

# W.E. UPJOHN INSTITUTE FOR EMPLOYMENT RESEARCH

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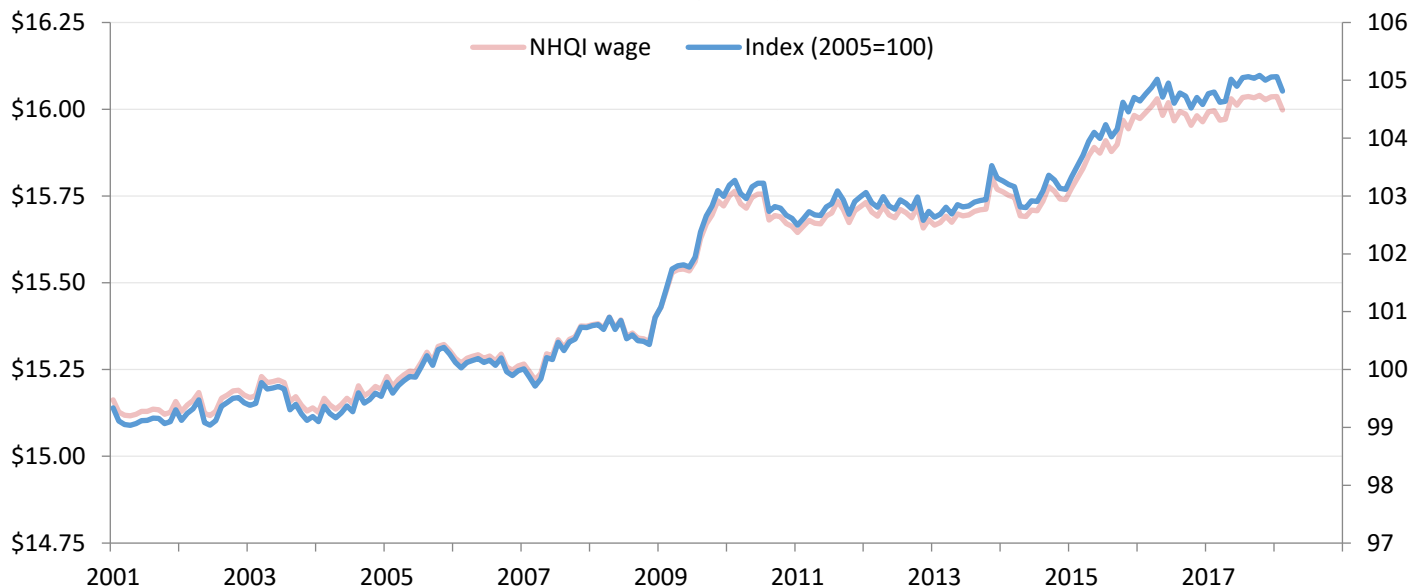
## Upjohn Institute New Hires Quality Index for February 2018 shows overall 0.2 percent decline, sharper fall for goods-producing workers

NOTE: THIS MONTH'S RELEASE INCORPORATES NEW [OCCUPATIONAL WAGE DATA](#) FROM THE BUREAU OF LABOR STATISTICS. THIS REVISION AFFECTS THE ENTIRE WAGE INDEX SERIES. THE PRINCIPAL RESULT IS A SHIFT UP IN WAGE LEVELS; INDEXED VALUES AND TRENDS ARE MINIMALLY CHANGED. ALL STATISTICS IN THIS RELEASE USE THE REVISED DATA, AND DATA ON THE NHQI WEBSITE HAVE ALSO BEEN UPDATED.

KALAMAZOO, Mich.— In February 2018, the Upjohn Institute New Hires Quality Index shows inflation-adjusted hourly wages of individuals starting a new job were essentially unchanged from a year prior, at \$16.00. Hourly wages of new hires have risen 4.8 percent since 2005, according to the index. Over the past month, the wage index fell slightly, by 0.2 percent.

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.

