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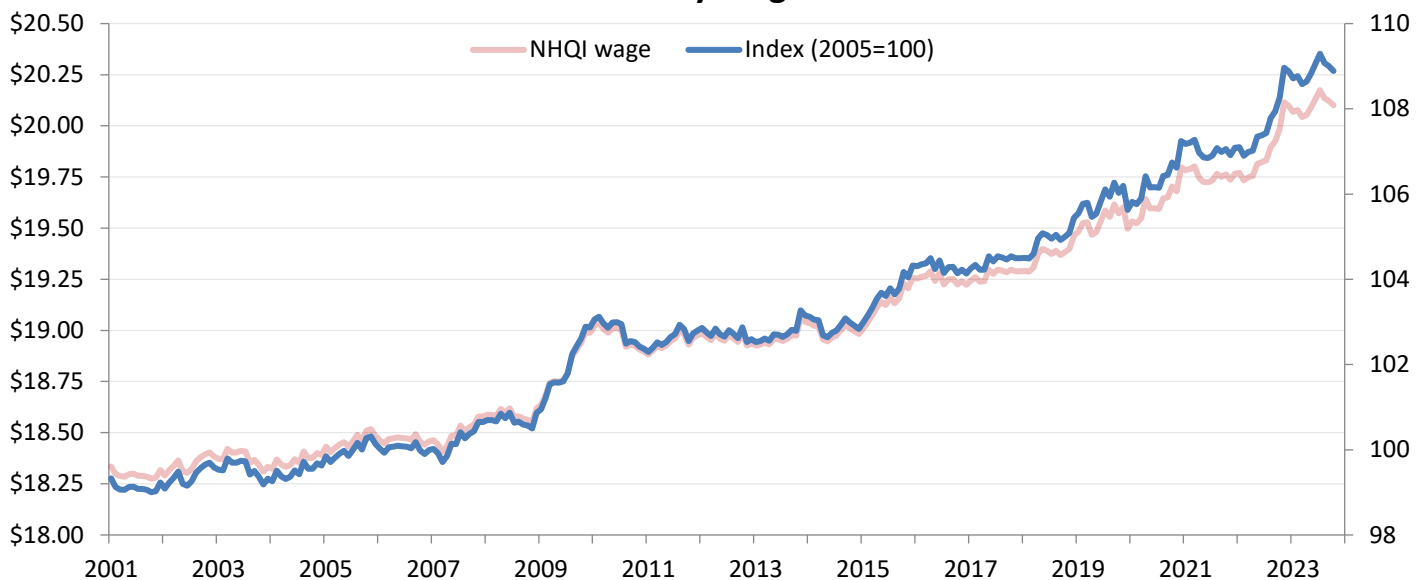
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Upjohn Institute New Hires Quality Index dips slightly in October, even as volume continues to fall, with slowdown led by full-time workers

KALAMAZOO, Mich.— The Upjohn Institute New Hires Quality Index shows the inflation-adjusted hourly earnings power of individuals starting a new job slipped 0.1 percent between September and October, to \$20.10. This marks a decline of 7 cents from July’s record high, although the current reading is up 0.6 percent from last October, 3.0 percent from right before the pandemic, and 8.9 percent since 2005. After a brief uptick last month, hiring volume continued its downward trajectory, falling 0.6 percent over the month. Volume is down 3.5 percent over the year and 0.9 percent below its prepandemic level from February 2020. Adjusting for population growth, hiring *rates* are now 3.5 percent below the pre-COVID baseline and are at a new series low. With GDP having [jumped](#) 5.2 percent in the third quarter of 2023, even as hiring dynamics increasingly show signs of idling, it is an open—and pressing—question whether the strong labor market gains seen over the past three years will begin reversing in 2024.

