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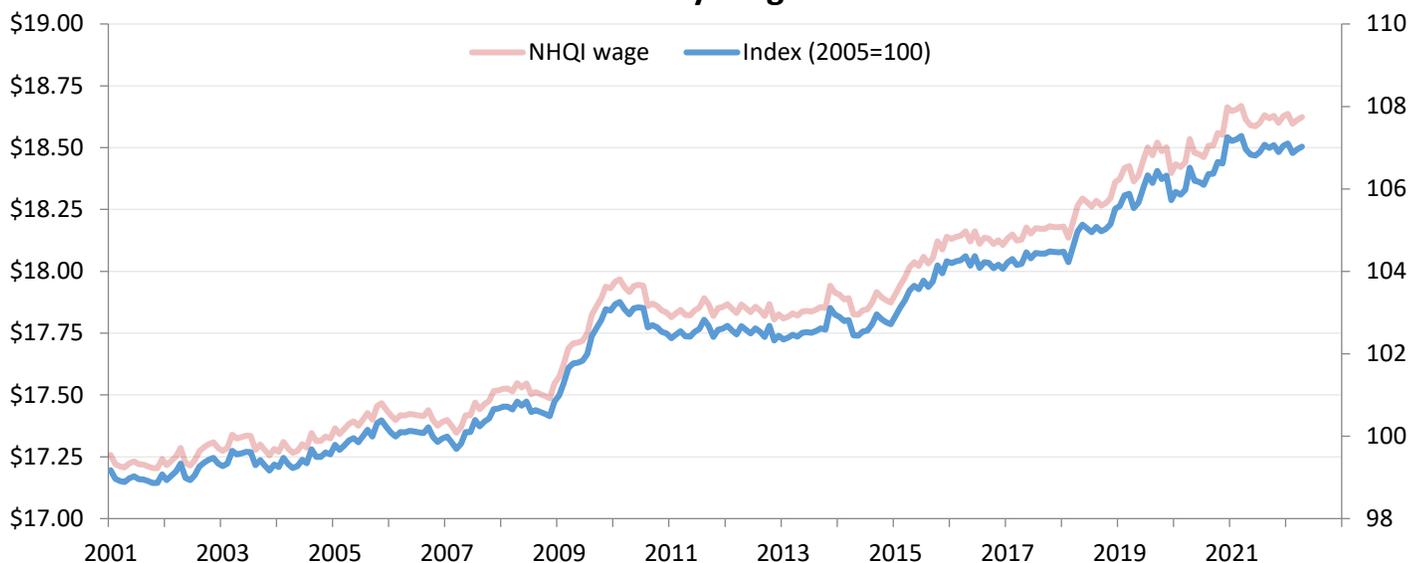
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Upjohn Institute New Hires Quality Index for April 2022 holds steady overall, but foreign-born workers edge up even as their hiring volume moderates

KALAMAZOO, Mich.— The Upjohn Institute New Hires Quality Index shows inflation-adjusted hourly earnings power of individuals starting a new job was essentially flat between March and April, at \$18.62. The index has been remarkably steady since the spring of 2021, deviating by less than 0.2 percentage points, even as the labor market remains relatively tight. Since 2005, the index is up 7.0 percent. Hiring volume slipped 0.2 percent over the month but remains 4.0 percent above its pre-pandemic (February 2022) level. The Federal Reserve’s interest rate hikes, Russia’s invasion of Ukraine, and ongoing supply shortages still do not appear to have substantively affected U.S. hiring—at least not yet. The current jobs deficit, relative to before COVID-19, stands at 1.2 million—6.5 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

