



After the Storm: The Entry-Level Legal Employment Market After the Great Recession

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The New Legal Job Market

- The Impact of the Great Recession
 - Approx. 60,000 legal sector jobs lost 2008-09 (US BLS)
 - 8.7% of all US associates lost their jobs in 2009
 - Sector still down approximately 50,000 jobs at end of 2012
- The Impact of Technology
 - Internet (Google, Legal Zoom, etc.) has made legal information available to everyone
 - Technology assisted document review: faster and better
 - Commoditizable work is being automated, lowering price
- The Impact of Globalization
 - Emergence of price sensitive global legal services supply chain (legal work flowing to India, other markets)
 - Disaggregation of legal services



The New Legal Job Market

“For the legal industry, the results in 2012, another turbulent year, were largely a repeat of trends that emerged over the prior three years. **In fact, we think it is time to let go of any lingering notion that the industry will revert to the boom years before the Great Recession anytime soon.** With profit growth and other financial indices reaching lower setpoints in the past four years, we anticipate that the current state of the industry will remain the norm for the foreseeable future.”

From the 2013 Citi Private Bank/Hildebrandt Client Advisory



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What does this mean for recent graduates?

- 14% fewer entry-level private practice jobs since 2008
- 17% drop in average starting salaries since 2009
- Higher law grad unemployment & under-employment
- Fewer law grads working as lawyers
- More grads working in business and law-related jobs
- More grads seeking alternative careers
- New grads competing with displaced lawyers
- Job market for law grads remains tough across all sectors



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What does this mean for law firm recruiting efforts?

- Smaller summer classes are the new normal
- Lateral recruiting volumes outpace entry-level hiring
- New associate training costs unlikely to be absorbed by clients
- Law firms must continue to be vigilant about curbing expenses
- New staffing plans designed to lower costs will assume new importance
 - Use of staff attorneys, non-partnership track lawyers expected to increase



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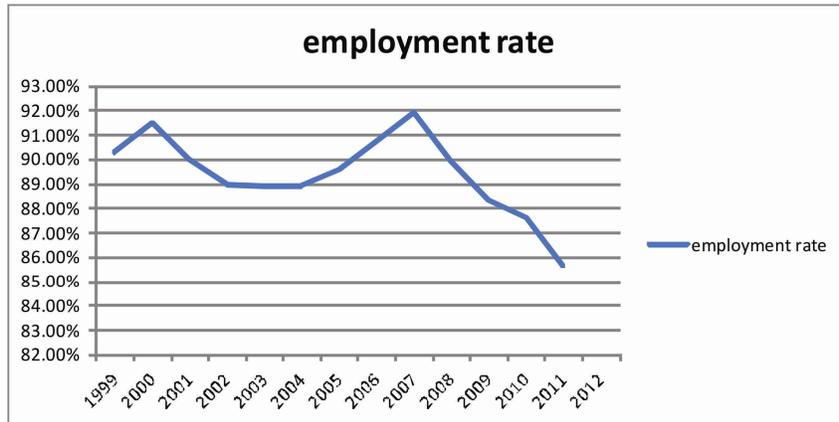
Employment Rate Nine Months after Graduation

Class of 2011:	85.6%
Class of 2010:	87.6%
Class of 2009:	88.3%
Class of 2008:	89.9%
Class of 2007:	91.9%
Class of 2006:	90.7%
Class of 2005:	89.6%
Class of 2004:	88.9%
Class of 2003:	88.9%
Class of 2002:	89.0%
Class of 2001:	90.0%
Class of 2000:	91.5%
Class of 1999:	90.3%



