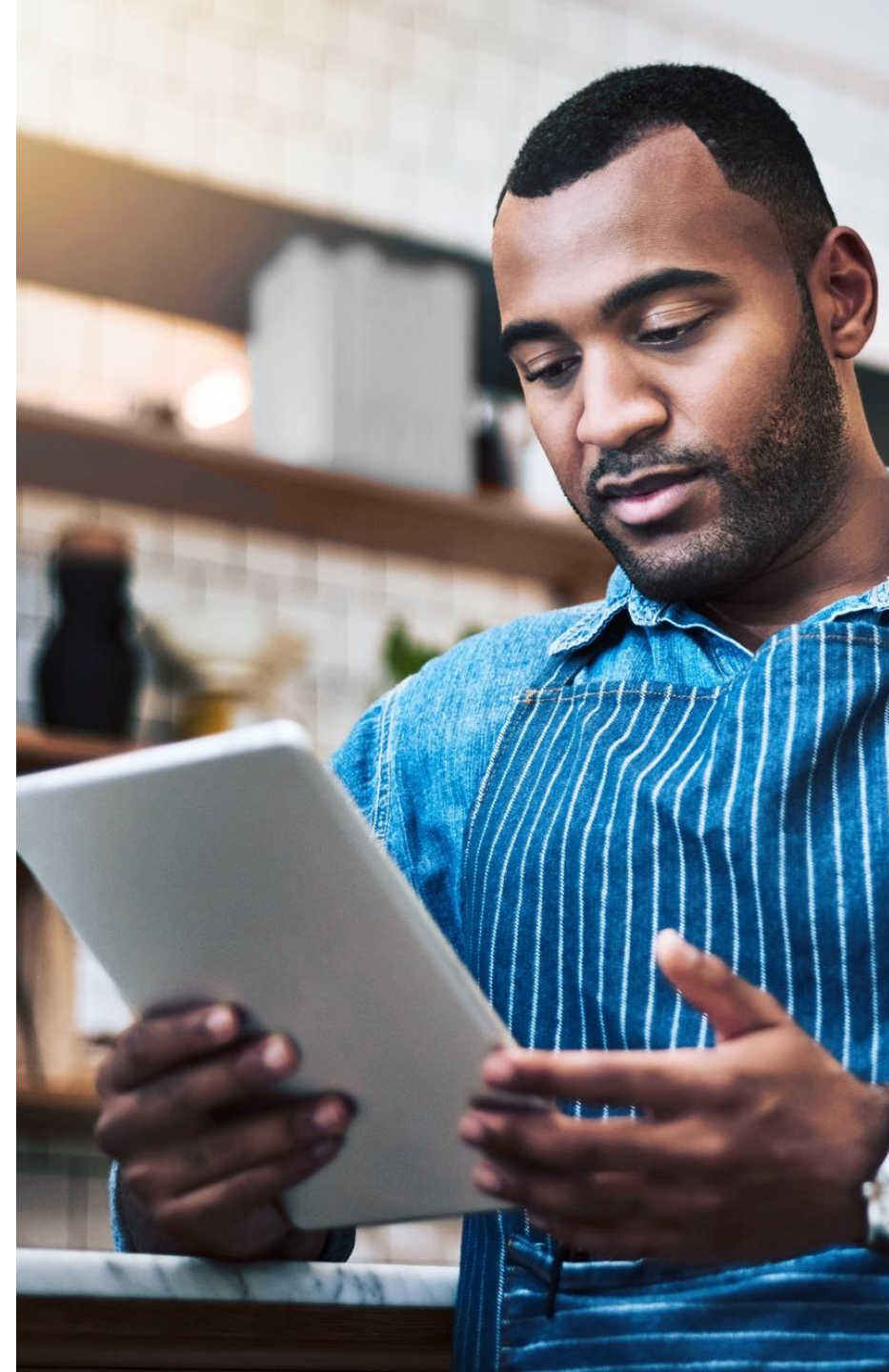


IFA summer board meeting

# 2022 Small Business Employment Trends

**PAYCHEX**<sup>®</sup>

HR | Payroll | Benefits | Insurance



# Paychex and the IFA

We're proud to have been selected as the Preferred Payroll Solutions Provider for the IFA since 2018.



# Why 700,000+ Businesses Use Paychex

## HR

We're here to guide you through your HR challenges.

- **1.7M** worksite employees
- **62K** clients
- **Inc.com** Best HR Outsourcing for SMBs

## Payroll

We take care of payroll while you take care of your business.

- **Top 2** in both small and mid-market
- **12M+** people paid
- **Pay 1 in 12** American private sector workers

## Retirement

We help you and your employees save for retirement.

- **#1** 401(k) recordkeeper in the U.S.
- **100K** 401(k) plans
- **1M+** participants
- **10K+** PEP plans

## Insurance

We help you protect what you've worked hard to build.

- **#29** largest insurance agency in the U.S.
- **\$2.6B+** in premiums paid
- **205K** clients

# National Economic Discussion

“Small business wage growth remains strong”, says Paychex CEO Marty Mucci.

–CNBC’s Squawk Box, May 31, 2022.

“As employers compete for scarce workers, **some employees are winning big wage gains.**”

–Marketplace, May 6, 2022”

“Is **\$18 an hour** the new minimum wage?”

–Yahoo Finance, April 1, 2022



# Paychex | IHS Markit Small Business Employment Watch

- Data from more than **350,000 businesses** with fewer than 50 employees
- Contains more businesses than any other SMB employment report
- Provides valuable indicators of U.S, employment and wage trends
- Monthly insight into national, regional, and metro jobs and wage data

Employment Watch is comprised of two reports:

