2026

Survey of Connecticut Businesses

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Introduction

The 2026 Survey of Connecticut Businesses, the 24th annual edition, was produced by the CBIA Foundation for Economic Growth & Opportunity and made possible through the generous support of CBIZ.

This year's survey captured business sentiment amid unprecedented uncertainty, driven by persistently high inflation, volatile federal trade policy, and growing geopolitical risk.

The survey also comes on the heels of a General Assembly session that promised to deliver a more affordable Connecticut.

Survey responses suggest the session did not deliver on that promise.

Connecticut arrives at this moment in an unusual position. The state's economy grew 2.4% last year, 12th fastest in the country.

Most responding businesses were profitable in 2025, most say sales are growing or holding steady, and just over half plan to add employees in the coming year.

Yet, because of state policy decisions that are driving up costs, businesses lack the confidence that should accompany such positive results and are reaching a boiling point—clearly demonstrated by the near 25% of respondents considering locating outside of Connecticut.

Employers described an operating environment where costs rise faster than they can absorb them, where the workers they need are difficult to find, and where the direction of state policy is becoming more challenging to navigate.

The 2026 legislative session did little to change that. For every positive policy measure enacted, the General Assembly made another decision that undermined those gains.

Lawmakers adopted a $28.1 billion budget for fiscal year 2027, with major new investments in municipal aid and affordable childcare and a restructured hospital tax designed to draw down additional federal aid.

They financed those commitments, however, through one-time revenue measures, off-budget transfers, and further weakening of the fiscal guardrails—the critical 2017 reforms that anchored nearly a decade of replenished budget reserves, credit rating upgrades, and paydowns of the state's long-term liabilities.

In recent years, these fiscal controls were the primary driver of improved business climate sentiment in the state. Weakening the fiscal guardrails threatens Connecticut's economic progress.

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> **A shrinking labor force and persistent skills gaps are limiting Connecticut's economic potential. If we want employers to grow and create jobs here, we must make the state more affordable and build a workforce system that meets the needs of tomorrow's economy.**
>
> **Chris DiPentima** | President, CBIA Foundation

Healthcare and energy costs remain top-of-mind issues for Connecticut businesses. The 2026 legislative session produced no broad-based relief.

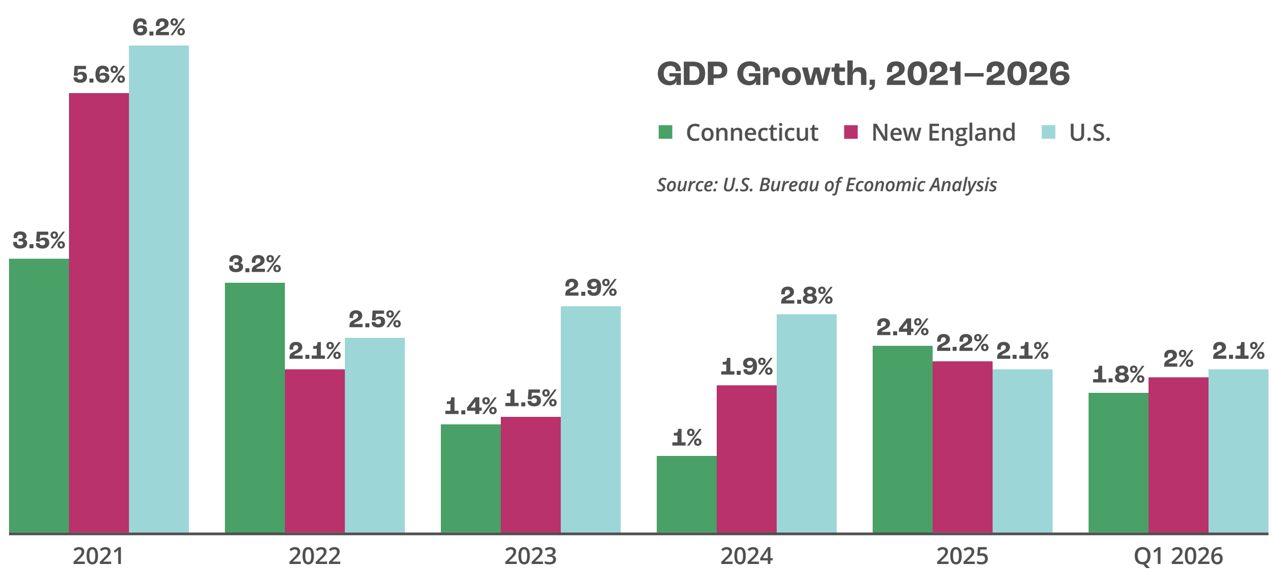
All of this while Connecticut's labor force continues to decline dramatically, down 50,400 people over the past year—about the population of East Hartford—with tens of thousands of job postings across all industry sectors and occupations.

We have seen some progress. Connecticut climbed five spots to 23rd in CNBC's 2026 America's Top States for Business study—its best showing in the 20-year history of the rankings, driven by top 10 rankings for education (4th) and quality of life (5th).

This year state lawmakers expanded the research and development tax credit to pass-through entities, advanced permitting reforms to shorten review times, and created a small business concierge program.

Employers are adapting on their own terms as well, with artificial intelligence adoption rising sharply over the past year and the share of holdouts who say they do not know where to start falling by nearly 20 percentage points.

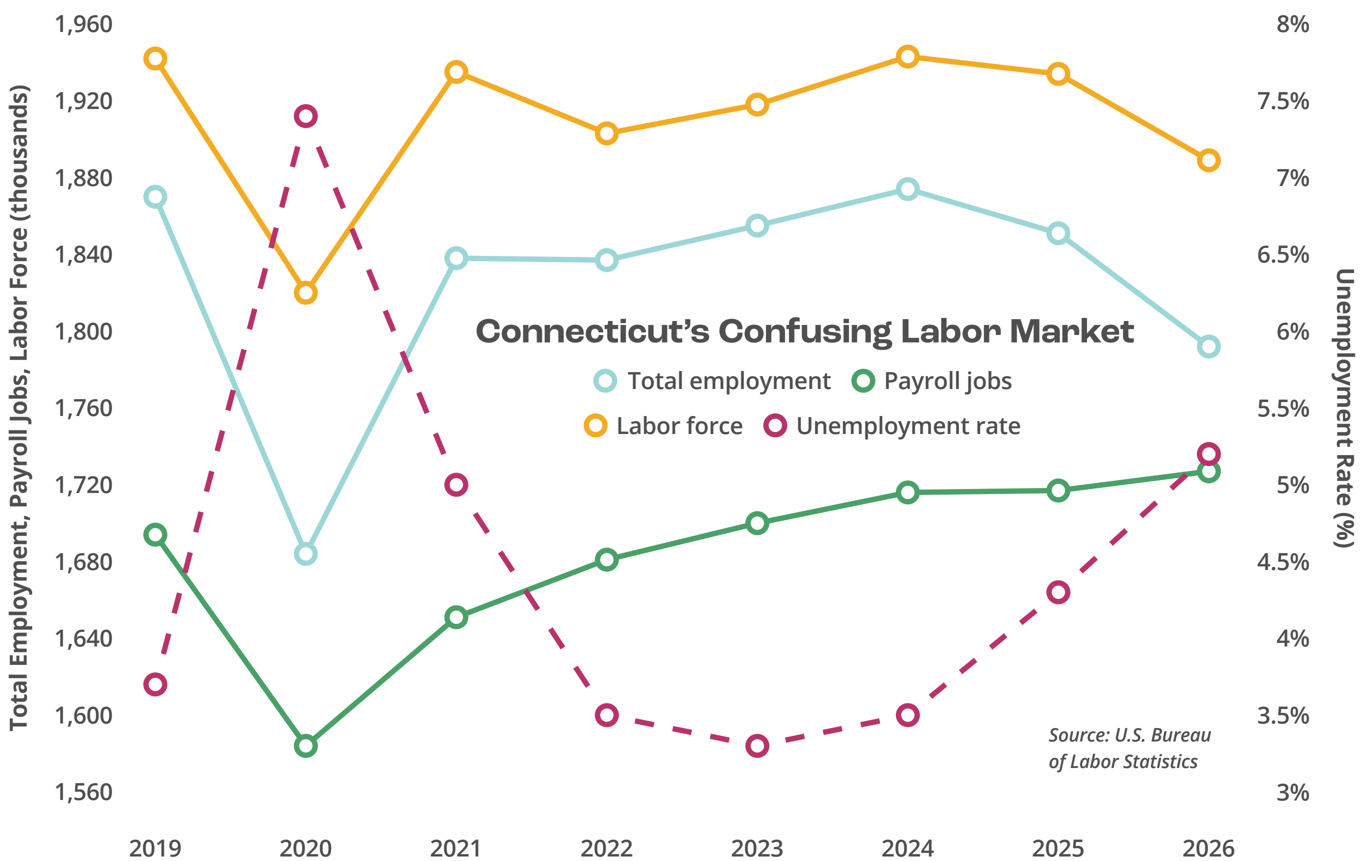
But gains sit alongside persistent structural weaknesses that have constrained the state for years. The CNBC study ranked Connecticut's cost of doing business 40th and the cost of living 44th, while the workforce ranking fell 17 places to 25th, reflecting what employers have reported for years—that the labor shortage crisis is more acute in Connecticut and needs to be addressed with bold solutions.