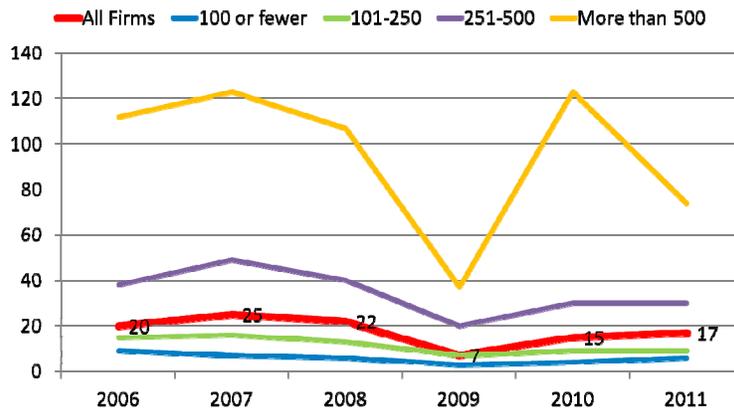
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Employment Rate Nine Months After Graduation



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Associate Hiring by Firm Size 2006-2011

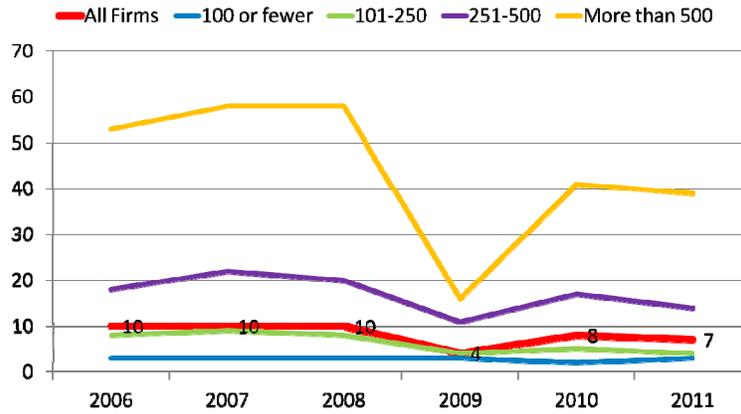


Keeping the Keepers III, NALP Foundation, 2012



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Entry-level Hiring by Firm Size 2006-2011



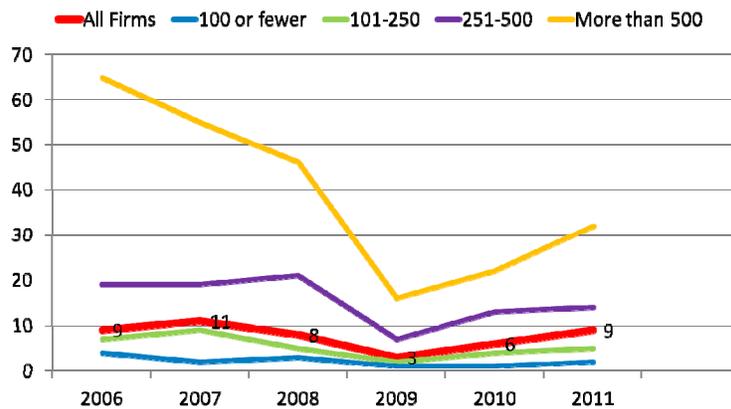
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Lateral Hiring by Firm Size 2006-2011



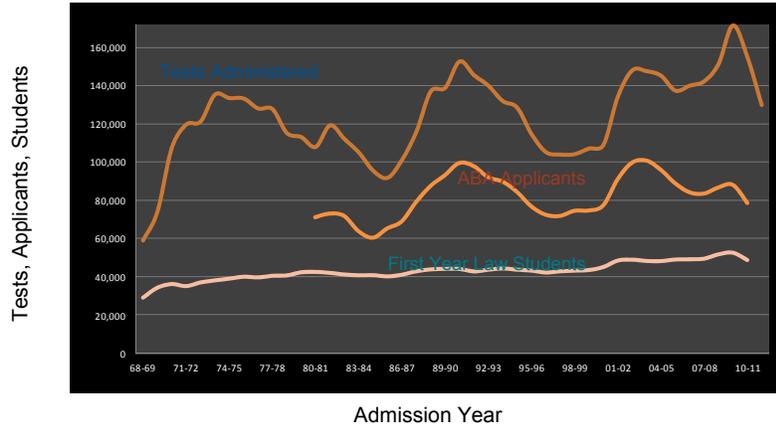
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Tests Administered, Applicants and First Year Students ABA-Approved Law Schools 1968-69 Through 2011-12



