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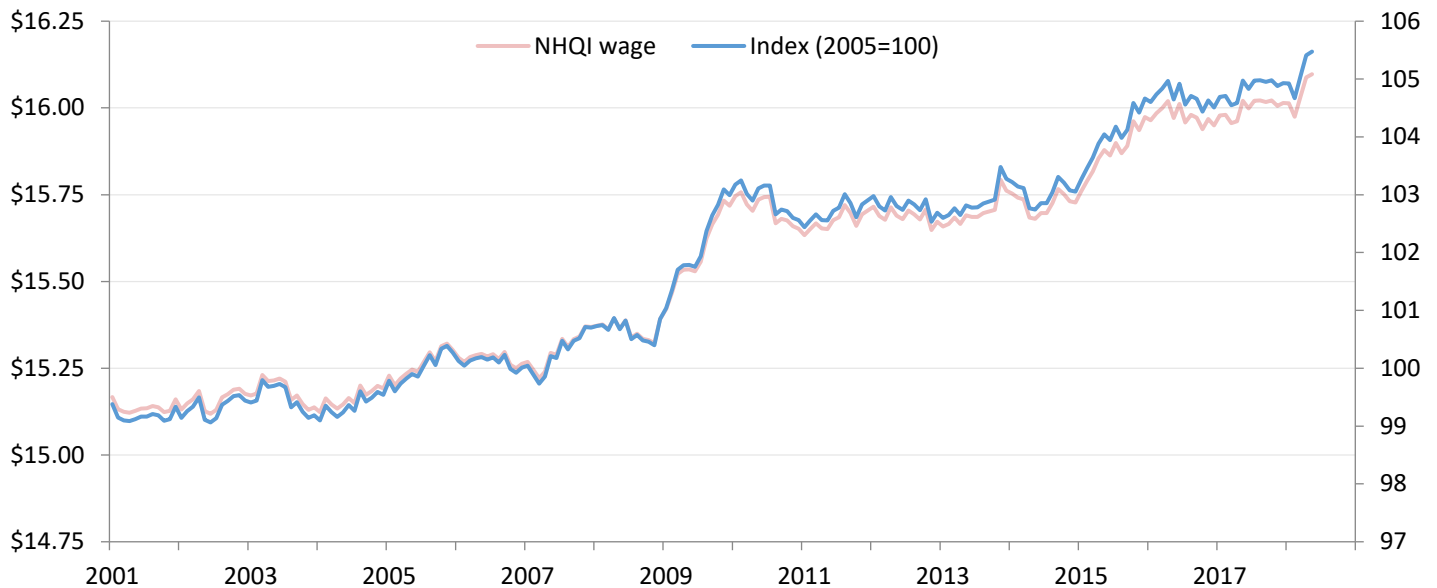
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Upjohn Institute New Hires Quality Index for May 2018 shows overall 0.5 percent rise, varying trends for Northeast and West

KALAMAZOO, Mich.— In May 2018, the Upjohn Institute New Hires Quality Index shows inflation-adjusted hourly wages of individuals starting a new job rose 0.5 percent from a year prior, at \$16.10. Hourly wages of new hires have risen 5.5 percent since 2005, according to the index. Over the past month, the wage index rose by 0.1 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

