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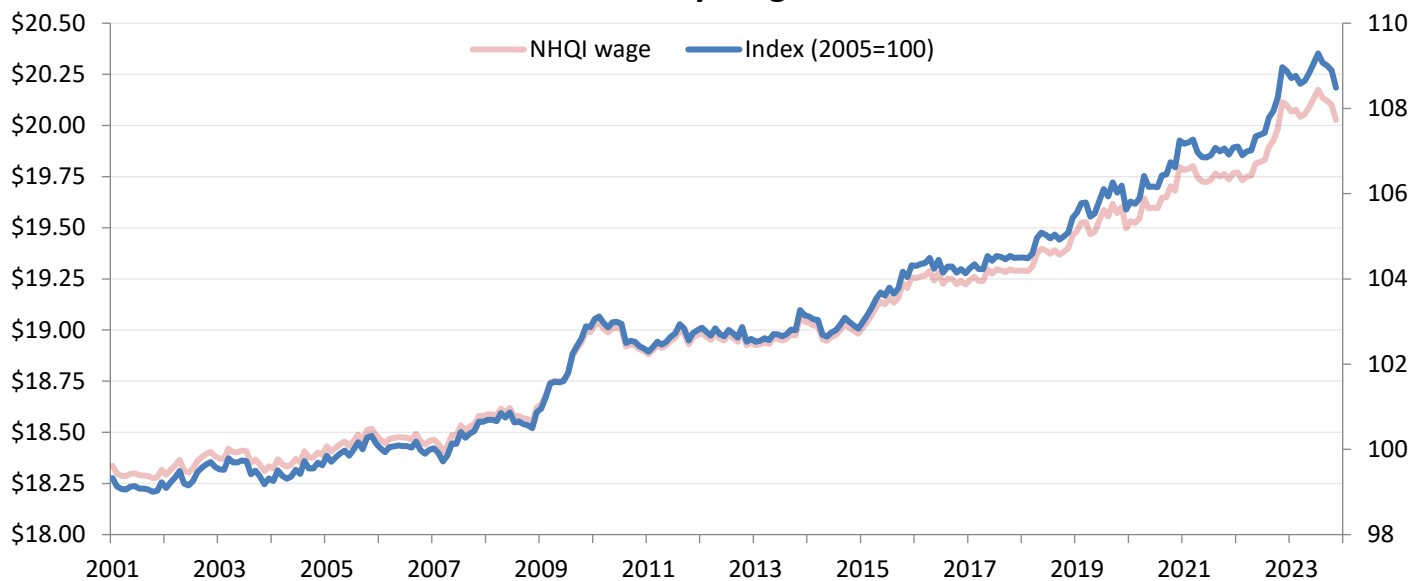
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Upjohn Institute New Hires Quality Index continues to slide in November even as volume holds steady, with senior citizens flocking to lower-paying occupations

KALAMAZOO, Mich.— The Upjohn Institute New Hires Quality Index shows inflation-adjusted hourly earnings power of individuals starting a new job dropped 0.4 percent between October and November, to \$20.03. This marks the sharpest one-month drop since before the pandemic, with the current reading now also 0.4 percent below the level of last November. Nonetheless, it is still up 2.6 percent from right before the pandemic, and 8.5 percent since 2005. Hiring volume has recently been volatile, and November notched a 0.2 percent uptick after a larger decline in October. Volume is down 3.0 percent over the year and 0.7 percent below its prepandemic level from February 2020. Adjusting for population growth, hiring rates are now 3.4 percent below the pre-COVID baseline and just a smidge up from last month's series low.