While these fundamentals provide a strong platform to compete, this year's survey illustrates how policy decisions and rising costs continue to limit the ability to realize Connecticut's true economic potential.

Key Findings

- 90% say the cost of doing business is rising, driven by healthcare, labor, energy, taxes, and compliance costs
- 70% report difficulty finding workers, with skills gaps the leading reason
- Only 9% believe the state's business climate is improving, while 52% say it's static and 38% say it's declining
- 70% of businesses turned a profit in 2025, 15% broke even, and 15% reported losses; 65% expect a profit in 2026
- 30% plan to expand their workforce over the next six months, while 8% expect a contraction
- 42% are using artificial intelligence in their operations, while 54% of non-users are unclear how to adopt it
- 88% saw per-employee health insurance costs increase at their most recent renewal
- 54% say healthcare costs and accessibility should be the General Assembly's top priority in 2027, with energy costs close behind at 52%



Connecticut Economy

This past year presented mixed results with respect to the status and trajectory of the state's economy.

On one hand, GDP posted healthy growth at the end of 2025 and the beginning of 2026. Connecticut's economy grew 2.4% last year, good for 12th fastest in the nation. The start of the year continued to show solid growth, with 1.8% growth in the first quarter, 18th in the nation and second best in New England, with year-over-year growth at 3.1%, sixth best in the nation.

That's a clear improvement over the previous five years, when the state's average rate of growth was just 1.4%, 44th overall.

But labor market data tells a conflicting story. Over the past year, payroll jobs increased a modest 0.8%, in step with national trends. At the same time household employment declined a troubling 4%.

Aside from the employment losses recorded during the onset of the COVID-19 pandemic, this was the steepest annual decline in employment in over three decades. Meanwhile, unemployment spiked to 5.2% over the past year—tied for the highest in the nation and the fastest increase among states.

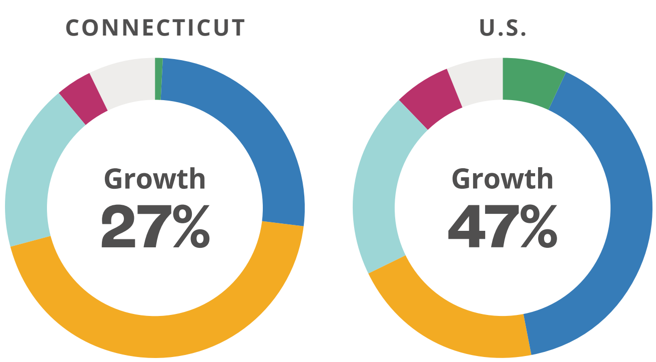
We can see this conflict manifest in the survey responses. Only 27% of respondents predict that the state will see moderate or strong growth over the next 12 months, compared to 47% who feel the nation's economy will grow.

Connecticut's net sentiment score stalled at plus-13 in 2026, matching the previous year, while national sentiment gained momentum, rising from plus-13 to plus-21. The disconnect suggests businesses are reacting less to the current performance than to concerns about future competitiveness and cost pressures.

Industries like manufacturing (+2.1%) and construction (+3.1%) posted solid employment growth over the past 12 months, an encouraging trend. For manufacturing, this can be partially explained by an easing of tariff burdens in 2025 and the expansion in federal defense spending. Construction employment reached an 18-year high in July with 66,200 jobs.

Trade policy remained an important factor for Connecticut businesses, particularly manufacturers, although concerns moderated considerably from a year ago.

The percentage of businesses expecting tariffs to negatively affect operations fell from 64% to 53%, while those expecting no impact rose from 16% to 28%. The change reflects both business adaptation and evolving federal trade policies, including the impact of the U.S. Supreme Court's February decision striking down tariffs imposed under the International Emergency Economic Powers Act.



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

- Strong growth (1%, 7%)
- Moderate growth (26%, 40%)
- Static (44%, 21%)
- Moderate contraction (18%, 20%)
- Strong contraction (4%, 6%)
- Unsure (7%, 6%)

Even so, tariffs continue to shape Connecticut's trade environment. Export growth slowed to 2% in 2025 as new levies and retaliatory measures altered trade flows, with Canada, Mexico, and China all posting significant declines.

Strong growth in European markets helped offset some of those losses, particularly after the U.S.-European Union trade framework preserved duty-free treatment for civil aircraft, a critical industry for Connecticut's aerospace sector.

Concerns over higher domestic material prices dropped from 22% to 14%, planned disruption from tariff uncertainty from 9% to 5%, and decreased customer demand from 7% to 3%.

On the flip side, other key industry sectors continue to see a contraction in their workforces, reflecting an ongoing challenge for the state's economy.

Finance and insurance saw total payrolls drop 2% over the past 12 months, and professional services declined 0.9%.

Healthcare, one of the key drivers for job growth in the national economy, led Connecticut with 9,400 new jobs (2.5%).

U.S. Bureau of Labor Statistics data shows average annual salaries for private sector workers in Connecticut rose 4% in 2025. Workers earned an average $92,518 last year—fifth highest among all states.

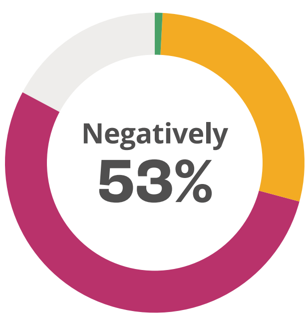
Nationally, average private sector wages rose 4.3% to $79,097. Workers in Massachusetts ($101,877) earned the highest average salary, followed by Washington state ($101,770), New York ($100,946), and California ($97,184).

Connecticut has the highest per capita personal income of any state, a distinction it reclaimed from Massachusetts in 2025 and held through the first quarter of 2026, when it reached $101,065. Only the District of Columbia is higher. The national average is roughly $23,000 below Connecticut.

Personal income rose 4.4% in 2025, 39th among all states, and decelerated over each of the four quarters. The slide continued into 2026, with first-quarter growth of 2.2% ranking 43rd nationally and running well behind the 3.4% national rate. Growth in Connecticut trailed every New England state except Massachusetts. Slower growth relative to other states may be in part explained by our high base.

Fourteen of the industry supersectors the U.S. Bureau of Economic Analysis tracks posted real growth in the first quarter of 2026, a much broader base of expansion than the eight that grew a year earlier.

How will tariffs impact your business in the next year?



- Positively (1%)
- No impact (28%)
- Negatively (53%)
- Unsure (17%)

Information led at 1.05%, followed by durable goods manufacturing (0.97%). Total manufacturing output expanded 0.93% even with more than 7,000 job openings across the sector. Professional, scientific, and technical services grew 0.46%, followed by healthcare and social assistance (0.19%), federal government (0.17%), state and local government (0.14%), real estate (0.11%), utilities (0.1%), arts, entertainment, and recreation (0.07%), management of companies (0.05%), agriculture (0.03%), transportation and warehousing (0.02%), mining (0.02%), and other services (0.02%).

Retail trade led all declining sectors, contracting 0.52% after shrinking 1.2% in 2025. Educational services fell 0.27%, followed by wholesale trade (-0.26%) and finance and insurance (-0.25%), the second largest component of Connecticut's economy. Also declining were military (-0.11%), construction (-0.09%), nondurable goods manufacturing (-0.05%), and administrative services (-0.02%). Accommodation and food services was unchanged for the quarter.

Connecticut's $297.5 billion real GDP accounts for 24% of New England's $1.2 trillion economy and is the second largest in the region behind Massachusetts ($653.9 billion).

