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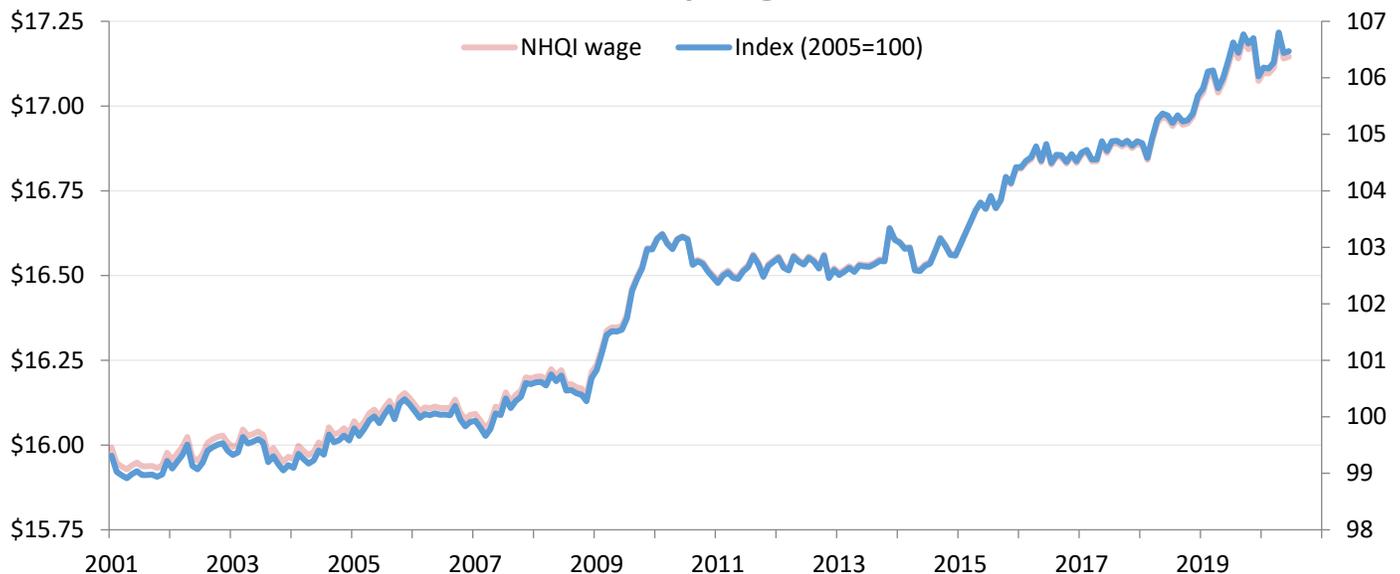
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Upjohn Institute New Hires Quality Wage Index held steady in June, even as hiring continued to rebound to highest level since before Great Recession

KALAMAZOO, Mich.— In June 2020, the Upjohn Institute New Hires Quality Index shows inflation-adjusted hourly earnings power of individuals starting new jobs held steady from May and rose 0.2 percent over the year. This flat trajectory occurred even as May's rebound in hiring continued. Indeed, June's hiring volume rose 4.3 percent over the month and 6.3 percent over the year, reaching a level last seen in the summer of 2007, before the Great Recession. The continued strength of hiring volume in June, coupled with a flat wage index, suggests newly hired workers have greater earnings power than the disproportionately low-wage workers who lost their jobs in March and April. Moreover, the June numbers largely predate the recent surge in new COVID-19 cases, and the story for July's numbers will likely be considerably less sanguine.

