

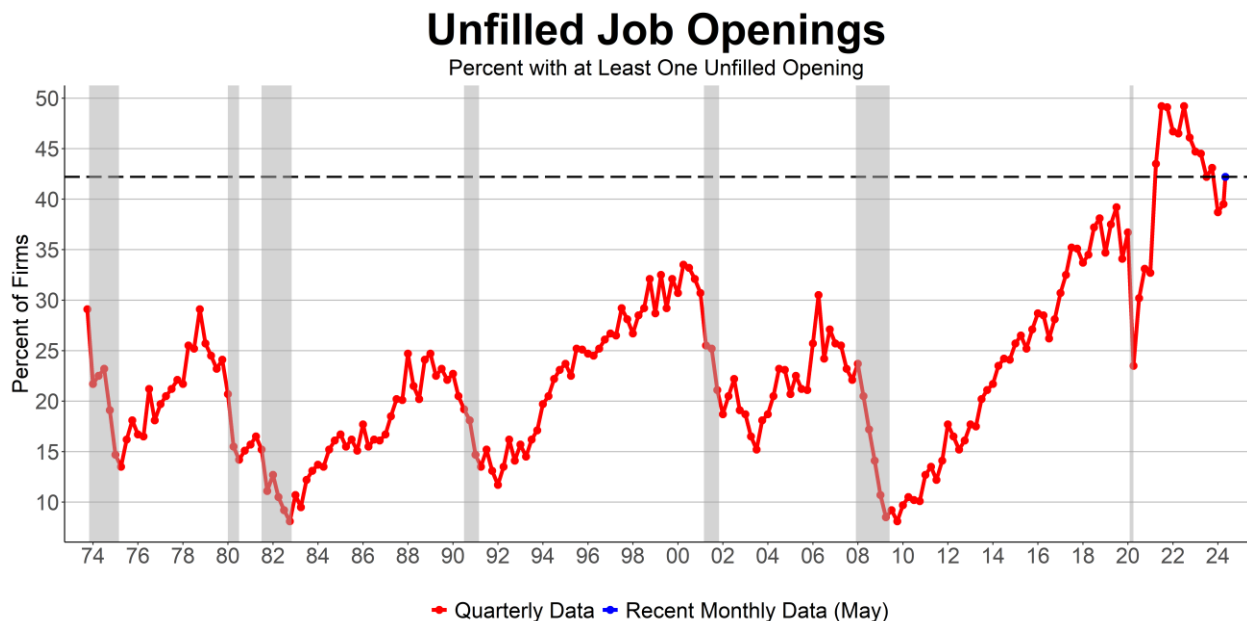
Small Business Compensation Plans Fall to Lowest Level Since 2021

Based on 578 respondents to the May survey of a random sample of NFIB's member firms, surveyed through 5/30/2024.

EMBARGO 1 PM THURSDAY

The U.S. Bureau of Labor Statistics (BLS) reported that, in April, 175,000 jobs were created in the U.S. economy, lower than recent monthly additions (about 250,000/month over the last 12 months). Revisions for February and March subtracted 22,000 from estimates of total employment, leaving the unemployment rate steady at 3.9%. NFIB's May jobs report found solid employment hiring plans among small business owners, but overall unsuccessful attempts to hire additional workers.

In NFIB's May survey, 42 percent (seasonally adjusted) of all owners reported job openings they could not fill in the current period, up 2 points from April. Thirty-seven percent have openings for skilled workers (up 3 points) and 14 percent have openings for unskilled labor (down 4 points). The labor market remains tight, especially in the construction, manufacturing, and transportation sectors.



