

W.E. UPJOHN INSTITUTE FOR EMPLOYMENT RESEARCH

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NEWS RELEASE: February 5, 2025

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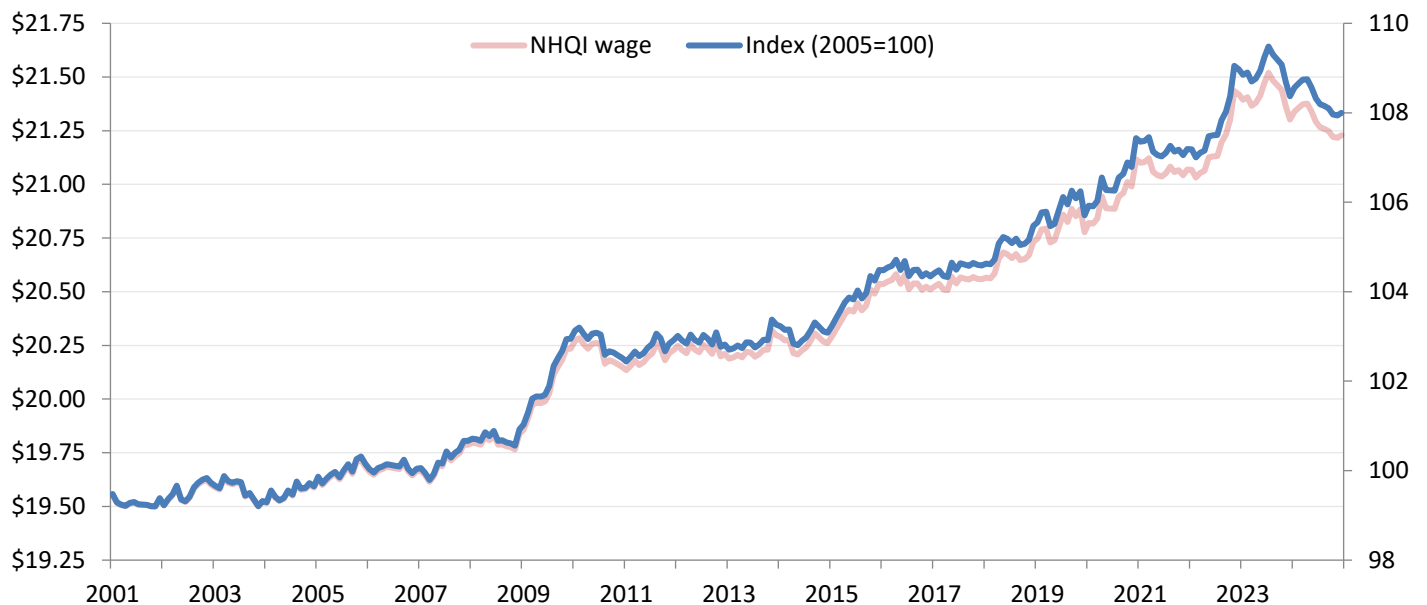
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Upjohn Institute New Hires Quality Index again flat in December, and hiring volume ticks up in non-metros even as wage index there stalls

KALAMAZOO, Mich.— The Upjohn Institute New Hires Quality Index shows the inflation-adjusted hourly earnings power of individuals starting a new job was flat between November and December, as it was the previous month. The index currently stands at \$21.23. This marks a 0.3 percent drop from its level of one year ago, although it remains 2.0 percent above its pre-COVID mark. Hiring volume inched up 0.2 percent over the month but is down 3.5 percent from one year ago and is still flirting with a 13-year nadir. Adjusting for population growth, hiring *rates* are down 4.1 percent over the year, 8.6 percent since the pandemic began, and just crest last month's series low. These hiring slowdowns contrast with the healthy average monthly job gains of [234,000](#) over November and December. The [annual benchmark revisions](#) and [population adjustments](#) coming on February 7 will likely both adjust these payroll job gains somewhat down and also increase NHQI hiring trends going forward, but perhaps not enough to counteract the entire slowdown.

