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NALP in Seattle



2014 Annual Education Conference & Resource Center Exhibition

MARKET
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Legal Employment Market Update: Employment After the Recession

James Leipold, Executive Director, NALP

April 10, 2014



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 45,000 jobs from pre-recession high
- 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

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The New Legal Job Market

“2013 was another flat year for economic growth in US law firms, with continuing sluggish demand growth, persistent challenges of low productivity, ongoing client pushback on rate increases, and a continuing struggle to maintain discipline on expenses.”

From: Georgetown/Thomson Reuters Peer Monitor: 2014 Report on the State of the Legal Market

“We believe that we have witnessed a fundamental shift in the market for legal services, resulting in a changed and more muted demand environment for law firms.”

From the 2014 Citi Private Bank/Hildebrandt Client Advisory

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What Does This Mean for Recent Graduates?

- Fewer entry-level private practice jobs
- Decrease in average starting salaries
- Higher unemployment & more 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 remains tough across all sectors

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NALP Employment Report and Salary Survey Results for the Class of 2012

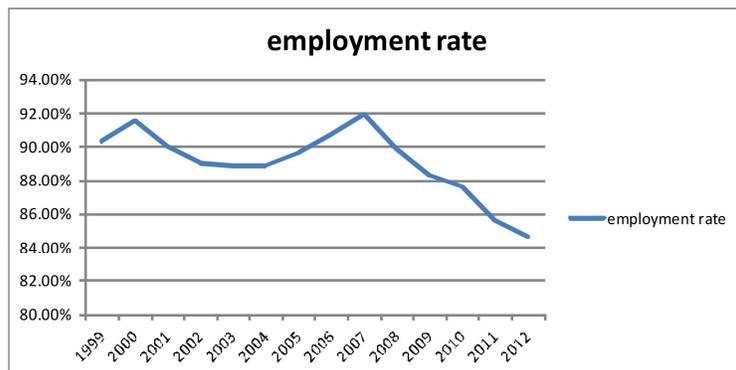
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The New Legal Job Market

Employment Rate Nine Months After Graduation	
Class of 2012	84.7%
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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The New Legal Job Market



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The New Legal Job Market

- Members of the class of 2012 found **more jobs** than the previous class, **more jobs in private practice**, and **more jobs with bigger law firms** (and median starting salaries rose).
- They also found more full-time, long-term, bar-passage required work than the previous class.

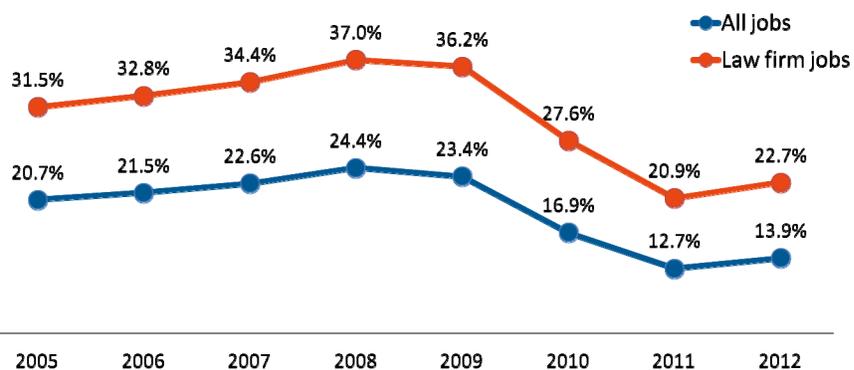
But...

- Because the class was so much larger than the previous class, **the 9-month unemployment rate was actually up**, and the overall **employment rate was down**.
- And, even with improvements, only **58.3%** of the class found jobs that were long-term, full-time, and required bar-passage.