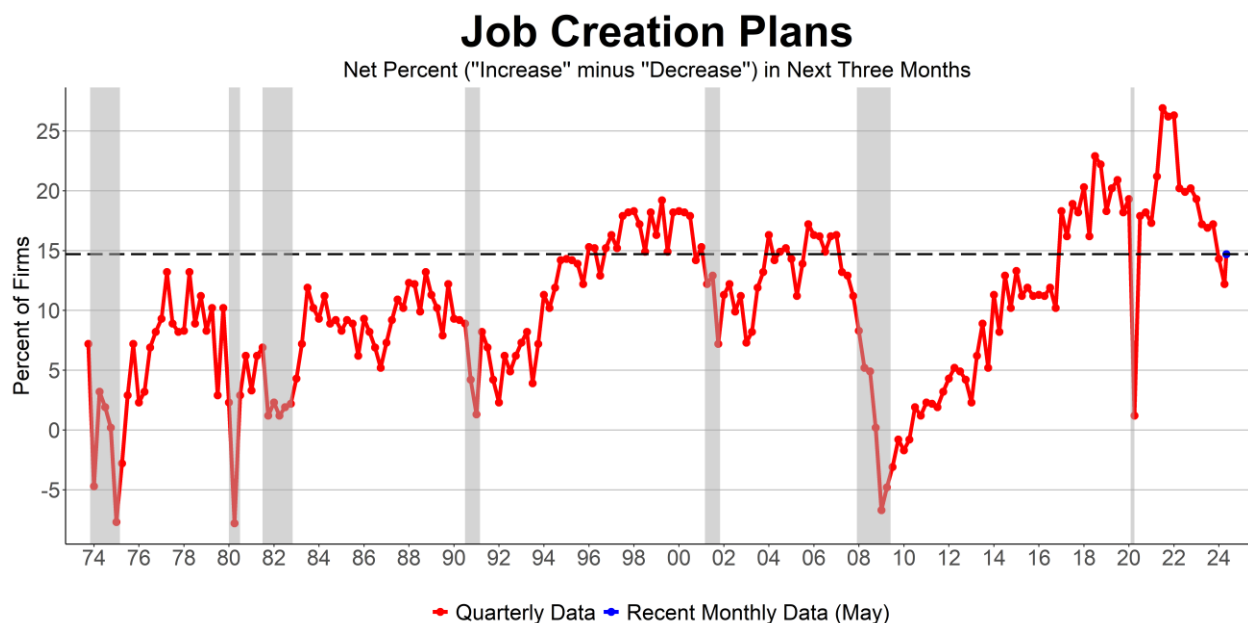
Job openings in construction were down 1 point from last month and over half of them (54%) have a job opening they can't fill. Job openings were the highest in the construction, manufacturing, and transportation sectors, and the lowest in the

wholesale and agriculture sectors. Overall, the percent of firms with one or more job openings they can't fill remains at historically exceptionally high levels. This indicates continued upward pressure on compensation and, ultimately, on inflation.

