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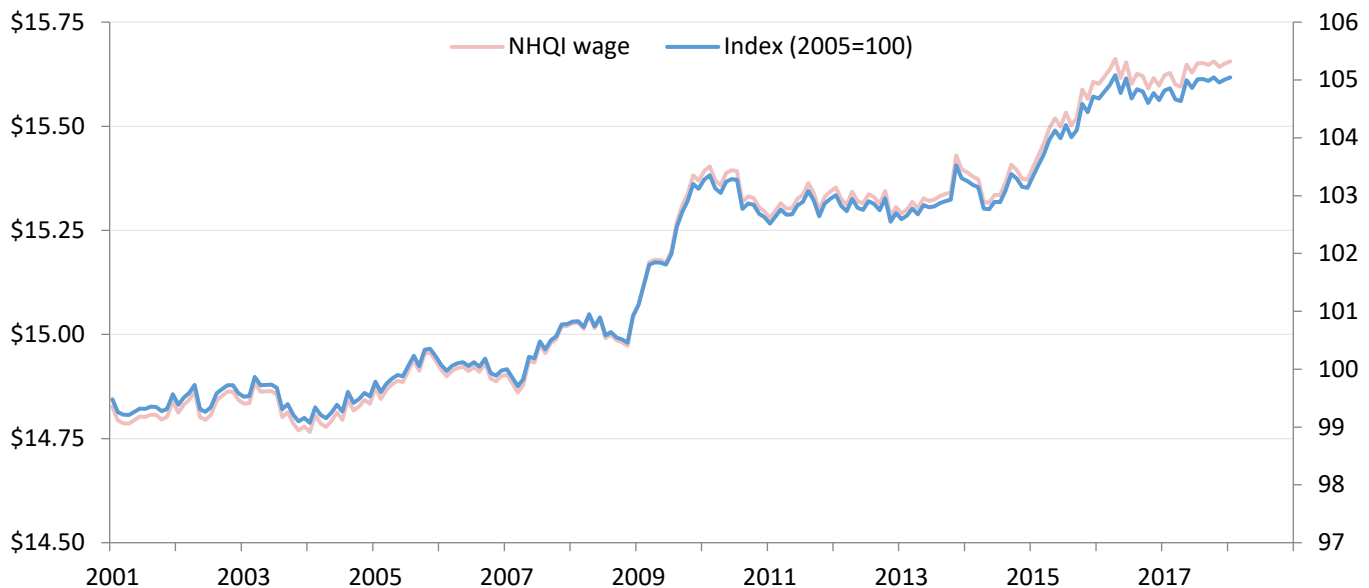
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Upjohn Institute New Hires Quality Index for January 2018 shows overall 0.2 percent uptick, faster growth for the foreign-born

KALAMAZOO, Mich.— In January 2018, the Upjohn Institute New Hires Quality Index shows inflation-adjusted hourly wages of individuals starting a new job rose 0.2 percent from a year prior, increasing from \$15.62 to \$15.66. Hourly wages of new hires have risen 5.0 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.

