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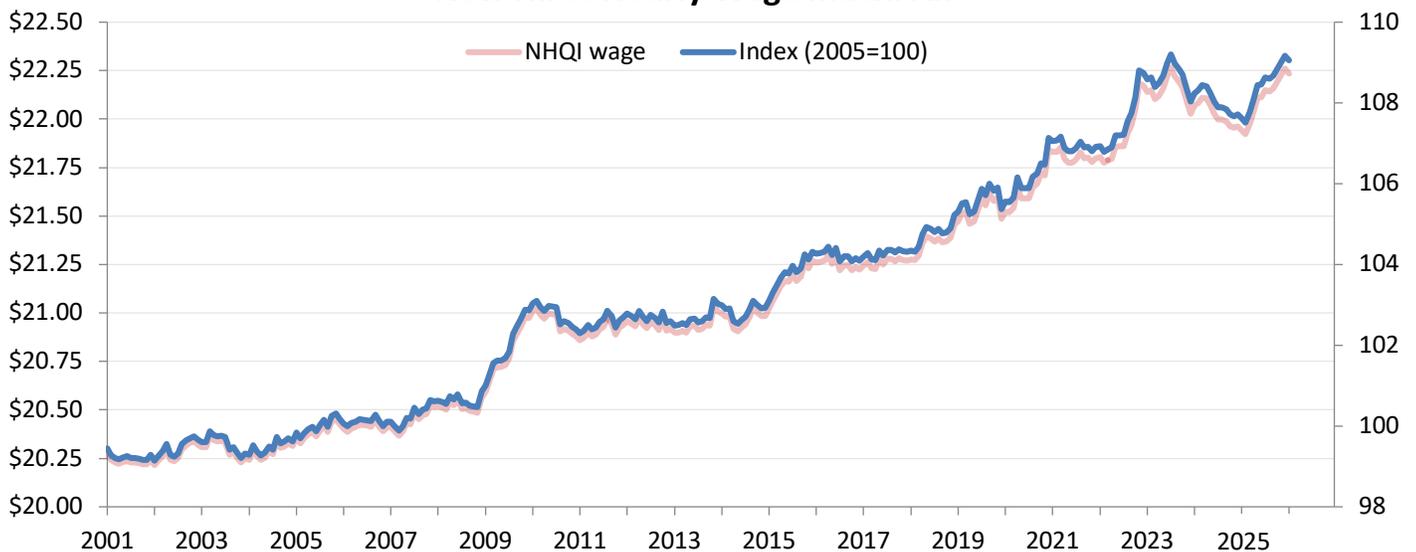
Upjohn Institute New Hires Quality Index dips 0.1 percent in January 2026 as volume continues to recover, driven entirely by services sector

NOTE: Following delays resulting from the government shutdown last fall, leading to no data availability for the October and November NHQI, this release follows the normal cycle, but some caution should be used in interpreting the estimates, which are based on moving averages that exclude Oct and Nov 2025.

KALAMAZOO, Mich.— The Upjohn Institute New Hires Quality Index shows inflation-adjusted hourly earnings power of individuals starting a new job ebbed 0.1 percent in January 2026, to \$22.24, but still remaining near record highs. Hiring volume rose for the second month, increasing 1.0 percent from December and 3.4 percent from last January, although it is still down 2.7 percent from before COVID. Adjusting for population growth, hiring *rates* have also edged up but more gradually, 1.6 percent from the year prior, but they remain 7.9 percent below the pre-COVID baseline. It is still too soon to say whether the hiring market has bottomed out, especially given the lack of data in October and November, but, for the moment, hiring dynamics are no longer getting worse.

