

2025

Survey of Connecticut Businesses



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Introduction

CBIA’s 2025 Survey of Connecticut Businesses—the 23rd annual edition, made possible this year through the generous support of CBIZ, Inc.—captures business sentiment during a challenging time, with companies focused on innovation and optimization amid growing national and global uncertainty.

A year after the expiration of federal pandemic relief funding, Connecticut faces new fiscal pressures and longstanding structural challenges.

Following several years of budget surpluses, tax decreases, controlled spending, addressing long-term liabilities, and providing much-needed predictability and stability that drove increased business confidence, the 2025 legislative session was framed by intense debates over revenues, taxes, and fiscal policy.

The session ultimately concluded with lawmakers weakening the state’s critical fiscal guardrails and raising business taxes to increase state spending by \$2.6 billion over the next two years—leaving many business leaders uncertain about the state’s direction, as reflected in the findings of this year’s survey.

Connecticut is among the top three states for per capita government spending. By 2027, spending levels will hit \$6,173 per capita annually—almost twice the national average and 42% above 2009 levels.

Fixed costs—including state employee pension and retiree health benefits, debt service, and Medicaid payments—represent more than half of all state spending and are expected to consume all projected revenue growth in the next two years. A 2024 report from the legislature’s Office of Legislative Research shows that Connecticut’s per capita debt burden is the highest of any state and 342% greater than the national average.

Connecticut’s fiscal and economic challenges are compounded by ongoing instability and unpredictability at the federal level.

This year’s survey—conducted in the weeks following the 2025 legislative session—gathered input from more than 2,800 executives across a wide range of industries. Respondents emphasized ongoing workforce shortages, Connecticut’s high cost of living, the rising cost of doing business, and regulatory burdens as the most pressing growth obstacles.

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There are signs of progress. Connecticut improved four spots to number 28 in CNBC's 2025 America's Top States for Business rankings, driven by strong scores in education and quality of life, alongside modest gains in infrastructure and the overall economy.

Many businesses are also leaning into innovation, digital tools, and emerging technologies to remain competitive in rapidly evolving markets.

However, Connecticut's cost of doing business and cost of living ranked 44th and 37th respectively, continuing to hamper the state's overall economic competitiveness.

As Connecticut looks to its future, one question looms large—will the state convert its strengths into sustained economic momentum, or will high costs and policy uncertainty impede long-term growth?

Key Findings

- ▶ More than nine in 10 businesses say the cost of doing business is rising, driven by labor, healthcare, energy, taxes, and compliance costs
- ▶ 76% of employers report difficulty hiring and retaining workers, with skills gaps a key challenge
- ▶ 59% say access to affordable, quality childcare is important for attracting and retaining employees
- ▶ Only 12% believe the state's business climate is improving, while 47% say it's static, and 40% say it's declining
- ▶ 66% of businesses turned a profit in 2024, 18% broke even, and 15% reported losses—seven points higher than forecasted

“ This year's survey shows growing concerns over unnecessary uncertainty generated by both federal and state policy decisions, particularly tariffs and the pivot by Connecticut policymakers away from the fiscal guardrails and no-tax policies that brought much-needed economic stability in recent years.

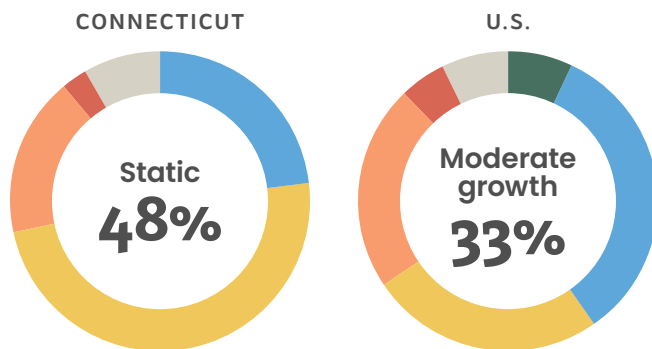
Chris DiPentima | President & CEO, CBIA

- ▶ 31% plan to expand their workforce in the next six months, while 9% expect a slight contraction
- ▶ 36% are using artificial intelligence in their operations, while 73% of non-users are unclear how to adopt the technology
- ▶ 20% feel healthcare costs and accessibility should be the General Assembly's top priority in 2026

Connecticut Economy

Despite signs of stabilization in recent years, Connecticut business leaders remain divided in their outlook for the state's economy. While our survey shows some signs of optimism, concerns about the state's competitiveness, workforce challenges, and cost pressures continue to temper expectations.

Nearly half of this year's respondents (48%) expect the state's economic conditions to remain static over the next 12 months—up three percentage points from our 2024 survey.



What is your 12-month outlook for the Connecticut and U.S. economies?

- Strong growth (0%, 7%)
- Moderate growth (23%, 33%)
- Static (48%, 25%)
- Contraction (17%, 22%)
- Strong contraction (3%, 5%)
- Unsure (8%, 7%)

Meanwhile, 23% forecast growth, relatively unchanged from last year, while 20% expect a contraction, up two percentage points from 2024. Another 8% remain unsure about the state's economic trajectory.

What's shaping executives' views of the state's economy? Many respondents cite rising workplace mandates as a significant burden on operations. At the same time, others say they appreciate the administration's focus on fiscal discipline and support for early childhood programs.

Still, concern remains that the state legislature has not done enough to reduce cost burdens or streamline regulations—two critical factors that directly impact economic growth and competitiveness.

While state-level sentiment is mixed, business leaders are more confident about the national economy. Forty percent expect U.S. economic conditions to improve over the next year—an eight-percentage point increase from 2024. Twenty-seven percent anticipate a national contraction, up from 20% last year, while 25% believe conditions will remain the same.

This optimism about the national outlook, while cautious, suggests that macroeconomic trends—such as slowing inflation, interest rate adjustments,

and advances in artificial intelligence—could create new opportunities for businesses, even as local challenges persist.

While Connecticut's labor participation rate remains relatively high—14th best in the country at 64.7%—the labor shortage remains a significant economic growth challenge. As of July 2025, the state had 77,000 unfilled job openings—22,900 (8.6%) more than before the pandemic hit in March 2020.

However, the supply of workers is not meeting demand. The labor force—those working or actively seeking employment—increased by only 7,900 (0.4%) in the 12 months through July and is just 1.2% above pre-pandemic levels. For contrast, the U.S. labor force grew 3.6% over the same period, with Connecticut also trailing the England average of 2.9%.

As of July 2025, Connecticut's 12-month job growth rate was 0.6%, tied for 34th fastest in the country and the third best in New England, behind New Hampshire (0.8%) and Vermont (0.7%). Connecticut's growth outpaced Rhode Island (0.4%), Massachusetts (0.2%), and Maine (−0.2%). The national average was 1.1%.

Half the state's 10 major industry sectors posted employment gains in July, led by professional and business services, which added 2,000 jobs (0.9%)

to bring 12-month gains to 3,500 (1.6%). Financial activities gained 600 jobs in July (0.5%) for a year-over-year gain of 2,300 (2%).

The information sector added 500 jobs in July (1.6%; 1.3%), followed by government (500; 0.2%; 0.1%), and other services (200; 0.3%; 0.6%).

Trade, transportation, and utilities led all losing sectors in July, with employment down 1,600 jobs (-0.5%) and a 12-month decline of 0.3%. Year-over-year employment increased 2% in the leisure and hospitality sector despite the loss of 1,100 jobs in July (-0.7%). Construction lost 200 jobs (-0.3%; -0.8%), and employment in education and health services—the state's largest employment sector—rose 1.3% over the past 12 months after losing 200 positions (-0.1%) in July.

Manufacturing employment was unchanged in July, with the sector down 2,700 jobs over the previous 12 months (-1.7%), despite an estimated 7,000 job openings. The sector is a critical component of Connecticut's economy and its labor issues—including an aging workforce—predate the pandemic and continue to challenge employers.

The sector has regained just 35% of the 11,800 jobs lost to pandemic disruptions in March and April of 2020. Only financial activities, another critical economic sector, has fared worse, recovering 19% of its losses.

Five of Connecticut's major industry sectors have recovered all pandemic-related losses and are in growth mode, led by construction (141%). Education and health services is at 139%, followed by professional and business services (138%), trade, transportation, and utilities (108%), and information (104%).

The government sector—which includes casino employment—has recovered 98% of lost jobs, followed

by leisure and hospitality (97%), other services (94%), manufacturing, and financial activities.

