

# W.E. UPJOHN INSTITUTE FOR EMPLOYMENT RESEARCH

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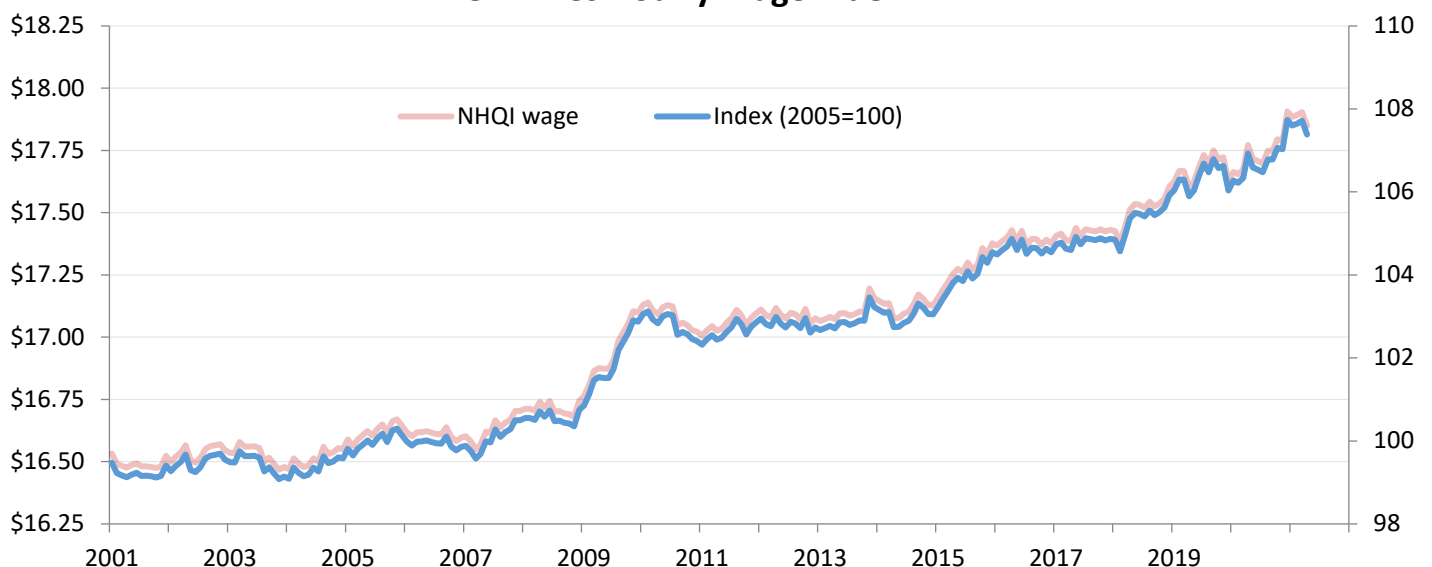
## Upjohn Institute New Hires Quality Index for April 2021 slips slightly from March, as foreign-born workers' recovery catches up with that of native-born

NOTE: As with last month, 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.— The Upjohn Institute New Hires Quality Index shows inflation-adjusted hourly earnings power of individuals starting a new job slipped 0.3 percent between March and April 2021, coming to \$17.85. While down from its peak, this number is still up 0.4 percent over the year and 7.4 percent above its average in 2005. COVID vaccinations continue (albeit at a slower rate), the CDC has relaxed mask guidelines, and [economic forecasts](#) expect inflation-adjusted GDP to reach pre-pandemic levels by midsummer. However, while total hiring volume continues to edge along, the pace remains too slow for a complete employment recovery anytime soon.

