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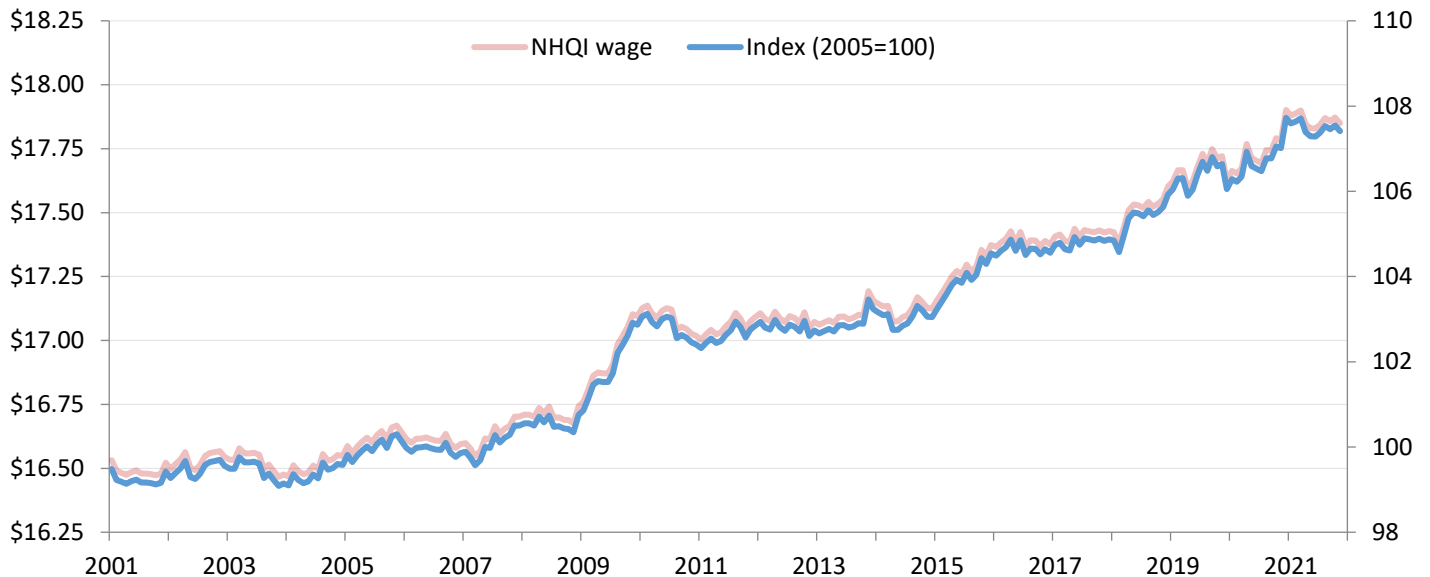
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Upjohn Institute New Hires Quality Index for November 2021 slips 0.1 percent, but workers age 65-plus continue to take new jobs at historically high rates

KALAMAZOO, Mich.— The Upjohn Institute New Hires Quality Index shows inflation-adjusted hourly earnings power of individuals starting a new job slipped slightly by 0.1 percent between October and November 2021, to \$17.85. Over the past 12 months, the wage index is up 0.4 percent, and it is 7.4 percent above its level in 2005. After several months of hiring volatility, volume in November was essentially unchanged from October, but current hiring volume is still 3.7 percent above prepandemic levels. Labor market churn continues, although these data predate the spread of the Omicron variant of COVID-19; next month's release will give greater indication how Omicron is affecting hiring. The current jobs deficit, relative to before COVID-19, stands at 3.9 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



