

Small Business Snapshot

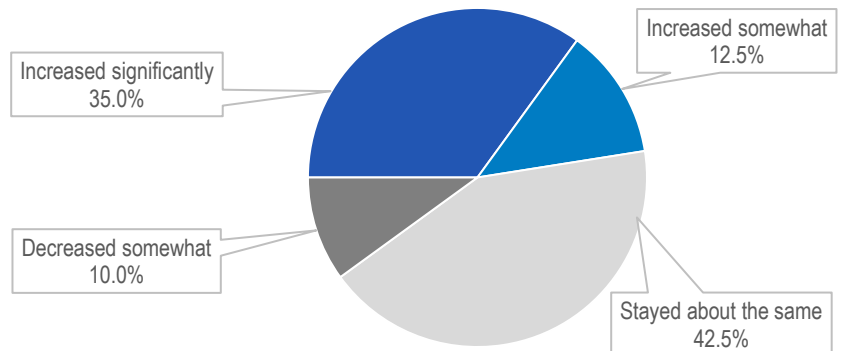
Summary

- ✓ Taken as a whole, Q4 small business economic data reflects a slowing but still very active labor market.
- ✓ **Almost half of all PEOs had more internal employees than 12 months earlier**; only 10 percent decreased in size.
- ✓ Cumulative change in **small business employment was lower in the last 4 months** than in previous months.
- ✓ **Small business optimism ticked up slightly over the last 3 months**, although remains relatively low historically.
- ✓ The national **unemployment rate remains at 3.5 percent**.
- ✓ **Hiring rates remain high but are a bit lower than they were one year ago**. These rates have declined or remained constant in all major industrial sectors compared to last year.
- ✓ In the last 12 months, **small business wages are up 5 percent** (higher than recent historical increases, but less than the overall rate of inflation).
- ✓ There are now **1.2 million more jobs in the economy** than there were before the pandemic began.

1. PEO Pulse Survey

Recent data from NAPEO's pulse survey of PEO members

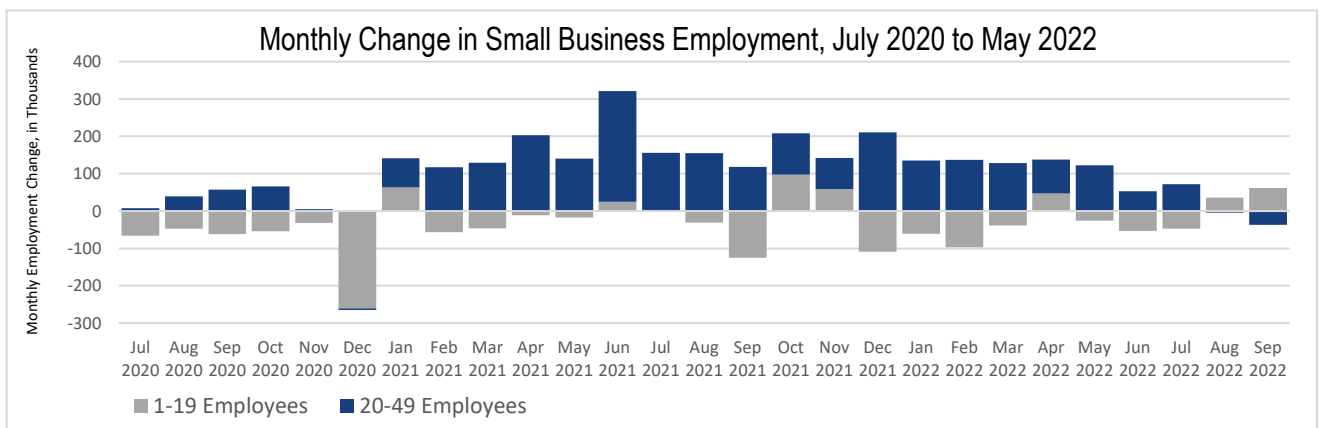
12-month change in # of internal PEO employees (including salespeople)
(Q3 2021 to Q3 2022)



Source: [NAPEO Quarterly Pulse Survey](#), 2022 Q3.