Industry- Percent with Job Openings

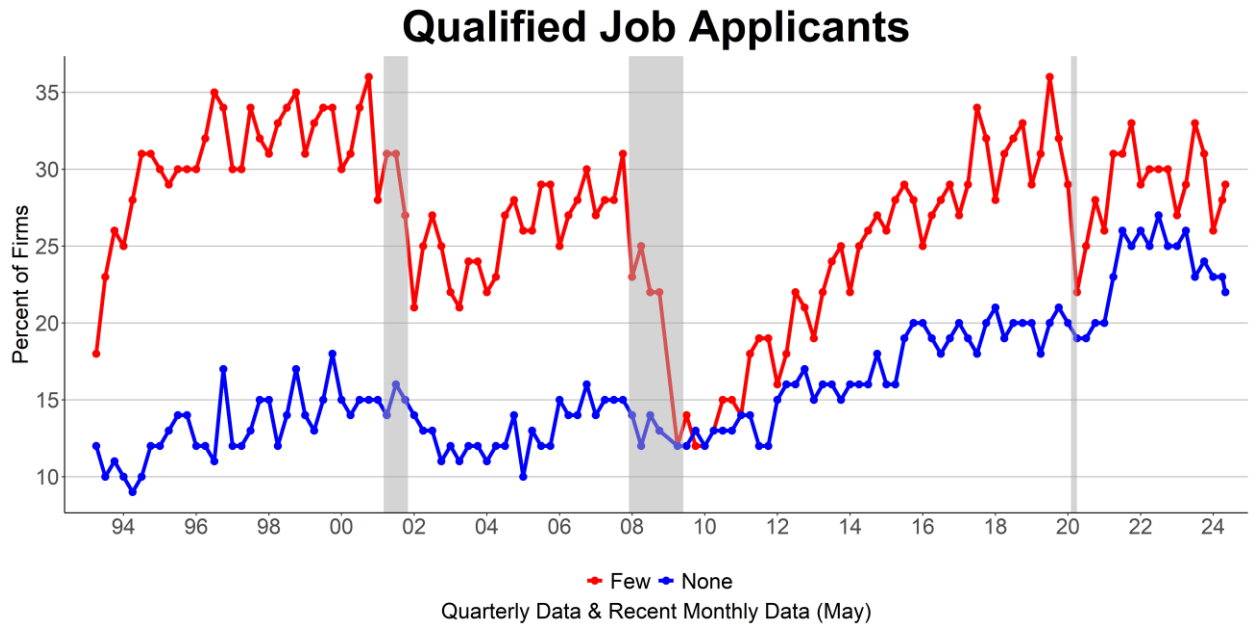
Industry	May 2024	May 2023
Construction	54%	63%
Manufacturing	52%	52%
Transportation	52%	59%
Services	50%	48%
Professional services	47%	45%
Finance	40%	29%
Retail	36%	44%
Wholesale	26%	36%
Agriculture	20%	25%

A seasonally adjusted net 15 percent of owners plan to create new jobs in the next three months, up 3 points from April and the highest reading of the year. Job creation plans are below levels seen that last time the economy experienced solid growth.

