

# W.E. UPJOHN INSTITUTE FOR EMPLOYMENT RESEARCH

300 South Westnedge Avenue • Kalamazoo, Michigan 49007 • 269-343-5541 • [www.upjohn.org](http://www.upjohn.org)

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CONTACT: JUSTIN CARINCI

[carinci@upjohn.org](mailto:carinci@upjohn.org)

BRAD HERSHBEIN

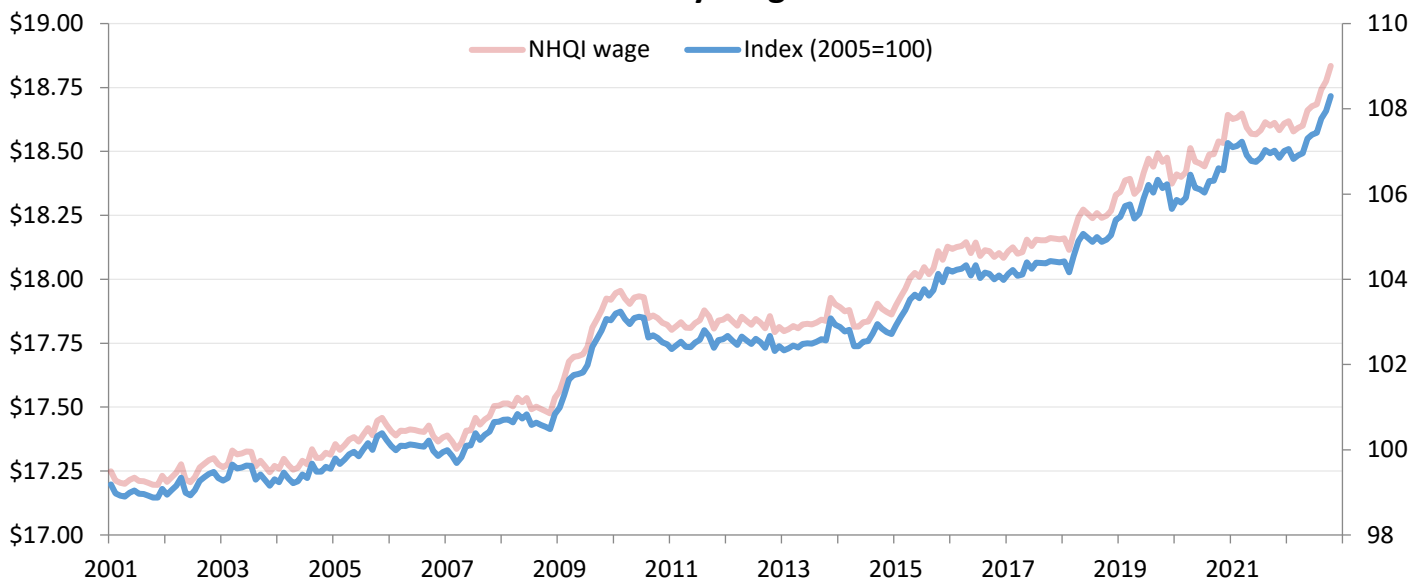
[hershbein@upjohn.org](mailto:hershbein@upjohn.org)

## Upjohn Institute New Hires Quality Index reaches sixth consecutive record high in October 2022, powered by continued strength of full-time hires

KALAMAZOO, Mich.— The Upjohn Institute New Hires Quality Index shows inflation-adjusted hourly earnings power of individuals starting a new job ticked up 0.3 percent between September and October, reaching \$18.83 and the sixth consecutive record high—the longest upward streak since the Great Recession. Over the past 12 months the index is up 1.2 percent; since 2005, it is up 8.3 percent. Hiring volume, however, continues to ease, slowing 0.3 percent over the month; it nonetheless remains 2.7 percent above its pre-pandemic (February 2020) level. (Adjusting for population growth, hiring rates are still up 1.1 percent from before COVID.) These indicators suggest the labor market is gradually cooling but remains quite warm; the cooling is happening faster, though, among lower-paying jobs, which had seen the greatest demand growth over the preceding 18 months. In short, the hiring market has turned from a boil to a simmer. Maintaining that simmer may be challenging.

