

# W.E. UPJOHN INSTITUTE FOR EMPLOYMENT RESEARCH

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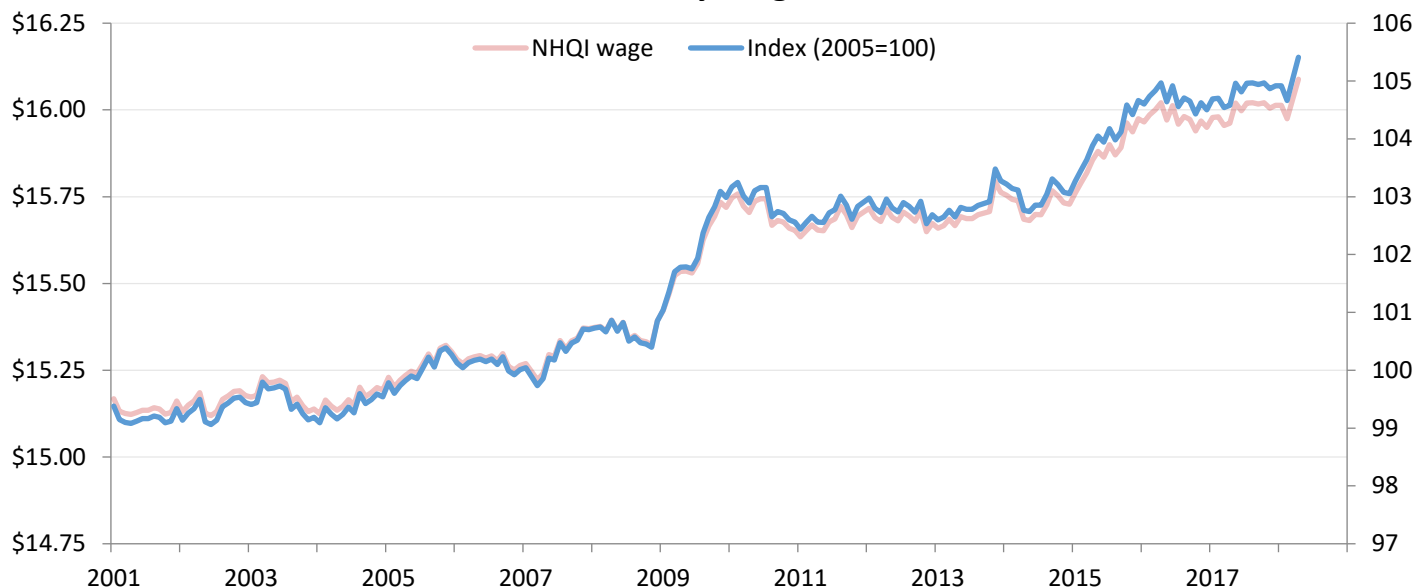
CONTACT: JUSTIN CARINCI [carinci@upjohn.org](mailto:carinci@upjohn.org) 269-385-0431 or  
BRAD HERSHBEIN [hershbein@upjohn.org](mailto:hershbein@upjohn.org) 269-385-0437

## Upjohn Institute New Hires Quality Index for April 2018 shows overall 0.8 percent uptick, more volatile trends for public-sector workers

KALAMAZOO, Mich.— In April 2018, the Upjohn Institute New Hires Quality Index shows inflation-adjusted hourly wages of individuals starting a new job rose 0.8 percent from a year prior, at \$16.09. Hourly wages of new hires have risen 5.4 percent since 2005, according to the index. Over the past month, the wage index rose by 0.3 percent.

The index and accompanying [interactive database](#) and [report](#), developed by Upjohn Institute economist Brad Hershbein, fills 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

