



*The Source You Trust*

# Annual Insights Symposium

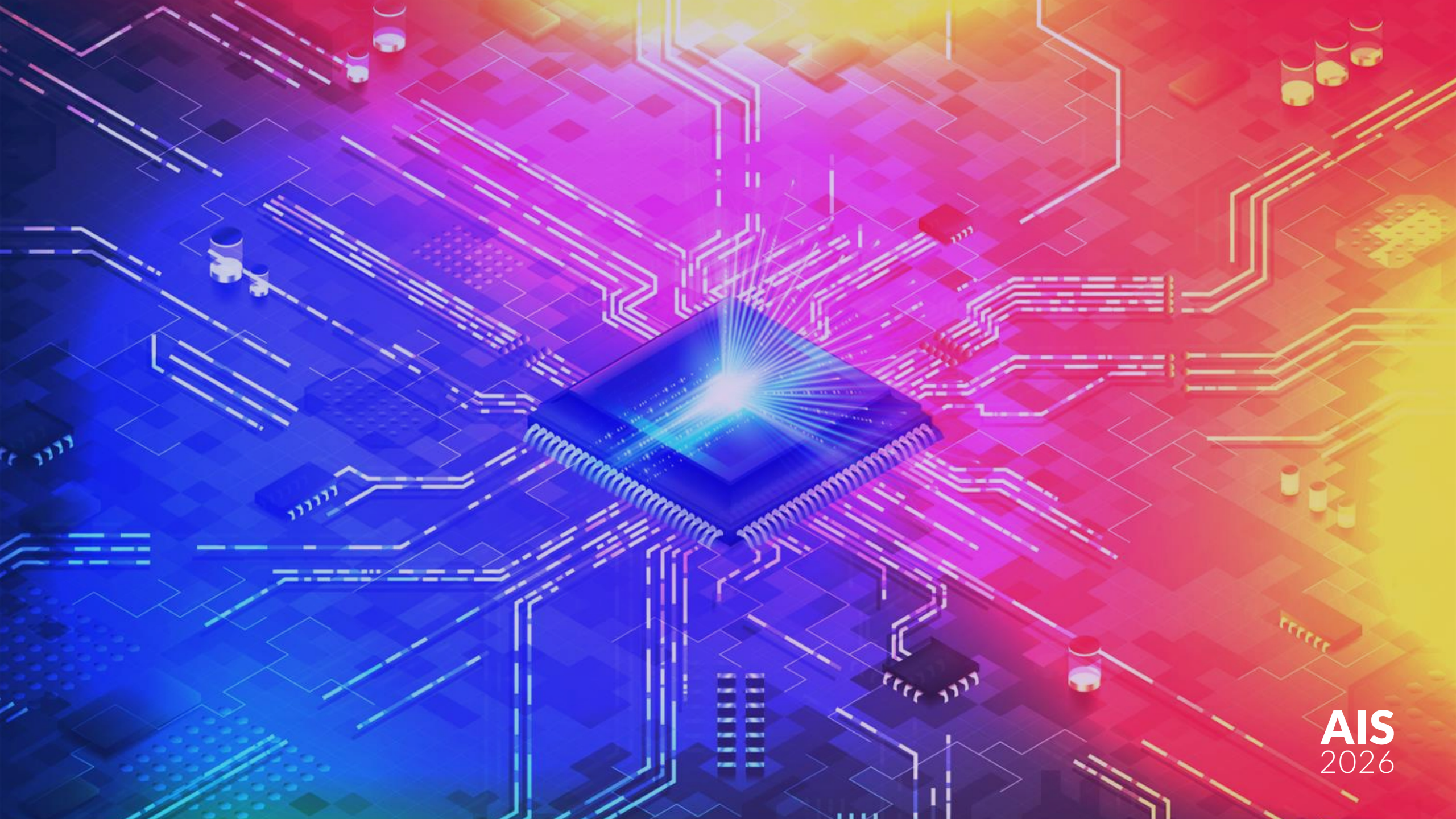
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# The State of the Economy and Its Impact on Workers Compensation

**Stephen Cooper**

Practice Leader and  
Senior Economist  
NCCI





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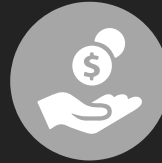


- Slowest year of job growth outside of a recession in more than two decades
- Is 2026 shaping up any better?
- Can the labor market be simultaneously weak and strong?



# The Labor Market Story Begins With Payroll Growth

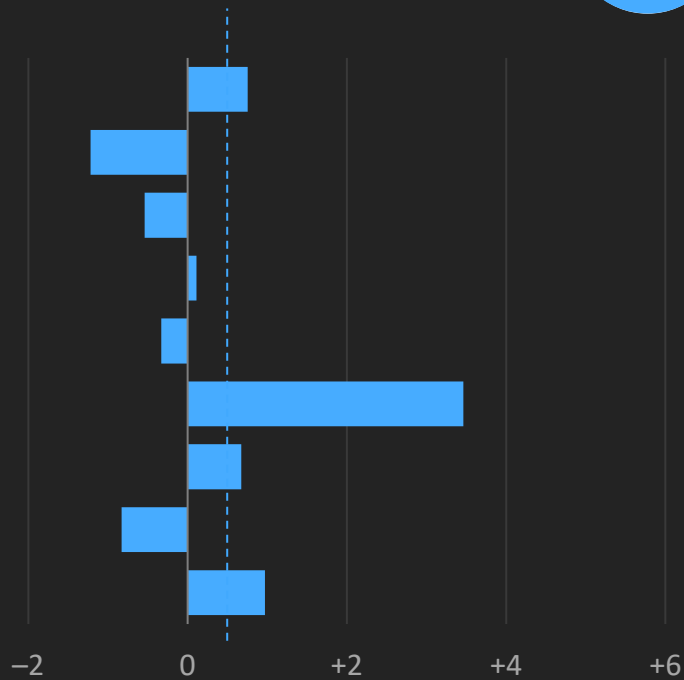
Payroll 4.8%



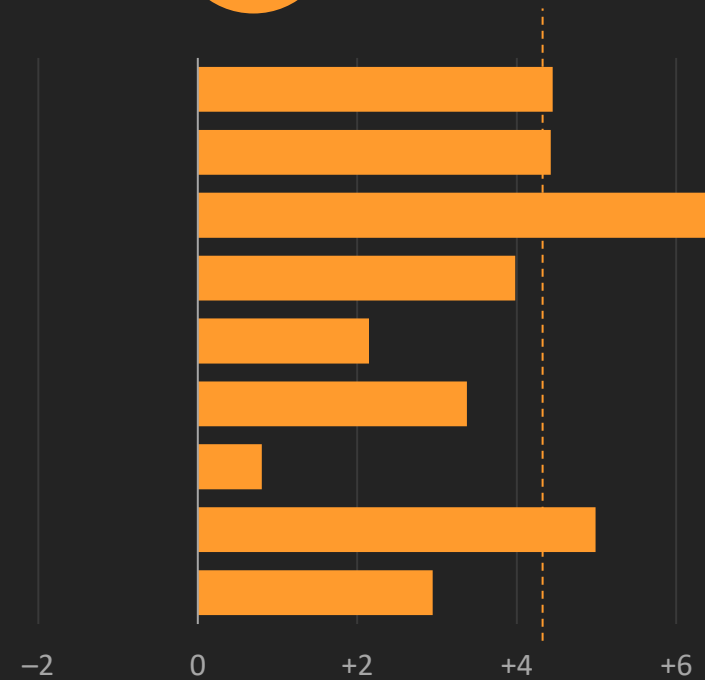
Employment 0.5%



Wage Rate 4.3%



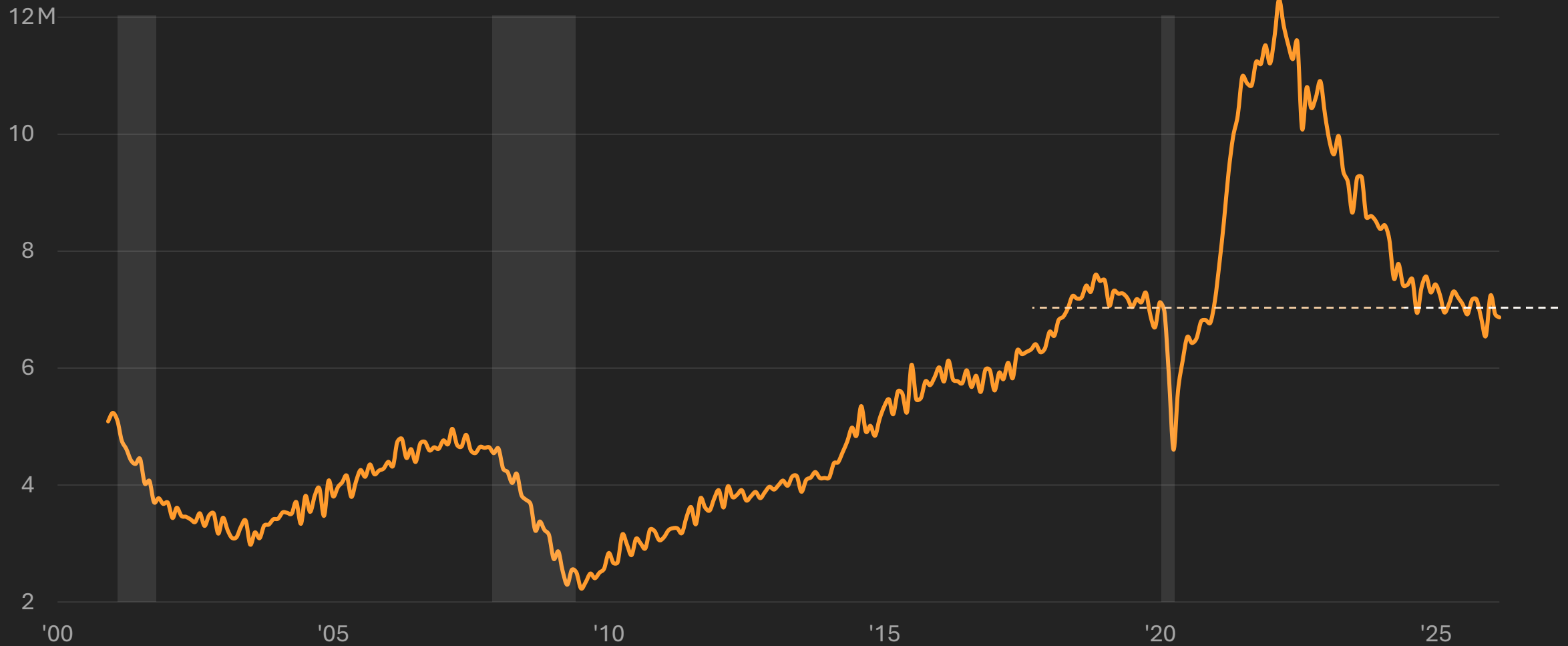
- Construction
- Manufacturing
- Combined Office
- Transportation and Warehousing
- Retail Trade
- Health Care
- Leisure and Hospitality
- Wholesale Trade
- All Other



Sources: US Bureau of Labor Statistics (BLS); US Bureau of Economic Analysis (BEA); NCCI

# Indirect Labor Demand Has Softened

## Job Openings



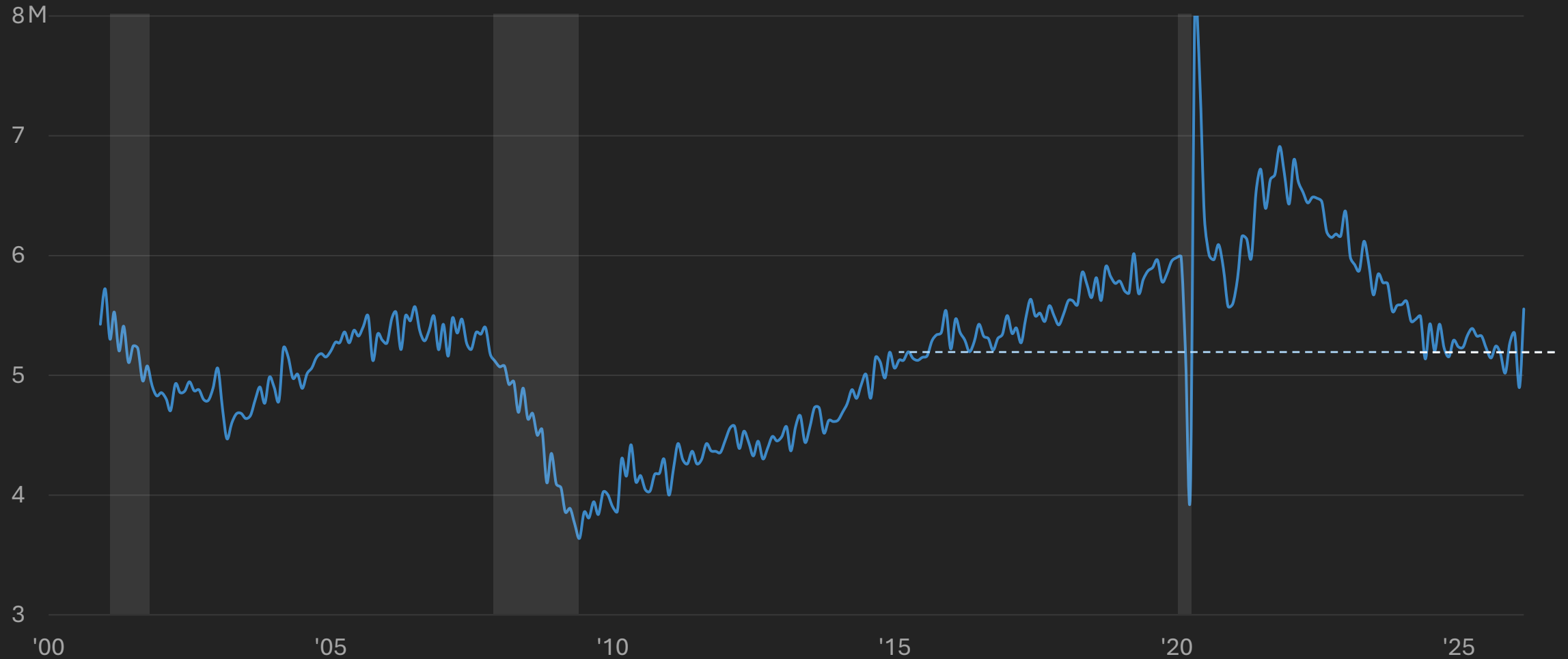
Source: US Bureau of Labor Statistics

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# Direct Labor Demand Has Softened More

Hires



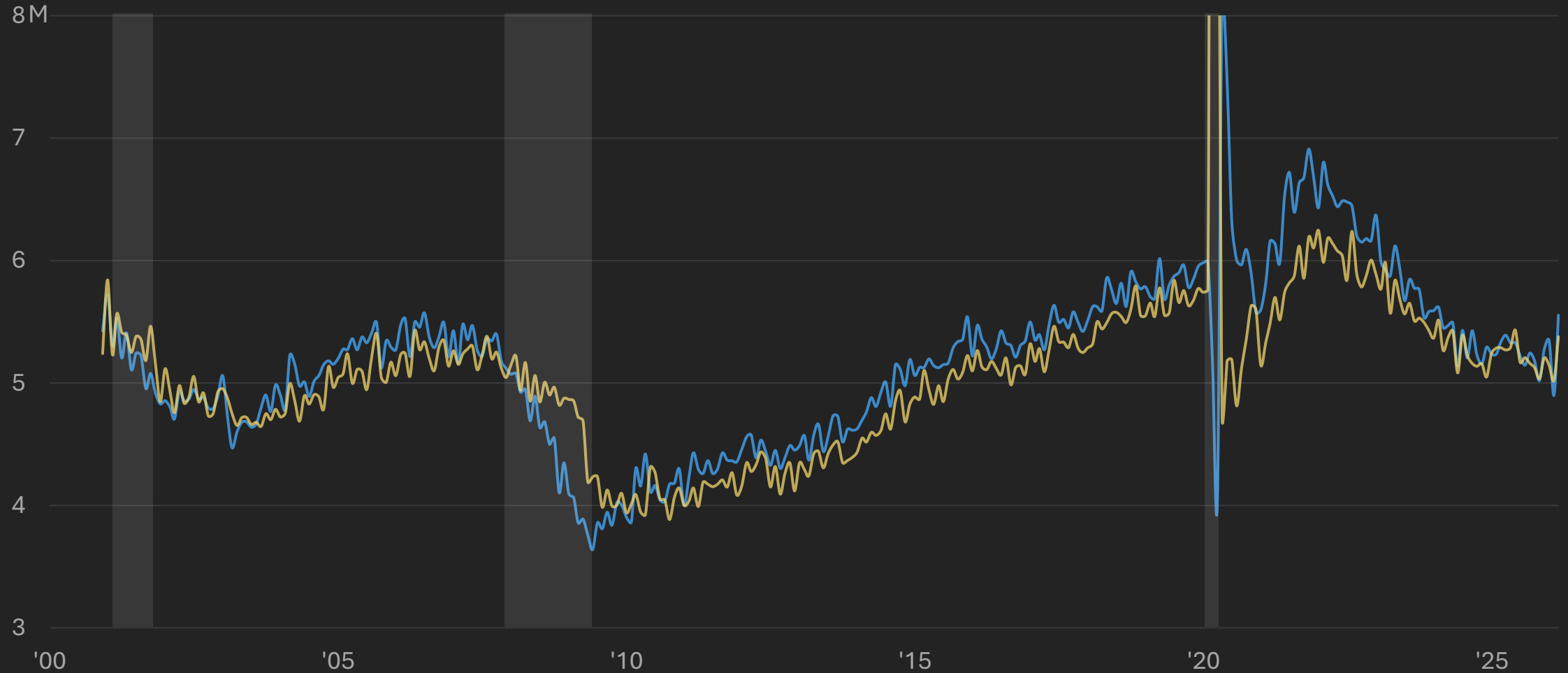
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# Both Hires and Separations Have Softened

Hires and Separations



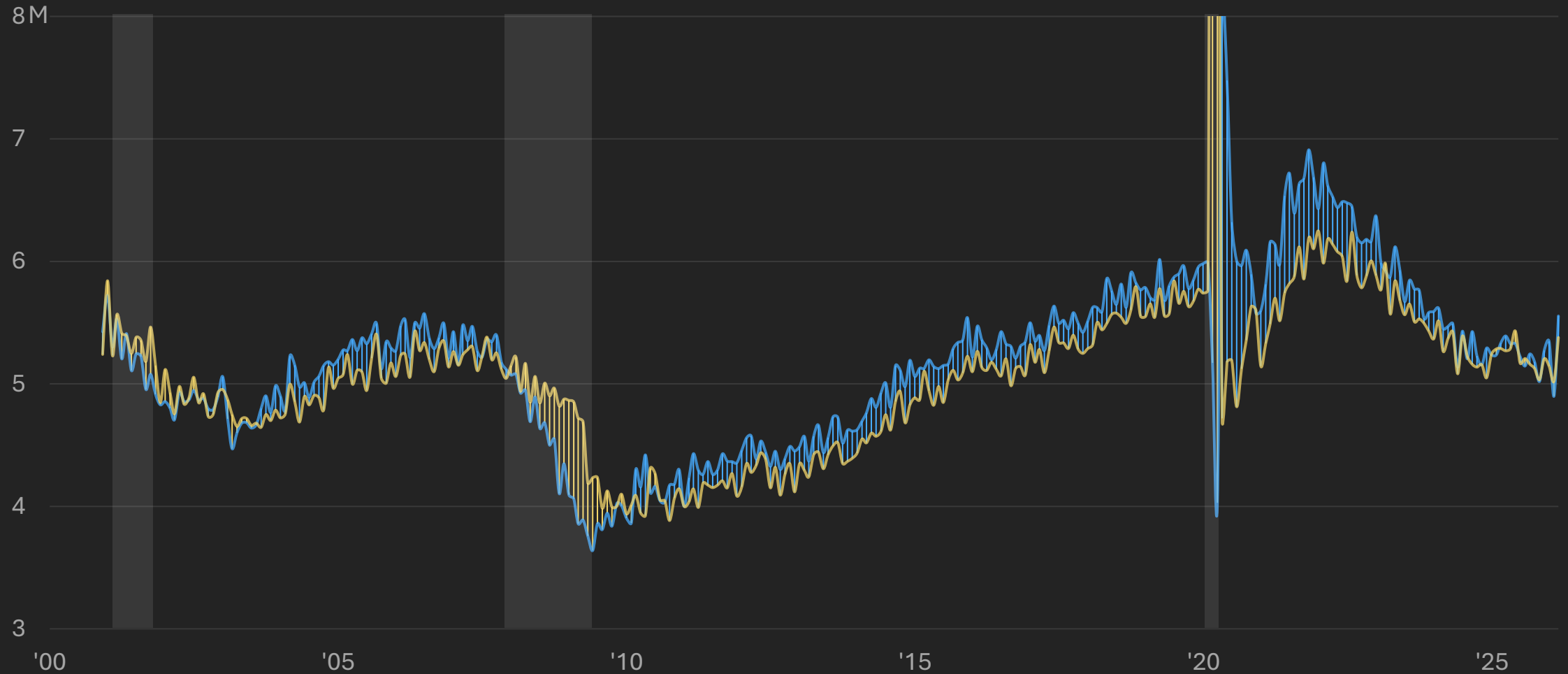
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# Hires Are No Longer Exceeding Separations

Hires and Separations



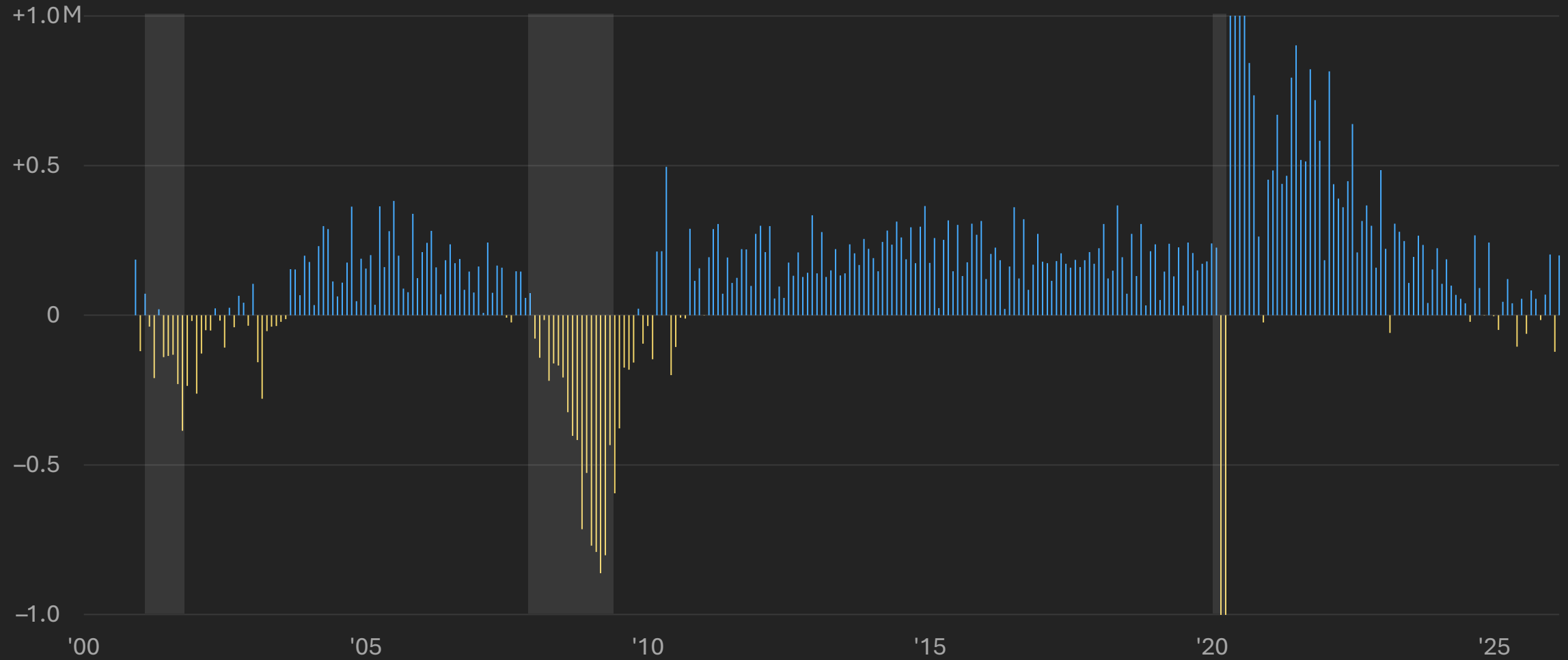
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# Hires No Longer Exceeding Separations

