

# W.E. UPJOHN INSTITUTE FOR EMPLOYMENT RESEARCH

300 South Westnedge Avenue • Kalamazoo, Michigan 49007 • 269-343-5541 • [www.upjohn.org](http://www.upjohn.org)

NEWS RELEASE: MARCH 31, 2021

CONTACT: JUSTIN CARINCI

[carinci@upjohn.org](mailto:carinci@upjohn.org)

or

BRAD HERSHBEIN

[hershbein@upjohn.org](mailto:hershbein@upjohn.org)

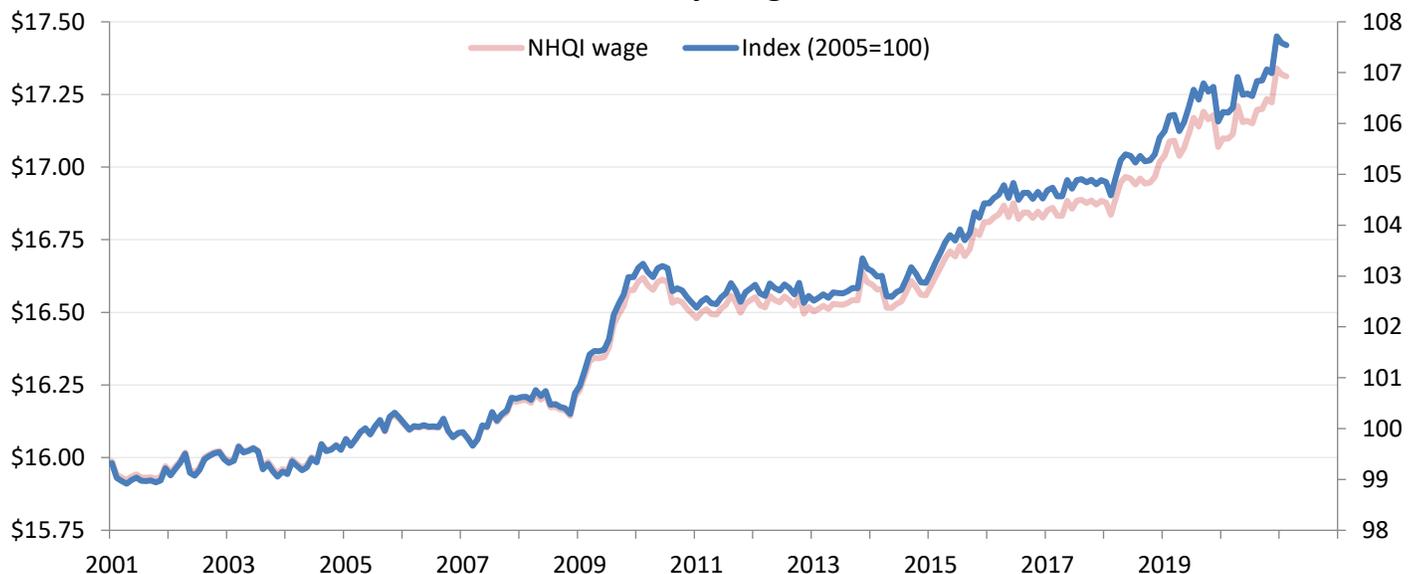
269-385-0437

## Upjohn Institute New Hires Quality Index for February 2021 unchanged from January, jobs recovery uncertain for the most fragile workers

KALAMAZOO, Mich.— The Upjohn Institute New Hires Quality Index shows inflation-adjusted hourly earnings power of individuals starting a new job continued to hold steady in February 2021, at \$17.31. This number is just 3 cents below its all-time peak reached in December 2020, and it is 1.3 percent above its mark one year ago and 7.5 percent above where it was in 2005. As COVID-19 case and mortality rates fell in February from record highs during December and January, and vaccine distribution accelerated, hiring volume also ticked up slightly, its first increase since last October. However, they remain low for what is needed to ensure a robust employment recovery. Despite additional federal stimulus, the tenuous recovery will continue to rest over next three months on the race between greater vaccination and continued spread of more contagious variants of COVID.