**Paychex | IHS Markit Small Business Jobs Index**

**Paychex | IHS Markit Small Business Wage Data**



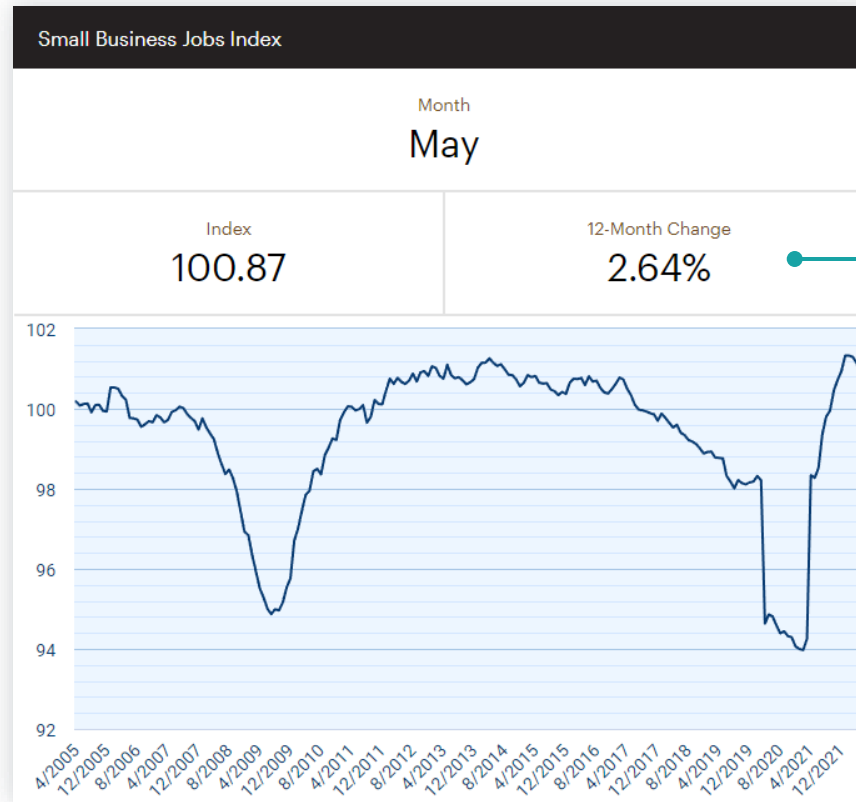
[paychex.com/employment-watch](https://paychex.com/employment-watch)

# **Small Business Jobs Index**

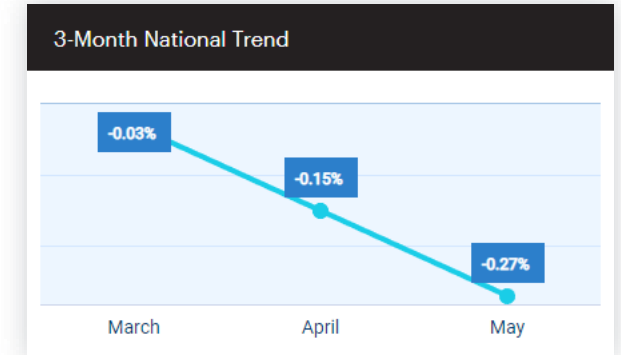
# National Performance

The national index slowed 0.27 percent in May, the largest one-month decrease since the onset of the COVID pandemic.

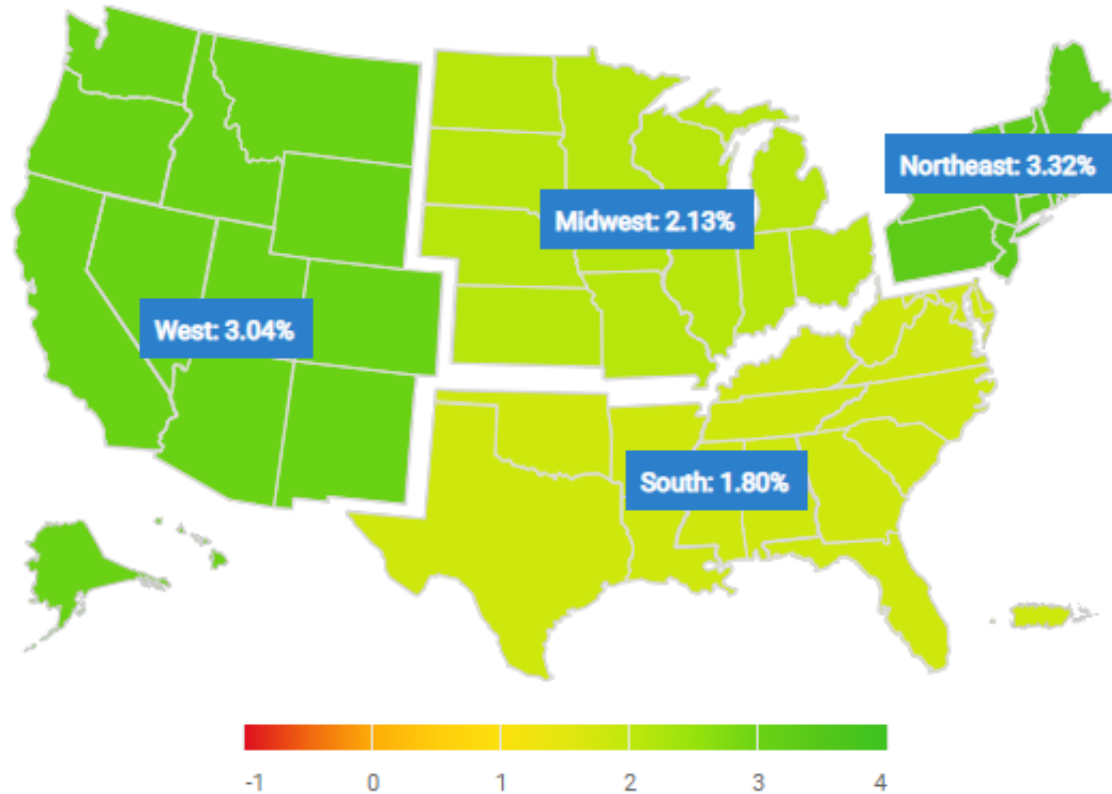
*“As the unemployment rate nears record lows, small business hiring has slowed as a result.” – Jim Diffley*



The national index declined again in May, but the 12-month change rate remains strong at 2.64 percent.



# Regional Performance



Region	Index	Change
Midwest	100.06	2.13%
Northeast	100.94	3.32%
South	101.17	1.80%
West	101.03	3.04%

Change

At 101.17, the South leads regional small business employment growth, with a jobs index above 101 for seven consecutive months.

The May slowdown impacted all regions.