Net Hires and Separations



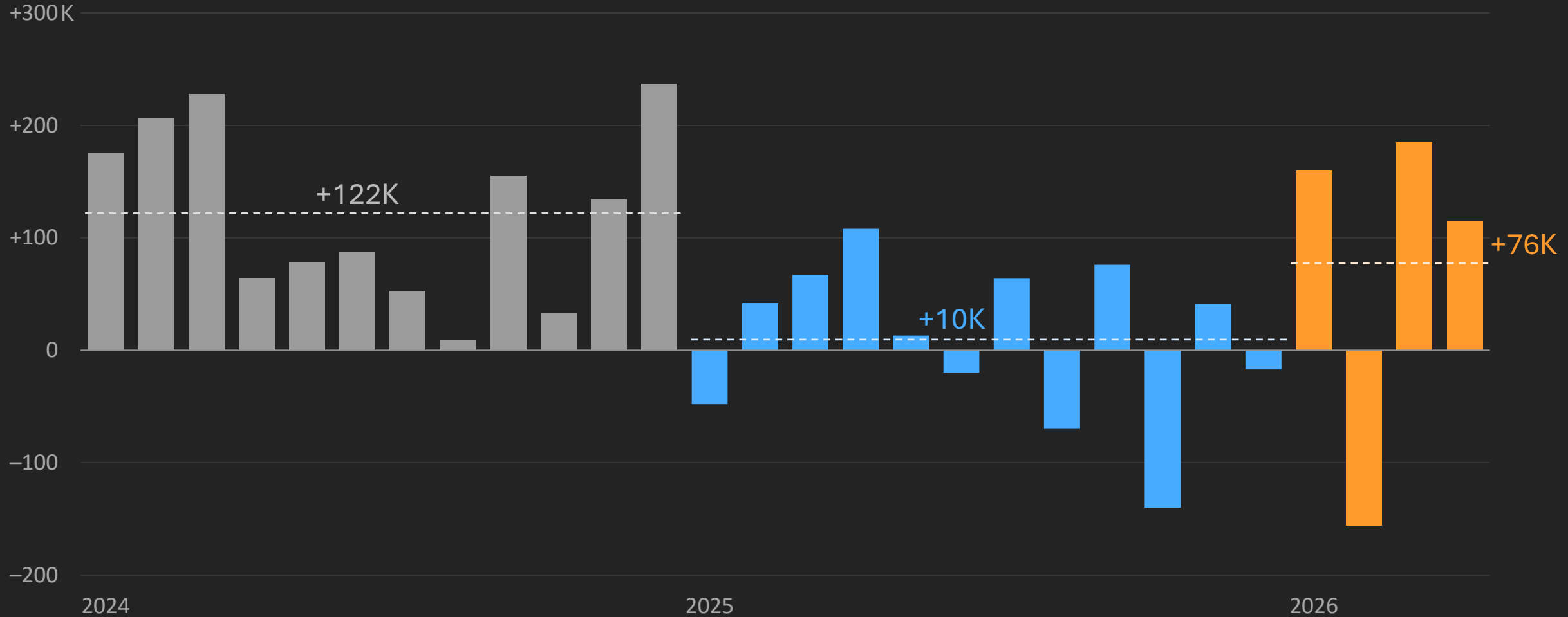
Source: US Bureau of Labor Statistics

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# Employment Growth Has Stalled

## Monthly Change in Nonfarm Employment



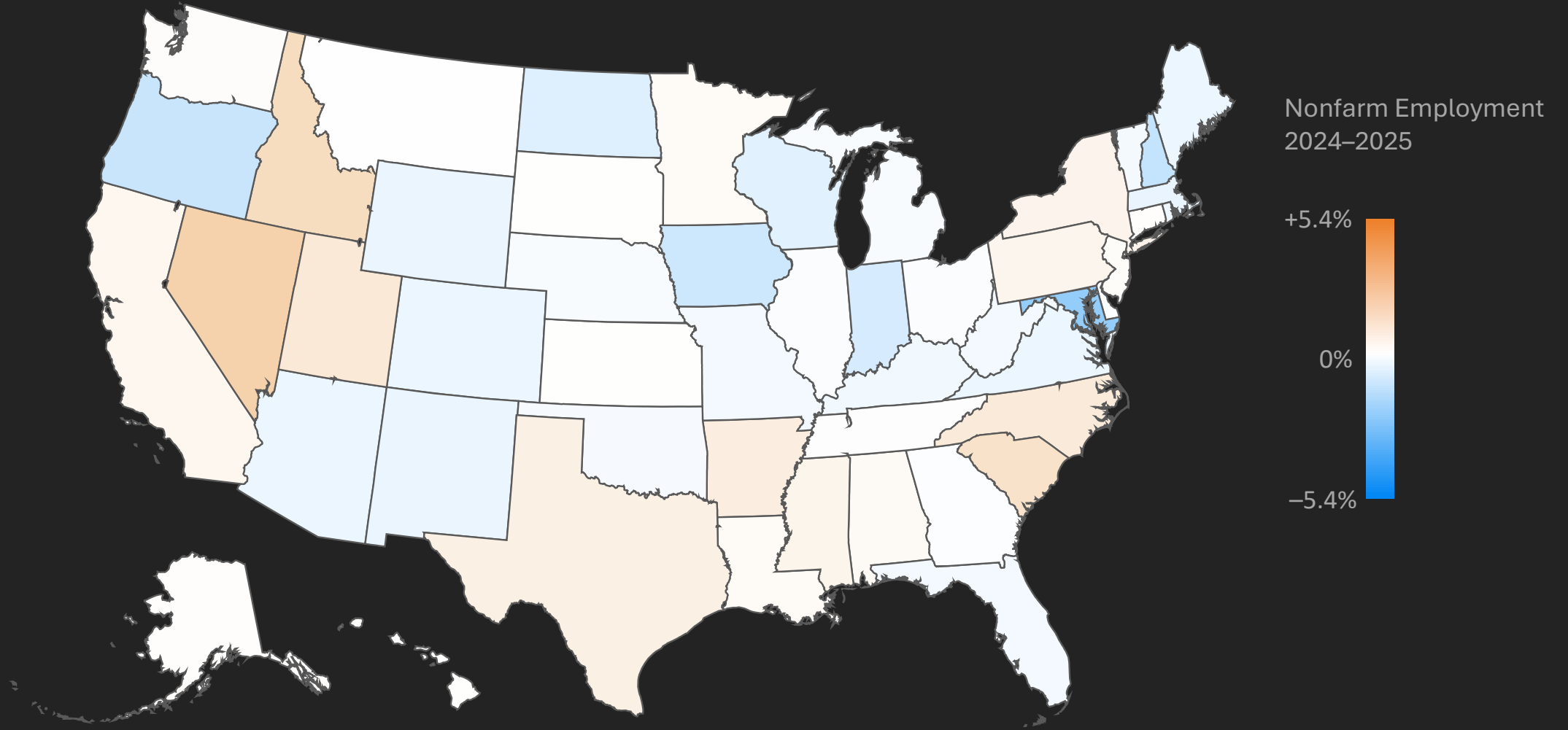
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# Employment Was Little Changed Across Most States

Nonfarm Employment Change From 2024 to 2025



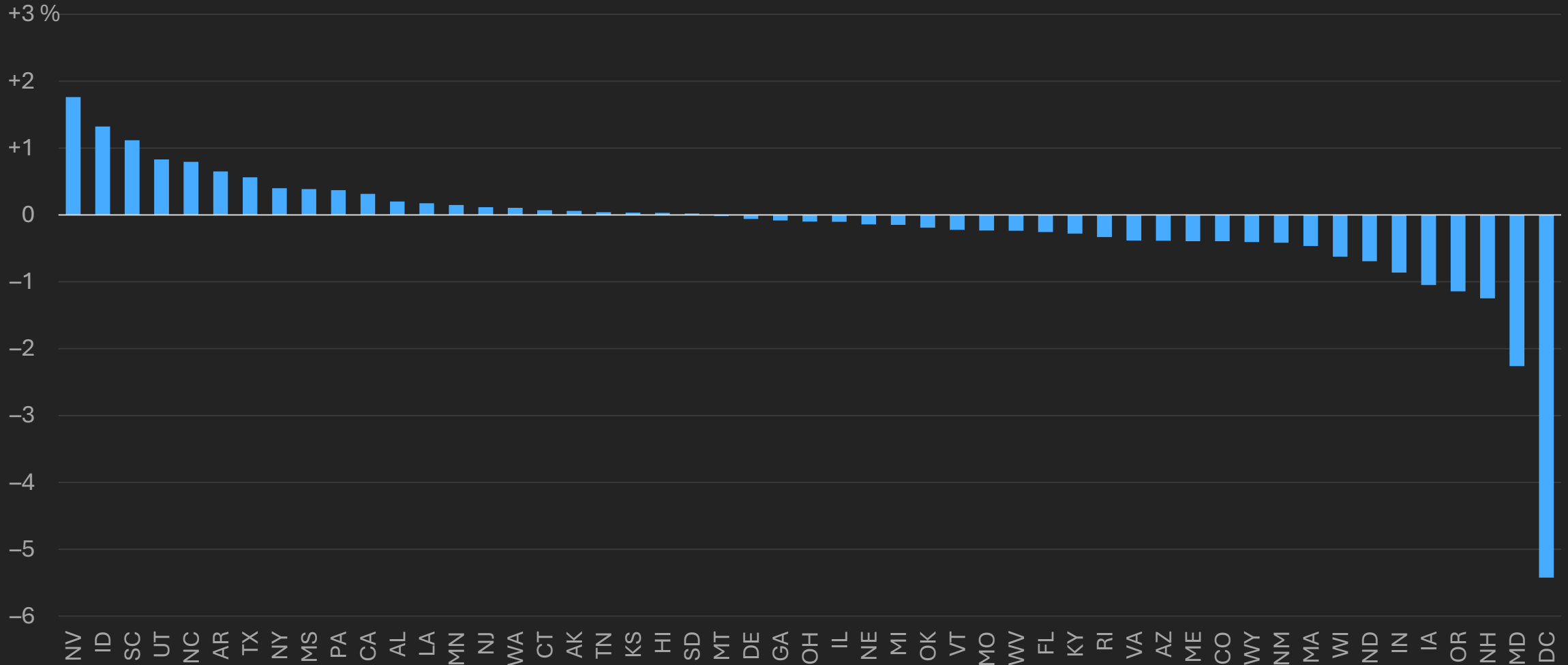
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# Employment Was Little Changed Across Most States

Nonfarm Employment Change From 2024 to 2025



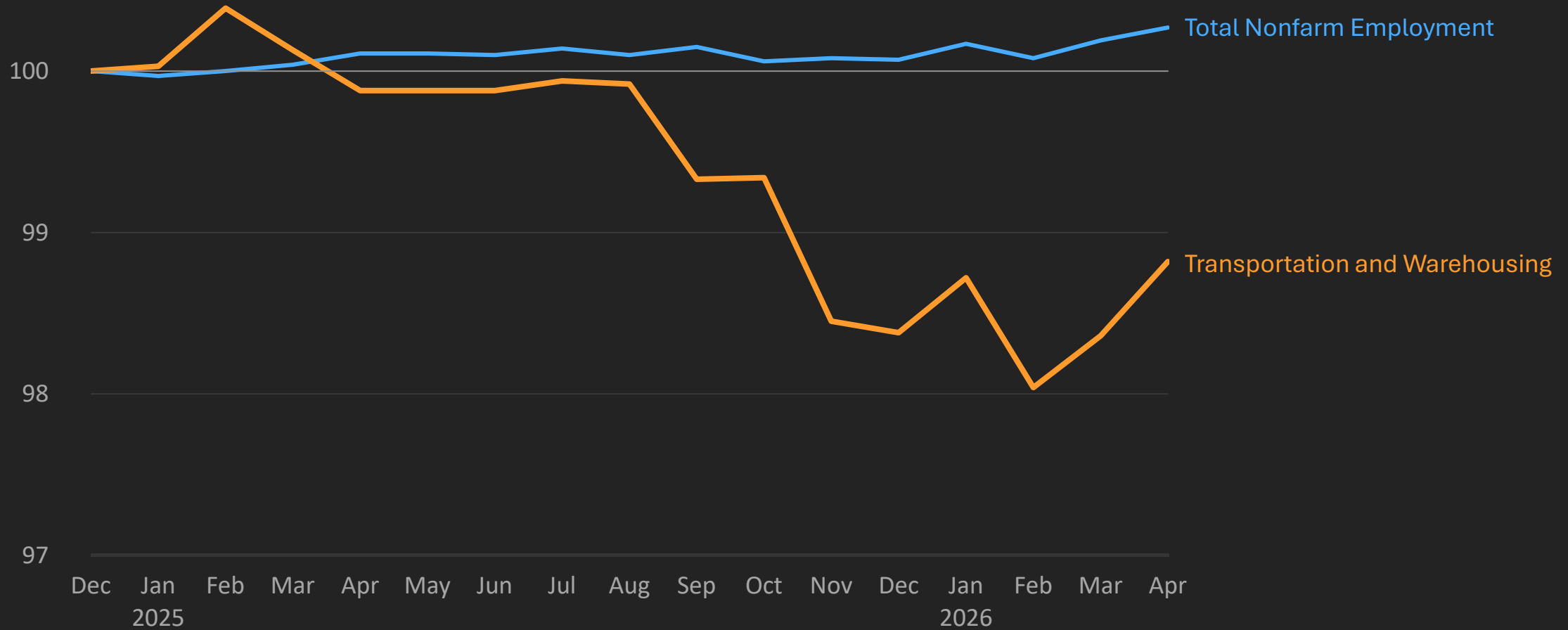
Source: US Bureau of Labor Statistics

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# Most Sectors Lost Jobs in 2025

Monthly Employment Index, Dec 2024 = 100



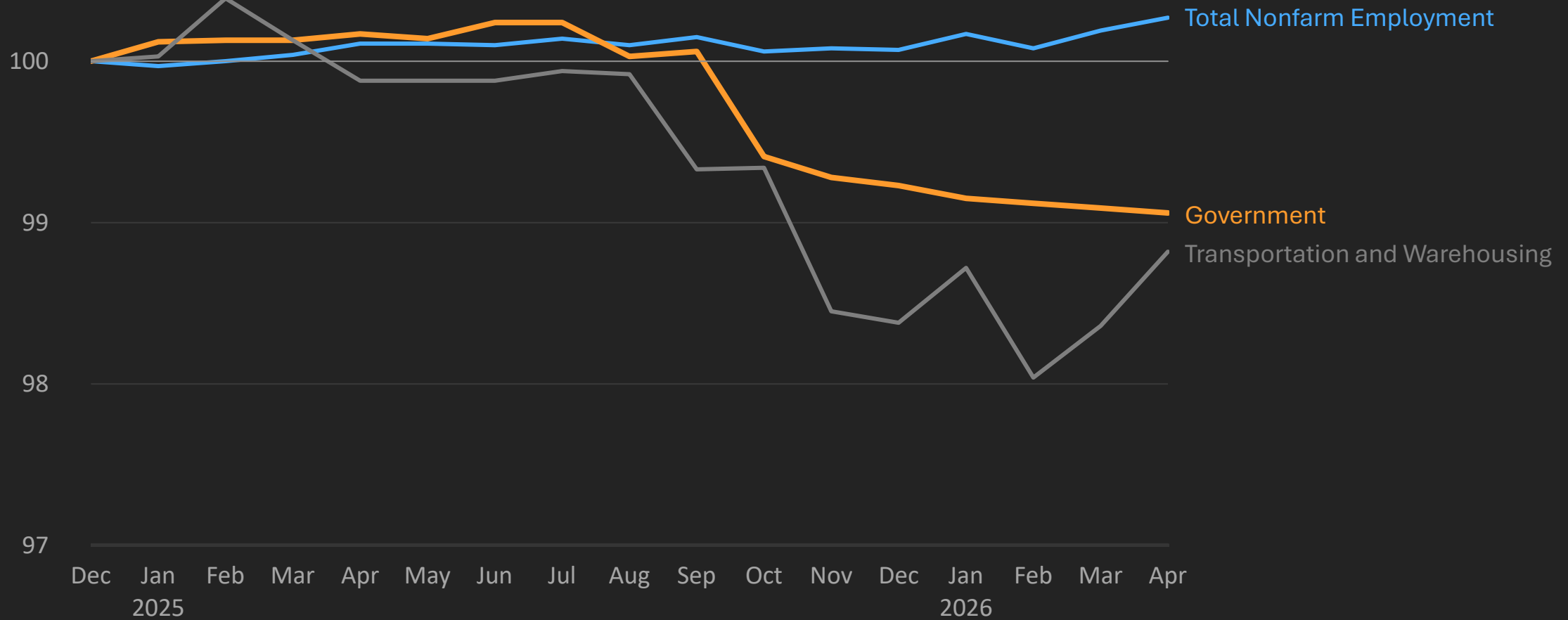
Source: US Bureau of Labor Statistics

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# Most Sectors Lost Jobs in 2025

Monthly Employment Index, Dec 2024 = 100



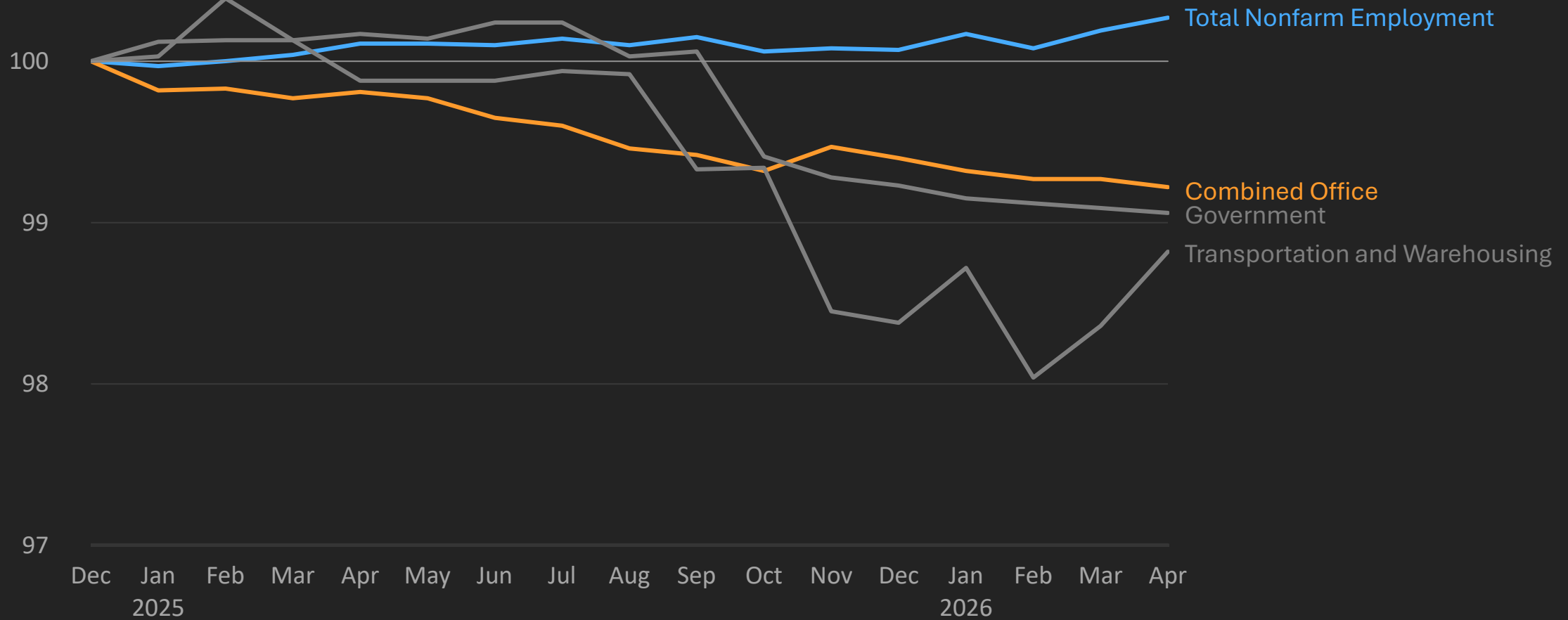
Source: US Bureau of Labor Statistics

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# Most Sectors Lost Jobs in 2025

Monthly Employment Index, Dec 2024 = 100



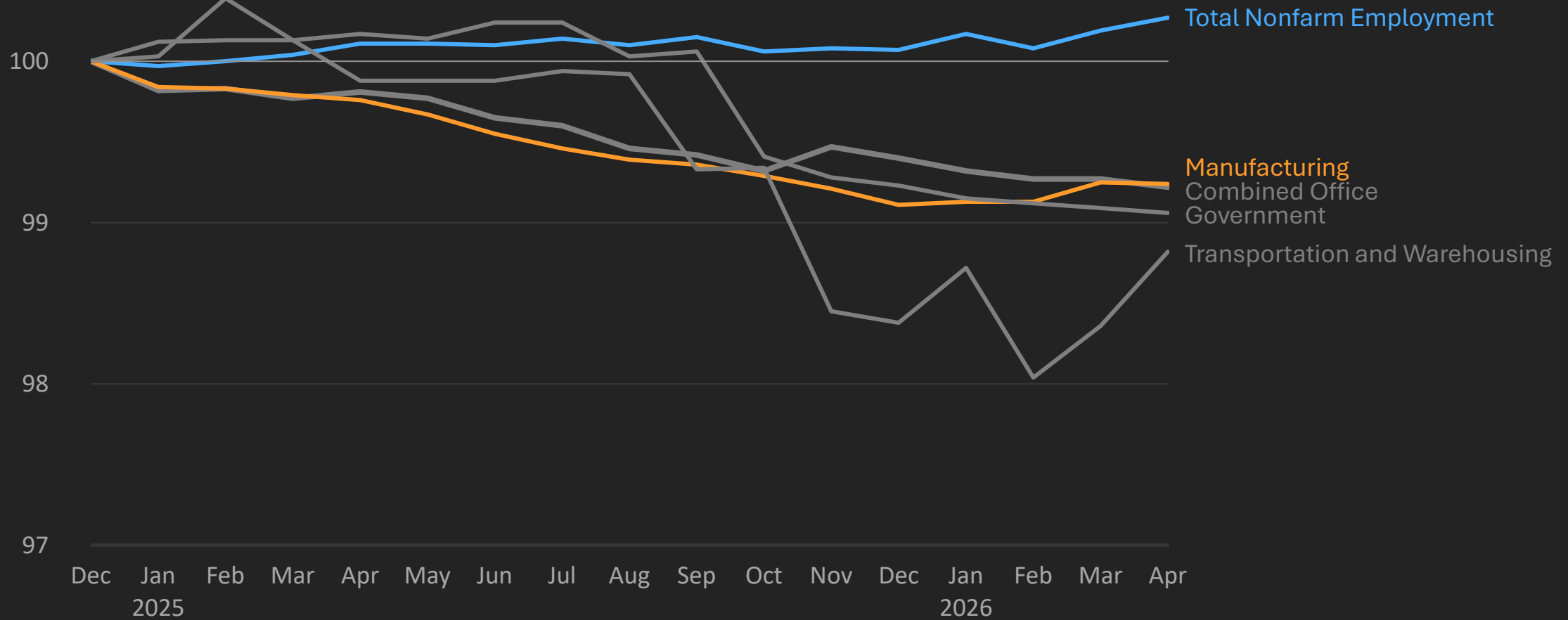
Source: US Bureau of Labor Statistics

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# Most Sectors Lost Jobs in 2025

Monthly Employment Index, Dec 2024 = 100



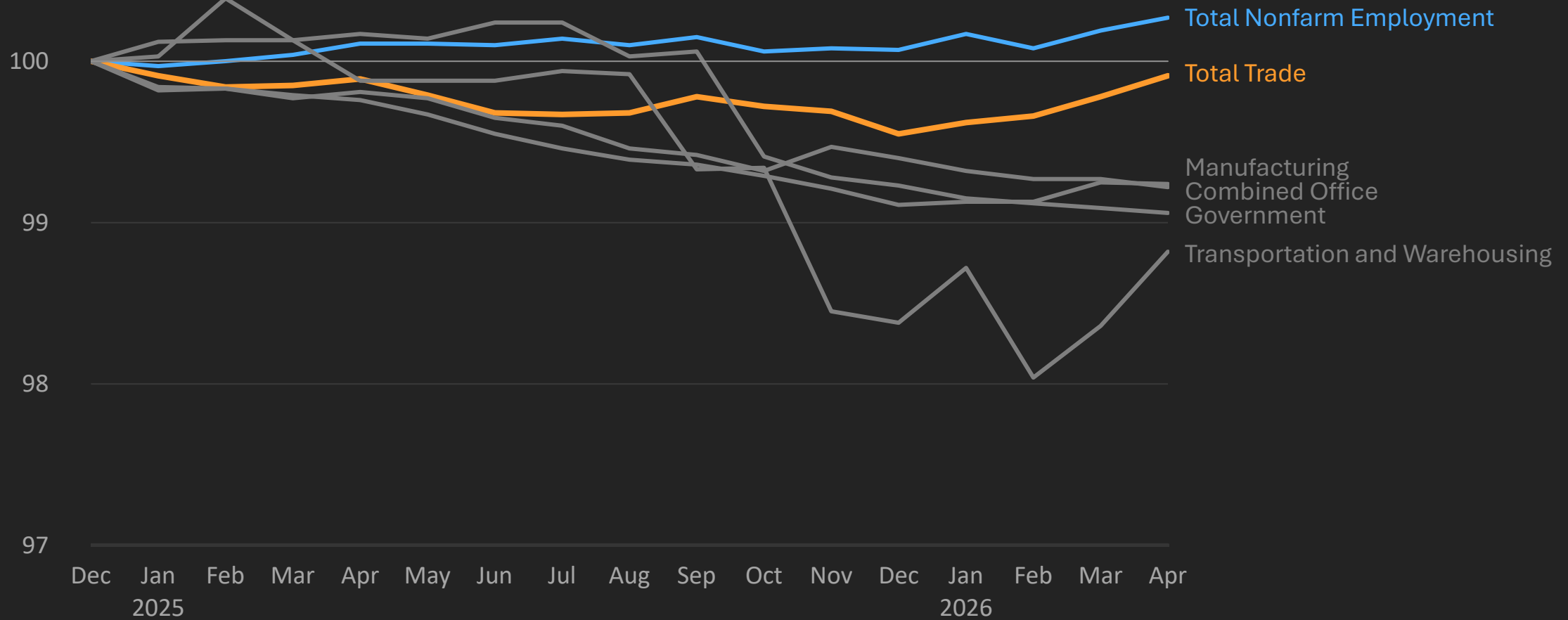
Source: US Bureau of Labor Statistics

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# Most Sectors Lost Jobs in 2025