New Hires Hourly Wage Index: All



SOURCE: Upjohn Institute New Hires Quality Index

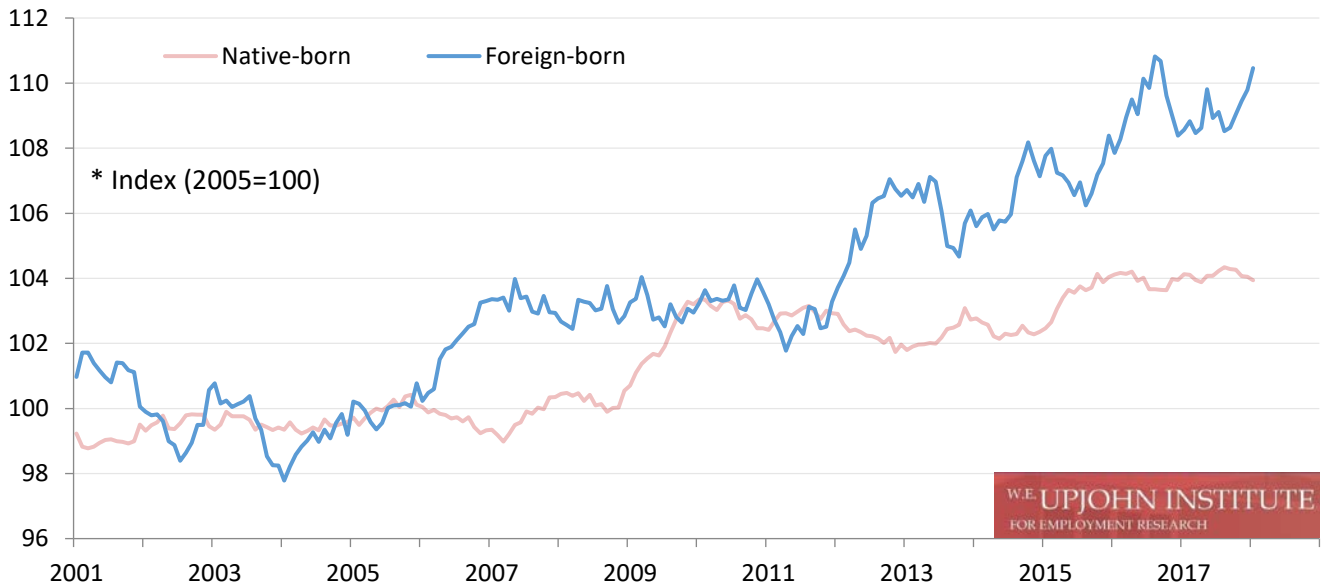
NOTE: The lighter line uses the left axis and shows the inflation-adjusted hourly wage of new hires. The darker line uses the right axis and shows the relative change since the base year of 2005.



This month we focus on the NHQI for native and foreign-born individuals. 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 the native-born and the foreign-born have seen growth in the wage index since 2005, with the native-born up 3.9 percent and the foreign-born up 10.5 percent. The larger increase for the latter indicates that, over the past dozen years, the skill level and pay for jobs among newly hired foreign-born workers has grown faster than it has for newly hired native-born workers. Interestingly, the two series began to diverge in 2012, with rapid increases for the foreign-born and a muted rise for the native-born. A subtler

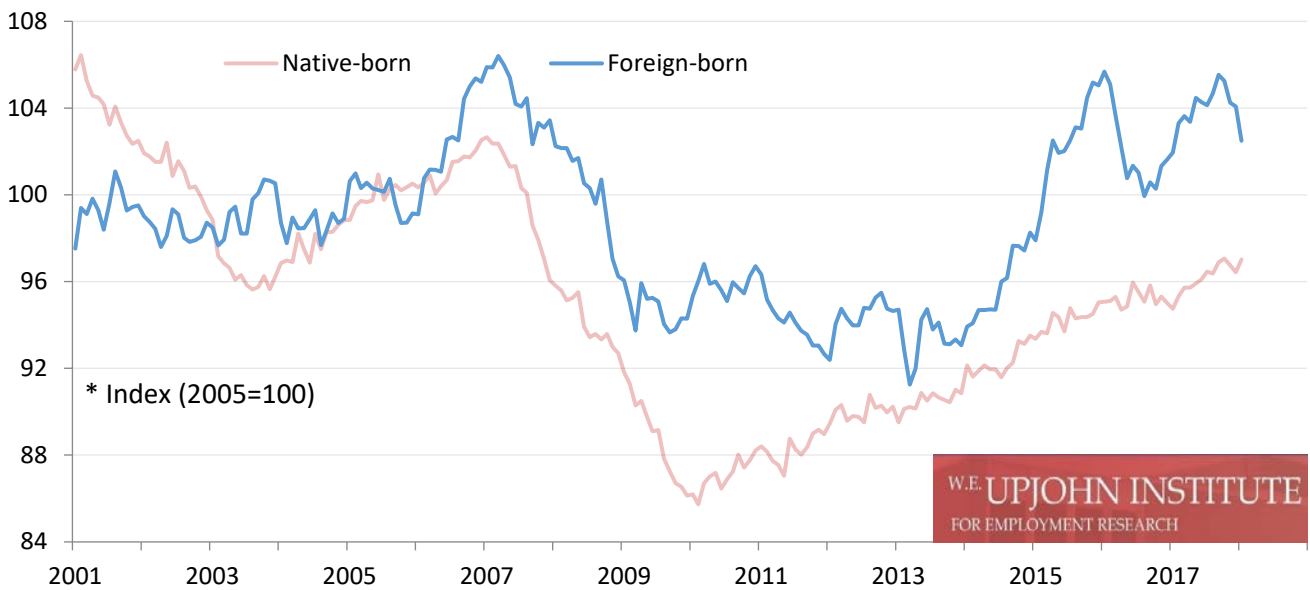
trend is that the two series tend to move in opposite directions, with the wage index for the foreign-born rising when the wage index for the native-born falls, and vice versa.