The index and accompanying [interactive database](#) and [report](#), developed by Upjohn Institute economist Brad Hershbein, fill 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



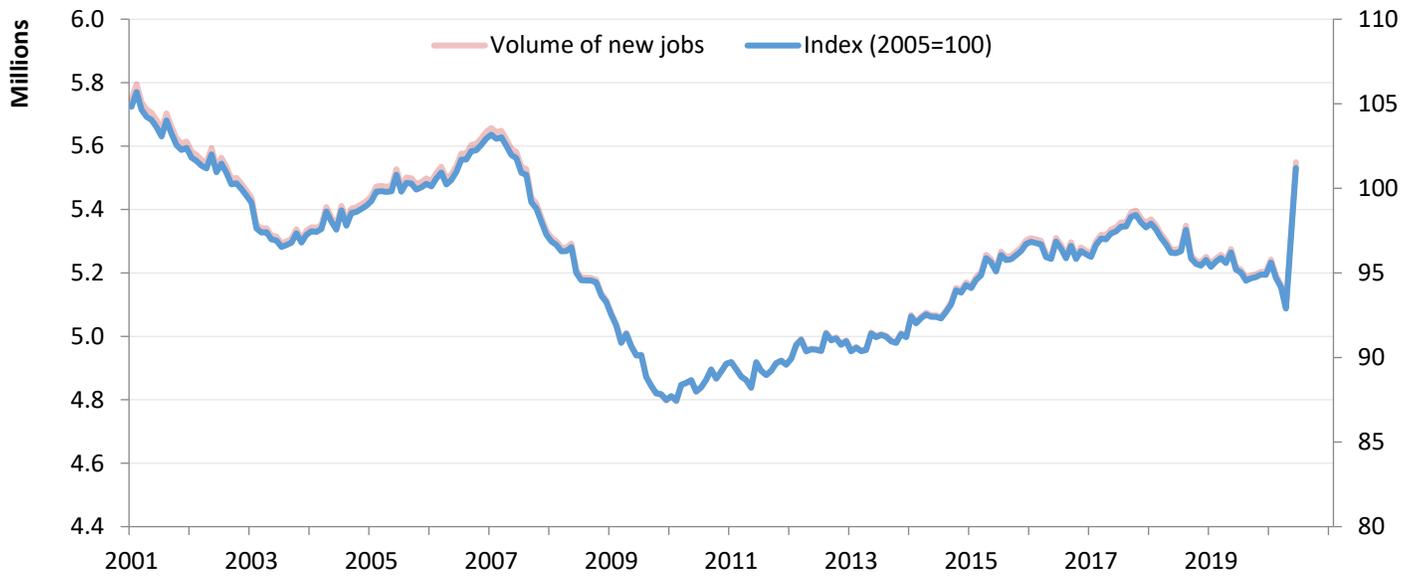
SOURCE: Upjohn Institute New Hires Quality Index

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.



Hiring volume in June reached its highest level in 13 years, as shown in the figure below, with a 12-month average of 5.55 million new hires. Actually, because this value is based on a 12-month trailing averages, the figure understates actual hiring volume. In the raw monthly data, hiring volume in June was 8.1 million, over 50 percent higher than in June 2019. (Hiring generally rises in June because of summer jobs, so unadjusted month-to-month comparisons are less useful.)

New Hires Volume Index: All



These hiring gains were relatively broad-based, with most demographic groups seeing increases even as their wage indices stayed fairly flat. Still, there is particular interest in the characteristics of the subset of the newly hired who did not have a job the previous month—that is, excluding the 13 percent of new hires in June that switched employers but remained steadily employed. For the remaining 87 percent of new hires who newly entered employment, how did their demographic and occupational profiles compare to those who lost jobs in April? These patterns are shown in the next two tables.

Characteristics of Job Losses and Newly Employed

	Job losses In April	Newly employed in May	Newly employed in June
<i>Sex</i>			
Men	47.7	48.8	48.4
Women	52.3	51.2	51.7
<i>Age</i>			
16-24	19.8	26.2	31.0
25-34	20.8	21.6	19.0
35-44	16.3	16.8	14.3
45-54	17.0	13.5	14.9
55-64	16.4	14.2	13.5
65+	9.7	7.7	7.3
<i>Race/Ethnicity</i>			
White	56.8	59.6	57.2
Black	12.7	12.1	11.4
Native American	0.8	1.1	0.9
Asian/Islander	7.1	4.9	6.0
Multiracial	2.1	1.8	2.5
Hispanic	20.5	20.5	22.0
<i>Education</i>			
Less than HS	12.4	13.7	15.7
HS diploma	30.4	32.0	30.2

Some college	31.6	31.5	34.5
Bachelor's	18.5	15.9	13.7
Graduate	7.1	6.9	5.9

NOTE: Job losses are calculated as transitions from employment in the previous month to non-employment (including nonparticipation in the labor force) in the current month. Newly hired is from calculations from detailed NHQI files.

