

W.E. UPJOHN INSTITUTE FOR EMPLOYMENT RESEARCH

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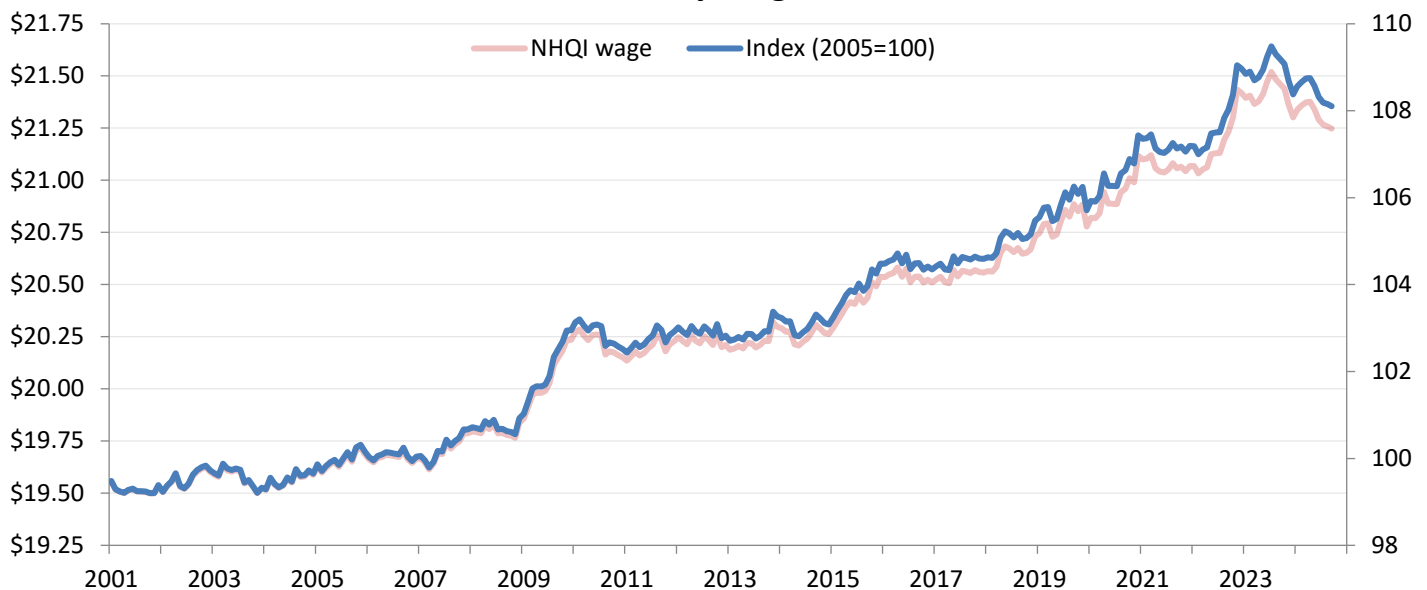
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Upjohn Institute New Hires Quality Index drops 0.1 percent in September, with recent decline driven by full-time hires; part-time hires see gains

KALAMAZOO, Mich.— The Upjohn Institute New Hires Quality Index shows inflation-adjusted hourly earnings power of individuals starting a new job edged down just under 0.1 percent between August and September, with the index currently at \$21.25. This remains 1.0 percent below the level from one year ago, but 2.1 percent above its level right before the COVID pandemic. Although hiring volume had ticked up last month, it resumed its decline in September, dropping 1.2 percent over the month and 3.3 percent over the year. Relative to February 2020, hiring volume is down 4.5 percent and just above an all-time low. Adjusting for population growth, hiring *rates* are down 4.0 percent over the year and 7.5 percent since the pandemic began. These tepid numbers contrast somewhat with the reasonably strong [job gains in September](#), although the NHQI is based on a different survey and smoothed over time, and the decline in unemployment suggests that job counts could rise even as hiring continues to slow. All in all, the labor market remains resilient, even with slower hiring.

