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

KALAMAZOO, Mich.— In December 2017, the Upjohn Institute New Hires Quality Index shows inflation-adjusted hourly wages of individuals starting a new job rose 0.4 percent from a year prior, increasing from \$15.62 to \$15.67. 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

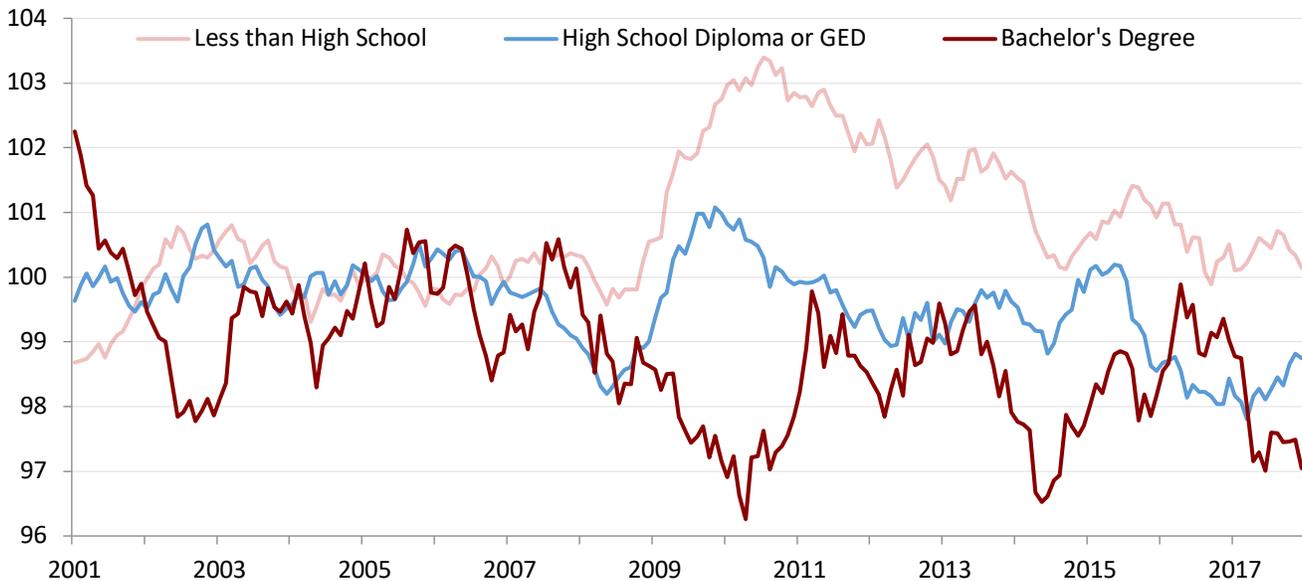
NOTE: The lighter line uses the left axis and shows the inflation-adjusted hourly wage of new hires. The darker line uses the right axis and shows the relative change since the base year of 2005.

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This month we focus on the NHQI for individuals of different levels of education. We look at individuals with less than high school completion, those with a high school diploma or GED, and those with exactly a bachelor's degree. (Breakdowns for those with some college or an associate degree, as well as those with a graduate degree 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

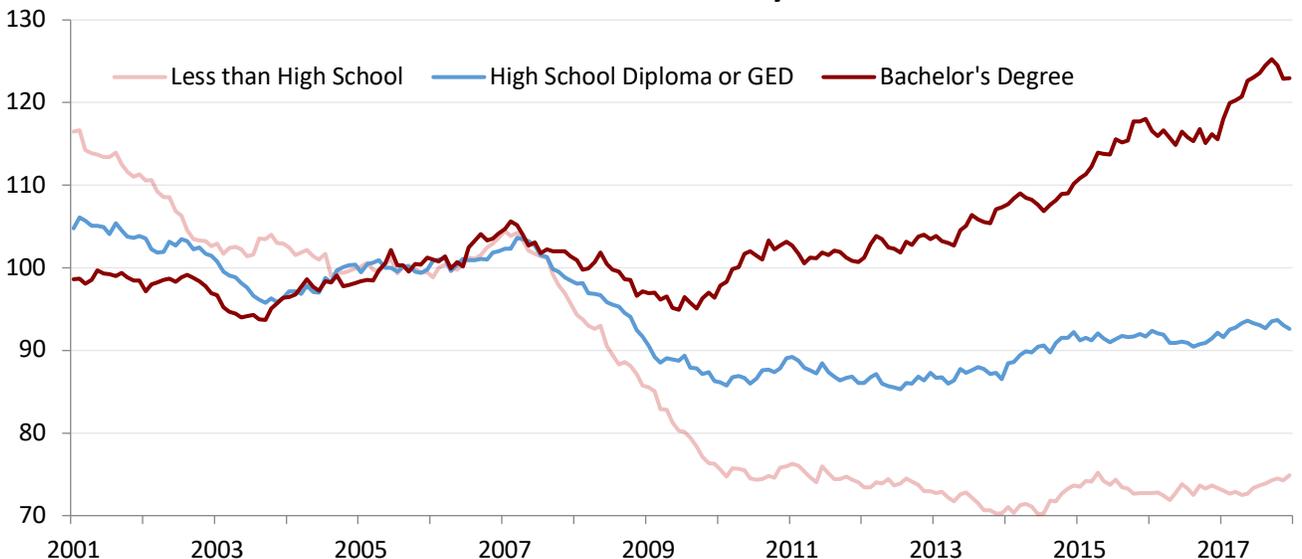
growth. Perhaps surprisingly, given the growth in the overall index, none of the three groups shows an index gain since 2005. (This is true for the some-college and graduate degree groups, as well, even though they're not shown.) Instead, the least-educated new hires have about the same earnings power as they did in 2005, and this level has been declining since a sharp uptick during the heart of the Great Recession. The other two education groups have actually seen slight declines in the earnings power of new hires, with high school graduates about 1.2 percent below their 2005 level, and bachelor's graduates about 3 percent below the 2005 baseline. These trends imply that, within education groups, newly hired workers are taking slightly less-skilled jobs than they were before the recession. The overall index has risen, however, as the composition of new hires has shifted to the more-educated, who take higher-skilled jobs.