Monthly Employment Index, Dec 2024 = 100



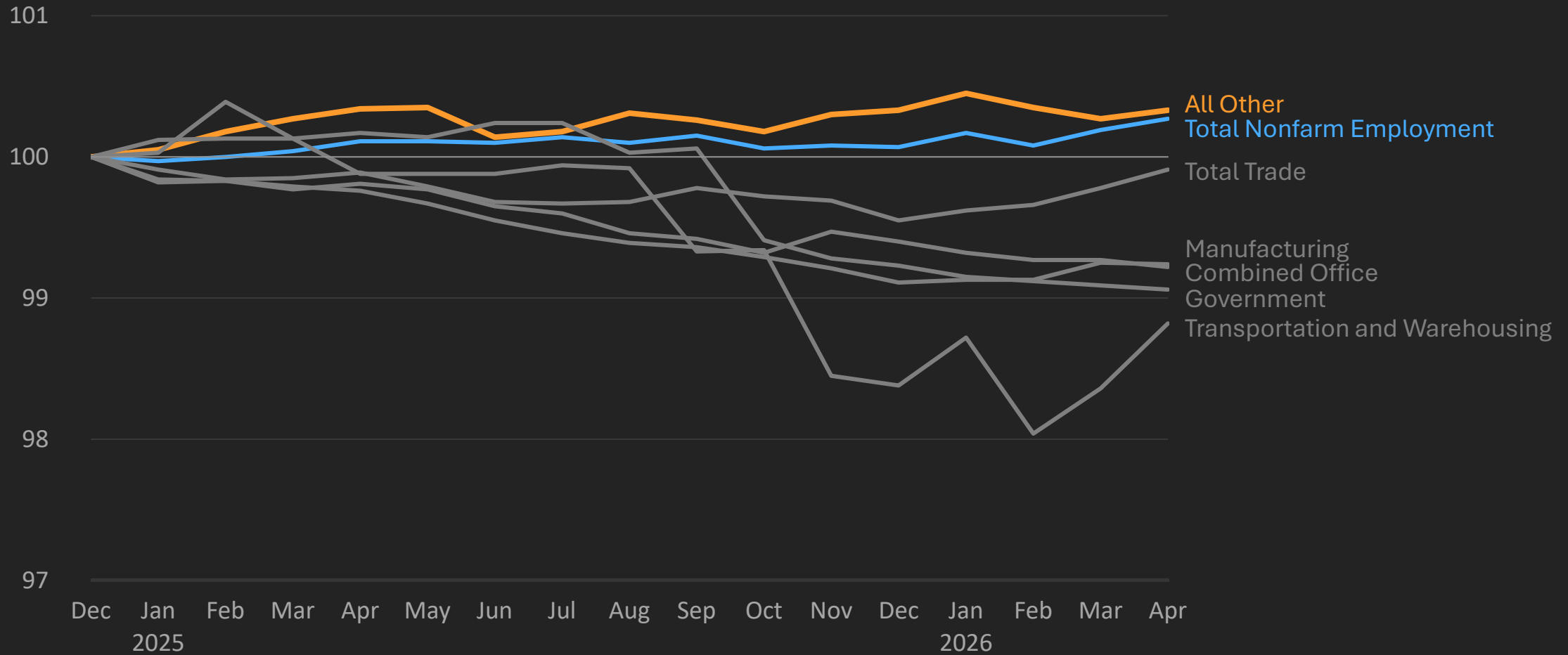
Source: US Bureau of Labor Statistics

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# Except for a Few

Monthly Employment Index, Dec 2024 = 100



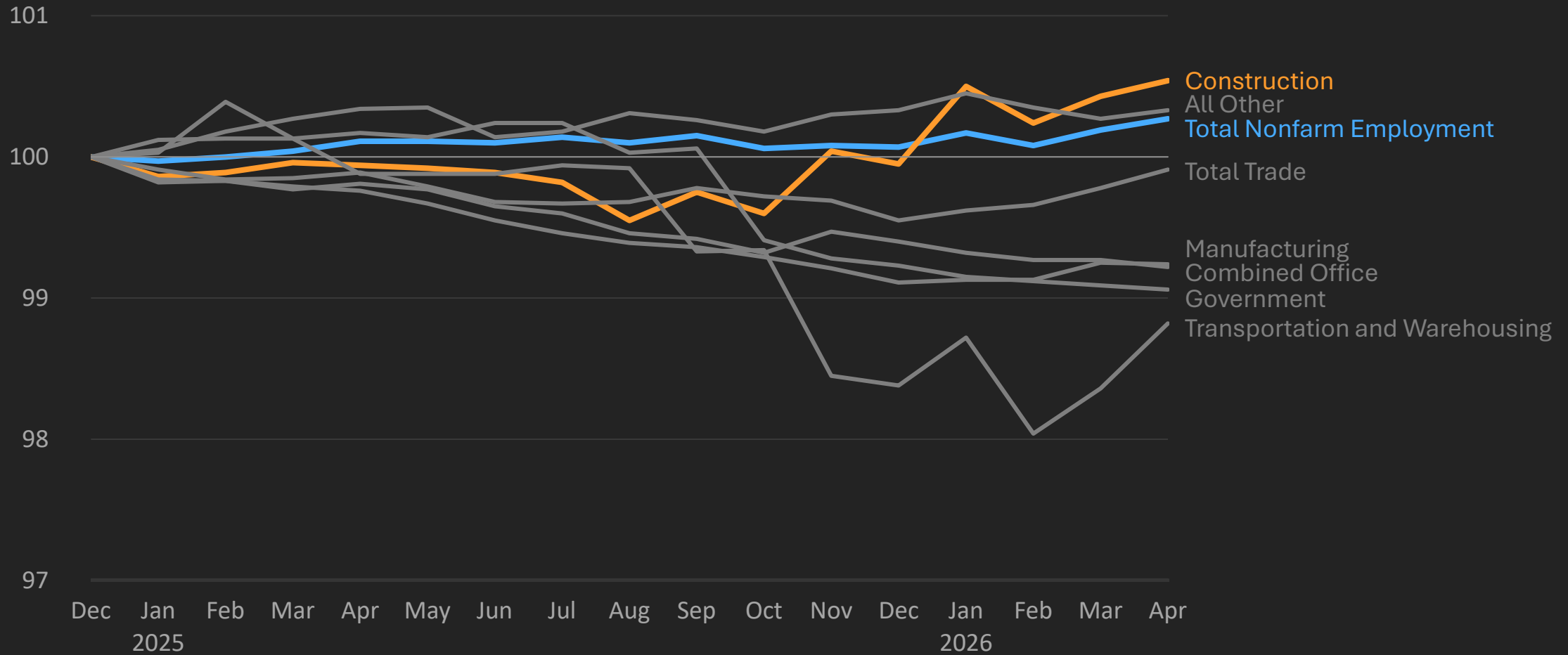
Source: US Bureau of Labor Statistics

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# Except for a Few

Monthly Employment Index, Dec 2024 = 100



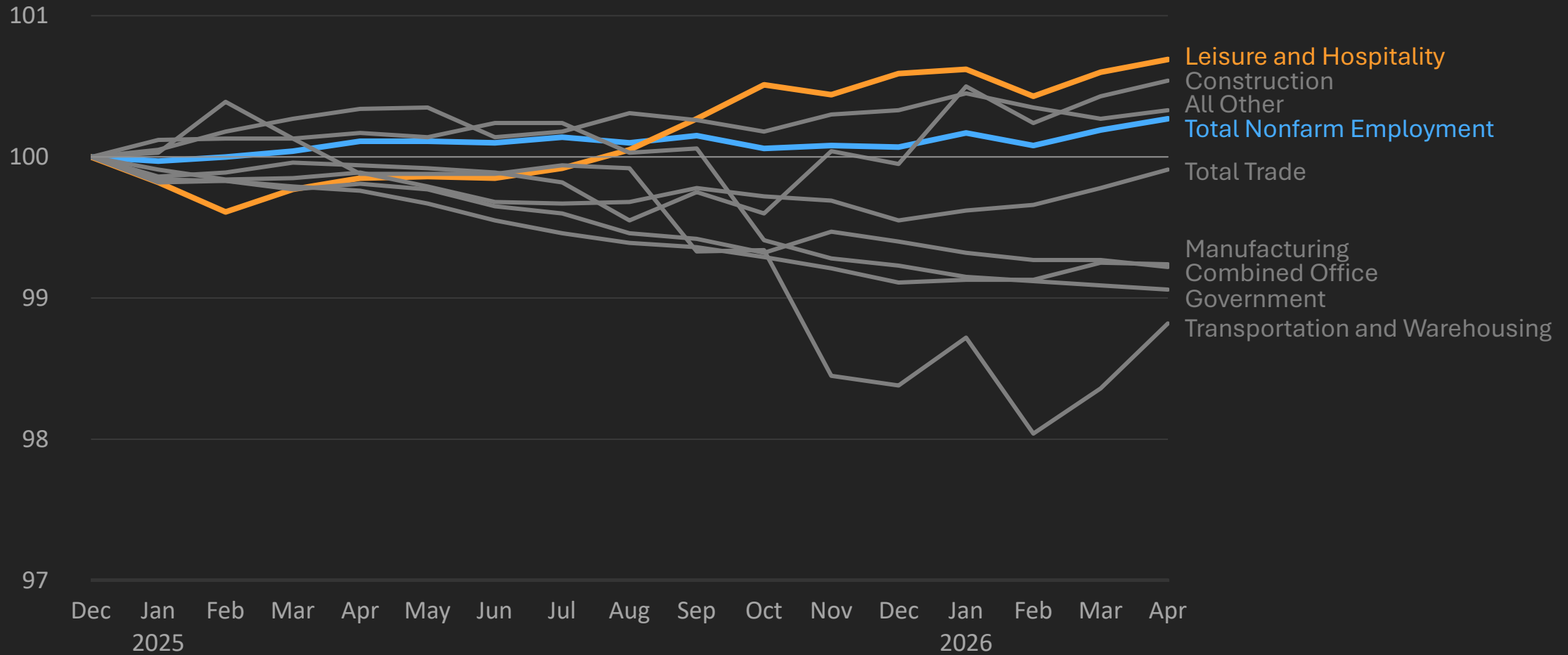
Source: US Bureau of Labor Statistics

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# Except for a Few

Monthly Employment Index, Dec 2024 = 100



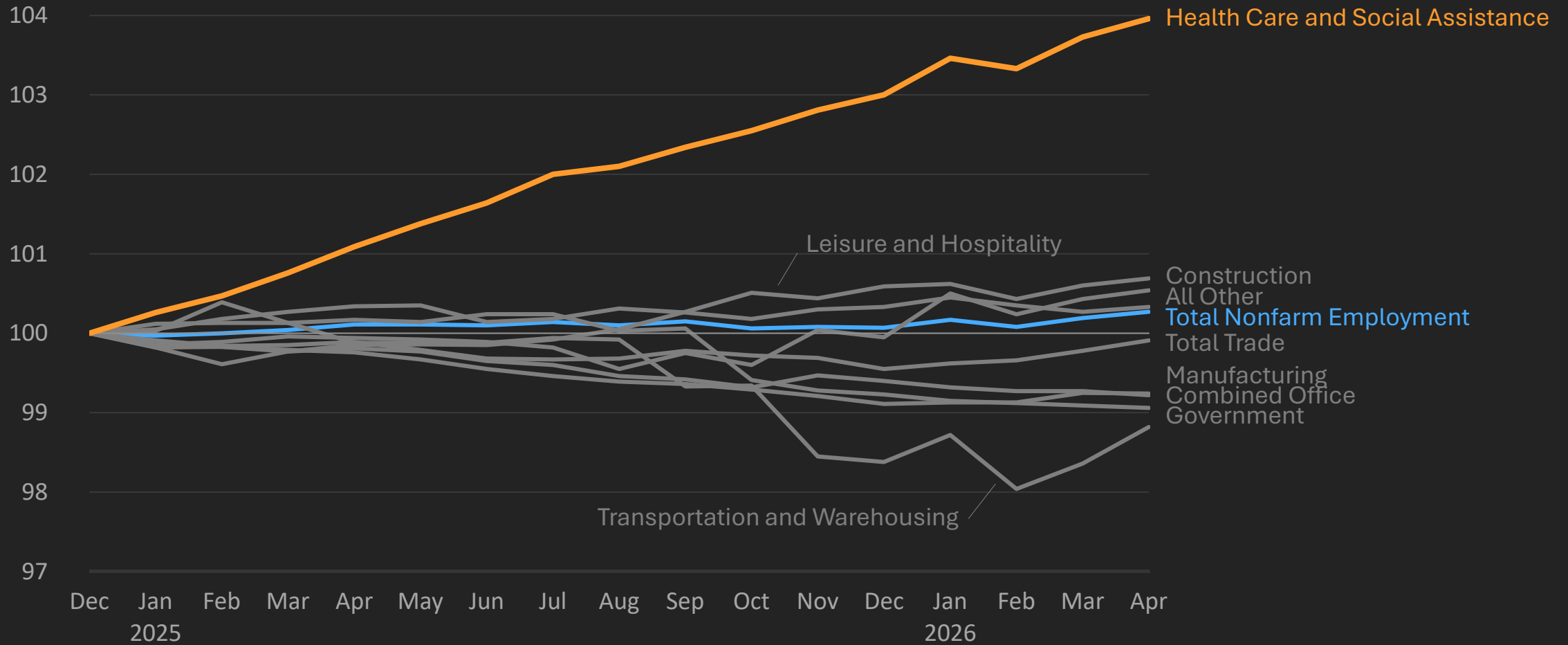
Source: US Bureau of Labor Statistics

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# Except for a Few

Monthly Employment Index, Dec 2024 = 100



Source: US Bureau of Labor Statistics

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# Labor Supply Has Also Softened

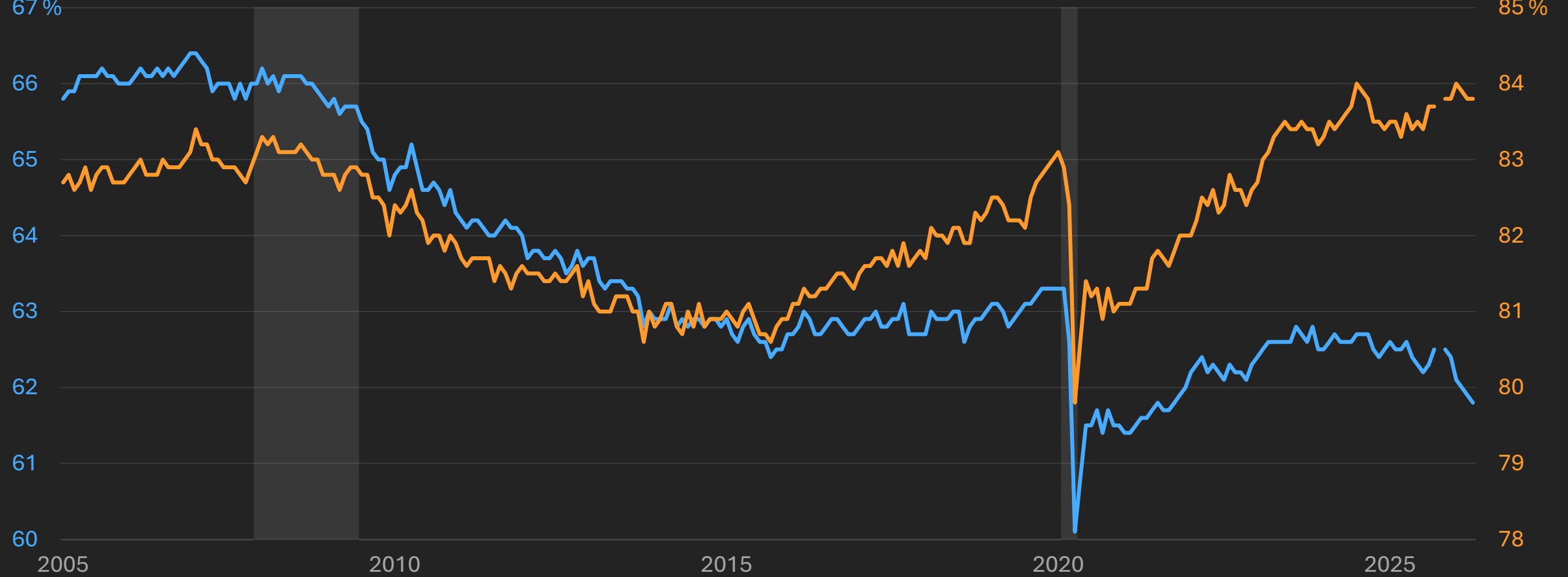
## Labor Force Participation Rate

Overall

67 %

Prime Age Workers 25–54 Years

85 %



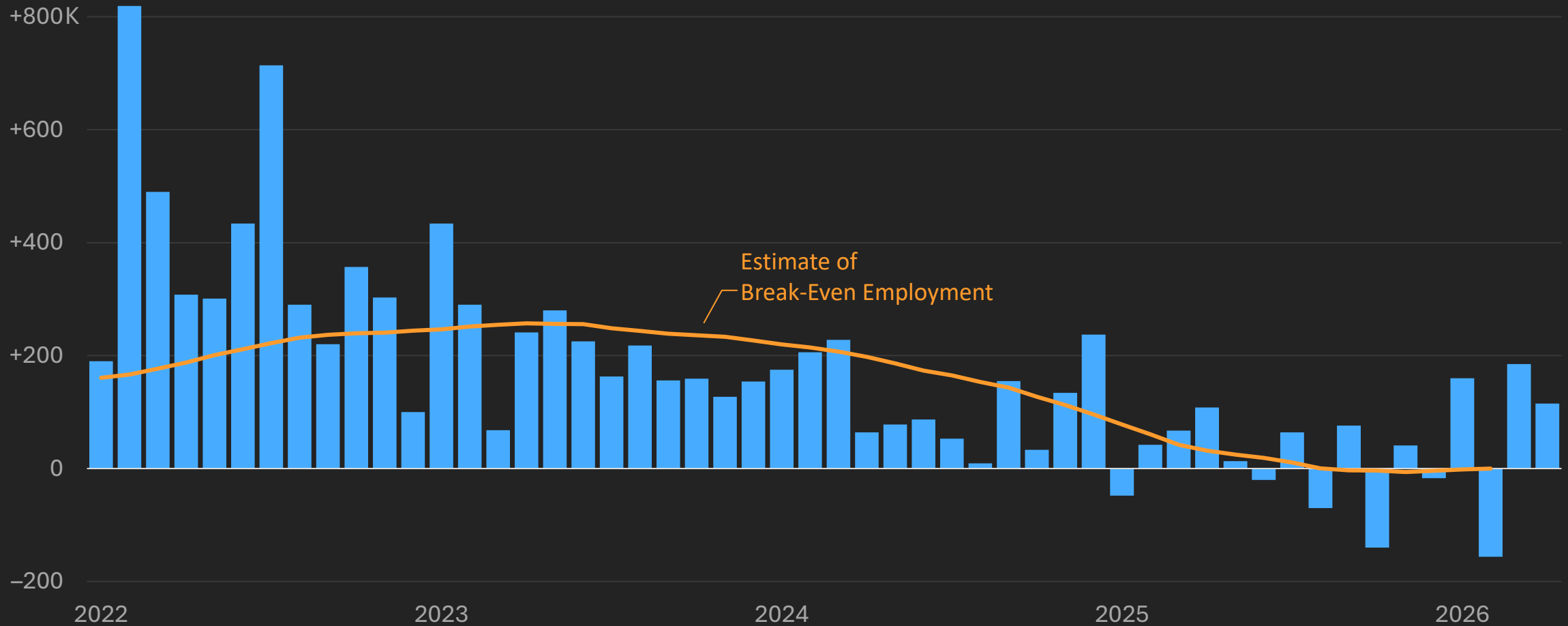
Source: US Bureau of Labor Statistics

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# How Many Monthly Jobs Will Keep Unemployment Stable?

Monthly Change in Nonfarm Employment



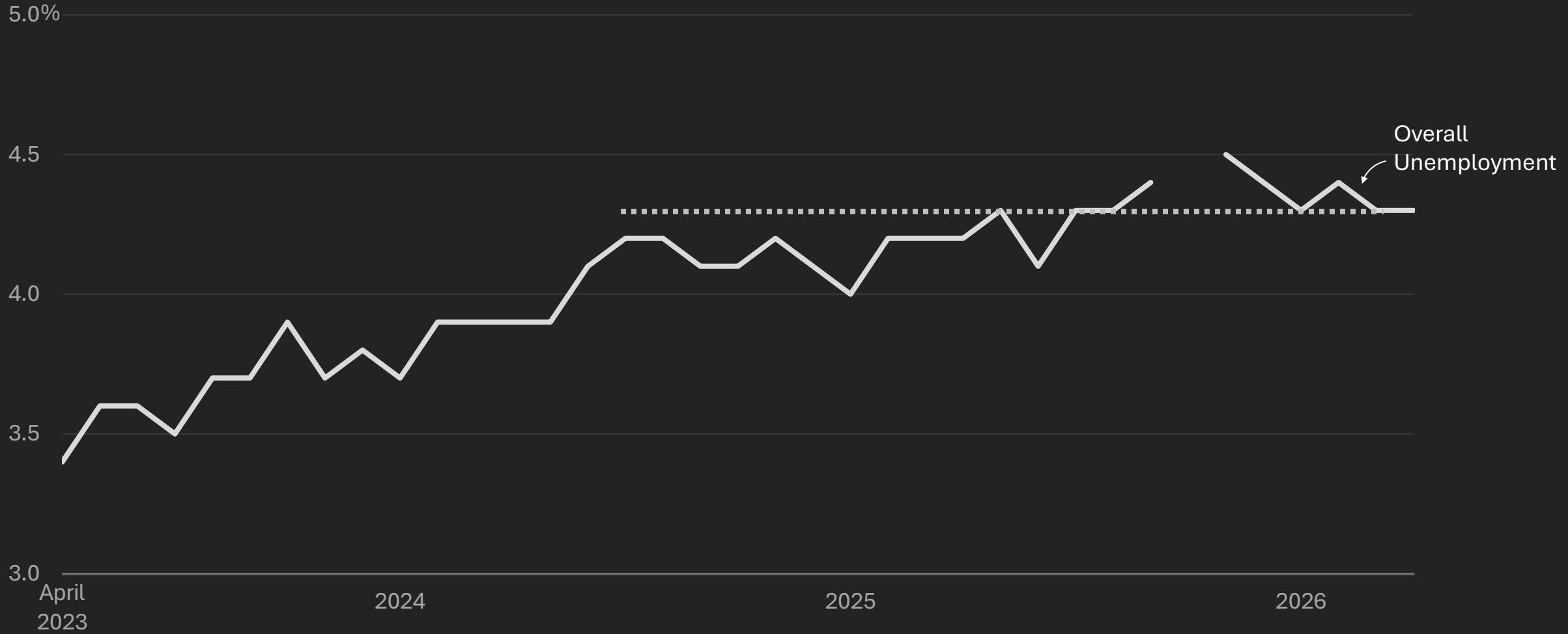
Sources: US Bureau of Labor Statistics; Federal Reserve Bank of Dallas

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# The Unemployment Rate Has Been Steady

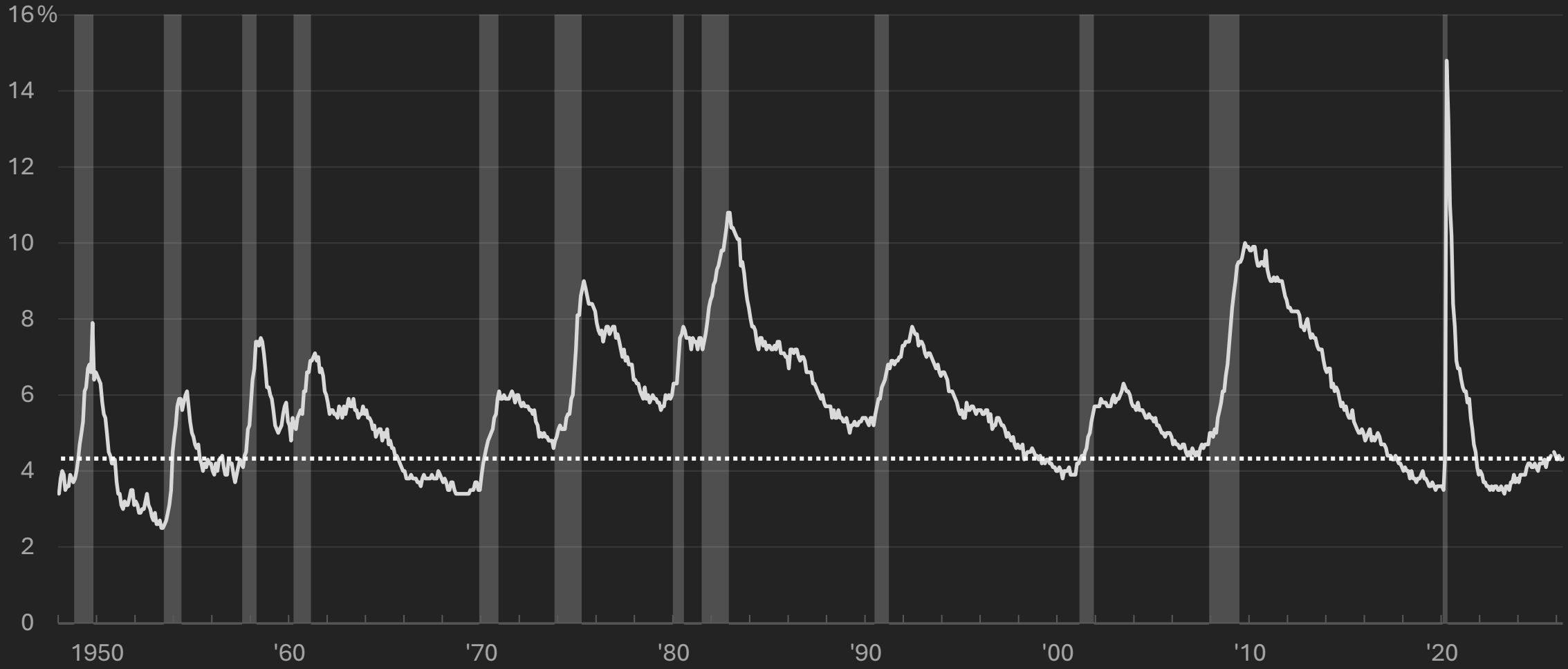
## Unemployment Rate



April 2023 is the most recent low value for the unemployment rate  
Source: US Bureau of Labor Statistics

