

# W.E. UPJOHN INSTITUTE FOR EMPLOYMENT RESEARCH

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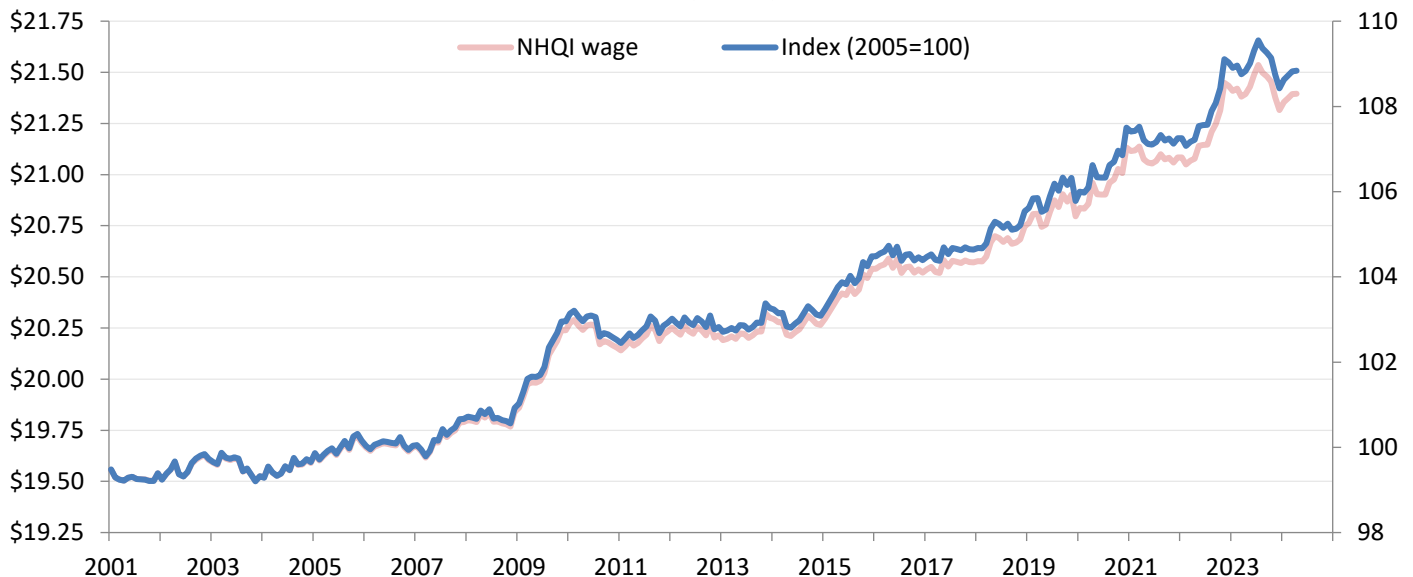
## Upjohn Institute New Hires Quality Index holds steady in April 2024, but volume continues to slide, driven by slowing hiring of U.S.-born workers

NOTE: Last month's release incorporated new occupational wage data from the Bureau of Labor Statistics. This annual revision affects the entire wage index series. The principal result is a shift up in wage levels; indexed values and trends are minimally changed. All statistics in this release use the revised data, and data on the NHQI website have also been updated.

KALAMAZOO, Mich. — The Upjohn Institute New Hires Quality Index shows inflation-adjusted hourly earnings power of individuals starting a new job held even between March and April of 2024, at \$21.40. The index is also unchanged from one year ago, but is up 2.7 percent since the COVID pandemic began; however, it remains 0.7 percent off its peak in July 2023. Hiring volume continued to slip for the third month in a row; it is down 0.3 percent since March, 3.6 percent from one year ago, and 3.5 percent since February 2020. Adjusting for population growth, hiring *rates* are 6.4 percent below the pre-COVID baseline and at a third consecutive series low.

