

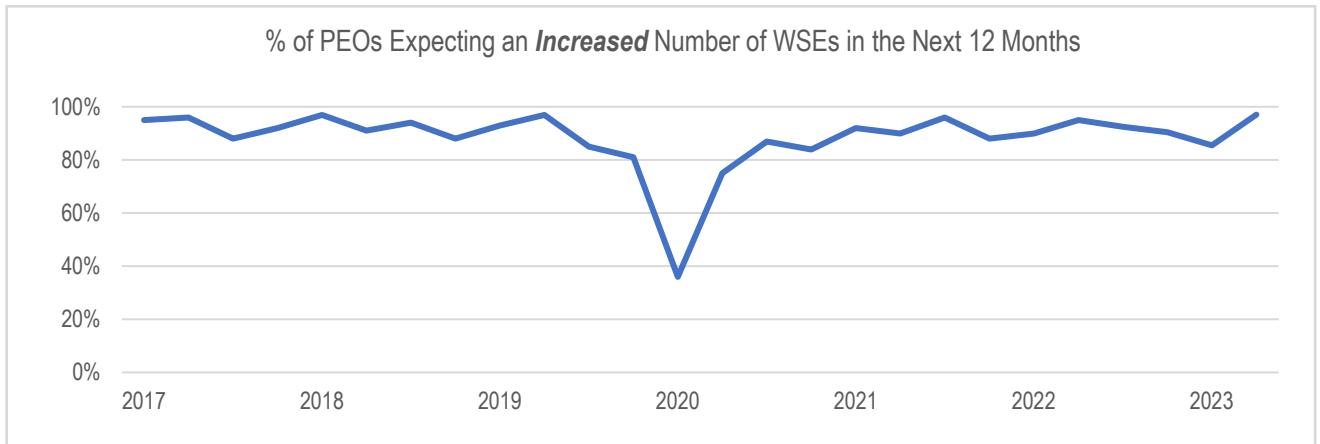
Small Business Snapshot

Summary

- ✓ **Overall**, Q3 data shows low unemployment and strong growth in employment among small businesses, even as hiring rates slow within the economy overall. Small business optimism is low but has rebounded from its recent lowest levels.
- ✓ **Almost all PEOs (97%)** in the most recent NAPEO Pulse Survey **expect increases in WSEs in the next year**.
- ✓ The most recent **employment growth rate** among small businesses was notably higher than that among larger companies.
- ✓ The downward trend in **small business optimism** reversed slightly in the 3 most recent months, although optimism remains low relative to historical data.
- ✓ The national **unemployment rate** remains low at 3.6 percent, just slightly higher than its lowest level in the last 50+ years.
- ✓ **Hiring rates** continue to slow even as they remain high relative to historical rates.
- ✓ **Small business wages** are up 4.0 percent in the last 12 months, a bit lower than the average inflation rate in that period.
- ✓ A total of **4.2 million jobs have been added** since January 2020.

1. PEO Pulse Survey

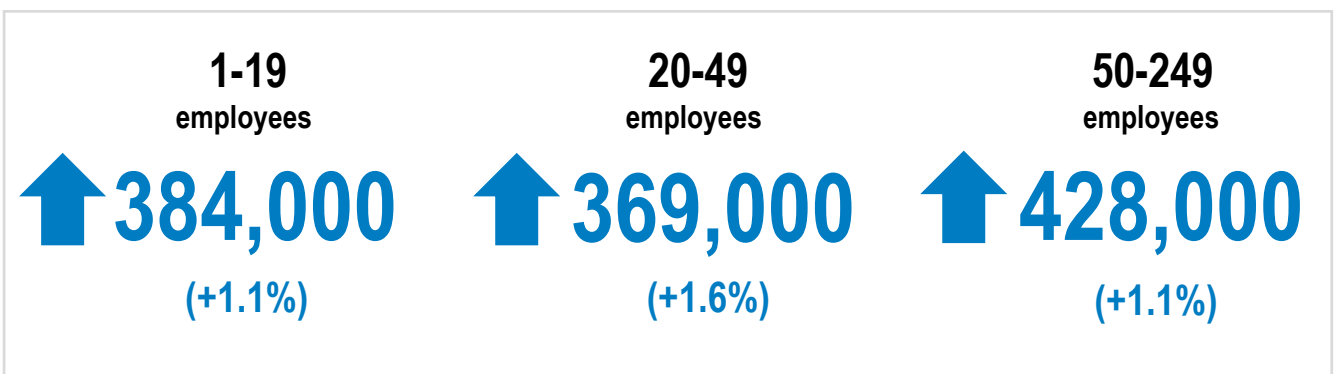
Recent data from NAPEO's pulse survey of PEO members



