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NEWS RELEASE: FOR IMMEDIATE RELEASE

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Upjohn Institute New Hires Quality Index for March 2019 up 1.4 percent from last year, with the Midwest Heartland holding its own

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.— In March 2019, the Upjohn Institute New Hires Quality Index shows inflation-adjusted hourly earnings power of individuals starting a new job rose 1.4 percent from a year prior, rising from \$16.46 to \$16.69. This marks the fourth consecutive month with year-over-year growth above 1.0 percent, although it is a slight deceleration from last month's 1.7 percent growth. Hourly earnings power of new hires has risen 6.3 percent since 2005, according to the index.

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



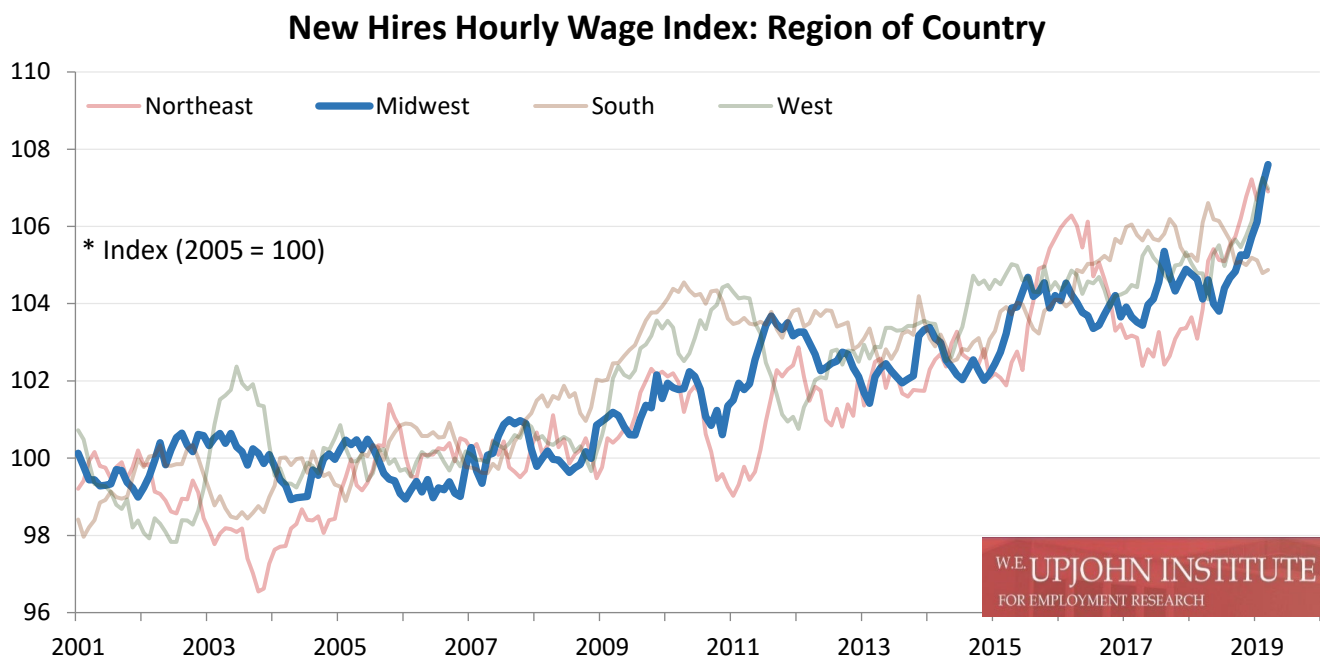
SOURCE: Upjohn Institute New Hires Quality Index

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.

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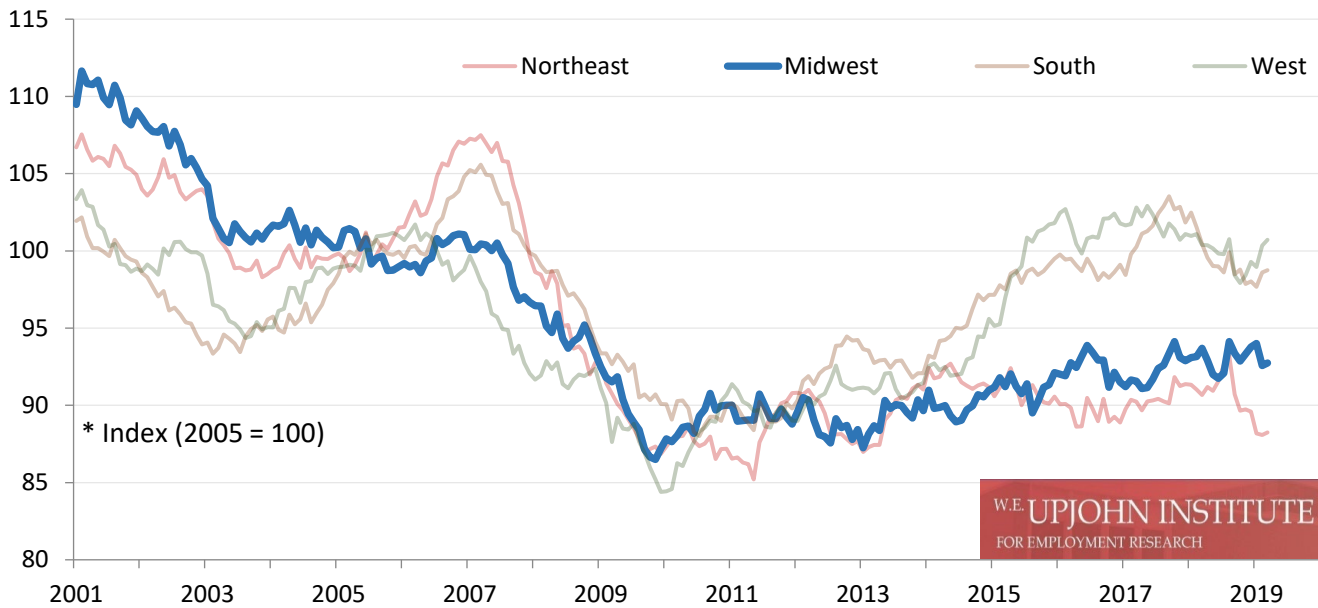
Population growth has become more [concentrated in coastal cities and sunbelt regions](#) and many [researchers bemoan the risk that local industrial economies of the Rust Belt](#) will be left behind by changes in technology and trade. With this backdrop we examine in this month's release how the region most emblematic of the Heartland—the Midwest—has fared in the New Hires Quality Index. Stretching from Ohio and Michigan up through North Dakota and down through Kansas, the Midwest has long been more reliant on the manufacturing and production jobs sensitive to [import competition](#) and [automation](#) than the rest of the country. Are good jobs still being created in this region?

