

W.E. UPJOHN INSTITUTE FOR EMPLOYMENT RESEARCH

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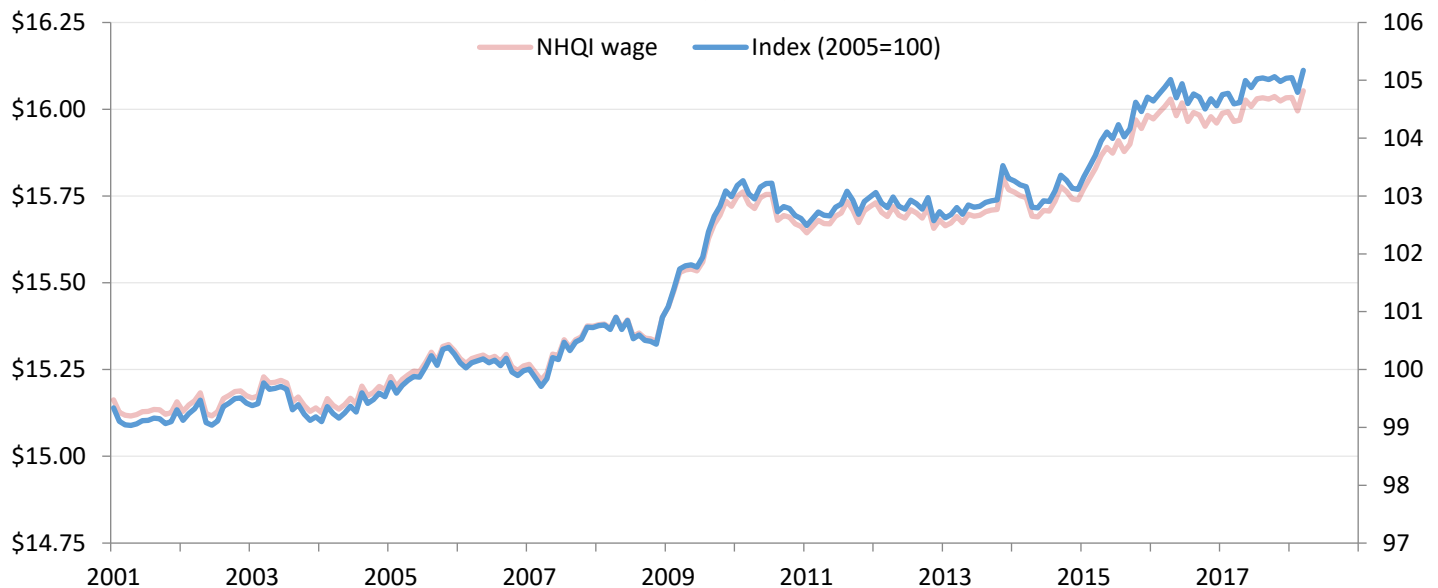
Upjohn Institute New Hires Quality Index for March 2018 shows overall 0.6 percent uptick, split trends for full-time and part-time workers

NOTE: LAST MONTH'S RELEASE INCORPORATED NEW [OCCUPATIONAL WAGE DATA](#) FROM THE BUREAU OF LABOR STATISTICS. THIS 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 AND LAST MONTH'S RELEASE USE THE REVISED DATA, AND DATA ON THE [NHQI](#) WEBSITE HAVE ALSO BEEN UPDATED. K

KALAMAZOO, Mich.— In March 2018, the Upjohn Institute New Hires Quality Index shows inflation-adjusted hourly wages of individuals starting a new job rose 0.6 percent from a year prior, at \$16.05. Hourly wages of new hires have risen 5.2 percent since 2005, according to the index. Over the past month, the wage index rose by 0.4 percent.