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

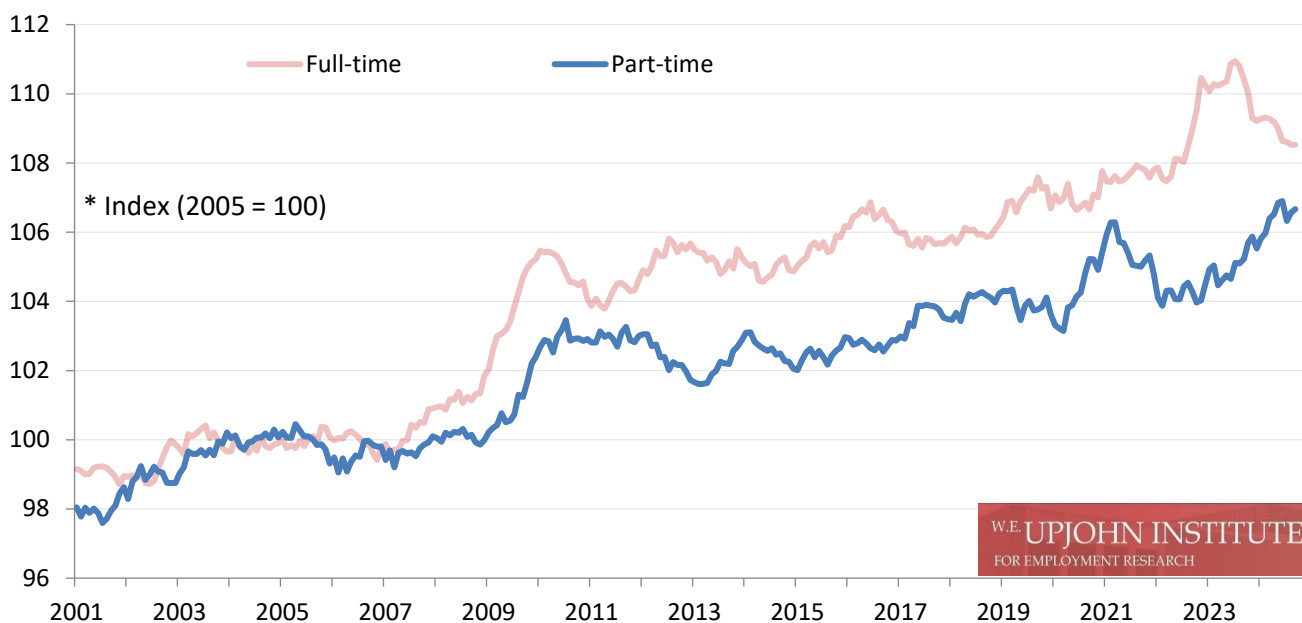
NOTE: The lighter line uses the left axis and shows the inflation-adjusted hourly wage of new hires. The darker line uses the right axis and shows the relative change since the base year of 2005.



The cooling—but still relatively warm—labor market should be no surprise to anyone who has been paying the slightest attention. (Admittedly, there are many distractions of late.) But what is not as well known is that the labor market is cooling for some groups while still warming for others. [Last month](#), we saw this was the case for men (cooling) and women (warming). But this phenomenon has also been occurring for full-time and part-time workers, with [several](#) commentators [noting](#) that ads for [part-time jobs](#) have been increasing. While this is historically a sign of a weakening labor market, much of the growth in part-time employment has been [voluntary](#)—based on worker preferences more than employer preferences. This prompts a question that the NHQI can (partially) address: how good are these new part-time jobs?