Connecticut's international trade performance reflected those shifting dynamics. Commodity exports rose 2% to $17.8 billion in 2025, down from 9.4% growth a year earlier, with only five of the state's top 10 export markets positing gains.

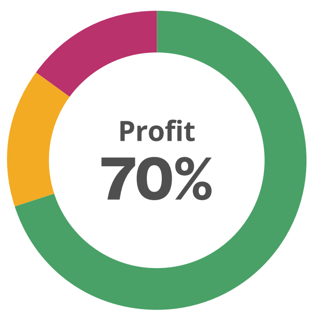
Tariff restrictions hit certain countries harder than others, with some of our largest trading partners seeing the largest declines. Exports to Canada fell 8.9%, while shipments to Mexico dropped 27.7% and those to China fell 36.1%. Together, exports to the three countries declined by about $1.2 billion.

Europe was a notable exception. Each of Connecticut's top 10 European markets saw growth, with exports to those countries rising by a combined $1.9 billion. The July 2025 U.S.-European Union trade framework capped tariffs at 15% and preserved duty-free treatment for civil aircraft, an important provision for Connecticut's aerospace industry. Exports to France rose 74.7% to $1.45 billion, moving the country from Connecticut's eighth-largest export market to its third.

While the rate of growth was slow, the increase pushed Connecticut exports above their 2018 level for the first time. Exports are now 9.7% higher than in 2019 and represent about 6% of Connecticut's economy.

Canada remained Connecticut's largest export destination at $2.2 billion, followed by Germany ($1.96 billion, up 9.7%), then France, the Netherlands ($1.42 billion, up 14.2%), and Mexico. China, previously Connecticut's fourth-largest export market, fell to seventh.

Transportation equipment remained the state's largest export category at $6.18 billion. Exports were essentially flat, down 0.2%, following a 15% increase in 2024, as stronger sales to European aerospace customers offset declines in several other major markets.



In 2025, did your company generate a net profit, net loss, or break even?

- Profit (70%)
- Break even (15%)
- Loss (15%)

Machinery exports rose 5% to $3.51 billion. Computer and electronic products fell 4.2% to $1.21 billion, while fabricated metal products increased 8.7% to $1.2 billion, and chemicals rose 8.1% to $1.15 billion. Electrical equipment, appliances, and components declined 3.3% to $1.13 billion.

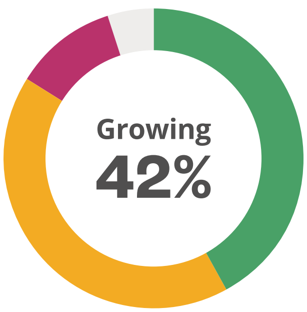
Connecticut ranked 27th nationally for exports and remained New England's second-largest goods exporter behind Massachusetts. Massachusetts exported $38.81 billion in goods, up 10.8% from 2024, while total New England exports rose 8.1% to $73.2 billion.

Canada was also Connecticut's largest source of imports, accounting for $5.72 billion of the record $24.03 billion in goods the state imported in 2025. Total imports increased by 5.2% from the previous year.

Imports from Mexico jumped 41.9% to $5.17 billion and have more than doubled since 2018. Goods compliant with the U.S.-Mexico-Canada Agreement were exempted from the tariffs imposed in March 2025.

Germany followed at $1.73 billion, the Netherlands at $1.22 billion, and China at $1.12 billion. Imports from China fell another 16.1% in 2025 and are now 51% below 2018 levels, when the first round of U.S. tariffs on Chinese goods took effect.

Nationally, U.S. commodity exports increased $116.9 billion, or 5.7%, to a record $2.18 trillion in 2025. Imports rose $150.6 billion, or 4.6%, to a record $3.41 trillion, with some of that increase occurring as businesses accelerated purchases ahead of announced tariff deadlines during the first half of the year.



Are your sales ...

- Growing (42%)
- Holding steady (42%)
- Contracting (11%)
- Unsure (5%)

Mexico overtook Canada as the largest destination for U.S. exports, importing $337 billion in goods compared with $334 billion for Canada. China followed at $106 billion, down 26%, with the United Kingdom at $97 billion and the Netherlands at $94 billion.

Business Climate

Connecticut businesses reported a slightly better 2025 than 2024. Seventy percent generated a net profit, up four points, while the share reporting a loss held steady at 15%.

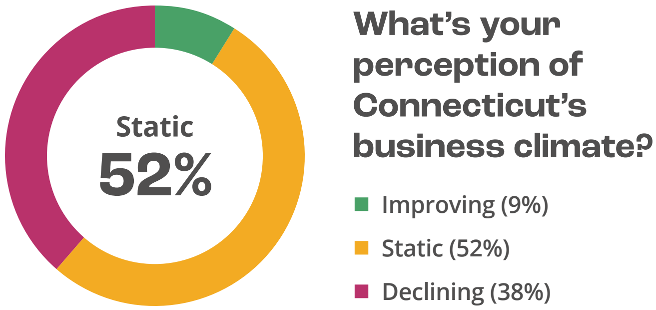
Forty-two percent of respondents said sales grew, up from 36%, and only 11% reported contracting sales, down from 18% a year ago. This led to a modest improvement in expectations. Sixty-five percent anticipated a profit this year, up five points, while the share expecting a loss fell from 12% to 7%.

For firms that saw losses in 2025, weaker sales and demand led all factors at 24%, down sharply from 40% last year. Taxes and tariff costs rose to 17% from 13%, and higher labor costs more than doubled to 7%.

Despite slightly improved outlooks, 90% of businesses say the cost of doing business in Connecticut is increasing, essentially unchanged from a year ago.

About four in five business leaders said healthcare costs (81%), labor costs (80%), and energy costs (78%) are increasing—with energy costs posting the most notable single-year increase in any category, up seven points. Goods and supplies rose six points to 61%, and local taxes rose six points to 53%.

> **Connecticut businesses continue to demonstrate remarkable resilience amid ongoing uncertainty. Still, rising healthcare and electricity costs are placing increasing pressure on employers, who have few options to absorb the steep increases.**
>
> **Michael Brooder,** Hartford Office Managing Director, CBIZ



Manufacturers reported the sharpest energy cost pressures, with 93% noting increases.

Nine percent of businesses said Connecticut's business climate is improving, down three points from last year. The percentage of those reporting a static business climate rose five points (52%), while the declining share edged down from 40% to 38%.

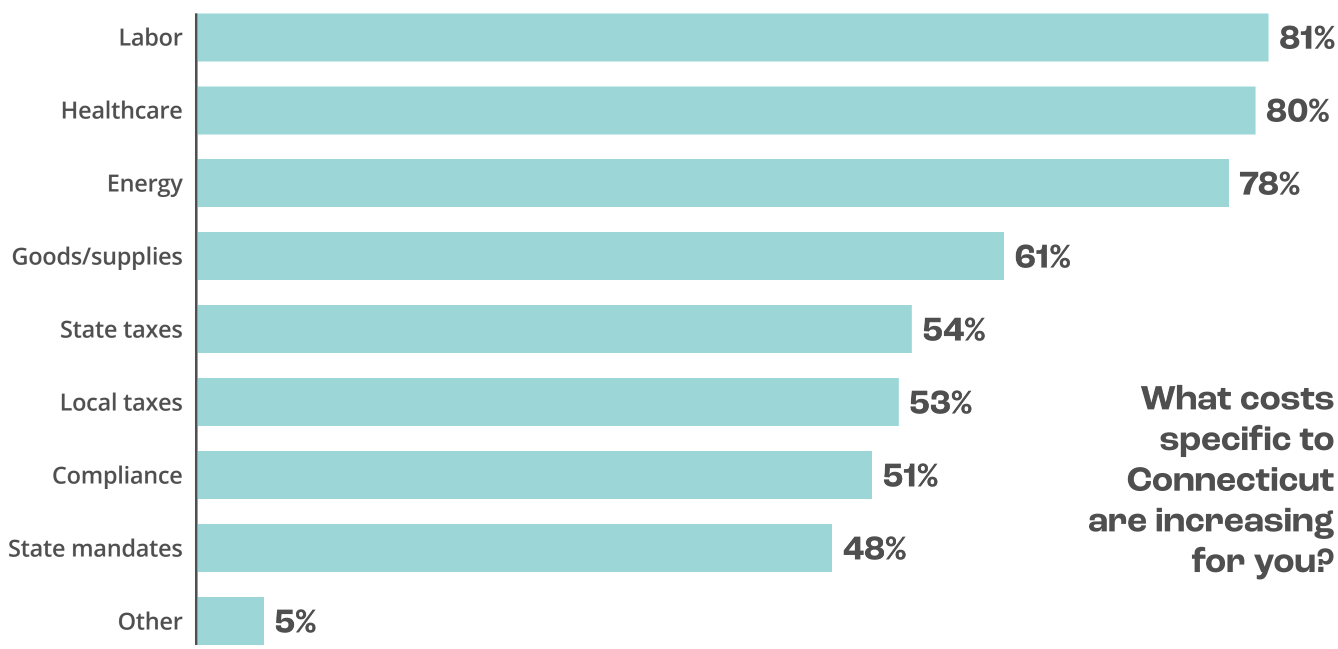
Notably, Eastern Connecticut businesses were more likely to call the state's business climate static.