# The Unemployment Rate Is Historically Low

Unemployment Rate

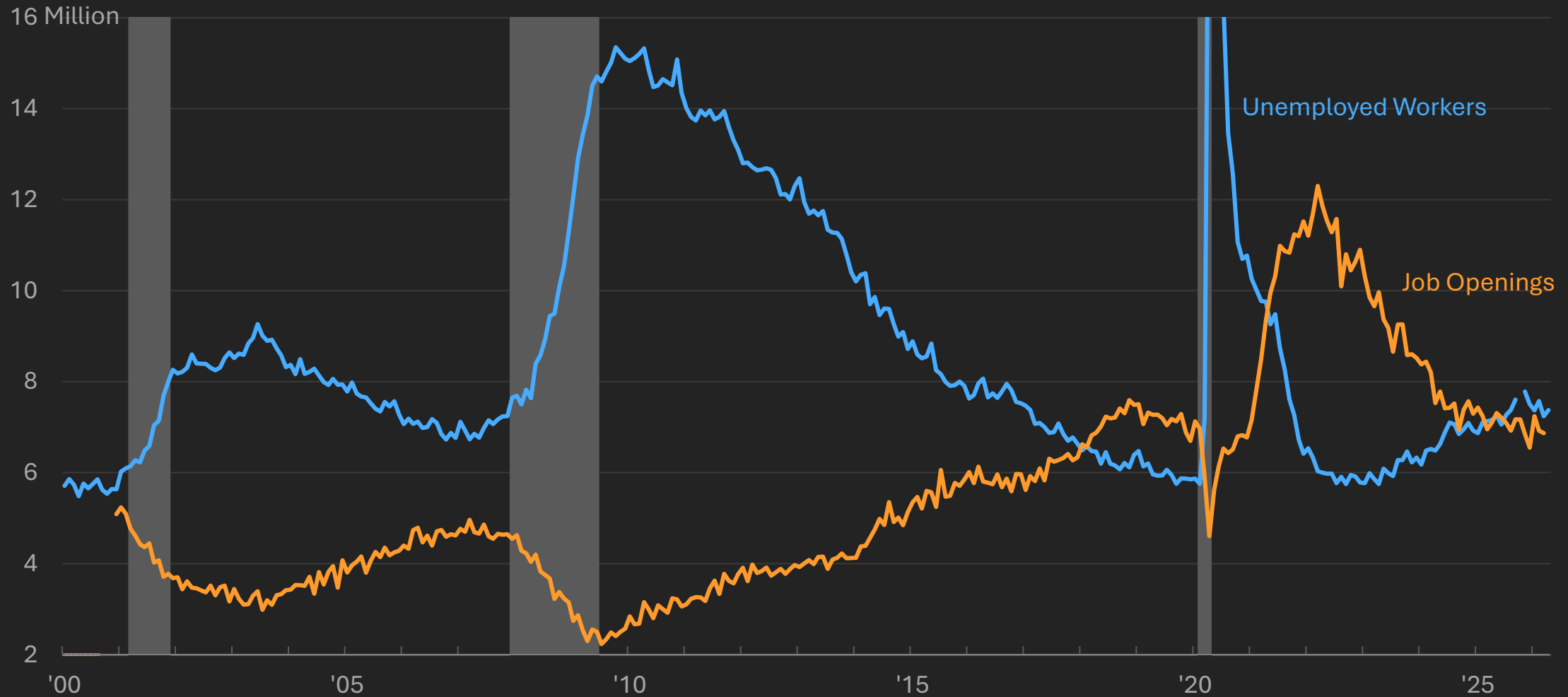


Source: US Bureau of Labor Statistics

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# The Labor Market Remains in Balance

## Unemployed Workers and Job Openings



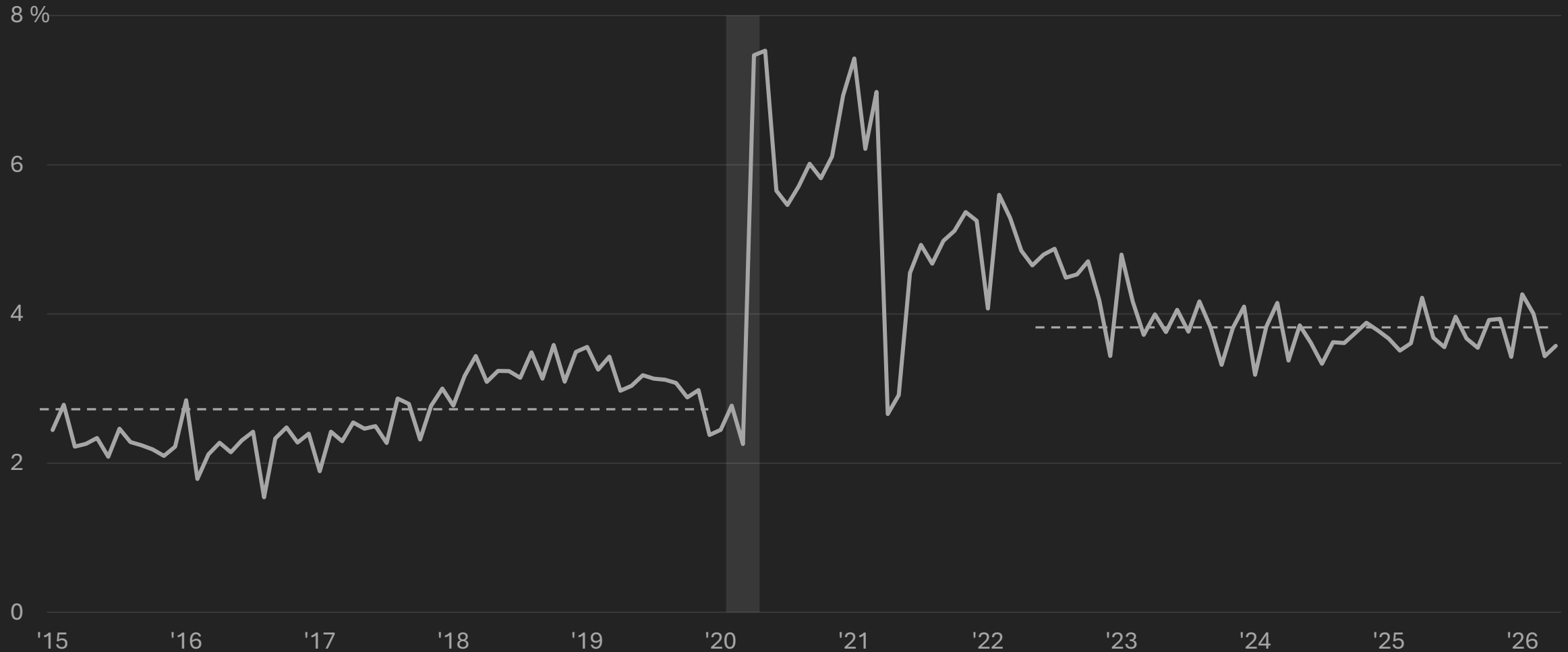
Source: US Bureau of Labor Statistics

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# Why This All Matters—Wages

## Average Weekly Earnings



Source: US Bureau of Labor Statistics

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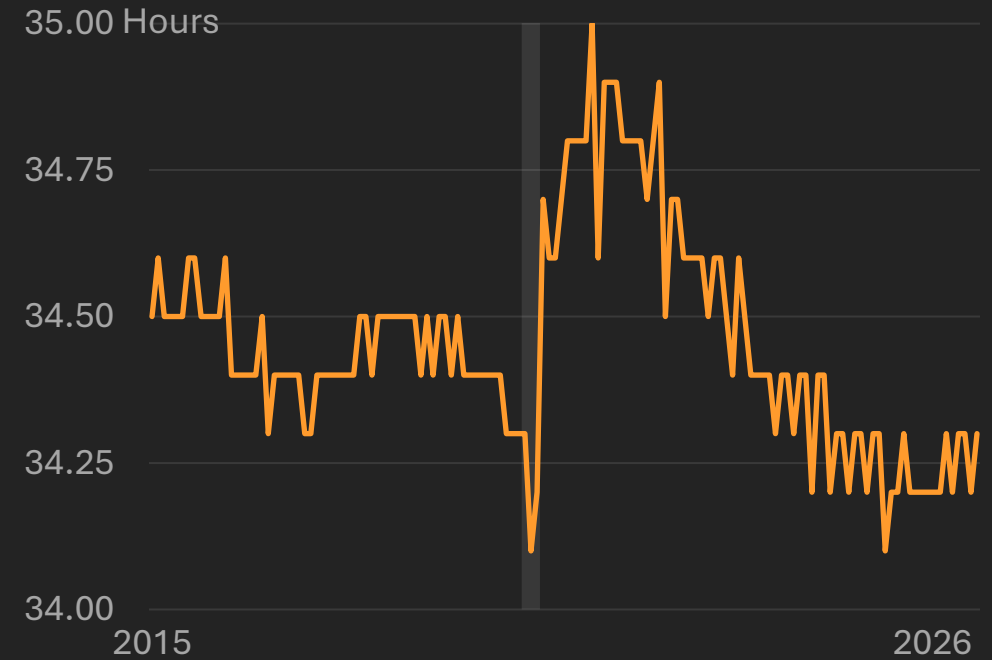
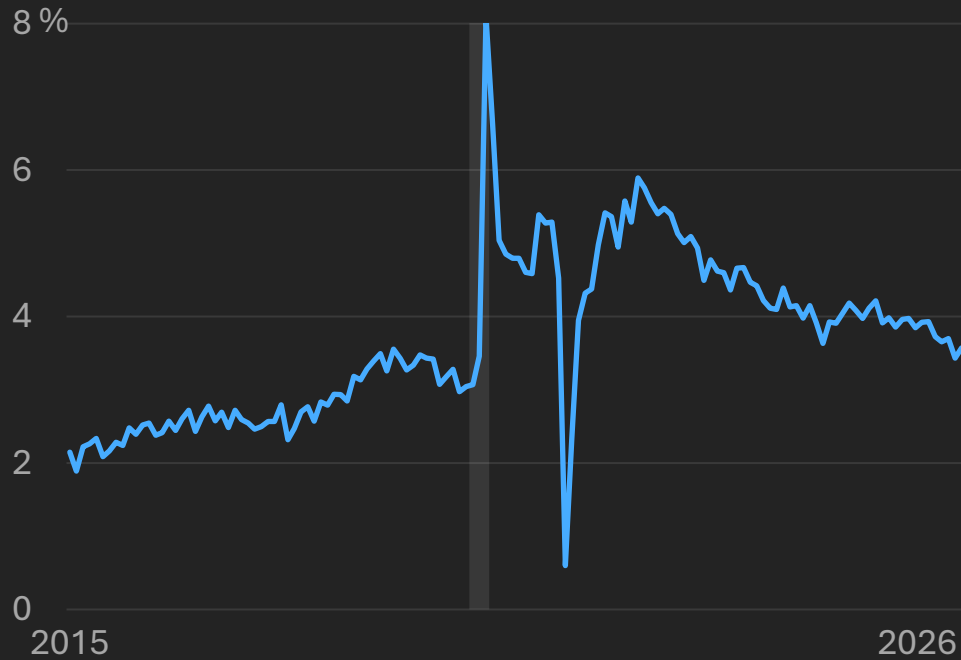
# Breakdown of Weekly Earnings

## Average Weekly Earnings

### Average Hourly Earnings



### Average Weekly Hours



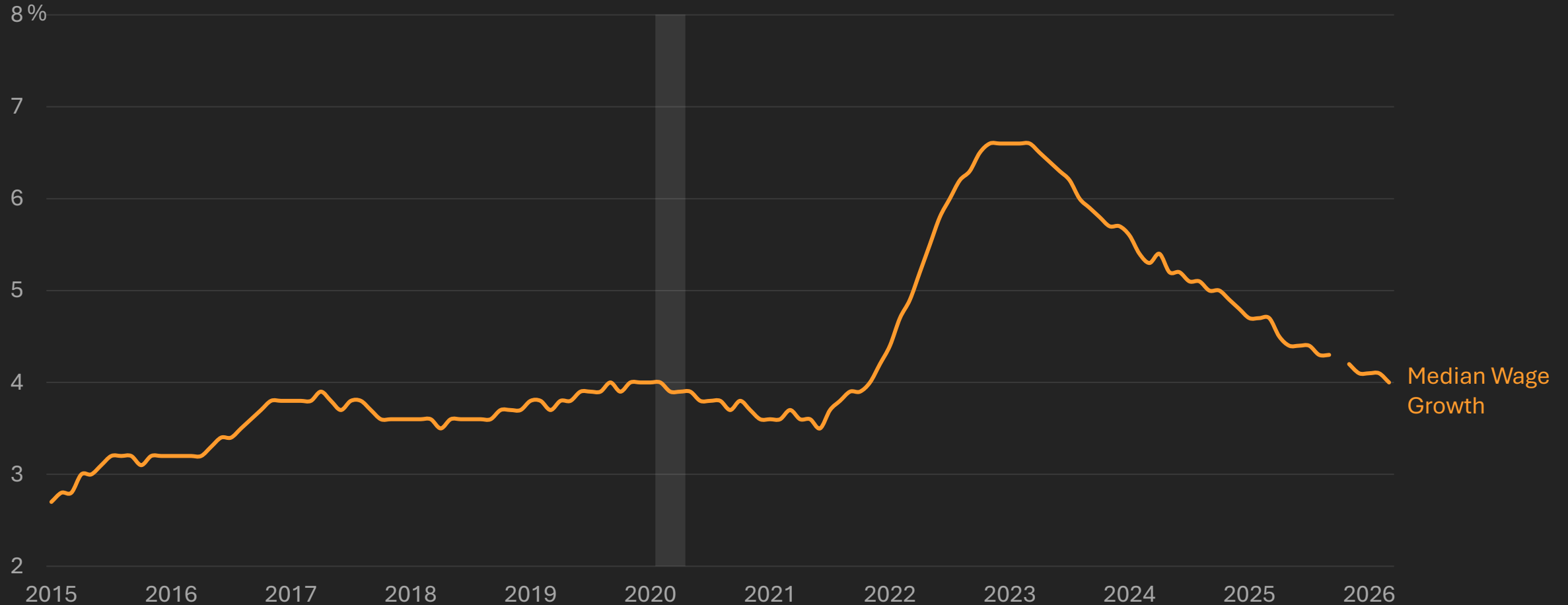
Source: US Bureau of Labor Statistics

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# A Different View of Wages Shows a Similar Trend

Atlanta Fed Wage Growth Tracker, 12-Month Moving Average



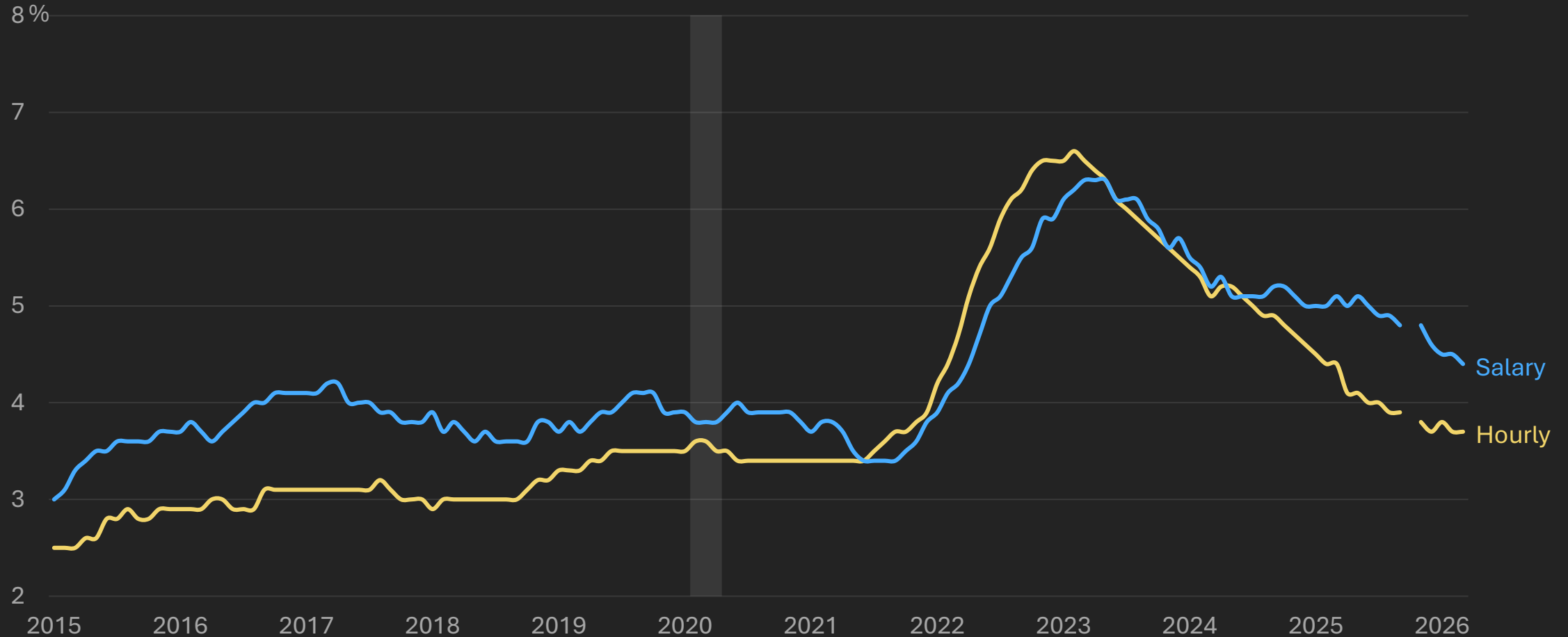
Source: Federal Reserve Bank of Atlanta

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# Salaried Workers Wage Growth Is Exceeding Hourly Workers

Atlanta Fed Wage Growth Tracker, 12-Month Moving Average



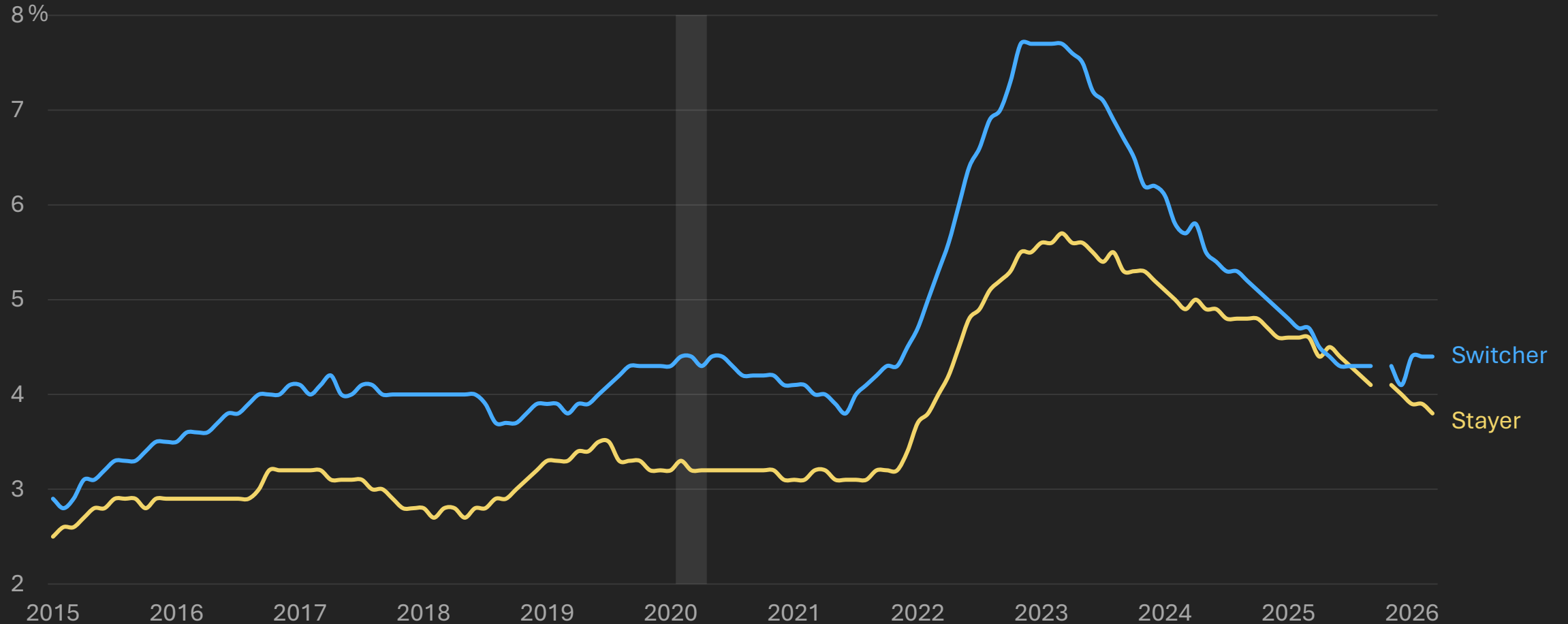
Source: Federal Reserve Bank of Atlanta

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# Job Hopping No Longer Comes With a Wage Premium

Atlanta Fed Wage Growth Tracker, 12-Month Moving Average



Source: Federal Reserve Bank of Atlanta

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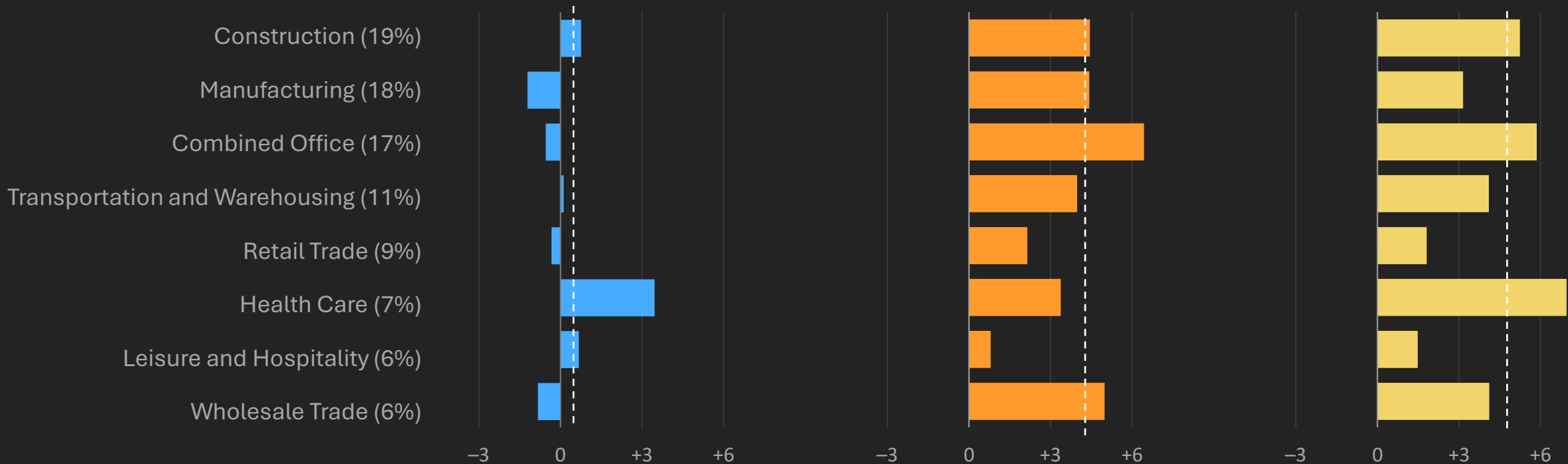
# The Labor Market Story Ends With Payroll Growth

Changes in Payroll by Component—2024 to 2025

Employment  
+0.5%

Wage Rate  
+4.3%

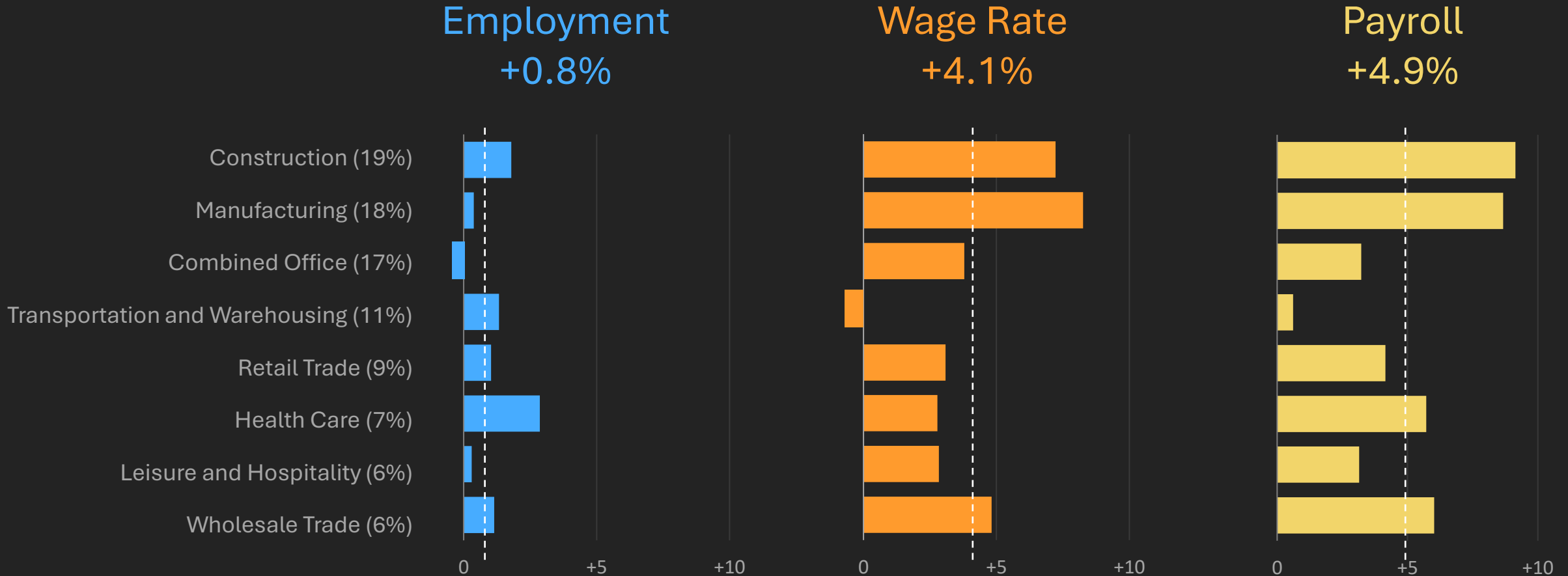
Payroll  
+4.8%



(%) workers compensation share of premium; All Other (7%) not displayed  
Sources: US Bureau of Labor Statistics; US Bureau of Economic Analysis; NCCI

# The Labor Market Story Ends With Payroll Growth

2026 Year-to-Date Growth, Annualized Rates



(%) workers compensation share of premium; All Other (7%) not displayed  
Values current through April 2026; Health Care and Office current through March  
Sources: US Bureau of Labor Statistics; NCCI

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- Labor market remains balanced, supporting wage growth, payroll, and premium
- Reduced turnover can benefit frequency trends
- Some signs of strengthening in early 2026







- Why is everything *still* so expensive?
- What's the latest on tariffs?
- Are we heading for a repeat of the 1970s?