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



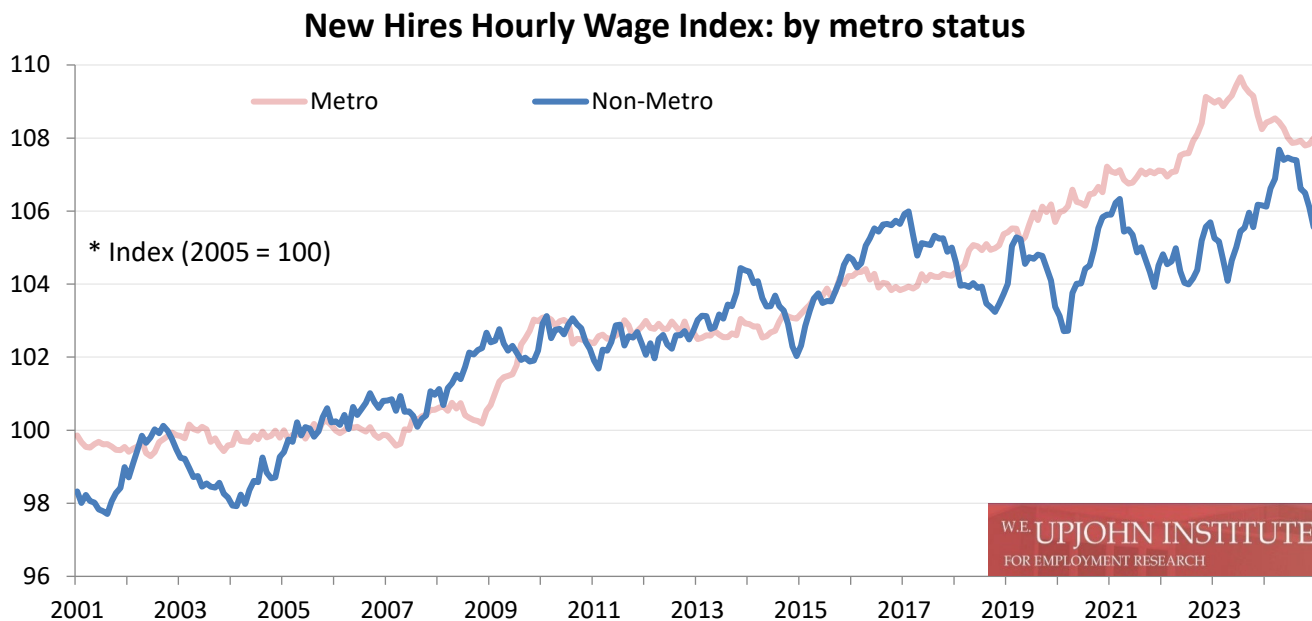
SOURCE: Upjohn Institute New Hires Quality Index

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 [updated population estimates](#) coming very soon will likely show that there are a few million more people living in the United States than the official labor force survey had earlier estimated, and this in turn will adjust upward the number of workers, including recently hired ones. Because the NHQI is based on a 12-month moving average to smooth monthly fluctuations, these adjustments will enter gradually over the year. However, they will almost certainly affect demographic groups differently—particularly the U.S.- and foreign-born, which we will cover in a release in the next few months. The updated population estimates may also affect the hiring trends for urban and rural areas. Although the years after the pandemic have been thought to bring [greater net migration to nonmetro areas](#), the number of counties with declining population is expected to only [increase](#) in the decades ahead, and population revisions that bolster the metro population may mean that phenomenon has already begun. Thus, in this month’s NHQI release, we revisit hiring trends for metro and nonmetro areas, albeit *before* the new population adjustments have gone into effect.

The graph below shows the hourly wage index separately for residents of metro areas (in salmon) and non-metro areas (in blue)¹. Each index is normalized to the respective group’s own level in 2005 to better show relative changes. Starting in 2022, as the economy recovered from the pandemic, the wage index for new hires in metro areas surged, rising 2.4 percent by the summer of 2023. In contrast, the wage index for non-metro areas grew at only one-quarter the pace, 0.6 percent, over this time.² Over the most recent 18 months, metro areas have given up much of their gains, with the wage index sitting just 0.8 percent above its level from the start of 2022. The wage index in non-metro areas, however, continued rising until the summer of 2024; since then, it has fallen precipitously, by 1.8 percent. Consequently, what looked like a narrowing of cumulative wage index growth a mere six months ago has again widened in favor of new hires in metros.