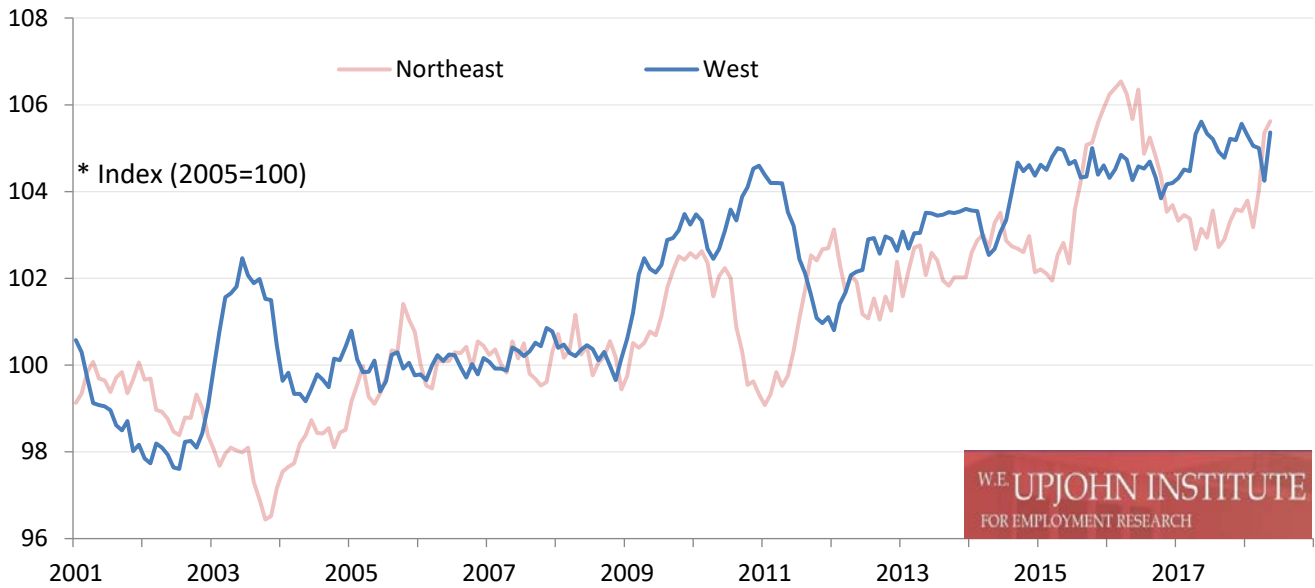
NOTE: The lighter line uses the left axis and shows the inflation-adjusted hourly wage of new hires. The darker line uses the right axis and shows the relative change since the base year of 2005.



This month we focus on the NHQI for two different regions of the country, the Northeast and the West. (The NHQI is also available for the other two regions, the Midwest and the South.) The first figure below shows trends in the wage index for these regions, with each wage index presented as a percentage of its 2005 level to better show relative growth. Both groups have seen similar growth in the wage index since 2005, with new hires in the Northeast up 5.6 percent and those in the West up 5.4 percent. However, both regions have had periods of volatility, seemingly moving in opposite directions. Notably, following the early 2000s recession and

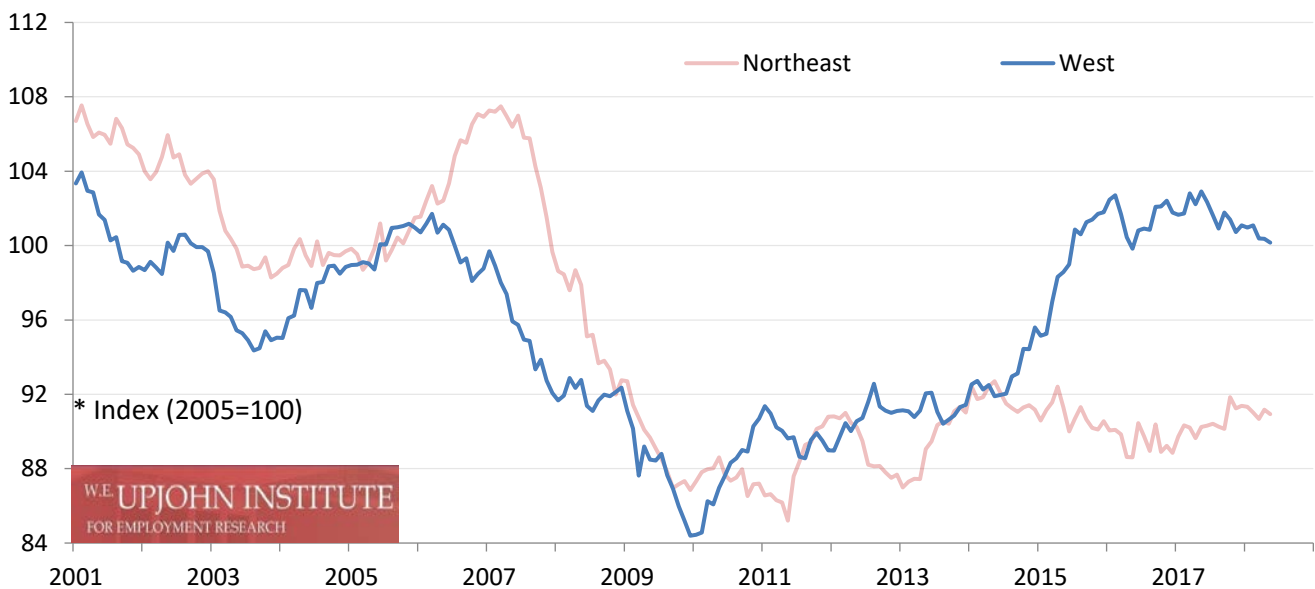
the Great Recession, the index fell in the Northeast while rising in the West, and a temporary surge in 2015 and 2016 occurred only in the Northeast.