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

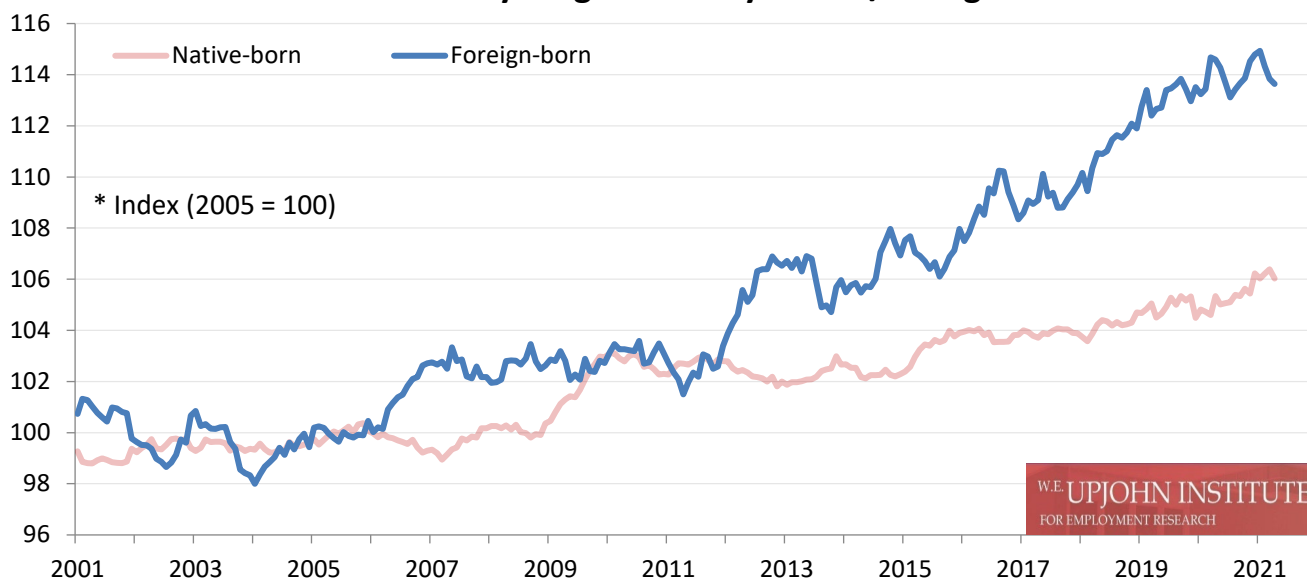
NOTE: The lighter line uses the left axis and shows the inflation-adjusted hourly wage of new hires. The darker line uses the right axis and shows the relative change since the base year of 2005.

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In this month's release, we compare the recovery experiences of native-born and foreign-born workers. The foreign-born workforce is [disproportionately concentrated in service occupations](#) that took a huge hit in employment losses last spring. Consequently, the foreign-born experienced [larger job loss](#) in the early stages of the pandemic, with employment levels declining 18.9 percent between January and April 2020, versus a decline of 14.3 percent for the native-born. As the service sector began to open in the spring of 2021, what does the NHQI indicate about the relative hiring picture for the foreign-born, both in terms of the quality and quantity of their new jobs?

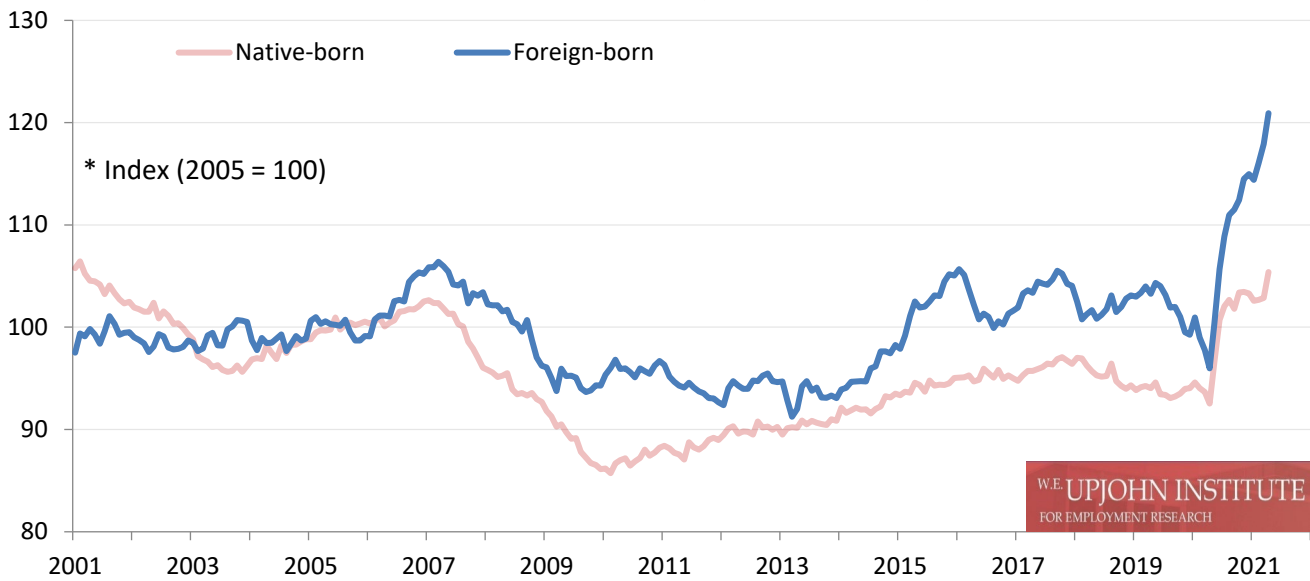
The graph below shows the wage index separately for the nativity groups, in each case indexed to the respective group's own level in 2005 in order to better show relative changes. For native-born new hires, the wage index fell slightly during the recovery from the Great Recession, rose in 2015, was stagnant through 2017, and has steadily inched up since, including a 1.2 percent increase since the beginning of 2020. The index currently stands at 6.0 percent above its level in 2005. For the foreign-born, however, the wage index shot up during the recovery from the Great Recession and, despite some volatility, continued rising until right before the pandemic but has changed little since. Nonetheless, its level stands 13.6 percent higher than in 2005. The faster long-term increase stems, in large part, from changing immigration patterns toward [more highly skilled workers](#) (often in technology industries). But the slight reversal in these trends since the beginning of 2020—even as net immigration [fell sharply](#)—suggests the recovery is playing out differently for the two groups.