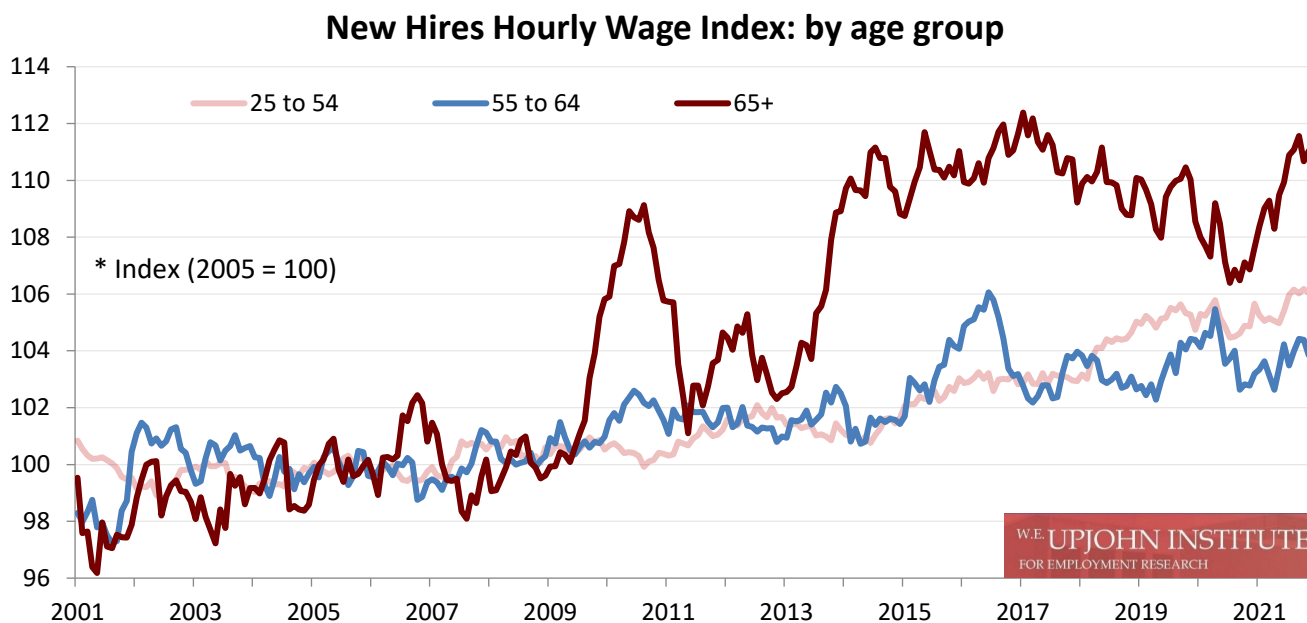
SOURCE: Upjohn Institute New Hires Quality Index

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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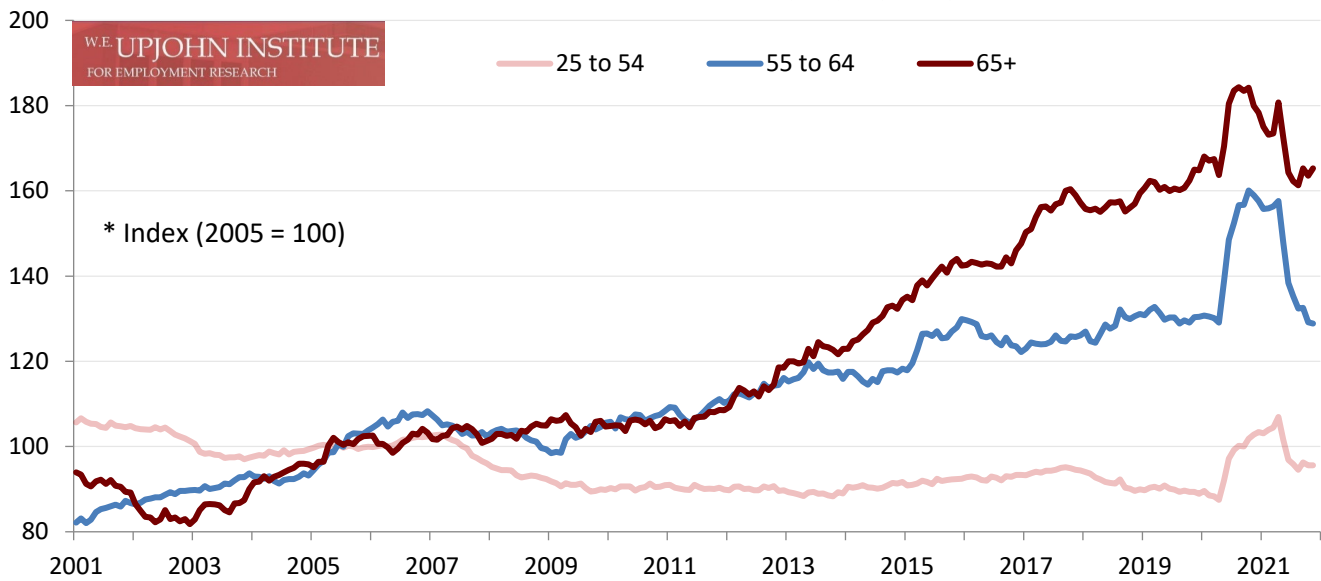
Much [media](#) and [policy](#) attention has recently focused on a “great resignation” among workers, particularly [older workers](#) who appear to be [retiring](#) in greater numbers. This pattern may be expected, in part, because of the [greater risk](#) COVID-19, including the more recent Delta and Omicron variants, to older individuals. However, it marks a break in the [increase](#) in labor force participation among people 65 and older that had been occurring since the 1990s. But how much of the story of declining labor market dynamism among older workers is really true? In this month’s NHQI release, we examine hiring trends among different age groups, with a focus on those aged 55 to 64 and 65-plus.