Source: [NAPEO Quarterly Pulse Survey](#) (2023 Q2) sponsored by SUNZ Insurance. Data from 2016 Q3 to 2023 Q2 (% of PEOs answering "increase significantly" or "increase somewhat").

2. Small Business Employment Change

Change in employment (total nonfarm private sector) over last 3 months, by employer size

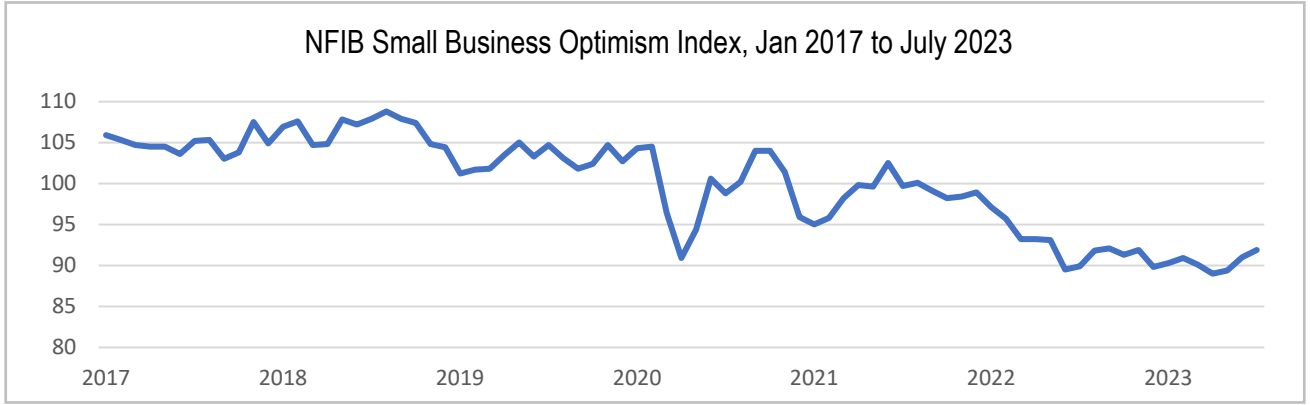


FOR COMPARISON PURPOSES, total 3-month employment change among larger employers (those with 250+ employees) was **-190,000** (-0.6%).

Source: [ADP National Employment Report](#) (data for July 2023); employer sizes are based on establishment size. Percentage changes are calculated relative to total employment among employers of that size, measured in the month preceding the most recent 3 months.

