%	41%
Finance	34%	13%
Professional services	31%	39%
Agriculture	21%	26%
Wholesale	20%	16%

A seasonally adjusted net 12 percent of owners plan to create new jobs in the next three months, down 3 points from February. The last time hiring plans were this low was April 2024. Job creation plans are in weak territory compared to recent history.

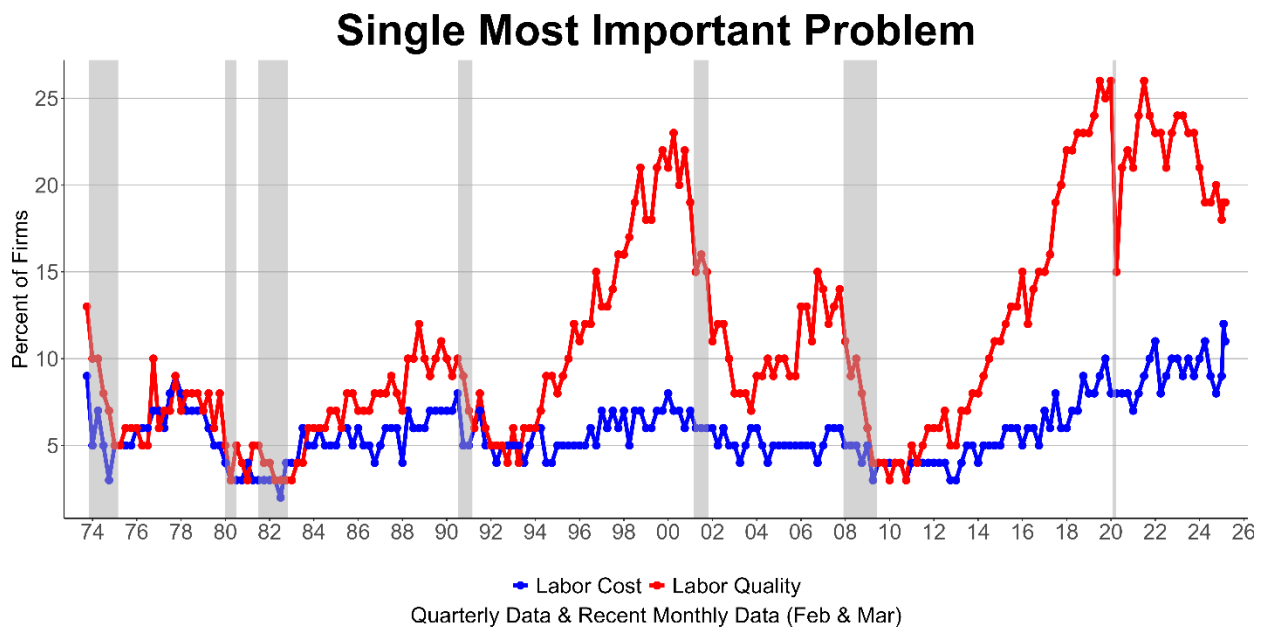


Overall, 53 percent of owners reported hiring or trying to hire in March, unchanged from February. Forty-seven percent (87 percent of those hiring or trying to hire) of owners reported few or no qualified applicants for the positions they were trying to

fill (down 1 point). Twenty-six percent of owners reported few qualified applicants for their open positions (down 1 point) and 21 percent reported none (unchanged).

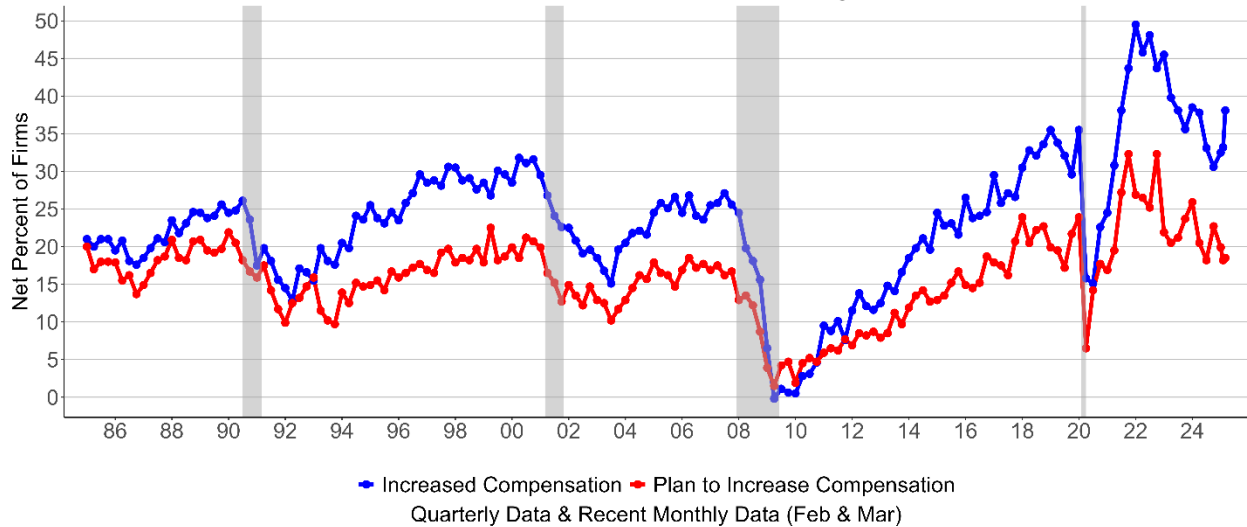


The percent of small business owners reporting labor quality as their top small business operating problem was unchanged from February at 19 percent. Labor costs reported as the single most important problem for business owners fell 1 point from February to 11 percent, only 2 points below the highest reading of 13 percent reached in December 2021.



Seasonally adjusted, a net 38 percent reported raising compensation, up 5 points from February. Small business owners are feeling pressured to retain and attract employees. A net 19 percent (seasonally adjusted) plan to raise compensation in the next three months, up 1 point from February. Overall, wage cost increases continue to pressure the bottom line for owners.

Planned and Actual Labor Compensation Changes



Main Street job openings hold firm as qualified workers continue to be in short supply. However, job creation plans have started to fade over the last few months. Public sector (government, social services, education, and healthcare) job growth remained solid at pre-DOGE levels, but data releases in the next few months should start reflecting recent layoffs. Finding qualified workers though remains the major headwind for stronger job growth on Main Street.

The new administration is aggressively addressing the rapid growth of government employment and spending, muddying the employment picture (many workers released will be paid through September). Overall, economic growth appears to be slowing, but at a slow pace. While large firms are shrinking their employment, small businesses are still trying to fill job openings. Wage increases remain strong, putting pressure on prices. The bottom line for all of this will become clearer over the next few months.