**Midwest:** the smallest decrease (-0.18 percent)

**The South:** the largest decrease (-0.33 percent )



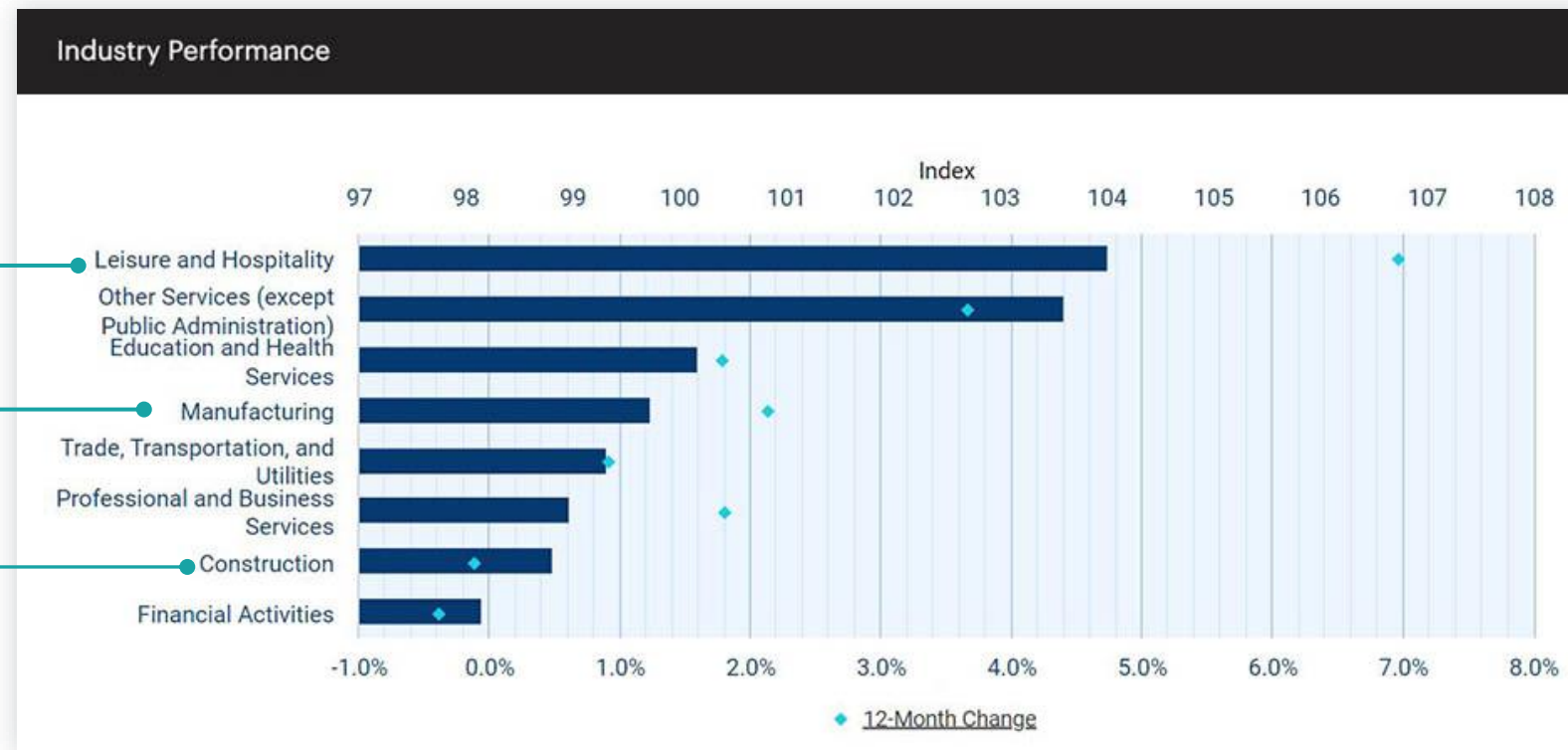
# Industry Performance

## Leisure and Hospitality

Decreased 1.15 percent in May to 104.01

## Manufacturing (0.20 percent) and Construction (0.14 percent)

The only two sectors to improve their small business employment growth in May.

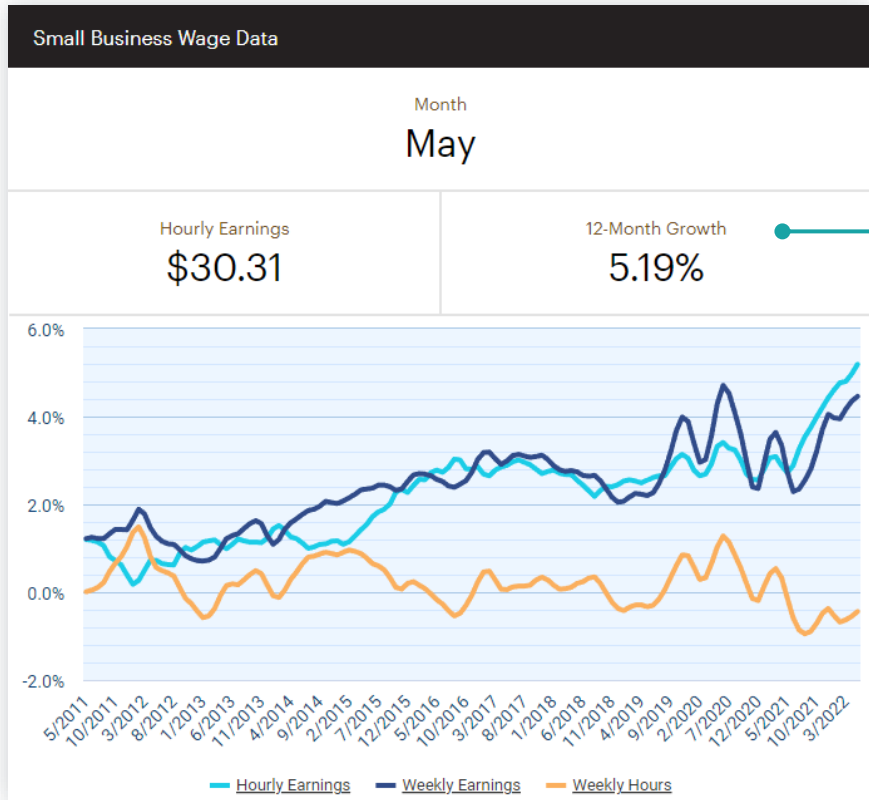


Note: Industry breakdown courtesy of the U.S. Bureau of Labor Statistics

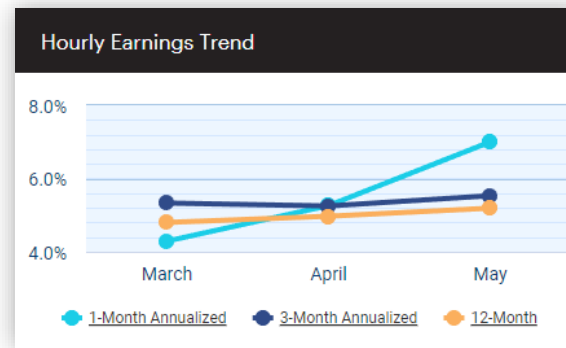
# **Small Business Wage Data**

## Small Business Wage Data

# National Performance



**Hourly earnings growth increased** for the 12th consecutive month, from 2.72 percent in May 2021 to 5.19 percent in May 2022.