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Decline in Jobs via OCI

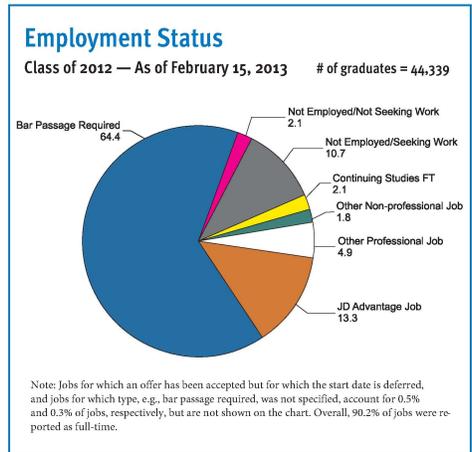
Percentage of Jobs Obtained through Fall OCI, 2005 - 2012



Source: NALP's Jobs & JDs reports for the Classes of 2005 - 2012

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The New Legal Job Market



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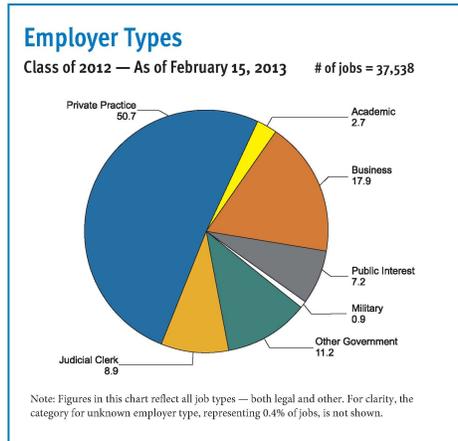
Legal Employment Market: Initial Employment Status

Job Type	2007	2008	2009	2010	2011	2012
Bar Passage Req'd	76.9%	74.7%	70.8%	68.4%	65.4%	64.4%
JD Advantage	7.7%	8.1%	9.2%	10.7%	12.5%	13.3%
Other Professional	5.1%	4.9%	5.4%	5.6%	5.3%	4.9%
Other Non-Prof.	1.3%	1.3%	1.8%	1.9%	1.9%	1.8%
Continuing Studies	2.3%	2.4%	3.1%	2.9%	2.3%	2.1%
Seeking Job	4.1%	5.4%	6.0%	6.2%	9.6%	10.8%
Not Seeking Job	1.7%	2.3%	2.7%	3.2%	2.5%	2.1%

Source: NALP's Jobs and JDs, Classes of 2007, 2008, 2009, 2010, 2011, & 2012

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The New Legal Job Market



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Legal Employment Market: Initial Employer Type as of Feb. 15

Employer Type	2007	2008	2009	2010	2011	2012
Private Practice	55.5%	56.2%	55.9%	50.9%	49.5%	50.7%
Business	14.1%	13.4%	13.5%	15.1%	18.1%	17.9%
Government, including military	11.7%	11.8%	11.4%	12.8%	11.9%	12.1%
Judicial Clerkships	9.8%	9.6%	8.7%	9.3%	9.3%	8.9%
Public Interest	5.8%	5.4%	5.7%	6.7%	7.5%	7.2%
Academic	1.8%	2.3%	3.5%	3.7%	3.0%	2.7%

Source: NALP's Jobs and JDs, Classes of 2007, 2008, 2009, 2010, 2011, & 2012

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Median & Mean Starting Salaries: Classes of 2009, 2010, 2011 & 2012

Salary	2009	2010	2011	2012
Median Salary	\$72,000	\$63,000	\$60,000	\$61,250
Mean Salary	\$93,000	\$84,000	\$78,650	\$80,800

Salary	2009	2010	2011	2012
Median Firm Salary	\$130,000	\$104,000	\$85,000	\$90,000
Mean Firm Salary	\$115,000	\$106,000	\$97,800	\$100,800

Source: NALP's Jobs and JDs, Classes of 2007, 2008, 2009, 2010, 2011, & 2012

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Adjusted Mean Starting Salaries: Classes of 2009, 2010, 2011 & 2012