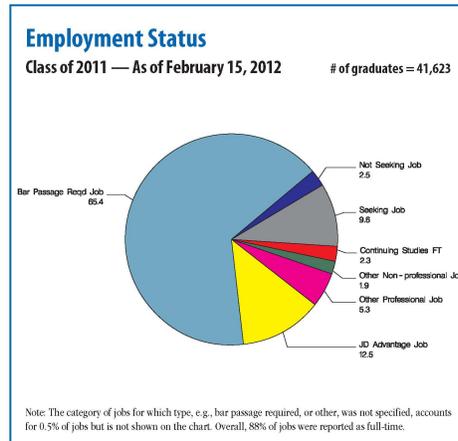
Note: Due to changes in data collection methods, ABA applicant data beginning in 1999-2000 are not directly comparable to prior applicant data.



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Initial Job Types Class of 2011 (As of February 15, 2012)



Note: The category of jobs for which type, e.g., bar passage required, or other, was not specified, accounts for 0.5% of jobs but is not shown on the chart. Overall, 88% of jobs were reported as full-time.



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Legal Employment Market

Job Type	2007	2008	2009	2010	2011
Bar Passage Req'd	76.9%	74.7%	70.8%	68.4%	65.4%
JD Advantage	7.7%	8.1%	9.2%	10.7%	12.5%
Other Professional	5.1%	4.9%	5.4%	5.6%	5.3%
Other Non-Prof.	1.3%	1.3%	1.8%	1.9%	1.9%
Continuing Studies	2.3%	2.4%	3.1%	2.9%	2.3%
Seeking Job	4.1%	5.4%	6.0%	6.2%	9.6%
Not Seeking Job	1.7%	2.3%	2.7%	3.2%	2.5%

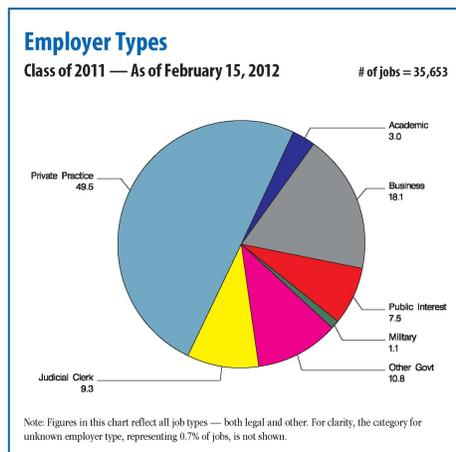
Source: NALP's Jobs and JDs, Classes of 2007, 2008, 2009, 2010, & 2011



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Initial Employer Types Class of 2011 (As of February 15, 2012)



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Legal Employment Market

Employer Type	2007	2008	2009	2010	2011
Private Practice	55.5%	56.2%	55.9%	50.9%	49.5%
Business	14.1%	13.4%	13.5%	15.1%	18.1%
Government (inc mil)	11.7%	11.8%	11.4%	12.8%	11.9%
Judicial Clerkships	9.8%	9.6%	8.7%	9.3%	9.3%
Public Interest	5.8%	5.4%	5.7%	6.7%	7.5%
Academic	1.8%	2.3%	3.5%	3.7%	3.0%



Source: NALP's Jobs and JDs, Classes of 2007, 2008, 2009, 2010 & 2011

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Legal Employment Market – Class of 2011 Characteristics

- 13% of all jobs reported as lasting less than one year
- 12% of all jobs reported as part-time
- 7% of jobs reported as both temporary and part-time
- 82% of jobs are both full-time and one year or more
- 5% of all employed grads in jobs funded by law schools
- 25% of employed indicate already seeking other work
- 6% of all private practice jobs are solo practitioners
- 12.1% remain unemployed nine months after graduation



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Newest ABA Class of 2012 Data

Data Contain Mixed Signals

- Graduates in long-term, full-time positions requiring bar passage, up 1.3 percentage points from 54.9% to 56.3%

But...