SOURCE: Author's calculations from the Current Population Survey.

Compared to job losses in April, newly hired workers in June were younger, less likely to be Black or Asian, less likely to be a college graduate, and slightly less likely to be female. This pattern also existed in May, intensifying the disparities. Some of the shift toward hiring among younger and less educated workers in June—even relative to May—is likely due to summer jobs among students, but the pandemic has severely curtailed these seasonal jobs.¹

We can also examine the pattern of job losses and newly employed workers by occupation, which is even more closely tied to earnings power than demographics. As shown in the next table, while for the most part the occupational distribution of newly employed workers in June is similar to that of job losses in April (and hires in May), there are some notable exceptions. In May, there was a pronounced gap between the newly employed and April job losses among creative workers (arts, design, entertainment, and sports), personal care workers, and (to a lesser extent) food prep and service workers—all jobs that typically require personal contact or proximity to crowds. As economies continued to open in June, these occupations gained in their share of the newly employed, although not quite to their proportion of April losses. Interestingly, blue-collar jobs in transportation; production; and installation, maintenance, and repair all had larger shares of new employment in both May and June than their April losses.

Occupations of Job Losses and Newly Hired

	Job losses in April	Newly employed in May	Newly empl. in June
Managers	6.9	5.1	5.7
Business & Financial	2.4	2.6	2.2
Computer & math	1.1	0.9	1.5
Architecture & Engineering	0.8	1.3	0.6
Life, Physical, & Social Sciences	0.4	0.4	0.6
Community & Social Service	0.8	0.9	0.5
Legal	0.6	0.4	0.4
Education, Training, & Library	6.0	5.8	5.3
Arts, Design, Entertainment, & Sports	2.9	1.4	2.2
Healthcare Practitioners	3.7	4.6	3.1
Healthcare Support	3.1	3.6	3.8
Protective Service	1.3	1.3	2.0
Food Preparation & Serving	12.1	11.5	12.0
Building/Grounds Cleaning & Maintenance	5.6	5.5	5.5
Personal Care & Service	7.1	4.3	5.2
Sales	11.0	11.3	11.8
Office & Administrative	10.2	10.2	10.2
Farming, Fishing, & Forestry	0.5	1.3	1.0
Construction & Extraction	6.1	6.4	5.4
Installation, Maintenance, & Repair	2.4	2.5	3.2
Production	6.3	7.4	7.0
Transportation & Material Moving	8.7	11.2	11.0

¹ For comparison, 16–24 year-olds accounted for 37.2 percent and 48.9 percent of newly employed workers in May and June of 2019, respectively.

NOTE: See note to previous table.

SOURCE: Author's calculations from the Current Population Survey.

Since the second week of June, when these underlying data were captured, daily COVID-19 diagnoses have roughly tripled, from about 21,000 to about 65,000, [reducing consumer confidence](#), if not so much [business expectations](#). As states [contemplate](#) a return of some economic restrictions, these hiring patterns could change yet again in the next few months.

NHQI statistics, 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 at http://www.upjohn.org/nhqi/reports/NHQI_report.pdf.

All data are typically updated during approximately the first week of the second month following the reference of the data release month. For example, data for July 2020 will be released during the first week of September 2020. 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](#). An analysis of self-reported wages can also be found in the [July 2018](#) and [July 2019](#) press releases.

4. Does the NHQI count self-employed workers?

No, the NHQI excludes self-employment or 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](#) during the first week of the month, covering data from two months ago. Data are currently available from January 2001 through June 2020. 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.