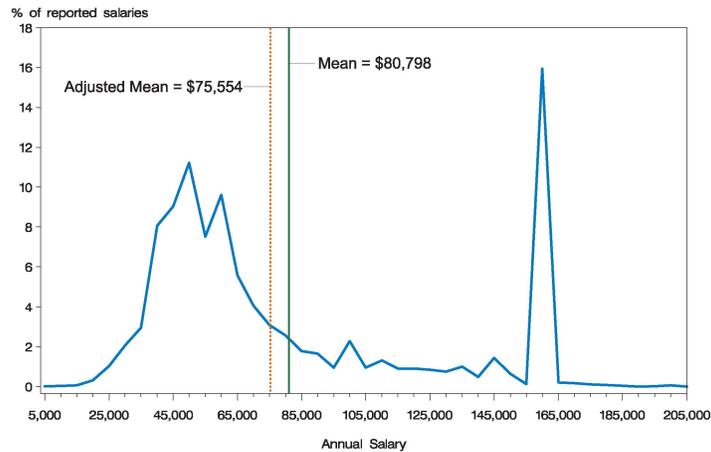
Salary	2009	2010	2011	2012
Mean Salary	\$93,000	\$84,000	\$78,650	\$80,800
Adjusted Mean Salary	\$85,000	\$77,000	\$74,000	\$75,550

Source: NALP's Jobs and JDs, Classes of 2007, 2008, 2009, 2010, 2011, & 2012

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Distribution of Reported Full-Time Salaries – Class of 2012

Distribution of Reported Full-Time Salaries



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Private Practice Employment

Employment in Law Firms by Size of Firm

Size of Firm	Percent of Private Practice Jobs	Subtotals
Solo	5.1%	
2 – 10	43%	
11 – 25	9.9%	
26 – 50	5.7%	63.7%
51 – 100	4.5%	
101 – 250	5.5%	
251 – 500	5.3%	
501+	19.1%	34.4%
Unknown	1.9%	

Source: NALP's Jobs and JDs, Class of 2012

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Starting Salaries: Private

Median Starting Salaries by Size of Law Firm	
Firm Size	Starting Salary
2 – 10	\$50,000
11 – 25	\$61,000
26 – 50	\$75,000
51 – 100	\$87,500
101 – 250	\$110,000
251 - 500	\$160,000
501+	\$160,000

Source: NALP's Jobs and JDs, Class of 2012

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Government Employment

Distribution of Jobs by Level of Government	
Federal	29.7%
State	32.3%
Local	36.5%

Starting Salaries by Level of Government			
Government Level	25 th %	Median	75 th %
Federal	\$53,500	\$62,500	\$74,900
State	\$40,000	\$45,000	\$52,000
Local	\$45,300	\$52,500	\$60,000

Source: NALP's Jobs and JDs, Class of 2012

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Judicial Clerkships

Distribution of Clerkships by Level of Government

Federal	38.2%
State	51.1%
Local	10%

Starting Clerkship Salaries by Level of Government

Government Level	25 th %	Median	75 th %
Federal	\$57,400	\$60,000	\$63,000
State	\$43,000	\$45,000	\$52,000
Local	\$37,500	\$43,000	\$45,000

Source: NALP's Jobs and JDs, Class of 2012

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Public Interest Employment

Distribution of Jobs in Public Interest

Public Defender	26%
Legal Services	29%
Policy/Advocacy	21%
Community Organization	8%
Other Public Interest	16%

Starting Salaries for Public Interest Jobs

25 th %	Median	75 th %
\$40,000	\$44,500	\$50,000

Source: NALP's Jobs and JDs, Class of 2012

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Employment in Business

- 18% of all jobs taken by law school graduates
 - 29% Required Bar Passage
 - 39% Reported as JD Advantage
 - 21% Reported as “Other Professional”

Starting Salaries for Jobs in Business and Industry

25 th %	Median	75 th %
\$50,000	\$65,000	\$84,000

Source: NALP's Jobs and JDs, Class of 2012

Employment in Academia

Job Type	Percentage
Law School Research Assistant or Other Temporary Position	29.3%
Other Law School	12.2%
College/University Administration	18.7%
Other College/University	18.6%
Elementary/Secondary Teacher	11.4%
All Other	9.7%

