SUMMARY & OVERVIEW

This note takes a look at labor market conditions in the US economy in the third quarter using public company data. Note that this is different data than our monthly labor market updates (see our October note here). In those notes, we're looking at monthly data from publicly traded companies who put out data *about their clients*, and unrelated to their own firms, to assess the labor market. In this note, by contrast, we're entirely using firm data as the companies themselves disclose it to the SEC. To be more specific, we do several things here:

- First, we aggregate actual employee counts from public company reports and filings to try and get a beat on actual employment in the U.S.
- Second, we aggregate labor, compensation and related expenses across a variety of sectors and industries to get a sense of total "payroll" growth in the U.S. (job growth + compensation growth). New disclosures in 2025 allow us to do this to a greater extent than we could in prior years, enhancing our data's quality through a more robust sample set.
- Third, we look at publicly traded Human Capital Management ("HCM") firms and their worksite employees ("WSEs") disclosures for insights into actual employment as well. HCM firms are "payroll" firms that manage and oversee employment and payroll processing, so they have a unique window into the employment market in the United States.

The conclusions from this quarter's note are:

1) **Employment growth has slowed over the past year and looks to have slowed further in 3Q**
2) **Wage and payroll growth remains solid**

3) **Combined, our indicators point to a "slower-to-hire-slower-to-fire" labor market, but one where employees are still garnering nice compensation gains. This suggests the labor market might be a bit stronger than we otherwise might think from the employment data alone.**

WHAT DOES EMPLOYMENT DATA FROM 10-Ks AND 10-Qs SAY FOR 3Q25?

Let's first turn to our data on actual employee counts. While most companies don't disclose employee counts on a quarterly basis (and even those that do don't disclose US only employee counts), almost all do so on an annual basis in their 10-k. **Importantly, many companies specifically disclose U.S. employee counts in their annual reports, even if all of their employees are not in the U.S.** Additionally, because companies have different fiscal year ends, we can create a rolling list of employee counts based on companies that report throughout the year. As of this writing, *TCE* has compiled a list of over 200 companies who either expressly disclose their U.S. employee counts, or who otherwise do all (or largely all) their business in the U.S. In the latter cases, we can take their aggregate employee count as a proxy for U.S. employment. This database at this point amounts to over 1M employees on a one-month basis, 1.65M on a three month basis, and 9.8M on a twelve month basis. Though not without its shortcomings, this is a very significant sample from which to evaluate what's happening with employment in the U.S. **And importantly, it's hard data, not subject to revision.**

Before we go on, we should note that similar to much of our other work, we only compare employment year-over-year for firms where we have data in both years. Consequently, this data won't go back much further than 2021, simply because most firms didn't start specifically

disclosing their U.S. employees until 2021 (in case you're wondering why this only started then, we're still looking into this). Before 2021, our sample will be less useful for now because we'll need to include essentially only U.S.-centric companies so we can use their total employee counts (with the assumption being that *most* companies with the vast majority of their revenues in the U.S. also have the vast majority of their employees in the U.S. as well). The bottom line though is that our sample is always apples-to-apples, which should keep mix and sampling issues to a minimum year-on-year. Lastly, we also do not attempt to seasonally adjust this data for simplicity's sake (those of you who read our writing know we're not the biggest fans of seasonal adjustments and much prefer looking at year-on-year trends instead, which automatically adjusts out for seasonality).

