

W.E. UPJOHN INSTITUTE FOR EMPLOYMENT RESEARCH

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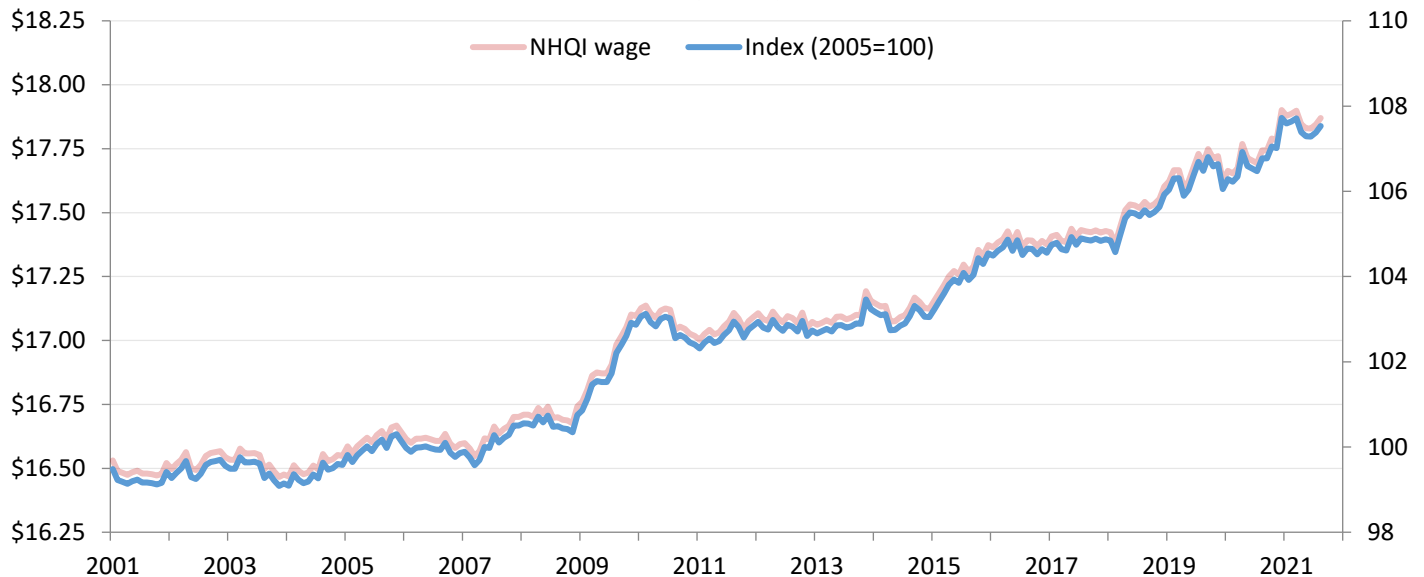
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Upjohn Institute New Hires Quality Index edges up 0.1 percent over the month with slower hiring volume, and women's recovery loses ground to men's

KALAMAZOO, Mich.— The Upjohn Institute New Hires Quality Index shows inflation-adjusted hourly earnings power of individuals starting a new job ticked up slightly by 0.1 percent between July and August 2021, to \$17.87. Over the past 12 months, the wage index is up 0.7 percent, near its all-time high, and 7.5 percent above its level in 2005. However, hiring volume fell 1.3 percent over the month as the delta variant of COVID-19 dampened the hiring recovery, particularly in the [hospitality sector](#), and shifted the composition of newly hired workers toward higher-earning occupations. Although still slightly elevated from pre-pandemic levels, aggregate hiring volume is too tepid to close anytime soon the current jobs deficit of 5.3 million—8.8 million if prepandemic job growth had continued.