Starting Salaries for Academic Jobs

25 th %	Median	75 th %
\$40,000	\$50,000	\$60,000

Geography and Employment

Top 10 Cities for Jobs by Percent	
City	Percent of all Jobs
1. New York City	9.05%
2. Washington, DC	5.56%
3. Chicago	3.71%
4. Los Angeles	2.47%
5. Houston	2.10%
6. Boston	2.04%
7. San Francisco	1.65%
8. Atlanta	1.59%
9. Philadelphia	1.29%
10. Minneapolis	1.29%

Source: NALP's Jobs and JDs, 2012

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Timing of Employment Offers

Employer Type	Before Graduation	After Graduation
All Employers	52.4%	47.6%
Academic	41.5%	58.5%
Business	41.2%	58.8%
Government	43.9%	56.1%
Judicial Clerkships	78.6%	21.4%
Private Practice	56.2%	43.8%
Public Interest	37.9%	62.1%

Source: NALP's Jobs and JDs, 2012

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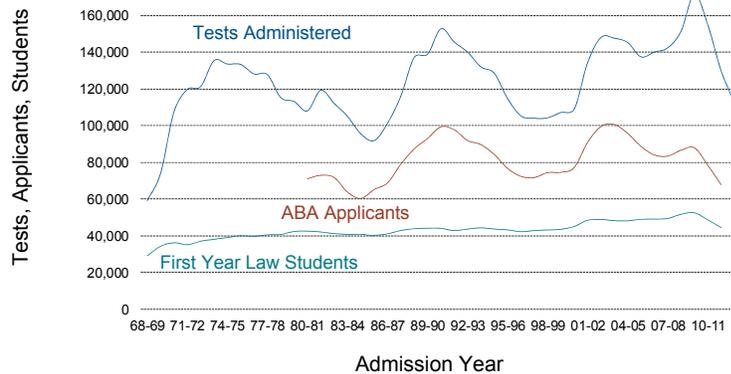
Job Sources

Job Source	Percent
Self Initiated	21.8%
Fall OCI	13.9%
Referral	19.1%
Job Listing	16.7%
Pre-Law School Employer	7.0%
Self-Employed	4.8%
Job Fair/Consortia	2.2%
All Other	14.5%

Source: NALP's Jobs and JDs, 2012

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Tests Administered, Applicants and First Year Students ABA-Approved Law Schools 1968-69 THROUGH 2012-13



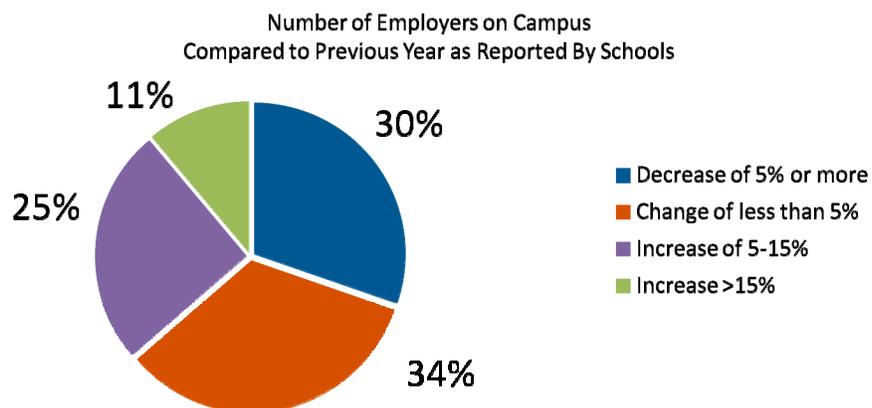
Note: Due to changes in data collection methods, ABA applicant data beginning in 1999-2000 are not directly comparable to prior applicant data.

