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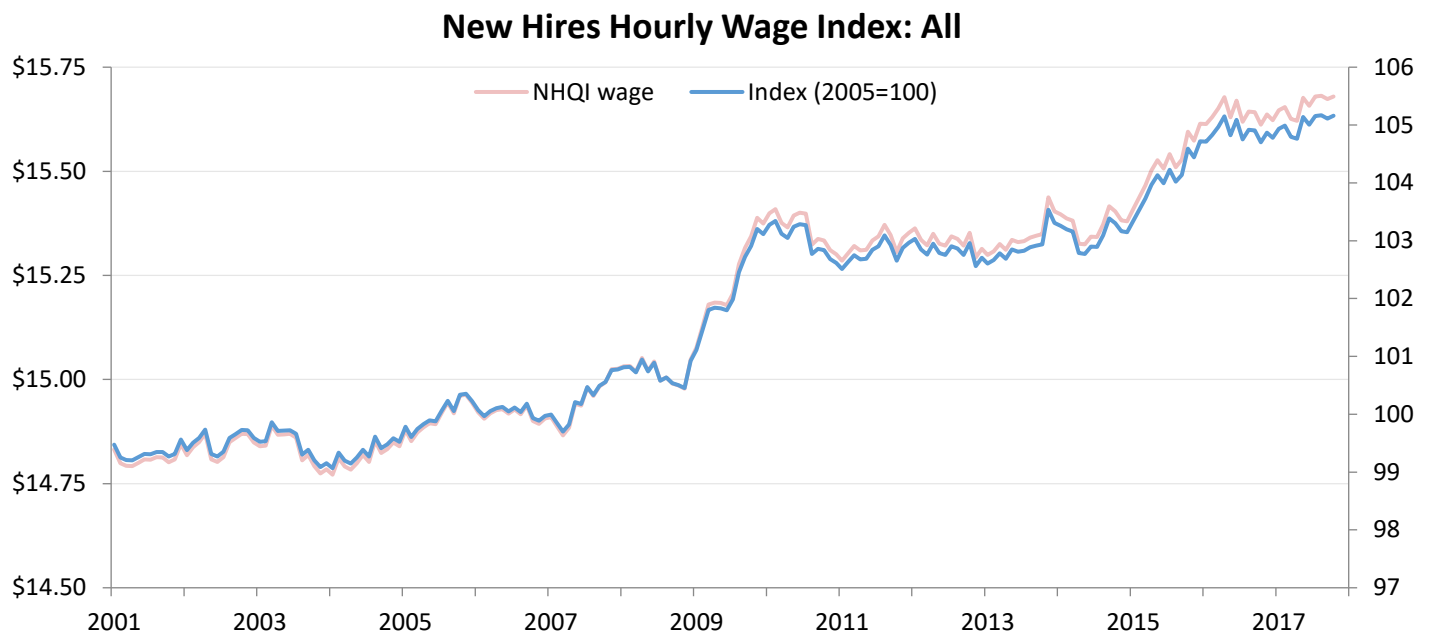
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Upjohn Institute New Hires Quality Index for October 2017 shows overall 0.4 percent uptick, but separate trends by race and ethnicity

KALAMAZOO, Mich.— In October 2017, the Upjohn Institute New Hires Quality Index shows inflation-adjusted hourly wages of individuals starting a new job rose 0.4 percent from a year prior, increasing from \$15.61 to \$15.68. Hourly wages of new hires have risen 5.2 percent since 2005, according to the index.

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.



SOURCE: Upjohn Institute New Hires Quality Index

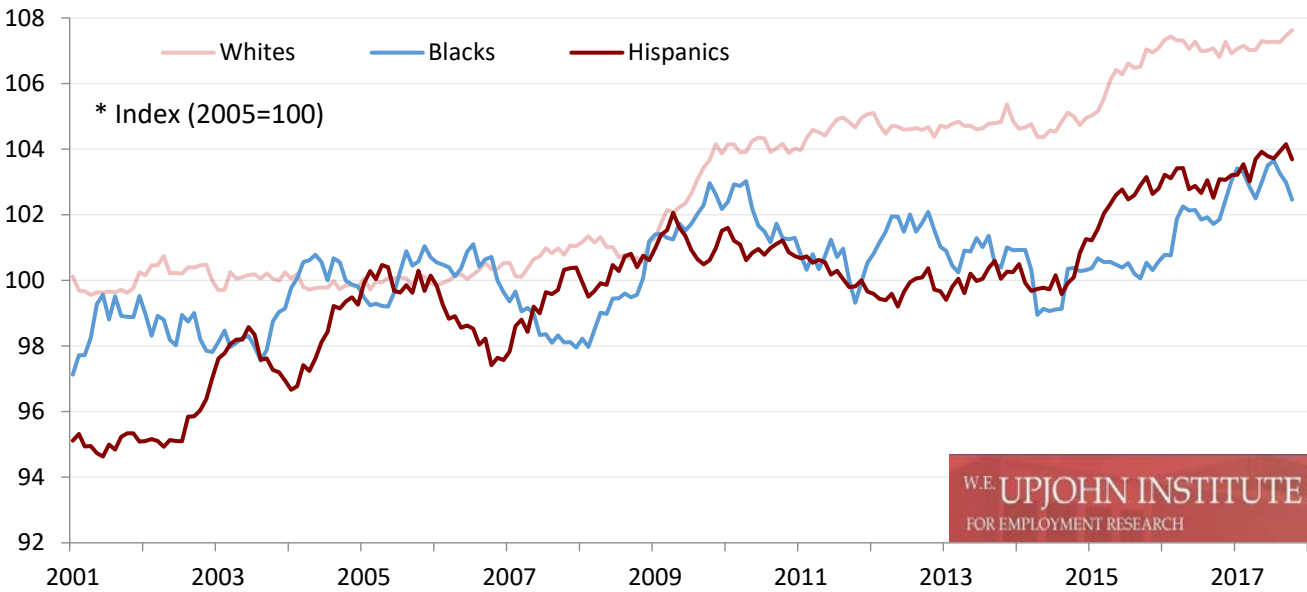
NOTE: The lighter line uses the left axis and shows the inflation-adjusted hourly wage of new hires. The darker line uses the right axis and shows the relative change since the base year of 2005.