Overall, Connecticut has recovered 107% of the 291,100 jobs lost in the early months of the pandemic, trailing Maine (118%) and New Hampshire (117%) in New England, followed by Massachusetts (106%), Rhode Island (105%), and Vermont (98%). The national recovery rate is 133%.

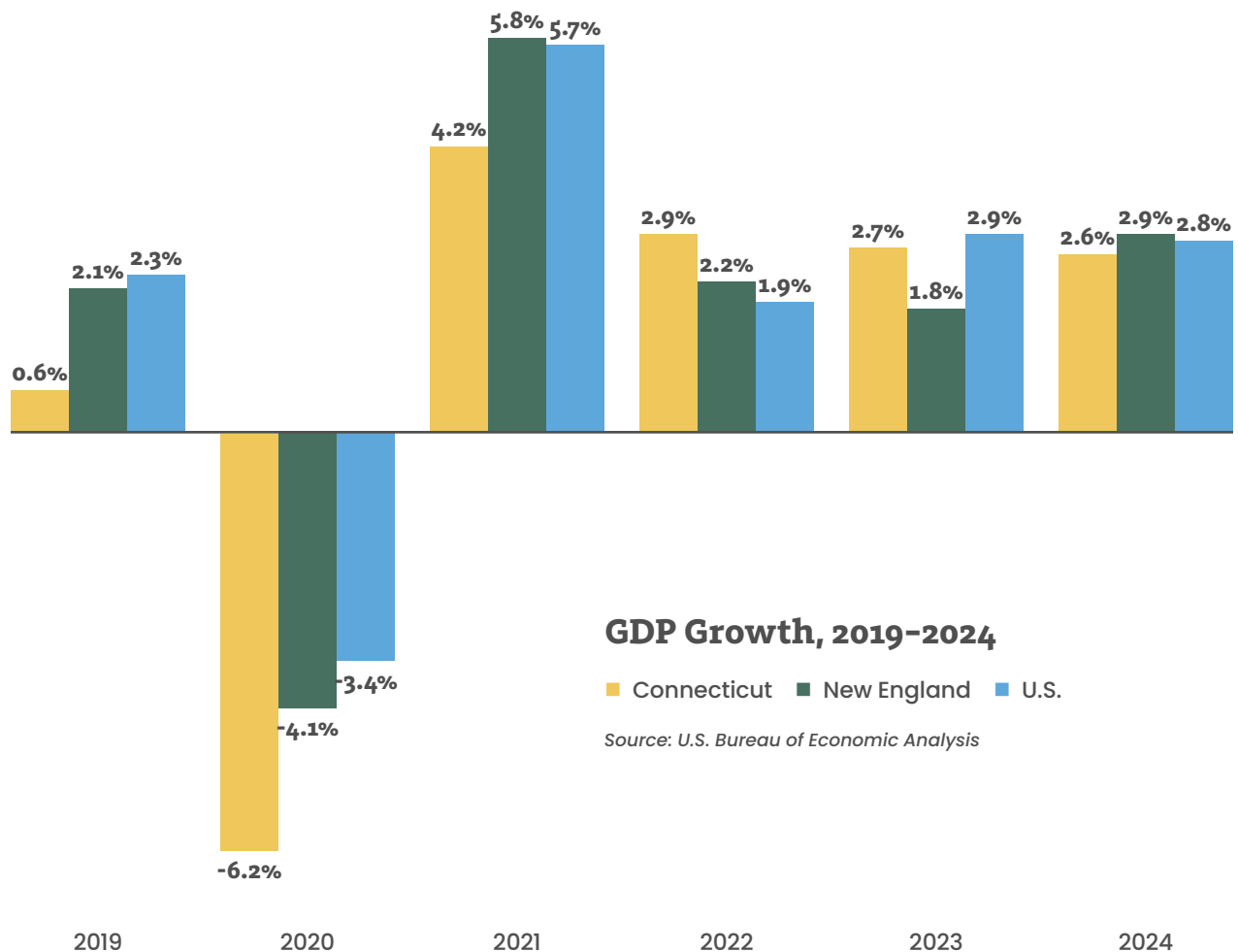
As of July, Connecticut's unemployment rate was 3.8%, 26th best of all states and seven-tenths of a point higher than a year ago. Vermont has the region's lowest unemployment at 2.6%, followed by New Hampshire (3.1%), Maine (3.2%), Connecticut, Massachusetts (4.8%), and Rhode Island (4.8%). National unemployment was 4.2%.

U.S. Bureau of Labor Statistics data shows average annual salaries for private-sector workers in Connecticut rose 4.7% in 2024 (4,012). Workers earned an average \$88,960 last year—fifth highest among all states.

Nationally, average private-sector wages rose 4.9% to \$75,878. Workers in Massachusetts (\$97,817) earned the highest average salary, followed by Washington state (\$96,955), New York (\$96,132), and California (\$92,160).

Connecticut's personal income grew 5.3% in 2024, 23rd best among all states and one-tenth of a point lower than the national average. In the first quarter of 2025, personal income grew 5.8%—43rd best in the nation—with the national average at 6.7%.

At \$95,780, Connecticut has the country's highest average personal income, edging out Massachusetts (\$94,970) in the first quarter, continuing the back-and-forth between the two states. While Connecticut leads the nation, the growth rate differential



compared with the U.S. overall suggests other states are closing the gap, with potential long-term implications for the state’s competitiveness.

These personal income trends reflect broader shifts in the state’s economic performance, which showed modest growth in 2024 before softening in early 2025.

U.S. Bureau of Economic Analysis data shows Connecticut’s economy expanded 2.6% in 2024, 26th fastest in the country, after growing 2.1% in 2023. The New England region’s GDP grew 2.9% in 2024, while the national economy grew 2.8%.

Connecticut’s economy contracted for the first time in over three years—shrinking 0.9%—in the first quarter of 2025, a performance that largely reflects broader economic headwinds.

The New England economy declined 0.8% in the first three months of 2025, national GDP fell 0.5%, and just 10 states saw growth.

Connecticut’s \$295.9 billion real GDP accounts for 24% of New England’s \$1.2 trillion economy making it the second largest in the region behind Massachusetts (\$636.9 billion).

“ Despite the headwinds of rising costs and workforce shortages, Connecticut employers are investing in talent and innovation as two key strategies for growth, introducing emerging technologies to remain competitive.

Michael Brooder, Managing Partner, CBIZ

Eight of the 23 industry sectors that BEA tracks saw output grow in the first three months of the year, led by the real estate sector, which expanded 0.7%. Information grew 0.64%, followed by state and local government (0.12%), professional services (0.09%), military (0.07%), administrative services (0.04%), durable goods manufacturing (0.01%), and federal government (0.01%).

Finance and insurance—the second largest component of Connecticut’s economy—saw the greatest decline of any sector, contracting 0.64% after expanding 0.4% the previous quarter. The sector contracted in all 50 states, with the decline in Connecticut the ninth largest—significant given its importance to the state’s economy.

Other declining sectors were construction (−0.28%), educational services (−0.27%), retail trade (−0.27%), wholesale trade (−0.2%), management (−0.07%), utilities (−0.16%), other services (−0.15%), healthcare (−0.12%), arts, entertainment, and recreation (−0.1%), accommodation and food services (−0.07%), nondurable goods manufacturing (−0.07%), transportation and warehousing (−0.06%), agriculture (−0.04%), and mining (−0.01%).

Connecticut commodity exports jumped 9.7% to \$17.38 billion in 2024, driven by growth in a number of key markets that the Trump administration is targeting with tariffs. Companies exported \$1.55 billion more in goods in 2024, with six of the state’s top 10 export markets posting increases.

The state’s export sector has now recovered from pandemic disruptions, with 2024 shipments about \$1.15 billion (7.1%) above 2019 levels and \$21 million less than 2018. Exports represent 4.8% of Connecticut’s \$365.7 billion economy, with the sector supporting more than 50,000 jobs.

Canada remained Connecticut’s largest export destination in 2024, with shipments rising to \$2.3 billion. Germany, Mexico, China, and the Netherlands followed as top international markets, maintaining the shift in trade patterns that began in 2023 when Canada overtook Germany for the top spot.

