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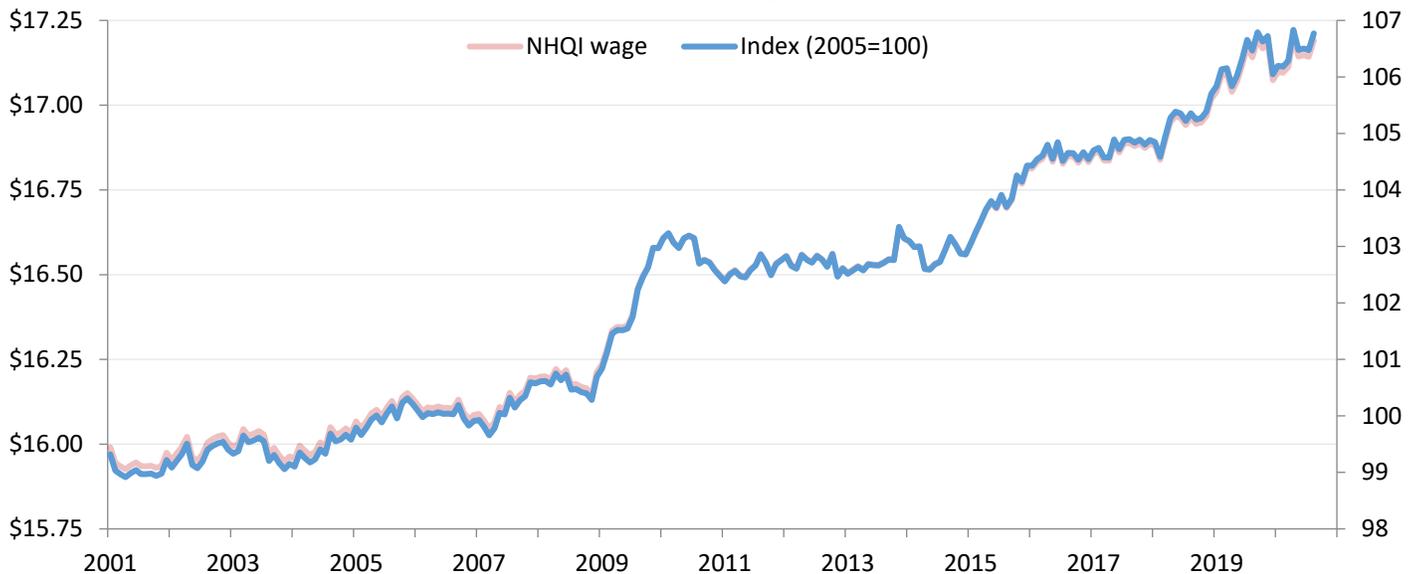
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Upjohn Institute New Hires Quality Index for August 2020 up 0.3 percent over year and month, back at all-time high, as volume continues to be elevated

KALAMAZOO, Mich.— In August 2020, the Upjohn Institute New Hires Quality Index shows inflation-adjusted hourly earnings power of individuals starting a new job rose 0.3 percent from July and from August 2019; it is currently back to its all-time high, with a current reading of \$17.19. This represents a 6.8 percent increase over the index value in 2005. Nonetheless, the index has changed relatively little since last summer, having dipped to \$17.07 last December before rising to its current level, despite the COVID pandemic. Indeed, the NHQI has maintained its slight rise even as hiring volume has now grown for four straight months. This does not imply a strong labor market, but rather a persistently high degree of churn, as [initial UI claims](#) also remain elevated.