Businesses that noted a decline in the state's business climate continued to identify labor mandates and regulations (81%) and skilled worker availability (67%) as the primary factors. But several other issues became more prevalent. More than half of respondents (57%) pointed to declining support from state legislators, a 15-point increase from last year, followed by concerns about Connecticut's public perception (43%) and environmental requirements (33%), up seven and nine points, respectively.

The data outlines the narrative Connecticut businesses have shared for the past few years, but this year's results highlight their growing impatience with a lack of progress in key areas.

"The cost of doing business is simply getting too high," one business leader noted.

"General costs leave less financial opportunity to make investments in workforce development learning and training," another wrote.



Even those business leaders who see an improvement in Connecticut's business climate worry that change is not taking place fast enough.

"We believe the general climate is stable and favorable to business growth in Connecticut," one noted, "but we think more can be done to lower the cost of doing business here."

Competitive Strengths, Emerging Risks

Few states can match the depth of Connecticut's business community. The average survey respondent has operated in the state for more than five decades, and 95% maintain their primary facility here.

These are companies that invested in Connecticut through multiple economic cycles, developed generations of workers, and established deep ties to their communities.

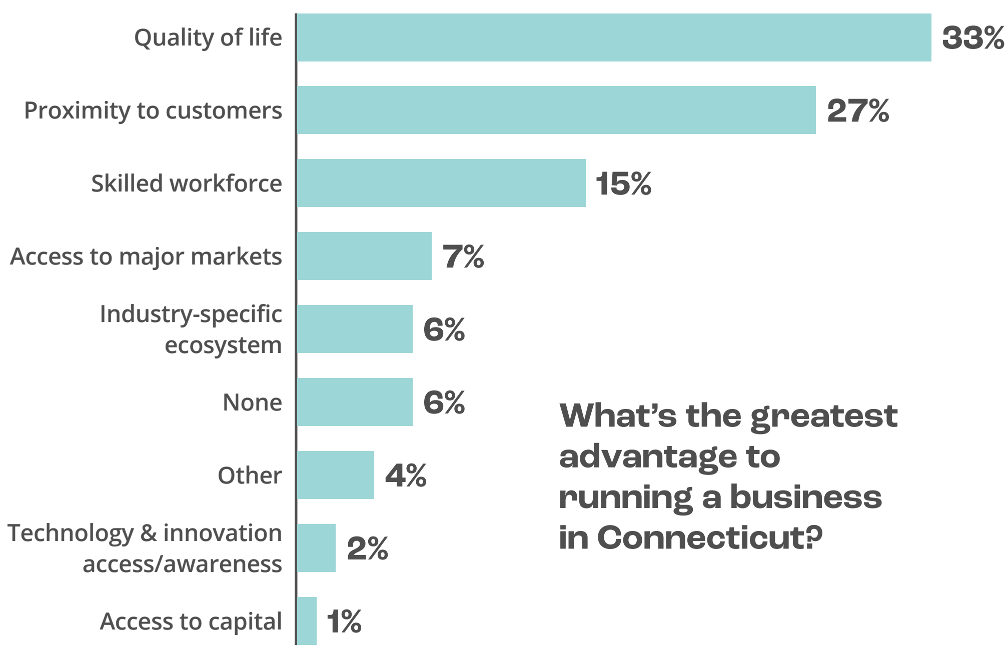
That commitment remains one of the state's greatest competitive strengths. The increasing concern from this year's survey is not that businesses are losing faith in Connecticut. Rather, the longstanding cost pressures they absorbed for years are becoming increasingly difficult to ignore.

Quality of life was the most important advantage of doing business in Connecticut for a third of respondents, up from 29%. Proximity to customers slipped to 27% from 31% and the state's skilled workforce rose to 15% from 12%. Interestingly, access to state leaders, chosen by 3% last year, was selected by essentially no one this year.

On the other side of the equation, healthcare costs are now the second largest factor hampering growth for 18% of businesses, up from 7% a year ago, the second most common response.

The lack of skilled job applicants still leads at 25%, and legislative unpredictability remains at 14%. Concerns with high business taxes were unchanged at 11%. Regulatory compliance costs and workplace mandates both declined slightly.

There are also signs of concern on the innovation front. Thirty-five percent of surveyed companies introduced a new product or service over the past year, down from 43%, and 32% plan to do so over the next 12 months, down from 37%.

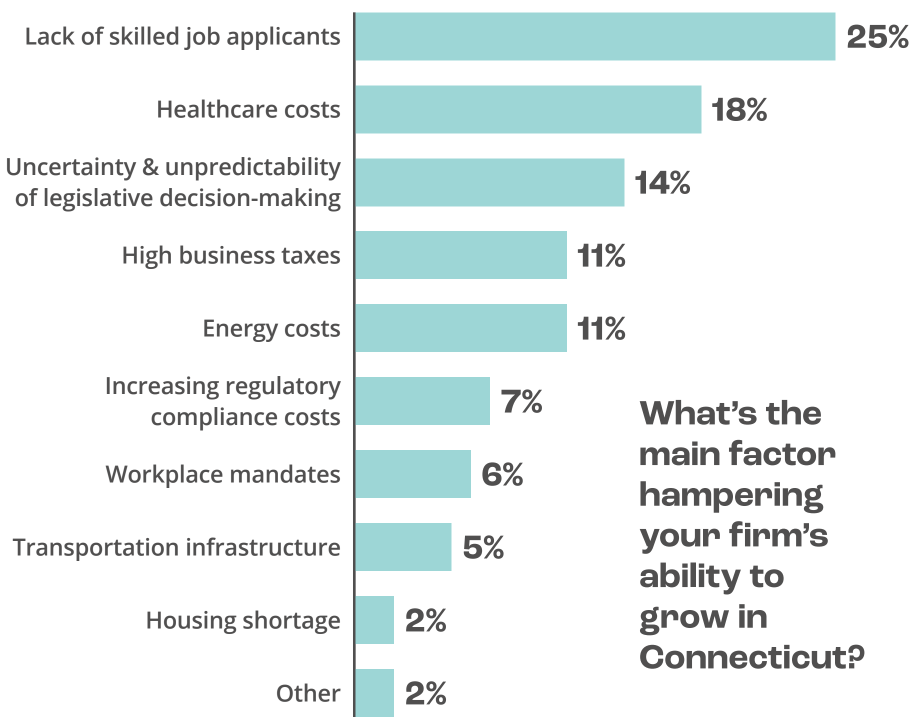


What's the greatest advantage to running a business in Connecticut?

The share of undecided respondents jumped from 18% to 26%. Among companies moving forward, however, 76% plan to manufacture or support those offerings in Connecticut, up nine points from 67%.

Competition from other states is becoming more visible as well. Ten percent of businesses report being approached by another state, up from 4%, with manufacturers the most heavily targeted (25%). At the same time, the share actively planning a move remains unchanged (8%), and 72% have not considered leaving Connecticut.

Individually, these findings are not cause for alarm. Collectively, however, they reveal a growing competitiveness challenge. Connecticut's employers remain deeply committed to the state, but they are increasingly unified in their concerns about affordability, workforce availability, and the cumulative impact of rising costs.



What's the main factor hampering your firm's ability to grow in Connecticut?

As healthcare, energy, and other operating expenses continue to climb, the survey suggests the state's greatest economic risk is not businesses leaving today, but the gradual erosion of Connecticut's ability to support future investment, innovation, and economic growth.

Fiscal Health

Connecticut's fiscal health remains one of the clearest examples of the business community's mixed view of the state's future. It was identified as the most improved aspect of the state's business climate by 62% of those who see improved conditions, yet 38% of those seeing a worsening business climate also cited it as an area of concern.