Our hard count of U.S. employment data from publicly traded firms suggests that employment growth has generally remained slow in the third quarter, and if anything, has worsened compared to earlier this year. 12 month rolling data suggests minimal employment growth as well.
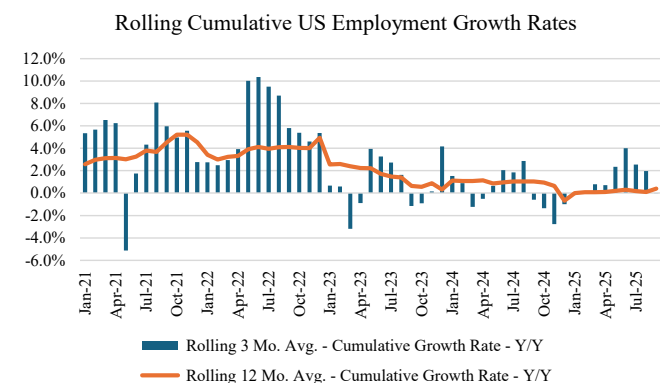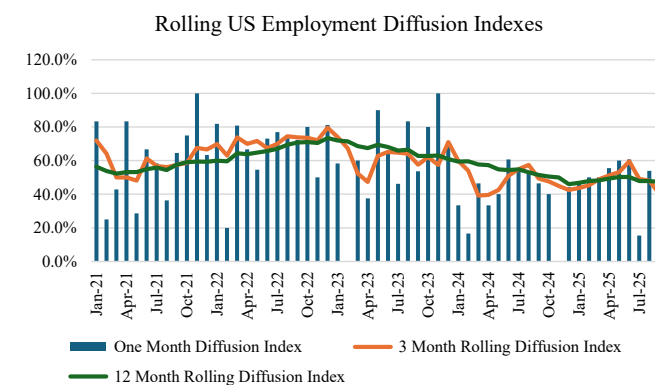

Source: SEC Filings, *The Curb Economist*

Now here is a chart showing Diffusion Indexes from our data. Cutting the data this way gives us a sense of the directional trends in employment growth rather than the actual aggregate growth. For reference, the one-month Diffusion Index is simply the number of firms in our sample who have higher

employee counts this year compared to last year as a percentage of the total (so for this month, there's 18 of the 41 companies counted in our sample, for a Diffusion Index of 43.9%). We do the same thing on a three and twelve-month basis, except we add up all the firms over the last three and twelve months in those cases and compare them to their respective employee counts from the year before. This allows us to increase our sample size and increase the statistical significance of the data. At this point, though we're doing this on a quarterly basis and our company counts are higher in those months, the three and twelve month Diffusion Indexes will be much more powerful statistical signals than the one month.

As you can see from the chart, all three Diffusion Indexes have been trending down of late, though the 12 month has been a bit more stable. The 3 month is the lowest its been in our dataset's record. This supports the notion that employment has softened a bit further in 3Q.

Source: SEC Filings, *The Curb Economist*

WHAT DOES PUBLIC COMPANY LABOR EXPENSE DATA SAY FOR 3Q25?

The second way we evaluate the labor market using publicly traded firm data is by looking at salaries, wages, and compensation expenses. As we noted earlier, starting in 2025, segment disclosures were enhanced to break out more individual line items on company P&L statements in their 10-Qs and 10-Ks.

Compensation and related expenses were thankfully one of these line items included in the most robust disclosure packages. Consequently, the number of firms we have data for here has grown compared to what we had previously (in 3Q25, we've got about 160 companies who give us some version of "compensation expense", compared to about 120 from 2019-2024). There are certainly more than this in the public company domain, but this is what we have for now. Regardless, the additional disclosures have allowed us to grow our sample size from about $150B in compensation expense per quarter to about $190B. Several other reminders here about this portion of the data:

- First, we should remind the reader of course that this is only for *private* employee compensation, not public. When we're comparing this data to the government data then, we'll only use data from the BLS dealing with *private* employee headcounts and wage growth.
- Second, this is only for apples-to-apples companies, meaning in each quarter, we only compare the Y/Y changes for companies where we have data for each year. This helps eliminate mix issues.
- Third, our figures will generally include stock compensation

Editor's Note: We are aware of the potential "large-firm" bias in our compensation reporting set so far. We hope to find ways to correct for this over time, specifically by including more small publicly traded companies. For now, however, given most of the job growth in recent years has come from larger firms, we believe our dataset is still highly valuable.

In 3Q25, total like-for-like compensation expense growth accelerated again to 8.5% in aggregate vs. 8.1% in 2Q and 5.9% in 1Q. The average also ticked up again this quarter, though not by as much (9.3% vs. 9.2% last quarter), while the median actually ticked down to 7.0% (vs. 8.0% last quarter

and 4.5% in 1Q). As the chart below shows, however, both the aggregate and the median figures generally remain well above where they've been in the post-COVID era.


