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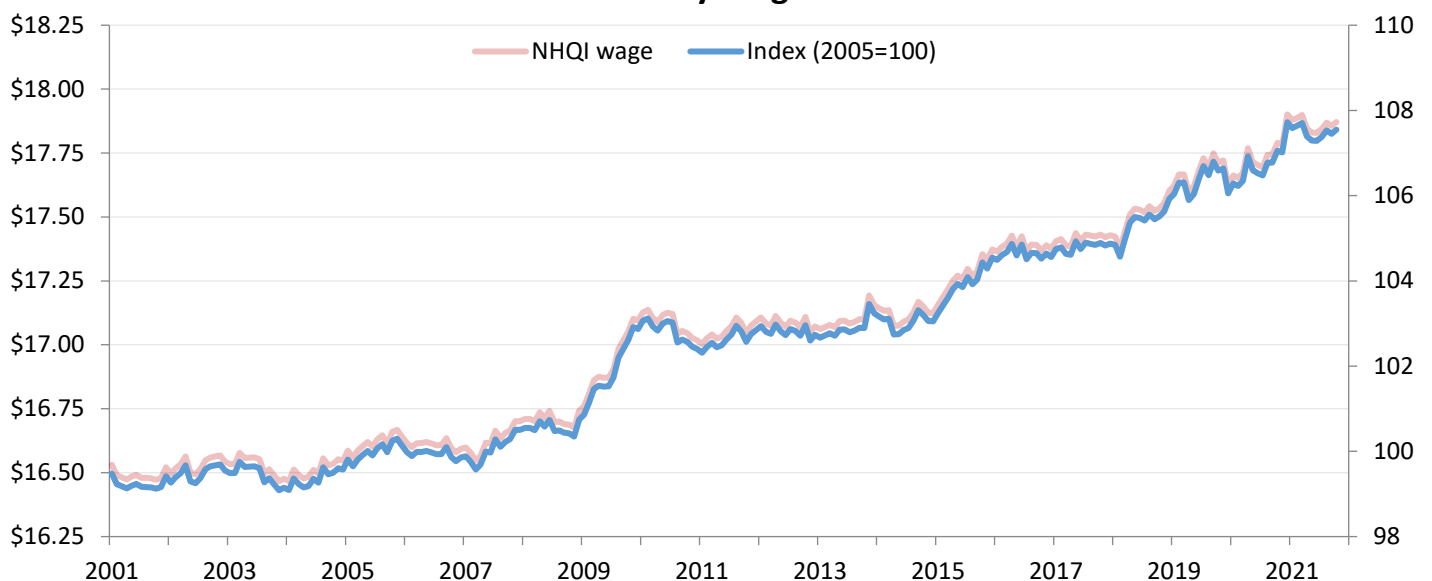
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Upjohn Institute New Hires Quality Index for October 2021 continues to hold steady for wages but volume dips; Blacks continue to close gap with Whites

KALAMAZOO, Mich.— The Upjohn Institute New Hires Quality Index shows inflation-adjusted hourly earnings power of individuals starting a new job continued to hold pat between September and October 2021, at \$17.87. Over the past 12 months, the wage index is up 0.5 percent, and it is 7.5 percent above its level in 2005. In recent months hiring volume has been volatile, falling 1.3 percent between July and August, rebounding 2.0 percent between August and September, and falling again, by 1.1 percent, between September and October; current hiring volume is 3.7 percent above pre-pandemic levels. Labor market churn continues as the nation faces a fifth COVID surge, largely in the Northeast and Midwest. The current jobs deficit, relative to before COVID-19, stands at 4.2 million—8.3 million if prepandemic job growth had continued.

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

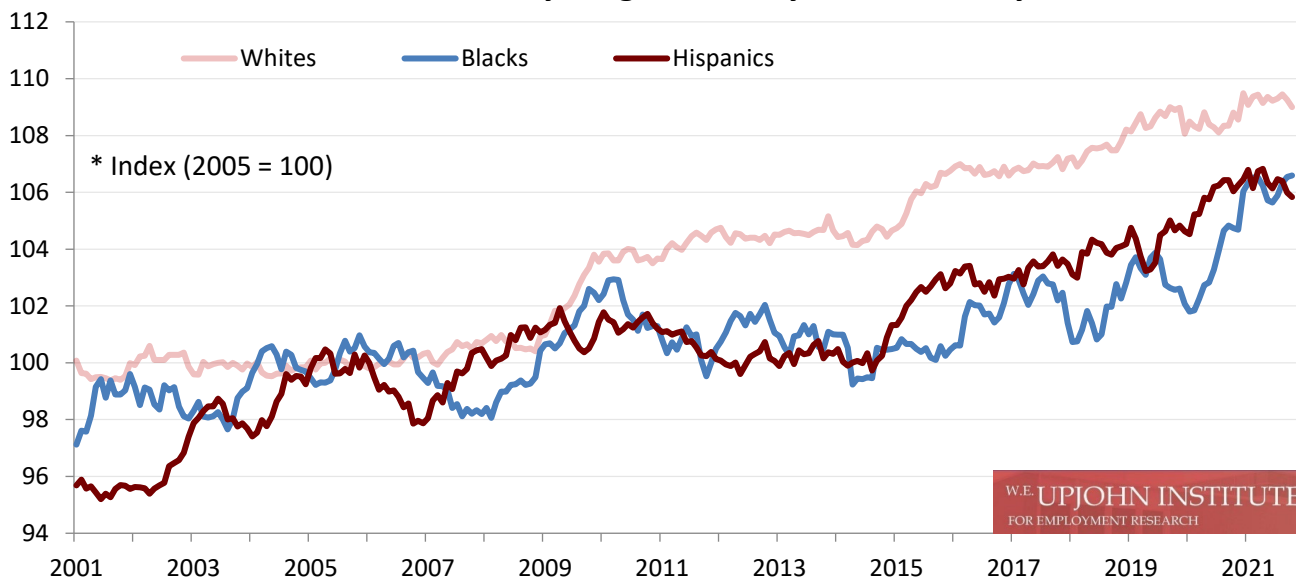
NOTE: The lighter line uses the left axis and shows the inflation-adjusted hourly wage of new hires. The darker line uses the right axis and shows the relative change since the base year of 2005.

