

W.E. UPJOHN INSTITUTE FOR EMPLOYMENT RESEARCH

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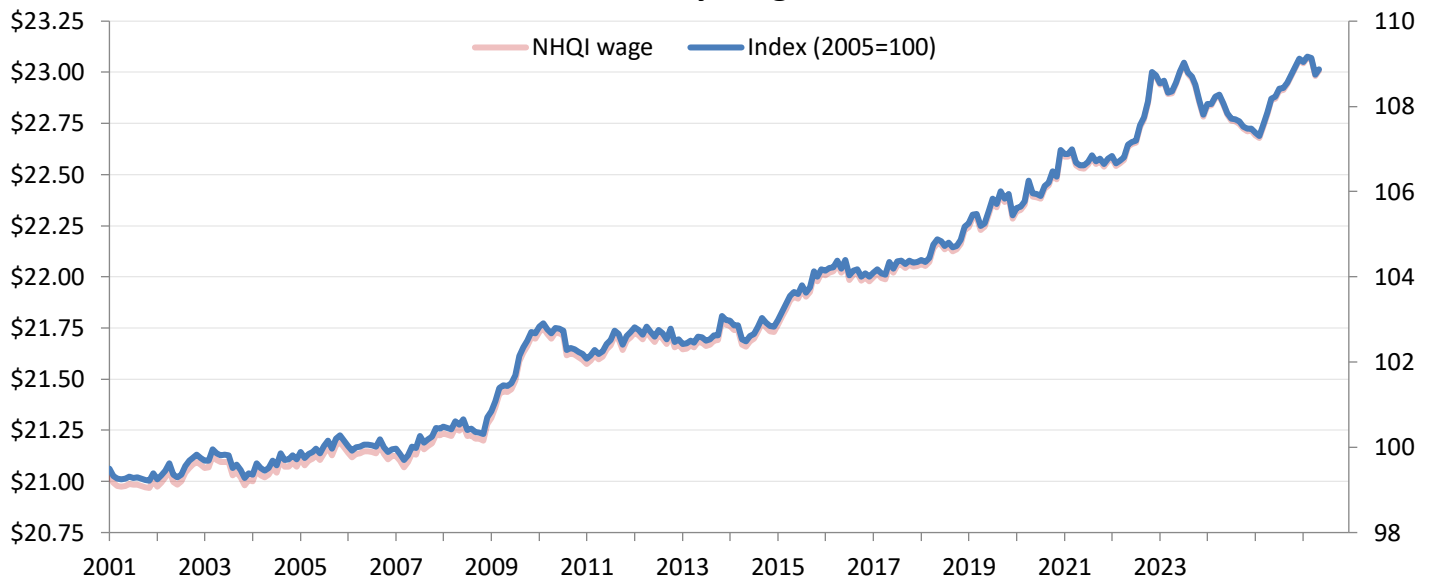
Upjohn Institute New Hires Quality Index edged up 0.1 percent in May 2026, but volume fell 0.4 percent; public-sector hiring faring better than private-sector

NOTE: Last month's release incorporated new occupational wage data from the Bureau of Labor Statistics. This revision affects the entire wage index series. The principal result is a shift up in wage levels; indexed values and trends are minimally changed. All statistics in this release use the revised data, and data on the NHQI website have also been updated.

KALAMAZOO, Mich. — The Upjohn Institute New Hires Quality Index shows inflation-adjusted hourly earnings power of individuals starting a new job increased 0.1 percent in May 2026, to \$23.01. The index is up 0.6 percent from one year ago. Hiring volume, after jumping between March and April, gave up some of its gains in May, sliding 0.4 percent. Nonetheless, hiring volume is still up 3.1 percent over the year. Adjusting for population growth, hiring *rates* are up 1.6 percent from last year, but they remain 8.3 percent below the pre-COVID baseline. Although hiring is no longer in idle, it is still very much in low-gear, and just as likely over the rest of the year to rev up or to stall.