### New Hires Hourly Wage Index: All



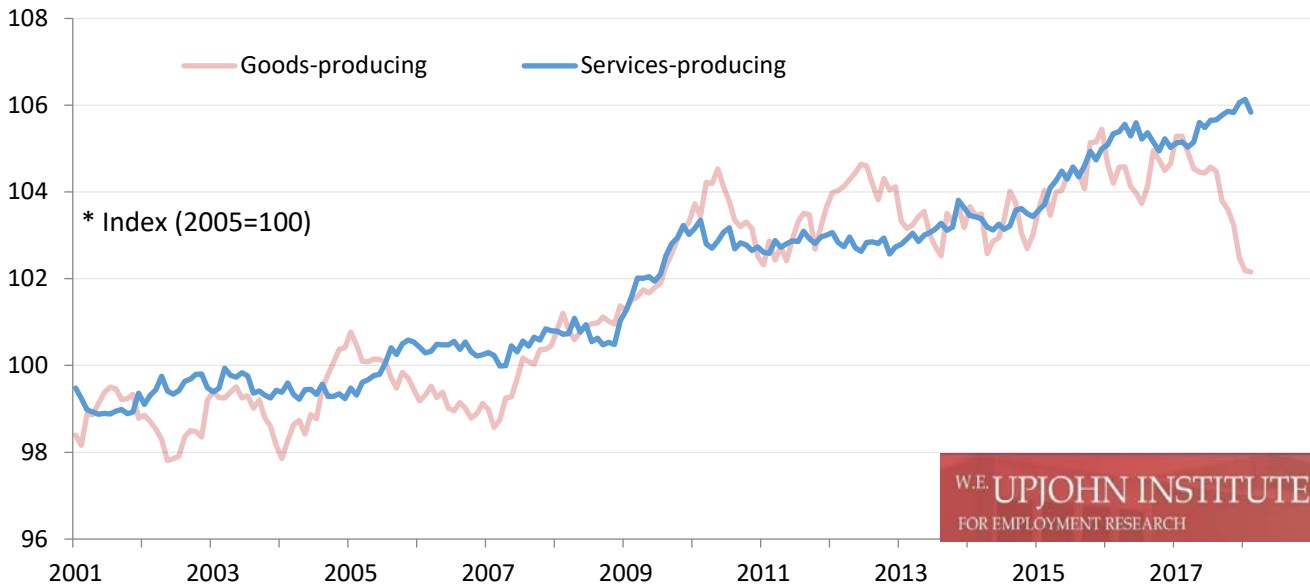
SOURCE: Upjohn Institute New Hires Quality Index

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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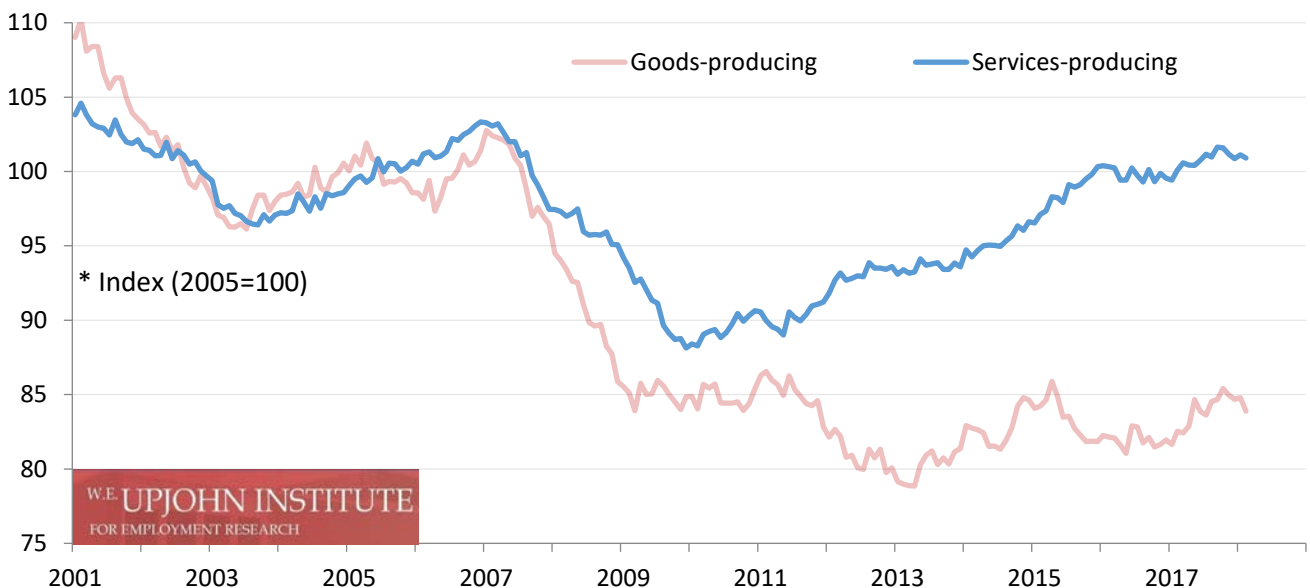
This month we focus on the NHQI for workers in the goods-producing and services-producing industries. The first group includes workers in agriculture, mining, construction, and manufacturing. The second group includes workers in all other industries, ranging from food services to professional services. The first figure below shows trends in the wage index for these groups, with each wage index presented as a percentage of its 2005 level to better show relative growth. Both worker groups have seen growth in the wage index since 2005, with the goods-producing workers up 2.2 percent and services-producing workers up 5.8 percent. Interestingly, the wage index for both groups tracked each other closely from just before the Great Recession until the beginning of 2017, when the index for goods-producing workers began to fall sharply, by 3 percent over the past 12 months.

