

W.E. UPJOHN INSTITUTE FOR EMPLOYMENT RESEARCH

300 South Westnedge Avenue • Kalamazoo, Michigan 49007 • 269-343-5541 • www.upjohn.org

NEWS RELEASE: MAY 4, 2022

CONTACT: JUSTIN CARINCI

carinci@upjohn.org

or

BRAD HERSHBEIN

hershbein@upjohn.org

269-385-0437

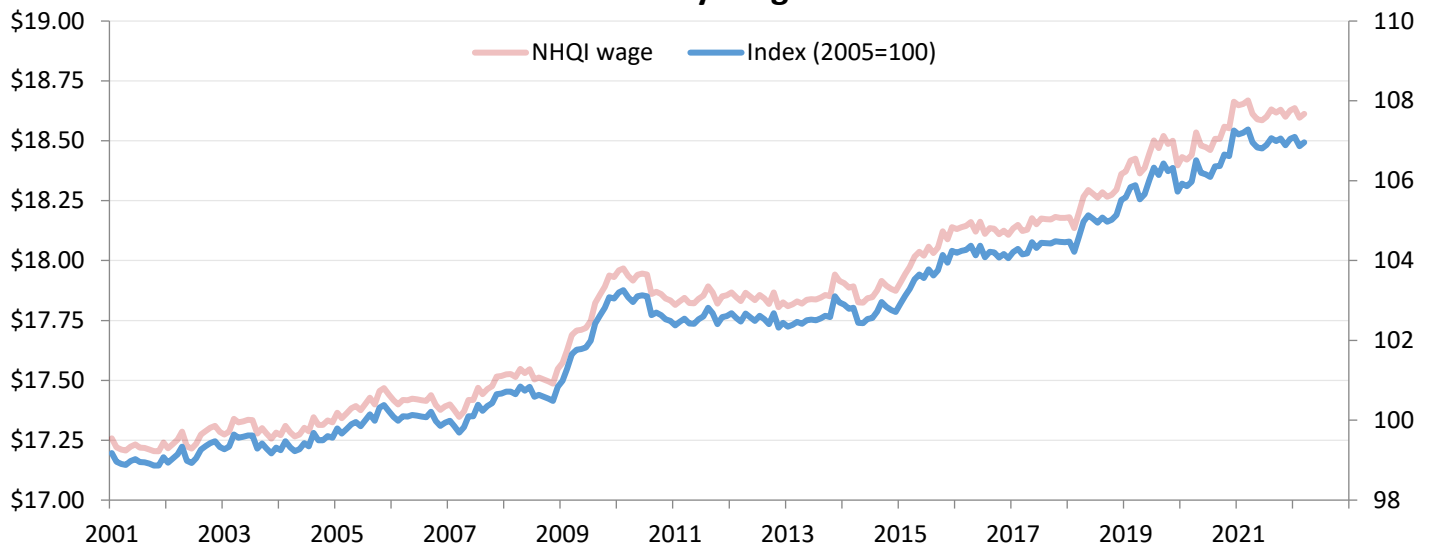
Upjohn Institute New Hires Quality Index for March 2022 edges up a hair, and hiring volume for high school graduates remains high

NOTE: This month's release incorporates 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 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 ticked up, by 0.1 percent, between February and March, to \$18.61. Nonetheless, the index has been remarkably steady since the beginning of 2021, even with a relatively tight labor market. Since 2005, the index is up 7.0 percent. Hiring volume held steady over the month and is 4.3 percent above its pre-pandemic (February 2020) level. Russia's invasion of Ukraine and continued supply shortages do not appear to have affected U.S. hiring—at least not yet. The current jobs deficit, relative to before COVID-19, stands at 1.6 million—6.6 million if prepandemic job growth had continued.