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



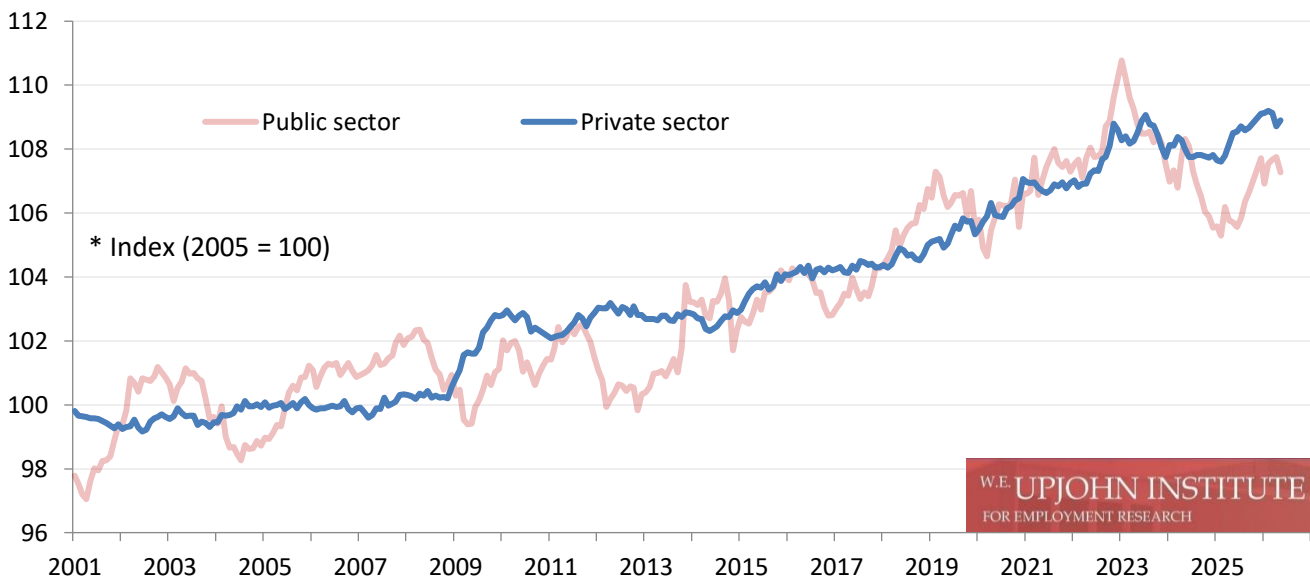
SOURCE: Upjohn Institute New Hires Quality Index

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.

Since January 2025, the number of federal government employees has [fallen](#) by over 300,000, roughly 11 percent, even as the number of state and local government employees has [grown](#) by about 160,000. Although the federal government cuts have been sufficiently large to reduce total public sector employment, it is important to remember that, even before the cuts, the federal government accounted for only about one in eight government jobs. Most government jobs are at the local level, with somewhat fewer at the state level. These jobs, however, tend to be lower-paying than federal government jobs. If the higher-paying federal government is shrinking while the local and state government sector is growing, how have overall hiring dynamics, especially earnings power, changed in the public employment sector? And how do these trends track with those in the private sector?

The graph below shows the hourly wage index separately for the government or public sector (salmon) and the private sector (blue). Each index is normalized to the respective sector's own level in 2005 to better show relative changes. Leading into the pandemic, both series were tracking each other closely. Although both saw increases during the recovery in 2022, the wage index in the public sector spiked, rising 3.2 percent that year (to a record high), relative to the private sector's gain of 1.2 percent. However, while earnings power of newly hired workers in the private sector then held relatively steady as the labor market began to cool, the wage index in the public sector plunged 4.6 percent by May 2025. Over the past year, it has gained back some of this loss (up 1.5 percent), to roughly prepandemic levels. The private sector wage index has grown more slowly over the period, ticking up 0.4 percent, but remains near record highs. The rapid rise in the public sector, despite the job cuts mentioned above, could indicate that fewer workers are being hired, but into higher-paying occupations.