### New Hires Hourly Wage Index: by Industry Type



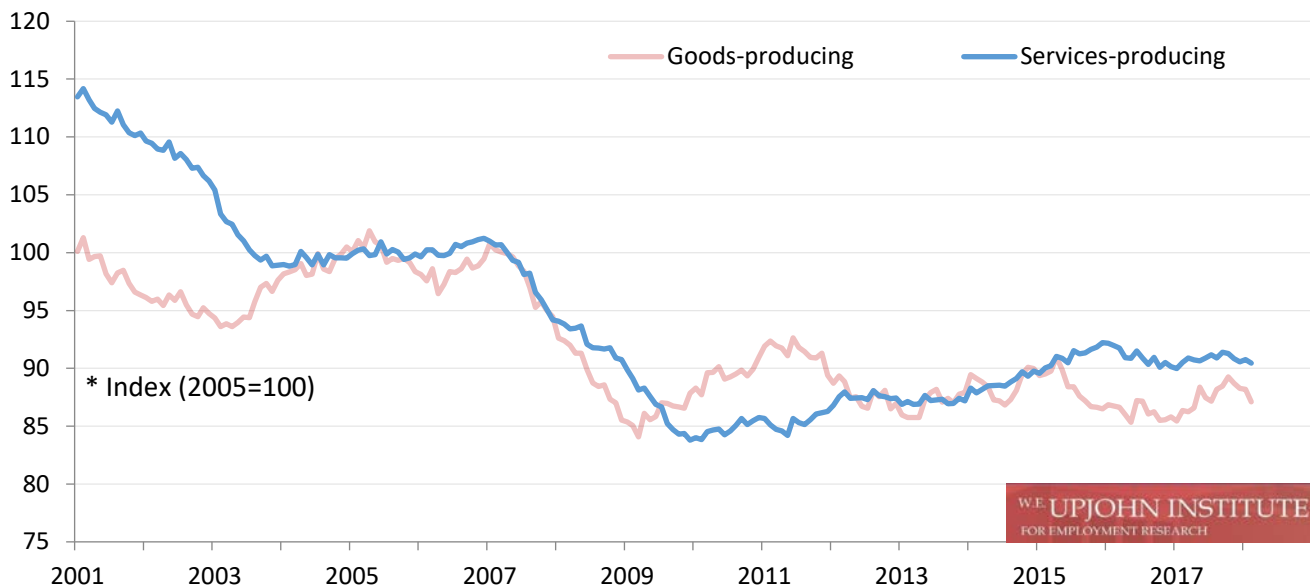
It is well known that goods-producing industries are more cyclical than services-producing industries, so it is not surprising that hiring volume fell faster for the former group during the recession. However, while hiring volume for services-producing workers has recovered to pre-recession levels, hiring volume for goods-producing workers has not, and remains near its levels in 2010 and 2011.

### New Hires Volume Index: by Industry Type



That hiring volume for goods-producing workers has remained low even as manufacturing and construction have [steadily gained jobs](#) since recession's end suggests that this employment growth has come principally from fewer exits rather than new hires. Indeed, even when normalizing by the stock of workers, as shown in the figure below, hiring rates per capita remain low for goods-producing workers, even as the rate for services-producing workers has risen slightly.

### New Hires Volume Per-capita Index: by Industry Type



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](http://www.upjohn.org/nhqi).

The full report, including methodology, can be found here: [http://www.upjohn.org/nhqi/reports/NHqi\\_report.pdf](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 March 2018 will be released during the first week of May 2018. To sign up to regularly receive monthly press releases for the Upjohn Institute New Hires Quality Index, visit: [www.upjohn.org/nhqi/signup](http://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 February, 2018. 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.