



*NALP believes in fairness, facts and the power of a diverse community. We work every day to be the best career services, recruitment, and professional development organization in the world because we want the lawyers and law students we serve to have an ethical recruiting system, employment data they can trust, and expert advisers to guide and support them in every stage of their careers.*



## Legal Market Update: Entry-Level Legal Employment in a Recovering Legal Economy

**NALP Annual Education Conference**

April 24, 2015

**Presenter:**

James Leipold, Executive Director

## The Forces Driving the 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 40,000 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
  - Deregulation : e.g., UK, Australia, Canada, Washington State



## The Current Market Landscape

- Legal industry stabilizing, but significant challenges remain
- 2014 showed increased demand for legal services, with additional increase likely in 2015
- Uptick driven largely by transactional work
- Continued longer term decline in litigation
- Increase in lawyer productivity, strong growth in associate productivity
- Midlevel associates in short supply in some markets
- Partner productivity continues to lag pre-recession levels
- Under performing partners remain vulnerable to forced exit
- Excess capacity in the market contributes to downward pricing pressure



Sources: Citi Hildebrandt 2015 Client Advisory and Georgetown/Thomson Reuters Peer Monitor 2015 Report on the State of the Legal Market

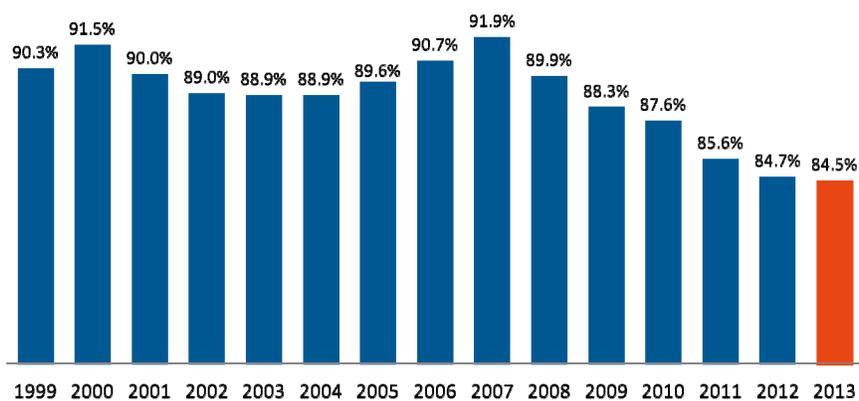
## The Current Market Landscape

- Realization at historic low, with aggregate collections of just \$0.83/1.00
- Increasing segmentation and dispersion
- Law firms now competing with non-law firm entities
- Continued rapid growth of non-traditional legal services providers
- Technology will continue to drive commoditization of many legal services
- Fundamental shift in buying patterns of client corporations
- Increased disaggregation of legal work
- Increased amount of work staying in house
- Increased merger activity likely to persist



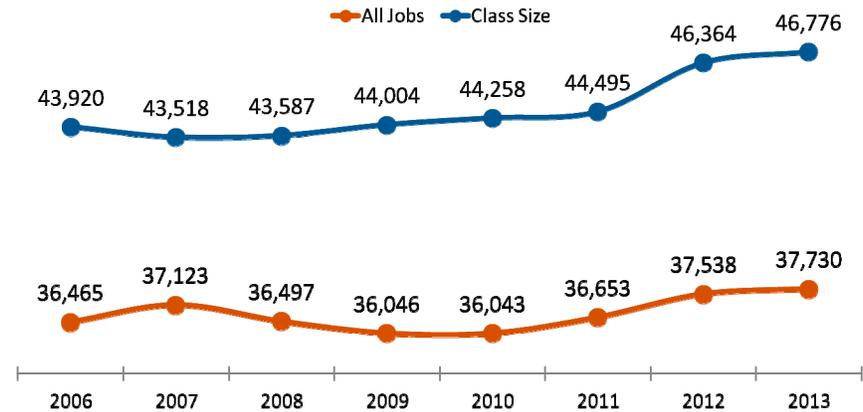
Sources: Citi Hildebrandt 2015 Client Advisory and  
Georgetown/Thomson Reuters Peer Monitor 2015 Report on the State of the Legal Market

## Law Graduate Employment Rate Nine Months After Graduation: 1999 – 2013



Source: NALP's Jobs & JDs reports for the Classes of 1999 - 2013

## Total Number of Jobs Reported (Class Size vs. All Jobs)



Source: NALP's Jobs & JDs reports for the Classes of 2006 - 2013.