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



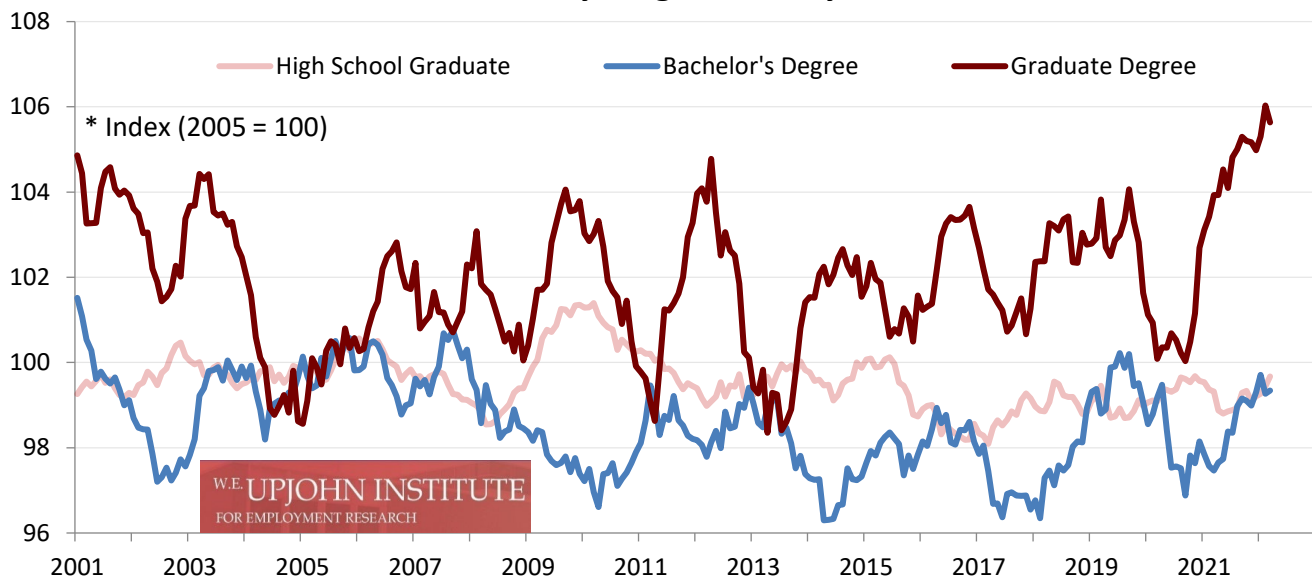
SOURCE: Upjohn Institute New Hires Quality Index

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.

In this month's release, we return to NHQI trends by education. In the past, we have pooled education categories into two groups—less than a bachelor's degree and a bachelor's or graduate degree—for simplicity, but disaggregating educational categories can be useful for observing certain trends. In the figures below, we focus on three groups: high school graduates (who did not attend college), bachelor's degree holders, and graduate degree holders. (For space, we do not show trends for the two remaining educational categories—individuals who did not graduate high school and individuals who attended college but did not earn a bachelor's degree—although these are available at www.upjohn.org/nhqi.) In the first quarter of 2022, these three focal groups accounted for 24.3, 25.6, and 15.1 percent of workers, respectively.¹

The graph below shows the hourly wage index separately for each education category. Each index is normalized to the respective group's own level in 2005 in order to better show relative changes. However, there are not that many relative changes to show. For high school and bachelor's graduates, the wage index moves relatively little over the past two decades, albeit with some ups and downs for the bachelor's group. If anything, these two educational groups have seen slight declines in their wage indices over the past two decades. The wage index for graduate degree holders has also been somewhat volatile but is up sharply since 2021 and is its highest on record. What to make of all this? That the overall NHQI wage index has risen 7.0 percent since 2005, with smaller within-education-group changes, indicates that the earnings power of newly hired American workers has grown in large part due to their becoming more educated over time², not because newer occupational opportunities arise for a given educational group. Although the growing awareness of the need for [better job opportunities](#) for [workers who lack bachelor's degree](#) is a welcome [policy innovation](#), the NHQI shows little evidence that it has yet borne fruit.

