the budget lab

How to interpret the annual jobs revision

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Key Takeaways

1. BLS benchmark revisions are part of a long-standing BLS process that improves ultimate accuracy without sacrificing timeliness of initial estimates.
2. Recent benchmark revisions have been large and negative, possibly reflecting deterioration in payroll survey response rates as well as cyclical factors.
3. Preliminary estimates of the benchmark revision predict near-term jobs growth, though not after adjusting for other cyclical indicators.

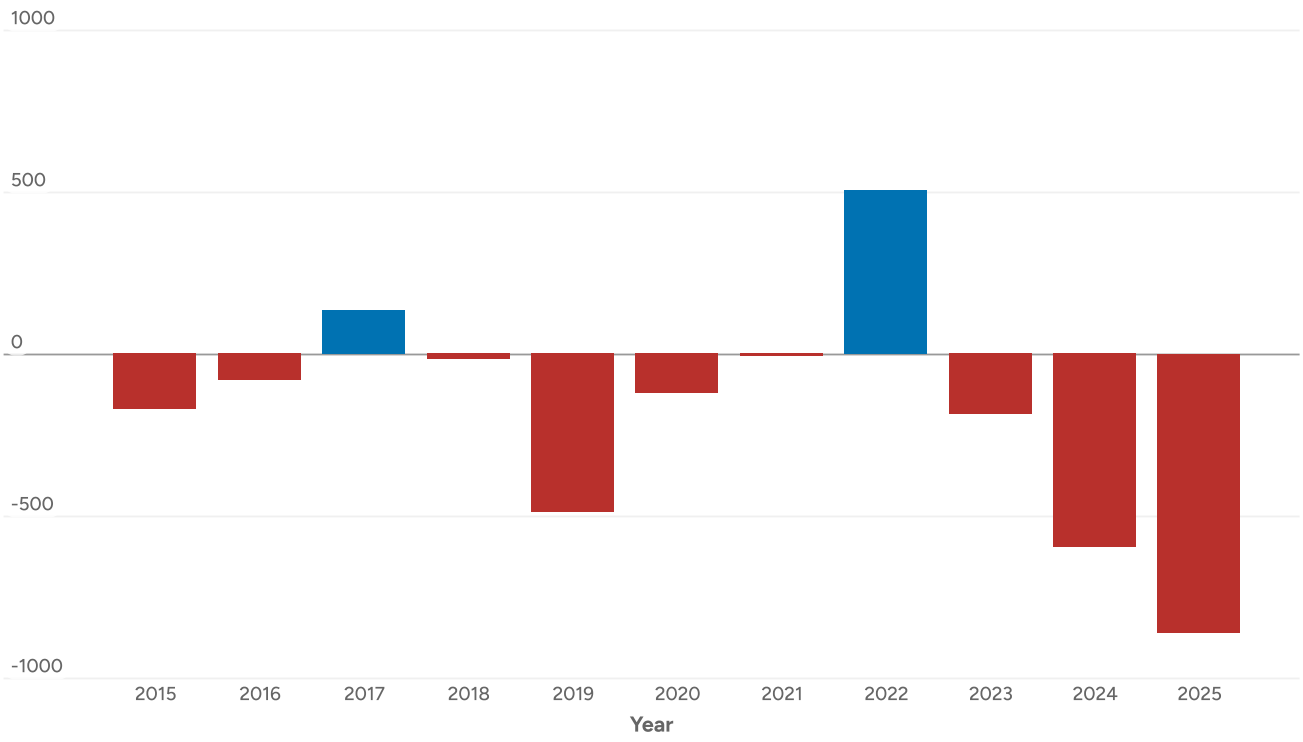
Measuring the number of jobs in America is difficult. The Bureau of Labor Statistics is tasked with estimating this number—which stood at 158,858,000 nonfarm jobs in July 2026—almost in real time.[1] Because the BLS payroll survey balances timeliness with accuracy, it subsequently revises the estimate in two different ways. First, it adds late-arriving survey responses from employers and adjusts its estimates for the prior two months: the monthly revisions discussed in a previous Budget Lab analysis. Second, it uses much less timely data from unemployment insurance records (which provide a near-census of employment) to make an annual "benchmark" revision.

On August 28, 2026, the BLS will publish a preliminary estimate of that benchmark revision. In past years, benchmark revisions have tended to be large, as shown in Figure 1.[2] How exactly does the revision work and why does the BLS handle things this way? What might we expect to see in the upcoming estimate? And what do these revisions mean for how we understand the labor market?