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

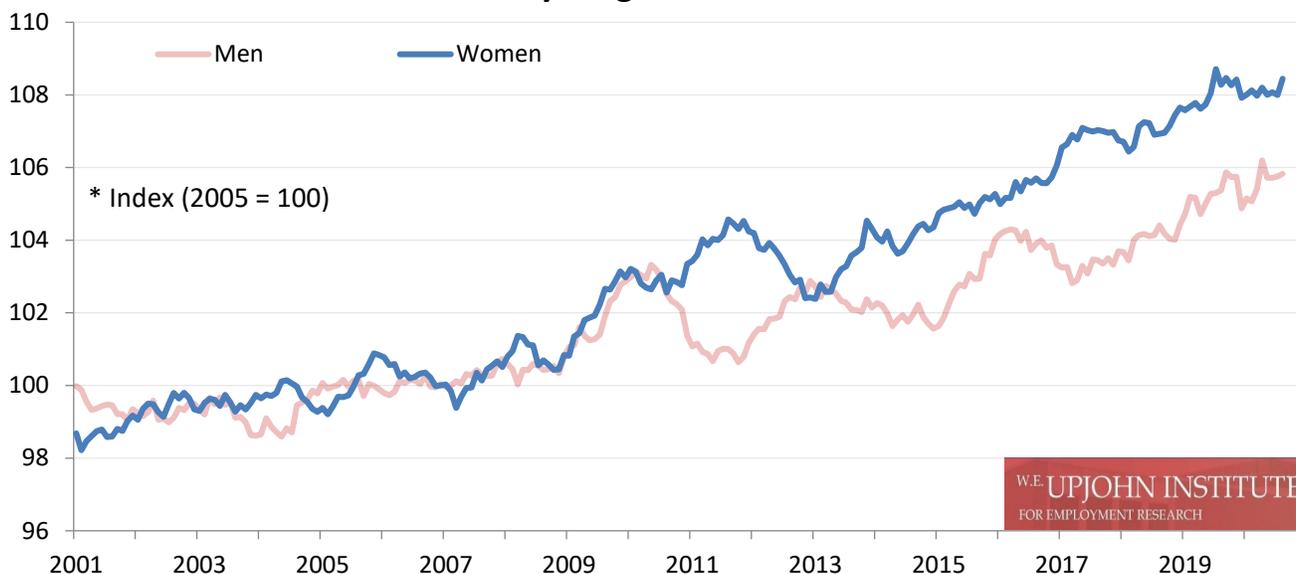
NOTE: The lighter line uses the left axis and shows the inflation-adjusted hourly wage of new hires. The darker line uses the right axis and shows the relative change since the base year of 2005.

W.E. UPJOHN INSTITUTE
FOR EMPLOYMENT RESEARCH

Many commentators, both [academic](#) and [popular press](#), have noted that the COVID-19 recession has disproportionately affected women and in fact has been the first recession (since at least WWII) to mark a larger increase in unemployment for women than for men. For this month's release of the NHQI, we thus focus on what hiring has looked like for men and for women over the past several months.

As documented [earlier](#), women have had much stronger wage index growth than men during the recovery from the Great Recession, and that has largely continued despite the pandemic. The graph below shows the wage index for men and women, each indexed to its value in 2005 to better show relative change. The wage index for women currently stands at 108.4, or 8.4 percent above its 2005 level, whereas the index for men is only 5.8 percent above its 2005 level. A significant gap between the sexes has existed since 2013, and its current value of 2.6 percentage points is pretty close to its average over that time period. Over the past six months (or since the pandemic began), women's wage index is up 0.3 percent, while men's is up 0.7 percent. It's hard to say whether this slight narrowing is due to COVID, however, as similar (and temporary) narrowings have happened in the past few years.

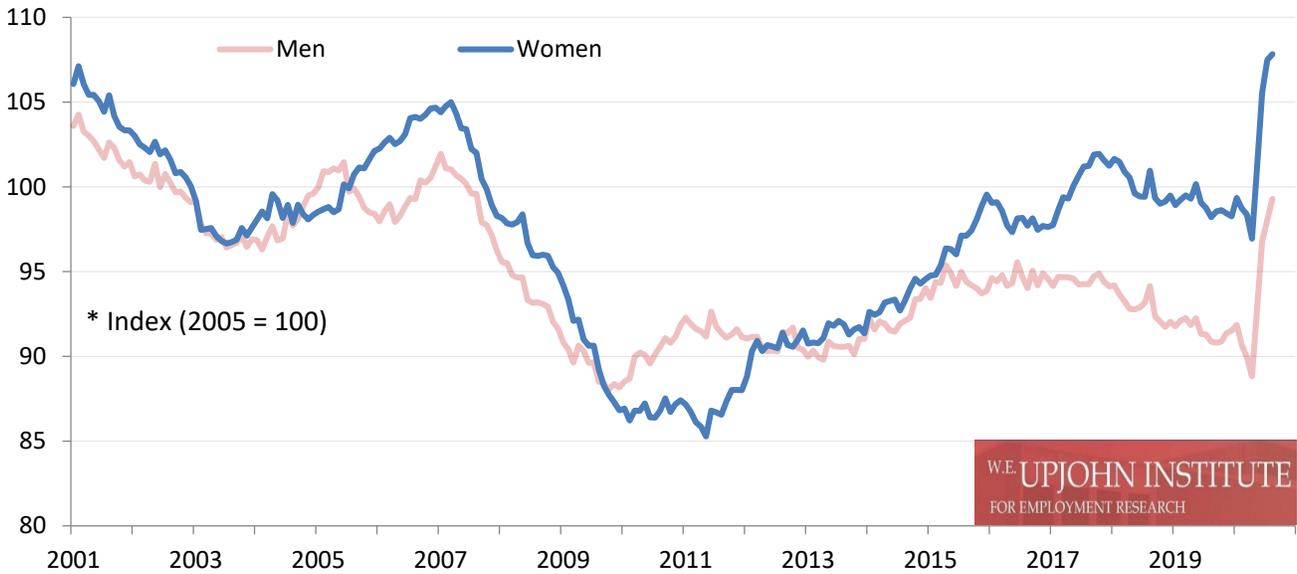
New Hires Hourly Wage Index: Men and Women



Of course, in order to evaluate the relative hiring market for women, the wage index is best used in conjunction with the volume index, which is shown below. Since 2015, women's hiring volume had grown faster than men's. Pre-pandemic, in February 2020, women's volume index stood at 98.7 (down 1.3 percent from 2005), while men's index was at 90.7. This represented one of the largest gaps between the two sexes to that date.