Transportation and equipment represented the leading export category—\$6.21 billion, up 15.2% from 2023—followed by machinery (\$3.33 billion; 5.4%), computer and electronic products (\$1.25 billion; 4.2%), electrical equipment, appliances, and components (\$1.17 billion; 11.9%), fabricated metal products (\$1.1 billion, 7%), and chemicals (\$1.06 billion; 7.7%).

Connecticut ranks 27th nationally for exports and remains the second-largest exporter in New England behind Massachusetts, which shipped \$34.86 billion in goods—a decline of \$437 million (−1.2%) from 2023. Overall, New England’s total exports reached \$67.4 billion in 2024, up 1.1% from the previous year.

Canada is also Connecticut’s largest trading partner, accounting for \$5.74 billion of the \$22.74 billion in goods the state imported in 2024—up from \$21.99 billion the previous year.

Mexico shipped \$3.6 billion in goods to Connecticut last year, followed by Germany (\$1.59 billion), the Netherlands (\$1.38 billion), and China (\$1.34 billion). Imports from China have declined \$954 million (-41.5%) since 2018, while Canadian imports increased \$2.16 billion (60%) and Mexican imports grew \$1.11 billion (44%).

Overall U.S. commodity exports increased \$46.46 billion (2.3%) to \$2.06 trillion in 2024—\$1.93 billion below the high set in 2022. U.S. imports grew \$187.22 billion (6.1%) to a record \$3.27 trillion.

Canada (\$349 billion) and Mexico (\$334 billion) remained the top two destinations for U.S. exports, with China (\$144 billion), the Netherlands (\$90 billion), and the United Kingdom (\$80 billion) rounding out the top five markets.

U.S. Trade, Fiscal Policy

Connecticut's 2024 and first quarter 2025 economic performances should be understood within the broader context of national economic disruption. Employers are closely monitoring federal fiscal policy, trade dynamics, and inflationary pressures—all of which have direct implications for business costs, planning, and competitiveness.

More than half of survey respondents (53%) expect inflation to increase over the next 12 months, 13% anticipate a decrease, 21% believe it will remain the same, and 12% are unsure. These results reflect

continued anxiety about the impact of federal trade policy on prices and supply chains.

Inflation in New England stood at 3.2% in July 2025, down from earlier in the year but still above the U.S. rate of 2.7%.

The Federal Reserve Bank of New York's June 2025 Survey of Consumer Expectations shows one-year-ahead inflation expectations declined slightly to 3%, while expectations at the three- and five-year horizons remained flat.

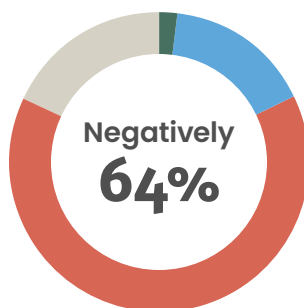
It is also worth noting that in the most recent data released by the U.S. Bureau of Economic Analysis, U.S. inflation came in above projections—2.7% compared with an expected 2.2%.

Significant consumer price increases are expected over the next year in categories such as gas, medical care, college education, and rent—further reinforcing the pressures many businesses are feeling on both operational costs and consumer demand.

Tariff uncertainty also weighs heavily on Connecticut businesses. Sixty

four percent of respondents expect tariffs to have a negative impact on their operations over the next 12 months, while 16% anticipate no impact and just 2% foresee a positive effect.

Eighteen percent remain unsure, underscoring the ongoing ambiguity around evolving trade policies and their potential costs for export-oriented and import-dependent firms alike.



How will tariffs impact your business in the next year?

- Positively (2%)
- No impact (16%)
- Negatively (64%)
- Unsure (18%)

Those business leaders who anticipate tariffs will have a negative impact point to concerns about increased costs and whether they can keep up. Many have already seen purchasing costs rise and have concerns about passing those increases to customers. Some firms are responding by investing in efficiency and implementing cost-saving measures wherever they can.

"The cost of goods and energy are increasing," said one survey respondent. "More commercial and industrial businesses are looking for ways to reduce operational costs."

For many, particularly in the manufacturing sector, imported parts make up a critical portion of their production processes.

As one respondent put it, "Many of the parts we use in our American-made equipment are from overseas."

"We import critical supplies that are not easily sourced in the U.S. due to lack of capacity and capability," another said.

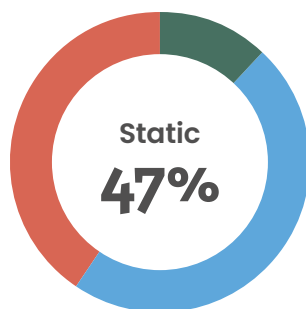
This highlights the complex reality that even domestically produced goods often rely on global supply chains, making them vulnerable to trade policy shifts.

When asked how the federal budget—the One Big Beautiful Bill—will impact operations, 41% of respondents said they were unsure, 33% anticipate a negative effect, 15% reported no impact, and just 11% expect a positive outcome.

As it relates to federal spending cuts, 38% of respondents expressed uncertainty about how their business will be impacted, 28% anticipate a negative effect, while 26% expect no impact, and just 9% believe the effect will be positive.

Together, responses to federal budget and spending cut questions highlight a deep sense of uncertainty among Connecticut businesses. While some view federal tax policy changes as a potential benefit, the majority expressed concerns about how reductions in federal funding—including budget cuts, grant reductions, and program support—will increase business expenses or disrupt operations.

"The radical shifts that can come at any time are highly challenging and we have moved to be very dynamic to try to survive, then thrive," said one survey respondent.



What's your perception of Connecticut's business climate?

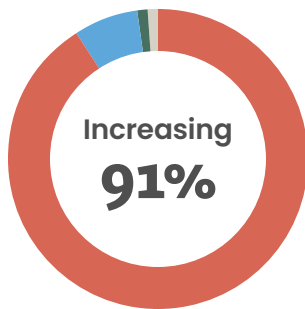
- Improving (12%)
- Static (47%)
- Declining (40%)

Business Climate

Perceptions of the state's business climate shifted slightly from our 2024 survey, with 47% of executives describing it as static and 40% as declining, a one-point increase from 2024. Twelve percent of respondents said the state's business climate is improving, up four percentage points from last year.

Those seeing an improvement in the business environment point to public perception (28%) as the main catalyst.

Others cite the availability of skilled workers (16%) and a combined 47% responded that support from the Lamont administration, state



Is the cost of doing business in Connecticut...

- Increasing (91%)
- Remaining the same (7%)
- Decreasing (1%)
- Unsure (1%)

agencies, state legislators, and local municipalities is having a significant impact.

Most business leaders who view the state's business climate as static or declining point to costly labor mandates (21%) and the shortage of skilled workers (18%) as key factors. Others (24%) cite a combined lack of support from state legislators, the administration, state agencies, and local municipal officials.

An additional 9% feel there is a decline in public perception, 7% point to consumer protection mandates, regulations, and tax reporting, 6% argue that the business climate is declining due to environmental requirements, and 5% feel permitting challenges are responsible.

While a growing share of business leaders recognizes improvements—particularly in workforce availability and government engagement—persistent concerns around labor policy, taxation, and regulatory complexity continue to weigh on overall sentiment.

Those mixed views reinforce the importance of balancing workforce development with long-term policy reforms to improve Connecticut's competitiveness.

Concern over the cost of doing business has also intensified among employers. Regulatory mandates,

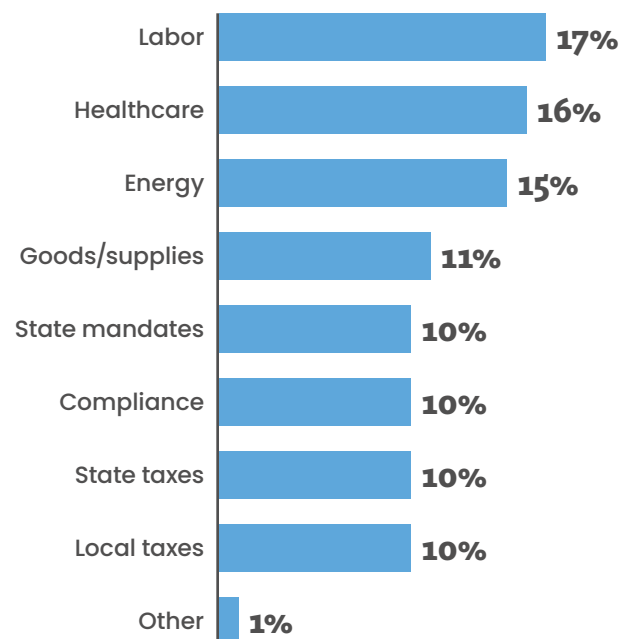
tax policies, energy costs, and broader economic pressures are significantly impacting operating costs for businesses across the state.