# What Is Stagflation?

# What Is Stagflation?

Inflation



Unemployment

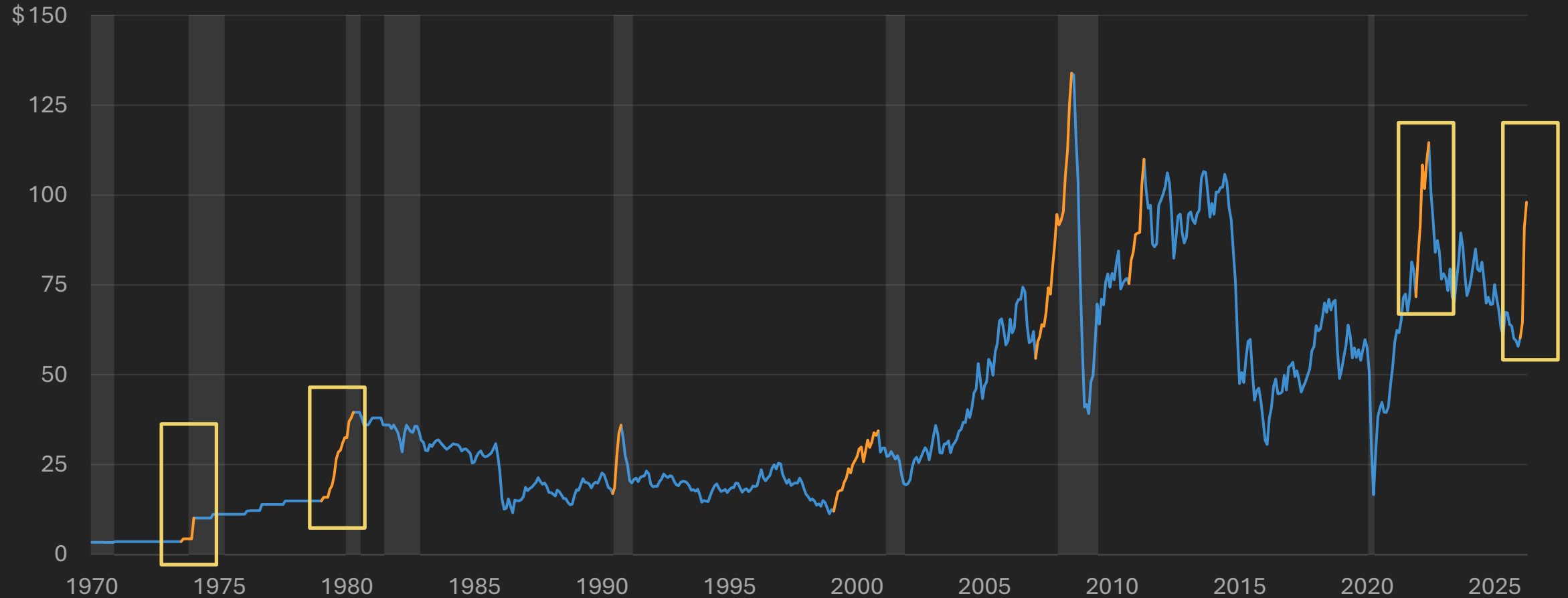


# What Is Stagflation?



# History of Oil Shocks

West Texas Intermediate, Barrel Price



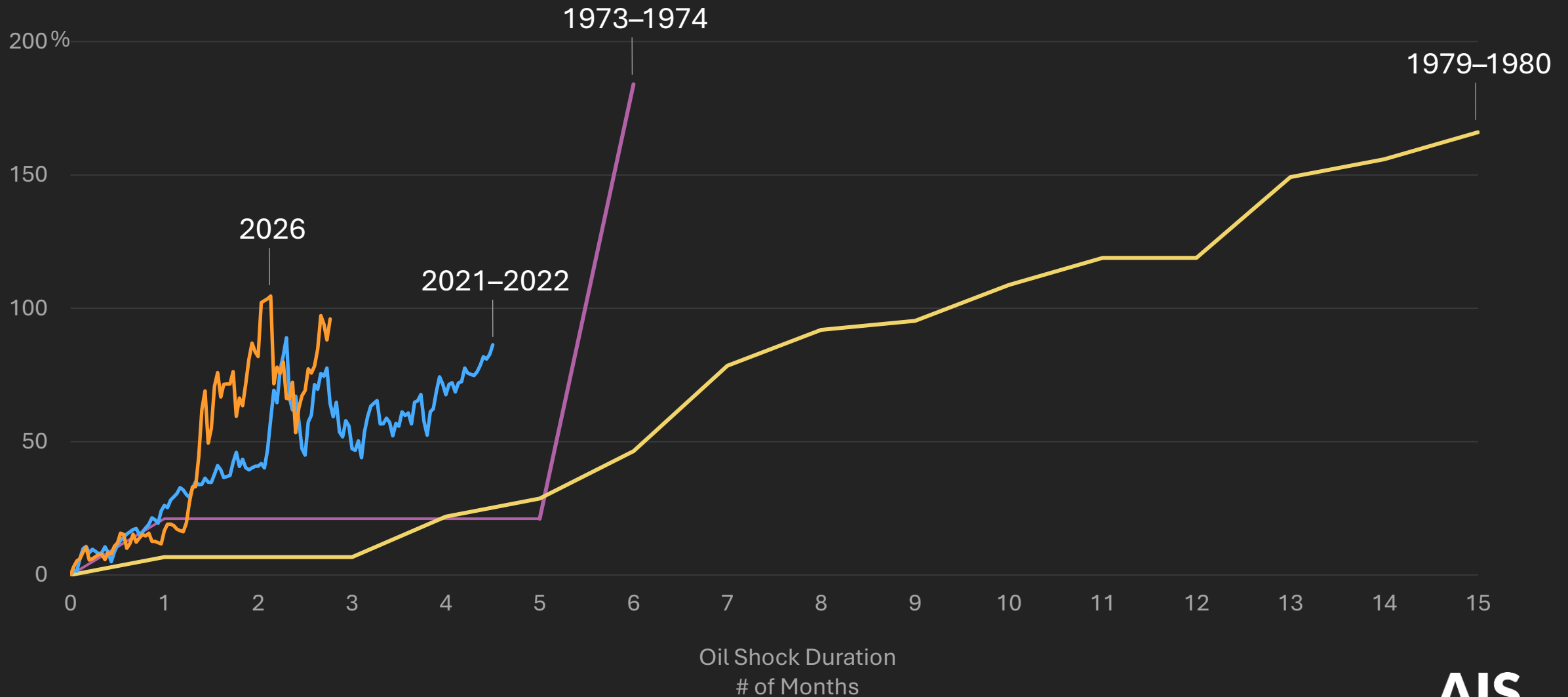
Sources: Energy Information Administration; Chicago Mercantile Exchange

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# 1970s Compared to Today

## West Texas Intermediate



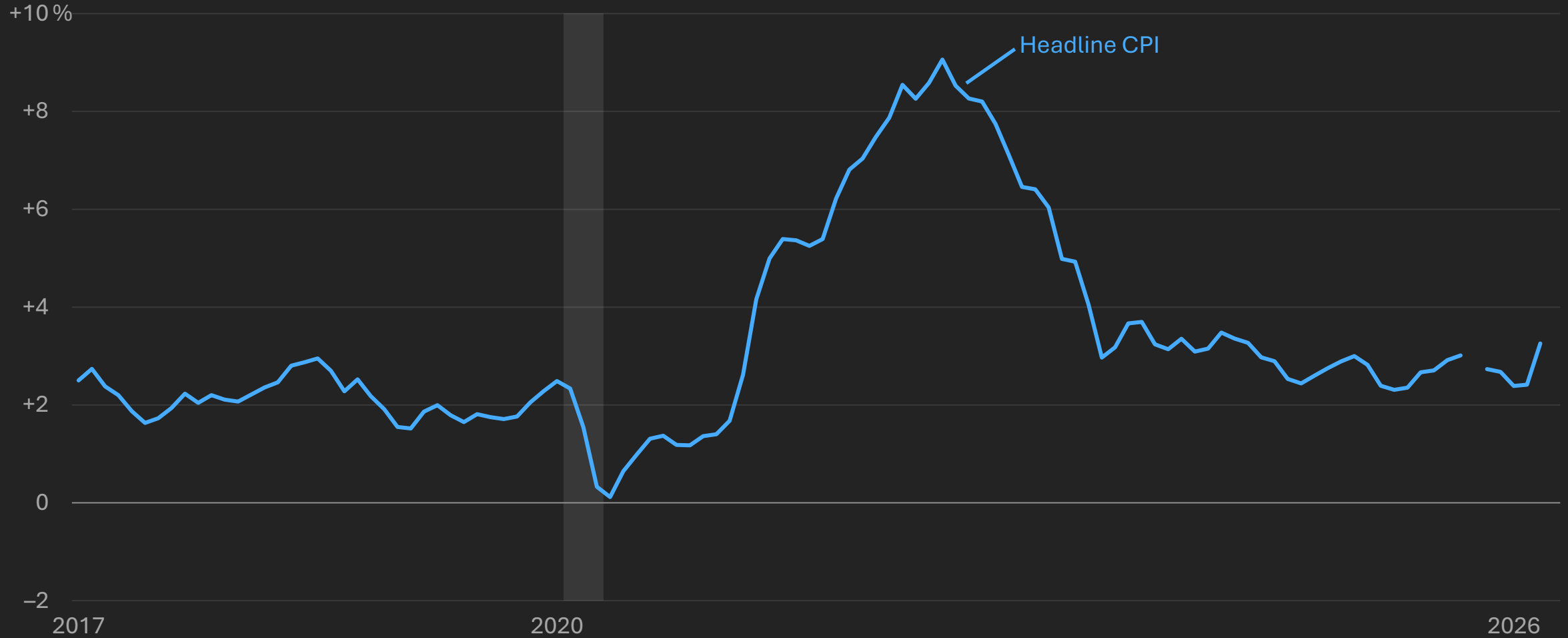
Source: Energy Information Administration and the Chicago Mercantile Exchange

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# What Does This Mean for Inflation and the Economy?

Year-Over-Year Growth Rate



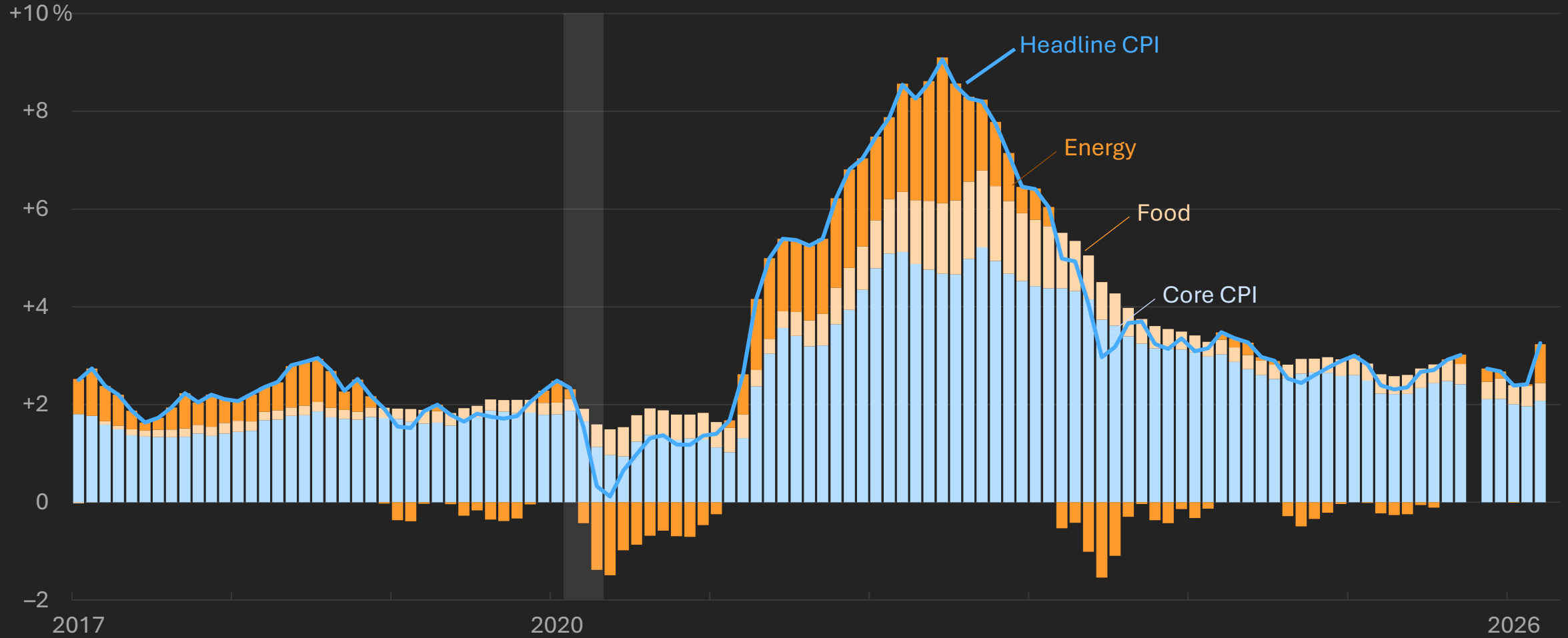
Source: US Bureau of Labor Statistics

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# Energy Is Behind the Latest Increase

Year-Over-Year Growth Rate



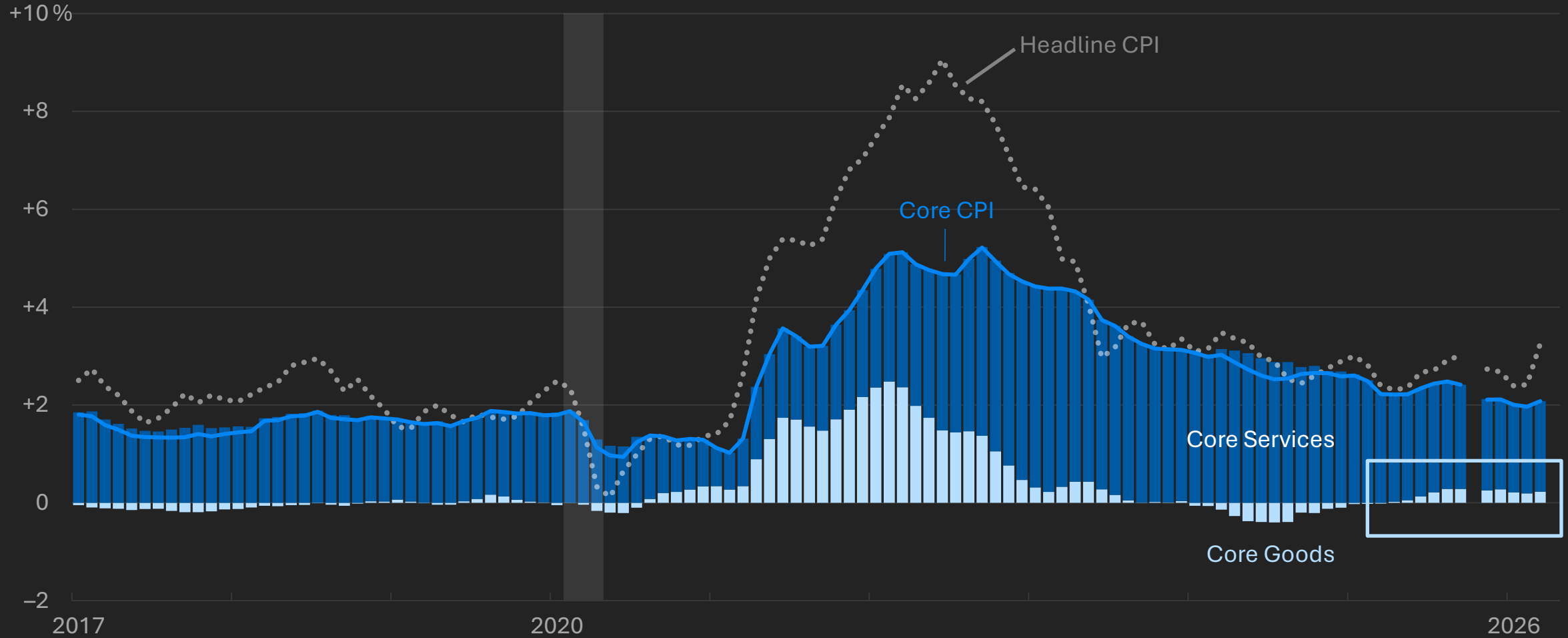
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# Tariff Impacts on Inflation Have Been Moderate

Year-Over-Year Growth Rate



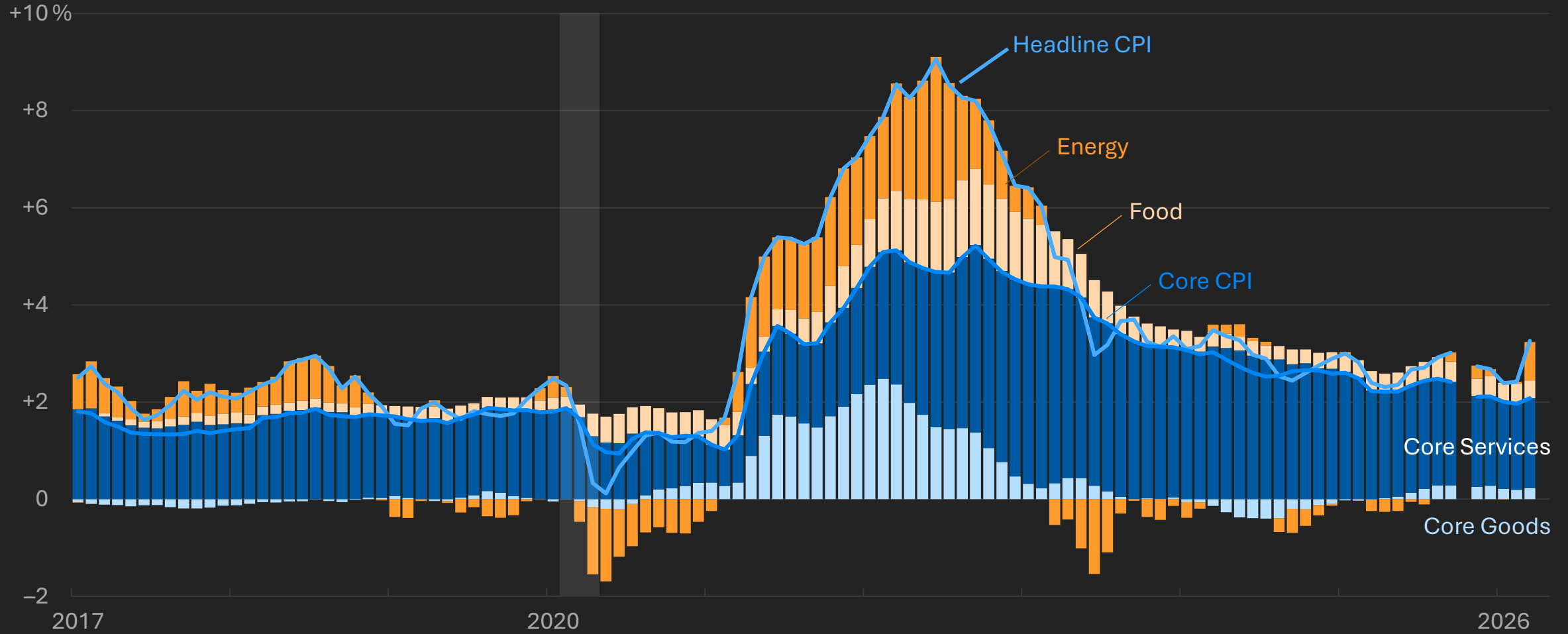
Source: US Bureau of Labor Statistics

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# Not 1970s, and Probably Not Even 2022

Year-Over-Year Growth Rate



Source: US Bureau of Labor Statistics

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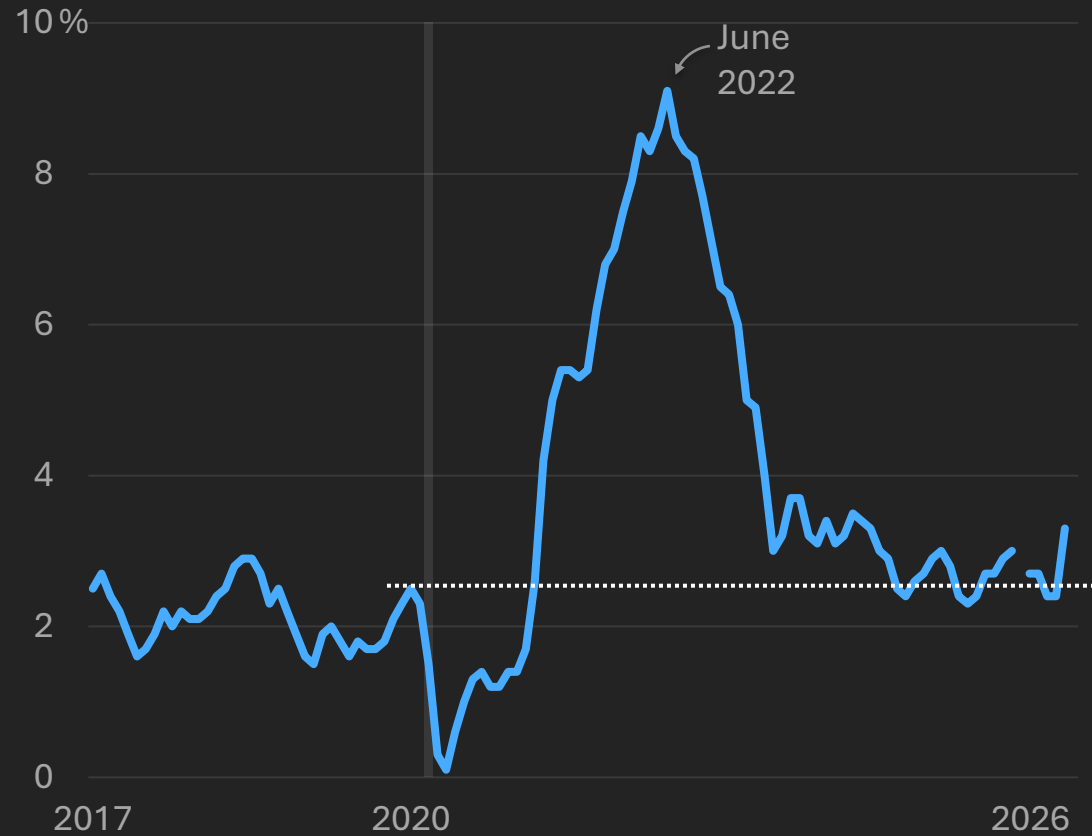
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# Accelerating Inflation Renews Affordability Focus

Consumer Price Index (CPI)