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



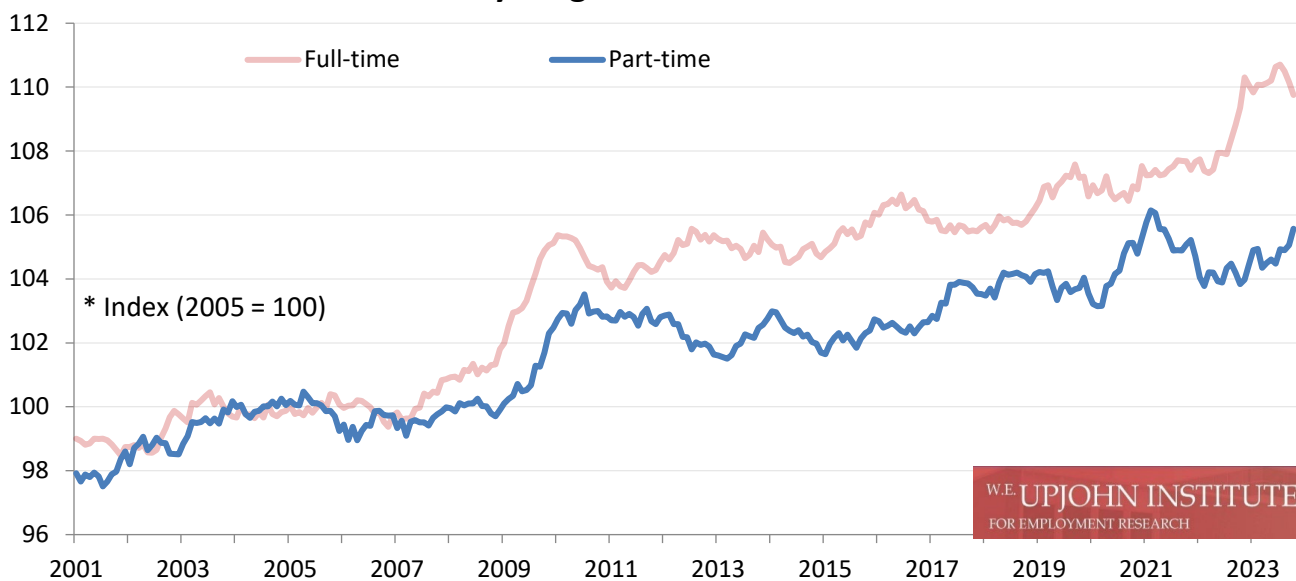
SOURCE: Upjohn Institute New Hires Quality Index

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 slowing labor market dynamics are evident in the headline wage index and volume index, another way to confirm that the worker bonanza has been pulling back is by examining the comparative trends of full-time and part-time workers. Last year, the [NHQI release](#) showed a sharp rise in the wage index for full-time workers and milder but sustained growth in the volume index, whereas the volume of part-time hires was slowing with a stagnant wage index—an indication that those who wanted full-time work were having little difficulty finding it. Indeed, the share of workers involuntarily in part-time jobs had been falling and was at a [record low](#). That same measure, although still quite low by historical standards, has begun to tick up recently, and so this month we return to NHQI profiles for full-time and part-time workers.

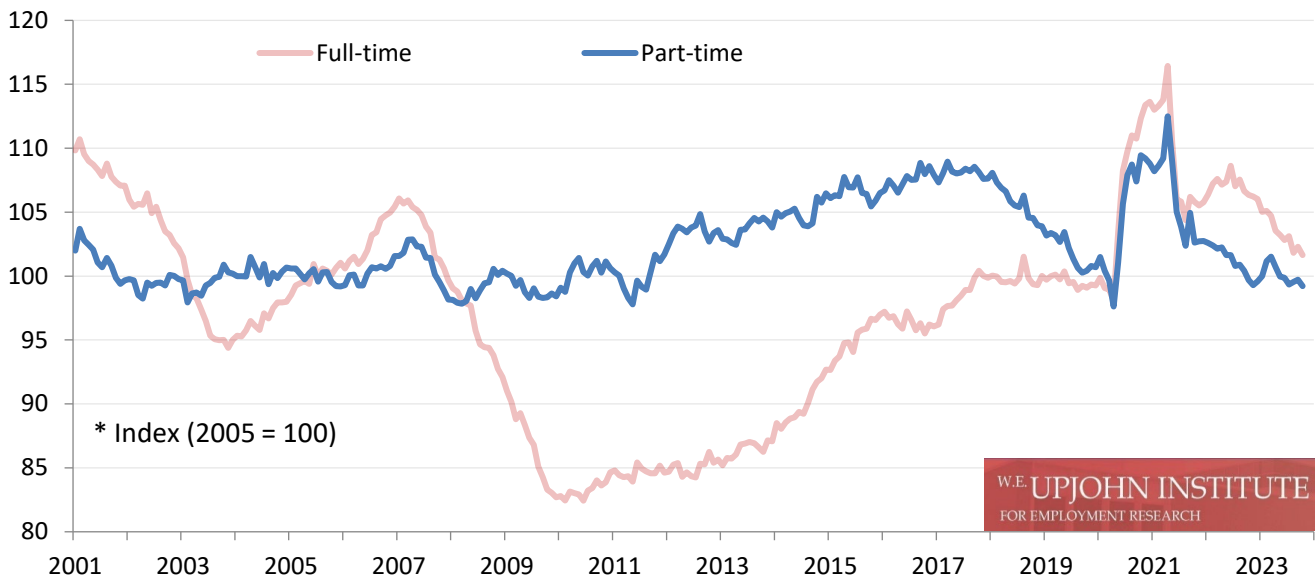
The graph below shows the hourly wage index separately for both types of newly hired workers, with the full-time in salmon and the part-time in blue. Each index is normalized to the respective group's own level in 2005 in order to better show relative changes. Full-time new hires saw a surge of 1.6 percent between October 2021 and October 2022, but over the last 12 months, growth has been much more muted, at 0.4 percent, and even this masks the negative turn of 0.9 percent over the past three months. In contrast, the analogous numbers for new part-time hires are almost the reverse: a decline of 1.2 percent in the earlier period, a gain of 1.7 percent over the past 12 months, and a continued rise of 0.6 percent since July 2023. True, over the longer term, full-time newly hired workers have seen stronger wage index growth than newly hired part-time workers, but the recent trends indicate this gap is no longer widening but rather shrinking. This suggests that occupational upgrading may have shifted its (relative) momentum from full-time to part-time hires.