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



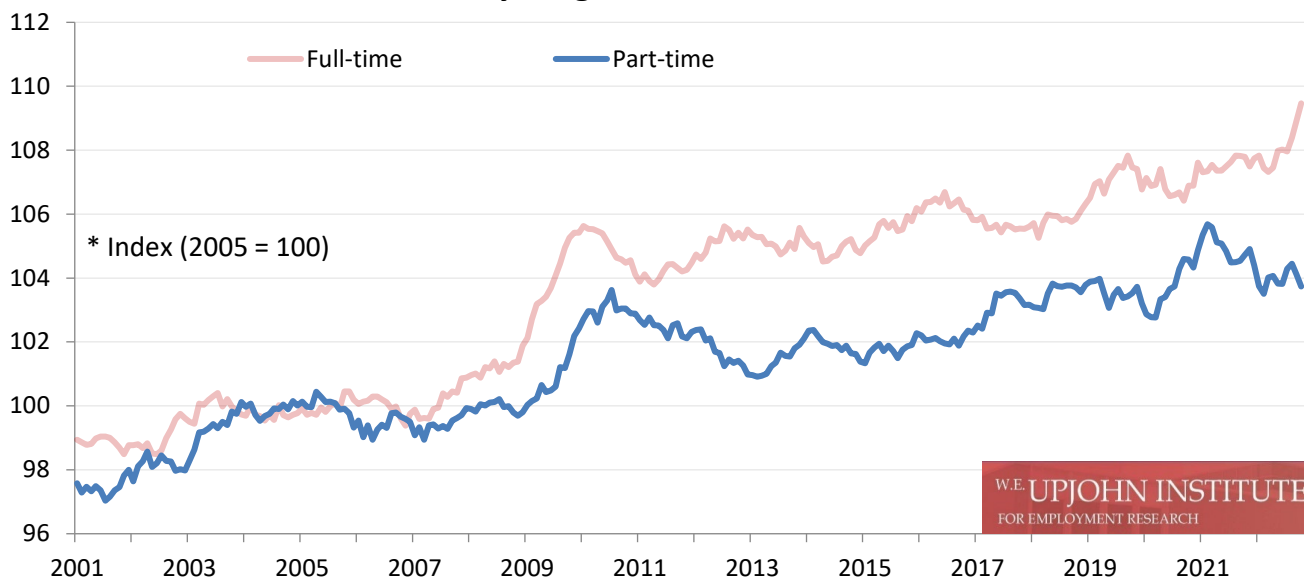
SOURCE: Upjohn Institute New Hires Quality Index

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.

Even before the Federal Reserve began raising interest rates to combat inflation and (gradually) slow the economy, concerns about [long COVID](#) holding back labor force growth were [receiving](#) considerable [media](#) and [policy](#) attention. Whether due to own illness or the need to care for others, the symptoms associated with long COVID—brain fog, fatigue, headache and others—may limit the ability of many individuals to work, especially for those who already may have had difficulties working full-time because of childcare or transportation challenges or preexisting health issues. At the same time, the strong labor market may have enabled workers previously able to find only part-time employment to increase their hours and become full-time. In this month's, NHQI release we examine hiring trends for full-time and part-time workers.

