

# W.E. UPJOHN INSTITUTE FOR EMPLOYMENT RESEARCH

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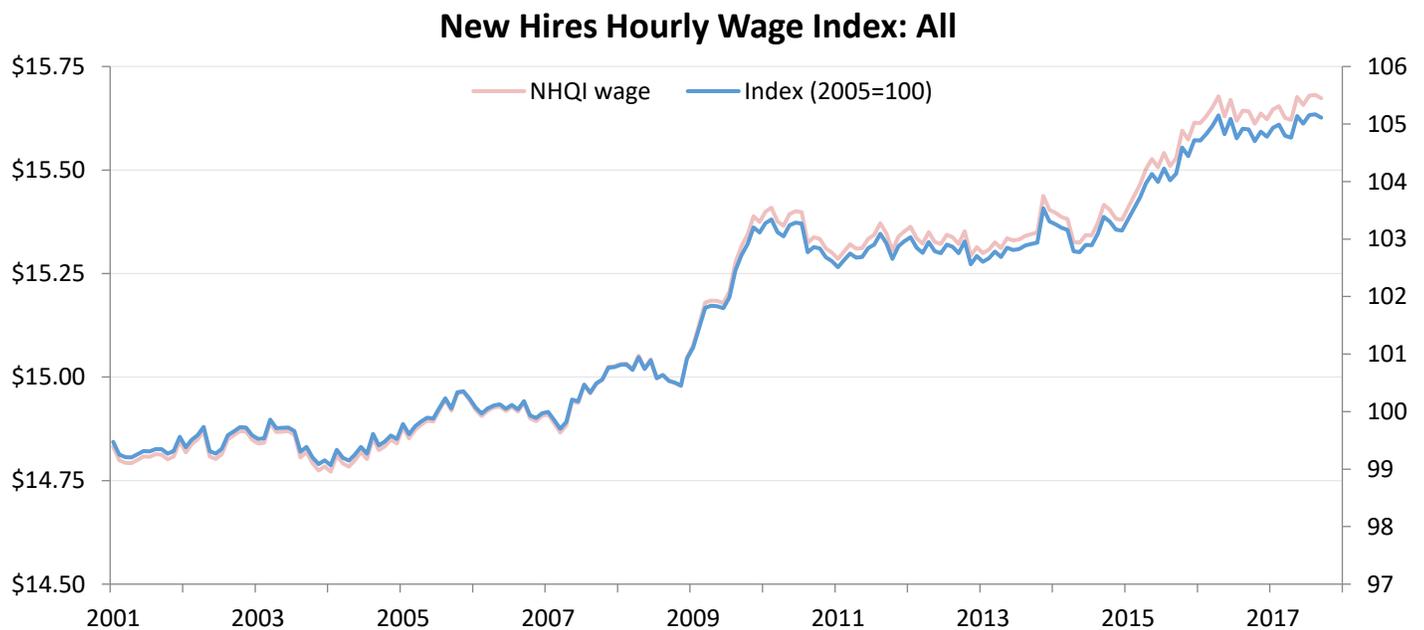
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## Upjohn Institute New Hires Quality Index for September 2017 shows overall slight 0.2 percent uptick, but diverging destinies for urban, rural areas

KALAMAZOO, Mich.— In September 2017, 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 \$15.64 to \$15.67. Hourly wages of new hires have risen 5.1 percent since 2005, according to the index.

The index and accompanying [interactive](#) 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

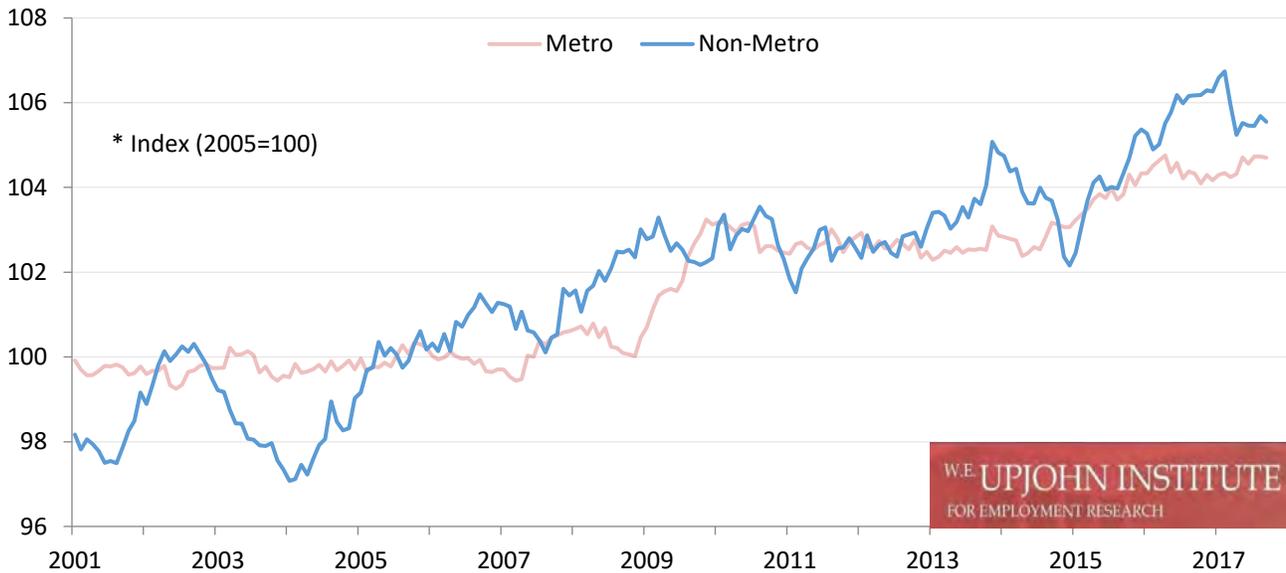
NOTE: The lighter line uses the left axis and shows the inflation-adjusted hourly wage of new hires. The darker line uses the right axis and shows the relative change since the base year of 2005.