FIGURE 1

Recent annual benchmark revisions have tended to be large and negative

Total nonfarm employment, benchmark revision, thousands of jobs (NSA)



Final revision level, not seasonally adjusted.

Data Image

Source: U.S. Bureau of Labor Statistics, CES National Benchmark Article, Table 4.

What is the preliminary benchmark revision?

Each month's employment estimate is based on a large survey of employers, who report how many workers are on payroll. For many other statistical measurements, this would be where matters stop: the survey estimate would stand forever as the only measure, perhaps subject to a minor change in seasonal adjustment. For the payroll survey, there is another big step: the benchmark revision. Each year, that revision is applied in full to employment for March of the previous year, while the estimates for the preceding 11 months are adjusted in a linear fashion (e.g., 11/12 of the revision is applied to February, 10/12 to January, and so on). A preliminary estimate of the revision is published around mid-year; on August 28, 2026, we will learn what the revision is likely to be for employment in March 2026 and earlier months.

The annual benchmark revision is only possible because a different dataset (the Quarterly Census of Employment and Wages, or QCEW) eventually provides us with a more accurate count of jobs. It is based on administrative data from unemployment insurance records, which is unaffected by nonresponse bias or sampling error. This advantage has likely become even more important in recent years as response rates for the payroll survey (along with many other surveys) have fallen.

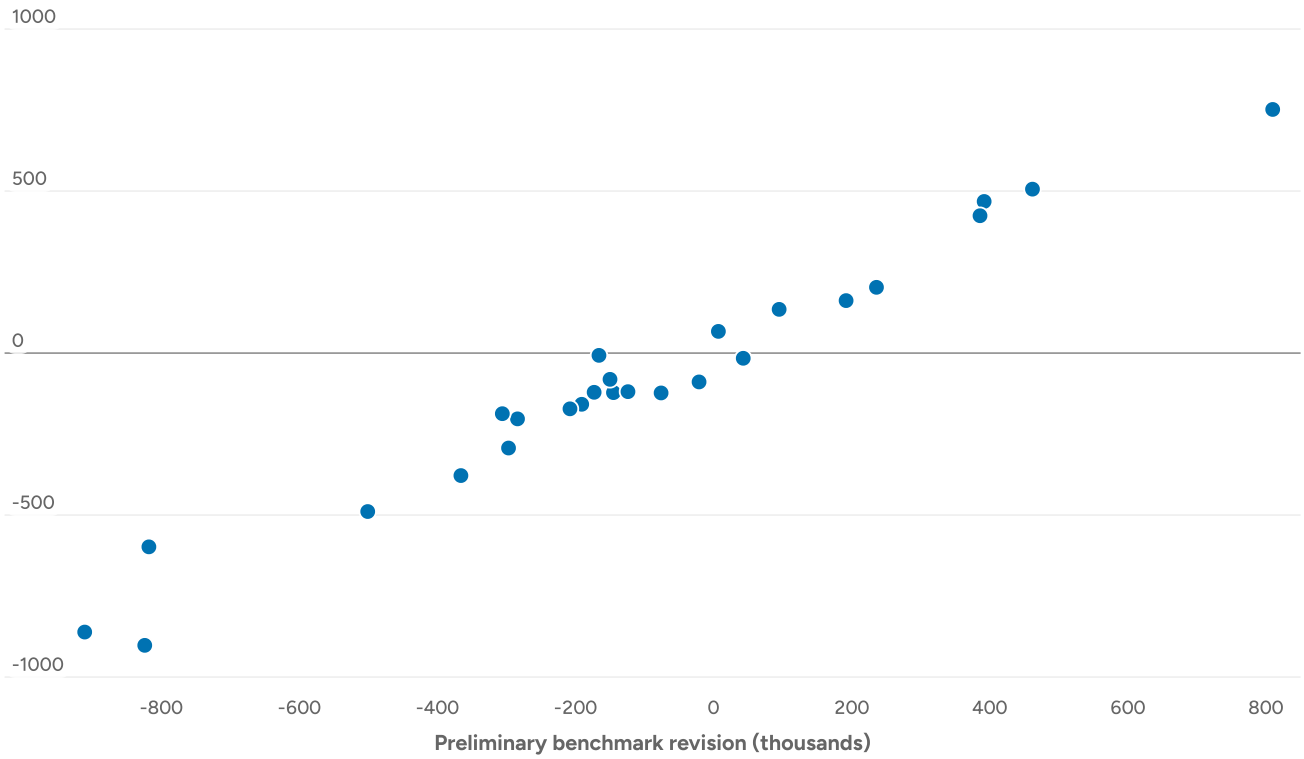
However, when the benchmark revision is large, it can give the impression that the original estimates were of low quality or that the BLS is taking an unusual action inconsistent with its ordinary process. This is not the right interpretation.[3] Rather, the annual benchmark revision is part of a long-standing process designed to balance

timeliness (survey estimates arriving only a few weeks after the fact) and accuracy (eventual alignment with the near-universe of job counts).