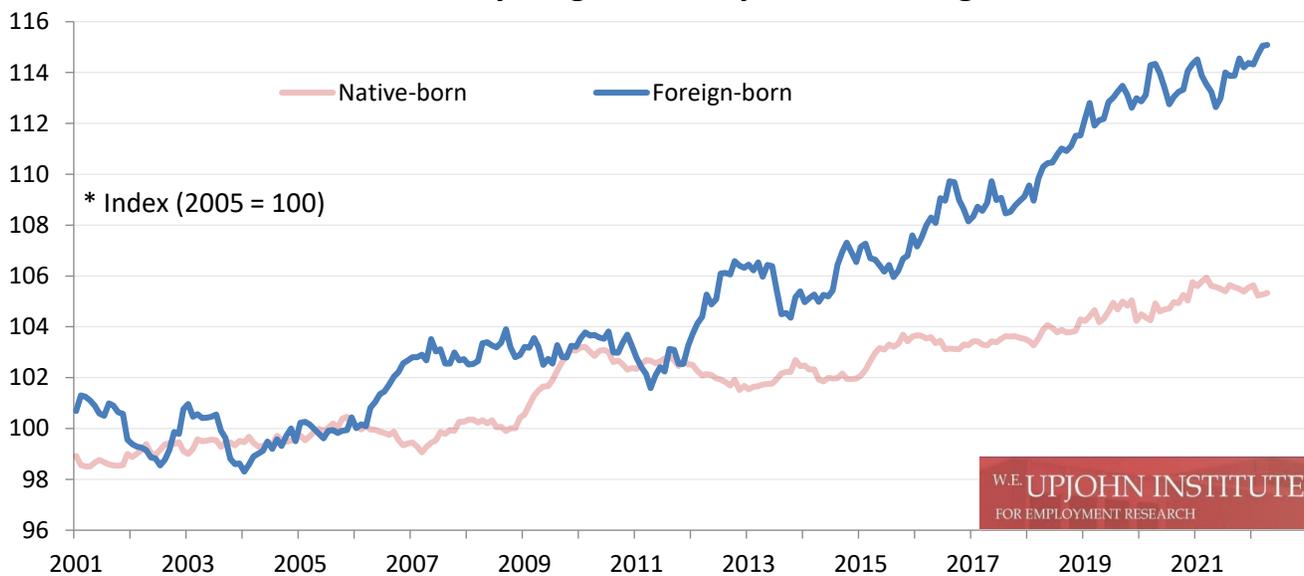
NOTE: The lighter line uses the left axis and shows the inflation-adjusted hourly wage of new hires. The darker line uses the right axis and shows the relative change since the base year of 2005.

W.E. UPJOHN INSTITUTE
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For this month's release, we return to hiring trends for native and foreign-born workers. The foreign-born had experienced larger employment losses than natives in the early stages of the pandemic, mostly because of their [greater concentration in hard-hit service occupations](#), but at this point last year they had experienced a [fairly robust hiring recovery](#). As the labor market continues to remain healthy despite some looming headwinds, have foreign-born workers maintained their hiring dynamics, or are these trends cooling, especially relative to native workers?

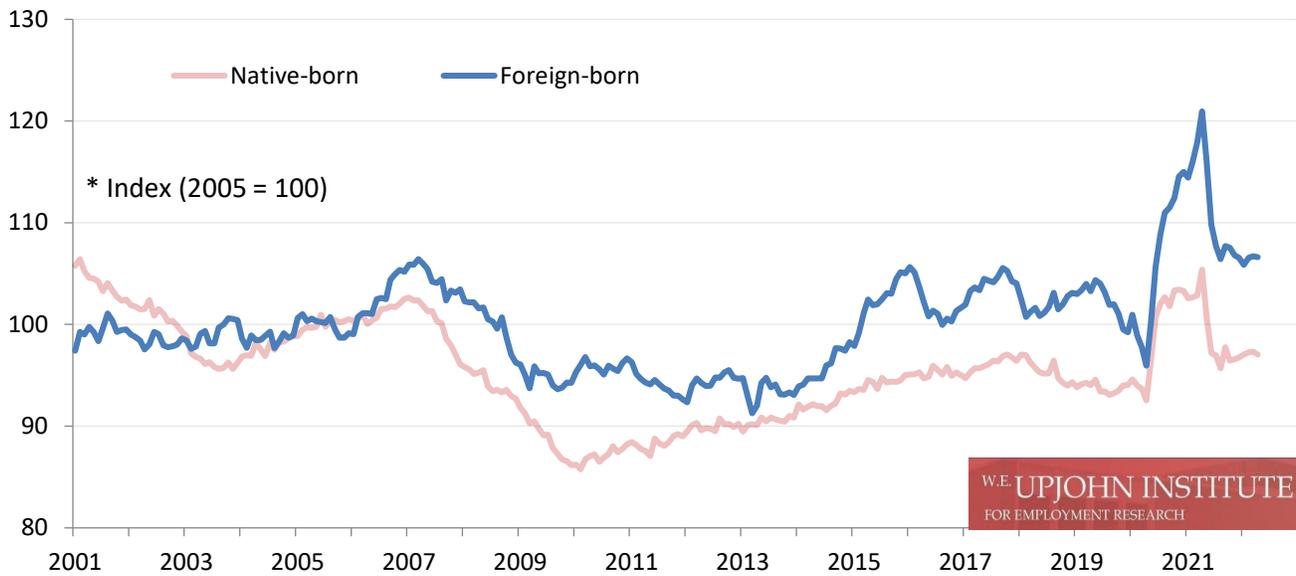
The graph below shows the hourly wage index separately for native-born and foreign-born workers. Each index is normalized to the respective group's own level in 2005 in order to better show relative changes. Although both groups have seen growth over time, the wage index for foreign-born workers has grown much faster than for the native-born: the foreign-born index is up 15.1 percent since 2005, while that native-born index has risen by about one-third as much, 5.3 percent. Much of the differential increase has occurred since the end of the Great Recession, as the foreign-born have sorted into higher-earning occupations. The COVID pandemic has little affected these trends, with the indices up 1.7 percent and 0.9 percent, respectively, since February 2020. Nonetheless, foreign-born incumbent workers (not just the newly hired) still [earn about 88 percent](#) of what the native-born earn. The NHQI trends suggest this gap is continuing to narrow.