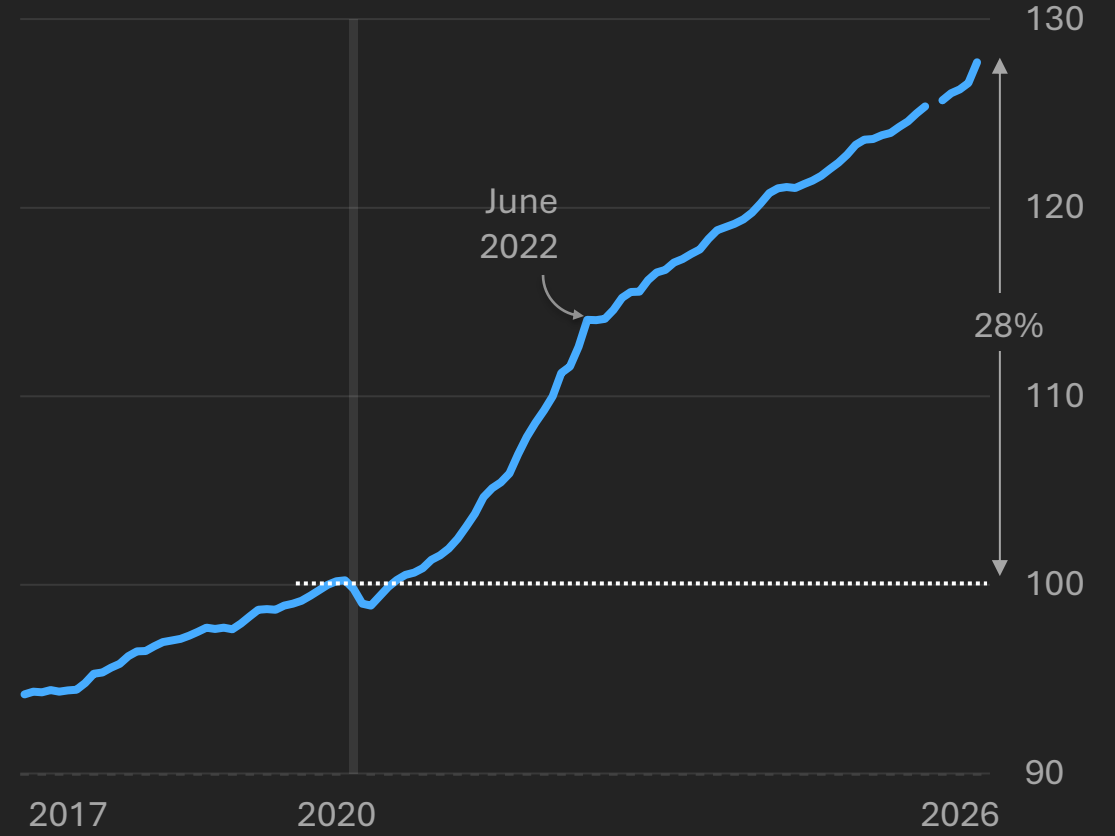
Year-Over-Year Growth Rate

## Inflation



## Prices

100 = Dec 2019



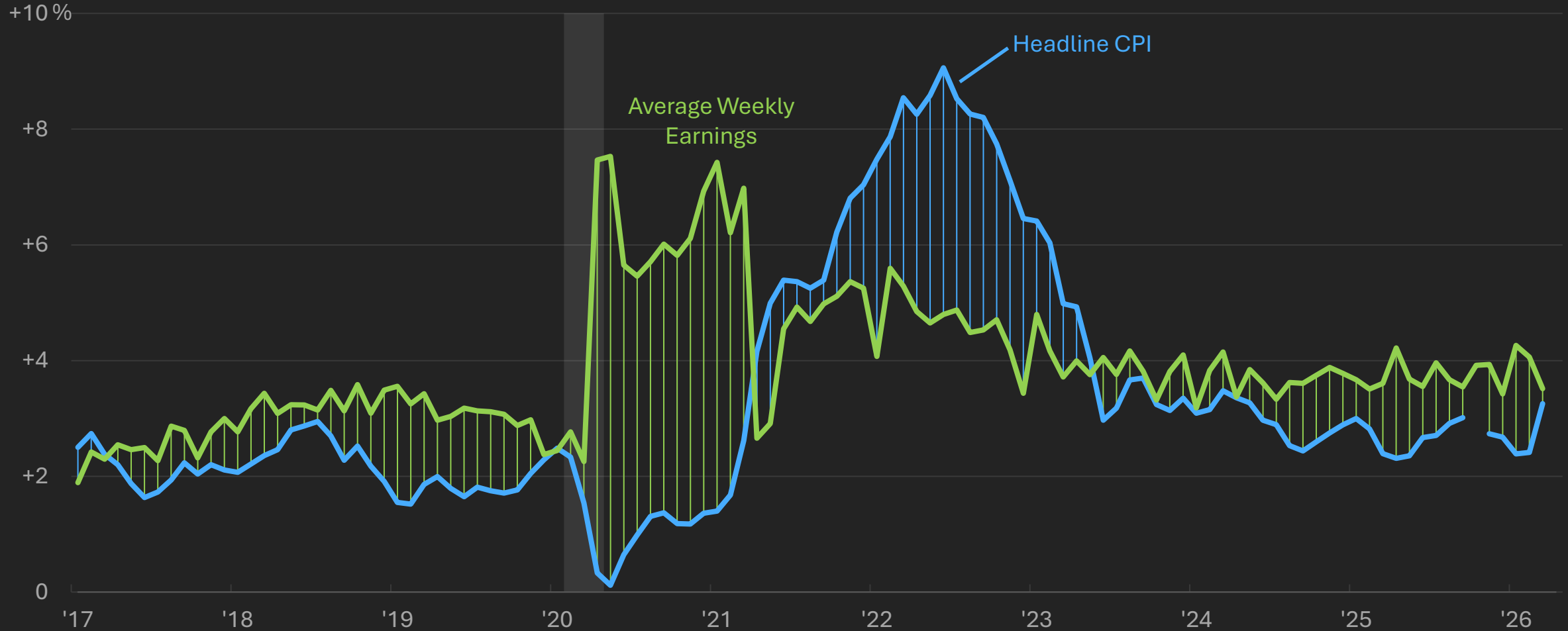
Source: US Bureau of Labor Statistics

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# Positive Real Wage Growth at Risk

Year-Over-Year Growth Rate



Source: US Bureau of Labor Statistics

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- Tariff impacts to inflation so far have been minimal
- The oil shocks of today have been minor compared to the 1970s; they're unlikely to result in stagflation
- Accelerating inflation renews affordability concern, risking consumer-spending trends

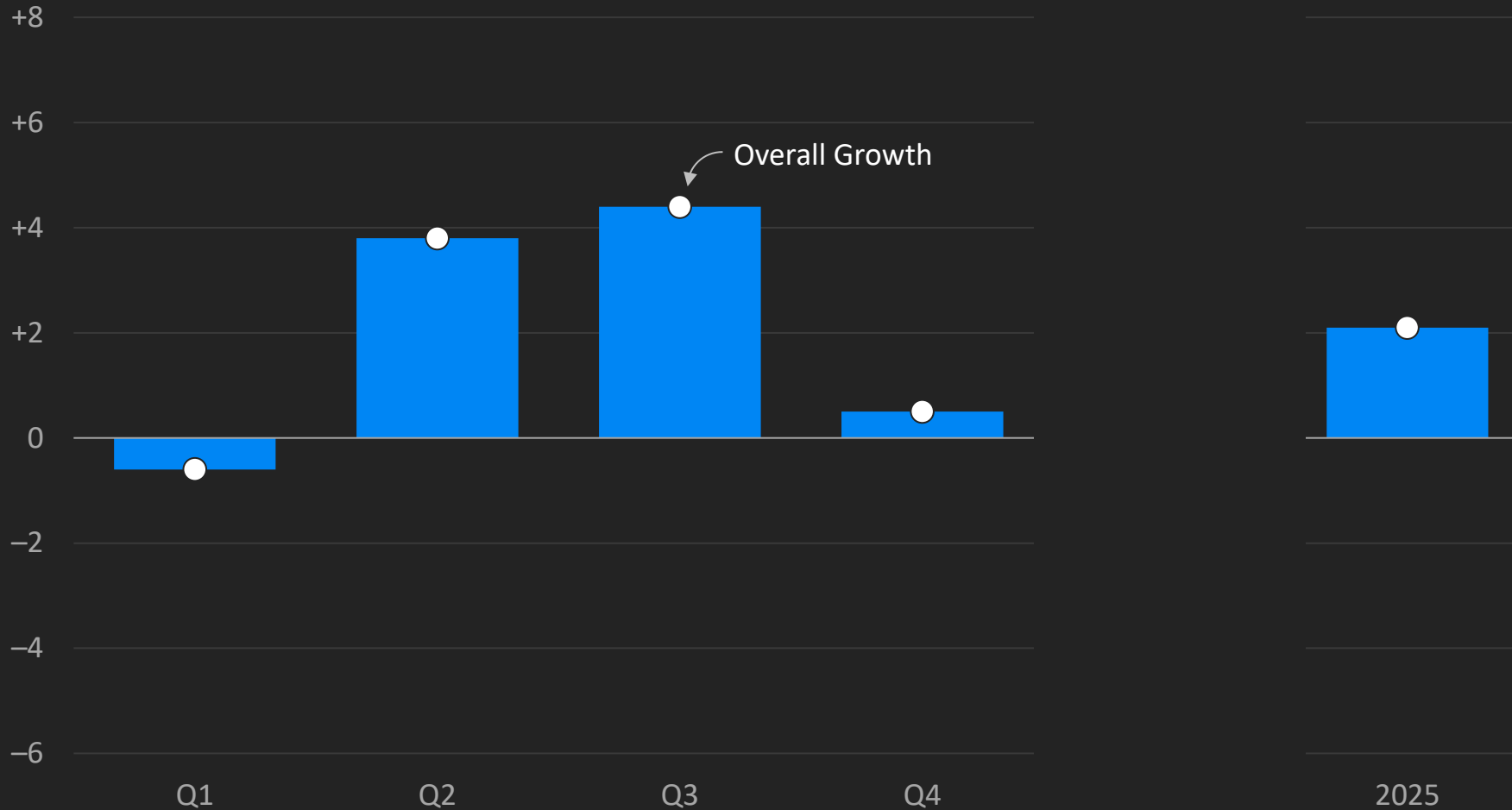




- If I told you that the economy added no jobs, inflation was persistently above target, consumer confidence was at record lows, and gas prices were over \$4/gallon due to geopolitical conflict, how would you guess the economy was faring?
- OK, sure, it held up fine in 2025, but what about 2026?

# Economic Growth Was Resilient in 2025 but Uneven

## Real GDP Growth



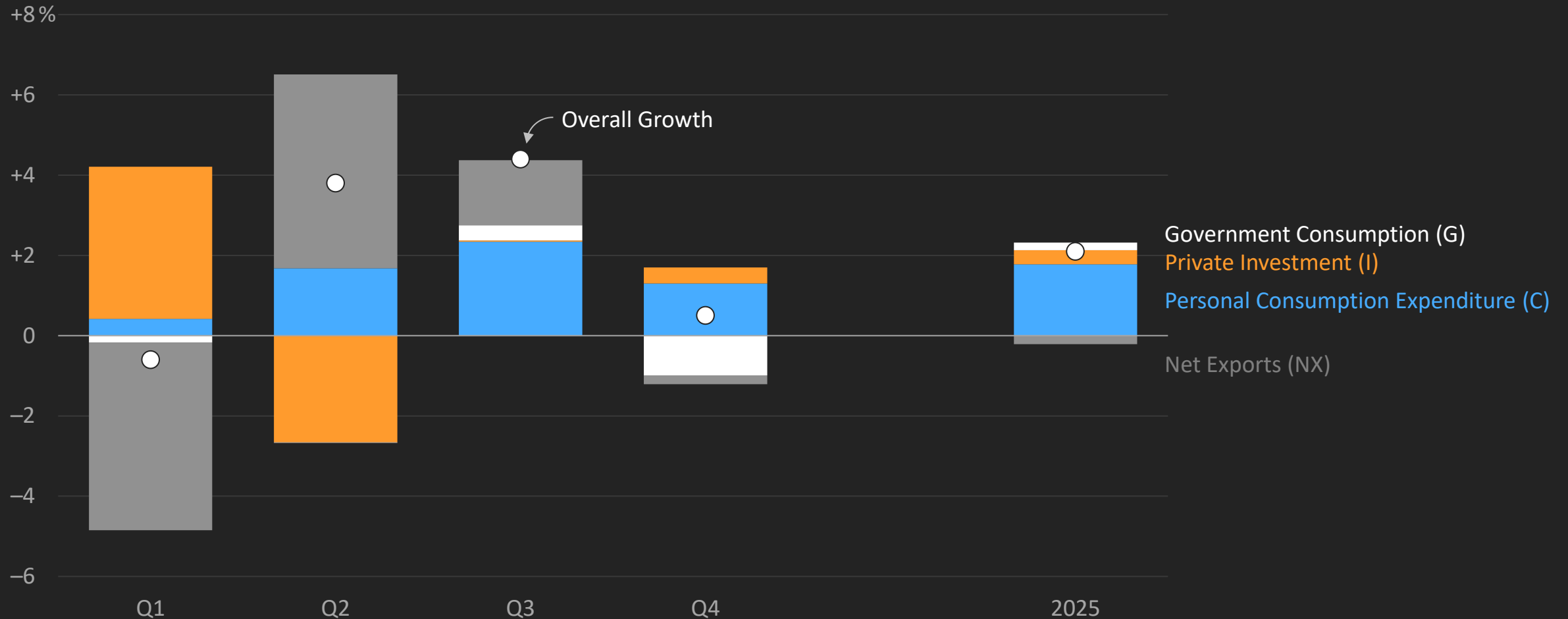
Source: US Bureau of Economic Analysis

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# Economic Growth Was Resilient in 2025 but Uneven

## Real GDP Growth by Major Category

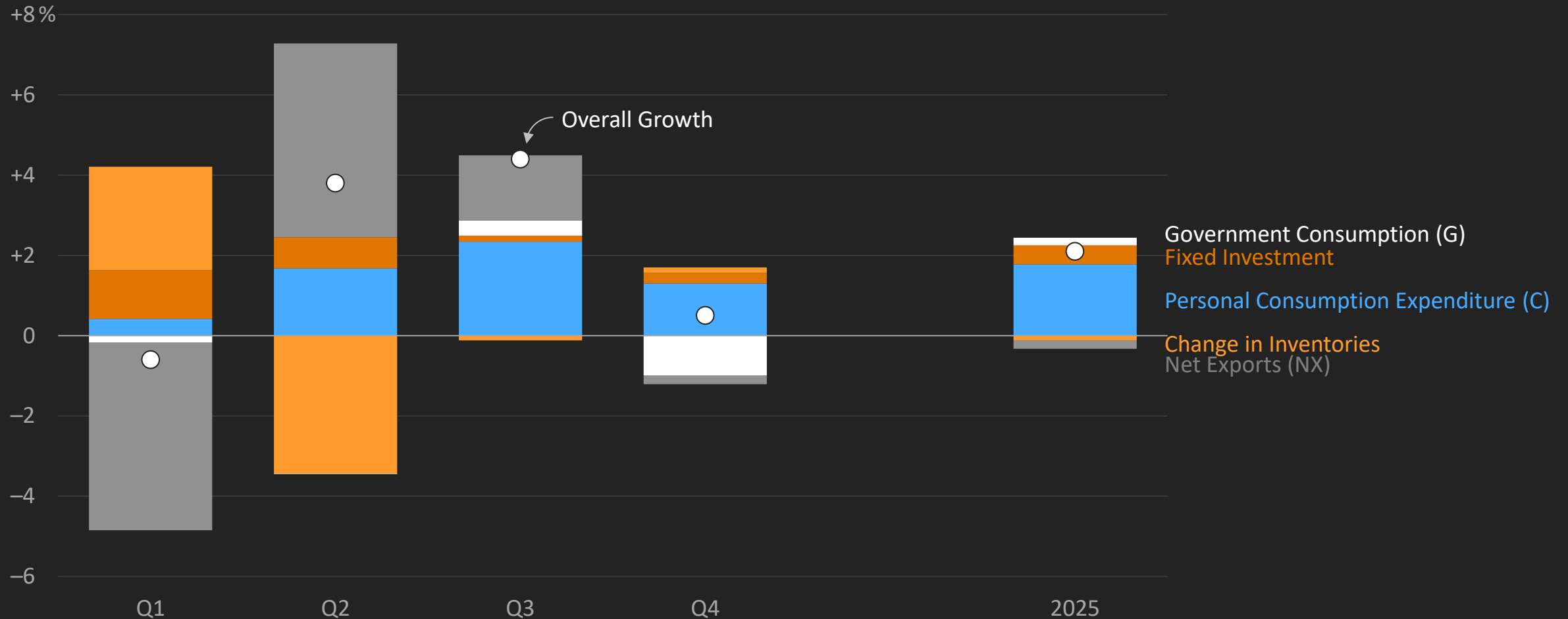


Source: US Bureau of Economic Analysis

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# Economic Growth Was Resilient in 2025 but Uneven

## Real GDP Growth by Major Category

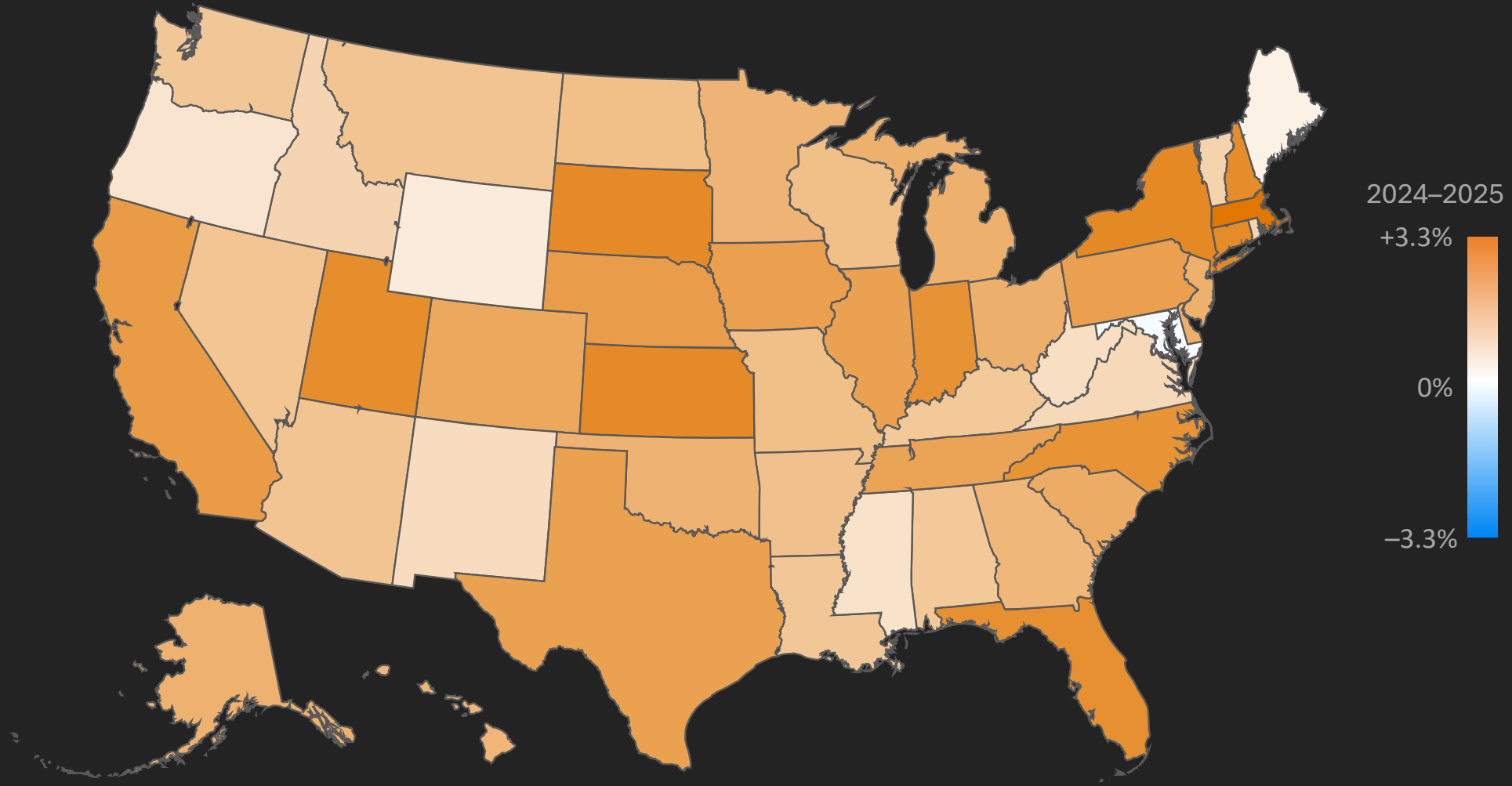


Source: US Bureau of Economic Analysis

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# The Economy Grew Across Most States

Real Gross State Product Growth



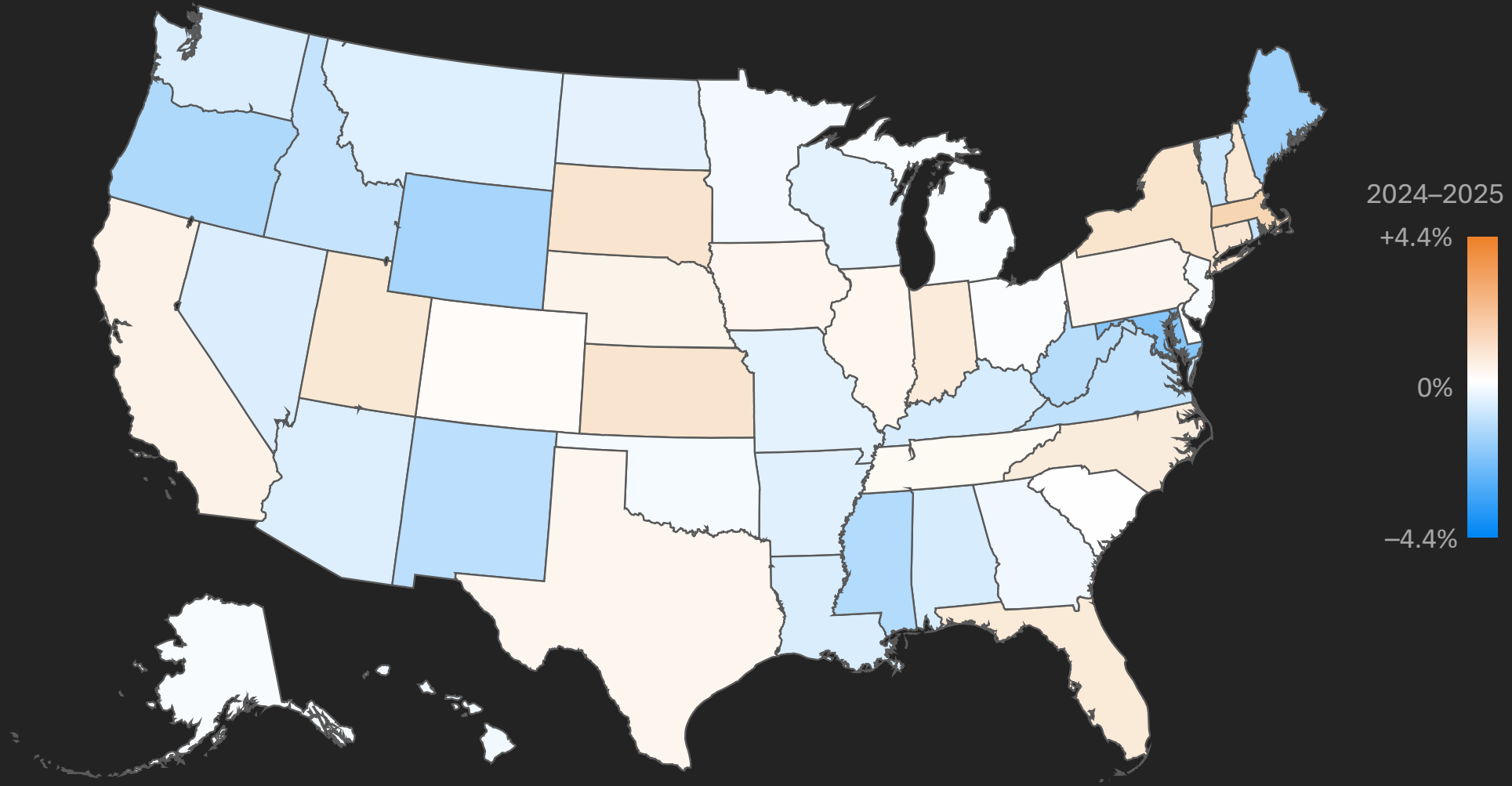
Source: US Bureau of Economic Analysis

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# Relative Growth Was a Bit More Uneven

State Growth Relative to US GDP



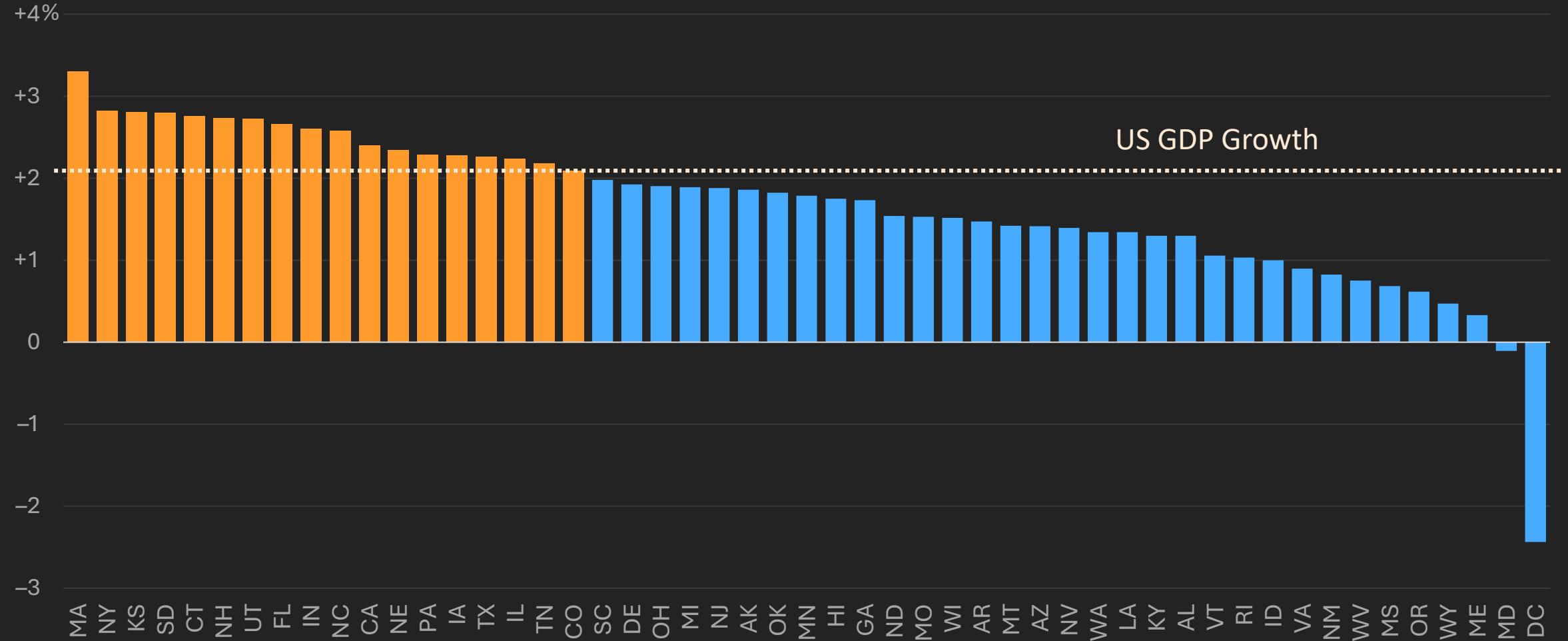
Source: US Bureau of Economic Analysis

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# Variation in Gross State Product Growth