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

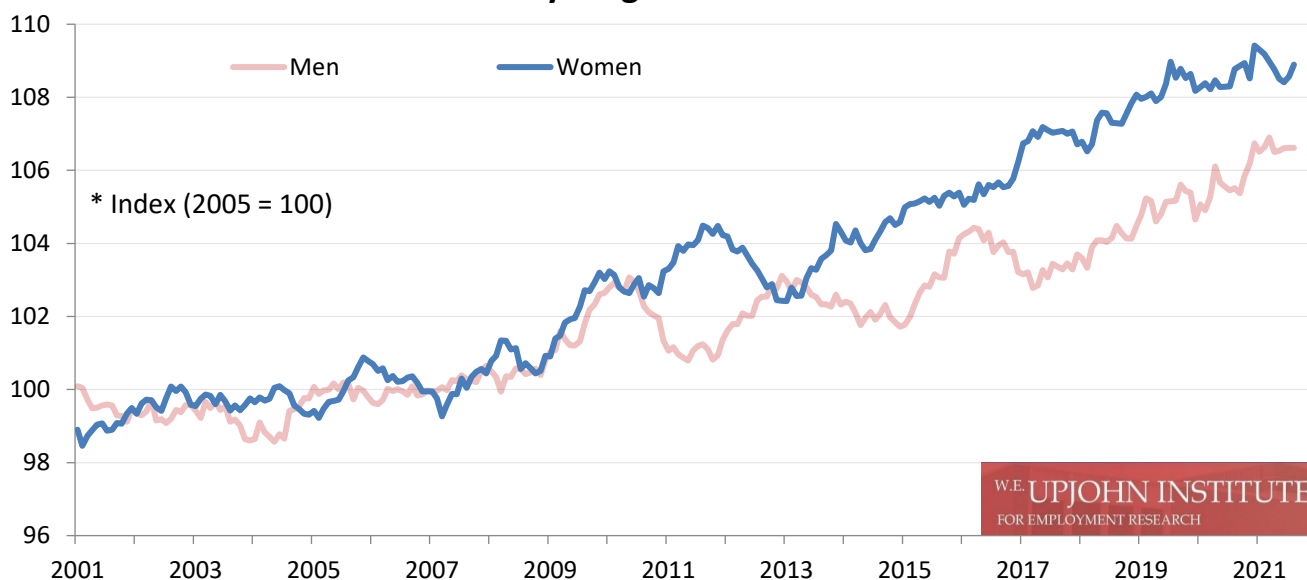
NOTE: The lighter line uses the left axis and shows the inflation-adjusted hourly wage of new hires. The darker line uses the right axis and shows the relative change since the base year of 2005.

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Twelve months ago, the NHQI [release](#) examined how the nascent recovery compared for men and women. Despite larger employment losses for women than men in the spring of 2020—the first recession in the modern era in which this gender imbalance favored men—the NHQI showed that through the summer of last year women had also recovered jobs more quickly than men, and women’s share of the new hires wage bill—the earnings power of newly hired workers—had held steady. A year later the pandemic still is not over and the delta variant has elevated COVID case rates and mortality, slowing recovery in leisure and hospitality and in-person services like [early childhood education](#) and [childcare](#)—the same sectors that were both initially slammed and that disproportionately affect women. Thus, we revisit the NHQI for men and women to see how things have changed.

The graph below shows the wage index separately for men and women, in each case indexed to the respective group’s own level in 2005 in order to better show relative changes. Both genders have seen long-term growth in the wage index, but women, currently standing at 8.9 percent above their level in 2005, have outpaced men, who are 6.6 percent above their 2005 benchmark. Over the past year, however, the story is different: the wage index for men is up 1.0 percent, whereas the index for women has been stagnant, up a scant 0.1 percent. Indeed, since the pandemic began, men’s wage index has grown faster than that for women, 1.6 percent to 0.5 percent, and the gap between the two has narrowed. This alone does not imply that men are having a stronger jobs recovery than women. Rather, since the wage index is based on occupational earnings potential, it shows that the new jobs men are taking have been growing faster in earnings potential than the new jobs women have been taking. This could happen if more of women’s new jobs are in lower-paying occupations, including in the aforementioned sectors.

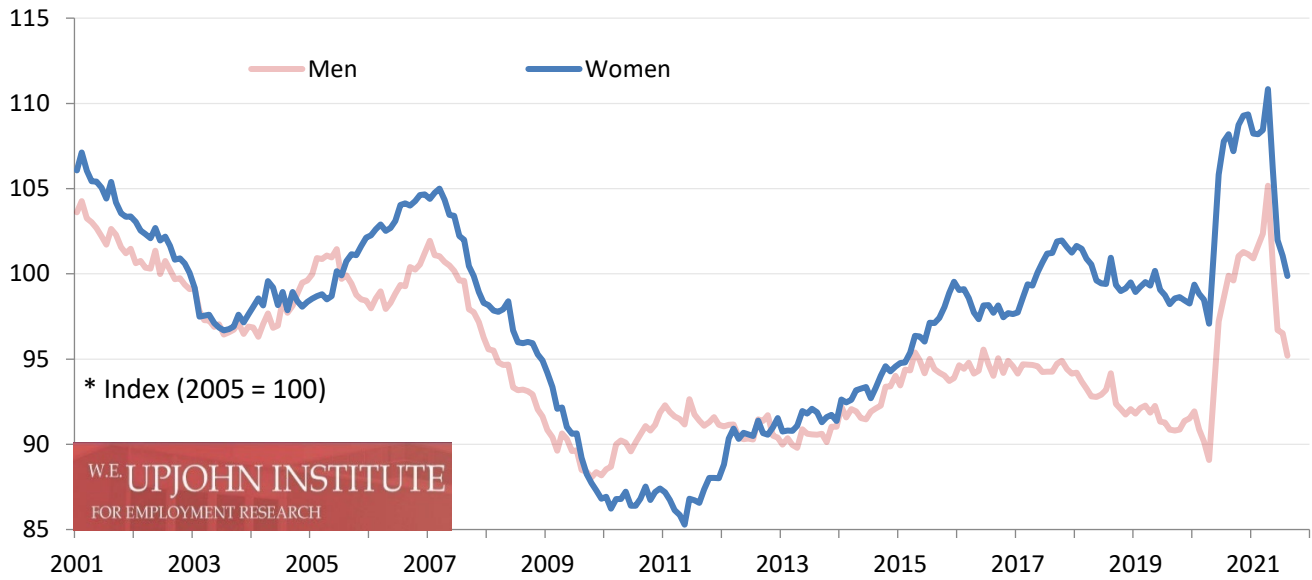
New Hires Hourly Wage Index: Men and Women