That standing reflects a decade in which the fiscal guardrails—adopted in 2017—delivered replenished reserves, credit rating upgrades, and meaningful paydowns of long-term liabilities, giving employers a reasonably reliable picture of what state finances would look like three and five years out.

But recent policy decisions that weakened the guardrails introduced new doubts about whether that progress can continue, creating a divide between confidence in past gains and concerns about the state's future direction.

Affordability

Sound state finances alone are not enough to improve employers' view of Connecticut's business climate. For many employers, affordability is the ultimate measure of success, a clear driver of how employers feel about the state legislature's actions.

Just 16% of surveyed businesses approved of the General Assembly's management of the economy and job creation, while 47% disapproved and 38% were neutral—all essentially unchanged from a year ago.

What shifted was the reasoning. It's notable who is expressing those concerns—businesses operating for less than 25 years were more likely to have a positive opinion of the legislature's handling of the economy and job growth, while those in operation for 50 to 70 years were less likely.

For those with a negative opinion of the legislature's performance, high taxes was one of the key factors driving that disapproval, up from 4% in 2025 to 15%, underpinning a general sense that the state is an expensive place for small businesses to operate.

Complaints about unfunded employer mandates fell from 14% to 4% this year, while concerns with government spending fell from 14% to 8%.

Asked to choose three priorities for the General Assembly in 2027, surveyed businesses named healthcare costs and accessibility and energy costs—well above any other issue. Tax reform and government spending reforms followed, while lowering property taxes through regionalizing municipal services also drew attention.

Those issues have claimed top priority for the past two years. Healthcare and energy also led last year at 61% and 54%, respectively. What fell illustrates changing dynamics with businesses and the state's economy, and likely progress on certain issues. Workforce development dropped nine points to 23%—perhaps a signal that employers no longer value government-based solutions—childcare concerns fell from 11% to 5%, and housing slipped from 18% to 14%.

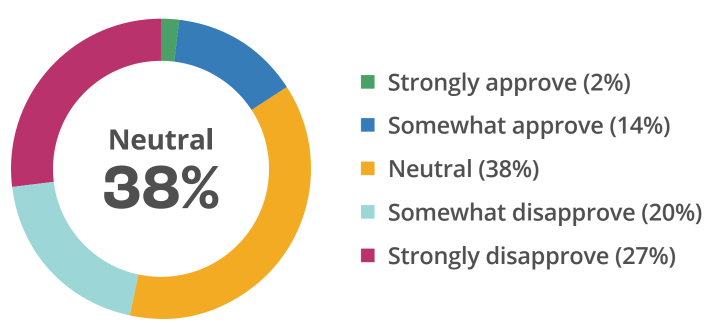
The same picture appears when businesses describe what they believe matters to their workforce. Ninety-three percent identified the cost of living as a major priority for their employees and their families, more than any other issue by a wide margin.

We see the components of the cost of living challenges in the responses. Healthcare was the second most significant issue (66%), followed by taxes (62%) and energy costs (58%). Housing registers 44% and childcare 33%. Transportation (15%), career opportunities (15%), and education (10%) trail well behind.

It is abundantly clear that making the state a more affordable place to live is a priority for Connecticut's workforce.

Employers with 100 to 249 employees were the most likely to flag healthcare (77%) and energy costs (73%) as concerns for their workers, and businesses in operation 100 years or longer are the most likely to cite housing (64%).