The graph below shows the hourly wage index separately for newly hired full-time workers (35+ hours per week; salmon) and part-time workers (fewer than 35 hours per week; blue). Each index is normalized to the respective group’s own level in 2005 to better show relative changes. Both groups have seen increases over the past two decades, with the wage index for newly hired full-time workers up 8.5 percent since 2005, and that of newly hired part-time workers up 6.7 percent. But there have been noteworthy blips more recently. During the initial stages of the pandemic (in 2020), the wage index for new part-time hires shot up due to changes in the types of jobs hiring in this period (relatively high-paying health care, manufacturing and transportation jobs). As vaccines spread and the economy opened up, the wage index edged back down in 2021 and 2022, even as the wage index for full-time hires surged—many of these jobs were tech-related. Over the past 12 months or so, the pattern reversed again, with the wage index for full-time hires dropping 1.7 percent—its steepest 12-month decline on record—and the wage index for part-time hires increasing 1.4 percent. Indeed, the latter wage index is near record highs. This would normally be a warning sign about the labor market—the wage index of part-time hires tends to rise in recessions as jobs that would normally be full-time are created as part-time instead.

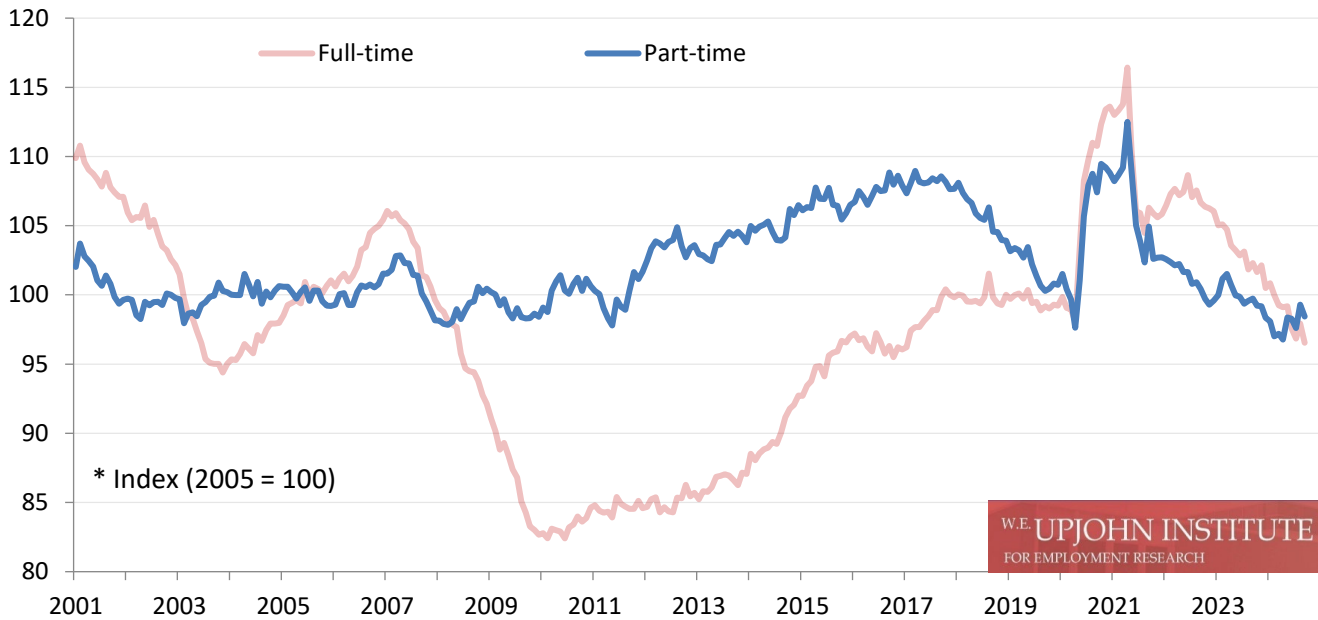
New Hires Hourly Wage Index: Full-time & Part-time



However, when that is the case, part-time hiring tends to *rise relative to full-time hiring*. As the next graph shows, hiring volume has generally been falling for both full-time workers *and* part-time workers, with only a slight uptick for the latter group very recently. Over the past two years, hiring volume of full-time