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



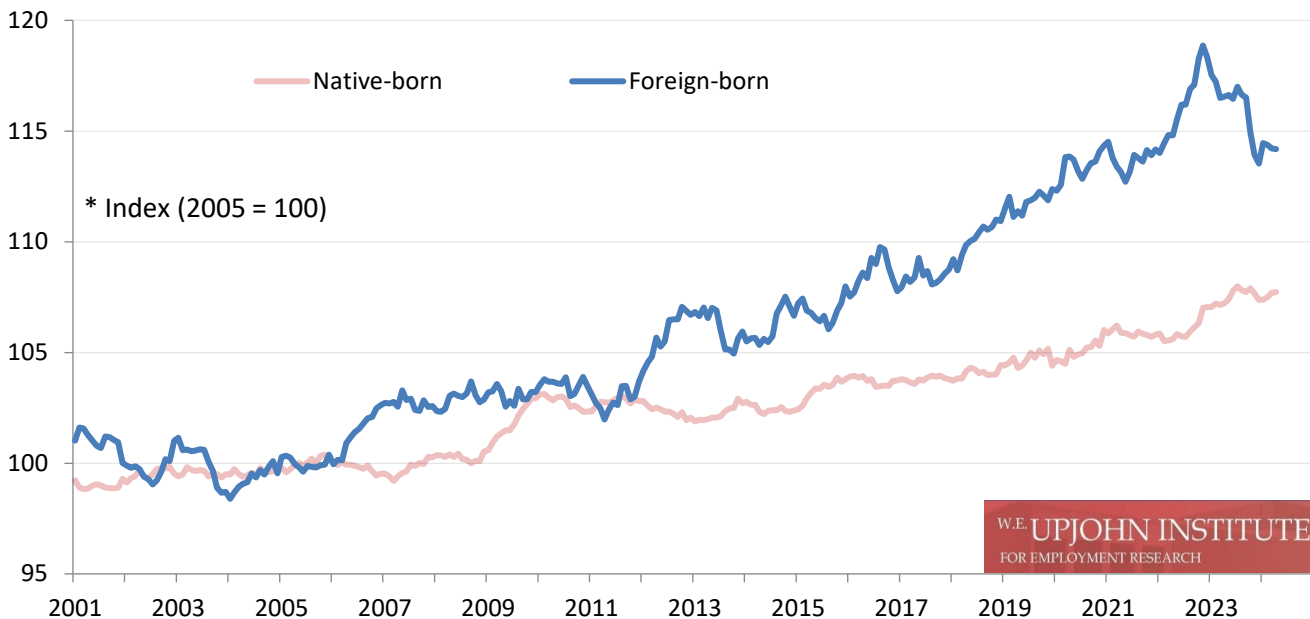
SOURCE: Upjohn Institute New Hires Quality Index

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.

Although monthly job gains dipped below 200,000 in April, for the first time since last November, the labor market remains reasonably strong. It has certainly cooled since the frenzy of 2021 and 2022, but this cooling has been far more gradual than many analysts had [expected](#), and job growth continues to [outpace](#) projected changes in the working-age population. [One possible explanation](#) for the sustained growth in employment is faster population growth than expected, particularly from [working-age immigrants](#). In this month's NHQI release, we examine hiring trends separately for the native-born and the foreign-born.

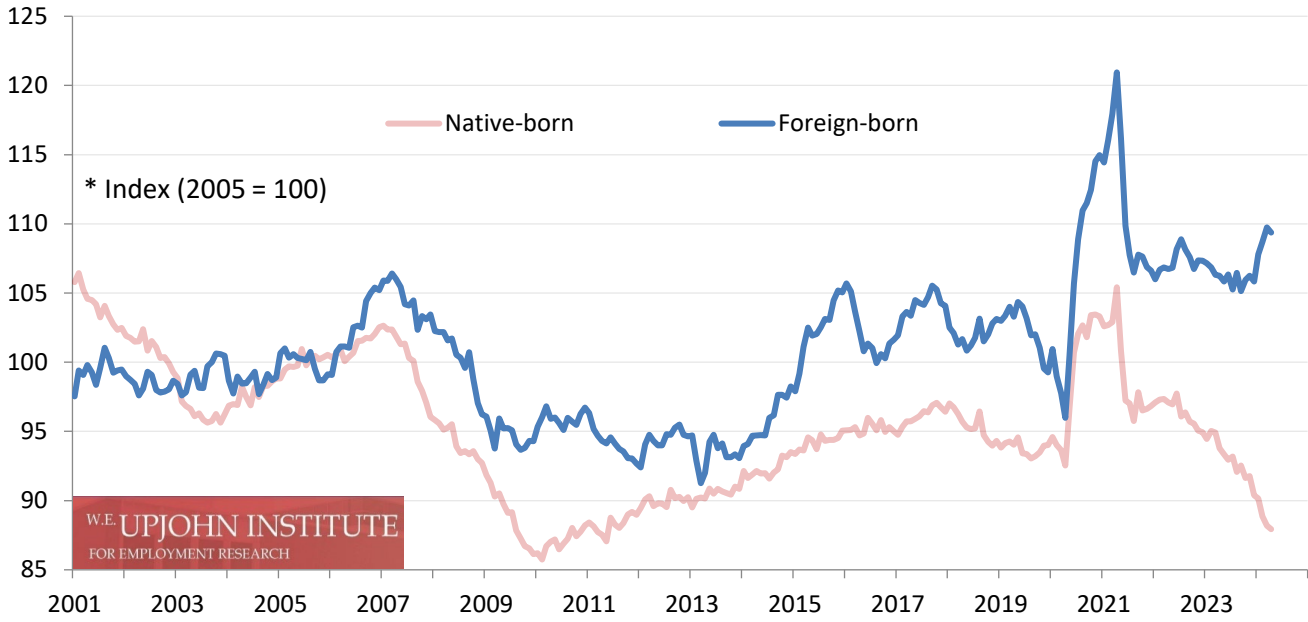
The graph below shows the hourly wage index separately for these two groups of newly hired workers, with the native-born in salmon and the foreign-born in blue. Each index is normalized to the respective group's own level in 2005 to better show relative changes. Between 2012 and 2022, the foreign-born experienced wage index growth more than three times that of the native-born, 13.6 percent compared to 4.1 percent. Much of this reflects high-skilled immigrants taking jobs in tech and other professional services, especially as the U.S. economy witnessed a decade of steady growth coming out of the Great Recession. Over the past 16 months, however, the wage index for the foreign-born has dipped sharply—3.5 percent—even as the wage index for the native-born has edged up 0.6 percent. Consequently, newly hired foreign-born workers today have earnings power comparable to where they were in early 2021, whereas the earnings power of native-born workers is still near an all-time high. Moreover, these trends imply that the recent drop in the wage index for all newly hired workers (graph on first page) is entirely driven by foreign-born workers.