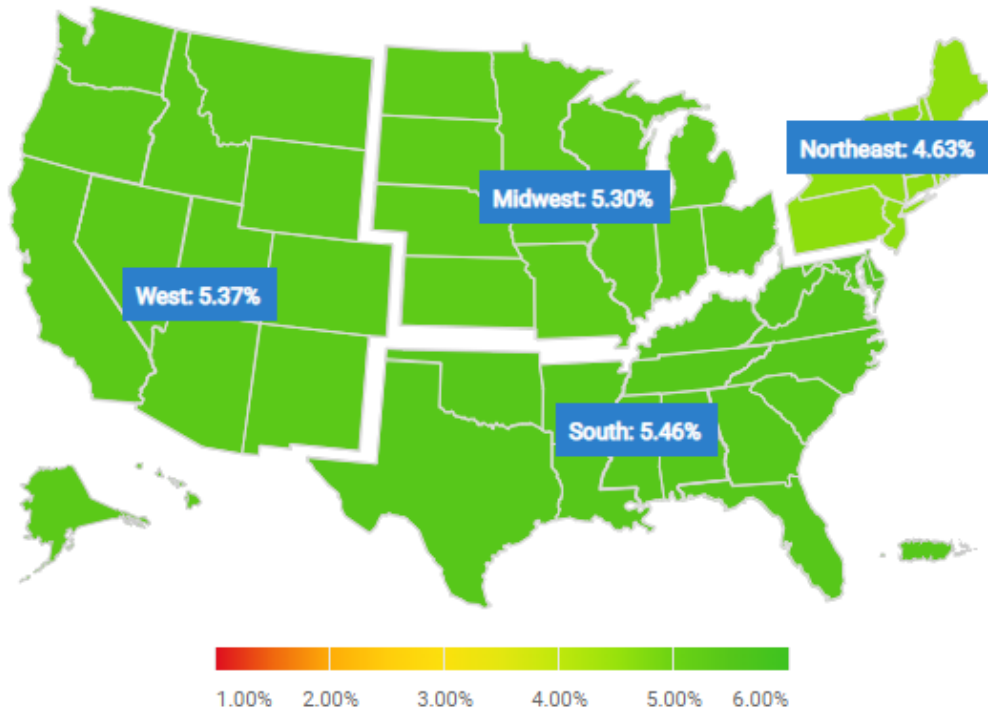


**At \$30.31**, hourly earnings have increased \$1.50 during the past year.

**At -0.44 percent**, annual weekly hours worked has been negative for the past 13 months.

## Small Business Wage Data

# Regional Performance



Region	Hourly Earnings	Change
Midwest	\$28.70	5.30% (\$1.45)
Northeast	\$31.14	4.63% (\$1.38)
South	\$28.96	5.46% (\$1.50)
West	\$32.17	5.37% (\$1.64)

Growth

**At 5.46 percent**, the South leads regions in hourly earnings growth.

The West (5.36 percent)

The Midwest (5.30 percent).

**.The Northeast** ranks last in both earnings and hours worked growth.

# Industry Performance

## Leisure and Hospitality

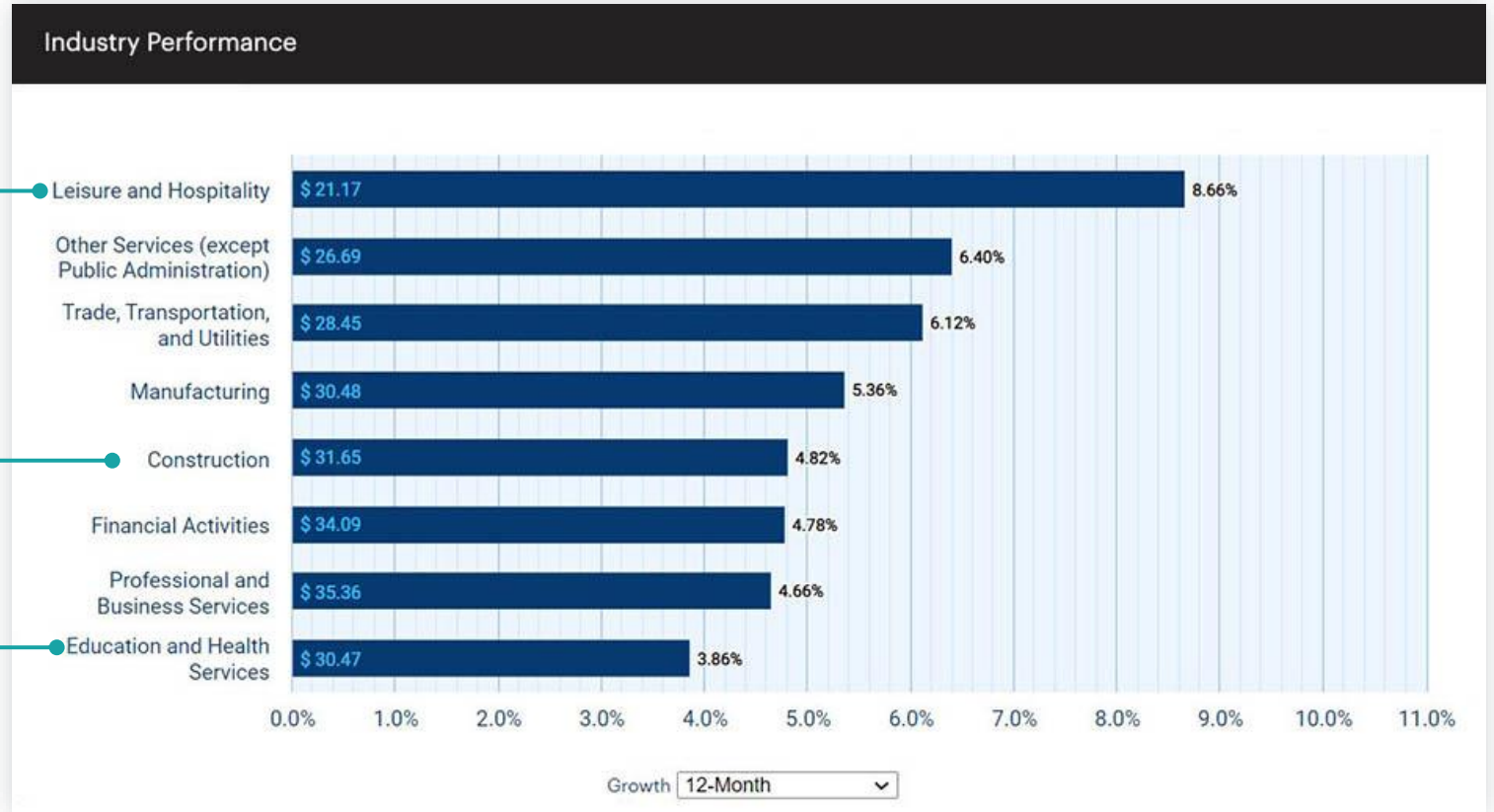
Top sector for earnings growth;  
bottom for hours worked