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



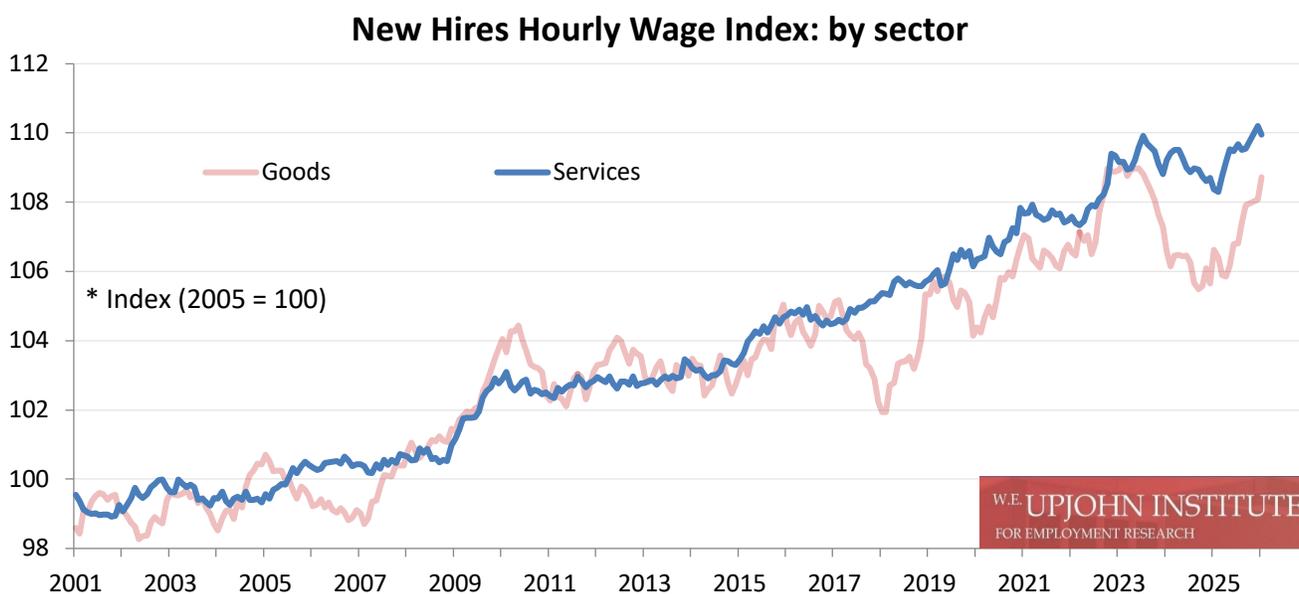
SOURCE: Upjohn Institute New Hires Quality Index

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 past year—and even the past month—have seen drastic changes in U.S. tariff policy, with the presidential administration raising the effective tariff rate last April to levels [not seen in nearly a century](#), followed by several (not-often-successful) attempts at new trade deals, gyrations in individual-country tariffs, and—in February—a Supreme Court ruling invalidating most of the tariffs that was immediately negated in practice by a 10—maybe 15 (it wasn't yet certain at the time of publication)—percent across-the-board tariff under a different authorization. If you have whiplash, you're not alone. The rapidly fluctuating tariffs—and even more importantly, the [uncertainty to business planning](#) and supply chains they bring—have led [several commentators](#) to worry about headwinds that could be slowing both [economic growth](#) and the [creation of new jobs](#). Since the tariffs overwhelmingly apply to imported goods, with much less impact on the larger services sector, we examine in this month's NHQI release trends over the past year in the hiring dynamics in both the goods and services sectors.

The graph below shows the hourly wage index separately for newly hired workers in the goods (salmon) and services (blue) sectors.¹ Each index is normalized to the respective group's own level in 2005 to better show relative changes. The index for the goods sector, although more volatile due to both its smaller size and greater susceptibility to trade shocks, mostly kept pace with the wage index for the service sector over the first two decades of the century, with a notable exception in 2017 and 2018, when the wage index of goods-sector new hires dropped sharply and recovered almost as quickly. More recently, however, the index for this group began another plunge, falling 3.4 percent from early 2023 to the fall of 2024, even as the wage index for new hires in the service sector held relatively steady. Since April 2025, however, when the first major surge in tariffs hit, the index for the goods-sector has jumped 2.7 percent, recovering almost of all the previous decline, while the service sector has seen gains of roughly one-quarter this size. Does this mean that the tariffs have actually been good for hiring in the goods sector?