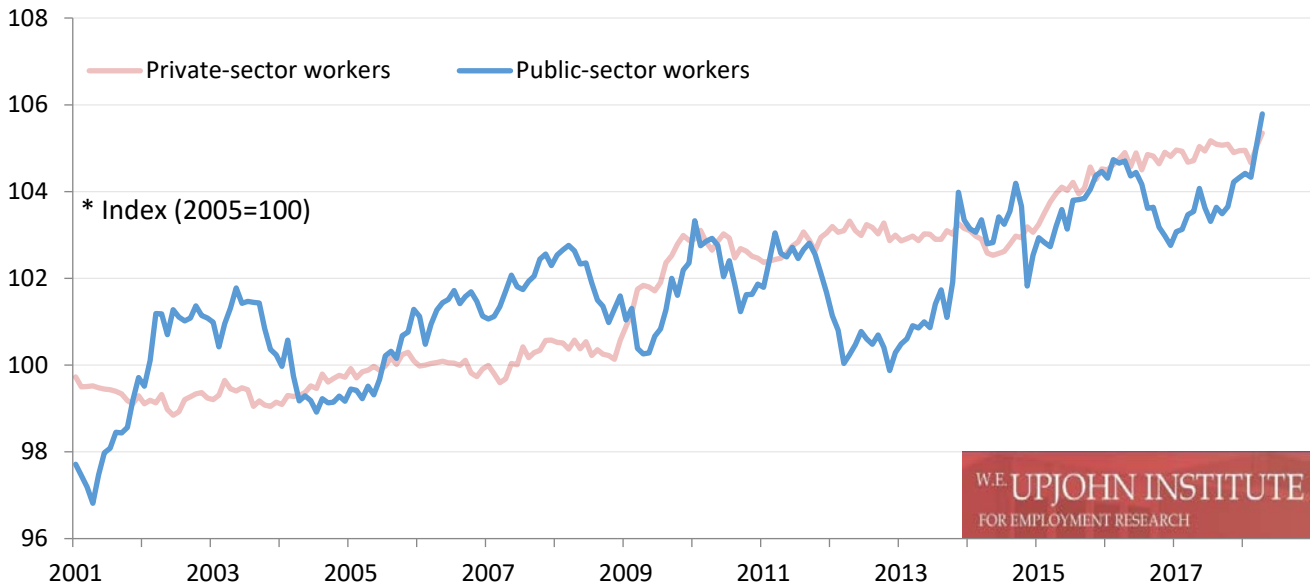
NOTE: The lighter line uses the left axis and shows the inflation-adjusted hourly wage of new hires. The darker line uses the right axis and shows the relative change since the base year of 2005.



This month we focus on the NHQI for private-sector and public-sector workers. Hiring of private-sector workers tends to react to economic conditions faster than public-sector hiring, since government budgets are set in advance, but hiring in the latter sector can also be slower to recover. The first figure below shows trends in the wage index for these groups, with each wage index presented as a percentage of its 2005 level to better show relative growth. Both groups have seen similar growth in the wage index since 2005, with public-sector workers up 5.8 percent and private-sector workers up 5.3 percent. However, the public-sector wage index has

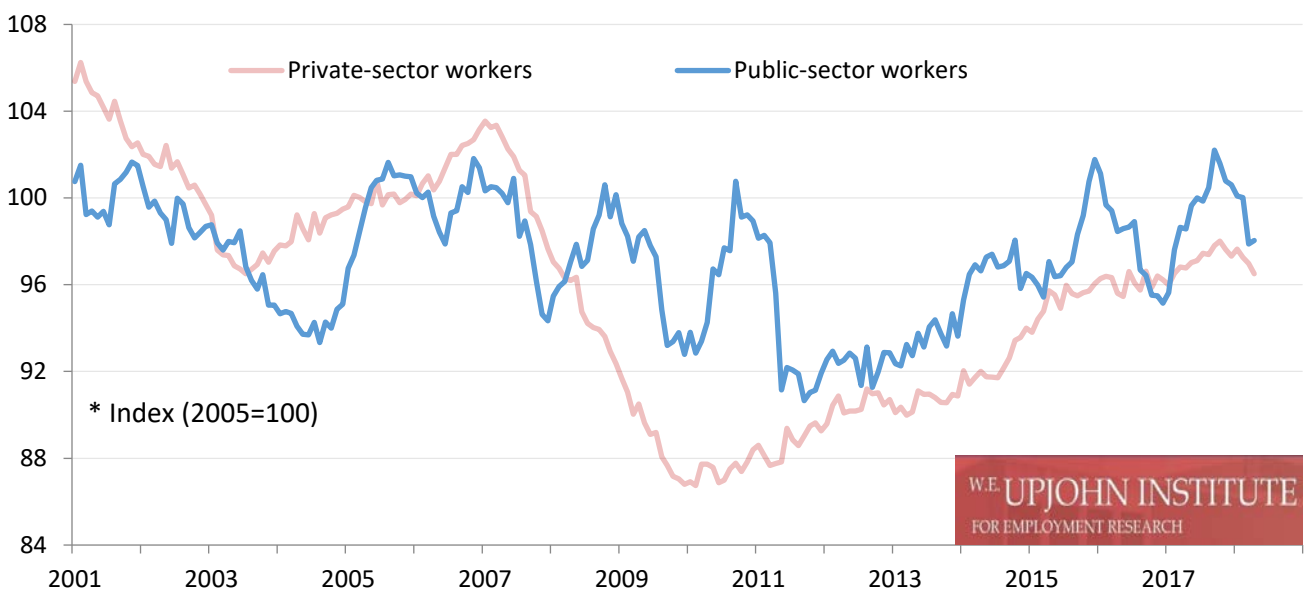
been much more volatile, and, unlike the private-sector, showed no sustained increase during the Great Recession.