This month we focus on the NHQI for a recently added pair of subgroups: individuals in metropolitan areas and individuals in nonmetropolitan (or rural) areas. The first figure below shows trends in the wage index for these two groups, with each wage index presented as a percentage of its 2005 level to better show relative growth. Although the wage index for non-metro areas is more volatile, the two series have shown similar growth over the past decade. Over the past two and one-half years, the wage index has grown slightly faster

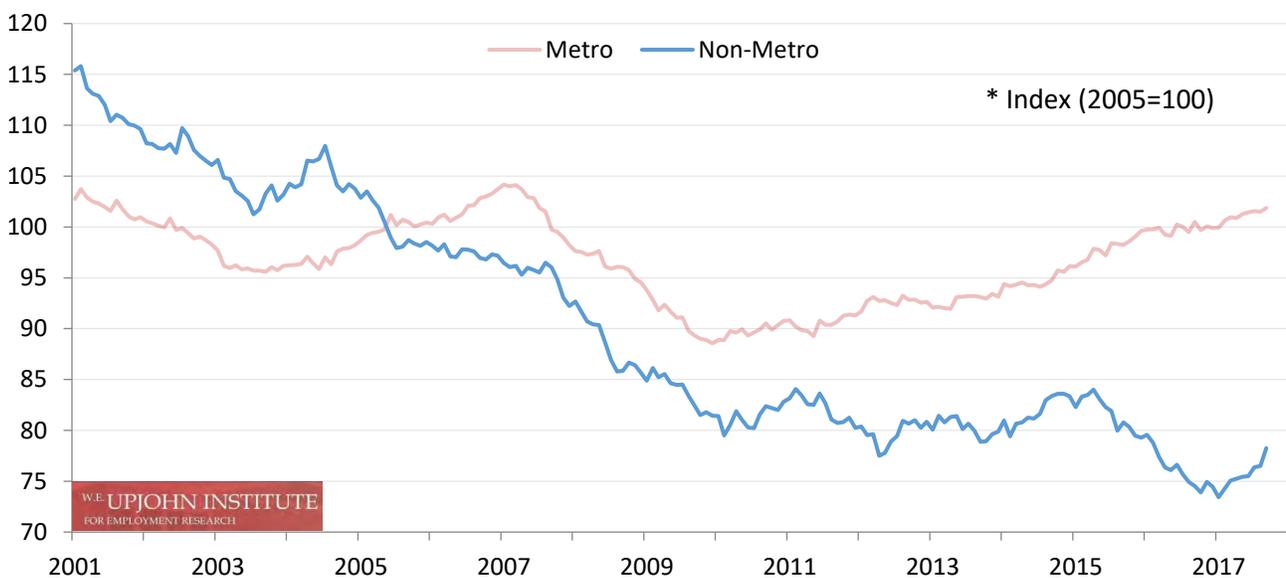
for individuals in non-metro areas than those in metro areas. This means that the skill level of newly hired workers—and thus wages—have been *growing faster* in non-metro areas.

### New Hires Hourly Wage Index: Metro vs. Non-metro



This growth may be surprising, but it is illustrative to put it into context by also showing trends in the hiring volume for metro and nonmetro areas. These trends, again presented as a percentage of their 2005 levels, are shown below.

### New Hires Volume Index: Metro vs. Non-metro



While the number of new hires in metro areas is barely above its level in 2005, and just about fully recovered from its fall during the Great Recession, the number of new hires in nonmetro areas has fallen steadily since 2001, and is up only slightly from its series low reached at the beginning of 2017. It remains 22 percent below its level from 2005, and 30 percent below its level in 2001. Together, the two charts imply that fewer people in non-metro areas are being hired at new jobs, but those who do get hired are taking increasingly higher-skilled jobs.

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/NHQL\\_report.pdf](http://www.upjohn.org/nhqi/reports/NHQL_report.pdf).

All data will be regularly updated by approximately last Monday of the following month in reference of the data release. For example, data for October 2017 will be released around Monday, November 27, 2017. 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 the last Monday of the month, covering data from the previous month. Data are currently available from January, 2001 through September, 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.