- Graduates unemployed and seeking work, also up, 1.4 percentage points, from 9.2% to 10.6%



Law School Bridge-to-Practice Fellowship Programs

- A "bridge-to-practice" program is defined as a program that provides recent law school graduates with ***an opportunity to develop and enhance their practical legal skills as they transition into the practice of law***, generally by providing funding of some sort for a period of post-graduate work in one of several kinds of legal workplaces.
- Bridge-to-practice programs are funded in whole or in part by a law school, university, or related organization for work performed for a third party (e.g., public interest organization, government agency, member of the judiciary, or private employer).



Law School Bridge-to-Practice Fellowship Programs

- 55% of law schools reported having some sort of bridge-to-practice program for the Class of 2011
 - Most common in largest schools, schools in metropolitan areas
- Fellowships are most often for six months or less
- Monthly stipends ranged from \$417 to \$3,666/month
 - Median stipend \$1,225, Average stipend \$1,558
- Total per-school funding ranged from \$8,400 to \$1,463,700
 - Median funding \$175,000, Average funding \$265,359
- Number of fellowships per school ranged from 1 to 111
 - Median number of fellowships per school 30, average 38
- 48% of placements were with public interest organizations, 30% with government, 12.5% with courts, 7% with law firms



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Starting Salaries: Classes of 2009, 2010, 2011

	<u>2009</u>	<u>2010</u>	<u>2011</u>	
Median Salary:	\$72,000	\$63,000	\$60,000	17%
Mean Salary:	\$93,000	\$84,000	\$78,650	15%
Median Firm Salary:	\$130,000	\$104,000	\$85,000	35%
Mean Firm Salary:	\$115,000	\$106,000	\$97,800	15%

Source: NALP's Jobs and JDs, Classes of 2009, 2010, & 2011



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Starting Salaries - Class of 2011

http://www.nalp.org/starting_salaries_class_of_2011

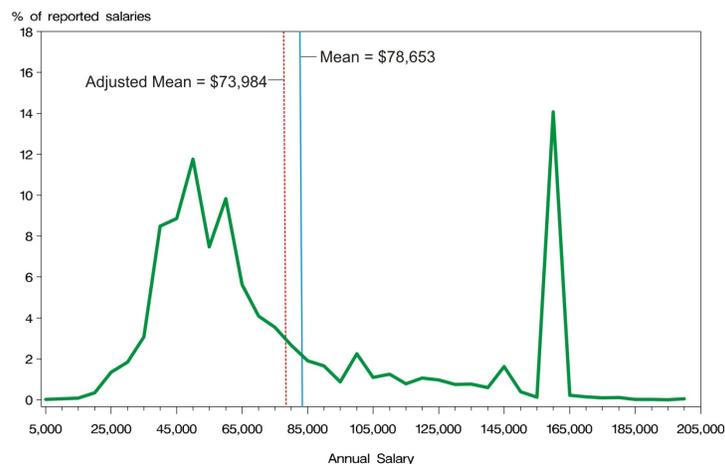
- The NALP Salary Curve for the Class of 2011 — Distribution of Reported Full-Time Salaries
- Full-Time Salaries for Jobs Lasting at Least One Year, by Employer or Job Type — Class of 2011
- Employer Types with Average Salary for Class of 2011 (pie charts)
- Reported Salaries by State for Full-Time Jobs Taken by the Class of 2011
- Reported Salaries by State for Full-Time Jobs in Private Practice Taken by the Class of 2011 (broken down by firm size)
- Reported Salaries by State for Full-Time Jobs in Business, Government, Public Interest, and Judicial Clerkship Positions Taken by the Class of 2011
- Median Reported Salaries by Employer Type in the 20 Cities Providing the Most Jobs to the Class of 2011
- Reported Salaries by City and Firm Size for Full-Time Jobs Taken by the Class of 2011
- Reported Salaries by City for Law Firm Jobs