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



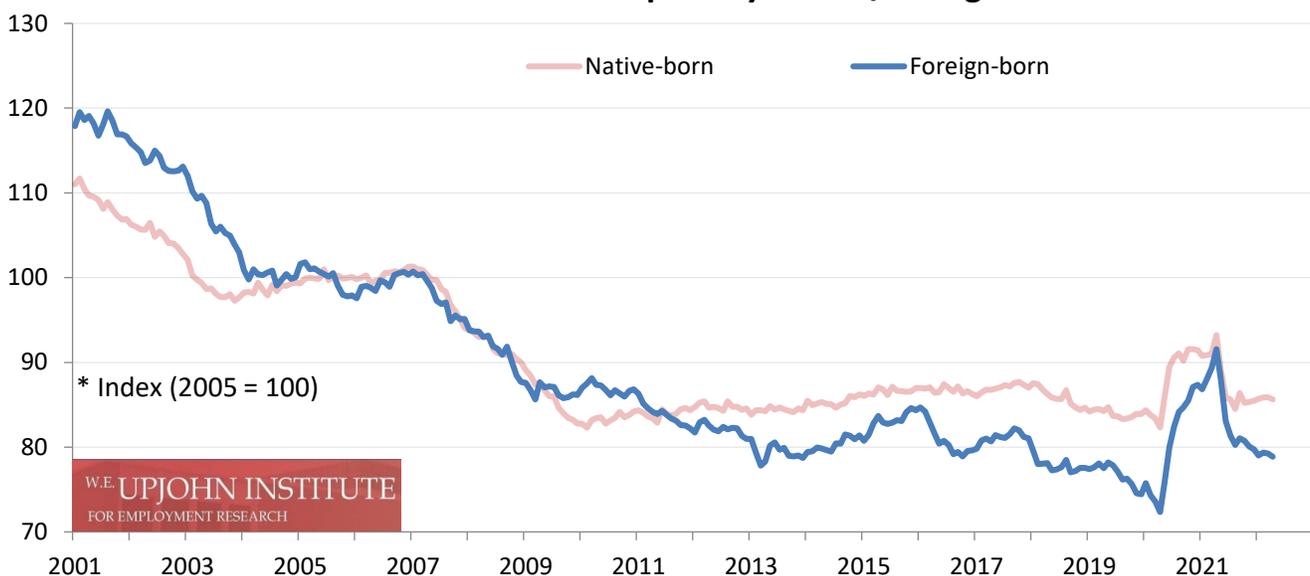
In April 2021, the hiring volume of foreign-born workers reached an all-time record, reflecting the surge in rehiring that began in May 2020. Foreign-born hiring volume in April 2021 exceeded its February 2020 level by 22.2 percent, almost twice the increase of 12.1 percent experienced by the native-born. Since then, as shown in the figure below, hiring for both groups has moderated, although it remains elevated from prepandemic levels. Although the decline over the past year was sharper for the foreign-born, hiring volume for this group also remains above its 2005 average (by 6.6 percent), whereas volume for the native-born is about 3.0 percent below that earlier benchmark.