**New Hires Hourly Wage Index: by nativity**



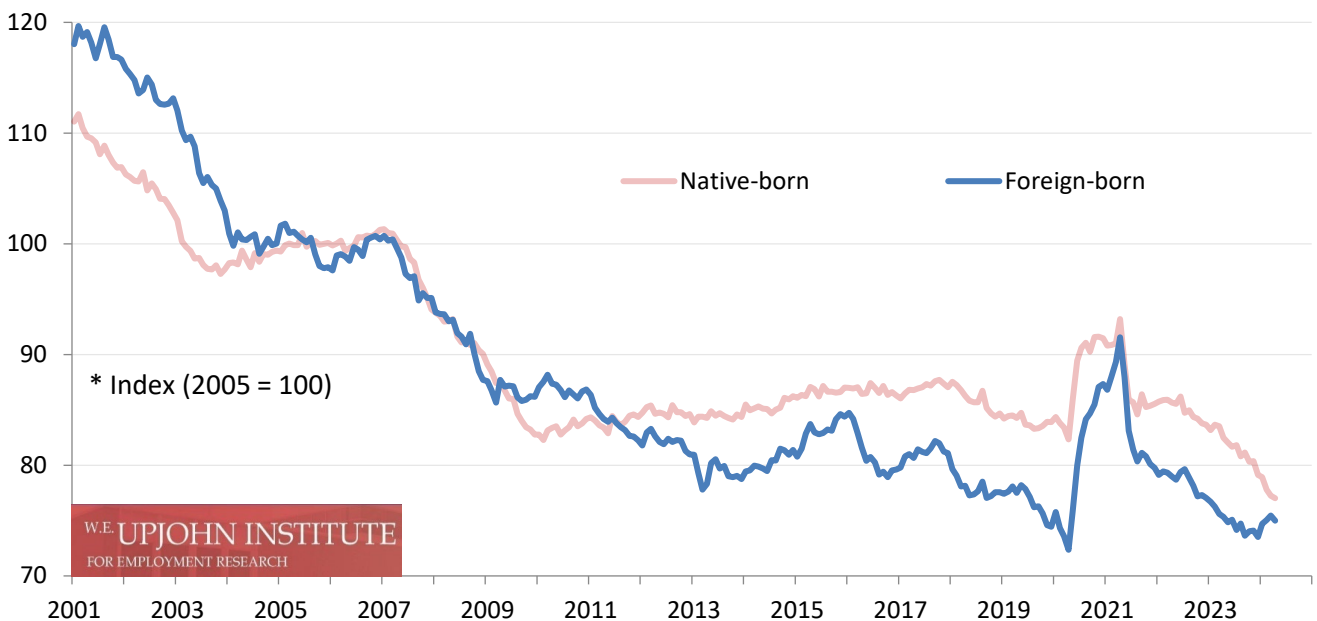
A possible explanation for the reversal in the earnings power of newly hired foreign-born workers is a change in their composition. Early 2023 coincided with a slowdown in tech hiring, and even some layoffs, as attention pivoted from facilitating remote working to generative AI (ChatGPT 3.5 had been released in November 2022). If demand for highly paid foreign-born engineers and data scientists ebbed, the wage index could fall, but we would also expect hiring volume to fall concomitantly. However, as the next graph shows, this did not happen. Hiring volume of the foreign-born did slow slightly in 2023, but held up quite well relative to the collapse in hiring among the native-born, which has plummeted 7.4 percent since the beginning of 2023. This decline has continued into 2024 even as the foreign-born have seen a hiring uptick this year.