The graph below shows the hourly wage index separately for newly hired workers who are full-time (salmon) or part-time (blue). Each index is normalized to the respective group's own level in 2005 to better show relative changes. In the early stages of the pandemic, the wage index for part-time workers exhibited rapid growth, rising 2.8 percent between February 2020 and February 2021. Since then, part-timers' wage index has fallen back close to prepandemic levels (although still up nearly 4 percent from 2005). These shifts likely reflect changing composition of occupations (and demographic characteristics) of part-time hires during the pandemic's phases: in the beginning, few relatively low-paid food services and retail workers were being hired, as many of the businesses that typically hire these workers were still closed or had low demand, and this shifted composition of newly hired part-time workers toward higher-paying occupations. Over the past year and a half or so, this pattern has largely reversed. In contrast, the wage index for newly hired full-time workers is at an all-time high, rising 1.8 percent over the past 12 months and 2.4 percent since the pandemic began. This accords with the growing share of employment in [managerial and professional occupations](#), most of which are relatively high-paying, full-time jobs. Since 2005, the wage index of newly-hired full-time workers has risen 9.5 percent.

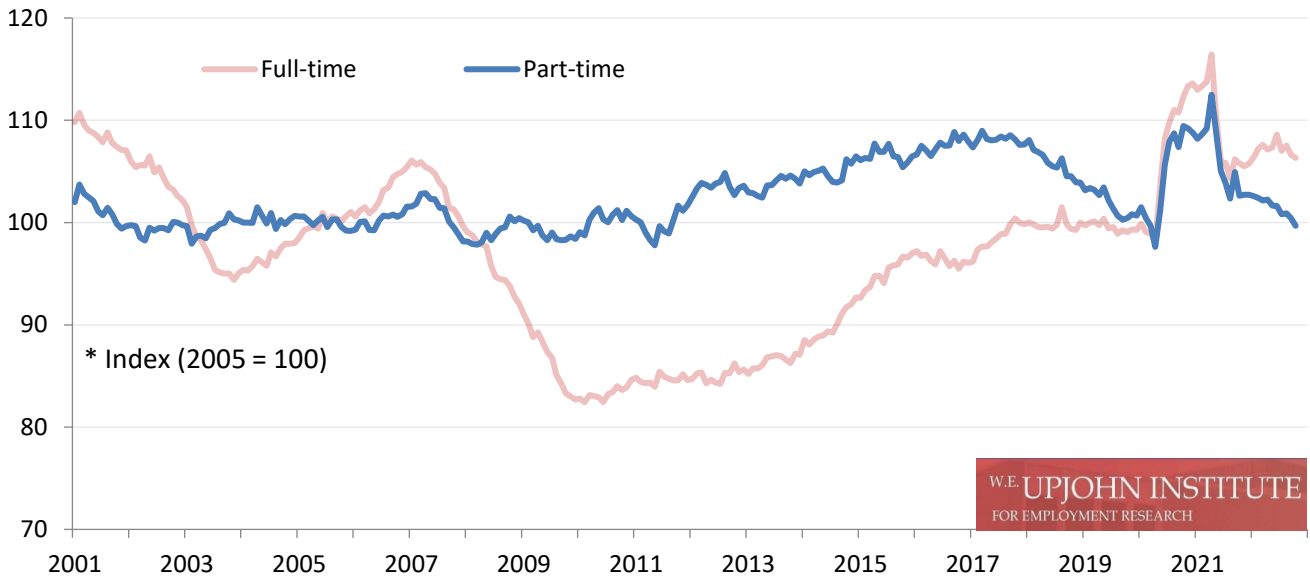
### New Hires Hourly Wage Index: Full-time and Part-time



The diverging fortunes for full-time and part-time new hires can also be seen when looking at (indexed) hiring volume, as in the graph below. After the Great Recession, hiring volume for full-time workers plunged, and it was not until 2017 that the count of full-time hires returned to its level from 2005. But even as the strong prepandemic labor market continued over the next couple of years, hiring volume for full-time workers stayed flat. It surged during the recovery hiring in late 2020 and early 2021, before