New Hires Hourly Wage Index: Northeast and West



Trends in hiring volume across the two regions notably diverge. Hiring volume fell proportionately in each region in the early 2000s recession, but the recovery occurred sooner for the West, peaking in 2006. In contrast, the Northeast saw flat hiring between 2003 and 2005 before rapidly rising until mid-2007. The ensuing plummet during the Great Recession was steeper for the Northeast, and the eventual recovery much more modest. Although hiring volumes in the West have been above their 2005 levels since mid-2015, the quantity of new hires in the Northeast remains at levels seen in 2009.

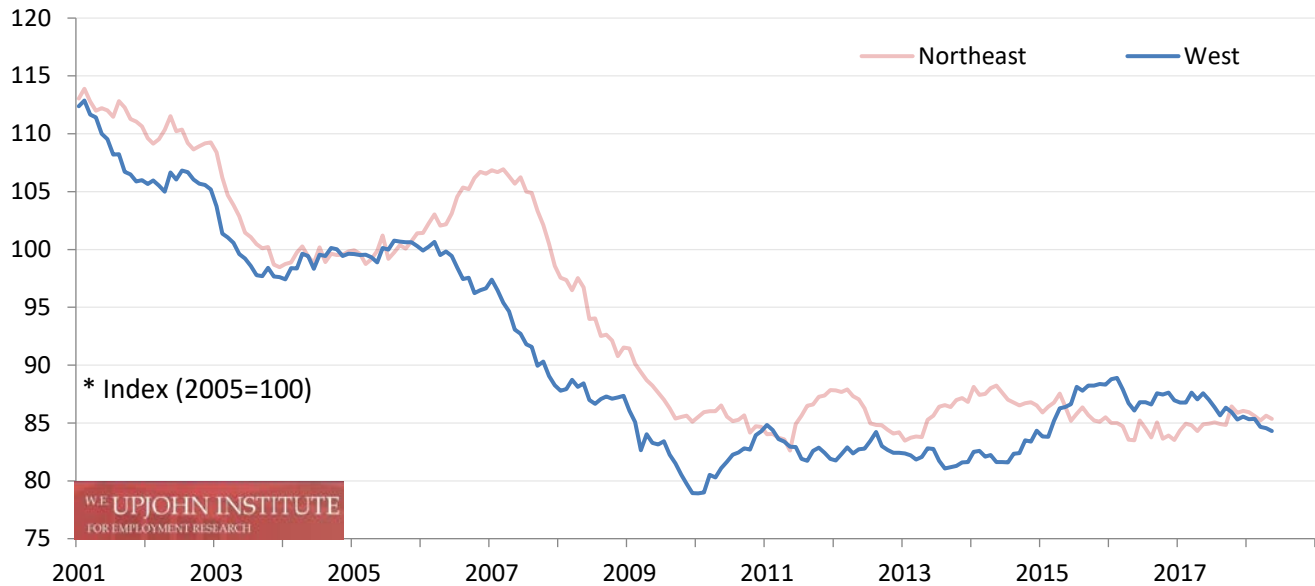
New Hires Volume Index: Northeast and West



Of course, over the past decade population has grown faster in the West than in the Northeast, [due mostly to differences in domestic migration](#). As shown in the graph below, it turns out that the resurgent hiring volume in the West mostly reflects its faster population growth: currently, the hiring rate—the number of newly hired

workers per 1000 working-age people—is quite similar for the two regions. These rates are roughly 15 percent below where they were in 2005; for the Northeast, the current rate is 20 percent below its peak in early 2007.

New Hires Volume Per-capita Index: Northeast and West



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 June 2018 will be released during the first week of August 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 May 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.