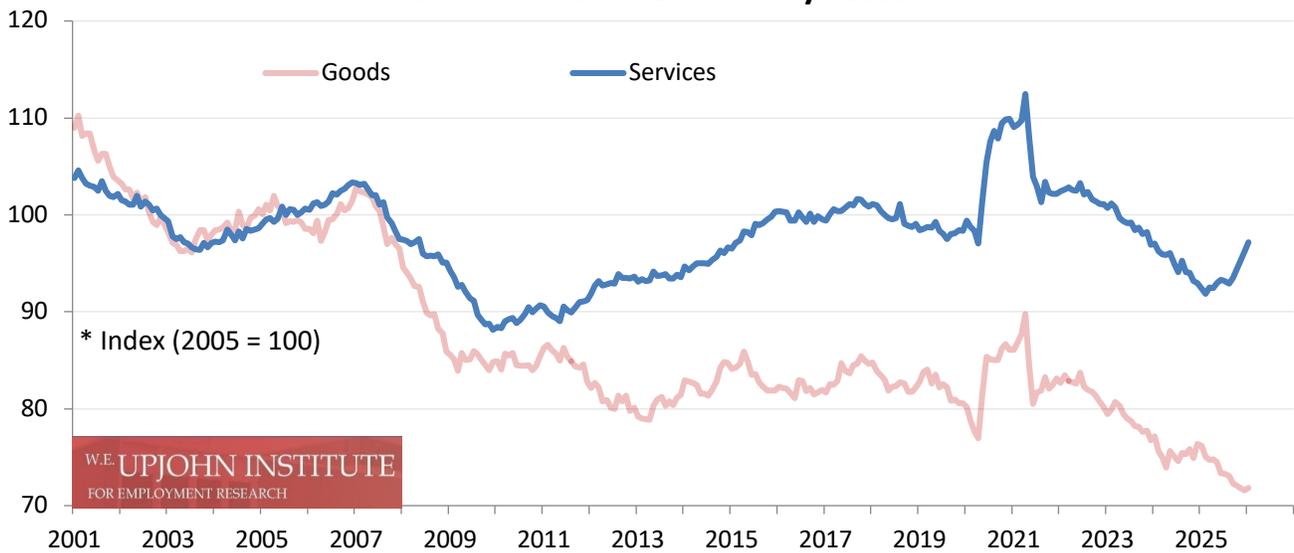


Well, not quite. Although the earnings power of recently hired workers in goods-producing industries has been rising recently, it's important to ask how *many* of these workers there have been. We thus next examine the *quantity* of hires in each sector. The next graph shows hiring volume for both sectors, again

¹ The goods sector includes the agriculture, mining, construction, and manufacturing industries, while the service sector captures everything else, ranging from retail trade to professional and personal services to healthcare and education.

with values indexed to 2005. Here the story is quite different. Hiring volume in the goods sector has been declining more or less since mid-2022. This decline seemed to pause for most of 2024, as hiring held even or perhaps even slightly ticked up, but the dropoff resumed in the spring of 2025, with volume down 3.9 percent just since April, and January’s number just a hair above December’s record low. Hiring volume in the services sector had also been declining since mid-2022, dropping 11 percent to its nadir last February. Since then, however, it has rebounded modestly, rising 5.8 percent by January 2026. Thus, the recent (minor) uptick in overall hiring volume has been entirely driven by the services sector, despite the continuing drop in the goods sector. The patterns also imply that service sector jobs—likely driven by health—are both becoming slightly more available and are providing more earnings power, as both the wage and volume indices have been rising, whereas lower-earning goods-sector jobs seem to be disappearing, leaving fewer, higher-earning ones left to drive up the wage index.

New Hires Volume Index: by sector



These differences, though, are minor. If we calculate normalized hiring rates—the volume of new hires divided by the working-age population in each sector, standardized to a value of 100 for year 2005—we find nearly very similar trends in hiring rates for both sectors—at least until early 2025, when we again see the divergence. Still, hiring *rates* have increased in services while continuing to fall in goods.

New Hires Volume Per-capita: by sector



Consequently, hiring dynamics in goods-producing industries have continued to take a lump, and as noted above, most economics commentators certainly do not think the tariffs were helping. Indeed, the goods sector's share of the new hires wage bill—the aggregate earnings power of all newly hired workers accruing to those in goods-producing industries—has reached record lows. As of January 2026, this share had fallen to 16.9 percent. Although this is higher than the 13.6 percent share of incumbent workers in the goods-producing sector—some mining, construction, and manufacturing jobs are relatively high-paying—it also represents a significant decline of 1.0 percentage point since April, even as the incumbent worker share in goods changed relatively little. For those hoping for more jobs in mining, construction, or manufacturing, there has been less of a renaissance and more of a slide toward life support.

New Hires Wage Bill Shares: Goods



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/NHqi_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 February 2026 is scheduled to be released during the first week of April 2026. (Due to the federal government shutdown, no data were collected for the month of October 2025, so there will be no release for this month or the following month, as NHQI construction requires data from adjacent months.) 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](#), [July 2024](#), and [July 2025](#).

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 January 2026, excepting October and November 2025, for which there are no data. 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.