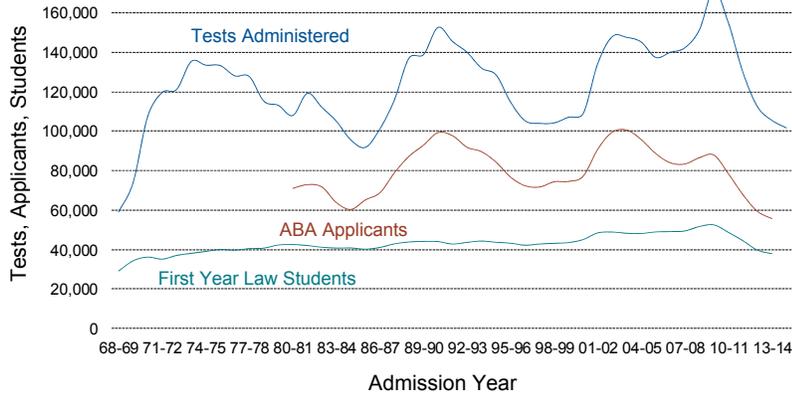
## Overview of Entry-Level Legal Employment by Sector (2006 – 2013)

Total # of Jobs Reported	2006	2007	2008	2009	2010	2011	2012	2013
Class Size	43,920	43,518	43,587	44,004	44,258	44,495	46,364	46,776
All Jobs	36,465	37,123	36,497	36,046	36,043	36,653	37,538	37,730
Employment Rate	90.7%	91.9%	89.9%	88.3%	87.6%	85.6%	84.7%	84.5%
Jobs by Sector								
Academic	624	651	831	1,262	1,351	1,052	1,026	986
Business	5,160	5,223	4,887	4,861	5,446	6,442	6,701	6,935
Government	4,290	4,366	4,329	4,092	4,601	4,255	4,556	4,341
Judicial Clerkships	3,587	3,656	3,517	3,125	3,346	3,315	3,355	3,393
Public Interest	1,982	2,159	1,982	2,043	2,428	2,687	2,705	2,698
Law Firms Total	20,340	20,611	20,525	20,145	18,329	17,666	19,042	19,272
Solo Practitioners	552	576	685	1,058	1,039	1,059	964	933
2 – 10 Lawyers	6,481	6,461	6,479	6,749	7,160	7,570	8,193	8,087
11 – 25 Lawyers	1,969	1,875	1,730	1,526	1,632	1,847	1,888	1,921
26 – 50 Lawyers	1,303	1,185	1,236	946	971	1,085	1,086	1,083
51 – 100 Lawyers	1,118	1,133	1,026	912	766	888	861	868
101 – 250 Lawyers	1,724	1,688	1,579	1,402	1,018	1,010	1,054	1,043
251 – 500 Lawyers	1,713	1,815	1,691	1,468	1,101	891	1,001	1,067
501+ Lawyers	4,027	4,745	5,193	5,156	3,750	2,856	3,636	3,980
Unknown	1,453	1,133	906	928	892	460	359	290



Source: NALP's Jobs & JDs reports for the Classes of 2006 - 2013

## Tests Administered, Applicants and First Year Students ABA-Approved Law Schools 1968-69 THROUGH 2014-15



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



## Application & Enrollment Volumes 2006-2007 through 2014-2015

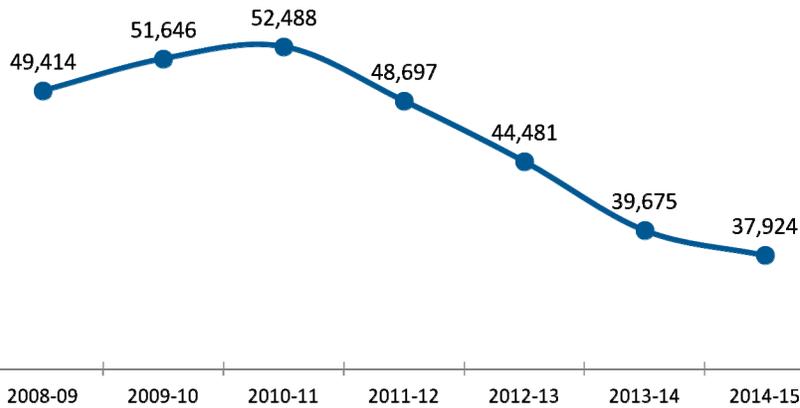
	Academic Year								
	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
ABA First-Year Enrollment	48,937	49,082	49,414	51,646	52,488	48,697	44,481	39,675	37,924
Admitted Applicants	56,000	55,500	55,500	58,400	60,400	55,800	50,600	45,700	43,500
ABA Applicants	88,700	84,000	83,400	86,600	87,900	78,500	67,900	59,400	55,700
ABA Applications	530,400	517,100	532,600	565,700	604,300	535,500	469,600	385,800	355,100