## Construction

Hourly earnings growth at a new  
record level since 2011 (4.82%)

## Education and Health Services

A new record level again in  
May 3.86 percent)



Note: Industry breakdown courtesy of the U.S. Bureau of Labor Statistics

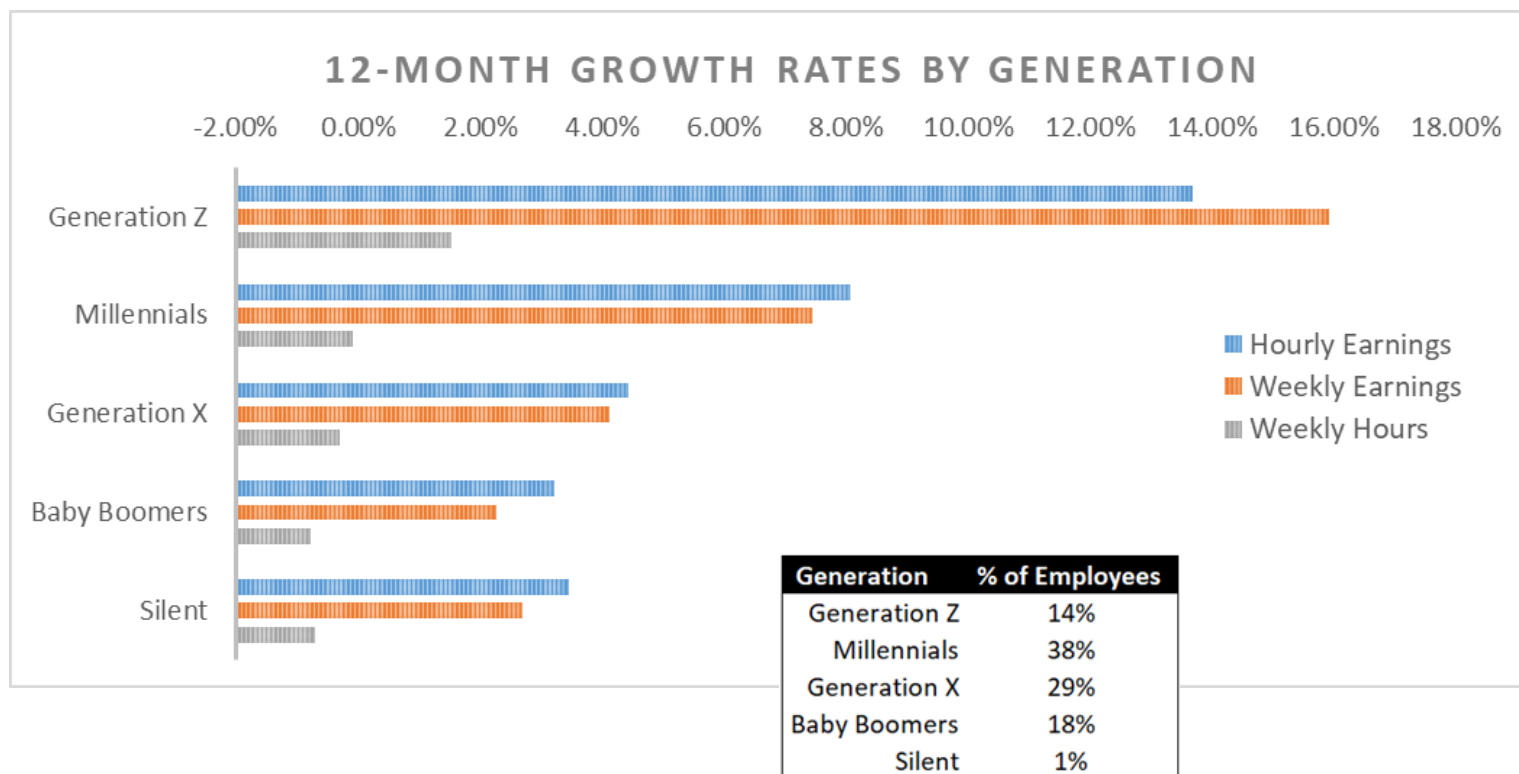
## Small Business Wage Data

# Generational Performance

**Generation Z** has hourly earnings growth of 13.69 percent.

**Millennials** hourly earnings were up 8.07 percent in May, more than than Generation X.

Generation	Hourly			Weekly			Weekly		
	Earnings	12-Month Growth Rate (%)	12-Month Growth Rate (\$)	Earnings	12-Month Growth Rate (%)	12-Month Growth Rate (\$)	Hours	12-Month Growth Rate (%)	12-Month Growth Rate (Hr)
Generation Z	\$ 17.53	13.69%	\$ 2.11	\$ 424.26	15.92%	\$ 58.26	24.06	1.54%	0.37
Millennials	\$ 28.43	8.07%	\$ 2.12	\$ 949.72	7.45%	\$ 65.81	33.55	-0.08%	(0.03)
Generation X	\$ 34.84	4.43%	\$ 1.48	\$ 1,230.85	4.12%	\$ 48.71	35.31	-0.30%	(0.10)
Baby Boomers	\$ 35.77	3.23%	\$ 1.12	\$ 1,220.89	2.27%	\$ 27.13	34.17	-0.76%	(0.26)
Silent	\$ 30.56	3.46%	\$ 1.02	\$ 929.11	2.70%	\$ 24.40	30.43	-0.69%	(0.21)