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NALP Fall Recruiting Survey Results – Law Schools and Law Firms

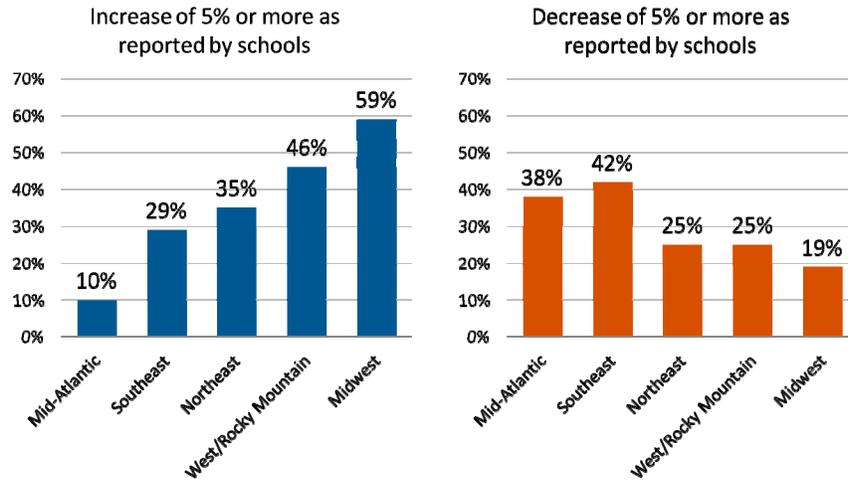
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National Fall On-Campus Recruiting Levels



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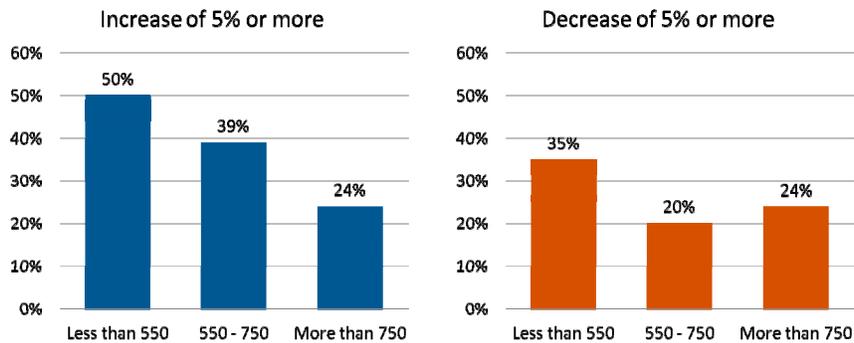
Regional Fall On-Campus Recruiting Levels



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National Fall On-Campus Recruiting Levels

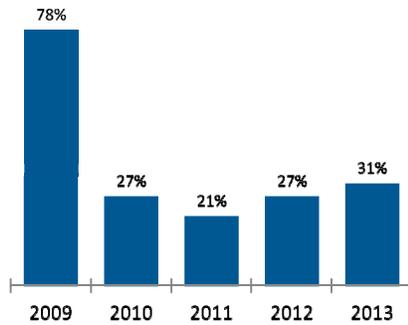
Number of Employers on Campus Compared to Previous Year
by Region As Reported by Schools



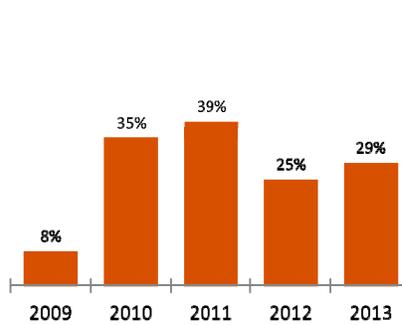
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National Fall On-Campus Recruiting Levels 2013 Trends As Reported by Employers

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



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



As reported by employers.