2. Small Business Employment Change

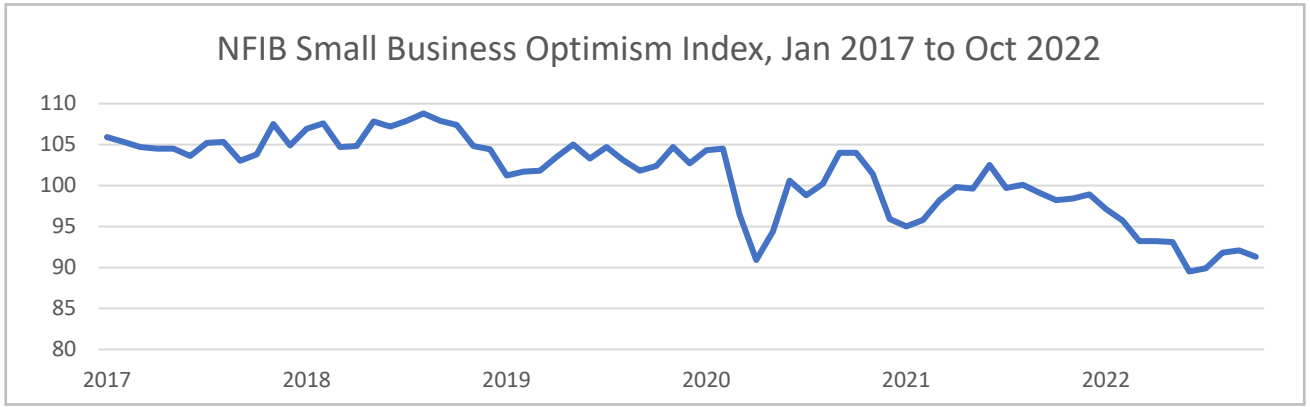
Employment (total nonfarm private sector), change in thousands, by company size



Source: [ADP National Employment Report](#) (October 2022). NOTE: As of August 2022, the ADP Research Institute changed the methodology for its employment data. All numbers in the graph above reflect the new methodology, with historical months recalculated by the ADP Research Institute to ensure comparability for all dates in the graph.