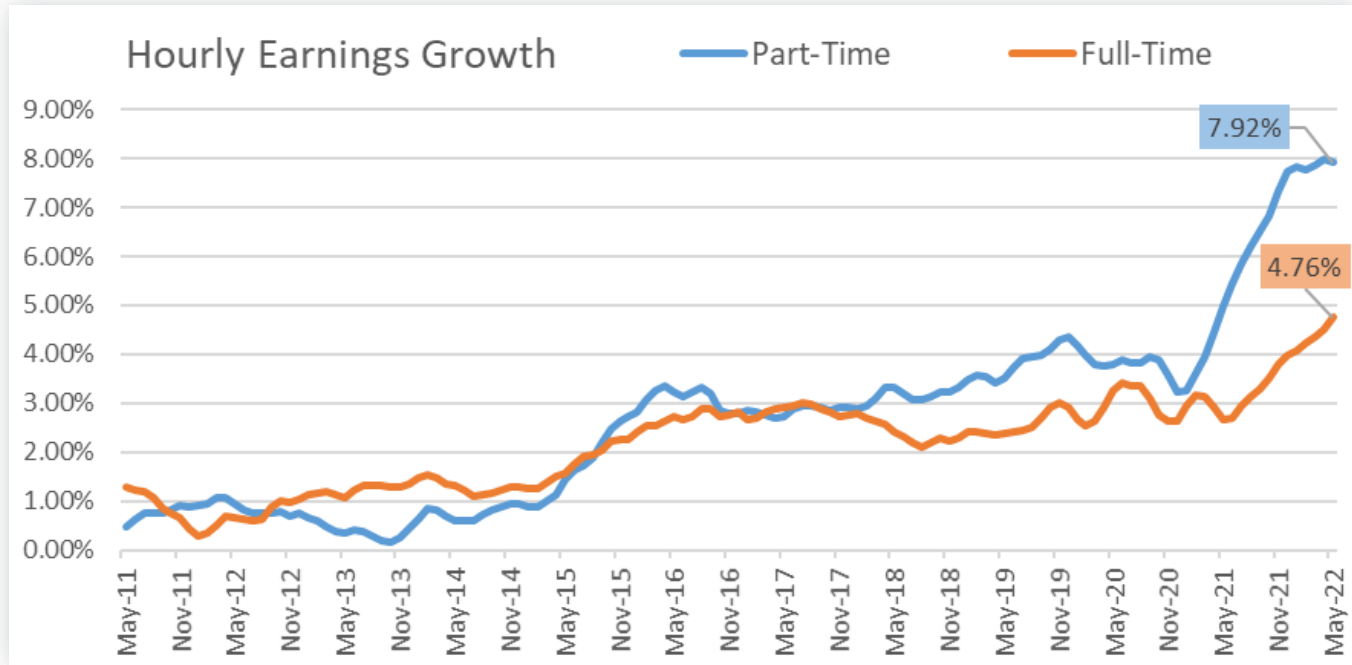
# Full-Time/Part-Time Performance

## Part-time employees

At 7.92% in May, hourly earnings growth increased in 2022, but more slowly than 2021.

## Full-time employees

National hourly earnings increased for the 12th consecutive month, from 2.65 percent in May 2021 to 4.76 percent in May 2022.



Job	Hourly Earnings	12-Month Growth Rate (%)	12-Month Growth Rate (\$)	Weekly Earnings	12-Month Growth Rate (%)	12-Month Growth Rate (\$)	Weekly Hours	12-Month Growth Rate (%)	12-Month Growth Rate (Hr)
Part-Time	\$ 20.34	7.92%	\$ 1.49	\$ 324.69	6.30%	\$ 19.23	16.01	-1.17%	(0.19)
Full-Time	\$ 31.91	4.76%	\$ 1.45	\$ 1,237.49	4.29%	\$ 50.87	38.91	0.01%	-

# 2022 Pulse of HR Research

The Paychex 2022 Pulse of HR gets a “pulse” on HR trends impacting businesses across the U.S

It surveys 1,000 HR leaders at organizations with more than 20 employees.





Key trends:

# Shift to Remote and Hybrid Work

## Training and career development are essential:

- Technology to support communication (45%)
- Employee training/skill building (41%)
- Manager training to support employee career development (35%)

## HR technology is essential for managing remote work:

**Half of all**

HR professionals said it has helped boost company efficiency

**Close to 40%**

of HR leaders say it makes it easier to manage payroll and benefits administration.



**Only 15% of companies** have staff working exclusively on-site.



**½ of respondents** say their organizations are not effective at hiring, onboarding, and retention.

## Key Trends:

# Finding, Onboarding, and Retaining Talent

## Top recruiting tactics:

- Third-party job sites (33%)
- Employee referrals (33%)
- Hiring remote workers (31%)
- Emphasizing diversity (31%)

## Strategies to attract talent:

- Offering higher pay (36%)
- Providing remote/flexible work (34%)
- Emphasizing company culture (30%)
- Making offers quickly (29%)

# Why Now Is the Time to Expand and Optimize Benefits

Since the COVID-19 pandemic, organizations have increased benefits by an average of 22%.

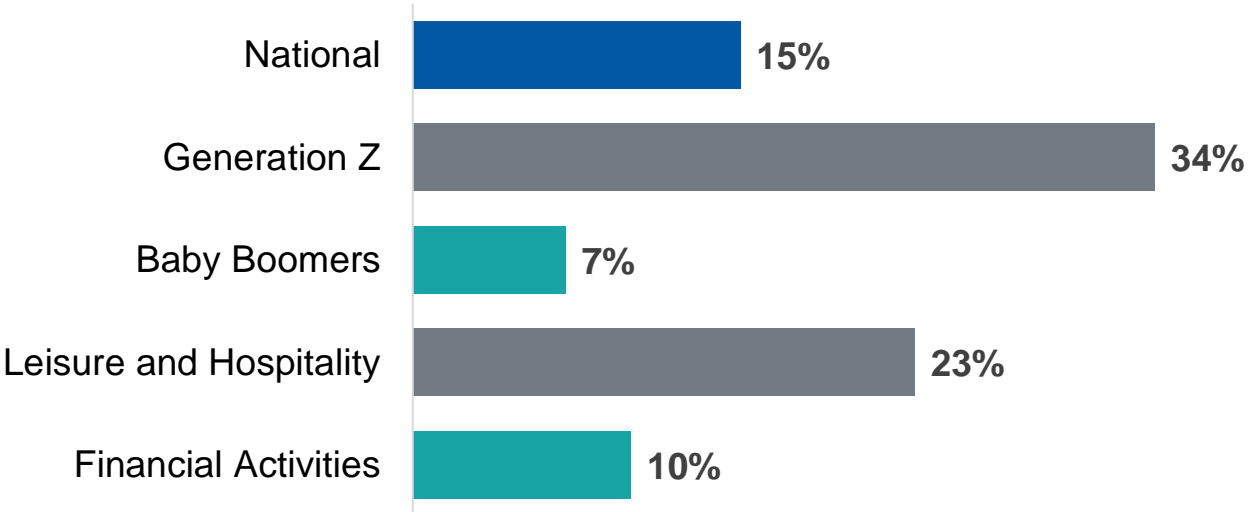
Companies offer more benefits to stay competitive.