This month we focus on the NHQI for individuals of different races and ethnicities. We look at individuals who identify as white, black, or Hispanic/Latino. (Following U.S. Census Bureau and Bureau of Labor Statistics practice, Hispanic individuals can be of any race, but we make the categories mutually exclusive here.) The first figure below shows trends in the wage index for these three groups, with each wage index presented as a percentage of its 2005 level to better show relative growth. Although the wage index for each group has

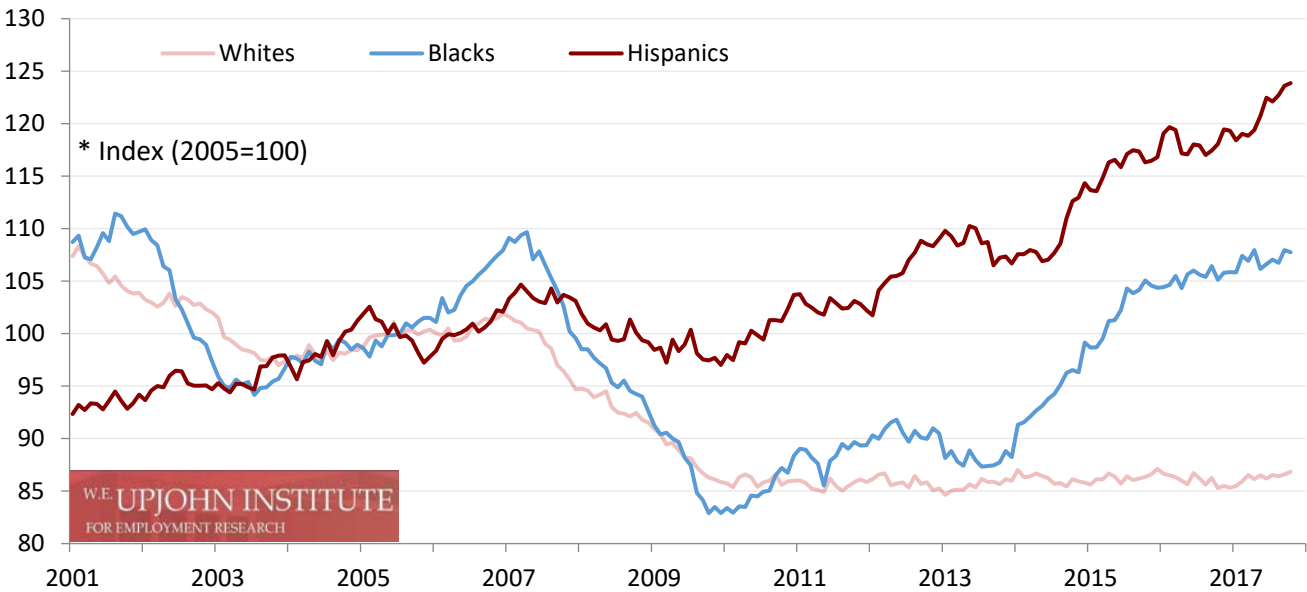
grown since 2005, the rate of growth has not been even. Whites have exhibited the sharpest growth, up 7.6 percent from 2005, with most of this growth coming post-Great Recession. Blacks and Hispanics, in addition to having lower wage index *levels* (not shown), have experienced slower wage index *growth*, up just 2.5 and 3.7 percent, respectively, since 2005. Put differently, the earnings power of newly hired white workers has been pulling further ahead of newly hired black and Hispanic workers.

New Hires Hourly Wage Index: by Race/Ethnicity



The picture changes, however, when examining the *volume* of new hires by race and ethnicity. Compared to Hispanics, whites and blacks experienced larger proportional declines in new hires during the Great Recession. Whereas hiring volume among blacks has recovered, especially since 2014, and is now near its pre-recession level, the number of new hires among whites has barely budged since 2010, and is still about 14 percent below its level in 2005. In line with rapid population growth among Hispanics, hiring volume for this group is nearly 25 percent higher than in 2005.

New Hires Volume Index: by Race/Ethnicity



Taken in context, the charts indicate that the recovery in hiring for blacks and Hispanics has been broad-based, as both the wage index and the volume index are above their 2005 levels. More individuals from these groups are taking new jobs, and the jobs they do take tend to pay slightly more than in the past. For whites, the recovery has been more limited: fewer whites are taking new jobs, which is only partly due to population aging, although those who are being hired are increasingly taking higher-skilled positions.

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.

The full report, including methodology, can be found here:
http://www.upjohn.org/nhqi/reports/NHQB_report.pdf.

All data will be regularly updated during the last week of the following month in reference of the data release. For example, data for November 2017 will be released the week of December 25, 2017. 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](#).

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 October, 2017. 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.