Public Company Labor Expense Y/Y - Total, Median and Average
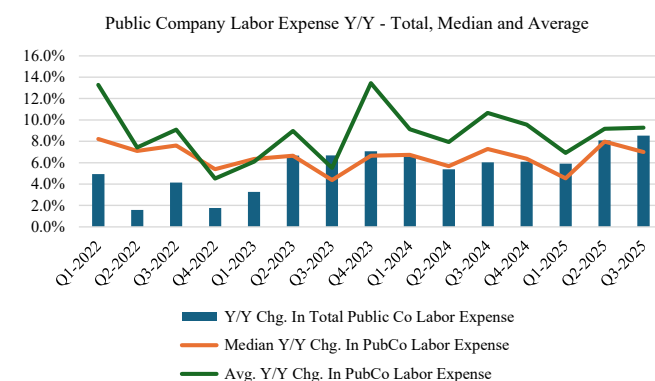
Source: SEC Filings, *The Curb Economist*

The next chart shows just this year's data for ease of viewing's sake.

Public Company Labor Expense Growth
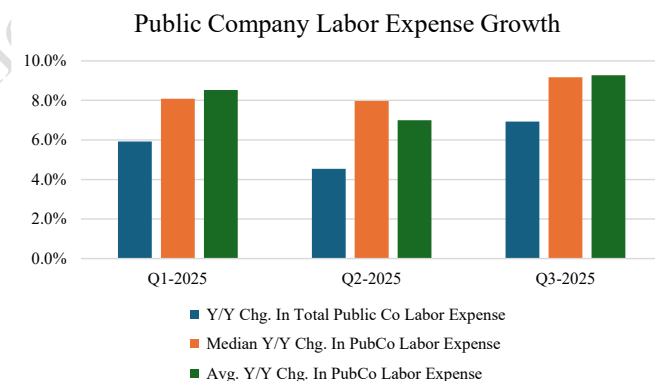
Source: SEC Filings, *The Curb Economist*

We can also compare this data to the sum of job growth and wage growth from the BLS to see how our dataset compares to what the government is telling us payroll dollars are growing at. As the chart below shows, the government data has been steadily decelerating here, while public company compensation growth as actually inflected higher in recent quarters.

Public Company Labor Expense Growth vs. US Compensation Growth - Y/Y
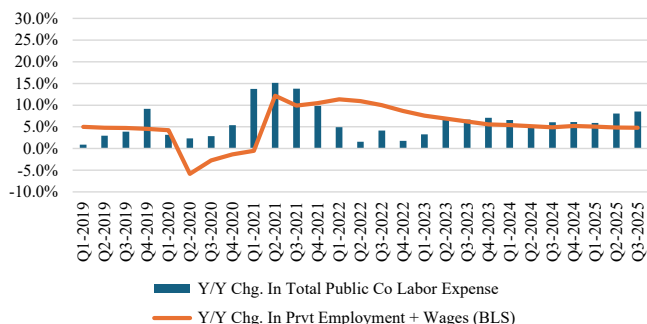
Source: BLS, FRED, SEC Filings, *The Curb Economist*

Now here's a chart showing the spread between the two, again for ease of viewing's sake. As you can see from the chart, public company "payroll dollar" growth overshot the government's data in 2020-21, but then undershot it significantly in 2022. Lately it's been overshooting it again, though by much lower margins until the last two quarters. In the last two quarters, we've seen the biggest positive spreads between the two datasets since 3Q21 (with our data showing company payroll growth being significantly faster than what the government is telling us).

**TCE PubCo Comp Growth vs. BLS Payroll Growth - Spread**
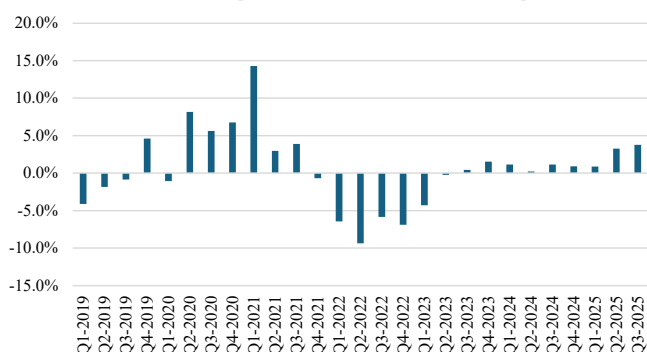
Source: BLS, FRED, SEC Filings, *The Curb Economist*