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National and Regional Fall On-Campus 2013 Recruiting Levels As Reported by Employers

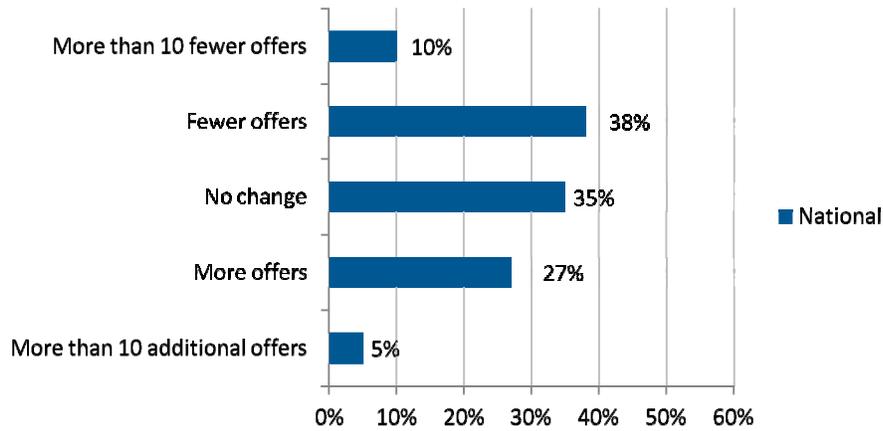
Number of Schools Visited by Firms in 2013 Compared to 2012

Region	Decrease	No Change	Increase
Northeast	27%	41%	33%
Southeast	24%	39%	36%
Mid-Atlantic	38%	31%	31%
West/Rocky	29%	51%	20%
Midwest	34%	46%	20%
Nationwide	31%	40%	29%

Source: NALP's Perspectives on Fall Law Student Recruiting, 2013

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Change in Number of Offers for Summer Associate Positions (2013 vs. 2012)



As reported by law firms.

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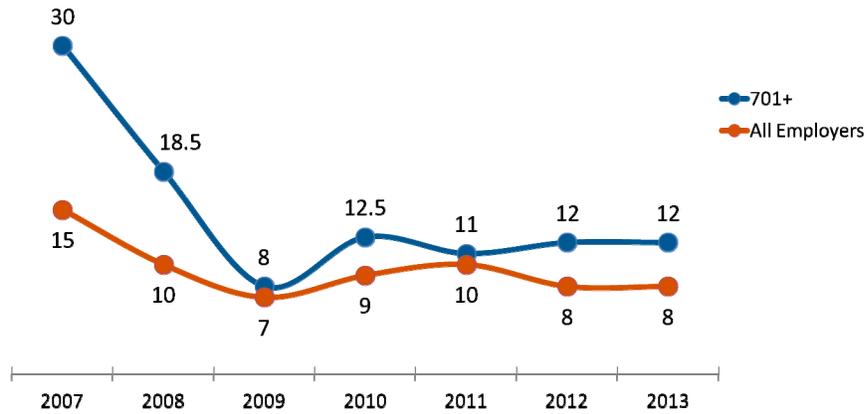
Offers Extended to 2Ls for Summer Programs

Median Number of Offers Extended							
Firm Size	2007	2008	2009	2010	2011	2012	2013
701+	30	18.5	8	12.5	11	12	12
501 – 700	16	11	19	19	13	13	18
251 – 500	19	8	9	10	14.5	8.5	11
101 – 250	17	12	6	9	8	7	7
100 or fewer	4	4	4	3	4.5	5	3
All Employers	15	10	7	9	10	8	8

Source: NALP's Perspectives on Fall Law Student Recruiting, 2003 - 2013

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Median Number of Offers Extended to 2Ls for Summer Programs

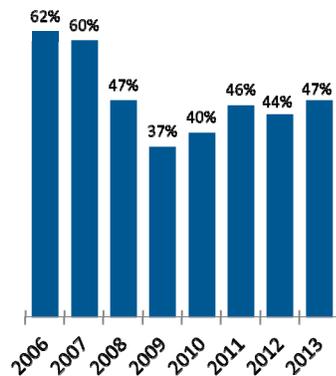


Source: NALP's Perspectives on Fall Law Student Recruiting, 2003 - 2013

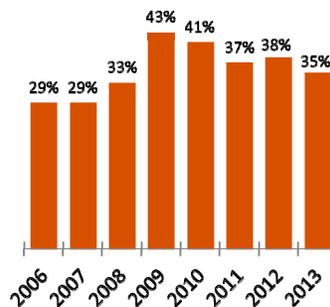
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Fall Recruiting Outcomes for 2Ls