New Hires Hourly Wage Index: by sector

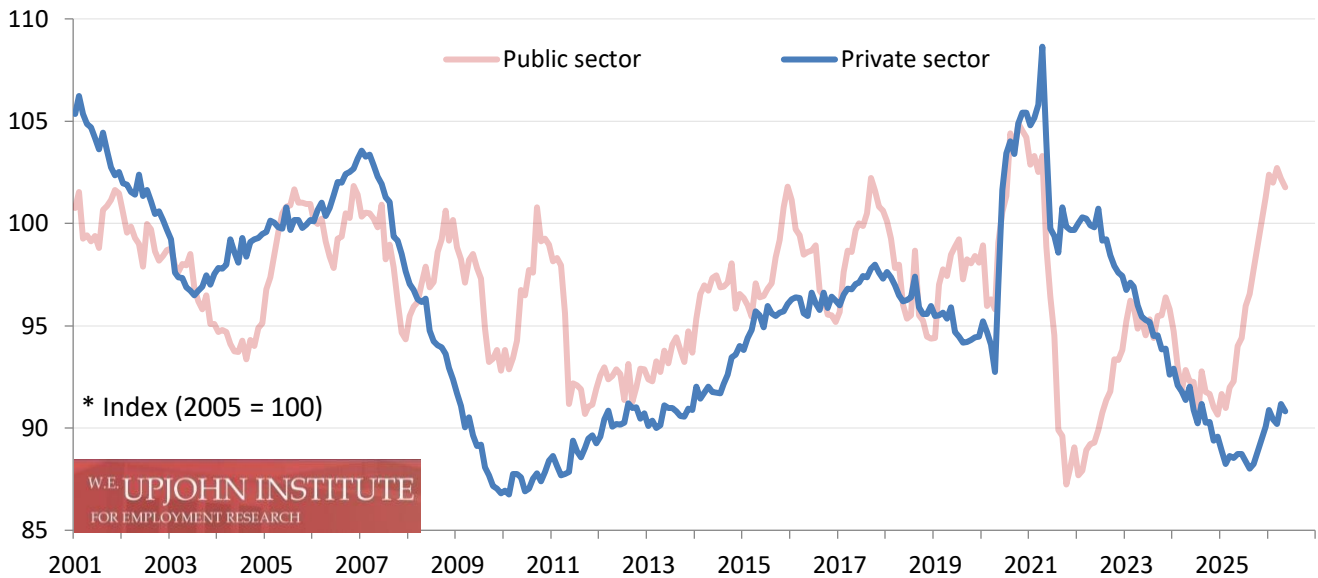


Examining indexed *hiring volumes* for each sector, as shown in the figure below, demonstrates this is not quite the case. Over the past 12 months, hiring volume has increased in both the public and private sectors, but the jump in the public sector has been 8.3 percent, more than three times the private sector's increase of 2.3 percent.¹ Some of these gains have actually been in the federal government—even though

¹ The sharp increase in public-sector hiring volume found here in the NHQI (and the underlying Current Population Survey) is not apparent in a separate government source, [the Job Openings and Labor Turnover Survey](#), that is based on reports from employers rather than workers. There are a few possibilities for the discrepancy, including that individual workers hired as government contractors report themselves as government workers in the data shown here, even though

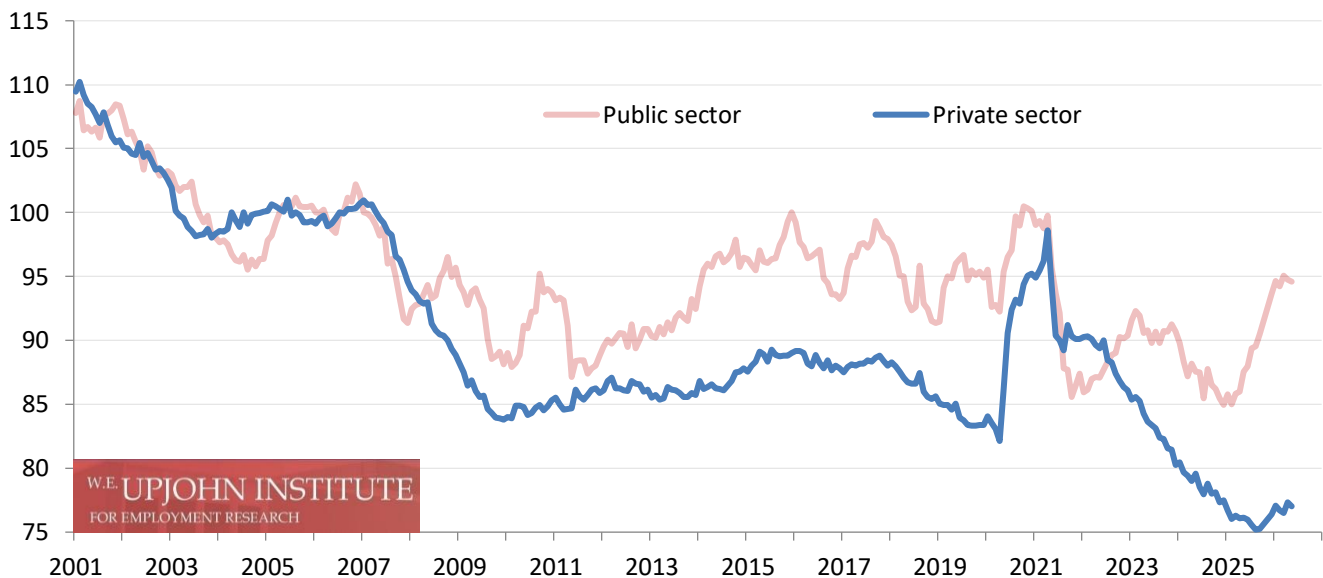
headcount is lower, it would have been lower still if some replacement hiring had not taken place. More, though, is from state and local government. Indeed, hiring volume for the public sector as a whole is above pre-pandemic levels, even as private sector hiring remains more than 4 percent below that threshold.

