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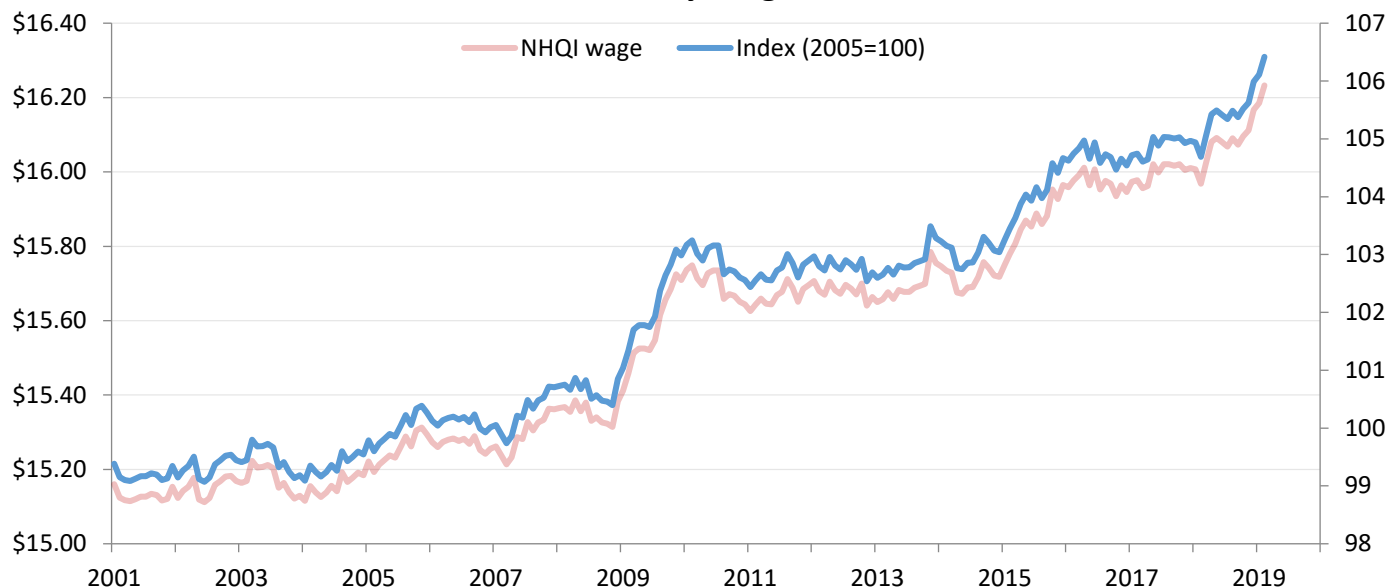
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Upjohn Institute New Hires Quality Index for February 2019 accelerates to overall 1.7 percent jump, especially strong gains by younger Gen Xers

KALAMAZOO, Mich.— In February 2019, the Upjohn Institute New Hires Quality Index shows inflation-adjusted hourly earnings power of individuals starting a new job rose 1.7 percent from a year prior, to \$16.23. This year-over-year growth is the fastest since the Great Recession a decade ago. Hourly wages of new hires have risen 6.4 percent since 2005, according to the index.

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



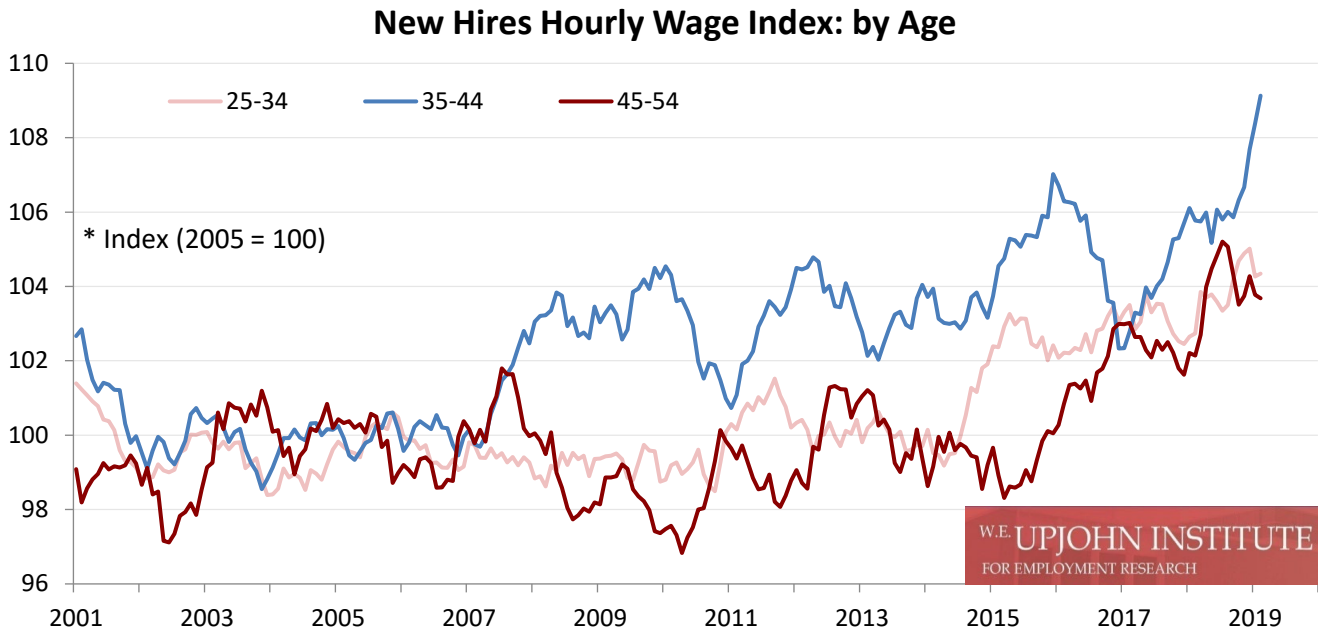
SOURCE: Upjohn Institute New Hires Quality Index