3. Small Business Sentiment

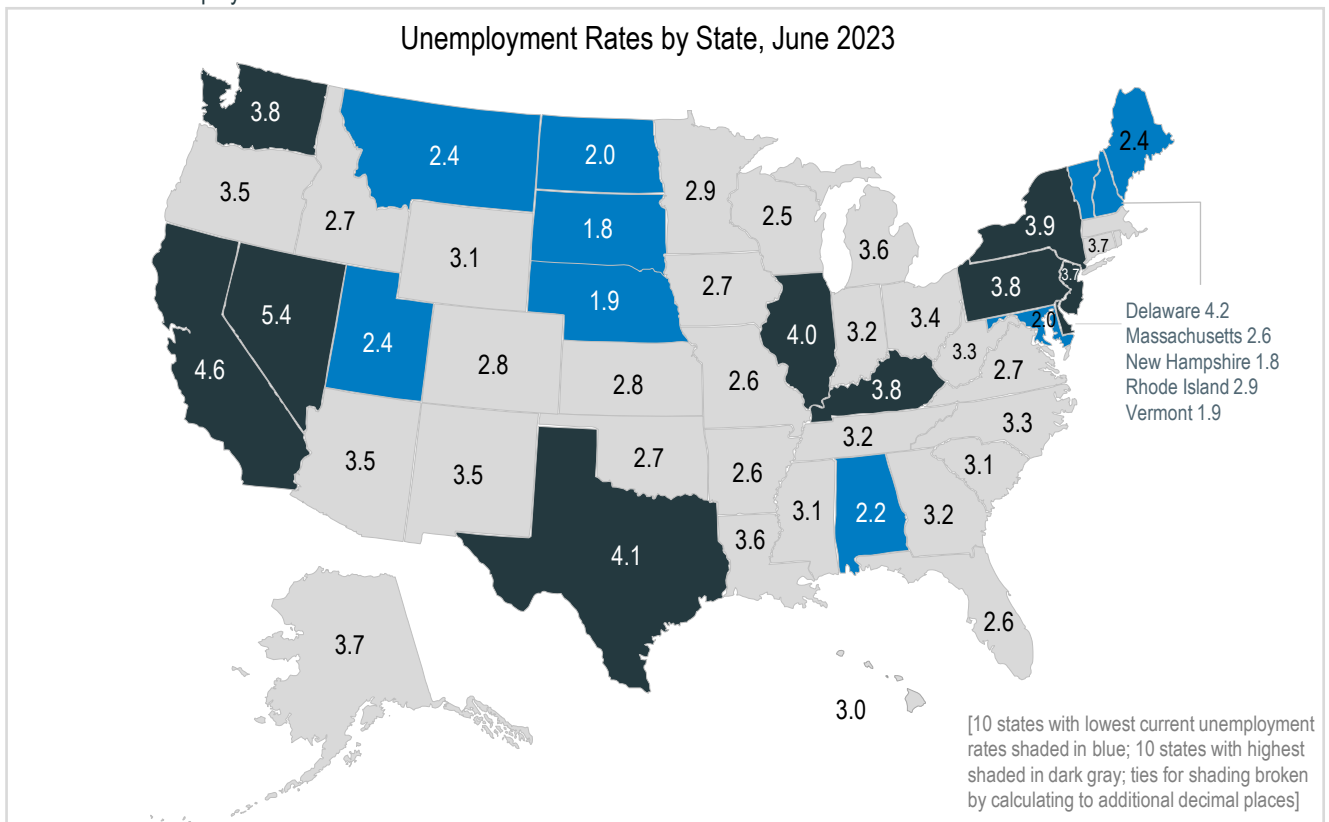
Changes since 2017 in small business optimism



Source: [NFIB Small Business Optimism Index](#) (July 2023).

4. Conditions by State

State-level unemployment rates



States with Largest 12-month Changes in Unemployment Rate (June 2022 to June 2023)

United States overall (3.6%)		+0.0	
Largest Increases (% pts)		Largest Decreases (% pts)	
California	+0.7	Maryland	-1.2
Minnesota	+0.5	Massachusetts	-1.1
Missouri	+0.5	Arkansas	-0.6
Indiana	+0.3	Mississippi	-0.6
New Jersey	+0.3	West Virginia	-0.6
Texas	+0.3	New Hampshire	-0.6
Nevada	+0.2	Ohio	-0.5
Virginia	+0.2	Pennsylvania	-0.5
Kansas	+0.2	Vermont	-0.4
Utah	+0.1	Alabama	-0.4

Sources: [BLS Local Area Unemployment Statistics data](#) and [news release](#) (July 21, 2023); [BLS Employment Situation Summary news release](#) (August 4, 2023).