Benefits administration has also increased.

Benefits Offered By Companies With 20-500 Employees		
	Currently offer	Offered before the COVID-19 pandemic
Health insurance	72%	61%
Retirement plan	67%	57%
Remote or hybrid work	61%	27%
Dental insurance	60%	38%
Life insurance	60%	56%
Maternity/paternity leave	59%	57%
Vision insurance	57%	41%
Flexible scheduling	56%	37%
Short-term disability insurance	54%	43%
Health savings account (HSA)	51%	39%

# Sign-On Bonuses: Luring Employees Back to Work

New Hire Bonus Analysis 2022 Q1



Key: ■ All ■ Low wage ■ High wage

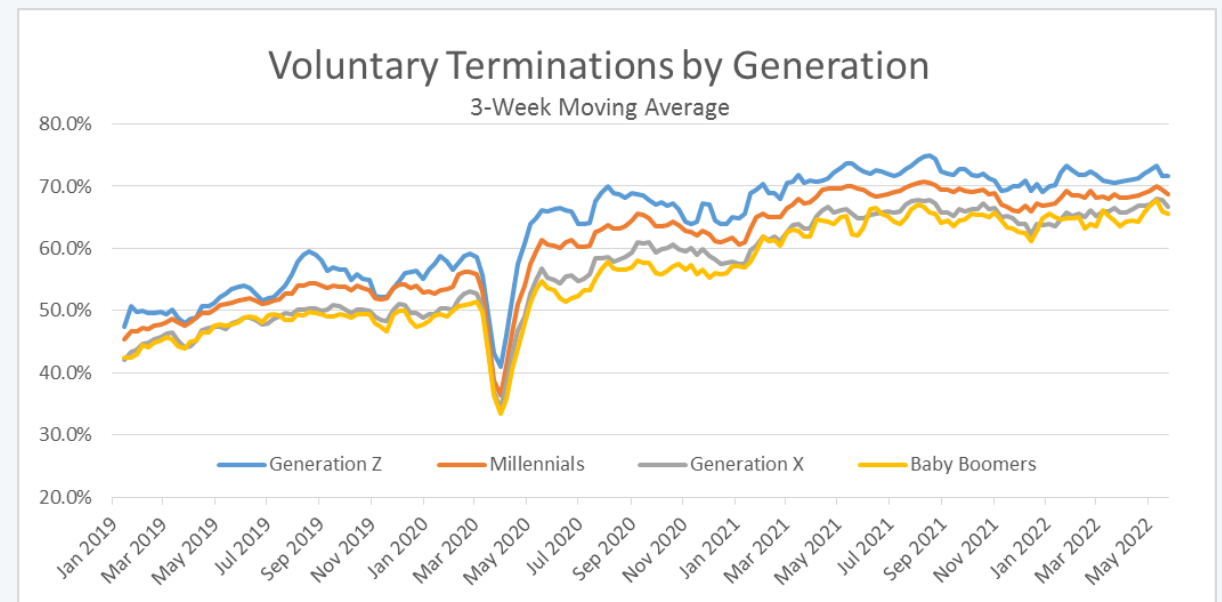
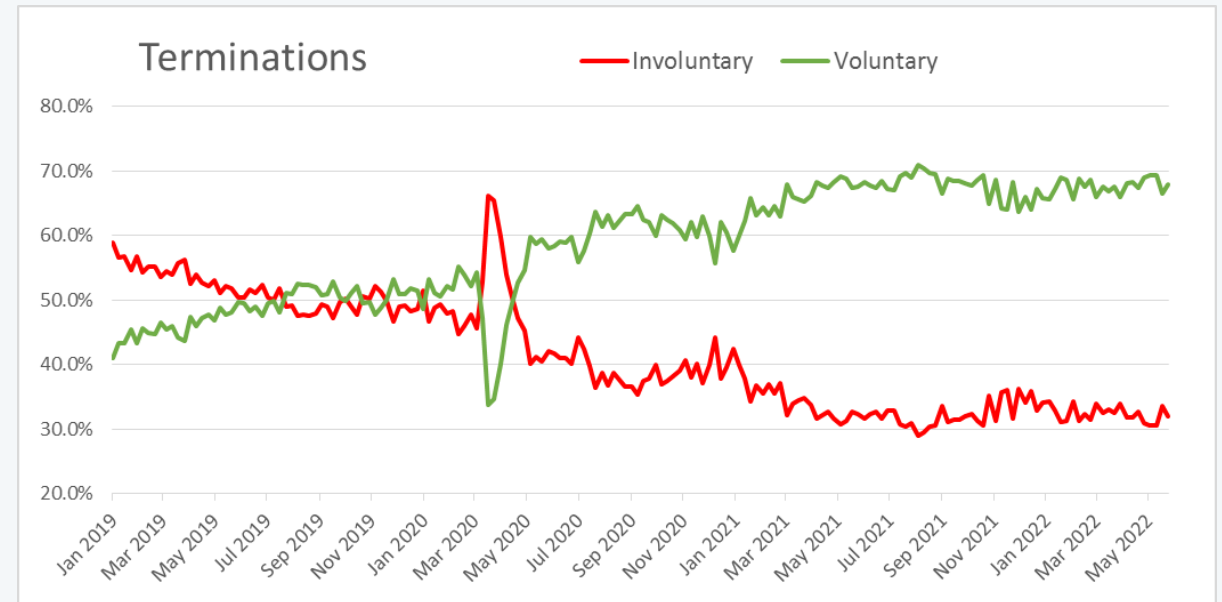


# The Great Resignation

In 2020, employees leaving jobs increased and has continued to accelerate throughout 2022.