New Hires Hourly Wage Index: by education



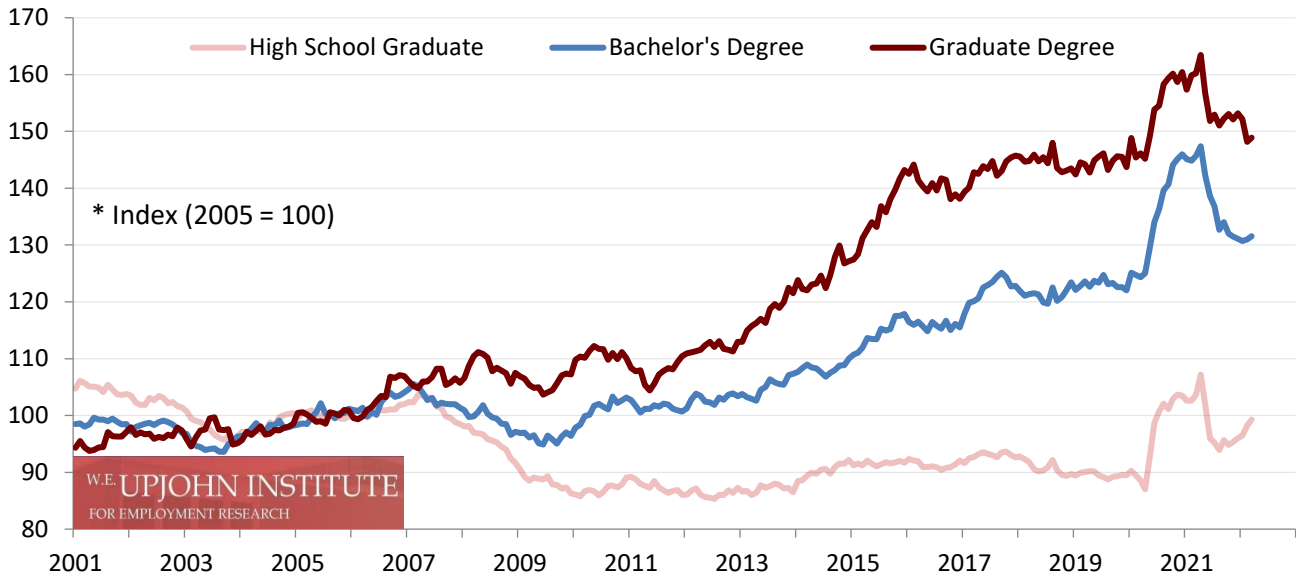
Nonetheless, high school graduates are still finding job opportunities, even if they're not of demonstrably higher quality according to the wage index. The following figure shows indexed hiring volume (again, where 2005 indicates the baseline at 100) for each of the three education groups. Since 2005, hiring volume

¹ Individuals who did not graduate high school were 9.5 percent of workers, and those who had attended college but did not earn a bachelor's degree were 25.6 percent.

² In 2001, the high school graduate share of workers 28.0 percent, the bachelor's degree share was 18.7 percent, and the graduate degree share was 9.2 percent.

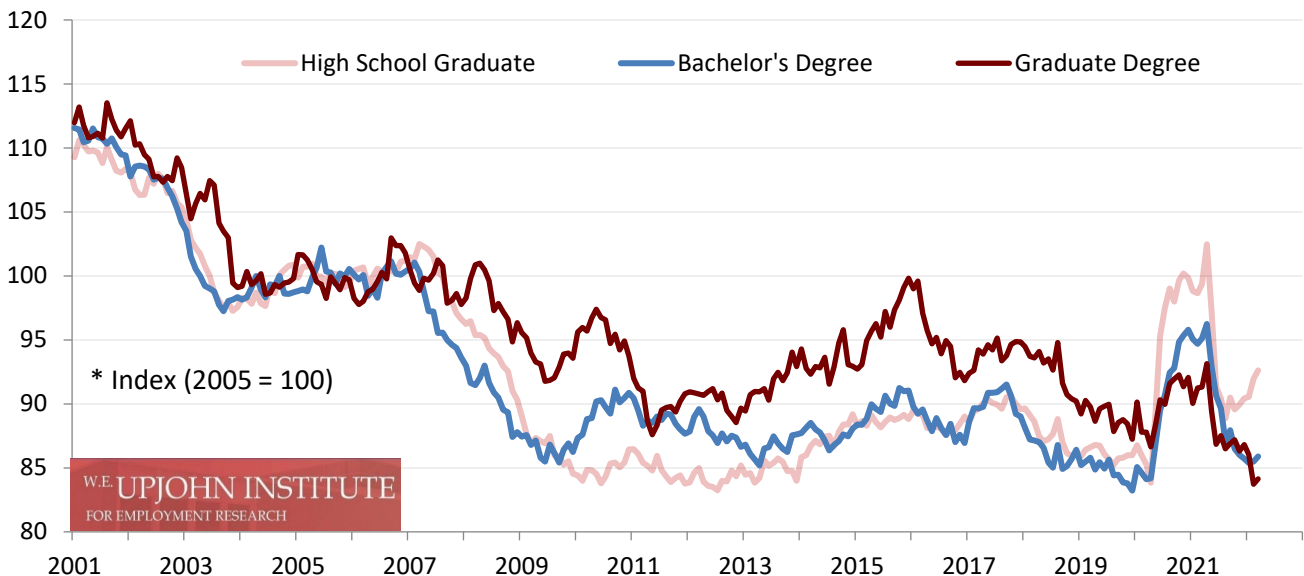
is up over 30 percent for bachelor’s degree graduates and up nearly 50 percent for individuals with graduate degrees; it is essentially unchanged for high school graduates. However, recent trends since the pandemic—and even over the past six to nine months—are enlightening. Since February 2020, hiring volume is up 2.4 percent for graduate-degree holders, 5.5 percent for bachelor’s-degree holders, and 10.9 percent for high school graduates. Since just last August, hiring volume is up 5.7 percent for high school graduates but *down* 1–2 percent for the other education groups. Even if they’re not being hired into higher-paying *occupations*, the persistently elevated hiring volume for high school graduates suggests a competitive hiring market that is conducive to higher wage growth. (This will be examined in the September news release.)