5. Hiring and Wages by Industry

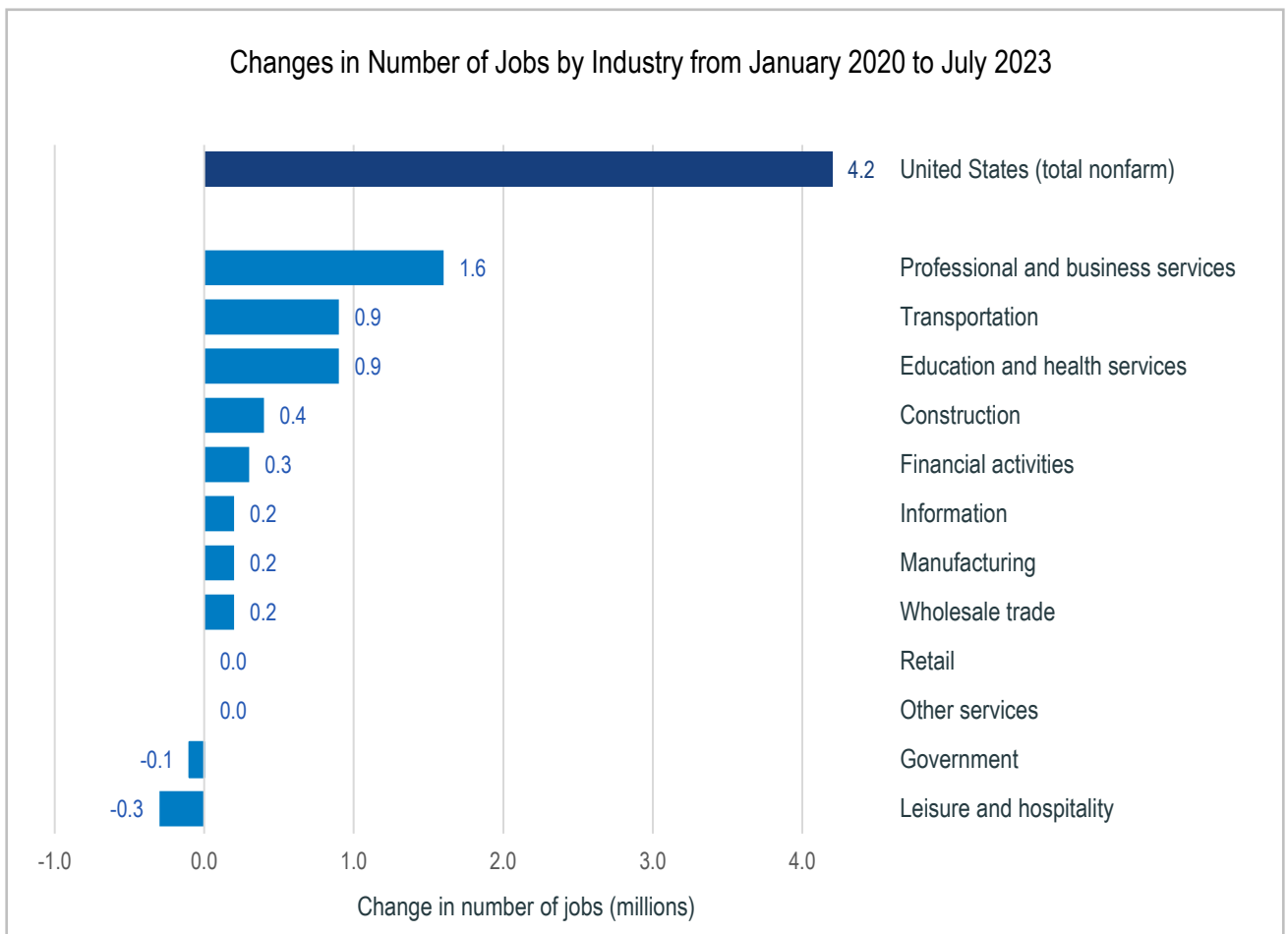
Industry-based data on current hiring rates and small business wages

	Hires (3/2023)		Small Business Wages (4/2023)	
	Rate (%)	12-mo change (% pts)	Average (\$)	12-mo change (%)
United States overall	3.8%	-0.2	\$31.75	4.0%
Construction	4.3	-0.2	33.42	4.5
Education and health services	3.5	-0.3	31.63	3.6
Financial activities	2.1	-0.4	35.83	4.2
Leisure and hospitality	6.5	0.0	22.39	5.2
Manufacturing	3.0	-0.5	32.03	4.3
Professional and business services	4.9	0.1	37.35	4.1
Trade, transportation, and utilities	4.1	-0.5	29.98	4.1
Other services	3.6	-0.2	27.73	3.2

Sources: [BLS Job Openings and Labor Turnover \(JOLTS\)](#) (August 1, 2023) and [Paychex/HIS Markit Small Business Wage Data](#) (August 1, 2023). 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 total employment since January 2020



Source: [Bureau of Labor Statistics employment levels by industry](#) (July 21, 2023).