



Job Growth Throttled Back in '25

Revised data show far fewer positions created than were initially estimated

BY JUSTIN LAHART

The government has dramatically lowered its estimates for how many jobs the economy generated over the past two years.

The Bureau of Labor Statistics on Wednesday said the U.S. added just 1.5 million jobs in 2024, well below the previously estimated 2 million. In 2025, it said the labor market added only 181,000 jobs, versus the previously estimated 584,000.

Two separate revisions are mainly at play.

First, the BLS released its annual "benchmark" revision, which accompanies each year's January employment report and which revises job-growth estimates for the year ended the previous March. Wednesday's revision showed there were a seasonally adjusted 898,000 fewer jobs previously reported.

Second, the BLS adjusted the methodology it uses to estimate how many businesses open and close each month, which affected job figures for the remainder of 2025.

Benchmark revision

For its monthly jobs report, the BLS surveys roughly 121,000 employers covering about one-third of all U.S. payroll jobs. This provides a timely snapshot of the labor market. But for a variety of reasons, over time these employment estimates can stray from reality. So once a year, the BLS adjusts for this by benchmarking its estimates against a nearcomplete count of employment based on state unemployment insurance records.

In September, the BLS said it preliminarily expected the benchmark revision would lower March 2025 employment by 911,000 jobs, unadjusted for seasonal swings. The magnitude of the actual revision was a lower 862,000, before seasonal adjustment.

One reason the benchmark revision was so large was that job growth at the employers that participated in the BLS survey was stronger than for other firms, even after controlling for factors such as industry and size. The risks of such sample errors have grown as the number of employers responding to the BLS jobs survey has declined.

Another factor: The BLS found that employers reported more workers in the monthly surveys for the employment report than exist in their tax records. This might be because some businesses were including undocumented workers they employed in their survey responses, but not in their tax filings.

Birth-death revision

Because the BLS only surveys existing employers, brandnew businesses aren't included in it. The agency also struggles to calculate in real time how many businesses are closing, because it takes time for the agency to determine whether a business has simply stopped responding to its survey, or has shut down. *Note*

To compensate, the BLS uses a statistical model to estimate these business "births" and "deaths." Absent this model, BLS estimates would typically undershoot actual employment growth.

But the model has had a difficult time handling distortions that occurred in the pandemic's aftermath, where at first a large number of businesses were started, but then business births and deaths quickly normalized. The model still tends to overstate net business creation, and job growth.

To address this, the BLS also tweaked its birth-death model to make it more responsive to current labor-market conditions. The revisions to the monthly changes in jobs for April through October 2025 came about largely as a result of this shift. This could help reduce the magnitude of future benchmark revisions.

Still to come

Typically, the January employment report also includes revisions to population figures in the data that underlies measures of unemployment and other labor force measures. These revisions have been pushed back to the February employment report.

The revisions should have little effect on the unemployment rate. But they will likely show a large, downward revision to the size of the American workforce as a result of far lower immigration than is embedded in current estimates.

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