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



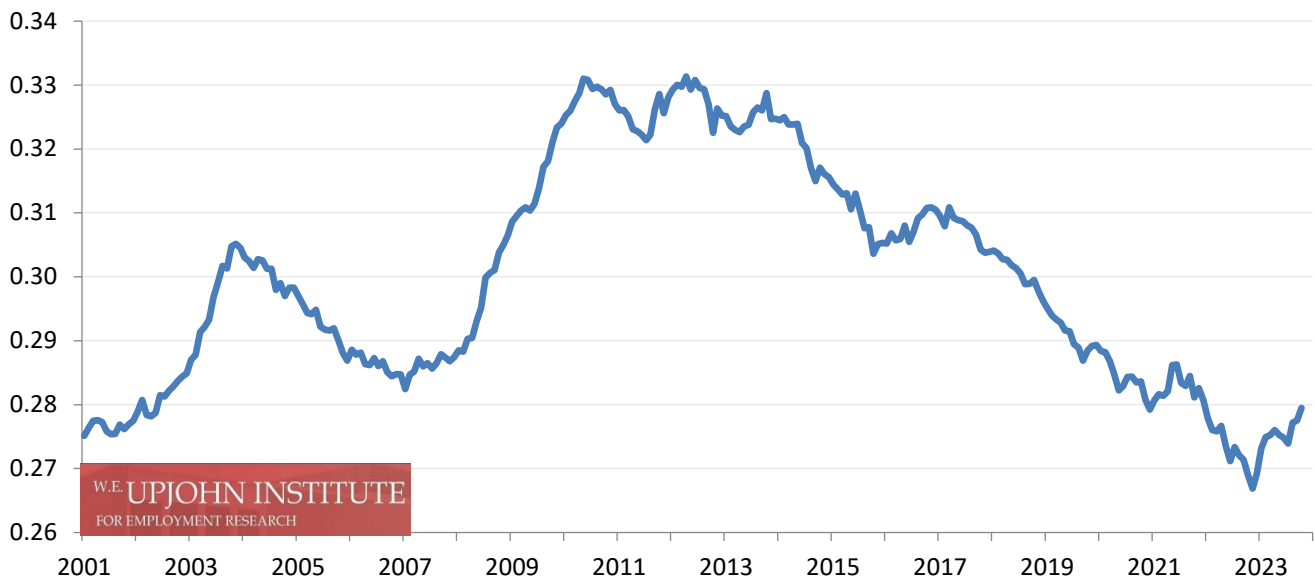
This can be tested more thoroughly in the next chart, which shows indexed hiring *volume* for each class of new hires. Over the past 12 months, the number of newly hired full-time workers has fallen 4.4 percent; over the preceding 12 months, volume had actually edged up 0.5 percent. For part-time new hires, on the other hand, volume over the most recent 12 months has fallen by a much smaller amount, 0.5 percent, although it had also been dropping over the previous 12 months. Nonetheless, the sudden reversal in full-time hiring volume has brought the index for full-time hires much closer to that of part-time hires. The overall volumes still indicate a robust labor market, even relative to prepandemic levels, but the recent *trends* suggest this is changing.

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



This can perhaps be seen most clearly in the next graph, illustrating the part-time workers' share of the hiring wage bill—the fraction of earnings power among all newly hired workers. This share had peaked at about one-third in the immediate aftermath of the Great Recession, when full-time jobs were still relatively scarce, but then began a fairly steady decline, with only brief (and small) upticks in 2016 and early 2021. In October 2022, the part-time workers' share of the new hires wage bill had declined over the preceding 12 months by 1.2 percentage points (or 4.3 percent), to a record low of 26.9 percent. Over the most recent 12-month period, however, the share has bounced back to 27.9 percent. While still an historically low share—lower than the preceding 20 years—the recent reversal in trend indicates full-time job opportunities are becoming less prevalent, and that the wind behind the labor market dynamics of the past three years is stalling.

New Hires Wage Bill Shares: Part-time



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/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 November 2023 will be released during the first week of January 2024. 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](#). 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 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 October 2023. 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.