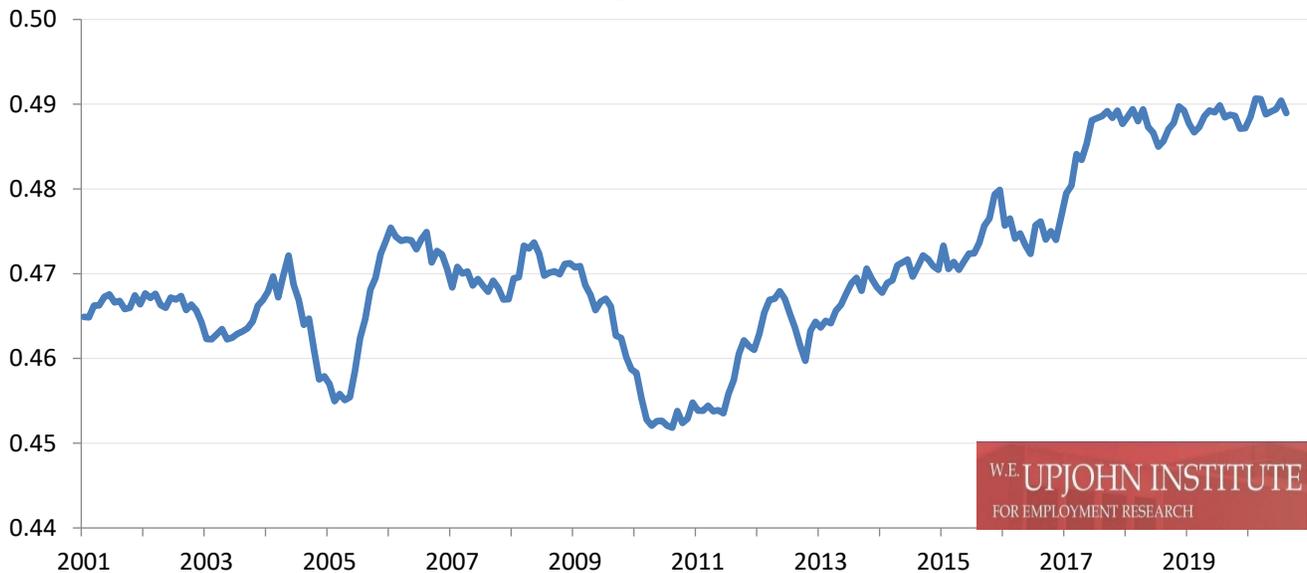
Over the past six months, the [number of employed](#) men has fallen by 5.6 million, and the number of employed women by slightly more, 5.8 million. The declines from February to April, when the trough was reached, are much greater, at 12.0 million and 13.4 million, respectively. The two pairs of numbers indicate that women have gained jobs back faster than men, and this is confirmed in the volume index. Specifically, since April, the new hire count for women has been 15.1 million, while for men it has been slightly fewer, at 14.0 million. Given women's pre-pandemic advantage in hiring volume, this translates into an 8.8 percent average gain, relative to April's hiring rate, for women and an 8.9 percent gain for men. Women's hiring volume, in August, is at a series high, but the same cannot be said for men.

New Hires Volume Index: Men and Women



Thus, women may have had greater job losses at the beginning of the pandemic, but they also have had a stronger rebound in hiring. When combined with their continued gains in the wage index, women's share of the wage bill—the aggregate hourly earnings power of all newly hired workers—has been remarkably steady. As shown in the graph below, women's share of the wage bill is about 49 percent, its approximate level since 2017. This marks a two percentage-point gain from its level before the Great Recession and a series high. While women's wage bill share hasn't been growing recently, it hasn't been falling either. Consequently, if the labor market recession continues and begins to resemble the more traditional pattern—[about which](#) there is continued [academic debate](#)—or even if the jobs recovery optimistically continues, the relative gains of women among new hires appear unlikely to suffer persistent losses.

New Hires Wage Bill Share: Women



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 approximately the first week of the second month following the reference of the data release month. For example, data for September 2020 will be released during the first week of November 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](#), [July 2019](#), and [July 2020](#) 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 August 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.