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



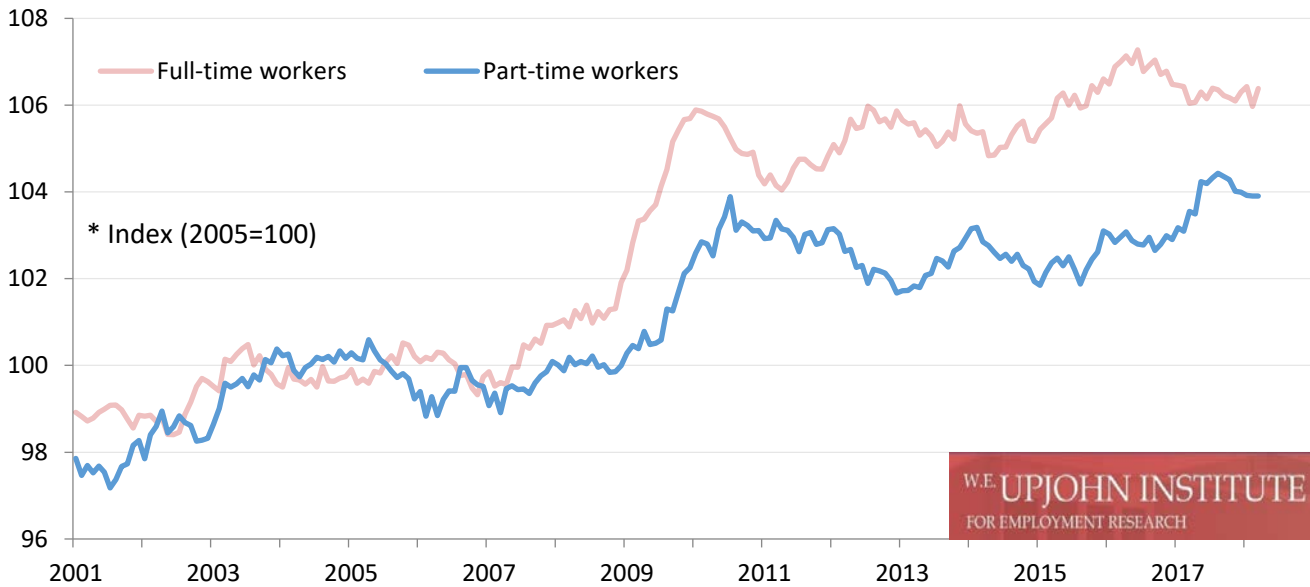
SOURCE: Upjohn Institute New Hires Quality Index

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.

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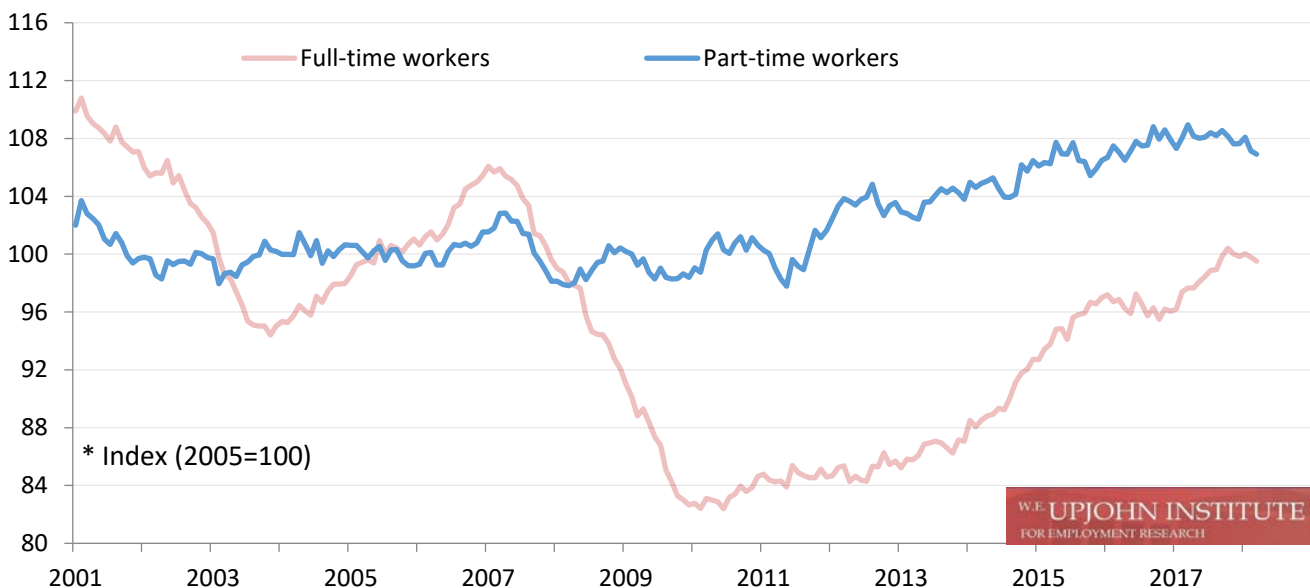
This month we focus on the NHQI for both full-time and part-time workers. Full-time workers are those who work at least 35 hours per week; part-time workers work fewer than 35 hours per week. During the Great Recession, the share of part-time workers rose, but the number of full-time workers has been growing as the economy has recovered. But that’s for workers overall. What does the NHQI say about newly hired workers? 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 worker groups have seen growth in the wage index since 2005, but growth has been stronger for full-time workers (up 6.4 percent) than part-time workers (up 3.9 percent). Within the past two years, however, the wage index has grown faster for part-time workers.