New Hires Hourly Wage Index: by Education



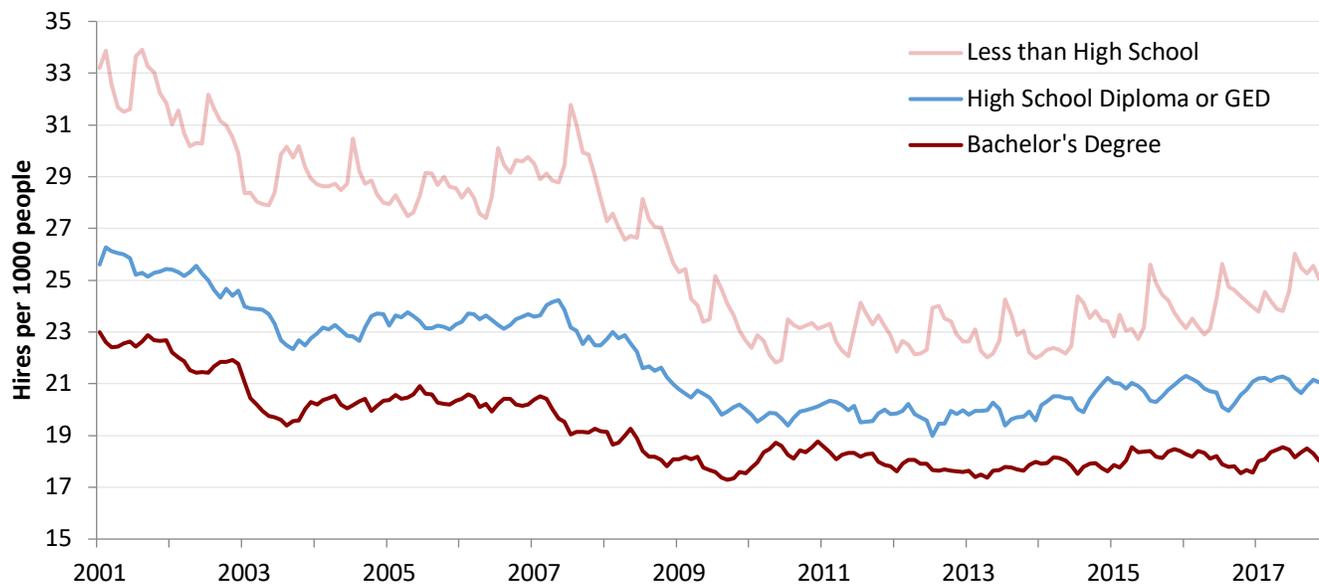
This can be seen more clearly in the next figure, which shows the volume of new hires by education, again benchmarked to 2005. The least-educated suffered a collapse in hiring volume during the Great Recession that has not recovered. High school completers have seen a similar but less drastic trend. Bachelor's graduates, in contrast, had only a modest dip during the recession and currently have hiring volume 23 percent higher than in 2005.

New Hires Volume Index: by Education



The figures together are consistent with a traditional narrative that the more-educated have fared better in job-taking during the long recovery from the Great Recession, with suggestive evidence that some bachelor's graduates [may be displacing opportunities](#) for less-educated workers in jobs that are becoming [more skill-intensive](#). However, [others have recently posited](#) that the recovery has been stronger for the least-educated and the growth in hiring of bachelor's graduates may be, at least in part, due to the rising share of the population with bachelor's degrees. The NHQI can address the issue by showing hiring volume per-capita by education, as seen in the last figure.

New Hires Volume Per-capita Index: by Education



Hiring volume, adjusted for population change, has fallen since the Great Recession for all three education groups, most severely for the least-educated. However, while per-capita hiring volume has been flat for bachelor's graduates since 2010, it has edged up slightly for high school graduates. For those with less than high school, hiring has risen from about 22.5 per 1000 people in 2010 to 25 per 1000 people at the end of last year, an 11 percent increase. In this sense, the likelihood of being hired has risen faster for the least-educated than it has for those with bachelor's degrees.

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 during 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.