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In this month’s release, we return to NHQI trends by race and ethnicity, specifically focusing on whites, Blacks, and Hispanics.¹ The [last time](#) we looked at these groups, with data through September 2020, the jobs recovery was in its early stages, the 2020–2021 winter COVID surge (let alone Delta or Omicron) had not yet begun, and vaccines were still in trials. Despite people of color suffering greater job loss during the initial stages of the pandemic, the NHQI showed that Blacks and Hispanics had also experienced faster growth in the new hires wage index *and* hiring volume, suggesting a stronger recovery for these groups. But has this pattern continued to hold over a year later?

The graph below shows the hourly wage index separately for whites, Blacks, and Hispanics, with each index normalized to the respective group’s own level in 2005 in order to better show relative changes. After the Great Recession, the wages of new hires diverged sharply between whites and the other two racial/ethnic groups, such that by the beginning of 2020, right before COVID, the wage index for whites had grown 8.3 percent since 2005, while growth for Hispanics and Blacks had lagged, at 5.2 percent and 1.8 percent, respectively. This pattern reversed in the summer of 2020, especially for Blacks, as recovery hiring began, although wage index growth slowed for everyone in 2021. Since February 2020, the wage index for Blacks is up 4.7 percent, but it is up just 0.6 percent for Hispanics and whites. Consequently, the new hires wage gap between Blacks and whites, which had grown between 2005 and 2020, actually shrunk over the past year and half. In contrast, the new hires wage gap between Hispanics and whites changed little over this period.

New Hires Hourly Wage Index: by race/ethnicity

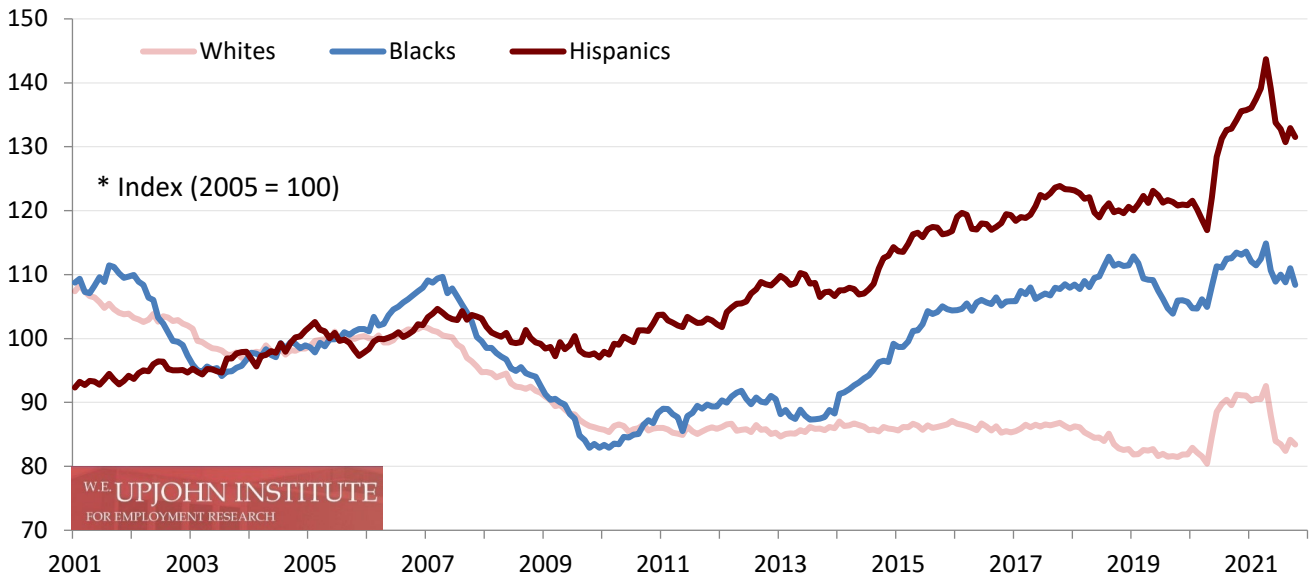


The next graph shows the indexed *volume* of new hires for each racial/ethnic group. Hispanic new hires have grown fairly steadily over the entire horizon, but as we will see shortly, that mostly reflect their growing share of the population. More interesting is the divergence in hiring volume between Blacks and whites that began in 2014 and has largely continued through the pandemic to date. Hiring volume for whites has fallen nearly 17 percent since 2005, and after the spurt last summer has edged back down, just 1.5 percent above prepandemic volume. For Blacks, hiring volume is more than 8 percent *higher* than in