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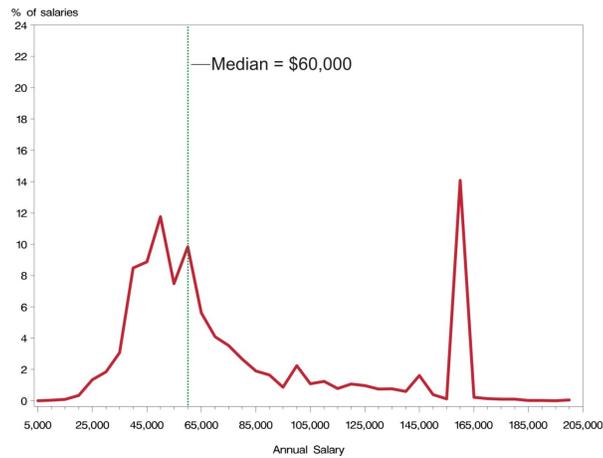
Distribution of Reported Full-Time Salaries — Class of 2011



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Distribution of Reported Full-Time Salaries — Class of 2011



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Employment in Law Firms by Size of Firm

<u>Size of Firm</u>	<u>Percent of Private Practice Jobs</u>	
Solo	6.0%	
2-10	42.9%	
11-25	10.5%	
<u>26-50</u>	<u>6.1%</u>	<u>65.5%</u>
51-100	5.0%	
101-250	5.7%	
251-500	5.0%	
<u>501+</u>	<u>16.2%</u>	<u>31.9%</u>
Unknown	2.6%	



Source: NALP's Jobs and JDs, Class of 2011

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Starting Salaries: Private

Median Starting Salaries by Size of Law Firm

2-10	\$50,000
11-25	\$65,000
26-50	\$75,000
51-100	\$88,000
101-250	\$110,000
251-500	\$145,000
501+	\$160,000



Source: NALP's Jobs and JDs, Class of 2011
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Government Employment

Distribution of Jobs by Level of Government

Federal	32.9%
State	32.8%
Local	32.9%

Starting Salaries by Level of Government

<u>Percentile</u>	<u>25th%</u>	<u>Median</u>	<u>75th%</u>
Federal	\$53,500	\$62,500	\$74,800
State	\$40,000	\$44,000	\$51,600
Local	\$43,500	\$50,000	\$57,000



Source: NALP's Jobs and JDs, Class of 2011
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Judicial Clerkships

Distribution of Clerkships by Level of Government

Federal	37.9%
State	52.9%
Local	8.5%

Starting Clerkship Salaries by Level of Government

<u>Percentile</u>	<u>25th%</u>	<u>Median</u>	<u>75th%</u>
Federal	\$57,400	\$60,000	\$62,750
State	\$43,000	\$45,000	\$51,000
Local	\$37,000	\$42,000	\$45,000



Source: NALP's Jobs and JDs, Class of 2011
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Judicial Clerkships

NALP Statement on the Federal Law Clerk Hiring Plan

“NALP supports policies and procedures that strive to create a level playing field in the legal hiring arena, and programs that support equal access to all legal jobs....”

“NALP supports the idea of a hiring plan for federal judicial clerkships that ensures an equal opportunity for all eligible law students to compete fairly for available opportunities. ...”

www.nalp.org/judicialclerkshipinfoforcareerservices



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Public Interest Employment

Distribution of Jobs in Public Interest

Public Defender	26%
Legal Services	27%
Policy/Advocacy	20%
Community Org.	7%
Other Pub. Int.	19%

Starting Salaries for Public Interest Jobs

<u>25th%</u>	<u>Median</u>	<u>75th%</u>
\$40,000	\$45,000	\$50,000



Source: NALP's Jobs and JDs, Class of 2011
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Employment in Business

- 18.1% of all jobs taken by law school graduates
 - 29% Required Bar Passage
 - 37% Report JD Advantage
 - 22% Reported as "Other Professional"

