Annual revisions - data get revised for good reasons

Included in the January 2025 data are the annual revisions to New York's nonfarm employment numbers and its labor force and unemployment measures. Timeliness and accuracy are usually competing objectives in statistical surveys (and in life!), but policymakers and businesses can't fly blind waiting for perfect data to be released. So, statistical agencies strike a balance by releasing the best estimates possible as fast as possible and regularly updating these estimates.

Here are three reasons why revisions are an important step in making accurate employment estimates:

1. **Revisions include additional or corrected information.** In New York State's jobs report, the data from the monthly survey of businesses is revised to include employers who were too late to respond to the survey and – if necessary – to make any corrections to the records. Similarly, the State's statistical models of the labor force and unemployment are aligned with the actual count of the population conducted by the Census Bureau (more on this later).
2. **Bringing together different data sources.** Annual revisions incorporate input from data sources that weren't available when the numbers were originally released. Every March, all survey-based data are checked against a comprehensive count of job holders found in the administrative records of employers who contribute to New York's unemployment insurance system. Publication of these administrative records – officially called the Quarterly Census of Employment and Wages (QCEW) – lag statistical surveys by several months. However, QCEW data include about 97% of all workers, so they serve as a reliable benchmark for employment estimates.
3. **Applying new definitions or methodologies.** Every few years, industry, occupation, and geographic definitions get revised as the economy and society change. For instance, *data scientists* became an official occupation in 2018, *non-store retailers, including e-commerce and mail-order houses*, ceased to be classified as an industry in 2022, but *media streaming, social networks, and content providers* were introduced as a new category that year.

How revisions are handled to build trust

Confirming that changes to already-published employment reports can be trusted is as much about how the process is conducted as the reasons for doing so in the first place. Here's how New York's statisticians process revisions in a trustworthy way:

- Revision methodologies are determined in advance, based on best available practices, and with documentation that's easily accessible. The U.S. Bureau of Labor Statistics (BLS) – the only government agency that can alter how labor statistics are calculated for the nation and the states – publishes all methodologies on its website and summarizes any changes through a dedicated webpage, see https://www.bls.gov/web/laus/benchmark.htm and https://www.bls.gov/lau/laumthd.htm, for example.
- To ensure transparency, revisions are conducted on a set schedule and that schedule is published far in advance. To see NY DOL's schedule of employment releases for 2025, visit: https://dol.ny.gov/system/files/documents/2025/01/2025-press-release-schedule-for-nysdol-website.docx.pdf
- In New York State, a dedicated team of state and regional market analysts is available to walk members of the public and other stakeholder groups through what changes were made and how these affected the region's economic picture.

The impact of revisions on New York State

This year's revisions will have implications for both New York's industry employment and its labor force and unemployment measures.

Current Employment Statistics (CES): New York's monthly industry jobs report – officially called "current employment statistics" - is based on a survey of about 15,400 businesses operating within the state. To the CES survey, other inputs are added, such as the estimate of the number of businesses that come into existence ("births") or exit the market ("deaths") during the month. This data release gives us the monthly estimate of jobs in a wide range of industries – from apparel manufacturing to software development and from accounting services to hotels and restaurants.

As outlined above, each year, the originally released, modeled figures are revised to correct any errors and to align the survey-based data with a much more comprehensive count of employment based on administrative records of the state's unemployment insurance fund.

The effect of this year's benchmarks revisions has been positive for New York State, as the industry numbers were revised to show an additional 8,300 private sector jobs in 2024.

Local Area and the Unemployment Statistics (LAUS): The statistical model which calculates New York's labor force and unemployment levels, is based on a survey of the state's residents (rather than their employers, as in the CES survey), augmented with inputs from other data sources to compensate for the limited sample size. The LAUS model provides us with the unemployment rate, total labor force, and other measures for the State's workforce.

During annual revisions, the BLS reviews the model for accuracy and any potential changes to the methodology. In turn, the BLS updates the originally published figures using information that has come in since the initial data release.

This year, the annual revision includes an update to the estimated population that is based on the Census Bureau's new population estimates. In the real world, the population grows smoothly - at roughly the same rate month-to-month - but the survey's gauge of population is updated only annually, and that may result in "jerky" rises and falls in population at the start of the year. The Census Bureau has recently improved the way it counts immigrants and that resulted in much higher estimate of the immigrant population, bringing Census estimates in line with those from the Congressional Budget Office.

When it comes to New York's local area statistics, the increase in population may drive up the size of the labor force for the state and local areas and change some of the ratios, such as the labor force participation rate and more.

This is indeed what happened; the labor force measure in the survey was updated to show an increase of 115,000 people in 2024, which changed the calculation of the unemployment rate, as well as some other ratios.

Issues that could impact the integrity of the data

Well-telegraphed, transparent revisions should not set off alarm bells about the integrity of official New York statistics, though other factors may play into the reliability of these numbers. Some of the risks currently facing the statistical system include:

- **Funding issues.** Insufficient or reduced funding causes statistical agencies to underinvest in innovation or even pare back core products. In 2024, for instance, the Bureau of Labor Statistics considered reducing the already-limited sample size for the labor force and unemployment survey. In New York, the sample size is only 3,100 households. Further reducing it would negatively affect the results and cause greater volatility in annual revisions.
- **Technological shifts.** Technological advancements in data mining, as well as greater private-sector data availability, make it easier to identify individual survey respondents through reverse engineering, raising the risk that confidential information is inadvertently disclosed. Possibly in part as a response to these perceived privacy risks, the number of respondents to statistical surveys has dropped in recent years, which makes for less reliable original survey releases and larger data revisions down the line.
- **Lackluster communication and user feedback.** Statistical agencies do their best to produce reliable, timely, useful figures to inform the needs of employers, policy makers, and the general public. However, as the economy and society continue to change, there need to be better mechanisms for collecting and analyzing which statistical products are most used and valued, what improvements users would like, and what frustrations users have.

In closing

Annual revisions of statistical figures improve the accuracy and integrity of economic data. Some years the numbers are revised up, some years down, but the goal is always to ensure that the statistics are more accurate and give a better, more detailed picture of the New York State's labor market and the economy.