New Hires Hourly Wage Index: Full-time and Part-time Workers



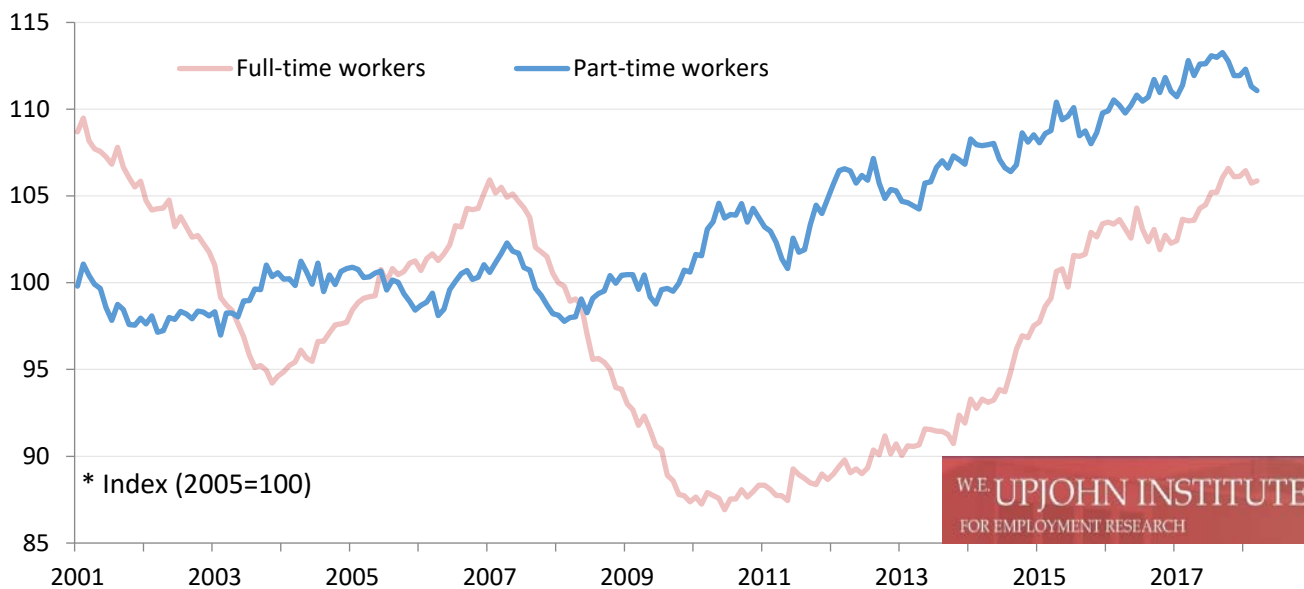
In terms of hiring volume, full-time workers have experienced much greater vicissitudes. There were large drops in hiring during both the early 2000s recession and the Great Recession; during the latter, hiring fell by 22 percent. Volume has since recovered partially, with most of the catch up after 2013, and is just below its 2005 level. In contrast, hiring volume for part-time workers was flat during the recessions and has gradually increased since 2012.

New Hires Volume Index: Full-time and Part-time Workers



If we combine the hourly wage index with hiring volume, we get the wage bill—a measure of the total earnings power of newly hired workers. Because part-time workers have seen increases in both their wage index and hiring volume, their wage bill has steadily increased since the end of the Great Recession. For full-time workers, even though their wage index growth has been faster, the lackluster recovery in hiring volume means that their wage bill has only just reached pre-recession levels. Despite recent drops in the number of people [working part-time for economic reasons](#), the growing earnings power of newly hired part-time workers, relative to full-time workers, suggests there may be lingering difficulties for getting hired into full-time employment.

New Hires Wage Bill: Full-time and Part-time 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 April 2018 will be released during the first week of June 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 March 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.