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



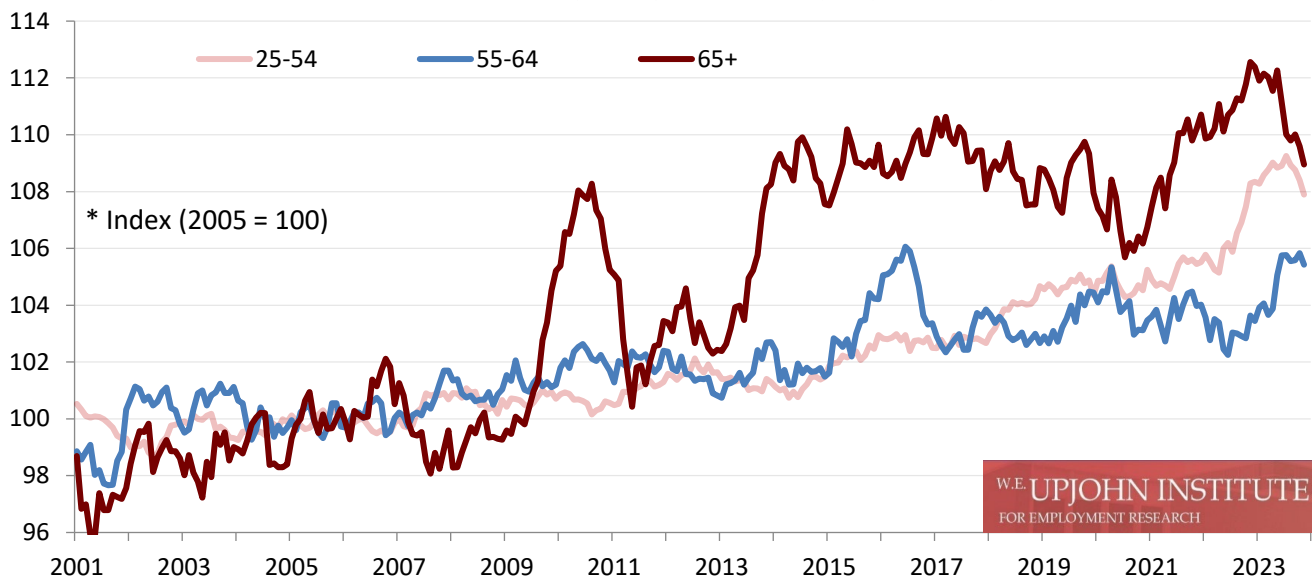
SOURCE: Upjohn Institute New Hires Quality Index

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.

As the health risks of COVID continue to recede, with no new major variant or surge over the past 18 months, we turn in this month's NHQI release to the hiring dynamics of older workers. Although COVID may be less of a concern, the labor market has also cooled over the year. Have older Americans resumed taking new jobs or have they continued [accelerated retirements](#)?

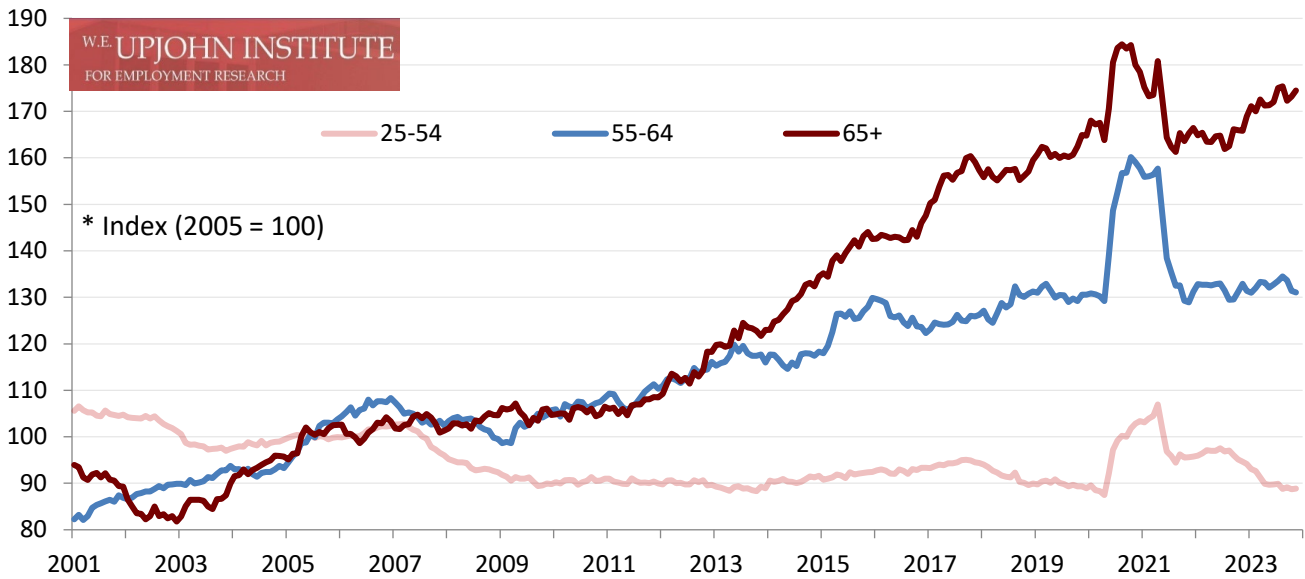
The graph below shows the hourly wage index separately for newly hired workers of three age groups, those 25–54 (salmon), those 55–64 (blue), and those 65+ (dark red). Each index is normalized to the respective group's own level in 2005 to better show relative changes. A year ago, the wage indices for both 25–54 year-olds and 65+ year-olds were at record highs, while that for 55–64 year-olds had been stagnant since the pandemic. Over the past 12 months, however, the fortunes have reversed. The wage index shot up 1.7 percent for 55–64 year-olds (slowing down more recently) to reach near record highs. The index for prime-age workers continued to increase until the summer of 2023 but has since come 1.7 percent from its peak and is slightly (0.4 percent) below its level from a year ago. Newly hired workers age 65+, though, have experienced even sharper declines, with a wage index down 3.2 percent since last November and back to prepandemic levels. (Over the longer term, the oldest group of new hires have nonetheless still seen the greatest growth in the wage index, up 9.0 percent since 2005.) The recent declines echo the cooling labor market, but the sharp contraction for those 65+ suggests that the oldest group of newly hired workers are taking lower-paying occupations than they were in 2022.