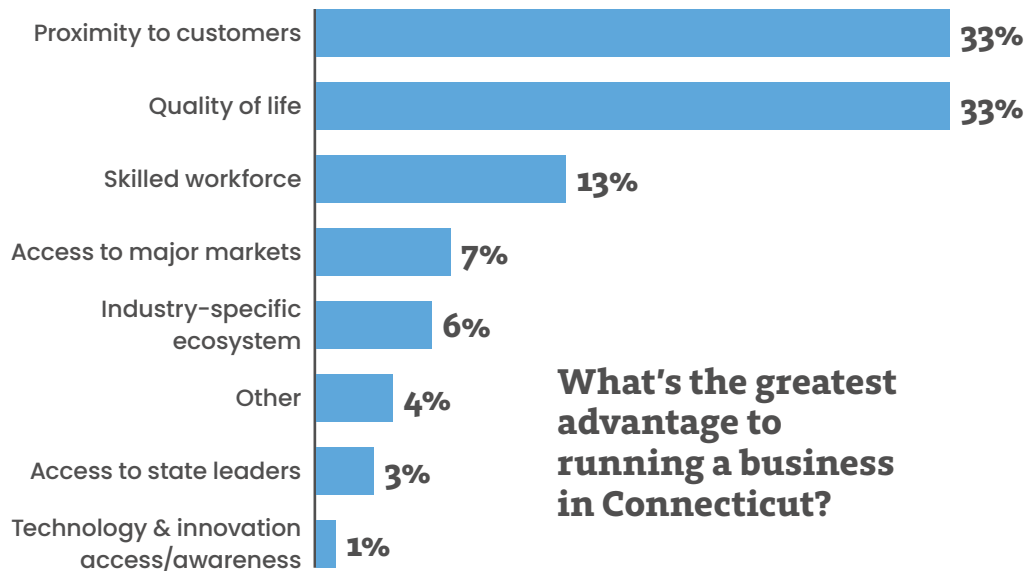
Labor-related policies, such as paid FMLA and paid sick leave, emerged as the most frequently cited regulatory burden, identified by 45% of respondents. Another 23% pointed to insurance mandates and the inability for small businesses to pool and manage healthcare costs, followed by other federal issues, taxes, and the high cost of living (12%).

Energy-related requirements (11%), environmental regulations (6%), and transportation access and timeliness of project releases (3%) were also noted.

Ninety-one percent of respondents said the cost of doing business in Connecticut is increasing—a five-point increase from last year—7% report that costs

What costs specific to Connecticut are increasing for you?





What's the greatest advantage to running a business in Connecticut?

are staying the same—down three points from 2024—and 1% remain unsure.

When asked what specific costs in Connecticut are increasing, 17% pointed to labor costs, followed by healthcare (16%), energy (15%), goods/supplies (11%), state taxes (10%), state mandates (10%), local taxes (10%), and compliance requirements (10%).

“The cost of doing business makes it hard for certain customers to afford things,” one respondent noted, underscoring how rising operational costs impact pricing and consumer demand.

Other surveyed executives noted concerns with companies moving to more business-friendly states.

“My largest clients continue to leave the state,” said one

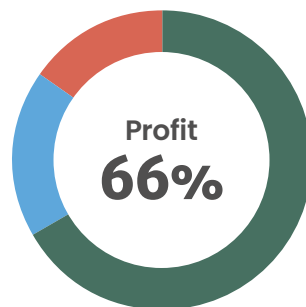
respondent. “I no longer have a customer base.”

Ninety-five percent of surveyed businesses have their primary facility in Connecticut. Two-thirds (66%) said proximity to customers and quality of life are the greatest advantages to operating a business in the state.

Thirteen percent emphasized the state’s skilled workforce as its main advantage, 7% value access to major markets, 6% appreciate industry-specific ecosystems, and 3% point to access to state leaders. Several respondents noted family roots as the main

advantage, while others stated that there were no advantages.

Seventy-one of business leaders have not considered moving or expanding their business to another



In 2024, did your company generate a net profit, net loss, or break even?

- Profit (66%)
- Break even (18%)
- Loss (15%)

state, while 12% indicated that they have considered moving or expanding on their own.

Eight percent actively plan to move or expand to another state, while 4% have been approached by other states, and 5% fall into both categories.

Among those considering relocation, southern states such as North Carolina, South Carolina, Florida, Texas, and Tennessee were most frequently mentioned. Growing numbers of businesses are indicating they have been contacted by or have interest in moving to other northeastern neighbors, including Rhode Island, Massachusetts, and New Jersey.

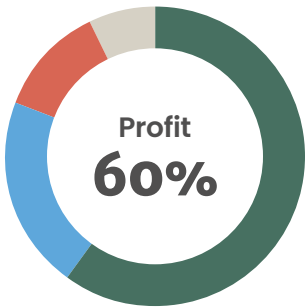
Business executives cited lower taxes, lower energy costs, a more favorable business climate, proximity to customers, and greater growth potential as reasons for considering a move.

Despite challenges, 66% of surveyed businesses reported profits in 2024, 18% broke even, and 15% reported losses. Profit expectations remained in line with our 2024 survey projections, while a higher percentage (7%) suffered losses.

Predictions for 2025 differ slightly. Sixty percent of respondents anticipate they will make a profit, 21% expect to break even, 12% anticipate a loss, and 7% remain unsure of 2025 returns.

“The federal tax reconciliation bill and reductions in federal funding will damage most state economies,” one respondent noted.

What do you expect for overall financial returns in 2025?

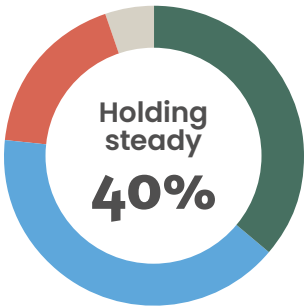


- Profit (60%)
- Break even (21%)
- Loss (12%)
- Unsure (7%)

Profit growth was largely attributed to increased sales, strong demand, efficiencies, and general economic expansion.

“Moderately strong revenue matched with cost savings,” one business leader said when asked what drove profits.

Are your sales...



- Growing (36%)
- Holding steady (40%)
- Contracting (18%)
- Unsure (5%)

Other respondents credited marketing efforts and long-term customer relationships as key drivers of success.

Conversely, losses were linked to rising expenses, inflation, tax burdens, weaker sales, reduced membership or donor funding (nonprofit organizations), and ongoing fluctuations in federal tariff rates.

Most respondents said overall company sales are holding steady (40%), while 36% indicated growth, 18% saw a contraction, and 5% were unsure.

Sixty-eight percent of companies produce their products and services in Connecticut and 43% of companies introduced a new product or service this year. Thirty-three percent plan to introduce a new product or service over the next 12 months. Among those, 67% will be manufactured in Connecticut.

As companies look to find cost savings and make investments, employee recruitment and retention continues to be a top priority.

Thirty-four percent of respondents said employee recruitment and retention is where they are making their greatest investment, 24% cited investments in property and facilities—including equipment and infrastructure—20% said they are investing most in marketing and customer acquisition, 13% point to investments in new technology, and 4% cite research and development.

Artificial intelligence is gradually being adopted across Connecticut’s business community. Thirty-six percent of respondents reported integrating AI into their operations, while 64% said they have not.

Among those using AI, applications include research, data analysis, project management, customer service,

marketing, sales, HR, accounting, and communications.

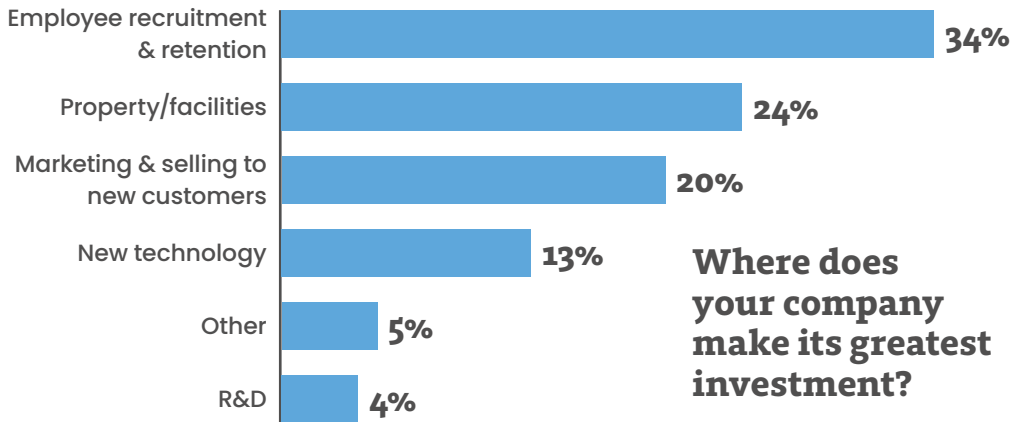
Some businesses noted using AI tools to assist with email writing, improve operational safety, support building design, or enhance internal processes through tools like Microsoft Copilot.

