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ADP Research Institute® Reveals Economic Confidence Gap in U.S. Midsized Businesses

Cost of Health Coverage and Benefits, Complexities of the Affordable Care Act (ACA) and Volume of Government Regulation Top Concerns of Midsized Businesses

ROSELAND, N.J. - October 13, 2014 - A new study released today, by the ADP Research Institute®, a specialized research group within ADP®, a global leader in Human Capital Management (HCM), reveals a gap in confidence for midsized businesses when it comes to the U.S. economy. The study shows that while only 15 percent of midsized businesses are confident that the U.S. economy will improve in the next 12 months, more than half, or 51 percent, expect they will see improvement in the industry in which they work. The annual study also uncovers top concerns of midsized business owners. This year the cost of health coverage and other employee benefits, the complexities of the Affordable Care Act (ACA) and the level and volume of government regulations were the top three concerns of midsized businesses.

This study defines midsized businesses as those with 50 to 999 employees. According to the National Center for the Middle Market, midsized businesses represent nearly one-third of private sector U.S. GDP and contribute to more than a third of U.S. jobs.

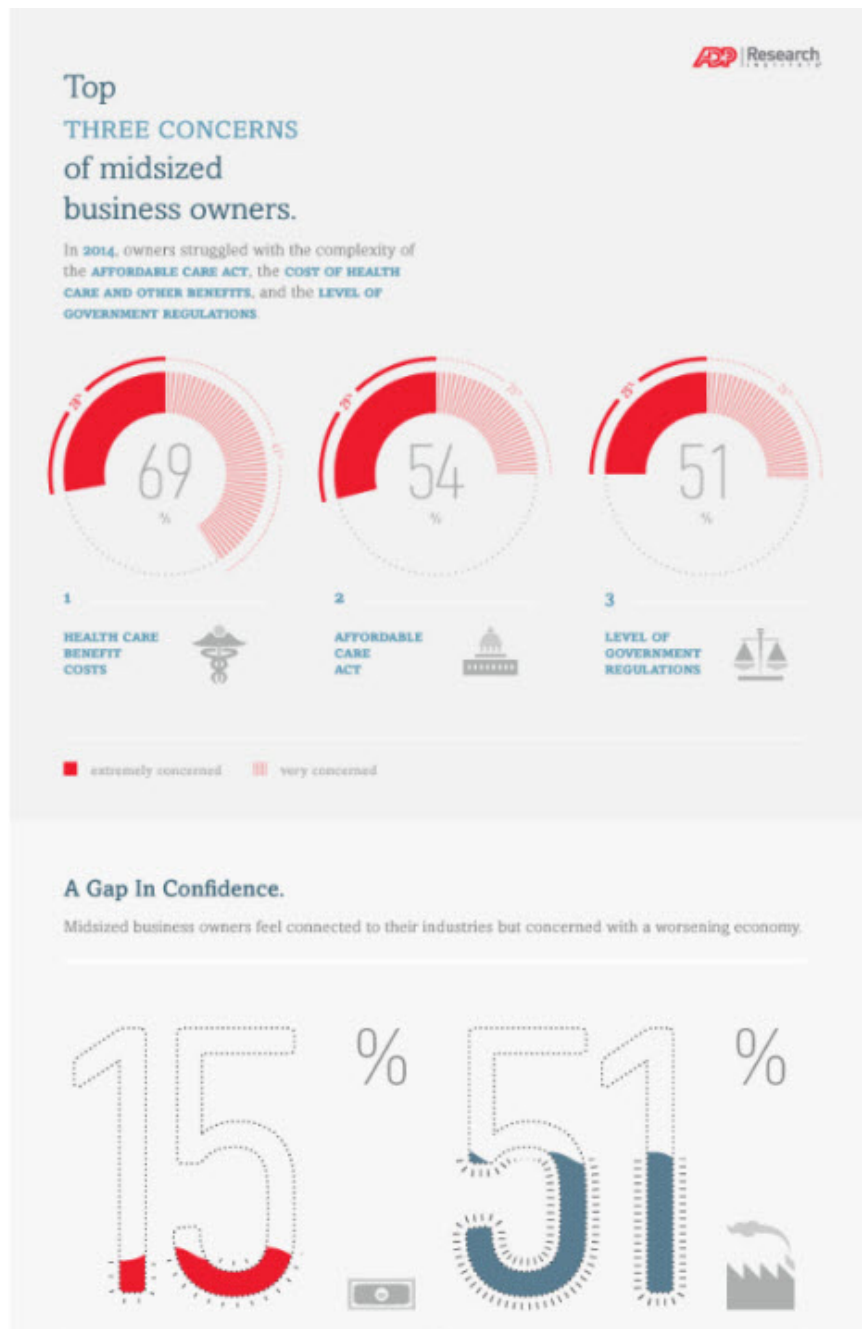
"Midsized businesses, those that live between Main Street and Wall Street, are major drivers of the U.S. economy," said Anish Rajparia, President of Major Account Services at ADP. "The concerns and trends highlighted in this report provide valuable insights into this significant, yet understudied business sector."

In its third year, the study examines the concerns, perceptions, challenges and plans of more than 750 business owners and executives at U.S. midsized companies. This year's findings point to the following top three concerns for midsized business owners and executives:

1. Sixty-nine percent are concerned with the cost of health coverage and other benefits
2. Fifty-four percent are concerned with health care reform legislation
3. Fifty-one percent are concerned with the level and volume of government regulations

Another key finding is that more than one-third of midsized businesses reported being fined or penalized for not complying with laws pertaining to how they manage their workforce. Interestingly, of those fined, 58 percent did not know how much the fines cost and 47 percent did not know how many times they were fined.

"According to ADP internal data, in 2013 alone there were more than 19,000 proposed changes to laws and regulations that impact how businesses manage employees, so it comes as little surprise that the level and volume of



government regulation made our list of top concerns three years running," added Rajparia.

To obtain a free copy of this ADP Research Institute whitepaper visit <http://adp.com/MidsizedBusinessConcerns>.

About the ADP Research Institute®

The ADP Research Institute provides insights to leaders in both the private and public sectors around issues of human capital management, employment trends and workforce strategy.

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The Struggle for Confidence Between Main Street & Wall Street
2014 MIDSIZED BUSINESS OWNERS STUDY

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