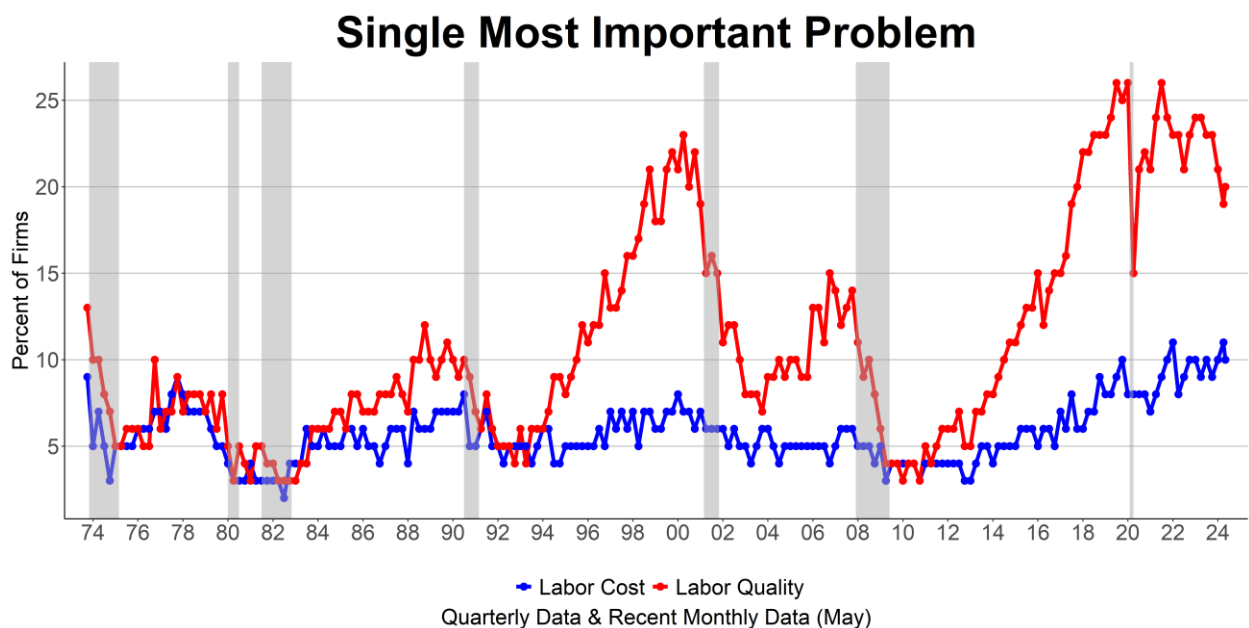


Overall, 60 percent reported hiring or trying to hire in May, up 4 points from April. Fifty-one percent (85 percent of those hiring or trying to hire) of owners reported few or no qualified applicants for the positions they were trying to fill (unchanged).

Twenty-nine percent of owners reported few qualified applicants for their open positions (up 1 point) and 22 percent reported none (down 1 point).

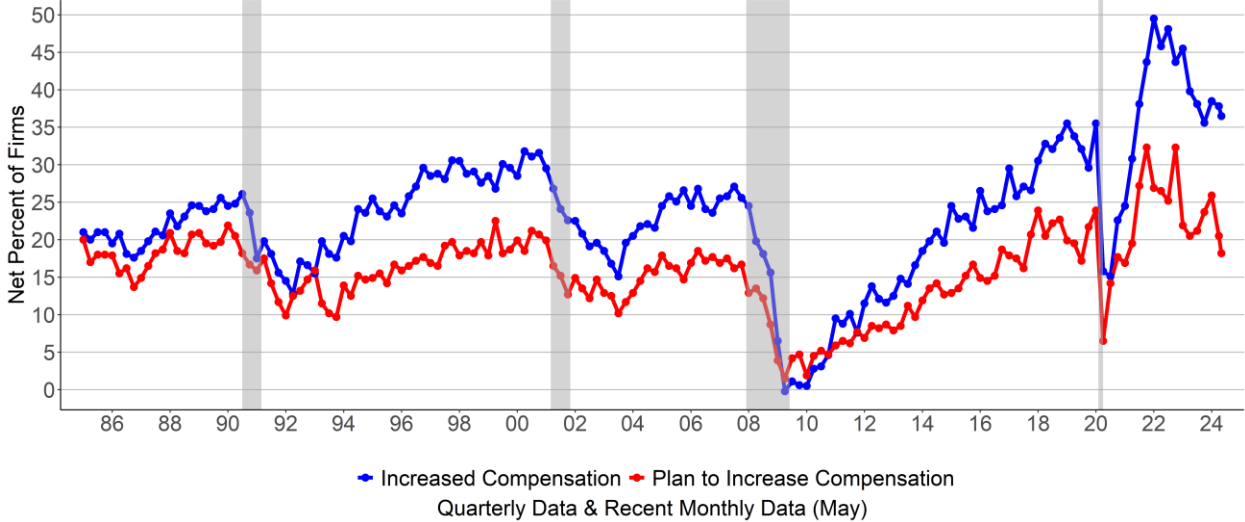


The percent of small business owners reporting labor quality as their top small business operating problem rose 1 point from April to 20 percent. However, labor quality as small business owners' top problem has eased considerably over the last two quarters. Labor cost reported as the single most important problem for business owners decreased 1 point to 10 percent, 3 points below the highest reading of 13 percent reached in December 2021.



Seasonally adjusted, a net 37 percent reported raising compensation, down 1 point from April but historically very high, worrisome for inflation watchers. A net 18 percent (seasonally adjusted) plan to raise compensation in the next three months, down 3 points from April and the lowest reading since March 2021.

Planned and Actual Labor Compensation Changes



Employment reports have indicated strong labor markets until recently. Government has been a major contributor to employment growth along with social services. Job growth in production sectors (manufacturing, construction, etc.) has been weak. Small businesses are not reporting net gains in employment. The employment situation will get a lot of attention between now and the election as candidates look for information to support their policy prescriptions.