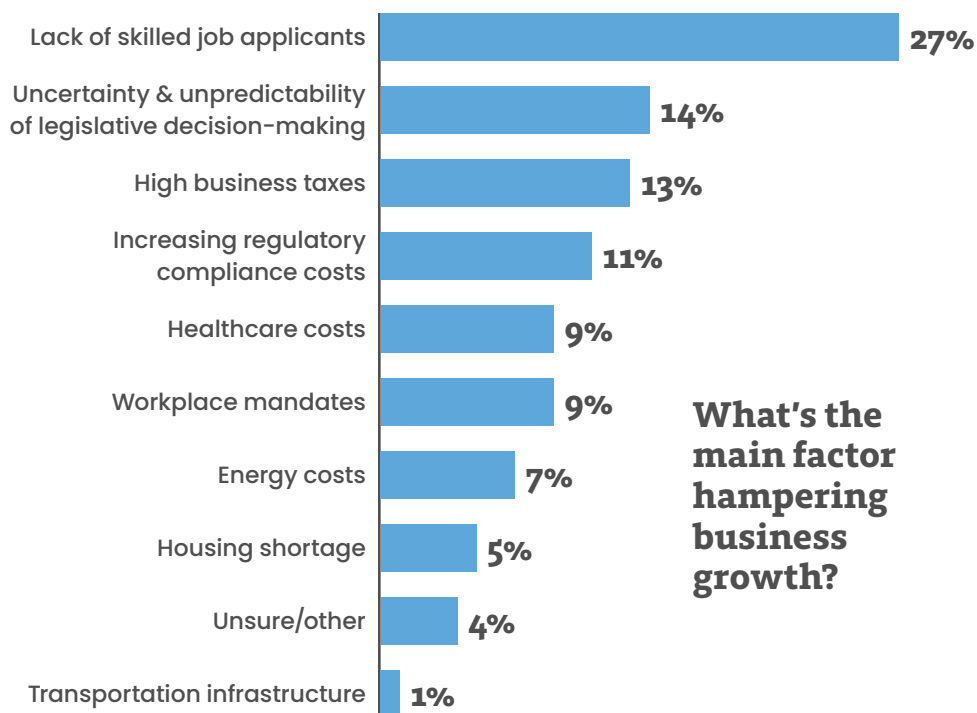
For those not yet using AI, uncertainty remains the primary barrier. Seventy-three percent said they are unsure how to incorporate it into their business operations. Additionally, 20% cited privacy concerns, while 7% referenced liability as a key reason for not adopting AI.

These findings highlight both the growing interest in AI-driven innovation and the need for more guidance and support around responsible implementation.

Affordability

As operating costs continue to climb, affordability challenges are affecting nearly every aspect of doing business in Connecticut. From energy and healthcare to taxes and housing, business leaders are navigating a complex cost landscape that directly impacts their ability to grow and compete.





What's the main factor hampering business growth?

At the same time, employers understand the rising costs their employees face to live in the state—leading them to find ways to increase salaries and offer other means of supporting their workforces.

When respondents were asked to identify the primary factor limiting their firm's ability to grow in Connecticut, 27% of business leaders pointed to a lack of skilled job applicants—the most frequently cited concern. This as workforce shortages continue to challenge hiring and expansion efforts across all industries.

Beyond workforce concerns, executives cited several policy and cost-related barriers. Fourteen percent pointed to the unpredictability of legislative decision-making, while 13% cited high business taxes. Regulatory compliance costs (11%), healthcare

expenses (9%), and workplace mandates (9%) were also noted as key obstacles to growth in the state.

Thirty-seven percent of business leaders support a requirement that any future proposed mandates are assessed with a business cost/time impact study and 20% reported that further investment in business retention resources and programs are desirable.

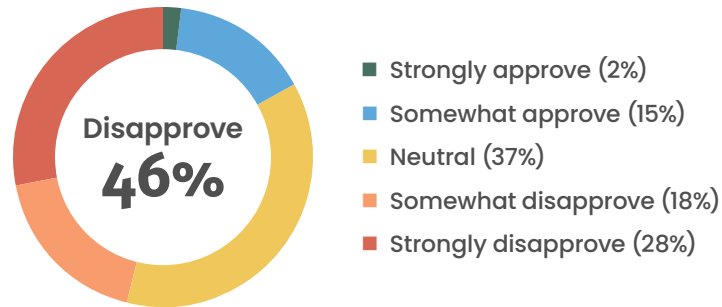
On the contrary, a small share (9%) saw using AI to eliminate outdated and redundant regulations as a positive benefit, while 8% support the use of a single portal for all state programs.

"Mandates and costs are the issue," one respondent shared. "Raising the minimum wage, workers' compensation costs, and increasing the threshold on unemployment costs will ultimately make it unaffordable to stay in Connecticut."

“We take one step forward and our legislature is always trying to take two steps back.”

Business executive, 2025 Survey of Connecticut Businesses

Do you approve of the state legislature's handling of the economy and job creation?



The General Assembly did make some progress this year in addressing how proposed regulations impact small businesses. A new law requires state agencies to provide a more detailed analysis of proposed regulations and the impact on daily operations, costs, and hiring.

Opinions on the state legislature's overall handling of the economy and job creation remain mixed, but lean negative.

Thirty-seven percent of respondents were neutral, while 46% expressed disapproval. Only 17% indicated approval. Still, this represents a significant swing since 2019, when the General Assembly's net approval rating hit an historic low of -76.

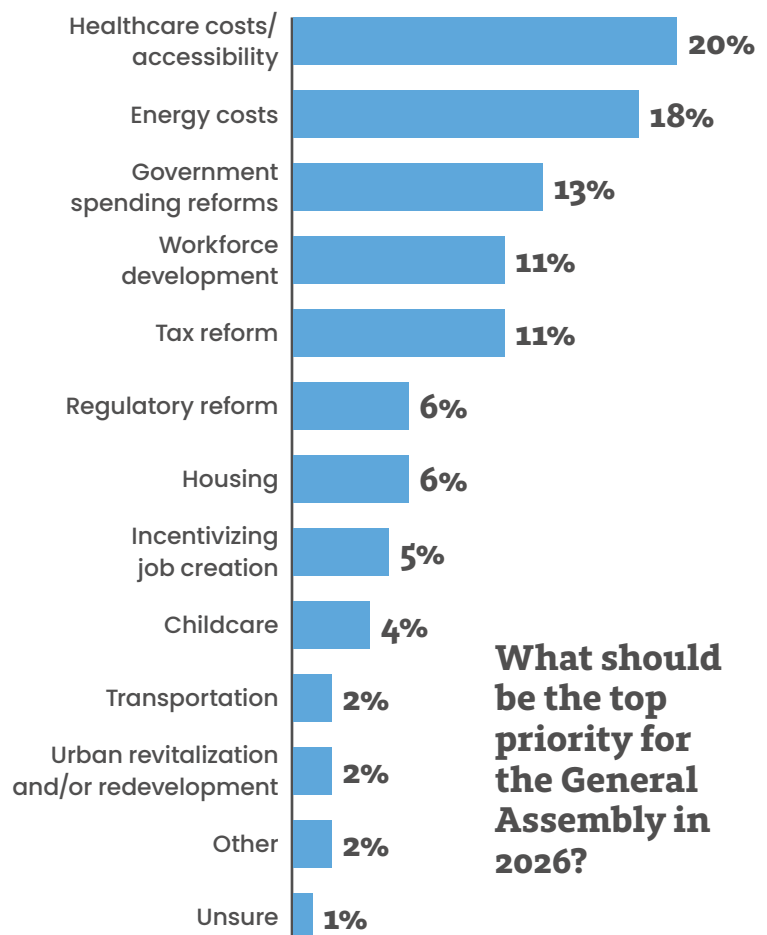
"They stifle job creation and make it very challenging to run a business with all of the regulatory mandates," one executive said in this year's survey.