Stock-based compensation could partially explain the gap between the two over the last several quarters, with the rationale being strength in the stock market in 2025 has made stock-comp more valuable this year (which in turn would boost overall compensation growth). But the fact that the

equal weight S&P500 is "only" up 9% year-to-date while the market-cap weighted S&P500 is up 17% suggests this theory may be overstated, however. This is somewhat supported by the fact that the spread between the government payroll dollar growth data and the *median* of our public company payroll dollar growth data has been quite a bit narrower than the cumulative aggregate data we highlighted earlier. That said, the spread between the government data and even the median of our data in 3Q suggests that payroll dollar strength was much broader in the U.S. economy than what we're hearing from the BLS.

Public Company Labor Expense Growth vs. US Compensation Growth - Y/Y
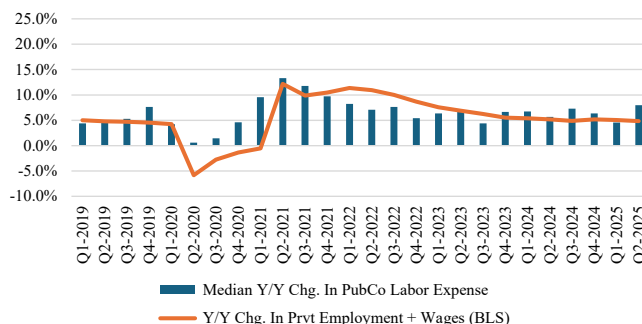
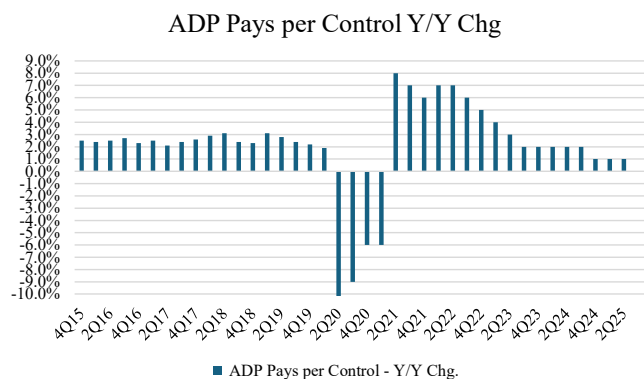Source: BLS, FRED, SEC Filings, *The Curb Economist*

HUMAN CAPITAL MANAGEMENT (HCM) FIRM DATA

Lastly, let's look at data provided by publicly traded human capital management (HCM) firms to get a sense of labor market conditions as well. In our case, we'll include the following:

- ADP's (Ticker: ADP) Pays per Control, which "represents the number of employees on ADP clients' payrolls in the United States when measured on a same-store-sales basis for a subset of clients ranging from small to large businesses"
- TriNet (Ticker: TNET) Worksite Employee data ("WSE"), which measures the number of employees payrolled by their customers

- Insperity (Ticker: NSP) gives us three metrics to use:
  - o Worksite Employee data ("WSEEs"), which is a similar metric as TNET's.
  - o Quarterly guidance (for the next quarter) on WSEEs
  - o Client payroll data, which we can use to get a sense of compensation growth in total and per employee
- Lastly, we'll look at employee placement firm Robert Half's (Ticker: RHI) talent solutions revenue growth rates as well. This is revenue RHI earns from getting people jobs.
- *Note: usually we'll include PAYX's Client Payroll data as well, but because of their merger with PayCom, that data is misleading right now, so we exclude it. Also, PAYX's monthly equivalent of "Pays per Control" are included in our monthly employment updates*

Let's start with ADP's Pays per Control. 3Q25 was the first quarter since COVID where this metric fell to 0%.