Callback Interviews
Resulting in Offers



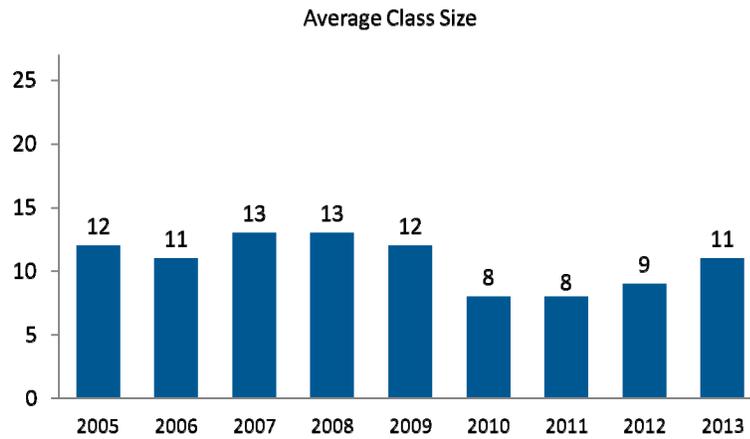
Offer Acceptance Rate



As reported by law firms.

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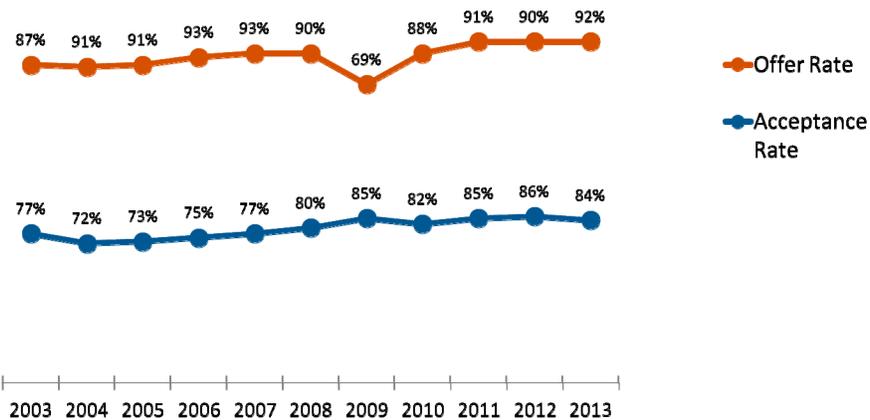
Law Firm Summer Program Class Size



Source: NALP's Perspectives on Fall Law Student Recruiting, 2005 - 2013

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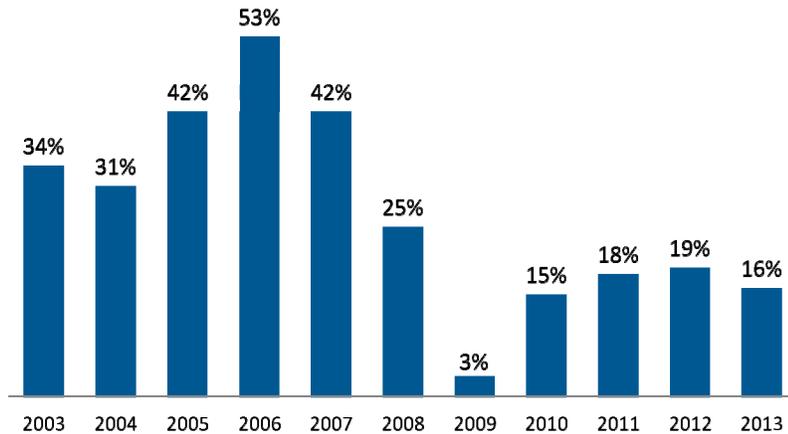
Outcomes of Summer Programs