**New Hires Hourly Wage Index: by Native/Foreign-born**



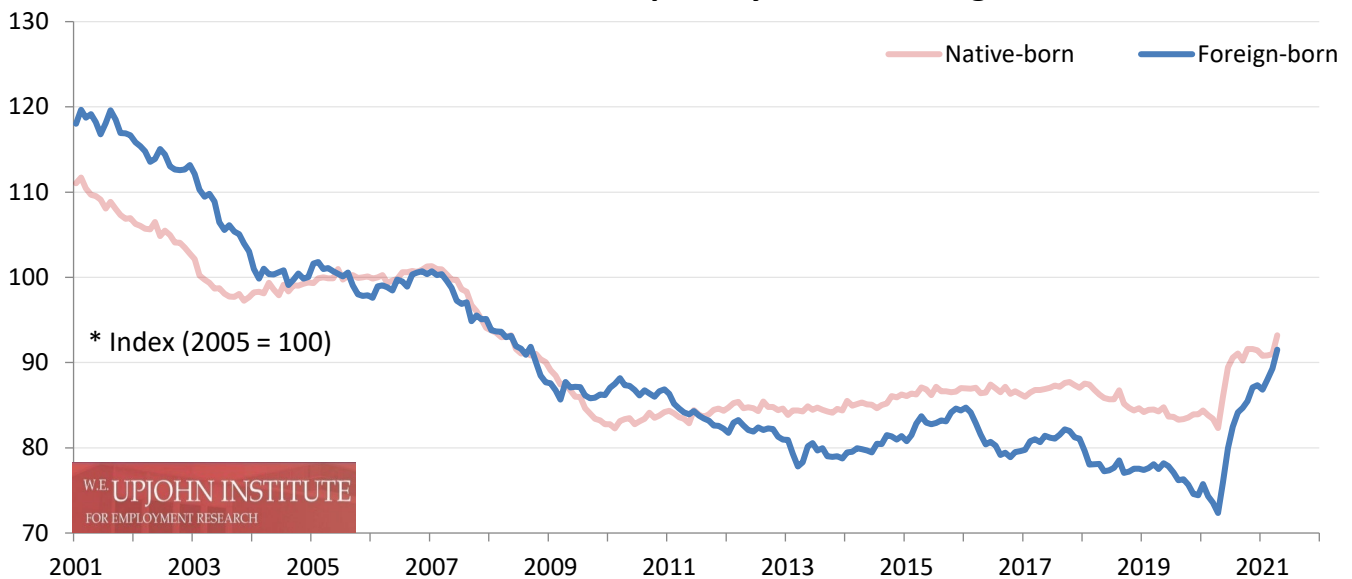
To make sense of the wage index patterns, we need to also examine hiring volume, shown in the next figure and also indexed to 2005. The native-born hiring volume fell more sharply during the Great Recession but had a steady (if gradual) recovery until 2018, when the volume of new hires began falling again despite the hot labor market. It surged in the summer of 2020, as many workers were recalled from the layoffs in March and April, and is currently 12.1 percent above prepandemic levels, or about its level from early 2001. Meanwhile, hiring volume for the foreign-born had rebounded sharply in 2014 and 2015 but had begun to dip in 2019, well before COVID-19. Since early 2020, however, hiring volume has skyrocketed, up 22.2 percent, a much larger jump than for the native-born and an NHQI record.

## New Hires Volume Index: by Native/Foreign-born



The accelerating hiring volume and lack of steady growth in the wage index suggest that the foreign-born are having a stronger hiring recovery from the COVID-19 recession than the native-born—at least on average. The pattern is consistent with many of the lower-paying service-sector jobs coming back faster for the former group. One might think that the faster hiring volume for the foreign-born is due to their growing share of the population over time, but the final figure shows that, although this was partly the case over the last decade, it does not explain the recent surge.

## New Hires Volume Per-capita: by Native/Foreign-born



On a per-capita basis, hiring rates actually declined for the foreign-born until the beginning of the pandemic, even as hiring rates for the native-born held about even. As a result, hiring per capita was nearly a quarter below its 2005 level for the foreign-born, relative to a decline of about one-sixth for the native-born. Since the beginning of 2020, however, hiring rates for the foreign born have risen more than twice as fast as for the native-born, and as of April 2021 the two series have nearly converged. This again suggests the foreign-born are moving into new jobs faster than their native-born counterparts.

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

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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 April 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.