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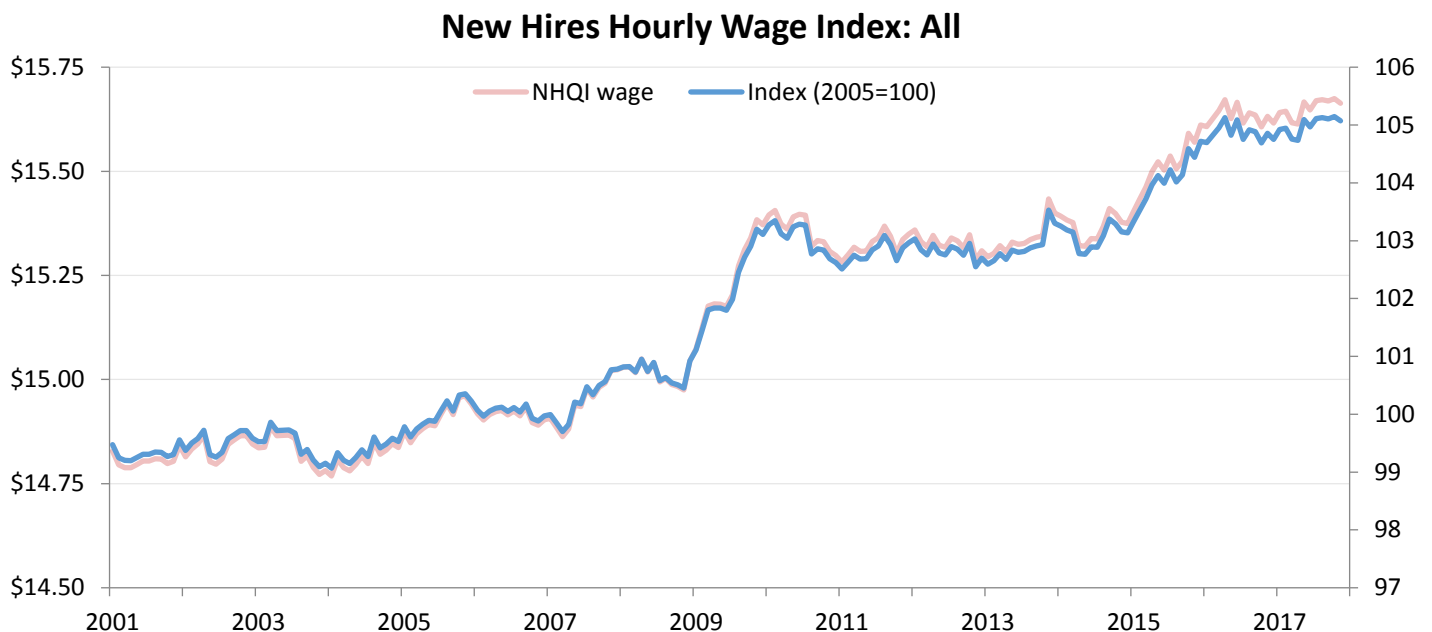
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Upjohn Institute New Hires Quality Index for November 2017 shows overall 0.2 percent uptick, much stronger growth among oldest workers

KALAMAZOO, Mich.— In November 2017, the Upjohn Institute New Hires Quality Index shows inflation-adjusted hourly wages of individuals starting a new job rose 0.2 percent from a year prior, increasing from \$15.63 to \$15.66. Hourly wages of new hires have risen 5.1 percent since 2005, according to the index.

The index and accompanying [interactive database](#) and [report](#), developed by Upjohn Institute economist Brad Hershbein, fills a key gap in the measurement of hiring activity. The NHQI provides monthly updates on the volume and occupation-based wages of newly hired workers, and is available for different groups based on sex, age, education, and other characteristics.