New Hires Volume Index: by sector



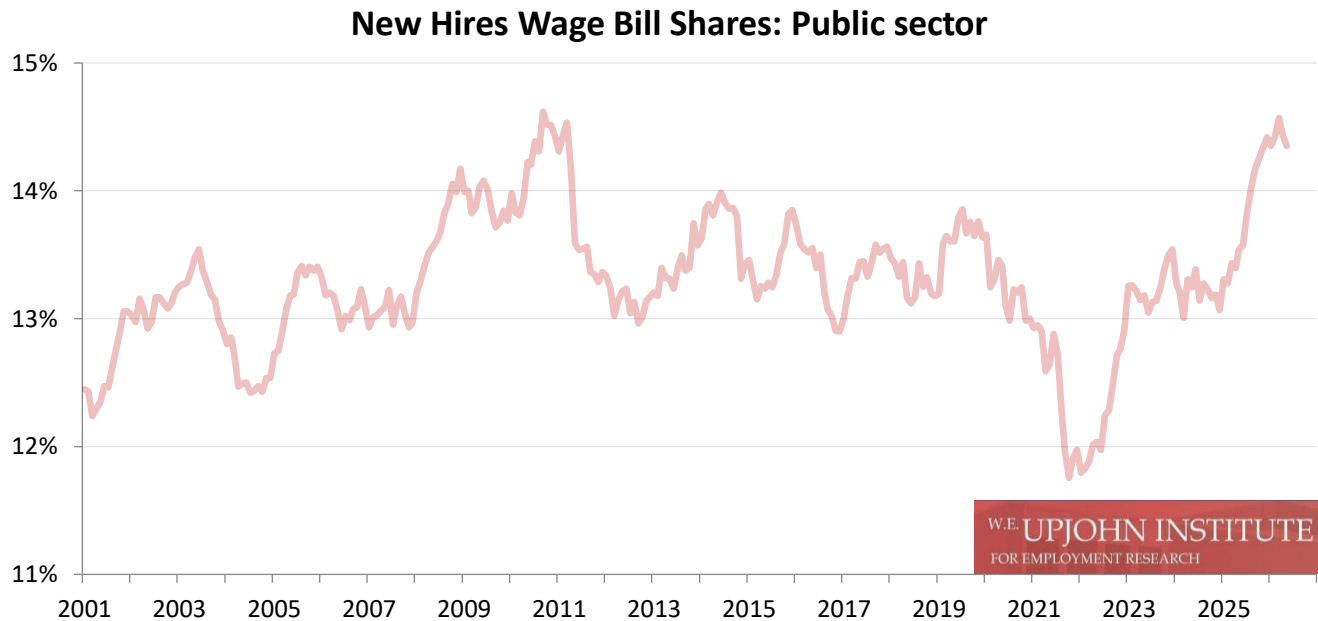
Adjusting hiring volume for changes in the number of workers in each sector yields hiring rates, or hires per capita, as shown in the figure below. Because the number of public sector workers is higher than it was pre-pandemic, federal cuts notwithstanding, hiring per capita in the public sector is currently near where it was in 2019. Hiring rates in the private sector, on the other hand, remain depressed, barely above record lows reached last summer.

New Hires Volume Per-capita: by sector



they may be private-sector workers in reality. Nonetheless, these workers would be filling roles to conduct government work.

With increases in both the volume of hires in the public sector and their earnings power, the public sector’s share of the new hires wage bill—the aggregate earnings power of all newly hired workers accruing to those working for the government—has surged over the past 12 months. As of May 2026, this share had reached 14.4 percent, up 0.8 percentage points from the same month last year and near record highs. (The share had been at record lows four-and-a-half years ago when private sector hiring peaked during the recovery.) Government jobs may seem like they’re in the cross-hairs of late, but the data show that public sector hiring is holding up.



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 June 2026 is scheduled to be released during the first week of August 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 NHQB 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 May 2026, except 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.