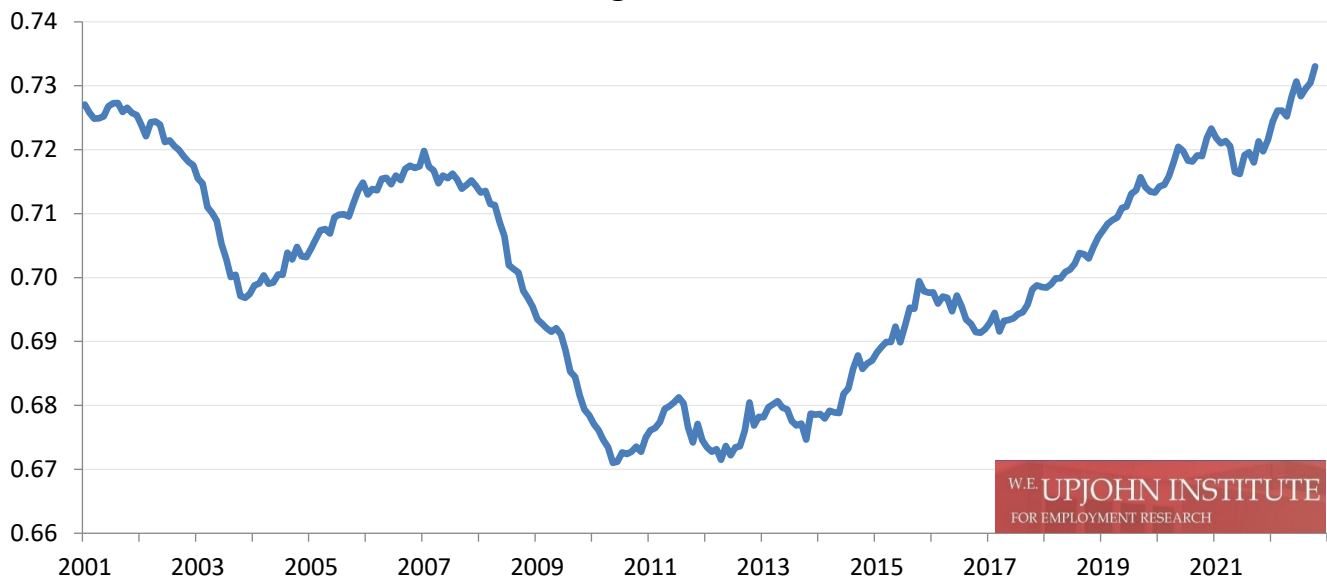
moderating over the past 15 or so months. Nonetheless, full-time hiring volume remains 7.3 percent above prepandemic levels. (Even on a per-capita basis, hiring *rates* for full-time workers are 6.0 percent higher than they were prepandemic.) Hiring volume for part-time workers, on the other hand, never fell after the Great Recession and actually rose nearly 9 percent above its 2005 level by 2017, but then started falling rapidly as the labor market strengthened in the years before the pandemic. After its own replacement hiring surge, volume has continued to trickle down, back to approximately its prepandemic level (and about the same as in 2005).

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



As a consequence of the relative strength of hiring for full-time workers, their wage bill share—the product of the wage and hiring volume indices that represents the fraction of the total earnings power among new hires—has also climbed. The graph below shows that this wage bill share fell sharply during the recessions of the early 2000s and 2007–2009, as full-time hires were slower to recover than part-time hires.

### New Hires Wage Bill Share: Full-time



During the aftermath of the Great Recession, full-time workers' wage bill share fell to a low of 67 percent, down from 72.7 percent at the turn of the millennium. Since 2014, this share has gradually been recovering, with some minor dips in 2016 and at the beginning of the pandemic. In spring of 2022, the share had surpassed its previous peak from two decades prior, and as of October 2022 it stands at a record high of 73.3 percent. For individuals hoping to find a full-time job, the labor market is still strong; but for those hoping to ease back into the labor force with a part-time job, the hiring picture looks much more tepid.

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/NHQB\\_report\\_0.pdf](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 November 2022 will be released during the first week of January 2023. 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](#). An analysis of self-reported wages can also be found in press releases for [July 2018](#), [July 2019](#), [July 2020](#), [July 2021](#) and [July 2022](#).

### 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 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.