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.

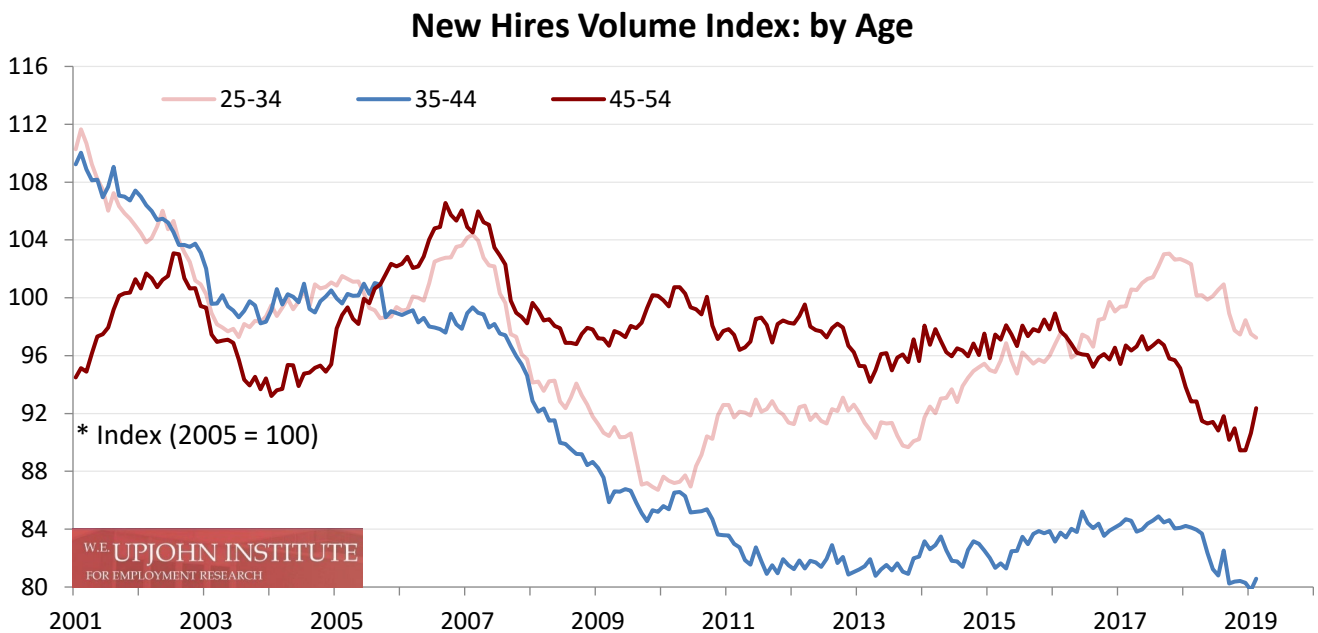


Recent concerns about slowing growth in the labor force have focused on the [retirement of the Baby Boomers](#) or [economic distress of the Millennials](#). Gen Xers, smaller than either of these sandwich generations, have received far less attention. However, as they progress into their 40s—ages often associated with management and more senior-level jobs—it’s worth taking a look at the NHQI by the age ranges that constitute the prime-age labor force. In the figures below, we examine NHQI series for new workers aged 25–34 (Millennials), 35–44 (mostly Gen Xers and a few older Millennials), and 45–54 (older Gen Xers).