**The younger the generation,** the more likely they are to leave their job.

**72 percent** of terminations for Generation Z were voluntary, compared to only **65 percent** for Baby Boomers.



# The Great Resignation

Voluntary terminations in 2022:

## Educational Services

Highest percentage at 75 percent

## Accommodation and Food Services

72 percent

## Construction

Lowest percentage at 61 percent

Voluntary Termination Percentage by Year (sorted by 2022 percentage high to low)				
Name	2022	2021	2020	2019
National	67.7%	66.9%	56.7%	48.5%
Female	69.5%	69.1%	59.0%	50.6%
Male	65.9%	64.7%	54.5%	46.7%
Generation Z	71.7%	71.4%	62.5%	53.1%
Millennials	68.6%	68.1%	58.4%	51.2%
Generation X	66.0%	64.8%	54.4%	48.0%
Baby Boomers	65.0%	63.7%	52.5%	47.5%
Silent	64.1%	66.3%	54.6%	47.3%
Educational Services	74.7%	70.3%	59.8%	54.9%
Management of Companies and Enterprises	72.4%	72.0%	63.2%	54.1%
Accommodation and Food Services	72.2%	71.0%	61.1%	49.5%
Health Care and Social Assistance	70.5%	70.7%	61.8%	50.4%
Retail Trade	69.1%	69.3%	57.0%	49.1%
Manufacturing	68.7%	68.7%	54.7%	48.7%
Transportation and Warehousing	68.6%	69.3%	57.1%	49.4%
Wholesale Trade	67.9%	65.5%	52.6%	45.7%
Real Estate and Rental and Leasing	67.3%	66.1%	57.1%	51.3%
Information	67.1%	61.3%	54.6%	49.8%
Agriculture, Forestry, Fishing and Hunting	66.9%	64.0%	57.1%	53.8%
Mining, Quarrying, and Oil and Gas Extraction	66.9%	64.6%	57.3%	56.5%
Finance and Insurance	66.7%	68.1%	59.6%	49.0%
Arts, Entertainment, and Recreation	66.4%	65.6%	55.9%	55.5%
Other Services (except Public Administration)	65.8%	64.3%	54.9%	48.7%
Utilities	65.6%	66.6%	58.0%	48.6%
Administrative and Support and Waste Management and Remediation Services	65.0%	65.2%	55.2%	46.2%
Professional, Scientific, and Technical Services	63.8%	63.6%	54.1%	46.9%
Construction	60.7%	58.2%	48.4%	39.7%

# PPP Forgiveness Stats

**95.9%**

of Paychex clients that received a PPP loan had forgiveness

**92.3%**

of loans given to Paychex clients were forgiven, **5.9% better** compared to the total for all loans.

**91.8%**

of loan dollars given to Paychex clients were forgiven, **1.7% better** compared to the total for all loan dollars.

## PPP Loan Forgiveness

	Loan Count			Loan Amount			Clients w/		
	Forgiveness	Total	% of Total	Forgiveness	Total	% of Total	Forgiveness	Total Clients	% of Total
Paychex Clients	468,868	507,840	<b>92.3%</b>	\$ 64,911,937,454	\$ 70,734,705,208	<b>91.8%</b>	343,616	358,140	<b>95.9%</b>
PPP Total	9,910,317	11,468,594	<b>86.4%</b>	\$ 714,338,826,593	\$ 792,613,699,864	<b>90.1%</b>			



# Paychex & Employee Retention Tax Credit (ERTC)

The ERTC is a refundable credit that businesses can claim on qualified wages paid to employees.

In 2020, each employee could receive up to:

**\$5,000** in credits

and that number increased to

**\$7,000** per quarter

or

**\$21,000** for 2021.



# ERTC: A Lifeline for Businesses

**\$189,000**

Average ERTC for  
Paychex clients refunded  
directly from the IRS.

**\$7.8 Billion**

in ERTC has been  
filed by Paychex  
for their customers.

**~\$14.4 Billion**

is potentially still  
on the table for Paychex  
clients to obtain.

***Number one issue with ERTC –***

Businesses lack knowledge of the credit and their ability to capitalize on it.

# Thank You!

**PAYCHEX**<sup>®</sup>

HR | Payroll | Benefits | Insurance

Frank Fiorilli | (585)336-7310 | [ffiorille@paychex.com](mailto:ffiorille@paychex.com)

# Appendix

# Sign-on Bonus Analysis

New Hire Bonus Analysis: 2022 Q1					
Dimension		Name	New Hire Bonus % of Total Bonus	New Hire % of Total	Ratio
National	Total		15.0%	24.1%	0.62
		Female	15.9%	24.8%	0.64
		Male	14.0%	23.3%	0.60
Generation	Generation Z		33.5%	44.2%	0.76
	Millennials		16.9%	27.7%	0.61
	Generation X		10.7%	17.8%	0.60
	Baby Boomers		7.1%	11.8%	0.60
	Silent		5.1%	6.9%	0.75
Industry	Leisure and Hospitality		22.8%	35.3%	0.65
	Other Services (except Public Administration)		18.5%	25.1%	0.74
	Natural Resources and Mining		17.2%	27.1%	0.63
	Education and Health Services		16.8%	21.9%	0.77
	Professional and Business Services		15.4%	25.0%	0.62
	Trade, Transportation, and Utilities		13.4%	22.1%	0.61
	Construction		13.3%	20.9%	0.63
	Manufacturing		11.3%	18.8%	0.60
	Information		10.8%	19.9%	0.54
	Financial Activities		10.0%	18.3%	0.55

Small Business Jobs Index:

# Methodology Overview

**The Small Business Jobs Index** analyzes year-over-year worker count changes, trending the results to reveal movement in small business employment. An upward trend represents a strengthening job market, while a downward trend is a sign of a slowdown.

The index number is scaled to 100 during 2004.

- If the index trends down it is a sign of a decrease in small business employment. If the index trends up, it is a sign of increase in employment.
- Values above 100 indicate performance above pre-recession 2004 levels (moderate level of economic expansion).
- We can compare the index from past months and years, and with dates of significant economic occurrences to study historical trends.



# Methodology Overview

**Small Business Wage Data reporting** uses aggregated payroll information from a subset of Paychex clients to produce hourly and weekly earnings, as well as weekly hours worked.

- Payroll data is compiled during a 5-week timeframe each month and summarized to the employee level.
- To account for different payroll frequencies and check counts, wages and hours are transformed to a weekly level for all employees.
- Each month, the time series for all wage components are seasonally adjusted and restated.

**Reported wages** include all earnings components, except bonuses.

- Overtime, commissions, tips, etc. are included in the calculation of hourly earnings.
- As part of total compensation, employer contributions for benefits, retirement, etc. are not included.