### New Hires Hourly Wage Index: Private- and Public-Sector Workers



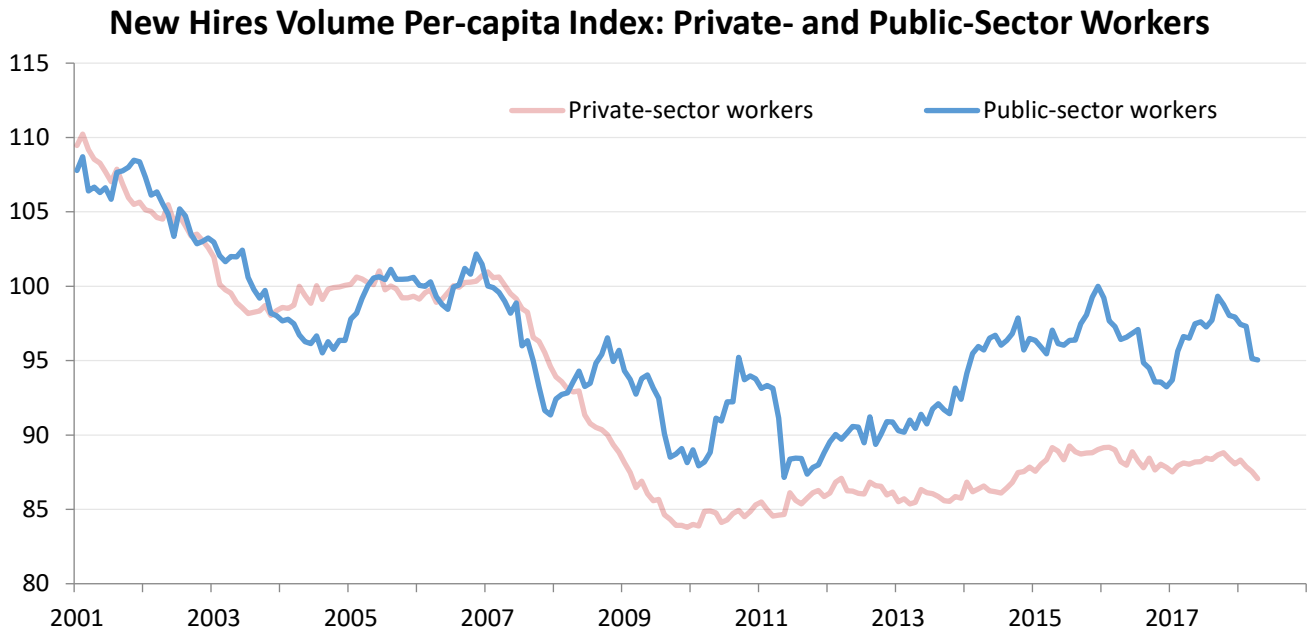
A similar pattern extends to hiring volume, with the index for public-sector workers bouncing up and down throughout the period. Although there are drops after both the early 2000s recession and the Great Recession, they are relatively mild and occur several one to two years after the recessions are officially over. In contrast, private-sector workers show a more sudden and sharper decline during the recessions, especially the Great Recession. Despite recoveries—since 2010 for the private sector and 2013 for the public sector—the hiring volume for both groups remains below 2005 levels.

### New Hires Volume Index: Private- and Public-Sector Workers



Because private-sector workers experienced a deeper and more sustained loss in hiring volume, it is perhaps not surprising that the hiring rate—the number of hires per 1,000 workers—has also experienced a more persistent decline. Whereas the hiring rate for public-sector workers is down 5 percent from its level in 2005, the rate for private-sector workers is down nearly 13 percent, only a slight increase from the bottom reached

during the Great Recession. A higher wage index and depressed hiring volume is suggestive that [employers may be less interested in employing lower-skilled workers](#) than in the past, and that this phenomenon may be more pronounced in the private sector.



All 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](http://www.upjohn.org/nhqi).

The full report, including methodology, can be found here: [http://www.upjohn.org/nhqi/reports/NHqi\\_report.pdf](http://www.upjohn.org/nhqi/reports/NHqi_report.pdf).

All data will be regularly updated during the first week of the second month following the reference of the data release month. For example, data for May 2018 will be released during the first week of July 2018. To sign up to regularly receive monthly press releases for the Upjohn Institute New Hires Quality Index, visit: [www.upjohn.org/nhqi/signup](http://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](#).

### 4. Does the NHQI count self-employed workers?

No, the NHQI excludes self-employment and people who work for themselves.

### 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](#) by approximately the last Monday of the month, covering data from the previous month. Data are currently available from January 2001 through April 2018. 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.