The annual revision itself embodies that tradeoff. The revision begins with a preliminary version at mid-year and ends with a final revision announced the next February. The preliminary estimate is generally quite close to the final revision, as shown in Figure 2.

FIGURE 2

The preliminary estimate is rarely much different from the final benchmark revision



Each point is one benchmark year, 2000–2025. Preliminary is the estimate published each August/September; final is the subsequent year's revision.

Data Image

Source: U.S. Bureau of Labor Statistics, CES National Benchmark Article, Table 4.

What should we expect in the preliminary revision?

In absolute terms, benchmark revisions have sometimes been large, as shown above in Figure 1. But it is helpful to consider the context: even the 2025 final revision of -861,000 was only 0.5% of total employment.

Benchmark revisions reflect a few kinds of differences between the QCEW and payroll survey estimates. One kind is about the so-called birth-death model, which is an adjustment to monthly survey estimates that considers the businesses that recently opened (and have not yet answered the survey) or closed (and can no longer answer the survey). For the 2024 and 2025 benchmark revisions, inaccuracies in this model were not the principal source of error (Decker 2026). Two other issues—response and nonresponse error—were collectively the more important contributors. Businesses that appear in both the payroll survey and QCEW sometimes report differing levels of

employment (two-sources response error). And as noted above, only some businesses contacted for the survey choose to answer it, which is a problem to the extent that their employment patterns differ (non-response error).

It is difficult to know in advance how large these errors will be, but we can make a few informed guesses based on existing information. First, we know that past benchmark revisions tend to predict subsequent revisions to some extent (Pinheiro and Quinlan 2026). Second, we already have some (though not all) of the QCEW data, which serves as the raw material for the BLS benchmark calculation. Unfortunately, only three of the necessary four quarters of data are available, and extrapolating from these first three quarters is challenging for reasons that include differential seasonality of the payroll survey and QCEW. That said, QCEW employment growth from March 2025 to December 2025 was roughly 200,000 above that of the payroll survey—likely an upper bound on the ultimate revision given that the QCEW tends to grow more slowly from December to March than the payroll survey.[4]

What does the revision mean for how we understand the labor market?

The annual benchmark revision tells us about the level of employment today, but on its face provides less information about recent or future employment growth. The basic adjustment to the March 2026 employment level will not substantially affect monthly payroll growth after that month, though estimates for all months in 2026 will ultimately change somewhat due to shifts in seasonal adjustment factors and the birth-death model.[5]