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

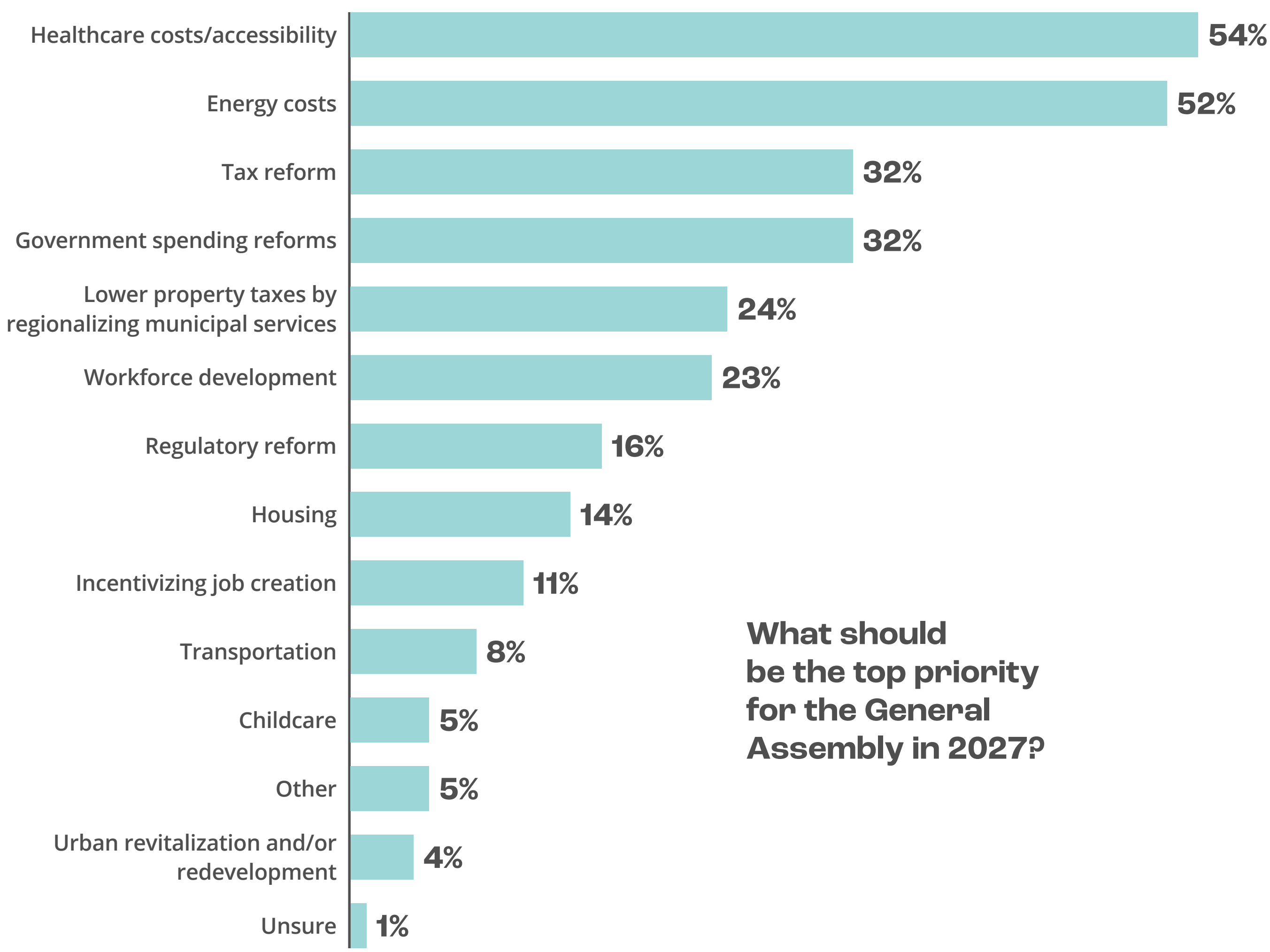


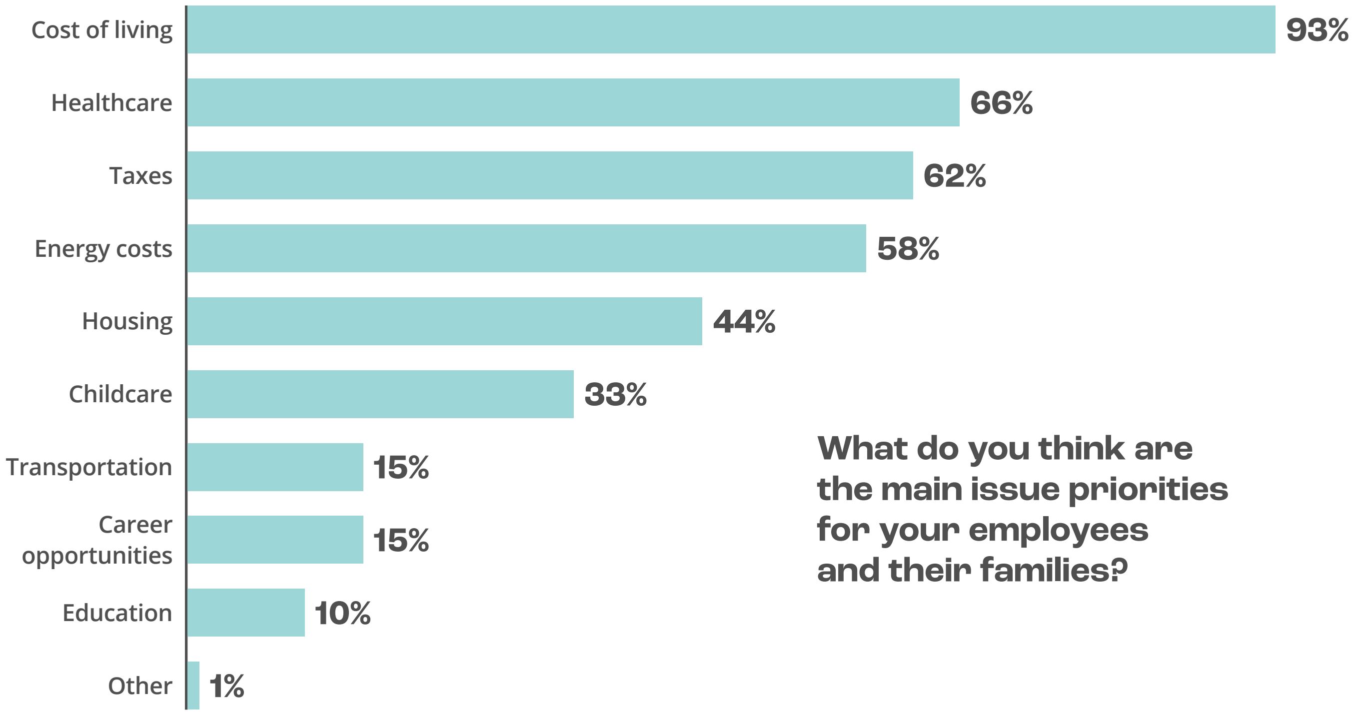
Healthcare was the affordability story of the year for surveyed businesses. Eighteen percent of businesses now name healthcare costs as the single largest factor hampering their growth, up from 7% a year ago—the largest movement among responses.

Insurance premium costs were the most significant factor for employers. Eighty-eight percent reported that per-employee costs rise at their most recent renewal, up four points over last year. The annual increases were also larger this year. The share reporting a 6% to 10% increase fell from 53% to 44%, while increases of 11% to 20% rose to 29% and increases above 25% roughly doubled to 8%.

Employers are responding by shifting costs and, in some cases, by exiting. Fifty-six percent of those altering health benefits planned to increase the employee share of costs, up from 38% last year. Thirteen percent plan to drop health insurance for employees, double last year's 6%. The overall share of businesses offering health insurance fell from 91% to 85%. Insurance mandates and the inability to pool are now the second most damaging category of regulation, cited by 28%—up six points.

Beyond healthcare, energy was the defining cost issue for Connecticut businesses. Nearly eight in 10 employers (78%) identified it as a concern, a seven-point increase





What do you think are the main issue priorities for your employees and their families?

from last year. Concern among manufacturers reached 93%, underscoring the outsized impact of soaring energy costs on the state's industrial base.

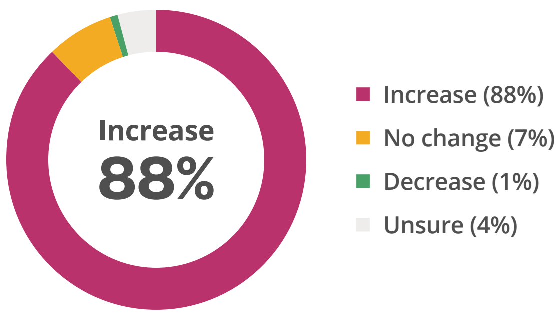
Despite the salience of the problem, the opportunities for businesses to react and adjust are limited. Forty-four percent are pursuing energy efficiency initiatives, the most common option. A quarter use a third-party supplier, 19% have a power purchase agreement, and 14% have on-site generation, nearly all of it solar.

A quarter of businesses report taking none of these steps, concentrated among small firms and the professional services and construction sectors, and 10% have reduced their hours of operation.

Renewable adoption remains sparse. Among businesses not currently pursuing any efficiency option, 2% plan to adopt renewable energy sources within five years, down from 6% last year, while the share ruling it out rose from 58% to 70%.

Asked which legislative or regulatory solution would help most, a third of businesses said requiring proposed mandates to carry a business cost and time impact study. Nineteen percent want further investment in business retention programs.

What per-employee changes did you experience in the cost of your health insurance plan?



Smaller shares favor a single portal for state programs (11%), using AI to eliminate outdated regulations (11%), and streamlining issue resolution within agencies (8%).

When asked which regulations most impact their businesses, labor mandates remained the single most damaging category, named by 35%, with insurance mandates and/or lack of ability to pool close behind at 28%.

Workforce

The survey underscored the central role employees play in business success. When asked what drives profitability, a number of respondents pointed not to sales, markets, or technology, but their people.

Success stemmed from "a strong talented team that works hard," one employer noted, adding that finding and retaining those workers remains a challenge.

Although fewer employers are reporting hiring difficulties and faster time-to-hire metrics, 71% of businesses still struggle to fill positions. For many employers, workforce quality remains one of their greatest assets and one of their most pressing concerns.

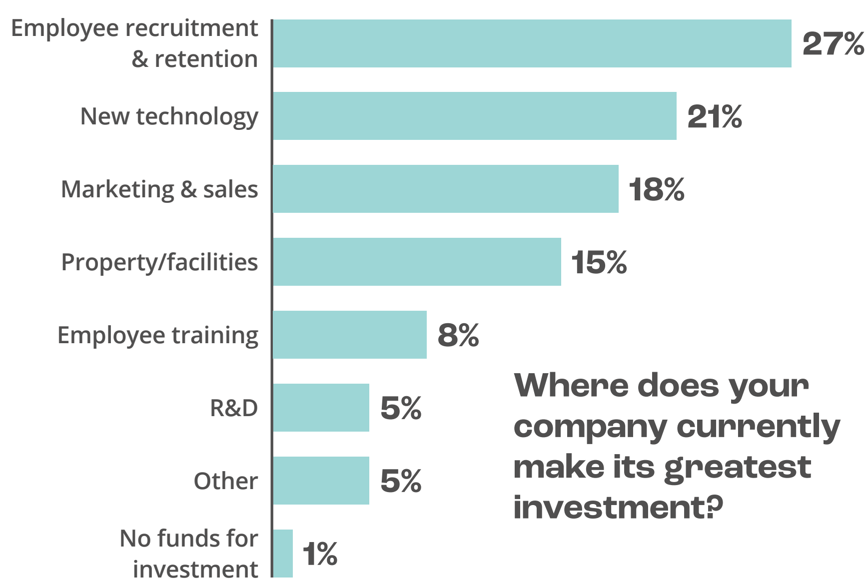
The challenge extends beyond filling today's openings. Connecticut's labor force declined by 50,400 people over the past 12 months, reducing the pool of available workers at a time when many employers continue to report hiring difficulties.

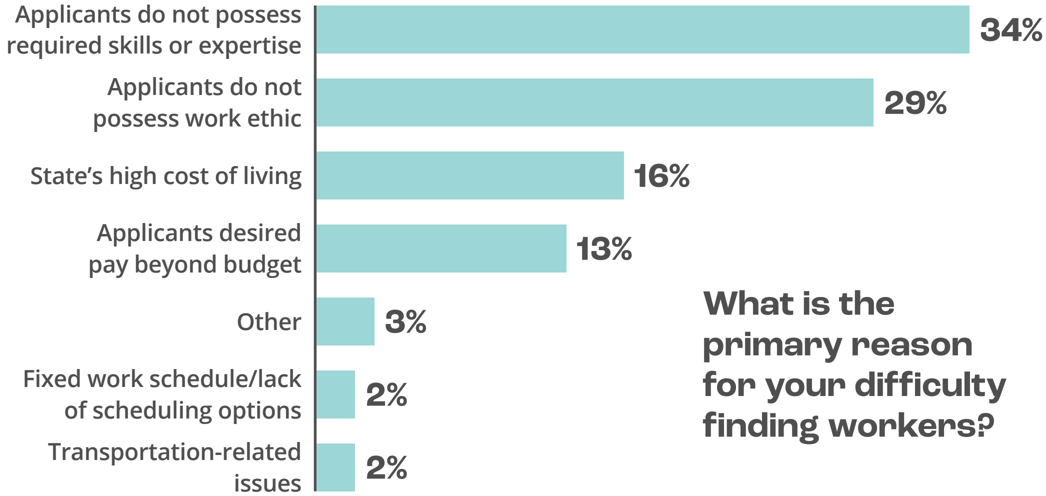
The result is a growing long-term constraint on economic growth. Even as businesses invest in workforce development, apprenticeship programs, and new recruitment strategies, sustained labor force contraction threatens to make talent one of Connecticut's defining competitiveness challenges in the years ahead.

