THREE ON THURSDAY

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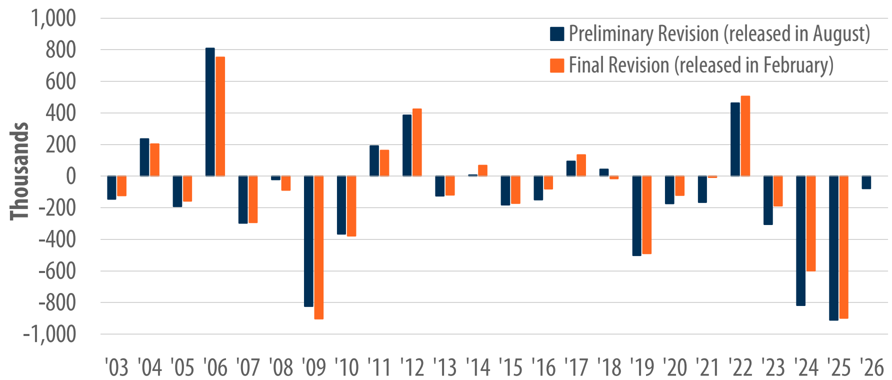
September 10, 2026

BLS Payroll Revisions Fall Back in Line: Down Just 79,000

Last week, the Bureau of Labor Statistics (BLS) released its preliminary benchmark revision to payrolls for the year ending March 2026. This week's "Three on Thursday" looks at what changed and what it means for the job market. The BLS publishes a preliminary revision every August or September, with the final revision released in February. These revisions provide a more accurate picture of job growth, as they're based on state unemployment insurance tax records from the Quarterly Census of Employment and Wages (QCEW). The QCEW takes longer to assemble, but it's far more comprehensive than the monthly payroll survey, which samples about 119,000 establishments. It's also important to realize the existing payroll series is not officially updated with the release of the preliminary revisions released in August. The BLS will do the official update when the final revision is issued in February. Curious about the results? Check out the three charts below.

Historical Payroll Benchmark Revisions



Source: Bureau of Labor Statistics, First Trust Advisors. Annual revisions for the 12 months ending in March of the listed year.

After two years of massive negative revisions, this year's preliminary benchmark revision is far more modest, shaving just 79,000 jobs off payroll growth for the twelve months ending March 2026. Employment gains initially estimated at 273,000 (roughly 23,000 per month) now appear closer to 194,000 (about 16,000 per month). The Establishment Survey will not incorporate this data until the final benchmark is published next February, which may revise the current -79,000 adjustment. The QCEW data underlying the release undergoes significant updates between the August and February releases. Over the past seven years, these updates have been consistently revised upward each quarter. If this trend continues, the final payroll benchmark revision could result in a negligible loss, or even a soft increase in the benchmark come February.

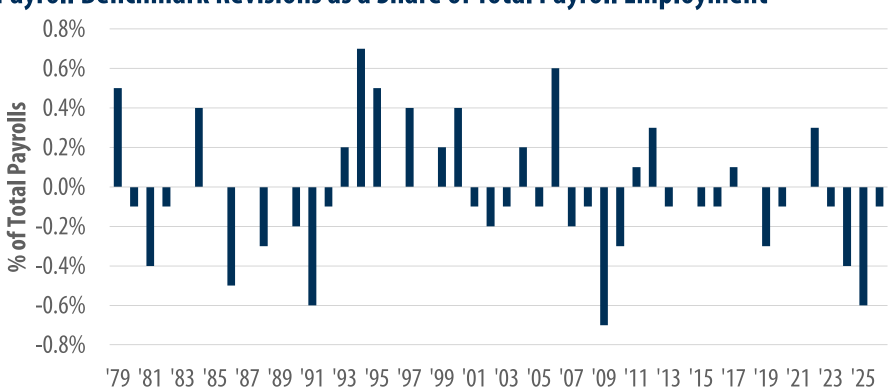
March 2026 Preliminary Benchmark Revisions by Major Industry Sector

	Benchmark Revision (1,000s)	Benchmark Revision (% of Employment)
Total nonfarm	-79	-0.1%
Total private	-178	-0.1%
Mining and logging	-6	-1.0%
Construction	62	0.8%
Manufacturing	-67	-0.5%
Trade, transportation, and utilities	-98	-0.3%
Information	87	3.0%
Financial activities	85	0.9%
Professional and business services	-76	-0.3%
Private education and health services	-96	-0.3%
Leisure and hospitality	-33	-0.2%
Other services	-36	-0.6%
Government	99	0.4%

Source: Bureau of Labor Statistics, First Trust Advisors. Revisions for the 12 months ending in March 2026.

As is often the case, the revisions for individual industries were larger on a percentage basis than the revision for total nonfarm payrolls, mainly due to greater statistical sampling error at more detailed levels. The Retail Trade sector was hit hardest, with a downward revision of 155,000 jobs (-1.0%), followed by a reduction of 96,000 jobs (-0.3%) in Private Education and Health Services. Conversely, Transportation and Warehousing was revised 135,000 (2.0%) higher and Government was revised 99,000 (0.4%) higher. Including these adjustments, 225% of all net new jobs in the year ending March 2026 were in government, healthcare, and education. This means that without growth in these categories, Employment would have been negative for the year.

Payroll Benchmark Revisions as a Share of Total Payroll Employment



Source: Bureau of Labor Statistics, First Trust Advisors. Final benchmark revision used for 1979-2025, preliminary revision used for 2026.

Since 1979, annual benchmark revisions have typically fluctuated between +/-0.2% of total nonfarm payroll employment, with the most extreme changes reaching +/-0.7%. Last week's preliminary revision of -79,000 jobs, representing a -0.1% adjustment, is a welcome sign given the abnormally large revisions of the past two years, which were among some of the largest revisions in history. Several factors likely explain the improvement. Last January, the BLS updated its "birth-death" model, which estimates employment from new businesses and had previously contributed to overestimated employment figures in the year ending March 2025. Immigration has also slowed to a standstill over the past year and a half, which had been difficult to accurately measure over the past two years. Most importantly, job growth itself was far weaker over the period, averaging about 16,000 jobs per month compared to roughly 76,000 in the year before. When there is less hiring, there is less room for error.