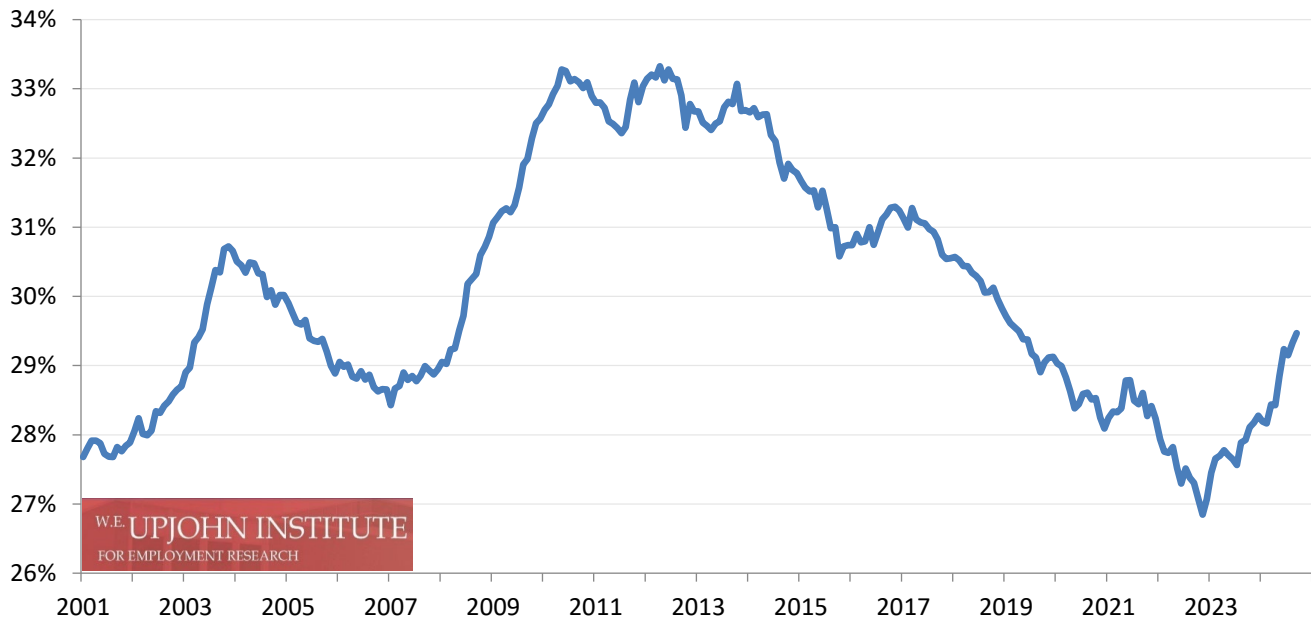
workers has fallen 9.5 percent, but it's only 2.5 percent below its prepandemic level. For newly hired part-time workers, hiring volume has slipped 2.0 percent over the past two years and is essentially at the same level as at the beginning of 2020. The lack of any sustained increase in hiring of part-time workers accords with the increase in voluntary part-time employment more than it flashes warning signs about an impending recession. That said, this is an indicator worth watching.

New Hires Volume Index: Full-time & Part-time



Another is the part-time hires' share of the wage bill—the fraction of the earnings power among all newly hired workers accruing to part-timers. As shown in the graph below, this share does tend to rise in recessions (note the early 2000s and Great Recession periods) and fall during recoveries.

New Hires Wage Bill Shares: Part-time



In this sense, the rapid rise in the part-time wage bill share since the start of 2023—from 26.9 percent to 29.5 percent in September 2024—is concerning. But the level also matters, especially as the [population continues to age](#). The current wage bill share of newly hired part-time workers is near its average from 2018—a fairly strong job market, and only half a point above its level in 2007. It is considerably lower than the 33 percent share reached during several years following the Great Recession. Moreover, since much of this increase appears driven by [voluntary part-time employment](#), there’s no reason to be overly concerned—yet.

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/NHQB_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 October 2024 will be released during the first week of December 2024. 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 changes 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](#), [July 2021](#), [July 2022](#), [July 2023](#), and [July 2024](#).

4. Does the NHQI count self-employed workers?

No, the NHQI excludes the self-employed (including those who report bring 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 September 2024. 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 at 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.