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



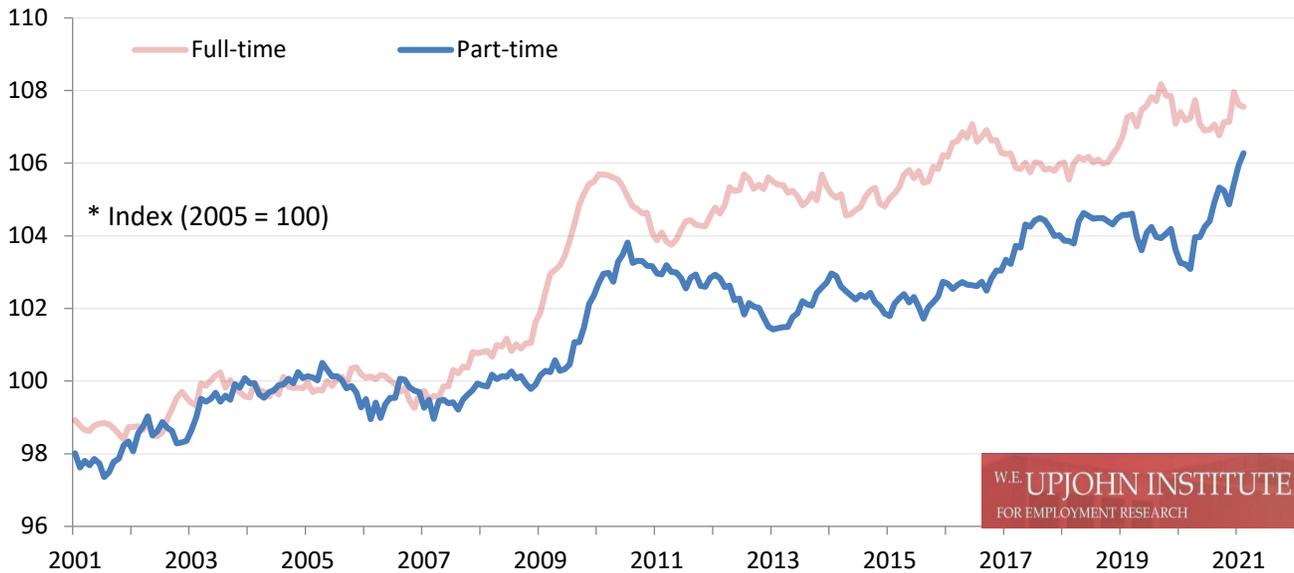
SOURCE: Upjohn Institute New Hires Quality Index