The figure below shows the wage index (normalized so that the year 2005 equals 100) for the four regions of the country (according to Census Bureau definitions): Northeast, Midwest, South, and West. The series are somewhat volatile but tend to move together. The dark blue line shows that the Midwest has generally been in the middle of the pack growth-wise, but has been on a tear since the summer of 2018; not only has its wage index grown 3.7 percent since then, it now leads the four regions for fastest wage growth since 2005.



The figure implies that the new jobs being taken have higher earnings power than in the past, suggesting that workers who may have lost high-paying jobs during the Great Recession are not necessarily being crowded into lower-paying service-sector jobs. Of course, it may also be possible that fewer people in the region are taking new jobs overall. Indeed, the next figure shows that Midwest hiring volume fell fastest among the four regions during the early 2000s recession, and unlike the other regions, experienced no uptick before the Great Recession. Since then, hiring volume has recovered only slightly, with much faster growth in the South and West.

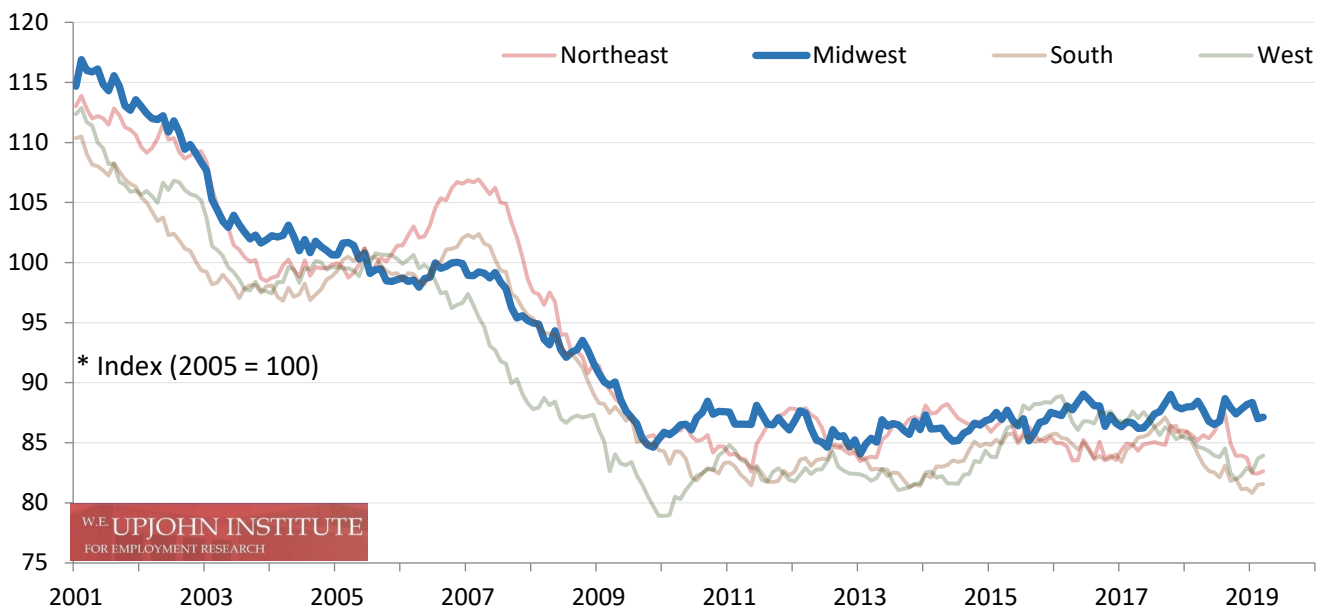
New Hires Volume Index: Region of Country



The news is not necessarily bad, however. The last graph adjusts hiring volume for population size, showing hires per capita. Although all regions have experienced a reduction in the hiring rate, the Midwest's hiring rate has fallen less since 2005 than that of the other regions. The recovery in the South and West seen above is entirely due to population change, not necessarily tighter employment dynamics in those regions.

All in all, the NHQI shows that the hiring picture in the Midwest belies the region's Rust Belt reputation. The Midwest, for now, is holding its own against the rest of the country.

New Hires Volume Per-capita Index: Region of Country



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 approximately the first week of the second month following the reference of the data release month. For example, data for April 2019 will be released during the first week of June 2019. 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 the [July 2018 press release](#).

4. Does the NHQI count self-employed workers?

No, the NHQI excludes self-employment or 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](#) during the first week of the month, covering data from two months ago. Data are currently available from January 2001 through March 2019. 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.