¹ We use the term “Hispanics” because it is the predominant term used in the survey underlying the NHQI, but it should be considered as interchangeable with Latinx for the purposes of this report. The NHQI is also produced for Asian Americans and Native Americans, although we focus on the three larger racial and ethnic groups in this report.

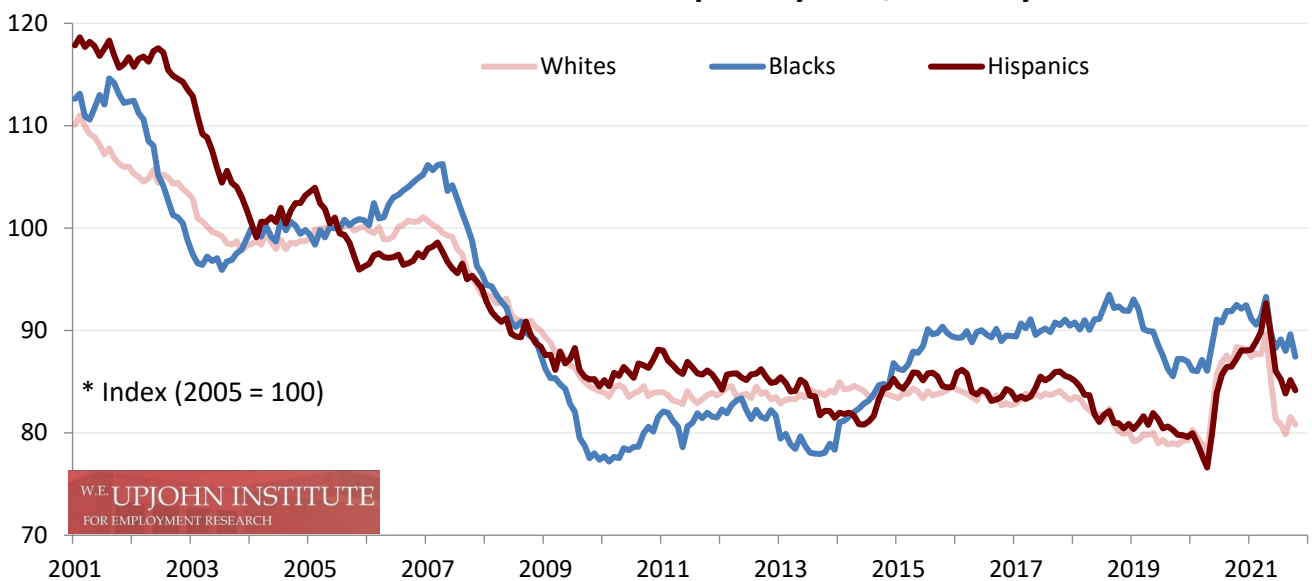
2005, and remains 3.5 percent higher than in early 2020. (It is slightly below, however, where it was in late 2018.) Interestingly, hiring volume for Hispanics, although also slowing in 2021, remains 9.4 percent above its prepandemic level, suggesting that job churning may be particularly prevalent among this group recently.

New Hires Volume Index: by race/ethnicity



To put the volume changes in context, the last graph shows indexed values of hiring *per capita*, or hiring rates, to adjust for changes in the size of the population over time. This notably reverses the trend in hiring volume among Hispanics seen above, confirming that it's their growing population, rather than hiring propensity, behind their volume index growth. All three groups show lower hiring propensity than in 2005, partially reflecting the aging of the population, as older individuals are less likely to take new jobs. Nonetheless, some of the differences seen in total hiring volume continue to hold for hiring rates, including Blacks outpacing whites over the past several years, and the relative changes since the pandemic.

New Hires Volume Per-capita: by race/ethnicity



In particular, whites and Blacks each have hiring rates 1.6 percent above prepandemic levels, while Hispanics' hiring rates remain 6.6 percent above prepandemic levels. Still, these patterns suggest that hiring dynamics remain stronger for Blacks and Hispanics than for whites, a continuation of the trends found a year ago, even as hiring in the aggregate has slowed to more normal levels. While it remains to be seen whether this trend will persist into 2022, if it does, the large racial gaps in the NHQI that widened after the Great Recession might be avoided for the pandemic recession.

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 November 2021 will be released during the first week of January 2022. 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 press releases for [July 2018](#), [July 2019](#), [July 2020](#), and [July 2021](#).

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 October 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.