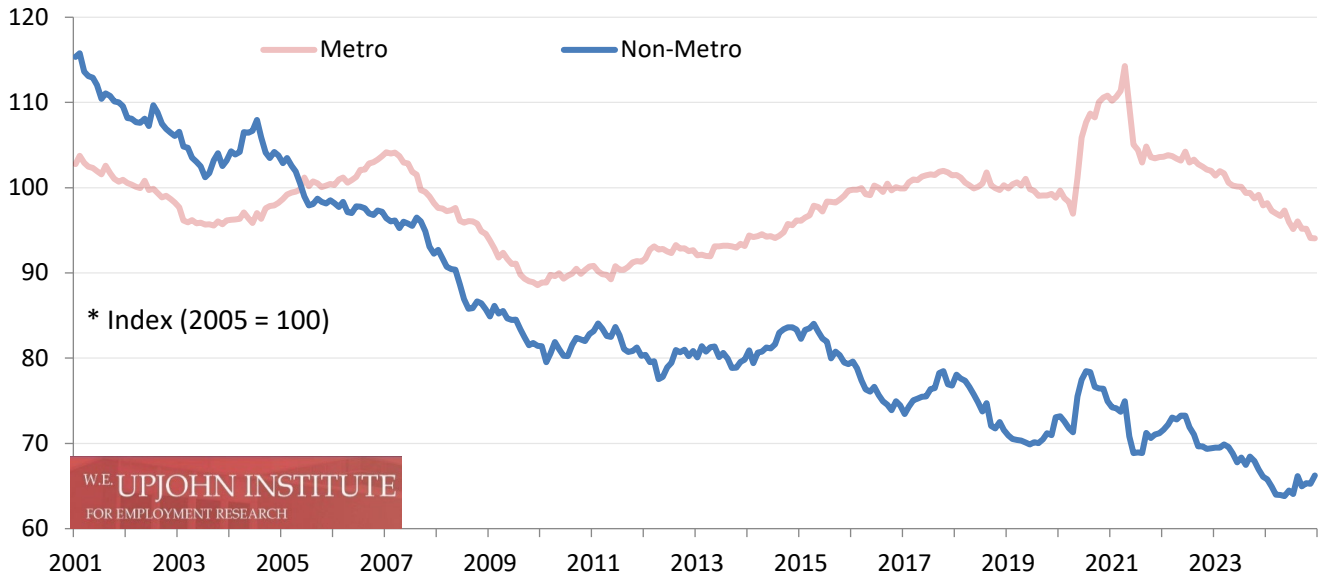


¹ As [defined](#) by the U.S. Office of Management and Budget, metro areas are one or more contiguous counties with an urban area of at least 50,000 people. Non-metro areas include all other counties, both rural and those with urban areas of between 10,000 and 50,000 people, called micropolitan statistical areas. Approximately 85 percent of the U.S. population lives in a metro area.

² Remote workers moving to non-metro areas who kept their jobs would not be counted in the NHQI, but new local hires induced by the greater demand from these remote workers would be.

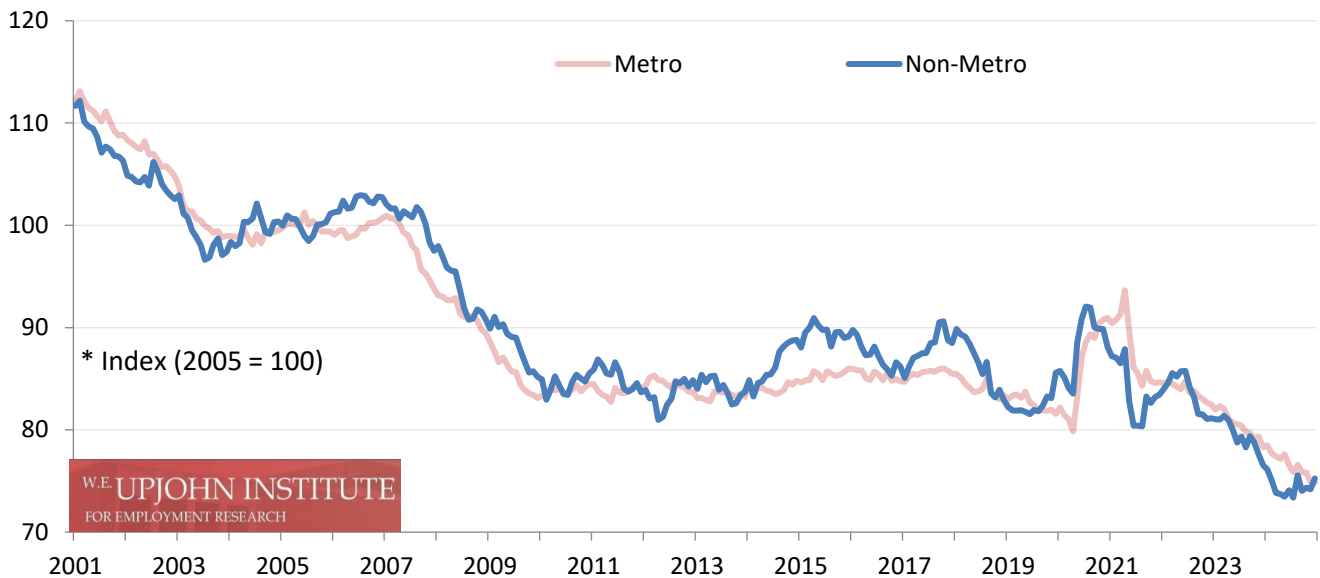
Hiring volume has been trending downward since 2022 in both types of areas, although there has been a small, recent uptick in non-metro areas. Over the past six months, hiring volume has dropped 2.0 percent in metros but has risen 2.7 percent in non-metro areas. Since the beginning of the pandemic, however, hiring is down 4.8 percent in metro areas and 8.8 percent in non-metros, so the latter’s recent uptick has done relatively little to reverse the longer-term slide.