Source: NALP's Perspectives on Fall Law Student Recruiting, 2003 - 2013

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Fall Recruiting of 3Ls As Reported by Law Firms

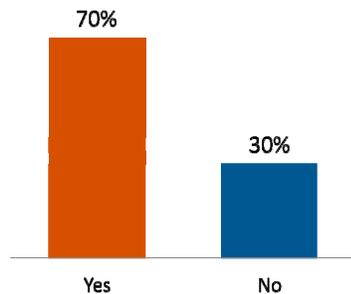


Source: NALP's Perspectives on Fall Law Student Recruiting, 2003 - 2013

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Minority Job Fair Participation

Does your firm participate in job fairs?

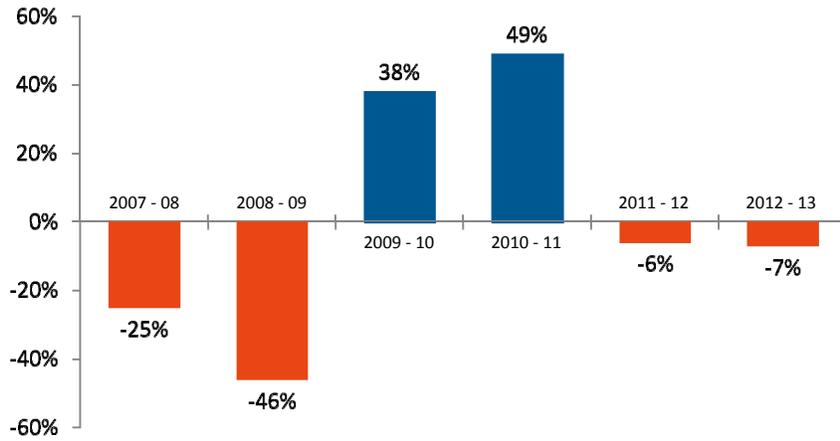


Of those who do go to job fairs, about 60% go to 1 or 2 and for about 2/3 of this group, all the job fairs are minority job fairs, with the result that about 70% of the job fairs collectively reported by this group are minority job fairs

Of the remaining 40% who do go to job fairs (3+) only a handful go to strictly minority job fairs, with the result that just 45% of the job fairs collectively reported by this group are minority job fairs

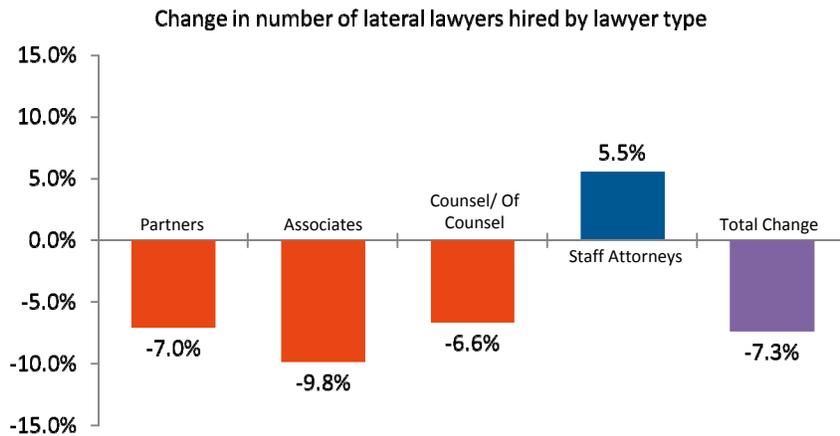
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Lateral Hiring Volume (Change From Previous Year)



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Lateral Hiring Volume (Change from 2012 to 2013)



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What's lies ahead?

- ABA employment “as-of” date will move from February 15 to March 15 for the Class of 2014
- ABA Audit of Employment Outcomes likely to commence with Class of 2014 or 2015

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