To shed light on this possibility, we turn to the next graph, which shows the indexed *volume* of new hires for men and women. Even prior to the pandemic, hiring volume had been falling for both genders since late 2017, and this decline was more pronounced for men. Volume surged during the initial stages of the recovery last spring and summer, but the spike between April 2020 and April 2021 was larger for men, at 18.1 percent, than for women, at 14.2 percent. Over the past few months, hiring volume has been cooling as the initial jump last May and June is no longer reflected in the 12-month moving average shown in the figure. Nonetheless, a more useful comparison is the hiring volume for each gender relative to pre-pandemic levels. For women, current hiring volume is slightly elevated, up 1.1 percent, from February

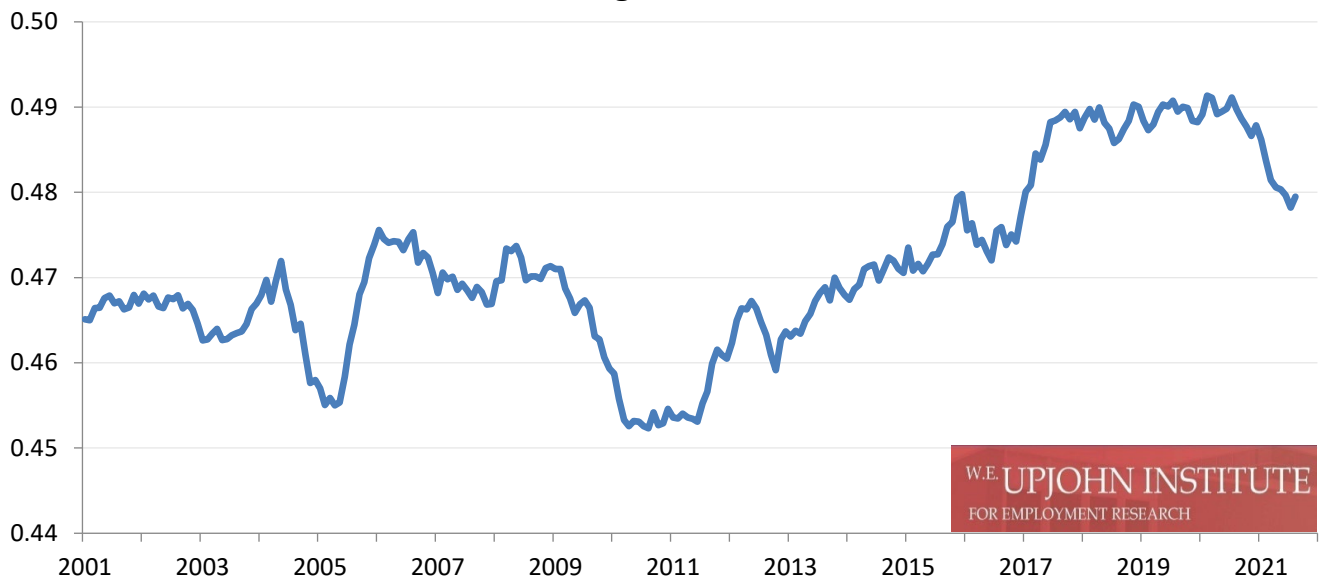
2020. For men, on the other hand, volume is up 4.8 percent, and to a pre-pandemic level last reached in 2016.

New Hires Volume Index: Men and Women



Over the past 18 months, men have therefore experienced faster growth than women both in the wage index and in hiring volume. These trends together imply that the jobs recovery for women is lagging behind that for men. This can be seen more clearly in the final graph, which shows women’s share of the new hires wage bill—the fraction of earnings power among new hires going to women. Between the summer of 2017 and the fall of 2020, this share averaged about 49 percent, having grown substantially from its post-Great Recession low of 45.3 percent in 2011. Thus, even during the first few months of the COVID recovery last year, women’s share of the wage bill had barely budged. Since the winter of 2020–2021, however, the share has steadily fallen, and it now stands at 47.9 percent—still higher than the entire period before 2015, but a notable drop during a recovery from the first recession in which women lost more jobs than men.

New Hires Wage Bill Share: Women



With a [\\$450 billion plan to reform childcare](#) pending in Congress— itself just a part of an even larger \$3.5 trillion infrastructure and social safety net bill—the strength of the continued jobs recovery for women may hang in the balance.

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 September 2021 will be released during the first week of November 2021. 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 press releases for [July 2018](#), [July 2019](#), [July 2020](#), and [July 2021](#).

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 August 2021. 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.