The figure below shows the wage index (normalized so that the year 2005 equals 100) for these three age groups. The middle age group shows increases during the Great Recession that bounce around a little but remain elevated and above the other age groups for the next decade, before jumping again over the last six months. For these 35–44 year-olds, the wage index is now 9.1 percent above its level in 2005. Interestingly, around the time of the Great Recession, this age group consisted of older Gen Xers but today consists of mostly younger Gen Xers and the oldest Millennials. The younger and older age groups have seen smaller growth in the wage index, and only since about 2015.



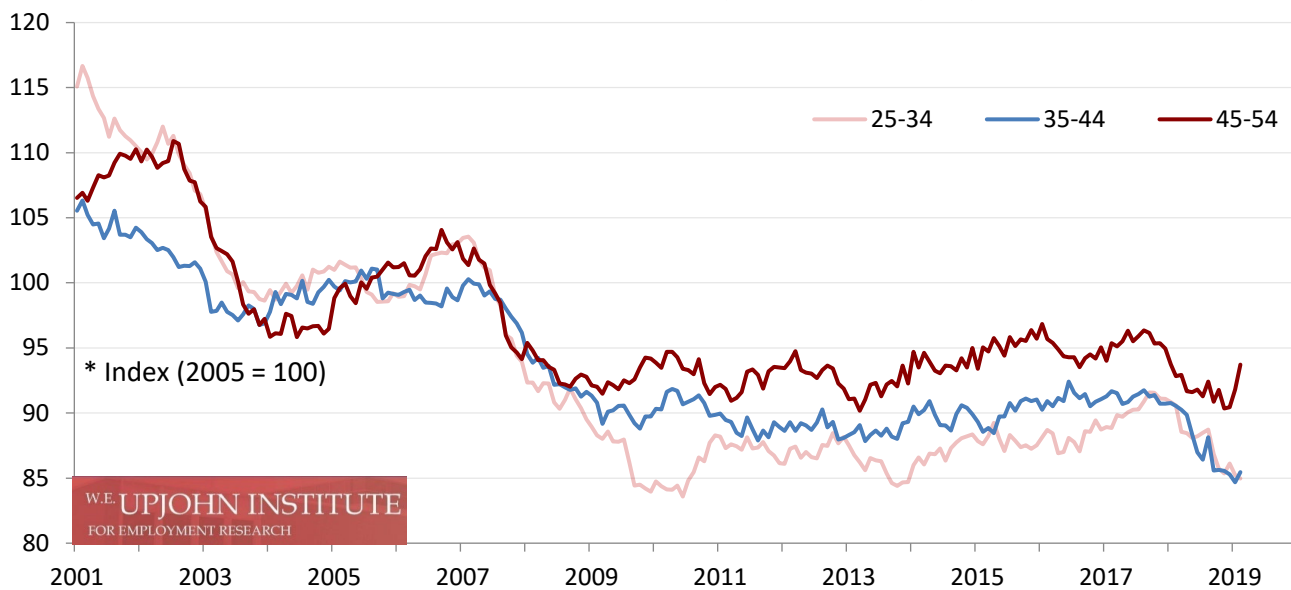
This does not necessarily mean, however, that Gen Xers are dominating when it comes to new jobs. The next graph shows hiring volume for the three age ranges, again anchored to levels in 2005. The middle age group experienced faster declines in hires than the other age groups during the Great Recession, with no recovery since. Hiring volume for 35–44 year-olds remains 20 percent below pre-Great Recession levels, substantially less than the other age groups.



The last graph adjusts hiring volume for population size, showing hires per capita. The growth in volume for 25–34 year-olds in recent years shown above is apparently due to their growing population, as the hiring per capita graph shows no such recovery. (There is some truth to Millennial’s economic distress.) But there is also little recovery for the age groups with Gen Xers, and the dip in hiring volume since 2018 is visible here, too, even after accounting for population growth.

This decline in hiring volume and rates for all three prime-age worker groups is concomitant with the overall NHQI wage index acceleration since 2018. This suggests that the recent wage index growth may be fueled by more-skilled workers, with less-skilled workers missing out. In turn, this is a possible sign of growing weakness in the labor market, with less-skilled Gen Xers particularly being squeezed.

New Hires Volume Per-capita Index: by Age



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: http://www.upjohn.org/nhqi/reports/NHQI_report.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 March 2019 will be released during the first week of May 2019. 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 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](#). An analysis of self-reported wages can also be found in the [July 2018 press release](#).

4. Does the NHQI count self-employed workers?

No, the NHQI excludes self-employment or 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](#) during the first week of the month, covering data from two months ago. Data are currently available from January 2001 through February 2019. 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.