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

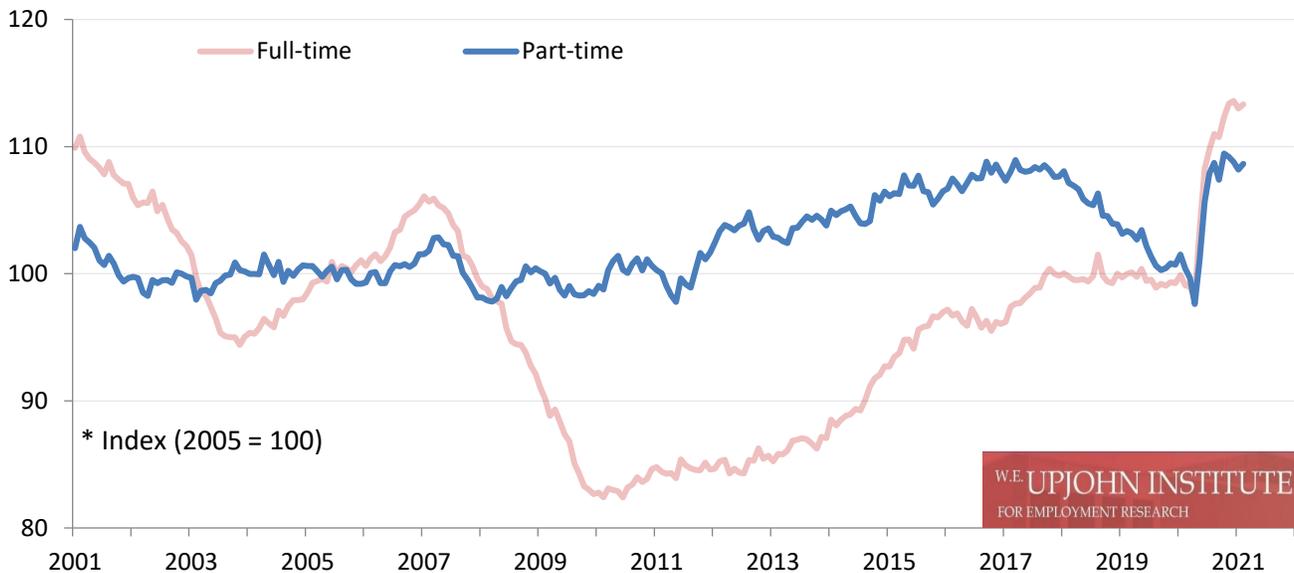
In this month's release, we look at trends for full-time and part-time workers. (The latter are those who work less than 35 hours per week.) The industries most severely disrupted by the pandemic—leisure and hospitality, retail, and childcare—all disproportionately employ part-time workers; trends for this group thus provide a potential harbinger for the employment recovery. The graph below shows the wage index separately for full-time and part-time workers, in each case indexed to the respective group's own level in 2005 in order to better show relative changes. Full-time workers had enjoyed greater wage index growth after the Great Recession, and by February 2020, on the eve of the pandemic, their wage index had risen 7.2 percent above its level in 2005, relative to growth of just 3.2 percent for part-time workers. Over the past year, however, the pattern has changed markedly, as the wage index for full-time workers had edged up a scant 0.3 percent, whereas that for part-time workers has surged 3.0 percent. Moreover, the latter's relative growth has yet to show any sign of slowing.

**New Hires Hourly Wage Index: by FT/PT status**



The next graph presents the hiring volume index for both worker groups, again index to levels in 2005. Part-time hiring volume was declining prior to the pandemic, likely because the strength of the economy was allowing workers who [wanted full-time jobs](#) to [more easily find them](#).

**New Hires Volume Index: by FT/PT status**



The surge in hiring that began last May to rehire and replace the [staggering level of separations in March and April](#) affected both full-time and part-time workers, but the increase has been greater among full-time workers: hiring volume over the past 12 months is up 14.4 percent for full-time workers and 8.2 percent for part-time workers. Put differently hiring volume for full-time workers over the past year is now higher than it has been in the past 20 years, whereas hiring volume for part-time workers is about what it was four years ago.

The hiring volume graph implies that relatively few individuals have been hired as part-time workers over the past 10 months, even as industries that employ many part-time workers slowly begin to recover. Moreover, the rapid rise in the wage index for part-time workers indicates that part-time workers that are being hired are disproportionately higher-earning ones. Together, these data suggest that, as of February, we are still in an early and uncertain employment recovery, especially for the most fragile workers. This can also be seen in the graph below, which shows the share of the new hires wage bill—the product of the wage index and hiring volume index—held by part-time workers. If part-time workers were enjoying an equitable hiring recovery, their wage bill share would not be near record lows.

### New Hires Wage Bill Share: Part-time



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/NHQB\\_report.pdf](http://www.upjohn.org/nhqi/reports/NHQB_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 March 2021 will be released during the first week of May 2021. 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).

The W.E. Upjohn Institute for Employment Research is a nonprofit, nonpartisan research organization devoted to finding and promoting solutions to employment-related problems. The views expressed in the report are those of the author and do not necessarily reflect the views of the W.E. Upjohn Institute. Visit us at [www.upjohn.org](http://www.upjohn.org).

## 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 February 2021. 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.