SOURCE: Upjohn Institute New Hires Quality Index

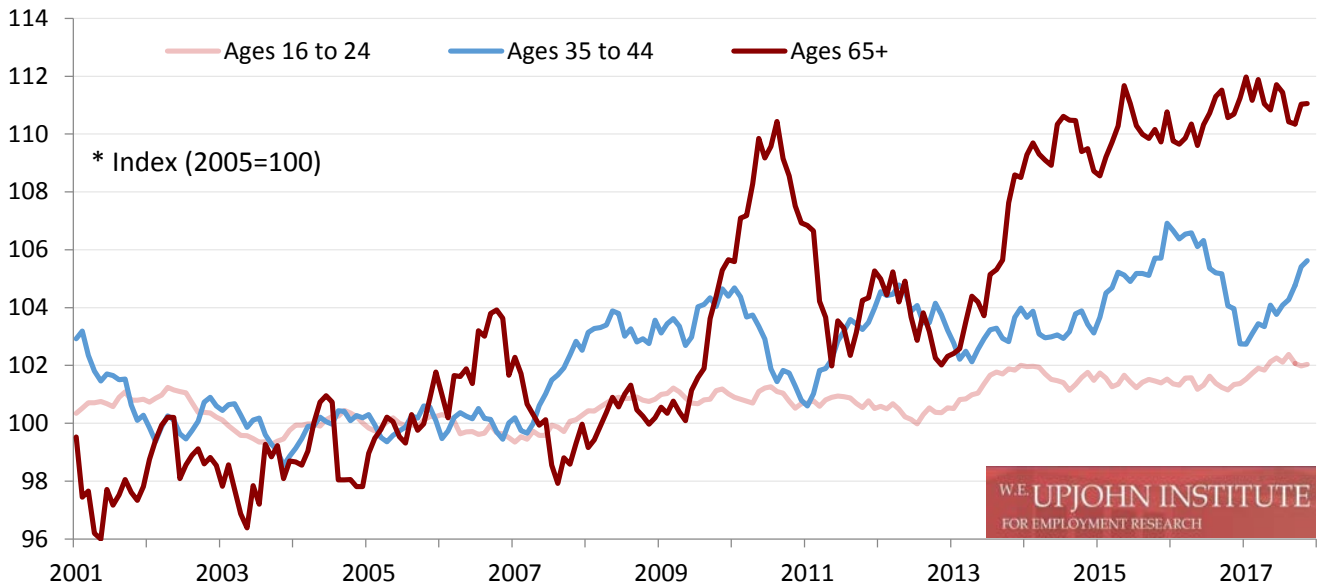
NOTE: The lighter line uses the left axis and shows the inflation-adjusted hourly wage of new hires. The darker line uses the right axis and shows the relative change since the base year of 2005.



This month we focus on the NHQI for individuals of different ages. We look at individuals who are just entering the workforce (ages 16–24), those in the middle of prime working age (ages 35–44), and those in traditional retirement age (ages 65+). (Other age breakdowns are available through the [interactive tool](#)) The first figure below shows trends in the wage index for these three groups, with each wage index presented as a percentage of its 2005 level to better show relative growth. All three groups have exhibited wage index

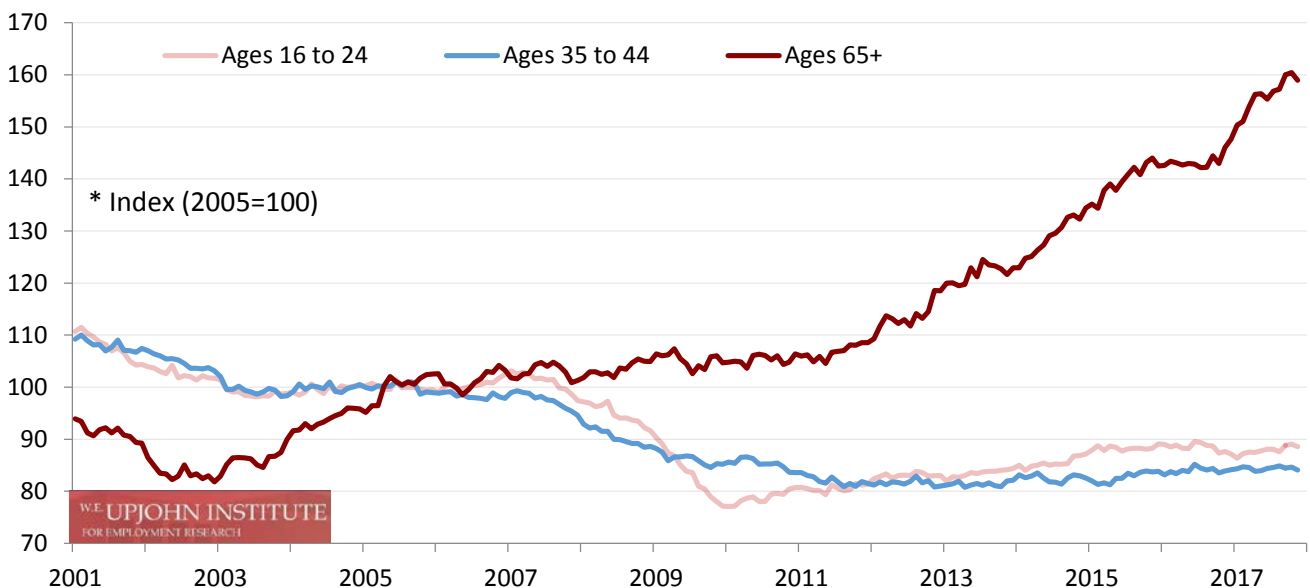
growth, but the growth has been quite tepid among the youngest group, up just 2.0 percent from 2005, and surprisingly rapid among the oldest group, up 11.1 percent from 2005. The middle-aged group is still a robust 5.6 percent from 2005, slightly faster than the U.S. as a whole. Thus, older workers are increasing their earnings power at new jobs faster—in some cases, much faster—than younger workers. Indeed, while it is not shown in the figure, the actual hourly wage index for individuals aged 65+ was \$16.08 in 2005, compared with \$17.14 for individuals ages 25 to 54. As of November 2017, the two numbers are \$17.86 and \$17.65, indicating that workers taking new jobs in their late 60s (and beyond) now have greater earnings power than newly hired prime-age workers, a reversal from historical patterns.