"We take one step forward and our legislature is always trying to take two steps back," another noted.

Many business leaders expressed a real contrast between feeling positive about Gov. Ned Lamont's work to "make positive decisions for the state" and the legislature's

push for "costly mandates."

Connecticut business leaders identified several key areas they believe the General Assembly should prioritize in 2026 to reduce operational costs and strengthen conditions for sustainable growth.



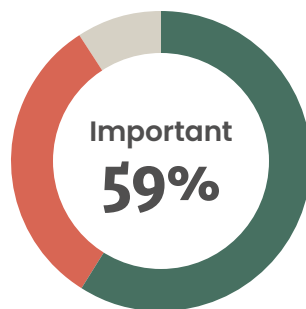
What should be the top priority for the General Assembly in 2026?

Leading the list was healthcare costs and accessibility (20%). This was followed by energy costs (18%), government spending reforms (13%), workforce development (11%), and tax reform (11%).

Businesses are exploring a range of strategies to manage rising energy expenses, although many still report limited actions. The most common effort cited was reducing energy consumption (25%). Twenty-three percent said they're not utilizing any energy cost-reduction strategies, while 16% reported using a third-party supplier, and 15% cited power purchase agreements.

Solar energy adoption was noted by 9% of respondents, and only 1% reported using battery storage or hydrogen fuel cell for energy, while 6% remain unsure. Fifty-eight percent of respondents said they do not plan to use renewable energy within the next five years and 36% remain unsure. Only 6% indicated that they intend to adopt renewable energy—even before the federal government's elimination of solar rebates and credits.

The availability of affordable, quality childcare continues to be seen as an important factor in workforce stability for many Connecticut employers.



How important is the availability of affordable, quality childcare in your company's geographic area for recruiting and retaining employees?

- Important (59%)
- Not important (32%)
- Unsure (9%)

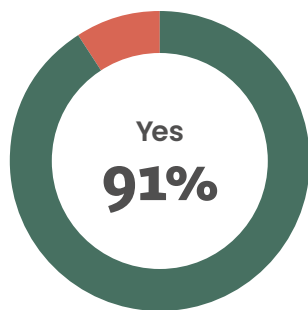
Fifty-nine percent of respondents said childcare access is important for recruiting and retaining employees in their area, while 32% said it is not important, and 9% remain unsure—similar to the findings in our 2024 survey.

Most Connecticut employers continue to offer health insurance as part of their employee benefits package. In our 2025 survey, 91% of respondents reported providing health coverage, while 9% said they do not.

Despite this widespread coverage, rising health insurance premium costs remain a growing concern. Over half of business leaders (53%) reported that annual premiums increased by 6% to 10% this year. Another 24% saw larger increases

of 16% to 20%, while 14% experienced smaller hikes of less than 5%.

A smaller share reported even steeper increases—5% saw a 21% to 25% rise, 3% faced more than 30% increases, and 1% reported a 26% to 30% increase.



Does your company offer health insurance as part of its employee benefit package?

- Yes (91%)
- No (9%)

Looking ahead, most employers do not anticipate major changes to their health-related benefits in the next 12 months. Forty-eight percent said they do not plan to

make significant changes, while 31% remain unsure. Fourteen percent reported that changes are likely, and 6% said they do not offer health-related benefits.

Among companies planning changes to their health-related benefits, the most common action was increasing employee share of costs (38%), followed by modifying plan designs (32%). A smaller number reported switching from fully insured to self-insured plans (9%), dropping coverage altogether (6%), or implementing other adjustments like soliciting bids for health benefit renewals (15%).

Workforce

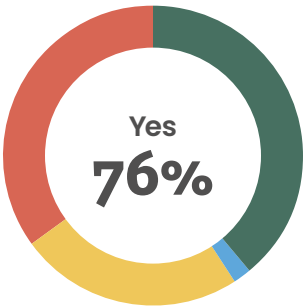
Connecticut employers continue to face hiring and retention challenges, largely due to the skills gap and cost-of-living pressures. Many are investing in workforce development, but barriers for employees like housing and childcare continue to limit growth.

Seventy-six percent of surveyed companies reported difficulty finding and retaining workers—a two-point decline from 2024. The primary reason cited for hiring challenges is applicants do not possess the required skills or expertise (40%).

This is followed by concerns over worth ethic (26%)—including unreliability, lack of initiative, and low productivity. Eighteen percent of employers say applicants seek pay beyond their budget and

9% mention the high cost of living in Connecticut. One percent cited transportation-related issues, lack of childcare options, and fixed work schedule or lack of scheduling options.

On the retention side, employers are closely aligned in their struggles. Fifty-six percent said competition from employers offering higher wages and better benefits is the top reason they struggle to retain workers. This was followed by the state’s high cost of living (24%), lack of employee engagement and recognition (10%), and fixed work schedule and lack of scheduling options (1%).



Is it difficult for your company to find and/or retain workers?

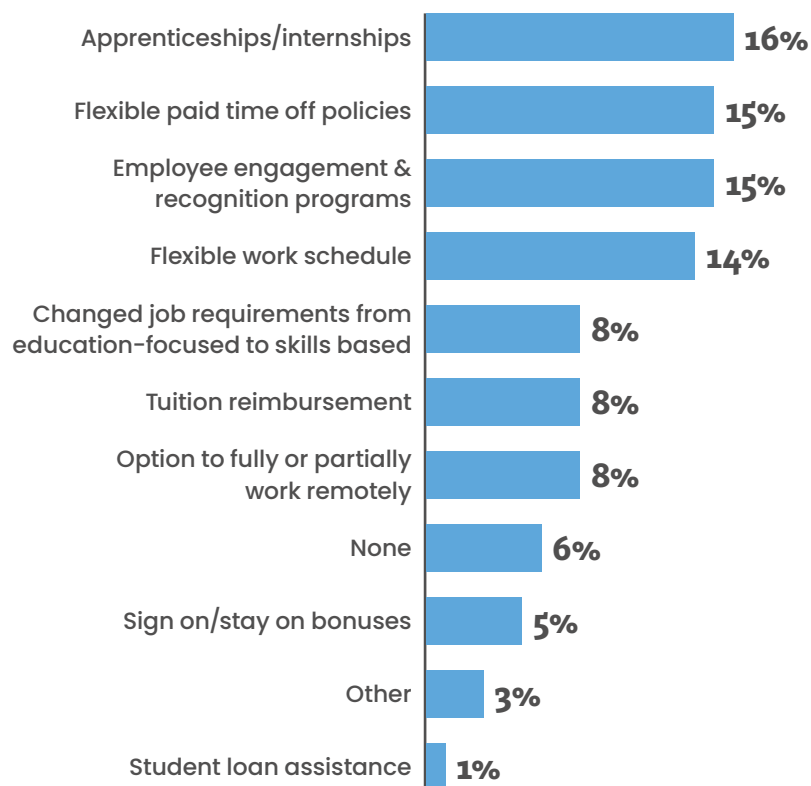
- Finding only (39%)
- Retaining only (2%)
- I do not have trouble finding/retaining workers (24%)
- Both (35%)

Nearly half of respondents (49%) said it takes an average of two to eight weeks to fill an open position, 31% noted it takes between eight to 16 weeks, 14% said it takes more than 16 weeks, and 6% said it takes an average of less than two weeks to fill an open position.

A plurality of businesses is looking for high school or GED equivalent (33%) qualifications for open positions. Twenty-two percent want candidates with bachelor’s degrees, 18% are looking for certificate programs, and 12% require no educational background.

Employers are implementing several initiatives to try and attract and retain employees—some getting creative and offering daycare options and special bonuses as well as higher pay.

What actions are you taking to attract/retain workers?



Overall, 16% of respondents said they are using apprenticeships and internships to attract talent, 15% have created employee engagement and recognition programs, 15% are using flexible paid time off policies, 14% offer flexible work schedules, 8% offer tuition reimbursement, 8% offer options to work fully or partially remote, 8% have changed job requirements from education-focused to skills-based, 5% offer sign on and stay on bonuses, and 1% offer student loan assistance.

Almost half (49%) implemented new initiatives and benefits in the past several years but have not added new programs this year specifically, while 39% of respondents said they provided new incentives last year.