New Hires Volume Index: by Native/Foreign-born



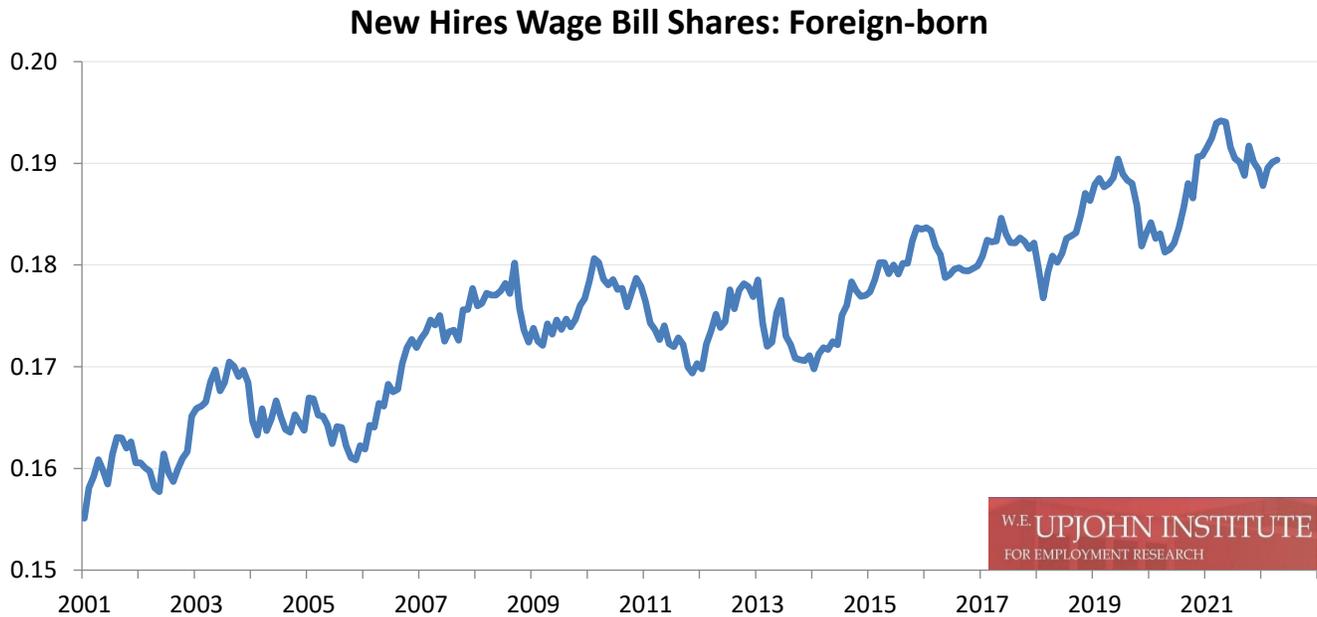
Differential population growth explains most of this difference in hiring volume trends, even though [international in-migration slowed dramatically](#) in 2021 because of the pandemic. When we adjust for population by examining hiring rates, as in the figure below, we see that the foreign-born have actually experienced a lower propensity of taking a new job than their native-born counterparts since 2012—although the surge in spring of 2021 nearly brought the rates into parity. Over the past 12 months, though, hiring rates have fallen by 13.8 percent for the foreign-born and a somewhat smaller 10.1 percent for the native-born, once again opening a gap between the two.

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



Despite the relative slowdown of foreign-born hiring, the longer-term growth in the foreign-born population and the continuing rise in the foreign-born wage index together imply that a larger share of the total earnings power of newly hired workers is accruing to the foreign-born. As illustrated in the final graph, this share rose from about 16 percent in the early 2000s to about 19 percent more recently.

Although the share has dipped slightly over the past 12 months, it remains above prepandemic levels and near its previous (prepandemic) high.



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: https://www.upjohn.org/sites/default/files/2021-05/NHQP_report_0.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 2022 will be released during the first week of July 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 the self-employed (including independent contractors).

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 2022. 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.