New Hires Hourly Wage Index: by Place of Birth



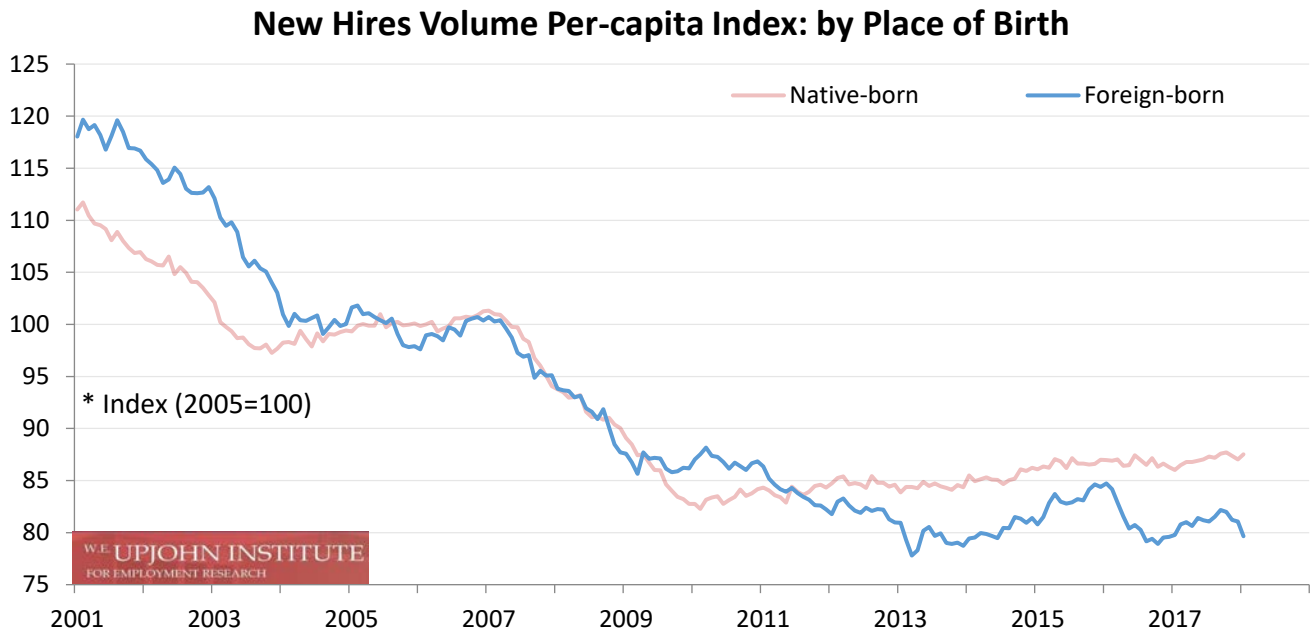
Hiring volume has also grown faster for the foreign-born. Despite a recent dip in the past few months, the volume of new hires for the foreign-born remains 2.5 percent above its level in 2005. Among native-born, in contrast, hiring volume is 3 percent down from 2005, although recovery has been steady, if gradual, since 2010.

New Hires Volume Index: by Place of Birth



The two figures above might suggest that the foreign-born have been experiencing a stronger recovery than the native-born. And to some extent, they have. However, the foreign-born have also experienced larger compositional changes than the native-born, particularly regarding education. Whereas 31.0 percent of the foreign-born labor force had a bachelor's degree in 2010, 35.6 percent did in 2017, a gain of 4.6 percentage points. The bachelor's degree share of the native-born also increased, from 33.5 percent to 37.3 percent, but this increase was smaller at 3.8 percentage points. (The differential increases are even larger among those

with a graduate degree.) Between 2010 and 2017, the foreign-born share of the labor force also increased from 16.7 percent to 18.1 percent.



When we account for the population changes, hiring volume per-capita has actually fallen faster for the foreign-born, relative to 2005 and especially earlier. That is, a foreign-born worker is 20 percent less likely to take a new job than in 2005, while a native-born worker is only 12 percent less likely. Moreover, while the native-born have seen a slight increase in the propensity to take a new job since 2010, the foreign-born have instead seen a slight decrease since then. These nuances illustrate the importance of looking at the different measures available in the NHQI to gain a more complete understanding of newly hired workers.

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/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 February 2018 will be released during the first week of April 2018. 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 January, 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.