## New Hires Volume Index: by nativity



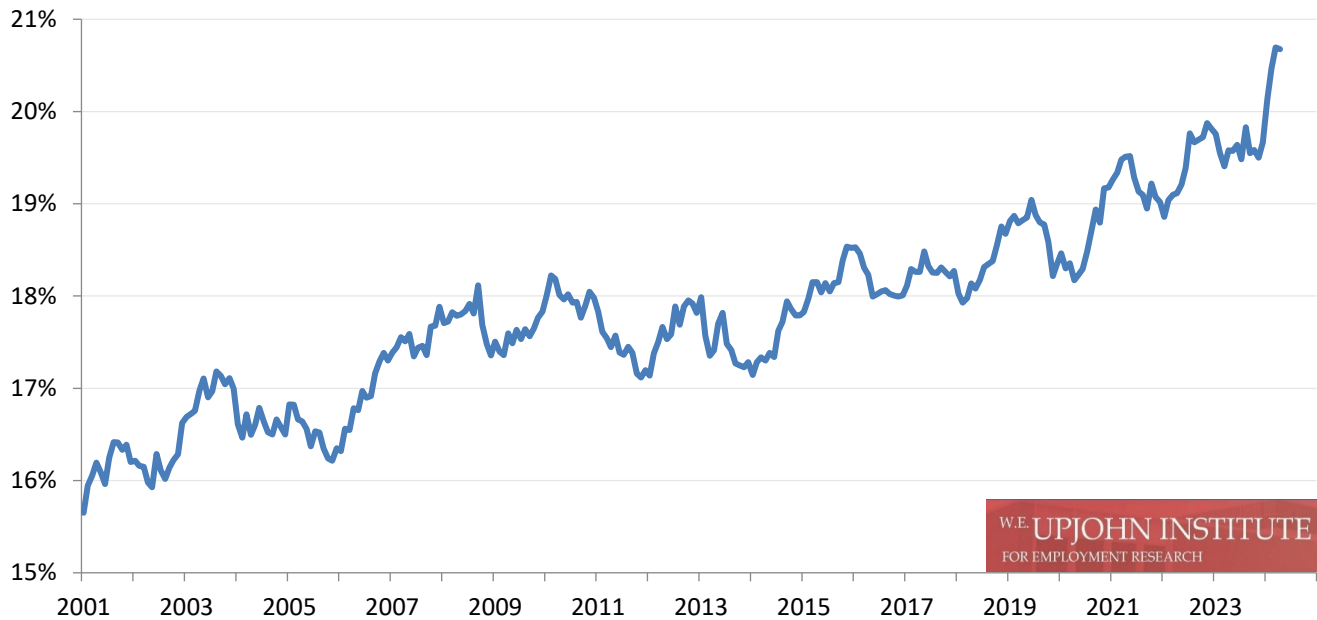
Although hiring remains elevated for the foreign-born relative to the native-born, especially relative to historical trends, differing population growth may play a large role. As noted above, immigration has recently surged, while [U.S. fertility](#) has largely been declining for the past 15-20 years. The next graph presents *hiring rates*—new hires per person—again normalized to levels in 2005. On a per capita basis, the trends are quite different from overall hiring volume. Both groups now see declines starting in 2022 or even earlier, and hiring rates have actually been higher for the native-born (relative to historical norms) than the foreign-born, although they are rapidly converging. A technical caveat is that some researchers have recently [called into question](#) whether the underlying survey of the newly hired workers is counting the foreign-born correctly, finding that they may be underestimated. Correcting this discrepancy would tend to push up hiring volume, and possibly hiring rates, for the foreign-born. Nonetheless, hiring rates have almost certainly slowed for both groups.

## New Hires Volume Per-capita: by nativity



Despite the slowdown in hiring rates, it is clear that immigrants are helping to drive new employment growth. It is also possible that the composition of newly hired foreign-born workers has changed over the past 16 months, although it is hard to pin down why their earnings power has also dipped without a more rigorous investigation. Even with this earnings power decline, the relatively high volume of foreign-born hires has meant that their share of the new hires wage bill—the fraction of total earnings power among all new hires accruing to the foreign-born—has continued to climb. As shown below, as of April 2024, this share is essentially at a series high of 20.7 percent, up roughly 2.5 percentage points since the pandemic and 1.0 percentage point since just last December.

### New Hires Wage Bill Shares: Foreign-born



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: [https://www.upjohn.org/sites/default/files/2021-05/NHOI\\_report\\_0.pdf](https://www.upjohn.org/sites/default/files/2021-05/NHOI_report_0.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 May 2024 will be released during the first week of July 2024. 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 changes 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](#), [July 2021](#), [July 2022](#), and [July 2023](#).

### 4. Does the NHQI count self-employed workers?

No, the NHQI excludes the self-employed (including those who report bring independent contractors).

### 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 April 2024. 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 at 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.