3. Small Business Sentiment

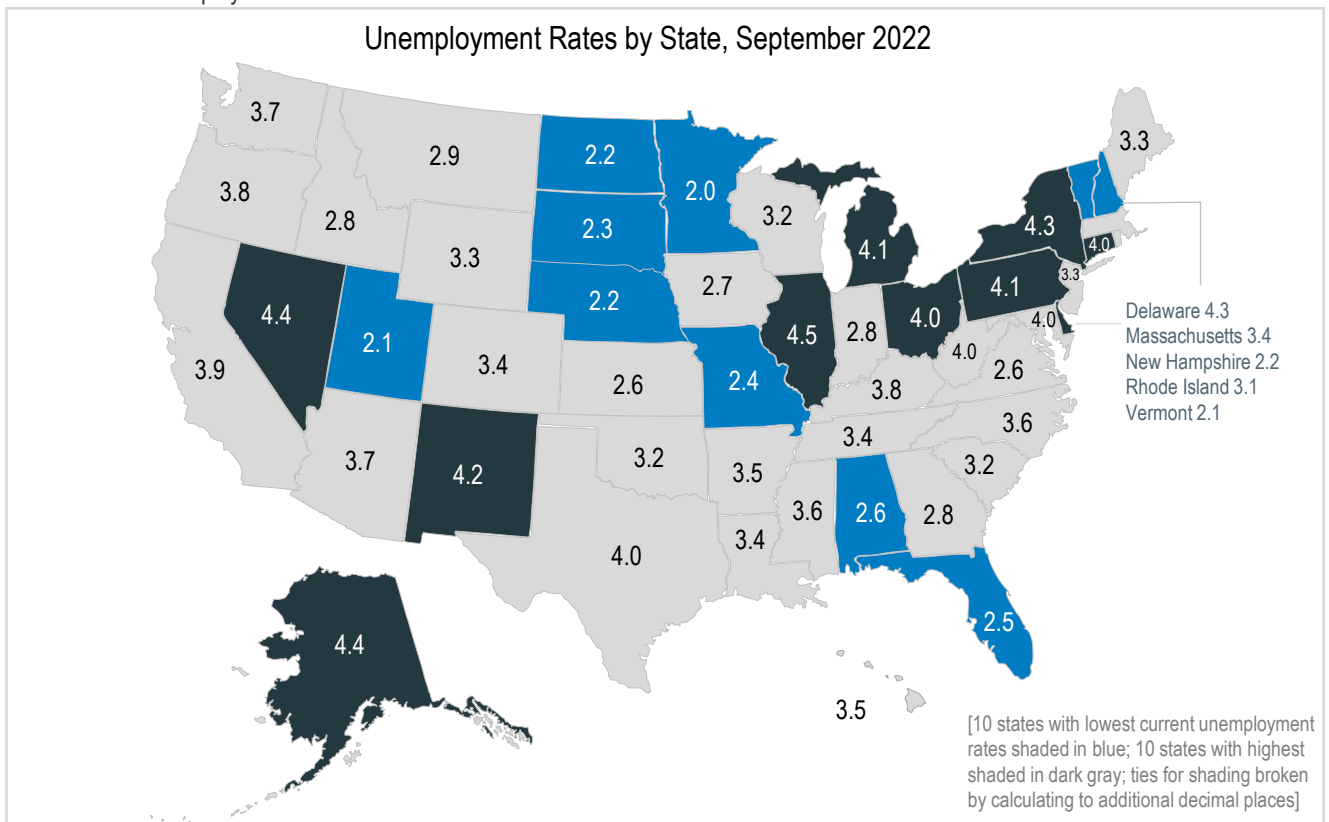
Changes since 2017 in small business optimism



Source: [NFIB Small Business Optimism Index](#) (October 2022).

4. Conditions by State

State-level unemployment rates



States with Largest and Smallest 12-month Changes in Unemployment Rate (September 2021 to September 2022)

United States overall (3.5%)		-1.2	
Smallest Decreases (% pts)		Largest Decreases (% pts)	
Arkansas	0.0	California	-2.5
Oklahoma	0.0	New Jersey	-2.5
Wisconsin	-0.2	Rhode Island	-2.3
Montana	-0.3	New Mexico	-2.0
Indiana	-0.3	Maryland	-1.8
Nebraska	-0.3	New York	-1.7
Tennessee	-0.4	Pennsylvania	-1.7
Kansas	-0.4	Massachusetts	-1.7
Utah	-0.4	Michigan	-1.6
Arizona	-0.5	Connecticut	-1.6

Sources: [BLS Local Area Unemployment Statistics data](#) and [news release](#) (October 21, 2022).