Starting Salaries for Jobs in Business and Industry

<u>25th%</u>	<u>Median</u>	<u>75th%</u>
\$50,000	\$65,000	\$83,000



Source: NALP's Jobs and JDs, Class of 2011
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Employment in Academia

Jobs in Academic Settings

Law School Research Assistant/Other Temporary Position:
39.3%

Other Law School: 11.9%

College/University Administration: 16.8%

Other College/University: 13.1%

Elementary/Secondary Teacher: 10.6%

All Other: 8.3%

Starting Salaries for Academic Jobs

	<u>25th%</u>	<u>Median</u>	<u>75th%</u>
	\$40,000	\$45,000	\$60,000

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Geography and Employment

Top 10 Cities for Jobs

	<u>Percent of all Jobs</u>
1. New York City	8.44%
2. Washington, DC	5.87%
3. Chicago	3.68%
4. Los Angeles	2.56%
5. Houston	2.28%
6. Boston	1.98%
7. San Francisco	1.71%
8. Atlanta	1.48%
9. Miami	1.34%
10. Philadelphia	1.34%



Source: NALP's Jobs and JDs, Class of 2011

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Timing of Employment Offers

Employer Type	Before Graduation	After Graduation
All Employers	53.0%	47.0%
Academic	40.9%	59.1%
Business	40.6%	59.4%
Government	49.9%	50.1%
Judicial Clerkships	81.1%	18.9%
Private Practice	54.1%	45.9%
Public Interest	47.5%	52.5%

Source: NALP's Jobs and JDs, Class of 2011



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Decline in Jobs via OCI

Percentage of Jobs Obtained through Fall OCI, 2005-2011

Year	All jobs	Law firm jobs
2005	20.7%	31.5%
2006	21.5%	32.8%
2007	22.6%	34.4%
2008	24.4%	37.0%
2009	23.4%	36.2%
2010	16.9%	27.6%
2011	12.7%	20.9 %

Source: NALP Jobs & JDs reports for the Classes of 2005-2011



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Summer Program Class Sizes

Average Class Size

- 9 in 2012
- 8 in 2011
- 8 in 2010
- 12 in 2009
- 13 in 2008
- 13 in 2007
- 11 in 2006
- 12 in 2005



Outcomes of Summer Programs

Entry-level Offer and Acceptance Rates (Current 3Ls)

<u>Offer Rate</u>	<u>Acceptance Rate</u>
90% in 2012	86% in 2012
91% in 2011	85% in 2011
87% in 2010	83% in 2010
69% in 2009	85% in 2009
90% in 2008	80% in 2008
93% in 2007	77% in 2007
91% in 2006	73% in 2006
91% in 2005	73% in 2005
91% in 2004	72% in 2004
87% in 2003	77% in 2003



Fall Recruiting Outcomes for the Class of 2013 (Current 3Ls)

Number of Employers Recruiting 3Ls

19% in 2012

18% in 2011

15% in 2010

3% in 2009

25% in 2008

42% in 2007

53% in 2006

42% in 2005

31% in 2004

34% in 2003



Fall Recruiting Outcomes for the Class of 2014 (OCI 2012, Current 2Ls)

On-Campus Interviewing Benchmarks

Percent of callbacks resulting in offers

2012: 44%

2011: 46%

2010: 41%

2009: 37%

2008: 47%

2007: 60%



Fall Recruiting Outcomes for the Class of 2014 (Current 2Ls)

Firm Size	Median Number of Offers Extended					
	2012	2011	2010	2009	2008	2007
701+	12	11	12.5	8	18.5	30
501-700	13	13	19	19	11	16
251-500	8.5	14.5	10	9	8	19
101-250	7	8	9	6	12	17
100 or fewer	5	4.5	3	4	4	4
All Employers	8	10	9	7	10	15



Fall Recruiting Outcomes for the Class of 2014 (Current 2Ls)

