2026 NEXT NORMAL N^2 REGIONAL EMPLOYER SURVEY – RESULTS

This fall, the Next Normal (N^2) Workgroup conducted its third annual Regional Employer Survey to better understand the future of work and workplaces in the region.

All employers in Wisconsin's Capital Region were invited to participate, and responses were collected from 218 organizations from Sept. 2–22, 2026. While participants represented a diverse group of industries and locations, most responses came from small, locally owned businesses.

See a detailed summary of survey findings below. Key findings include:

- **Local optimism persists despite national economic uncertainty.** While 61% of respondents cited economic uncertainty as a barrier to business, 92% of employers reported stable or growing workforce and 81% reported stable or growing revenue. Expectations for growth in 2027 remain equally strong.
- **Talent availability continues to improve, but challenges remain.** Access to talent fell from the first to the fourth most-cited barrier to business growth, reflecting continued progress in regional workforce development efforts. Strong employer engagement with local educational institutions and training programs is helping strengthen the region's talent pipeline.
- **National economic pressures top business concerns.** Economic uncertainty, inflation, health care costs and trade/tariffs are among the most-cited barriers to business growth.
- **Employer adoption of AI continues to rise, but operational integration lags.** 83% of employers reported using AI, up from 79% in 2025 and 51% in 2024. Despite growing adoption, more than half of AI-using employers characterize integration into their operational workflows as minimal.

The N^2 Workgroup includes the Capital Area Regional Planning Commission, City of Madison, Destination Madison, Downtown Madison Inc., Forward Janesville Inc., Greater Beloit Chamber of Commerce, Greater Madison Chamber of Commerce, Madison Area Builders Association, Madison Black Chamber of Commerce, Madison's Central Business Improvement District, Madison Gas and Electric Company, StartingBlock, University Research Park, Urban Land Interests, and Workforce Development Board of South Central Wisconsin.

BUSINESS OUTLOOK

- 92% of employers said their workforce remained unchanged, expanded or would have expanded if not for talent shortages, compared to 90% last year.
- 81% said their revenue increased or was unchanged, compared to 84% last year.
- 90% rated the business climate as average or above, a slight decrease from 97% last year.
- 91% said they expect revenue to increase or remain unchanged next year.
- 49% of businesses reported experiencing more uncertainty than last year, compared to 51% of businesses in last year's survey.

ACCESS TO TALENT

- 39% of respondents cited access to talent as a barrier to business, down from 41% last year. It fell from the most-cited barrier to fourth most-cited this year.
- 89% rated the availability of local talent as average or better compared to 86% last year.
- 93% rated the quality of local talent as average or above, the same percentage as last year.

- Looking ahead to 2027, 96% said they expect their workforce to remain unchanged, expand or would like to expand but anticipate talent shortages.

OTHER BARRIERS TO BUSINESS

- The top business barriers this year were economic uncertainty (61%), inflation (49%), health care costs (42%), access to talent (39%) and tariffs and trade (30%).
- Health care costs increased from the seventh-most common business barrier last year, with 28% of respondents citing it, to third-most common this year with 42%.

AI USE

- Two years ago, nearly half of businesses surveyed (49%) did not use AI at all. This year, only 17% of businesses did not use AI.
- Among businesses using AI, the proportion that reported AI was "minimally integrated" into workflows decreased from 58% last year to 54% this year, while those reporting "extensively" or "fully integrated" increased from 10% to 15%.
- The most common uses of AI were for administrative support (72% of those using AI), content creation and design (66%), business analytics (57%), marketing and advertising (54%), research and development (33%), and automation (31%).
- Among respondents who said they did not use AI, the most cited reasons were privacy and security concerns (48%), AI not being applicable to their business (48%), concerns about environmental impact (39%), concerns about bias (32%), and the technology not being mature enough (23%).

OFFICE USE

- 42% of businesses that responded have a fully in-person workforce, down from 50% last year. The proportion of fully remote businesses remained relatively stable, increasing from 3% to 4%.
- 53% of businesses reported a hybrid workforce, up from 46% last year.
- 42% of businesses said they expected to be fully in-person next year, 4% expect to be fully remote, and 54% expect to be hybrid.

EDUCATION AND WORKFORCE DEVELOPMENT

- Most respondents (81%) indicated positive direct or indirect benefits from proximity to regional higher education institutions, including talent recruitment, quality of life, training and upskilling, increased customer base, and innovation.
- Most respondents (80%) are engaged to some degree with local higher education institutions, while 66% reported engagement with local K-12 institutions.
- Most respondents (62%) said their business supports programs, organizations or educational institutions that help train workers.

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