The graph below shows the hourly wage index separately for individuals aged 25 to 54 (prime-age), 55 to 64, and 65-plus. Each index is normalized to the respective group’s own level in 2005 in order to better show relative changes. After a brief spike during the Great Recession caused by compositional changes in who was hired, the wage index for the oldest group of workers shot up in 2013 and persisted at high levels until 2017, when it began to gradually decline. Although this decline continued through 2020, it has since rebounded through 2021 and is now 11 percent above its level in 2005. In contrast, the wage index for newly hired workers aged 55 to 64 is less than its pre-pandemic high. The index for prime-age workers, while slightly above that earlier threshold, is still well below the cumulative growth seen by the oldest new hires.



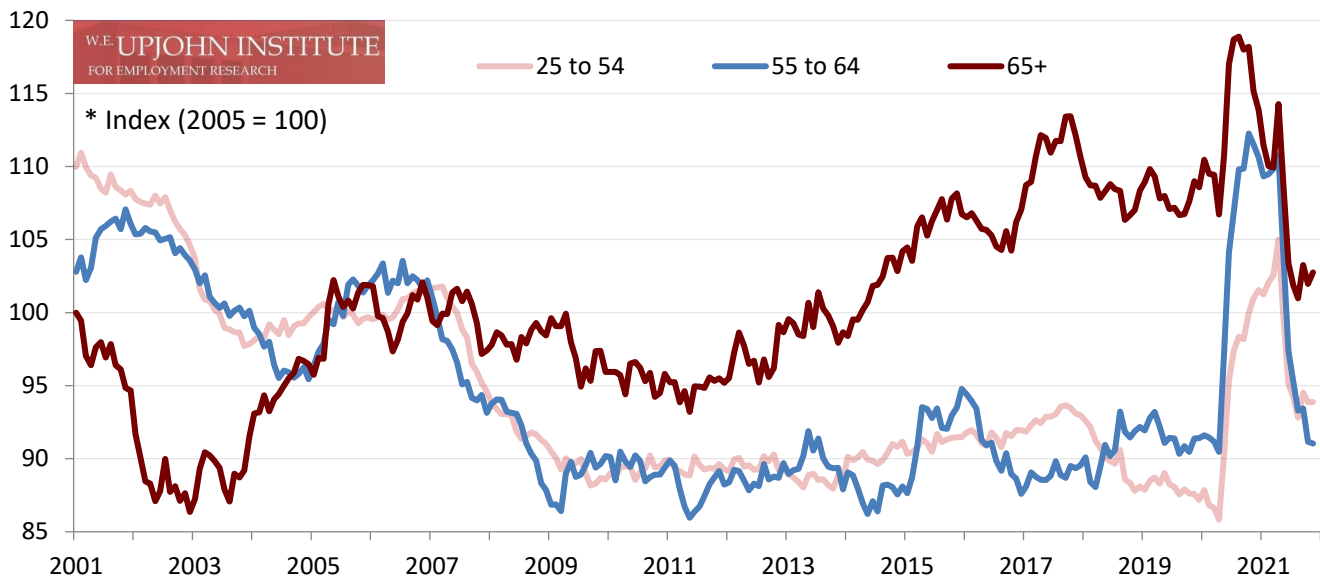
Of course, since the oldest workers are also the least likely to start new jobs, the above trends may reflect compositional changes in who is being hired, or dramatic drops in hiring volume (perhaps due to COVID-19 concerns). The next graph, which shows the indexed *volume* of new hires for each age group, indicates this is not the case. Hiring volume for the older groups, especially those 65-plus, had steadily increased since the Great Recession, reflecting, in large part, the aging of the population. There is a temporary surge for all age groups in the late spring and early summer of 2020, as the economy began to reopen, that then gradually faded. Nonetheless, hiring volume is now at pre-pandemic levels for workers aged 55 and over. Although volume for prime-age workers remains slightly elevated relative to the beginning of 2020, it is near its level in late 2017. By this earlier benchmark, hiring volume for the older workers is still elevated.