New Hires Hourly Wage Index: by Age Group



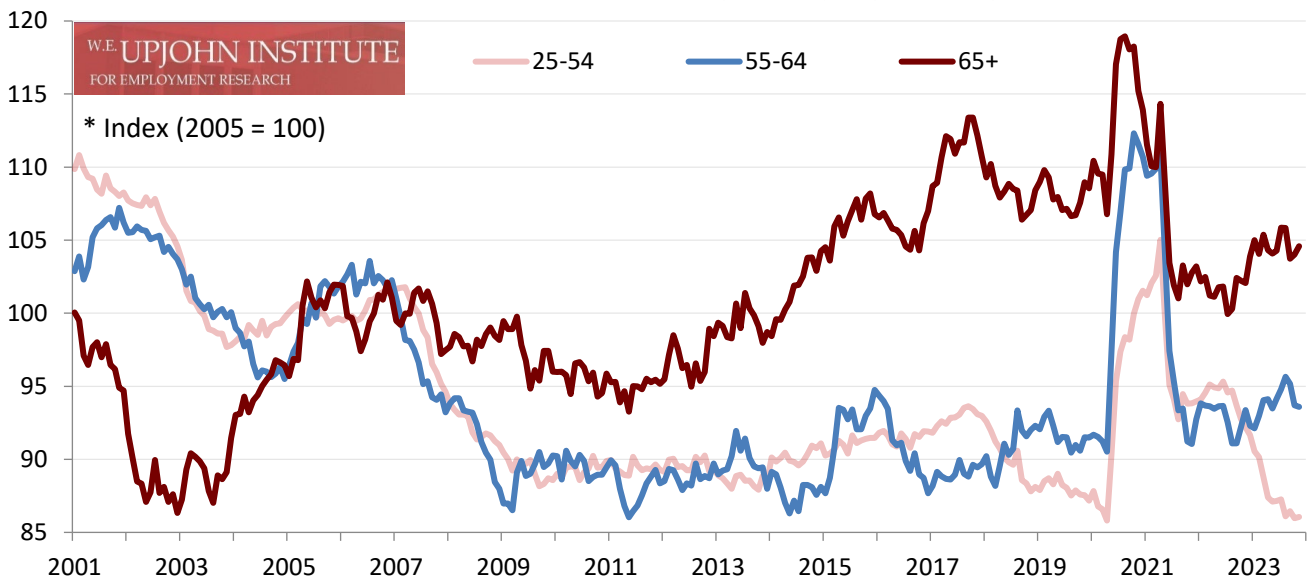
This does not necessarily mean that job opportunities are drying up for older workers, or that more are living off their [accumulated assets](#) in retirement. The next chart, which shows indexed hiring *volume* for each age group of new hires, sheds more light on these trends. Whereas hiring volume for younger workers has been flat (ages 55–64) or has even declined (ages 25–54) over the past year, volume for workers age 65+ is up 5.2 percent, even after exhibiting essentially no change during 2022. Indeed, [much](#) was [made](#) of older workers taking [early retirement](#) or otherwise not returning to the labor force after [losing jobs](#) during the pandemic. The recent uptick in hiring volume among older workers indicate these claims may have been premature: some older and wealthier workers probably have stayed out, but the decline in the wage index even as the volume index has jumped implies that some older workers—less economically fortunate ones—may be taking new jobs out of [economic necessity](#) as pandemic-related health concerns have eased.