Despite these challenges, employers continue to plan for growth. Thirty percent expect to expand their workforce over the next six months, compared with just 8% anticipating a contraction.

Looking further ahead, more than half of businesses planning workforce changes expect to add employees, underscoring continued demand for talent even as labor availability remains constrained. Surveyed businesses with 100 to 249 employees were more likely than others to say they expect the size of their workforce over the next six months to increase.

Among employers struggling to hire, one third said applicants lacked the required skills or expertise (34%) and 29% cited work ethic. Together, that accounted for nearly two-thirds of the factors driving hiring challenges, unchanged from last year.





What is the primary reason for your difficulty finding workers?

One aspect that changed this year is the emphasis that employers place on affordability with respect to hiring. The high cost of living in Connecticut rose from 9% to 16% as the primary obstacle to hiring, while applicants seeking pay beyond a company's budget fell from 18% to 13%.

Retention follows a similar pattern. Competition from other employers remained the leading reason workers leave, but it fell sharply from 53% to 40%, while cost of living rose to 25%. Healthcare costs entered the conversation this year, with 8% reporting a lack of an affordable healthcare option impacting their ability to recruit.

Employers continue to hire a more diverse pool of workers with respect to education levels. Fifty-four percent are hiring for roles requiring a high school diploma or GED equivalent, and 21% have positions with no educational requirement at all. Jobs requiring certificate programs rose four points (35%) and now sit close behind bachelor's degrees (41%).

Manufacturers are the most likely to hire without a degree requirement, with 69% seeking high school or GED-level candidates and 31% requiring no educational background.

The skills gap continues to register as the top constraint on growth, even as hiring pressure eases. The jobs exist, but employers describe a mismatch between what applicants can do and what the work requires. That mismatch is what the CBIA Foundation's Workforce and Education Strategy Blueprint identified and what Gov. Ned Lamont's Connecticut Career Pathways Commission was created to address.

To address hiring challenges, employers lean heavily on flexibility. Forty-five percent offer a flexible work schedule, and 39% offer flexible paid time off, making scheduling the most common recruitment and retention tool.

Thirty-six percent cited employee engagement and recognition programs, followed by apprenticeships or internships (35%). Roughly one fifth offer remote work options or tuition reimbursement, and 15% converted job requirements from education-focused to skill-based.

The ability to offer these options depends heavily on the size of the employer.

Among businesses with 250 or more employees, 83% run engagement and recognition programs, 63% offer tuition reimbursement, and 63% offer flexible scheduling.

For those with fewer than 10 employees, one third reported taking none of those steps. Like many other workforce development challenges, small employers may be willing to participate, but scale limits their ability.

Employers continue to engage with the broader workforce development system, with over a third of businesses partnering with education institutions as part of a workforce strategy. Vocational technical high schools are the top partners (61%), ahead of community colleges (51%), four-year institutions (48%), and local public high schools (42%).

Manufacturers were the most engaged, with 86% working with vocational technical schools and 70% with community colleges.

Half of surveyed employers offered internships or apprenticeships, with 89% of those positions paid. They are offered most often to current college students (58%) and tech school students (47%), with 38% extended to high school students and 26% to recent high school graduates.

Employers with 100 or more employees offered these programs at nearly triple the rate of the smallest firms, 88% compared with 26%.

The pattern across the survey mirrors much of the feedback received during the development of the CBIA's Foundation's Workforce and Education Strategy Blueprint. The system biases toward ease of participation, which favors larger businesses with capacity, and industries with established pathways like manufacturing and construction.

Results this year described greater diffusion of AI into the economy. Businesses who report adopting AI in business practices rose from 36% to 42%, and the share of non-adopters who don't know how to incorporate the technology fell from 73% to 54%.

Among users, applications remain largely administrative. Research and information retrieval and document drafting led at 11% each, followed by marketing content and office workflow efficiency, each at 10%. Engineering and technical design support and data analysis each drew 5%.

Despite fears that AI is displacing jobs, employers do not report their primary use of AI has done so. Two-thirds report no effect of AI on their workforce over the past year, and among those reporting an effect, the answers suggest that AI use expands capacity rather than replacing employees.

Twenty-three percent said existing employees became more productive, 15% trained employees to use the technology, and 5% created new roles for existing staff. Only three percent reported that workforce needs declined and 2% hired new employees for new roles.

Expectations for the year ahead suggest employers do not expect AI to significantly alter workforce needs in the future. Forty percent expect existing employees to become more productive, and 34% expect to train employees on AI tools, while 45% expect no effect at all.

Only 5% expect their workforce needs to decline. Thirty-one percent plan to adopt AI applications or more automation over the coming year, and 52% plan to add employees, highlighting that AI is primarily a complementary good rather than a substitute.

Among businesses with 250 or more employees, where adoption reaches 92%, 71% expect productivity gains from existing staff and 29% expect to create new roles.

Workforce development continues to be a point of emphasis for the state, but less than half of Connecticut employers can identify the state programs that are available to them.

Eleven percent call themselves very familiar with state-run programs, and 36% somewhat familiar, while 29%

have heard of programs without knowing the details, and 24% have never heard of any program in their area.

Similar to results on employee retention strategies, program awareness tracks size and industry. Sixty-five percent of manufacturers and 60% of businesses with 50 or more employees report familiarity.

Among non-CBIA members, 35% have never heard of any program, well above the statewide figure, and 38% of trade, transportation, and utilities firms report the same.

Programs managed by CBIA affiliate ReadyCT were the most widely used at 35%, followed by Department of Labor apprenticeships at 29%, Workforce Investment Board programs at 15%, and Regional Sector Partnerships at 12%. A quarter of businesses use none of the offerings.

Manufacturers again lead, with nearly half using ReadyCT programs (48%) and 41% using DOL apprenticeships. Family-owned businesses are the most likely to work through Workforce Investment Boards and Regional Sector Partnerships.

Programs cannot deliver returns to employers who do not know they exist. The awareness data suggests Connecticut's workforce system is constrained by organization as much as resource availability.

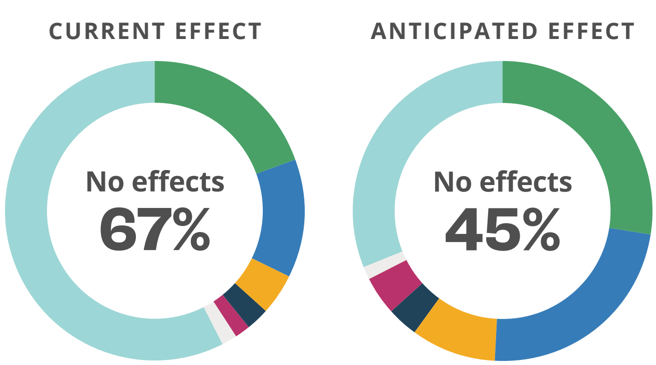
Conclusion

Survey results clearly illustrate business sentiment in the wake of a difficult legislative session and ahead of critical statewide elections.

The message from employers is clear—Connecticut's challenge is no longer convincing businesses to stay—it's ensuring that long-established businesses can continue growing here.

Connecticut businesses posted solid results in 2025, despite a series of challenges, many driven by federal and state policies. Seven in 10 turned a profit and 84% report sales growing or holding steady, yet only 27% expect the state's economy to grow over the next 12 months, compared with 47% who expect national economic growth.

Ninety percent of employers say the cost of doing business is increasing, driven by healthcare, labor, energy, and the cost of goods and supplies. Fifty-three percent expect tariffs to hurt them in the coming year and 59% believe inflation will rise, compounding those pressures.



How is AI affecting your workforce?