New Hires Hourly Wage Index: by Age Group



Is it possible that these patterns are driven by older workers starting new jobs being an increasingly rare and select group, when most workers are retiring? The next figure, which displays trends in hiring volume for each group, shows that this is not the case. The volume of new hires among the oldest age group has skyrocketed 60 percent since 2005, while that for the other age groups fell during the Great Recession and has barely recovered.

New Hires Volume Index: by Age Group



Although the aging of the population explains some of these patterns, it is not the main factor: even controlling for population aging, the hiring rate of the age 65+ population has increased, whereas the hiring rates for the younger age groups have fallen. Taken together, the figures imply that young and middle-age workers have seen an uneven recovery in hiring: although job quality on new jobs is up slightly, fewer individuals are taking these new jobs. On the other hand, individuals who are of traditional retirement age are increasingly taking more and higher-paying jobs, belying the notion that losses in retirement wealth have delayed job leaving or induced taking low-paying jobs among these older workers.

All these statistics and many more, as well as interactive charts and data downloads, can be found at the website for the Upjohn Institute New Hires Quality Index: www.upjohn.org/nhqi.

The full report, including methodology, can be found here:
http://www.upjohn.org/nhqi/reports/NHQI_report.pdf.

All data will be regularly updated during the first week of the second month following the reference of the data release month. For example, data for December 2017 will be released the first week of February 2018. To sign up to regularly receive monthly press releases for the Upjohn Institute New Hires Quality Index, visit: www.upjohn.org/nhqi/signup.

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FAQ

1. What is the New Hires Quality Index?

The New Hires Quality Index (NHQI) is a consistent way of measuring the earnings power of people taking new jobs each month, allowing comparisons over time.

2. How is the Index constructed?

The Index is based on the occupations of newly hired workers as documented in the [Current Population Survey](#), the same source used to produce the national unemployment rate each month. Separate data on the hourly wages for each occupation from another government survey, [Occupational Employment Statistics](#), are connected to the newly hired workers in the Current Population Survey. These hourly wages are then statistically adjusted to account for differences in the demographic composition of new hires (sex, race and ethnicity, education, and age) before being averaged.

3. Does the Index measure actual, reported wages of newly hired workers?

No. Although the data used to create the Index do have some information on self-reported wages (or those reported by another household member), many economists consider these self-reported wages [increasingly unreliable](#), as a growing fraction of workers refuse to answer the wage questions, and the government's attempts to impute (make an "educated guess") for these workers are [problematic](#). Moreover, because relatively few workers are even asked the wage questions, and only a small subset of these are newly hired, use of the self-reported wage data would lead to very small samples.

The Index captures change in the wages of new hires due to both changes in the mix of occupations hired and the demographic characteristics of individuals taking new jobs. It will not capture change in the wages of new hires due to other factors, such as individual aptitude, geography, or employer characteristics.

A comparison of the Index with a series derived from the actual self-reported wages in the Current Population Survey can be found in the [technical report](#).

4. Does the NHQI count self-employed workers?

No, the NHQI excludes self-employment and people who work for themselves.

5. How often is the NHQI updated?

Every month, with the release by the Census Bureau of the Current Population Survey microdata. Updates will be posted on the [NHQI website](#) by approximately the last Monday of the month, covering data from the previous month. Data are currently available from January, 2001 through November, 2017. To receive updates through email or social media, [visit the signup page](#).

6. What data are available on the NHQI website?

The [NHQI website](#) contains monthly data for all components of the NHQI. The four main components are: the hourly wage index, the hiring volume index, the wage bill index (the product of hourly wages and hiring volume), and the hires per capita index. Each component is available in its actual level or normalized to the base year 2005. In addition to providing data for all new workers, the NHQI exists for men, women, different age groups, different education groups, different races/ethnicities, different industry sectors, different regions, native and foreign-born, full- and part-time workers, and different types of new hires (the newly employed and employer changers). All data can be charted interactively or downloaded for separate analysis.