New Hires Volume Index: by metro status



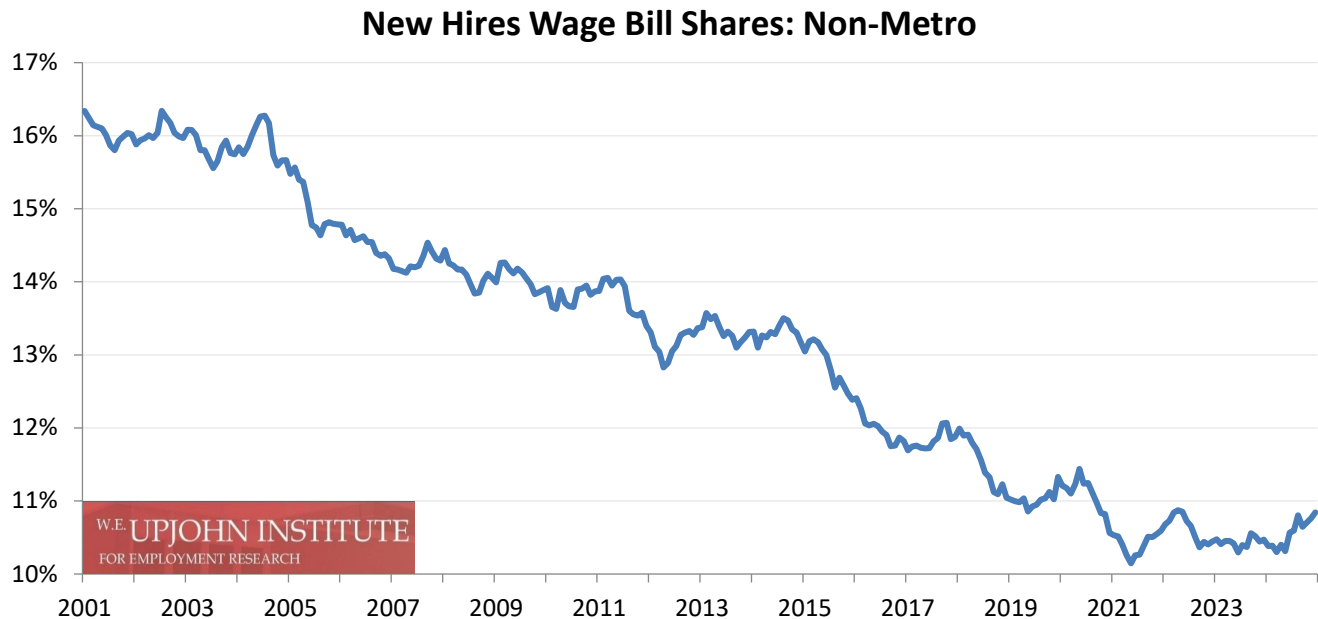
Of course, these longer-term trends are heavily influenced by population growth—or the lack thereof. Non-metro areas of the country [did grow in population](#) between 2022 and 2023—mostly from migration—but most of the population growth came from metro areas.³

New Hires Volume Per-capita: metro status



³ The revised population estimates coming soon may change the growth numbers but are unlikely to change this conclusion. Population data for 2024 at the county-level—needed to identify metro and non-metro areas—is scheduled for release in March of 2025.

We can make better comparisons of the trends in hiring dynamics if we instead examine *hiring rates*, which normalize hiring volume by population. As shown in the graph above, the decline in hiring volume for non-metro areas parallels the decline in population in these areas, such that hiring rates have trended similarly for both metro and non-metro areas. In both cases, hiring rates are about one-quarter lower than they were in 2005, although the losses over the past year have been slightly steeper in metro areas.



The recent uptick in hiring volume in non-metro areas, despite the decline in the wage index, has meant that their share of the new hires wage bill—the sum of earnings power among *all* newly hired workers—has ticked up in the past few months, reaching 10.8 percent. This has been enough to arrest, but not really reverse, its longer-term decline: the share steadily fell from 16 percent in the early 2000s to between 10 and 11 percent in the aftermath of the pandemic, where it has—so far—remained.

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 January 2025 will be released during the first week of March 2025. 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 December 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.