5. Hiring and Wages by Industry

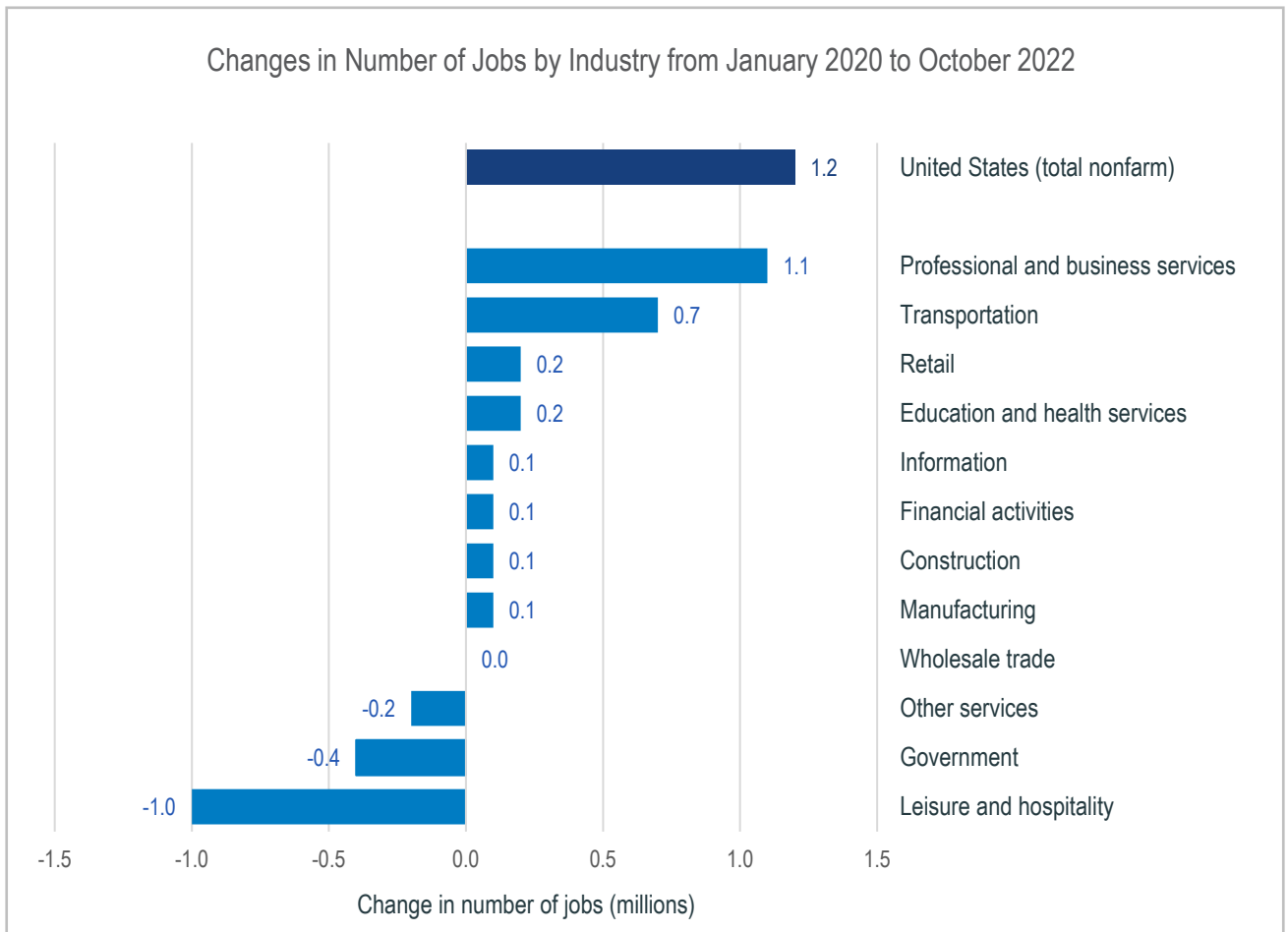
Industry-based data on current hiring rates and small business wages

	Hires (9/2022)		Small Business Wages (10/2022)	
	Rate (%)	12-mo change (% pts)	Average (\$)	12-mo change (%)
United States overall	4.0%	-0.4	\$30.88	5.0%
Construction	4.7	0.0	32.41	5.3
Education and health services	3.5	0.0	30.97	4.2
Financial activities	2.5	-0.8	34.68	4.7
Leisure and hospitality	7.1	-1.1	21.59	6.4
Manufacturing	3.0	-0.8	31.14	5.3
Professional and business services	5.1	-0.8	36.11	5.1
Trade, transportation, and utilities	4.4	-0.5	29.02	5.5
Other services	4.4	-0.3	27.46	7.6

Sources: [BLS Job Openings and Labor Turnover \(JOLTS\)](#) (November 1, 2022) and [Paychex/HIS Markit Small Business Wage Data](#) (November 1, 2022). Hiring rate is number of monthly hires as a percentage of total employment. Change reported is compared to monthly hiring rate 12 months earlier.

6. Conditions by Industry

Changes in employment since before the pandemic



Source: [Bureau of Labor Statistics employment levels by industry](#) (October 2022).