Real GSP Growth



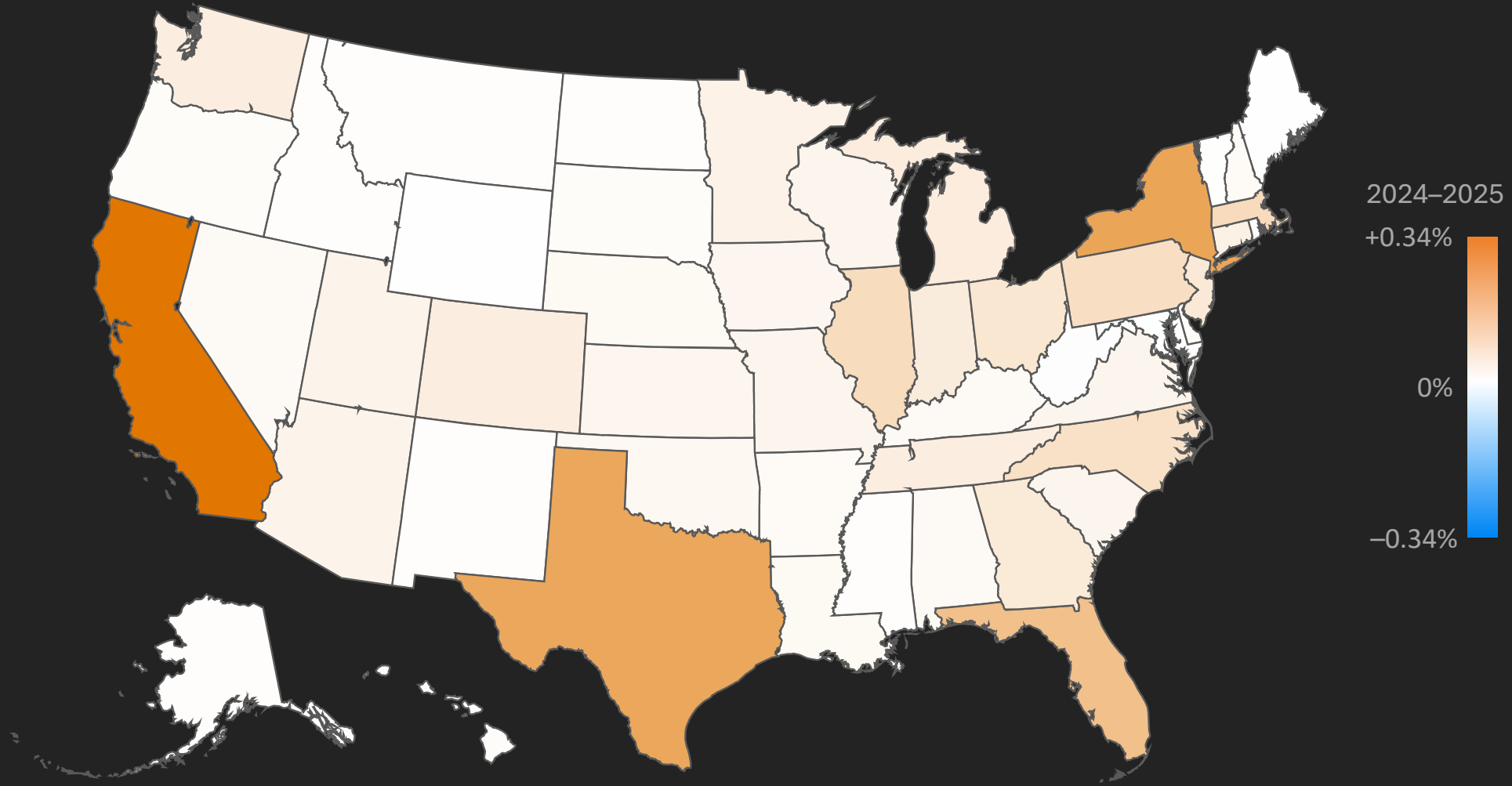
Source: US Bureau of Economic Analysis

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# The “Big 5” Did Most of the Heavy Lifting

State Contribution to US GDP



Source: US Bureau of Economic Analysis

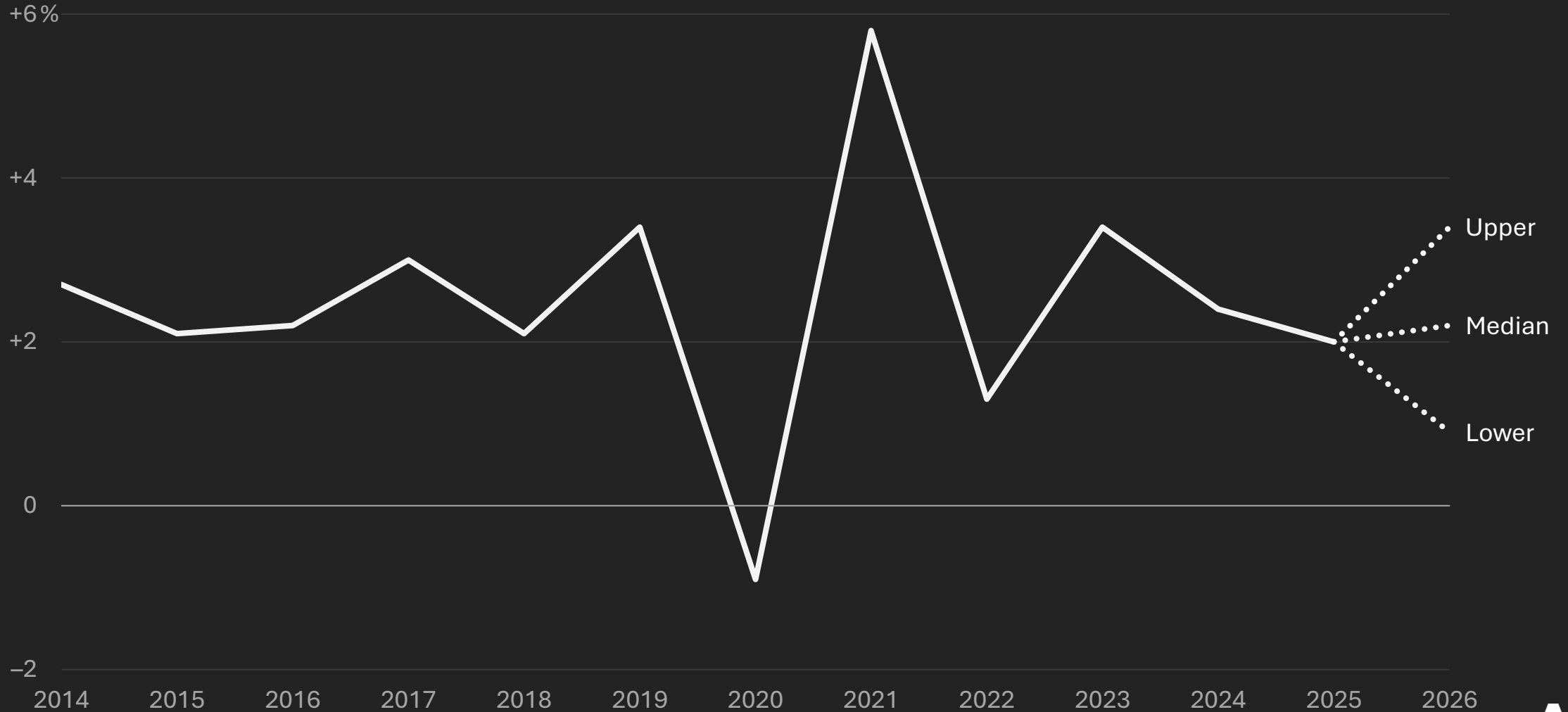
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**So, what does this mean for  
the US economy in 2026?**

# Economists' Predictions for 2026

Annual Growth of Real GDP as of May 8, 2026



Sources: US Bureau of Economic Analysis; Bloomberg

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# 2026 Outlook Risks

## Upside

- Productivity
- Labor Market Rebound
- Tax/Tariff Refunds

## Downside

- Economic Uncertainty
- Stagflation
- Unforeseen Shock



- Economic resilience has been a recurring trend
- Accelerating inflation risks undermining consumer resilience amid renewed affordability concerns
- Productivity has been a key driver of growth and is likely to continue in the near term



- Are the machines coming for your job?



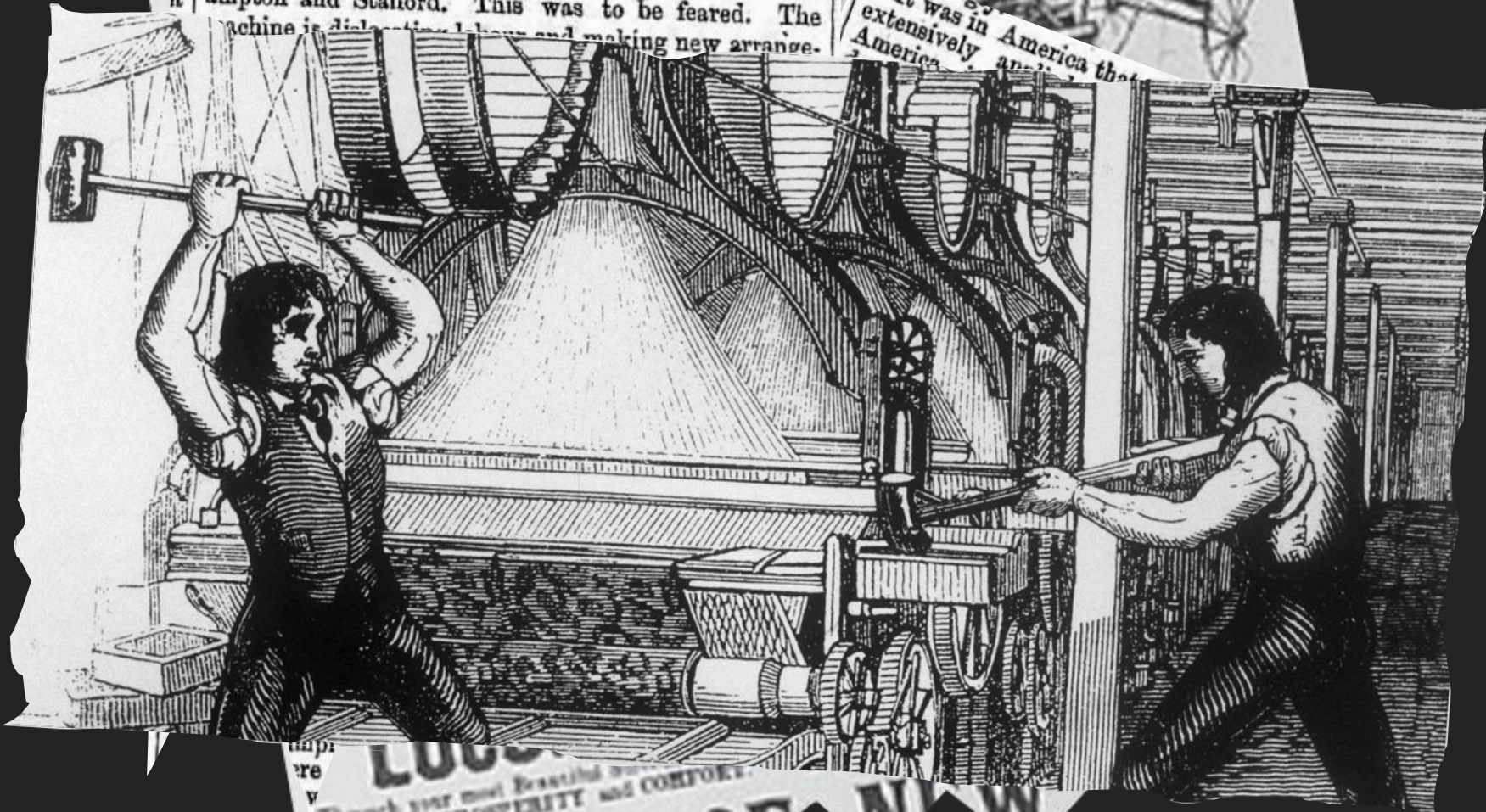
*A Brief History of  
Machines Taking Your Job*

# SEWING MACHINES AND STRIKES.

*(The Daily News.)*

The introduction of the Sewing Machine into the boot and shoe manufacture has led to strikes at Northampton and Stafford. This was to be feared. The machine is displacing labor and making new arrange-

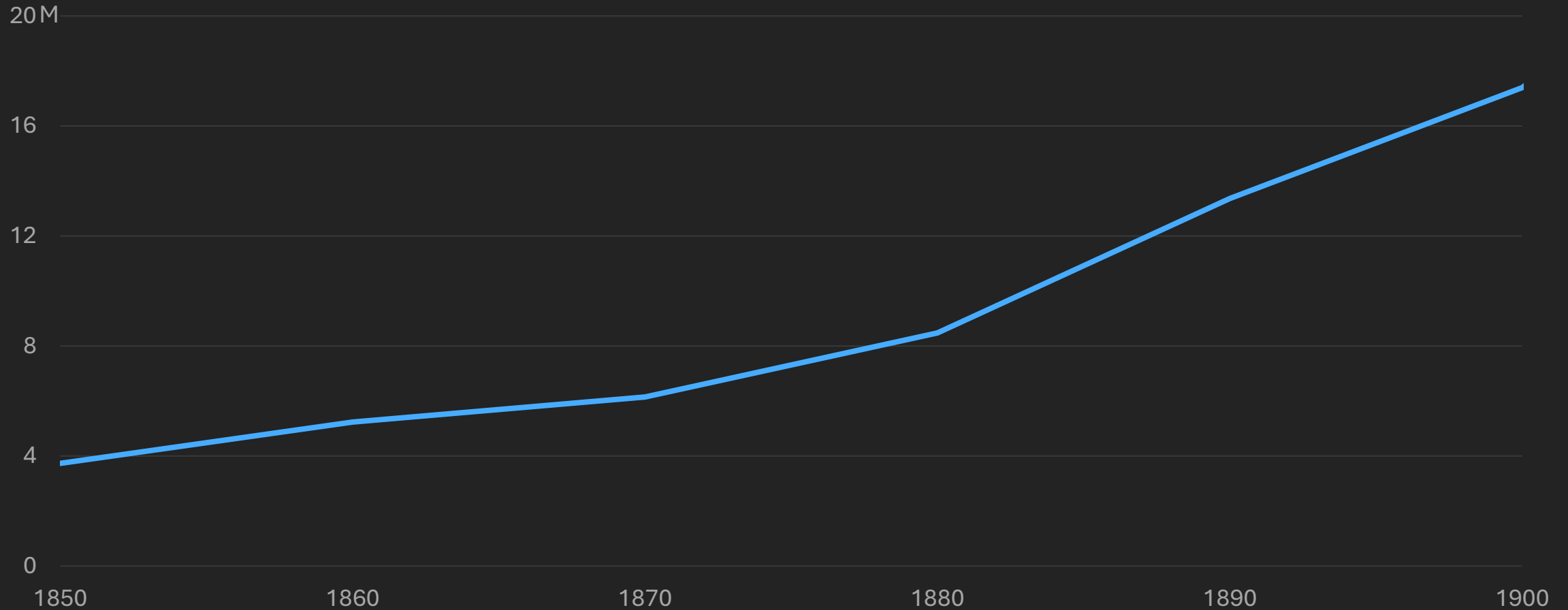
It was in America that  
extensively  
America



LUCK  
Through your most beautiful  
and your PROSPERITY and COMFORT.  
STAIRS OF NEW

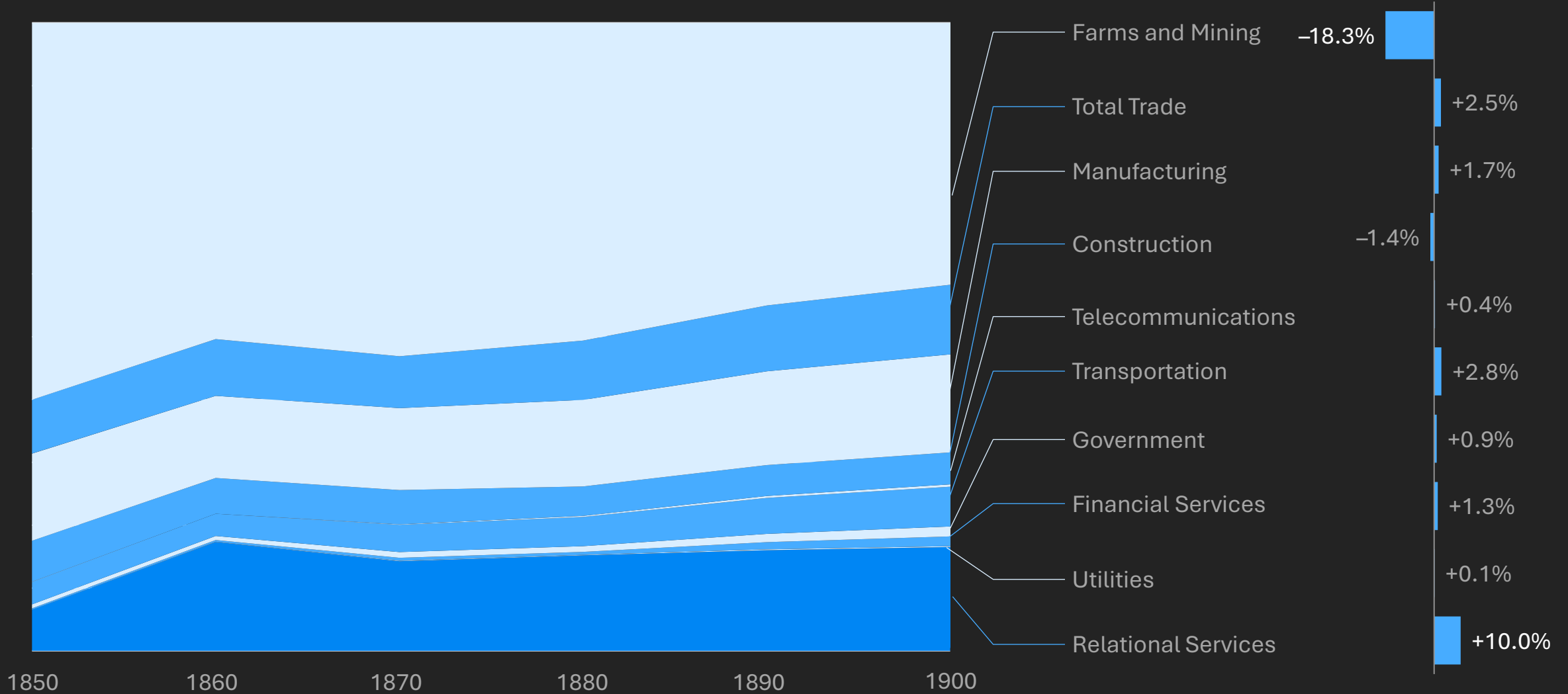
# A Brief History of Machines Taking Your Job

## Nonfarm Employment



Sources: US Bureau of Labor Statistics; National Bureau of Economic Research (Stanley Lebergott, "Labor Force and Employment, 1800-1960" and "Annual Estimates of Unemployment in the United States, 1900-1954")

# A Brief History of Machines Taking Your Job



Sources: IPUMS USA, University of Minnesota; NCCI

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**AIS**  
2026

# MARCH OF THE MACHINE MAKES IDLE HANDS

## Prevalence of Unemployment With Greatly Increased Industrial Output Points to the Influence of Labor-Saving Devices as an Underlying Cause

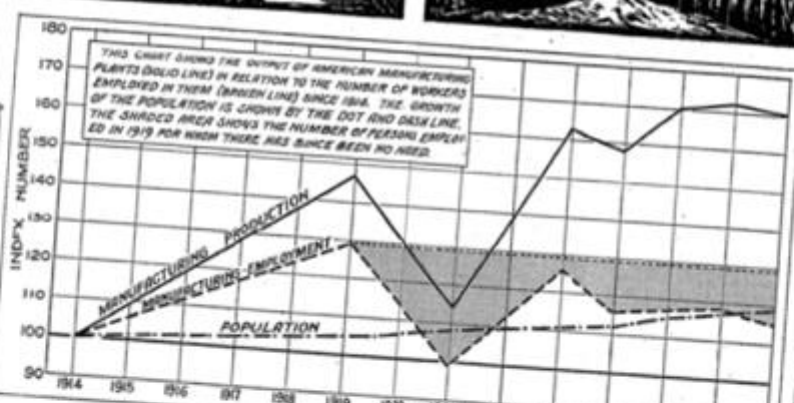
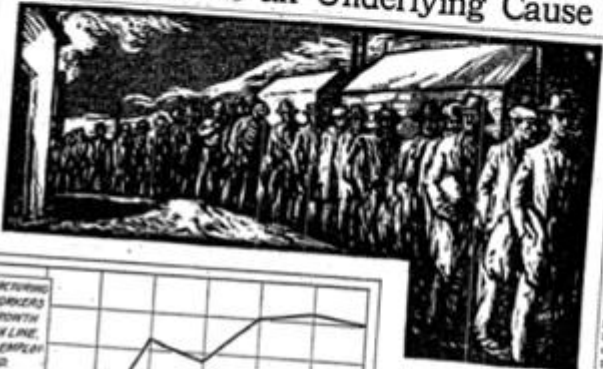
By EVANS CLARK.  
A FEW days ago the General Motors Corporation reported the largest year-to-date earnings ever made by a single concern in the history of America. Three days later Governor Smith made public a report from the New York Industrial Commission which called public attention to serious unemployment throughout the State; not since the depression of 1822, it was declared, have conditions been so bad.

The people of the United States in the shadow of a Providence stupor are presented with a social predicament as serious as it is dramatic. At a time when American prosperity has become an international sensation, when American affluence has become the eighth wonder of the world, the jobbing houses are crowded to capacity with men who want work but cannot find it; and the employment agencies struggle with herds of applicants for jobs that do not exist.

The nation has faced other unemployment crises. The same tired lines that saw gather in the Bowery have gathered there before. But the stock explanations do not altogether explain this one—and perhaps the stock remedies will not so surely relieve the present situation. Unemployment has always been associated with hard times. The exceedingly personal problems of Smith and Jones in finding a position have usually been easy or hard to solve in accordance with the ups and downs of that impermanent set of facts called the business cycle. When off their feet, the factories held them up again in time and job were to be had for the asking.

A different kind of crisis. The present employment crisis is distinctly different. Unemployment is not so good as it has been, it is true, but no marked and general decline has set in that can be compared to conditions in 1822 or in other years of depression. General figures are the only concern reporting great prosperity or planning for an active year to come. The United States Steel Corporation—a good barometer as can be found for the business atmosphere—is operating at 80 per cent. of capacity this month, compared with 60 per cent. at the close of last year.

The use of electric current—another good index of industrial activity—registered a 7 per cent. higher level than in the same month last year. There are soft spots in the economic fabric—coal and iron, for example—but the general picture is strong. What falling off there has been in industrial activity might



INDUSTRY CARRIES ON WITH FEWER HANDS  
The Nation's Factories Have Been Turning Out More Goods Than Ever While More Men Look for Work.

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have gone far to make construction a machine industry instead of a contractor's hand trade. One gantry crane takes the place of ten or twelve laborers. The load-carrier has disappeared before the invasion of the material hoist. In concrete construction poured into place without the touch of a human hand, the Chin figures record these results: with construction put up 21 per cent. more square feet of finished buildings last year than in 1927.

Coal mined by machines. Coal mining, popularly thought of as a highly skilled manual trade, is fast being transformed into a factory routine. Already 71 per cent. of American bituminous coal is mined by machinery. The coal companies could dig a year's supply of bituminous coal today with only a little over one-half the labor it would have required in 1901, and because little during the past four years, it has been taken care of with 23 per cent. less men. Steel companies can produce almost three times as much pig iron today as they did in 1904 with the same crew of men. In the past four years their output has grown 2 per cent. with 9 per cent. less labor.

Even in farming the process is at work. It is estimated that 40,000 harvesting and threshing machines have replaced more than 120,000 high-priced workers on American farms. Last year alone the American farmer saved \$10,000,000 by substituting machinery for hired hands. It is no wonder that farm labor has declined 5 per cent. in the last four years while farm products have gone up 20 per cent.

The Eliminated Hands. The full story of men displaced by machines has yet to be written. For each individual, of course, it is a unique saga of hopes and fears, disappointments, and, sometimes, self-fulfillment. But the main outline of the plot in such cases are much the same. Some of the men whose places are taken by a machine are given such an obsequious, even only take place when the firm's operations are expanding faster than labor-saving devices are being installed. The rest are those not set of work as their places are not filled. When they leave their own accord, when they leave their own jobs, when they leave their own jobs, men who have been eliminated from other companies by the same inexorable process. Only a general expansion of industrial activity—and an expansion which continuously exceeds industry's advancing self-

“exodus from the farm.” But the exodus finds an increasing surplus of labor in the manufacturing town, and when the factory worker moves to the country he finds more men than work on the farms. The shaded area on the agricultural chart shows the area of unemployment in farming, which is due to the failure of employment to keep pace with the population.

Two examples from the daily lives of New Yorkers illustrate the significance of these changes in employment. Ten years ago the International Harvester carried a grand on each platform, who opened and closed the doors and operated by compressed air and one man often controls them on a whole train of cars. This improvement has reduced the number of guards 30 per cent., even though the number of passengers transported has increased 30 per cent. The substitution of turn-plates for ticket choppers has cut down men from 1,000 to 471.