New Hires Volume Index: by Age Group



The resurgence in older worker hiring is only partially due to increasing numbers of older individuals as the Baby Boomers reach peak retirement age. The following graph presents indexed hiring *rates*, adjusting for changes in population. Over the past year, hiring rates for individuals ages 65+ have increased 2.5 percent, about half of the change in total hiring volume for this age group. Nevertheless, these hiring rates remain below their prepandemic levels. In contrast, hiring rates for prime-age individuals have plunged 6.7 percent over the past 12 months and are tied for record lows. Hiring rates for those ages 55–64 have fared better but not as well as those ages 65+.

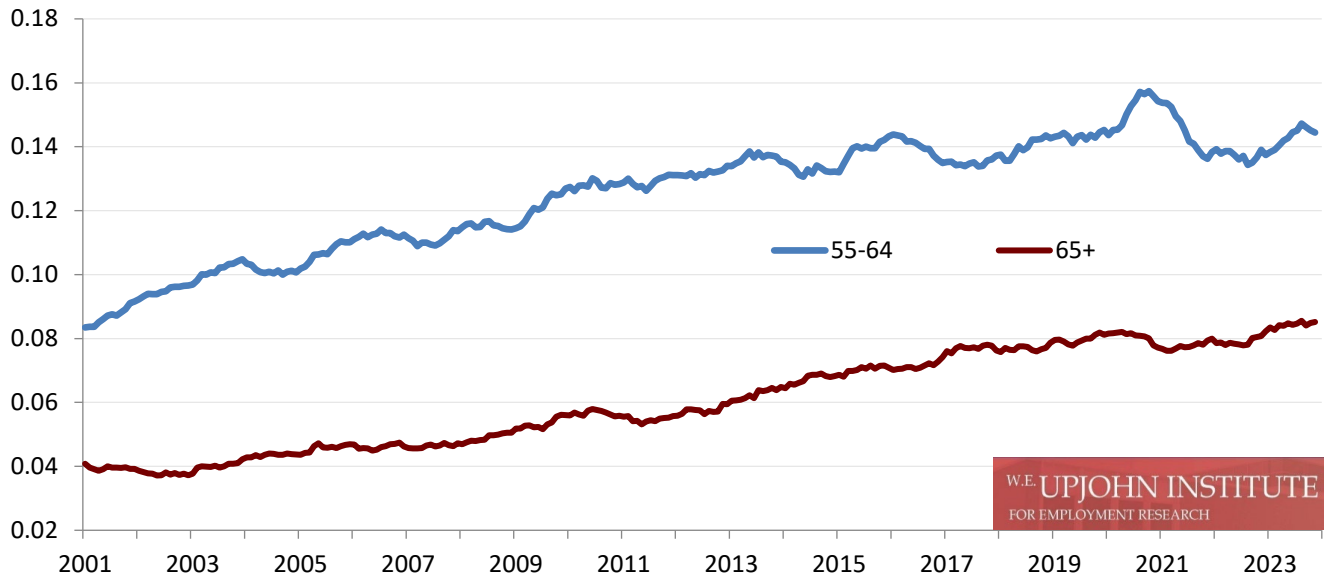
New Hires Volume Per-capita: by Age Group



Consequently, the share of the new hires wage bill—the fraction of earnings power across all new hires—going to older workers has resumed climbing after a pause in 2022. For workers age 55–64, this share is up 0.5 percentage points over the past 12 months, and about where it was prepandemic (but less than its peak in late 2020 during the recovery hiring). For workers age 65+, the share is up 0.4 percentage points—from a lower base—over the same time frame and essentially at a new high. Together, workers age 55+

now account for 23 percent of the new hires wage bill share, up 0.25 percentage point from right before the pandemic and 1.0 percentage point from one year ago. Over the past 25 years, the share has roughly doubled. Some of these older workers are undoubtedly taking “[retirement jobs](#)” by choice, but some are taking jobs out of economic necessity.

New Hires Wage Bill Shares: Ages 55-64 and 65+



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/NHqi_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 December 2023 will be released during the first week of February 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 November 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.