ADP Pays per Control Y/Y Chg

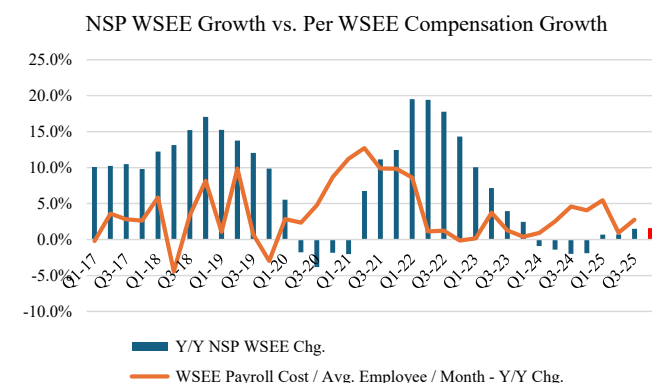Source: SEC Filings, *The Curb Economist*

Now let's look at worksite employee growth rates for both NSP and TNET. While TNET saw a resurgence last year, they've since seen their trends slow again and turn negative. NSPs WSE trends are slightly positive but have been soft for almost two years now. For what it's worth, NSP guided to

1.3% to 1.9% worksite employee growth for the 4th quarter, which was similar to what they saw in 3Q.


TNET & NSP Avg. WSE Y/Y Chg
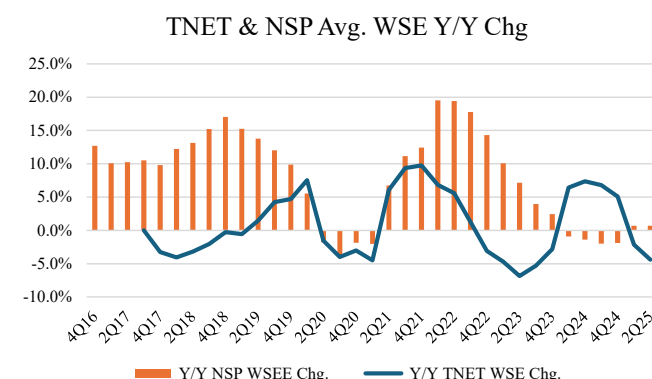
Source: SEC Filings, *The Curb Economist*

Let's now look at NSPs WSE growth compared to the average compensation growth per employee. This chart tells us that compensation for employees on NSPs client payrolls are seeing lower growth compared to where they were last year, which contrasts with our data from above from other publicly traded companies. 3Q25, however, did see a tick back up again. The explaining factor between NSP and our public company dataset likely has to do with firm size, with NSP's average client being significantly smaller than the median or average of our public company dataset.

NSP WSEE Growth vs. Per WSEE Compensation Growth

Source: SEC Filings, *The Curb Economist*

Lastly, let's look at RHI's US placement revenue growth rates. This metric too continues to indicate very meager hiring.

RHI US Total Talent Solutions - Y/Y Rev Growth Rates
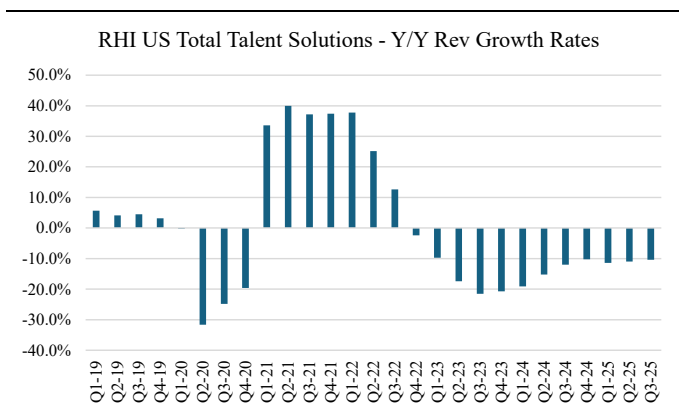
Source: SEC Filings, *The Curb Economist*

In summary, publicly traded HCM firm data also points to a soft labor market in 3Q, and one that feels poised to continue in 4Q. It also might suggest that compensation "down market", or at smaller firms, might be softer than at larger firms.

CONCLUSION

The key conclusion from our data is that while the job market is challenging in terms of getting a new job, those who are employed are still obtaining solid compensation growth in the third quarter.