Callback Interviews Resulting in Offers

44% in 2012

46% in 2011

40% in 2010

37% in 2009

47% in 2008

60% in 2007

62% in 2006

60% in 2005

57% in 2004

53% in 2003

Offer Acceptance Rate

38% in 2012

37% in 2011

41% in 2010

43% in 2009

33% in 2008

29% in 2007

29% in 2006

31% in 2005

31% in 2004

31% in 2003



National Fall On-Campus Recruiting Levels 2012 Trends As Reported by Law Schools

Number of Employers on Campus Compared to Previous Year

Decrease of 5% or more	26%
Change of < than 5%:	36%
Increase of 5 – 15%:	21%
Increase of > 15%:	17%
Number of schools reporting:	122



Regional Fall On-Campus Recruiting Levels 2012 Trends As Reported by Law Schools

Number of Employers on Campus Compared to Previous Year By Region

	% w/ increase of 5% or more	% w/ decrease of 5% or more
Mid-Atlantic	16%	42%
Northeast	22%	28%
Midwest	39%	32%
Southeast	42%	23%
West/Rocky Mountain	56%	12%



National Fall On-Campus Recruiting Levels 2012 Trends As Reported by Law Schools

Number of Employers on Campus Compared to Previous Year By Size of School

	% w/ increase of 5% or more	% w/ decrease of 5% or more
< 550	50%	35%
550-750	39%	20%
>750	24%	24%



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National Fall On-Campus Recruiting Levels 2012 Trends As Reported by Employers

Number of schools visited: Percent of offices reporting a **decrease** in campus visits from previous year

- 2012 27%
- 2011 21%
- 2010 27%
- 2009 78%

Number of schools visited: Percent of offices reporting an **increase** in campus visits from previous year

- 2012 25%
- 2011 39%
- 2010 35%
- 2009 8%



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Regional Fall On-Campus Recruiting Levels 2012 Trends As Reported by Employers

Number of Schools Visited by Firms in 2012 Compared to 2011

Region	Decrease	No Change	Increase
Northeast	22%	47%	31%
Southeast	32%	39%	29%
Mid-Atlantic	31%	58%	10%
West/Rocky Mtn	24%	45%	31%
Midwest	25%	53%	22%
Nationwide	27%	47%	25%



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City Fall On-Campus Recruiting Levels 2012 Trends As Reported by Employers

Number of Schools Visited by Firms in 2012 Compared to 2011

City	Decrease	No Change	Increase
Atlanta	50%	37%	13%
Boston	25%	42%	33%
Charlotte	29%	57%	14%
Miami/Ft.L./WPB	40%	40%	20%
New York	22%	50%	28%
Washington, DC	33%	58%	8%



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City Fall On-Campus Recruiting Levels 2012 Trends As Reported by Employers

Number of Schools Visited by Firms in 2012 Compared to 2011

City	Decrease	No Change	Increase
Chicago	20%	53%	27%
Dallas	43%	14%	43%
Houston	13%	50%	37%
Minneapolis	29%	57%	14%
Phoenix	20%	80%	0%



City Fall On-Campus Recruiting Levels 2012 Trends As Reported by Employers

Number of Schools Visited by Firms in 2012 Compared to 2011

City	Decrease	No Change	Increase
Los Angeles/Orange Co.	33%	44%	22%
Portland	40%	40%	20%
San Diego	40%	0%	60%
San Francisco	14%	57%	29%
San Jose	22%	22%	56%
Seattle	0%	67%	33%



Lateral Hiring Volume

Change from Previous Year:

- 2011 to 2012, Decreased by 6%
- 2010 to 2011, Increased by 49%
- 2009 to 2010, Increased by 38%
- 2008 to 2009, Decreased by 46%
- 2007 to 2008, Decreased by 25%



Lateral Hiring Volume

Decrease in number of lateral lawyers hired
from 2011 to 2012, by lawyer type:

Partners	- 9.4%
Associates	- 6.3%
Counsel/Of Counsel	- 2.4%
<u>Staff Attorneys</u>	<u>- 2.8%</u>
Total Decrease	- 6.3%



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