- Existing employees have/will become more productive (23%, 40%)
- Have trained/will train employees to use AI (15%, 34%)
- Have created/will create new roles for existing employees (5%, 13%)
- Workforce needs have declined/will decline (3%, 5%)
- Have hired/will hire new employees for new roles (2%, 6%)
- Other (2%, 2%)
- No effects (67%, 45%)

Employers continue to invest despite the headwinds. Half offer internships or apprenticeship programs, with 89% of those positions paid. More than a third partner with education institutions, most often vocational technical high schools. Forty-two percent have integrated artificial intelligence into their operations, using it primarily to expand what existing employees can accomplish rather than to reduce headcount.

Workforce pressures eased modestly, although 71% still report difficulty finding or retaining workers. The reasons are unchanged. A third of employers cite applicants who lack the required skills, followed by work ethic (29%) and Connecticut's high cost of living, up seven points from last year to 16%.

Legislative approval ratings remain poor. Sixteen percent approve of the General Assembly's handling of the economy and job creation while 47% disapprove. Asked what the top priorities for the 2027 session should be, employers named healthcare costs and accessibility (54%) and energy costs (52%), followed by tax reform and government spending reforms, each at 32%.

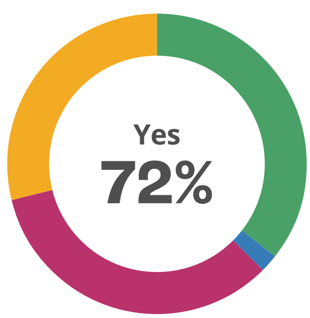
Three-quarters of businesses took some steps to lower energy costs in the past year, most often through efficiency initiatives. Among those who have not, 70% do not plan to adopt renewable energy sources within five years, citing cost and uncertainty.

On healthcare, 85% of companies offer employees insurance coverage, down from 91% last year. Eighty-eight percent saw per-employee costs rise at their most recent renewal, with 29% absorbing increases between 11% and 20%. Fifty-six percent of employers making benefit changes plan to increase employee share of costs, up from 38%.

These findings point to an urgent need for targeted, business-informed policy solutions. Employers are not asking for blanket deregulation. They are asking for a more predictable policy environment and relief from high operating costs—factors that ultimately determine whether they can grow here.

As Connecticut works to strengthen its economy and attract talent, business leaders point to lower real estate property taxes (64%), lower income taxes (62%), and lower energy costs (46%) as the most effective incentives.

Affordability is the throughline of this year's survey, and it is the condition on which the state's competitiveness now depends.



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

- Finding only (36%)
- Retaining only (2%)
- Both (34%)
- I do not have trouble finding/retaining workers (29%)

About the Survey

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.

About the CBIA Foundation

The CBIA Foundation for Economic Growth & Opportunity is a 501(c)(3) organization created in 2023 to address the evolving needs of Connecticut's economy—with a primary goal to chart a course for sustained economic growth that drives further predictability and greater opportunity for all Connecticut residents.

For more information, visit cbiafoundation.org

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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Methodology & Demographics

The University of New Hampshire Survey Center conducted the 2026 Survey of Connecticut Businesses on behalf of the CBIA Foundation. An invitation to participate was sent to more than 3,300 top executives throughout the state from June 2 to July 7, with a response rate of 11%.

Surveyed businesses have operated in Connecticut for an average of 54 years, with a range of one year to more than 100 years.

Most surveyed firms are small businesses, with 70% employing less than 50 people, 15% employ 50 to 99 people, 7% employ between 100 and 249 people, and 7% employ more than 250 people.

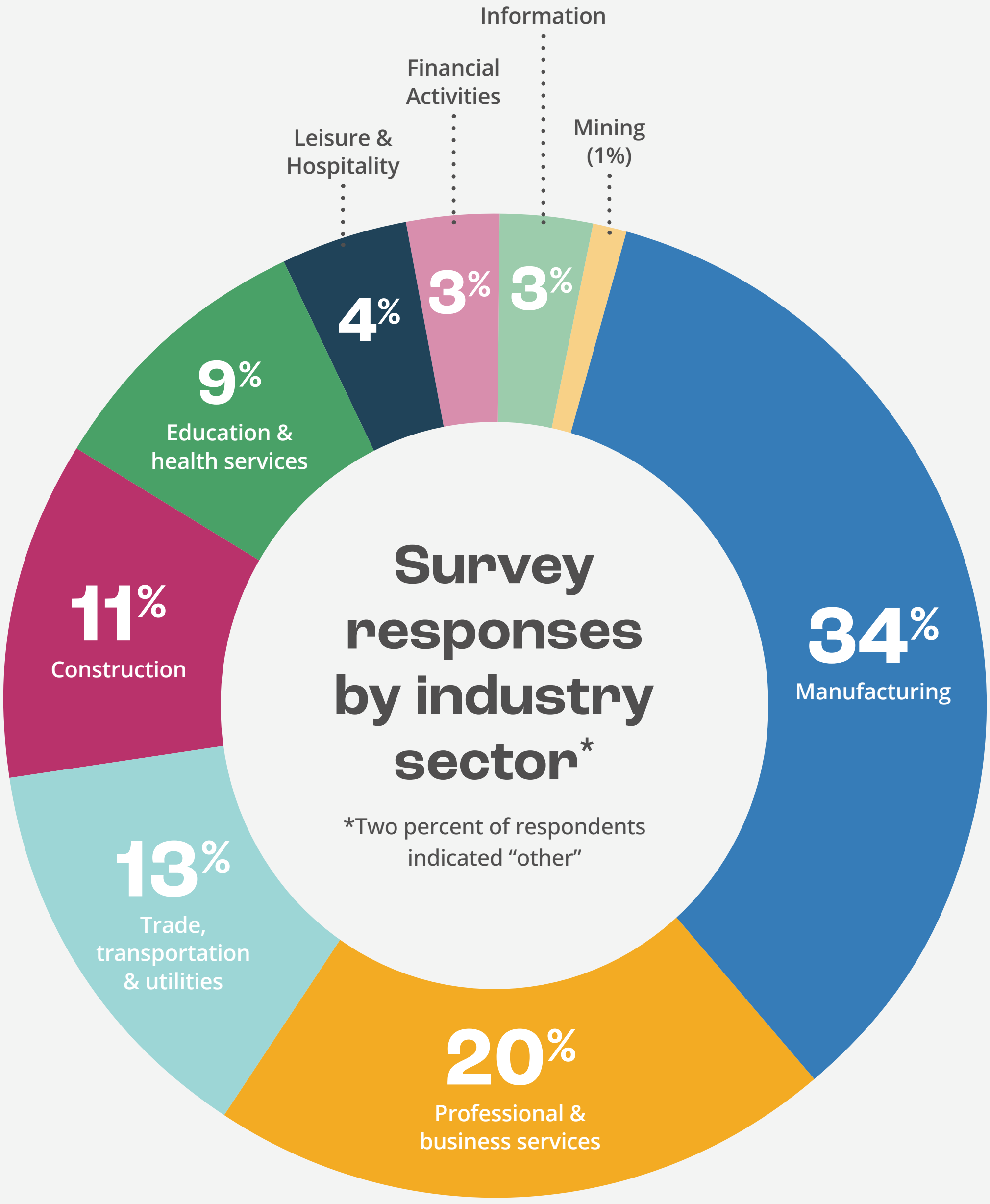
Forty-six percent of respondents indicated that they are privately held and limited liability corporations, 39% are S corporations, 26% are C corporations, and 19% are family owned.

Other represented businesses include incorporated (13%), woman-owned (12%), veteran-owned (4%), and minority-owned businesses (3%). The remaining 6% are public sector organizations, publicly held, foreign-owned, and employee-owned.

Manufacturing companies make up the largest percentage of survey respondents (34%), followed by professional and business services (20%), trade, transportation, and utilities (13%), construction (11%), education and health services (9%), leisure and hospitality (4%), financial activities (3%), information (3%), and mining (1%).

Thirty-six percent of respondents have their primary location in Hartford County, followed by New Haven County (22%), Fairfield County (18%), Middlesex County (11%), Litchfield County (5%), New London County (5%), Windham County (2%), 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%.


Information
Financial Activities
Leisure & Hospitality
Mining (1%)
4%
3%
3%
9%
Education & health services
11%
Construction
13%
Trade, transportation & utilities
20%
Professional & business services
34%
Manufacturing
Survey responses by industry sector*
*Two percent of respondents indicated "other"