Striking Changes in Big Industries. The same process that throws the guards and ticket-choppers out of a job on the subway has operated in a varying degree in every industry. The amazing increase in the refining of oil is largely due to the general adoption of “troubled” and other improved methods of manufacturing. The

ately. But it is of immediate public interest to review those facts which are at hand.  
These lines of inquiry are in order: First, is there an unemployment crisis today? If the situation here is exaggerated the problem enters door and the second question concerns production. Have American companies been shut down in sufficient numbers to account for the shortage? If they have unemployment would that be 100,000 or 1,000,000?

high figures of that period. During the past year employment has been approximately 17 per cent. higher than it was during the year of 1921. New York figures are both higher and lower than elsewhere. Massachusetts apparently has felt the slump even more acutely than New York. It is true that in England, in the early days of the recession, many labor unions have continued to insist it is a mere

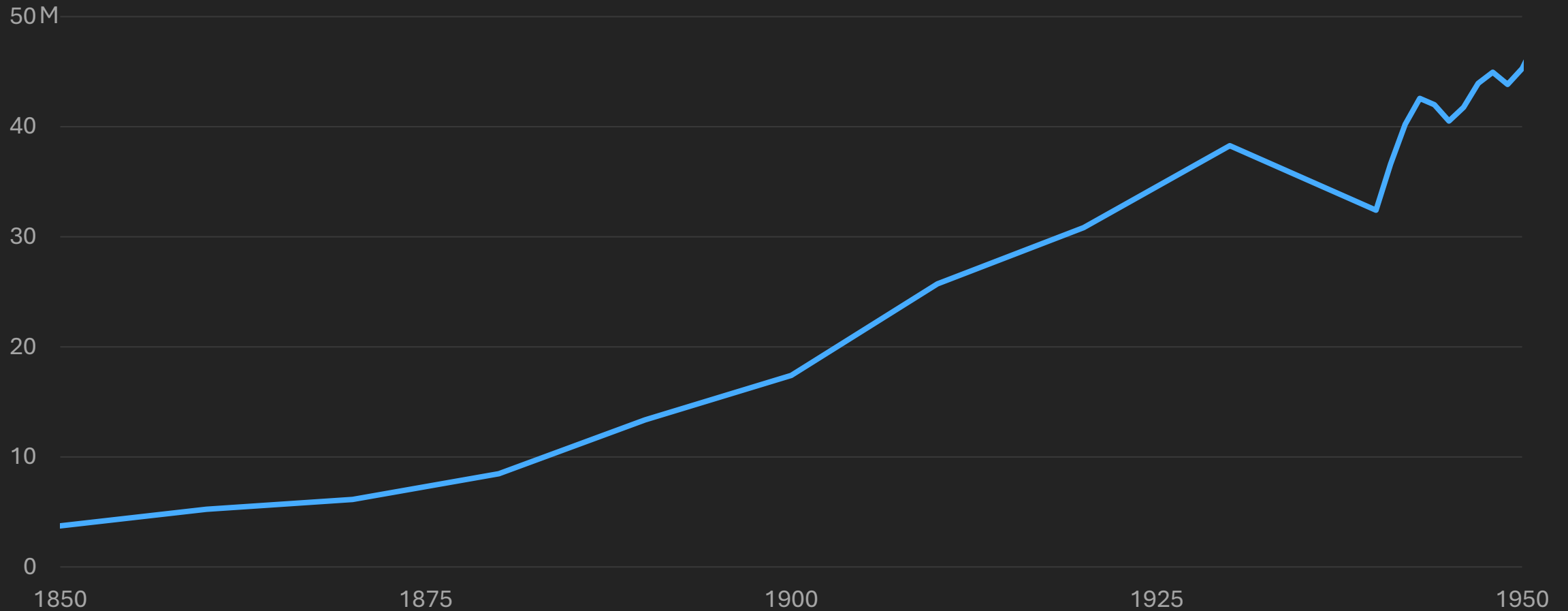
The existence of serious unemployment is well established; the next question concerns production. One would expect to find a slump in factory output last year that would roughly correspond to the decrease in jobs. But precisely the reverse has occurred. The factories and foundries of the United States produced more goods and services in 1927 than at any time in history, with the exception of the previous year, which was only 2 per cent. higher in fact the month of May last year

OUTPUT AND EMPLOYMENT  
1914-1927

YEAR	INDUSTRIAL PRODUCTION	FACTORY EMPLOYMENT
1914	100	100
1915	105	105
1916	110	110
1917	115	115
1918	120	120
1919	125	125
1920	130	130
1921	135	135
1922	140	140
1923	145	145
1924	150	150
1925	155	155
1926	160	160
1927	165	165

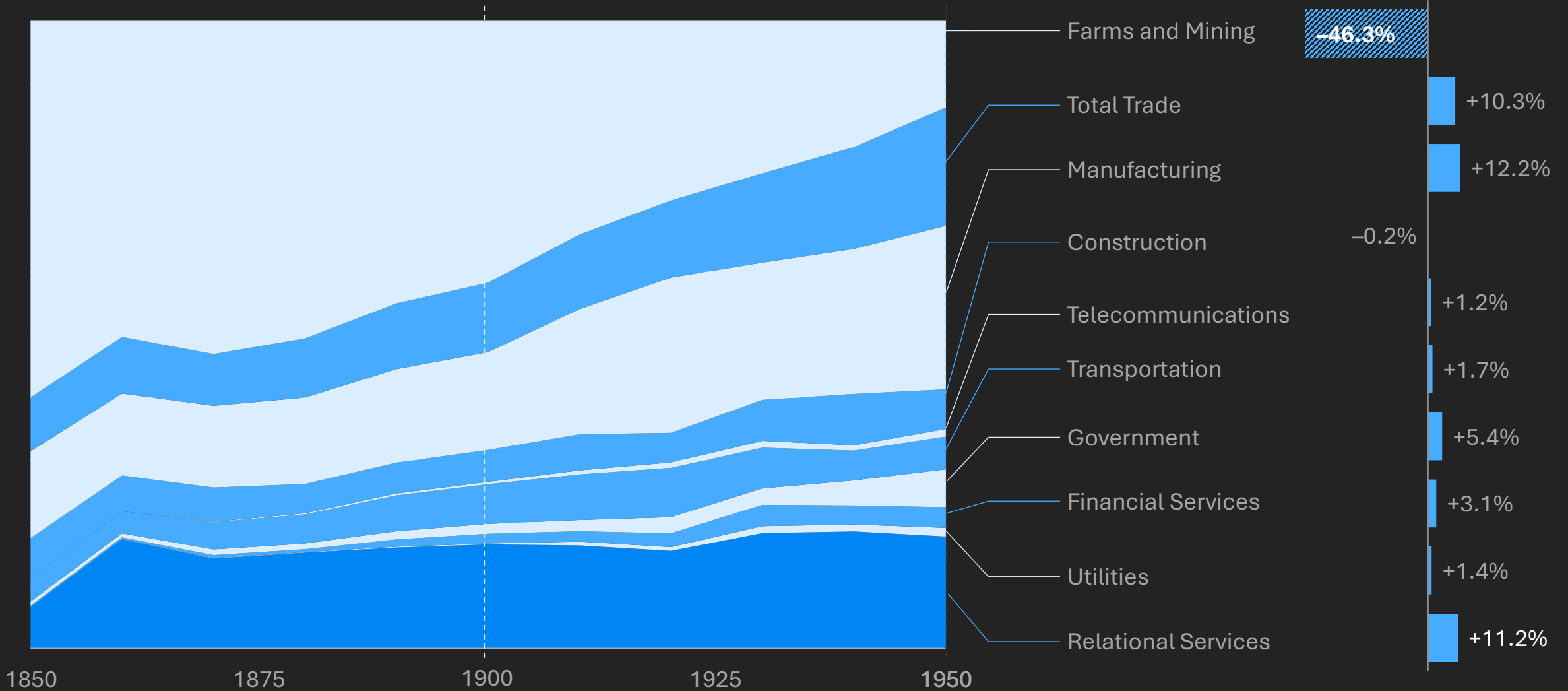
# A Brief History of Machines Taking Your Job

## Nonfarm Employment



Sources: US Bureau of Labor Statistics; National Bureau of Economic Research (Stanley Lebergott, "Labor Force and Employment, 1800-1960" and "Annual Estimates of Unemployment in the United States, 1900-1954")

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2026

Growing technologies, shrinking jobs: a limit to 'employment'

# Roots of crime in a workless world

Here's what happens when people are rendered powerless and hopeless by a technological society that no longer needs their labor.

By JEREMY RIFKIN

**A** new study reports that one in three black men in their 20s are imprisoned, on probation or on parole in the United States.

The breakdown of the African-American family and drug abuse are often cited as the immediate causes of the increase in crime.

Yet, a look back at the economic roots of the present crisis offers a far more telling explanation for the current plight facing African-American men. Their story needs to be retold, as it is an object lesson for what may lie in store for young white males in the years ahead.

In the mid-1950s, automation began taking its toll in the nation's manufacturing sector. Hardest hit were unskilled jobs in the very industries where black workers were concentrated.



some new jobs, they will likely be far too few to absorb the millions of workers displaced by the new technologies. That's because the new Information Age economy is based on the use of ever-smaller, elite work forces combined with automated technologies to process goods and services, while the industrial economy relied on mass human labor to produce goods and services.

The steady decline of mass labor threatens to undermine the very foundations of modern society. For nearly 200 years, the heart of the social contract and the measure of individual human worth have centered on the value of each person's labor. How does society even begin to adjust to a new economic era in which most people's labor is increasing in value and even made worthless?

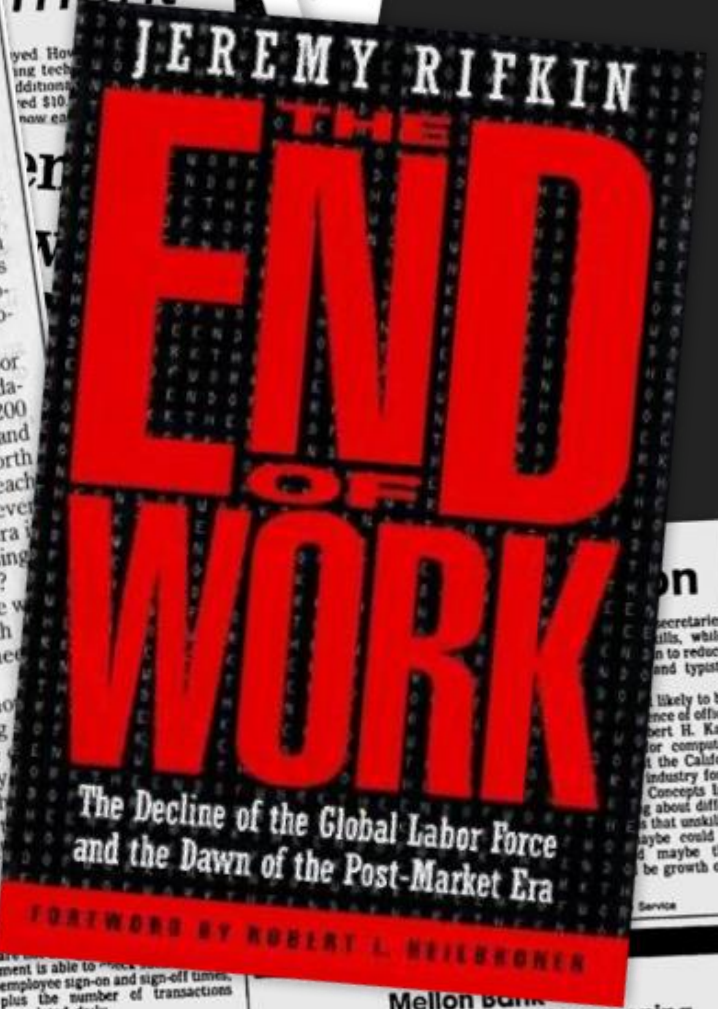
Every nation will have to grapple with the question of what to do with millions of people whose labor is needed, or not at all.

The growth of the penal economy is one way to address the growing unrest, crime and violence. If we continue along that path, we are likely to see increasing numbers of both white and black males in jail in the years ahead. The alternative is a soul-searching nationwide debate on how best to harness the vast productivity gains of the Information Age to give every

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Your Job

Such a socially destructive use of technology need not be inevitable.

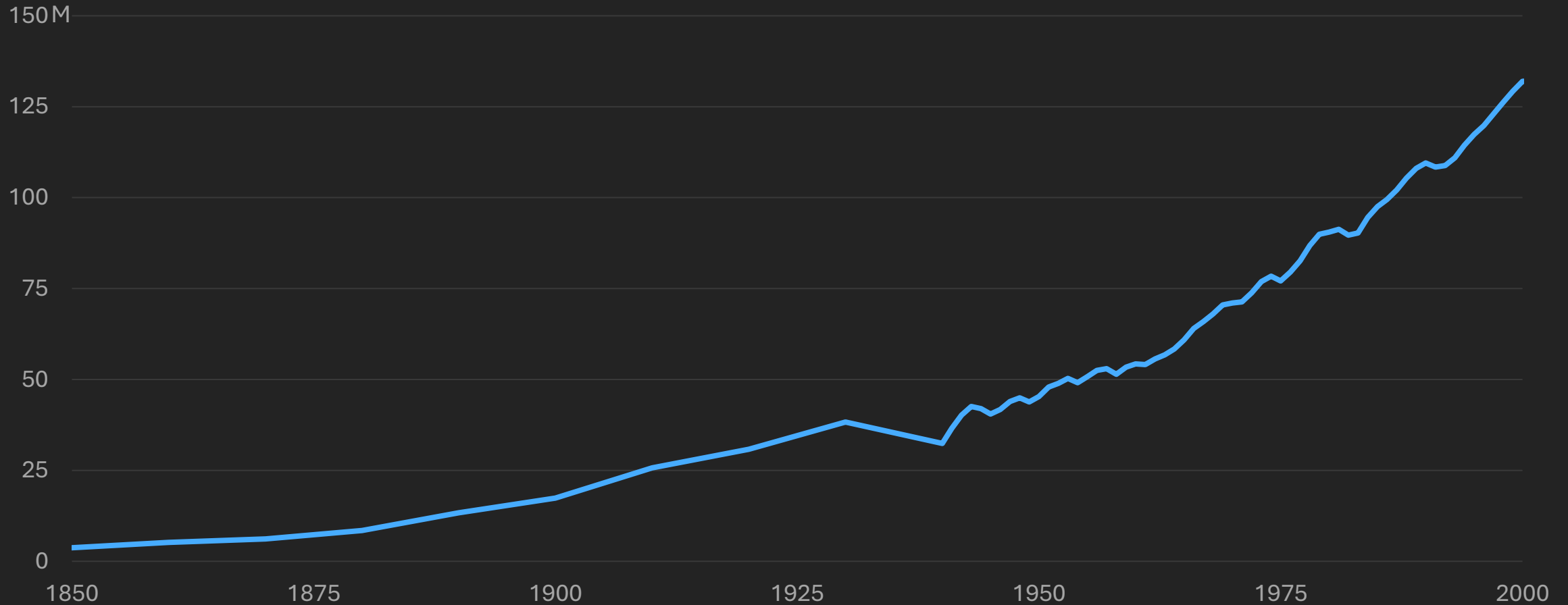


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employee sign-on and sign-off times,  
plus the number of transactions  
completed daily.

Mellon Bank  
announces the opening  
of a Representative  
Office in  
Seoul, Korea

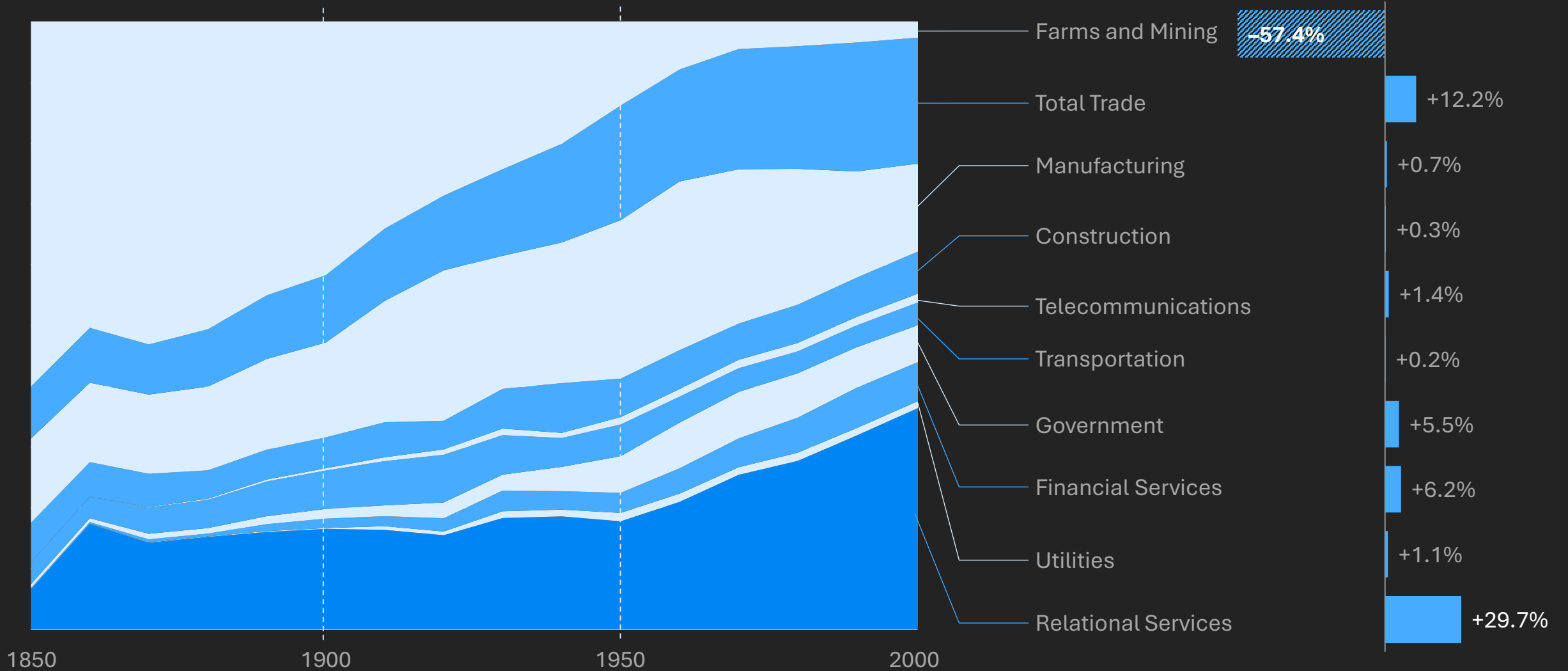
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### Technology Job Worri

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change is making jobs less  
the United States, Alan Gr  
the Federal Reserve chair  
today, suggesting those  
would keep a cap on wage  
and inflation even as unemp  
holds close to a 30-year low.  
This "heightened level of p  
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"income byproduct" of  
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# Block Cuts 40% of Its Work Force Because of Its Embrace of A.I.

About 4,000 workers will lose their jobs as the payments company does more work with new artificial intelligence tools, its top executive said.



By **Natalie Rocha**  
Reporting from San Francisco

Feb. 26, 2026

Block, the financial technology company that owns Square, Cash App and Tidal, said on Thursday that it was cutting 40 percent of its work force as it embraced new artificial intelligence tools.

About 4,000 employees are expected to lose their jobs, Jack Dorsey, the company's top executive, said in [a social media post](#).

The cuts, made as Block reported strong financial results for its most recent quarter, are perhaps the most striking example so far of a technology company's making plans to eliminate employees because of A.I.

Mr. Dorsey wrote in his post that he wanted to act decisively rather than "cut gradually over months or years as this shift plays out."

### Internet Piracy



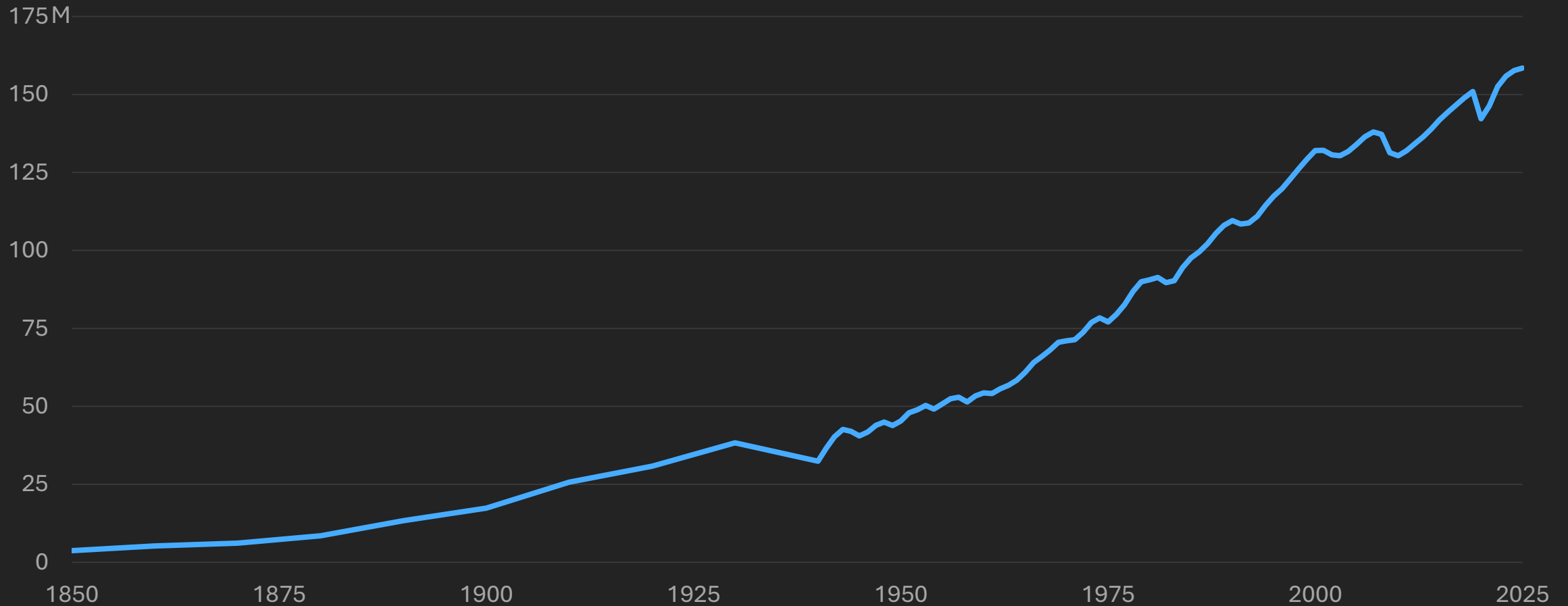
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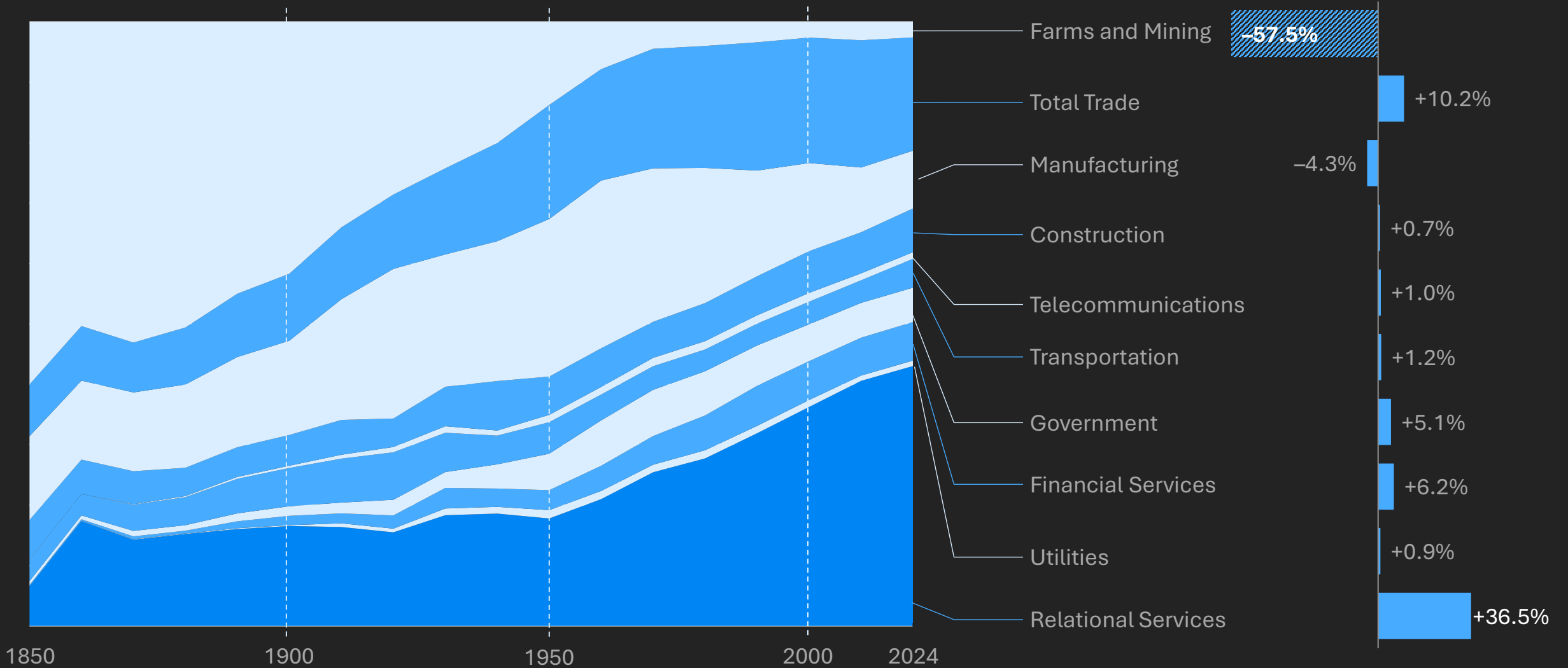
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*The Next Frontier of  
Technology*

- Technological change has consistently impacted work for nearly 200 years
- Some jobs will cease to exist while new ones will be created
- Relational (people-to-people) sectors will likely account for a growing share of jobs







The Economy



Growth

- The economy was resilient in 2025 overall, led by consumer spending
- State economic performance was more varied
- Forecasters predict another resilient year of growth, led by productivity gains



Employment

- Employment barely grew in 2025; it was concentrated in one sector
- The labor market remains in balance as both demand and supply have cooled
- Early signs of labor market strengthening in 2026



Inflation

- Inflation softened in 2025 but remained stubbornly above target
- Tariff impacts have been muted
- Energy prices are accelerating inflation in early 2026; stagflation risks are low



The Future

- The labor force has been impacted by technological change for centuries
- The types of work done will continue to evolve around technology
- Technologies of today will continue to expand relational sectors

# 2026 State of the Economy Insights