Among those that added new benefits, 39% introduced or enhanced medical coverage, 8% offered unlimited paid time off, and 4% implemented student loan repayment programs. Other incentives provided include bonuses and pay increases (25%), 401(k) contributions (12%), and housing (2%).

Forty-one percent of companies are actively involved with education institutions as part of their overall workforce development strategy, 53% reported they are not, and 6% said they were unsure.

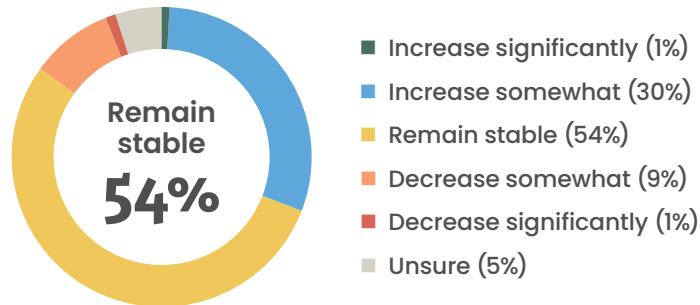
Employers working with schools most commonly engage with vocational-technical high schools (26%), community colleges (24%), local public high schools (23%), and four-year institutions (20%), while only 5% partner with local private high schools.

Internships and apprenticeships remain key workforce strategies, offered by 53% of surveyed businesses.

These programs target a range of groups—with the majority (30%) being current college students, followed by tech school students (25%), high school students (19%), and recent high school and college graduates (25%). Most businesses (76%) compensate interns. Eleven percent are unpaid, 10% offer academic credit, and 2% offer stipends.

To support workforce development in the coming year, employers plan to utilize Department of Labor apprenticeships (23%) and programs managed by

What do you expect to happen to the size of your workforce over the next six months?



the nonprofit K-12 workforce organization ReadyCT (21%), followed by CareerConneCT (14%) and regional sector partnerships (12%).

More than half (53%) of firms are familiar with workforce programs available in their area, 29% have heard about programs, but do not know the details, and 18% of respondents said they are not aware of programs in their area.

This year, 16% of business leaders said that the state government is doing enough to drive workforce development—marking a five-point increase from previous years. Thirty-five percent say state government wasn’t doing enough—down five points from last year—and 48% remain unsure.

Respondents suggested the state could further drive workforce development by increasing access to trade education, improving small business healthcare options, expanding housing affordability, increasing reimbursement rates, and funding programs that address workforce needs.

“Address the indirect factors like health insurance, affordable housing, childcare, and lower income taxes to attract talented engineers and skilled workers to stay here,” one business leader said.

“Access to funding for all programs—not just those in major metro areas,” another added.

Looking ahead, (54%) of businesses expect the size of their workforce will remain stable over the next six months, 31% anticipate growth, 10% expect a decrease, and 5% are unsure.

Almost half (45%) plan to expand their workforce in the next year. Meanwhile, 20% expect to adopt artificial intelligence and automation to improve productivity, 15% will rely more on temporary or part-time workers, 12% don’t anticipate any changes, and 8% plan to reduce staff.

When asked about barriers to attraction, 43% said that more affordable housing would help, while 35% said it would not, and 22% were unsure. Some noted they already pay high wages, making housing less relevant for their workforce.

Recent research from the CBIA Foundation for Economic Growth & Opportunity found the state’s housing shortage exacerbates workforce challenges.

The foundation’s Economic Impact of Connecticut’s Housing Shortage report notes the state has an estimated shortage of 100,000 to 150,000 units, with some estimates suggesting more than 350,000 units.

And while the Northeast has slower housing production relative to national averages, Connecticut continues to underperform against other states in the region, excluding Rhode Island.

"The economic costs of Connecticut's housing shortage manifest across multiple dimensions: reduced workforce availability as potential employees are priced out of job centers; increased business operating costs; suppressed consumer spending as housing costs consume larger portions of household budgets; and diminished economic mobility that threatens future growth," the report notes.

"These economic inefficiencies compound over time, creating impediments to Connecticut's competitiveness in the regional and national economy."

Conclusion

Connecticut businesses continue to navigate complex challenges, with rising costs, workforce shortages, and regulatory burdens placing significant strain on operations.

Survey findings show that ninety-one percent of employers report the cost of doing business is increasing—driven by labor, healthcare, energy, and compliance costs. Concerns around tariffs, inflation, and federal budget cuts further compound financial pressures.

Despite these headwinds, employers are investing in talent and innovation. Companies are expanding internship and apprenticeship programs, partnering with schools, and introducing new technologies to remain competitive.

However, 76% still report difficulty finding and retaining skilled workers, largely due to gaps in qualifications, pay expectations, and Connecticut's high cost of living.

Legislative sentiment remains mixed. While some respondents recognized improvements in

government support, 46% disapprove of the state legislature's handling of the economy.

When asked what priorities the General Assembly should focus on in 2026, business leaders pointed to healthcare costs and access (20%), energy costs (18%), and government spending reforms (13%) as top concerns—signaling a strong need for cost relief and structural reform.

More than half of businesses took steps to cut energy costs in the past year, yet 58% do not plan to adopt renewable energy in the next five years, citing uncertainty and affordability.

With healthcare, 91% of companies offer insurance, but 53% experienced premium hikes of 6%–10%, with several reporting increases above 20%. Meanwhile, 38% plan to increase employee cost-sharing in the coming year.

These findings underscore an urgent need for targeted, business-informed policy solutions.

Employers are not calling for blanket deregulation—they're seeking a more responsive and predictable policy environment that allows them to grow, compete, and invest in their workforce.

Heading into 2026, the General Assembly has a critical opportunity to respond to these challenges and advance long-term economic vitality.

As Connecticut looks to strengthen its economy and attract talent, business leaders point to lower income taxes (23%), reduced property taxes (22%), and lower energy costs (16%) as the most effective incentives. These findings highlight the urgency of addressing affordability to boost the state's competitiveness and workforce appeal. ■

As the CBIA Foundation for Economic Growth & Competitiveness finishes its first fully operational year, it's exciting to reflect on what a significant year it has been. While we are still in the early stages of building our capacity and impact, we are proud of the meaningful progress we have made in promoting Connecticut's economic competitiveness.

Our year began with the September launch of Opportunity Connecticut, a comprehensive analysis offering 59 recommendations to strengthen the state's economic competitiveness.

Since its release, we have worked to socialize the report across Connecticut through presentations to business leaders and local chambers in addition to local and state political leaders.

While we recognize there is much work ahead, we are encouraged that we have already begun acting on two-thirds of the recommendations, with several achieving policy implementation or legislative

consideration in just our first year.

A key focus has been building the institutional framework needed for sustained impact. We established our first three leadership committees covering business climate, workforce and education, and housing issues.

These committees bring together subject matter experts and business leaders to guide our research priorities and ensure our work addresses real-world challenges facing Connecticut businesses.

In addition to our committed advisory board members, the external guidance we've received has been invaluable in shaping our approach and steering our engagement to the topics that matter most deeply to our economy and community.

Our research efforts have tackled some of Connecticut's most pressing economic challenges. In May, we released Economic Impact of Connecticut's Housing Shortage, which examines how limited housing construction over the past 20 years affects our economy.

The research exemplifies the power of community engagement, having benefited from input gathered at our housing roundtable, where business leaders and advocates shared firsthand experiences of how housing shortages impact their operations.

The positive response to this work, in the media and in our day-to-day interactions, has helped spark fruitful conversations across the state and provides an example of how our research can be impactful moving forward.

On workforce development, we secured and began implementing a JP Morgan research grant, conducting forums across the state to better understand the complexities of delivering workforce programs at the high school level.

This groundwork is informing our upcoming Workforce Blueprint, which will provide recommendations for better aligning Connecticut's workforce development with employer needs.

Progress Tracker

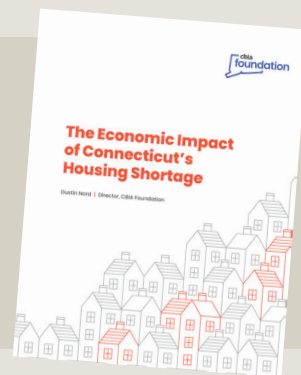


38/59

Policy recommendations adopted/in development



4 Statewide workforce forums



These forums have been learning experiences for us as much as research opportunities, helping us understand the nuanced challenges facing educators and employers.