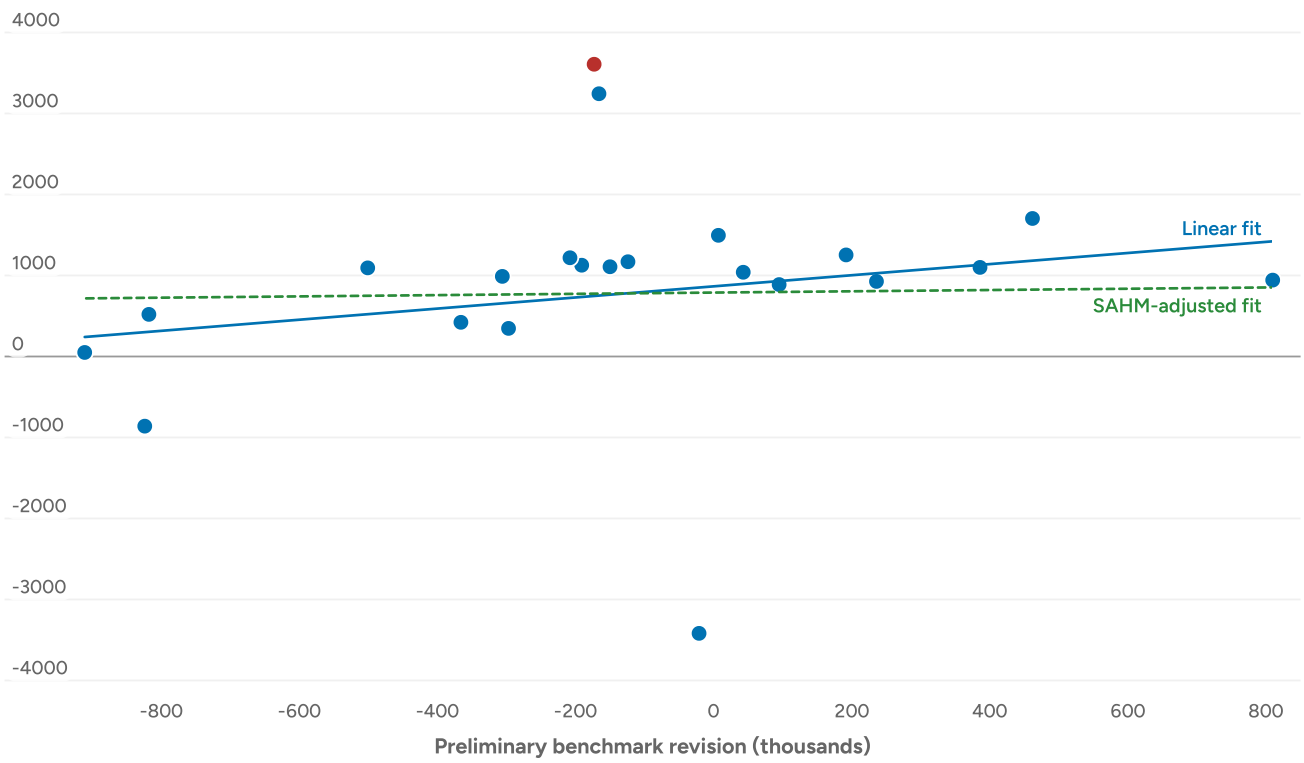
However, there are a few reasons to pay attention even if we care only about the state of the labor market today. First, it may be useful to understand just how strong jobs growth was in 2025 and early 2026, particularly if one has a strongly held view of what "breakeven" jobs growth was at the time (i.e., the amount of job growth needed to keep pace with labor force growth). Second, it could be that preliminary benchmark revisions are predictive of subsequent jobs growth. Given that one benchmark revision predicts the next, it seems likely that this is the case.

Figure 3 explores the latter possibility, plotting preliminary benchmark revisions from 2004 onwards on the horizontal axis, and (fully revised) payroll employment growth from July to January on the vertical axis.[6] Years in which the preliminary revision is larger tend to see faster job growth in the second half of the year, as indicated by the solid trendline.[7] However, when the July level of the Sahm Indicator (which rises when unemployment rises) is included, the relationship between the preliminary revision and subsequent jobs growth is close to zero. In other words, we do not seem to receive additional useful information from the preliminary revision about jobs growth in the months to come, beyond what we already know from a labor market indicator like the recent change in the unemployment rate. Negative preliminary revisions presumably reflect some of the same cyclical weakening captured by a rise in unemployment.

FIGURE 3

Preliminary revisions are usually more positive in stronger labor markets

July–January employment growth vs. preliminary CES benchmark revision, thousands of jobs, 2004–2025



2020, shown in red, is separated given the outsized COVID-era employment growth. The linear fit excludes it.

Data Image

Source: U.S. Bureau of Labor Statistics, Current Employment Statistics.

The benchmark revision, even in its preliminary form, conveys only limited information about the state of the labor market today. But as a key refinement in the job-counting process, it helps balance timeliness and accuracy for one of the most scrutinized elements of economic measurement. With response rates lower than analysts would like in many surveys, it is even more important to combine the best features of administrative and survey data whenever possible.

The author is grateful to Ryan Decker for insightful feedback on an earlier draft.

Footnotes

1 The "reference week" for this estimate is typically the week including the 12th of the month, and the BLS estimate for it is usually published on the first Friday of the following month.

2 Here we show the final revision, released along with the January employment data.

3 Ryan Decker makes this point in an NBER working paper that also serves as a useful reference on the benchmark revision.

4 Adjusting for differences in QCEW and payroll survey scope (e.g., excluding agricultural jobs) made little difference in this instance.

5 Furthermore, the BLS won't apply benchmark adjustments to the official payroll survey estimates until the final benchmark revision in February 2027.

6 Preliminary benchmark revisions are available for 2000-2003, but the absence of the modern CES birth-death model makes those years less applicable to the current situation. The regressions also exclude the pandemic year of 2020, but the scatterplot includes it for reference.

7 Because the survey-derived monthly growth rates are applied to the benchmark-adjusted level, this could induce a very slight mechanical correlation between the preliminary revision and fully revised jobs growth.