New Hires Volume Index: by education



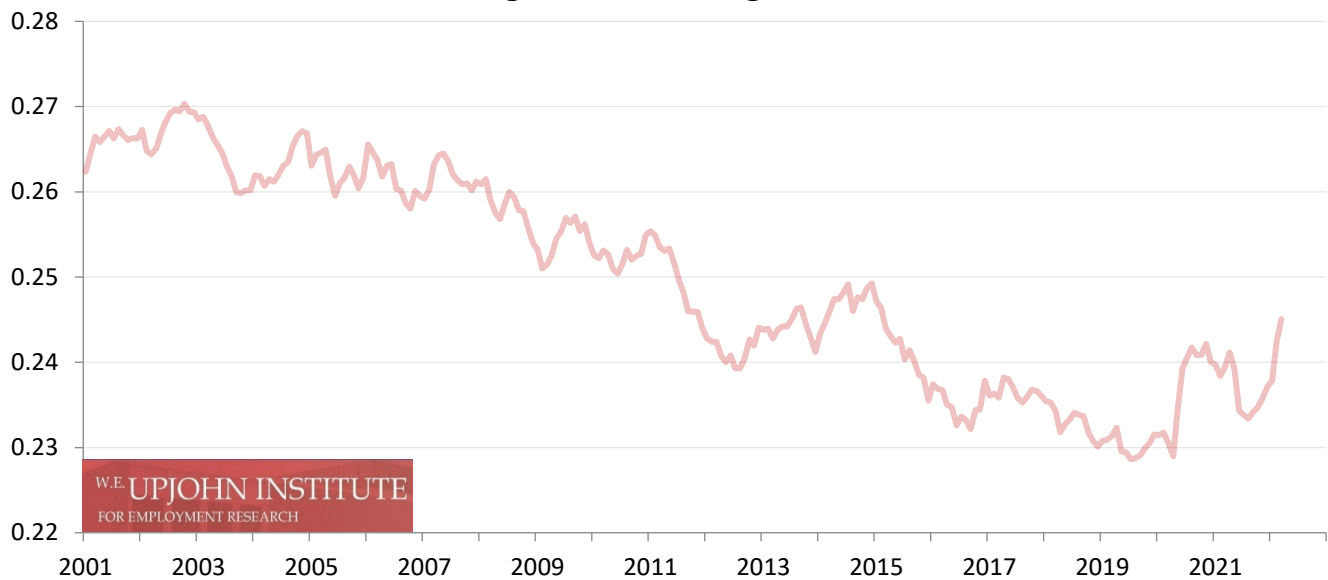
Even if we adjust for changing educational attainment in the population by examining hiring rates, as in the figure below, high school graduates still see elevated hiring, while rates for the other education groups are near—or below—their prepandemic levels.

New Hires Volume Per-capita: by education



This recent spurt in high school graduate hiring volume makes up only a small part of its declining share of the new hires wage bill—the summary earnings power of all newly hired workers. (This measure is the product of the wage index and the volume index.) Reaching about 27 percent in 2003, the high school graduate wage bill share bottomed out to just below 23 percent on the eve of the pandemic but has since climbed to 24.5 percent. In contrast, the new hires wage bill share of bachelor’s graduates is now just a hair behind, at 24.3 percent (up from 19.5 percent in 2003), and that for graduate-degree holders stands at 15.8 percent (up from about 11 percent in 2003). These longer-term patterns are unlikely to reverse, but the labor market recovery for high school graduates is still very much underway.

New Hires Wage Bill Share: High School Graduates



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: https://www.upjohn.org/sites/default/files/2021-05/NHQB_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 April 2022 will be released during the first week of June 2022. To sign up to regularly receive monthly press releases for the Upjohn Institute New Hires Quality Index, visit: www.upjohn.org/nhqi/signup.

The W.E. Upjohn Institute for Employment Research is a nonprofit, nonpartisan research organization devoted to finding and promoting solutions to employment-related problems. The views expressed in the report are those of the author and do not necessarily reflect the views of the W.E. Upjohn Institute. Visit us at www.upjohn.org.

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](#). An analysis of self-reported wages can also be found in press releases for [July 2018](#), [July 2019](#), [July 2020](#), and [July 2021](#).

4. Does the NHQI count self-employed workers?

No, the NHQI excludes the self-employed (including 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 March 2022. 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.