The foundation has also worked to position itself as a source for timely economic analysis, as we released research on tariffs, budget policy, and broader economic trends as these issues have emerged.

Uncertainty has been the key theme underpinning conversations across industries and disciplines this year, and we hope to continue providing insights and answers to leaders' most pressing questions.

Going forward, it's clear uncertainty in our state, our nation, and our world will only continue and we hope whatever small answers we can help reveal will continue to be helpful to our community.

Beyond research, celebrating Connecticut's economic strengths will remain one of our most important mandates.

Our inaugural manufacturing bus tour and the first Coolest Thing Made in Connecticut challenge highlighted the innovation and quality that define our state's manufacturing sector.

We also hosted the National Civics Bee Connecticut finals, supporting civic education among Connecticut's youth.

These events represent our commitment to not just identifying challenges but also showcasing Connecticut's unique assets and highlighting the individuals that make our Connecticut community such an influential force.

Looking ahead, we recognize that sustainable impact requires continued relationship-building, rigorous research, and patience as policy changes take time to implement.

Over the next year, we plan to release our Workforce Blueprint, an economic competitiveness index, continue our manufacturing celebrations, and expand our research into additional areas like immigration policy.

Most importantly, we will continue developing the institutional capacity needed to serve as a long-term

resource for Connecticut's business community and policymakers.

While this first year has been encouraging, we know that building lasting change takes time.

The foundation's early achievements provide a solid platform, but our greatest impact lies in the years to come as we continue refining our approach and expanding our reach throughout Connecticut.

Visit cbia.com/foundation to learn more.



2 National Civics Bee state finals



2024 & 2025 Coolest Thing Made in Connecticut



2024 & 2025 manufacturing bus tour



About the Survey

Methodology & Demographics

CBIA emailed the 2025 Survey of Connecticut Businesses to more than 2,800 top executives throughout the state from June 3 to July 17, with a response rate of 13% and a margin of error of $\pm 5\%$.

Surveyed businesses have operated in Connecticut for an average of 58 years, with a range of one year to more than 200 years.

Most surveyed firms are small businesses, with 68% employing less than 50 people, 13% with 50 to 99 people, 11% between 100 and 249 employees, and 8% employ between 250 and 499 people.

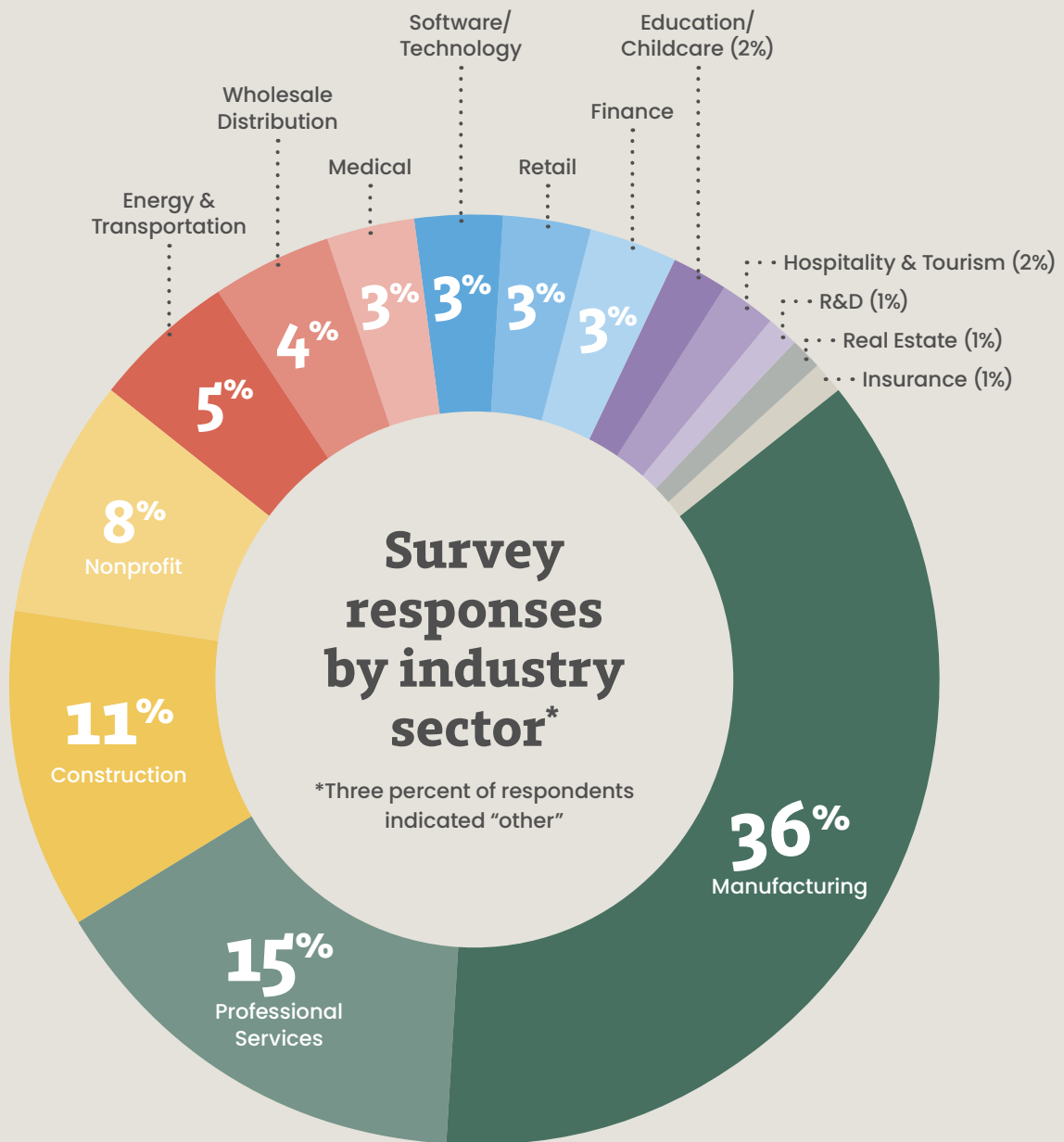
Twenty-three percent of respondents are S corporations, 17% are C corporations, and 12% are privately held and limited liability corporations. Ten percent are family owned.

Other represented businesses include incorporated (7%), woman-owned (6%), and veteran-owned (2%). The remaining 1% are public sector organizations, publicly held, minority-owned, foreign-owned, and employee-owned.

Manufacturing companies make up the largest percentage of survey respondents (36%), followed by professional services (15%), construction (11%), nonprofit (8%), energy and transportation (5%), wholesale distribution (4%), medical (3%), retail (3%), finance (3%), software technology (3%), hospitality and tourism (2%), education/childcare (2%), research and development (1%), real estate (1%), and insurance (1%).

Thirty-seven percent of respondents have their primary location in Hartford County, followed by New Haven County (26%), Fairfield County (14%), Middlesex County (10%), Litchfield County (5%), New London County (3%), Windham County (3%), and Tolland County (2%).

Percentages referenced in this report are rounded to the nearest whole number and those used in charts and tables may not always total 100%.



About CBIZ

CBIZ, Inc. (NYSE:CBZ) is a publicly traded, leading professional services advisor to middle market businesses and organizations nationwide. With unmatched industry knowledge and expertise in accounting, tax, advisory, benefits, insurance and technology, CBIZ delivers forward-thinking insights and actionable solutions to help you anticipate next steps and accelerate growth.

CBIZ helps your organization navigate challenges, turn risk into opportunity and drive sustainable, long-term excellence—where you are today and wherever you want to grow.

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About CBIA

CBIA is the leading voice of business in the state, representing thousands of member companies, small and large, across a diverse range of industries.

We fight to make Connecticut a top state for business, jobs, and economic growth: driving change, shaping legislative and regulatory policy, and promoting collaboration between the private and public sectors.

Driving Growth, Promoting Business

- ▶ Powerful, dynamic leadership and advocacy at the state Capitol, driving policies that promote a globally competitive business climate
- ▶ Valuable resources, information, and professional assistance, sharing expertise and best practices across a broad range of issues to help companies compete, grow, and succeed
- ▶ Innovative, high-value products and member services, including insurance and employee benefits, business consulting services through our CONNSTEP affiliate, ReadyCT workforce development initiatives, business and HR resources, energy purchasing solutions, and more.

For more information about CBIA and its affiliates, visit cbia.com.