New Hires Volume Index: by age group



To adjust for population aging, the next graph shows indexed values of hiring *per capita*, or hiring rates. For the oldest workers, there was indeed a long-term increase in hiring rates between 2011 and the beginning of 2020, although rates for younger workers, including those aged 55 to 64, showed flatter trends. After the spike in mid-2020, hiring rates for workers age 65-plus have fallen to below pre-pandemic rates—unlike those of the younger workers. However, because of the long-term increase in hiring rates for the oldest workers, their current hiring rate is still well above its level in 2005, while the opposite is true for younger workers. Thus, in the big picture over the last two decades, it does *not* appear that workers age 65-plus are ceasing to start new jobs.

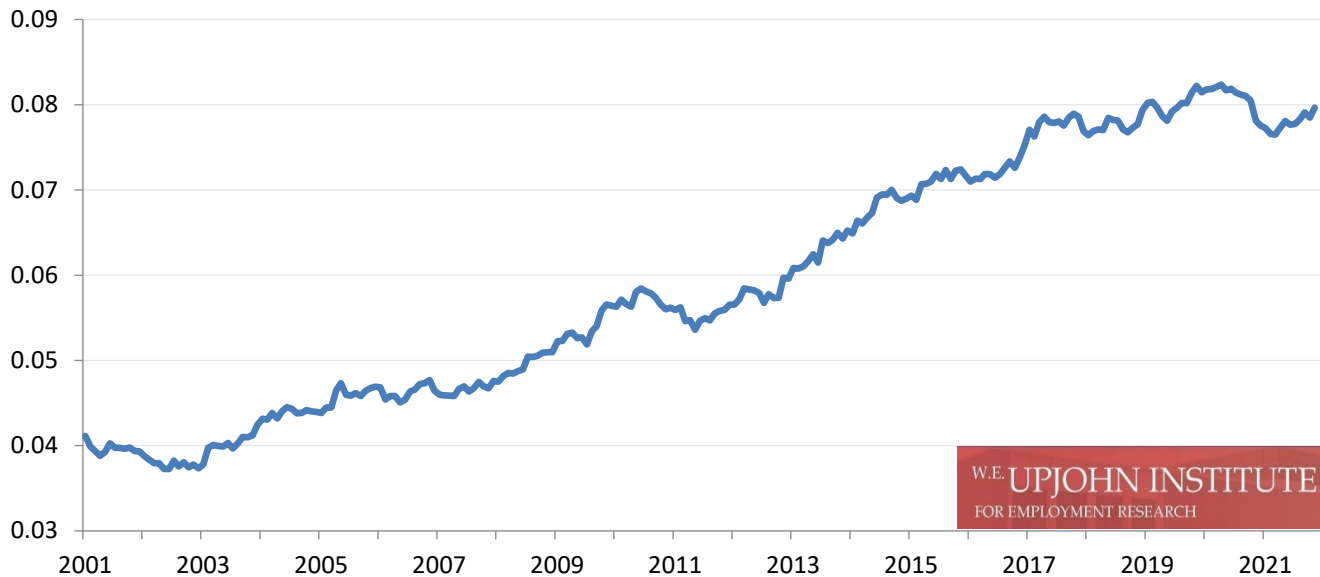
New Hires Volume Per-capita: by age group



Indeed, the growing role of workers age 65-plus among new hires can be more clearly seen in the last graph, which shows their share of the wage bill—the earnings power of *all* new hires (including those younger than 25). While the wage bill share among the oldest workers was about 4 percent in the early 2000s, it has doubled to 8 percent over the last 20 years. The recent change from 8.2 percent on the eve of

the pandemic to 8.0 percent in November 2021 is miniscule compared to the longer-term doubling. This trend further suggests that labor market dynamism among workers 65-plus is hardly dormant, and that stories of mass, permanent retirements are certainly premature.

New Hires Wage Bill Share: age 65+



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/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 December 2021 will be released during the first week of February 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 November 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.