2006-2007 Applicant to Enrollee Gap = 39,763

2014-2015 Applicant to Enrollee Gap = 17,776

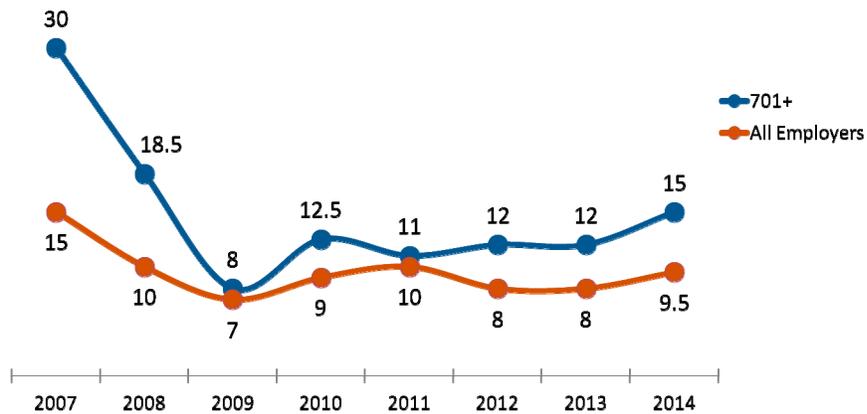


## 1L Enrollment at ABA Approved Law Schools



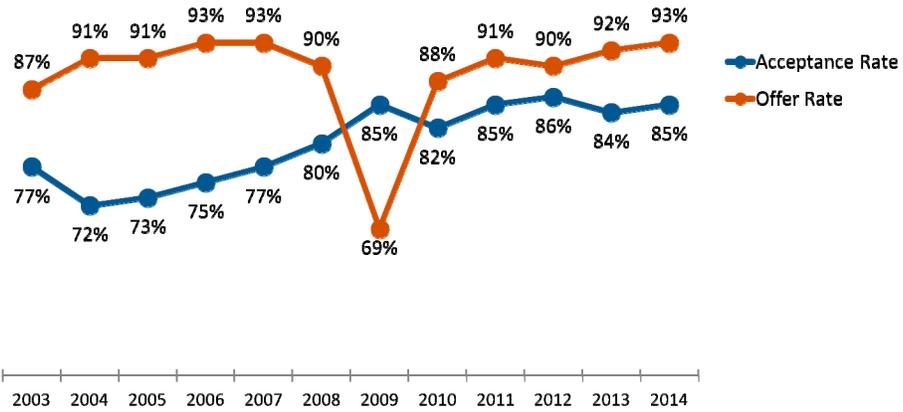
Source: ABA Section of Legal Education and Admissions to the Bar

## Median Number of Offers Extended to 2Ls for Summer Positions



Source: NALP's Perspectives on Fall Law Student Recruiting, 2007 - 2014.

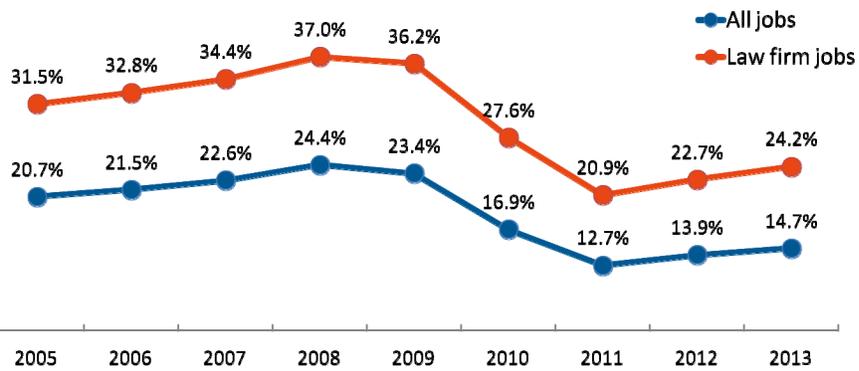
## Outcomes of Summer Programs



Source: NALP's Perspectives on Fall Law Student Recruiting, 2003 - 2014.

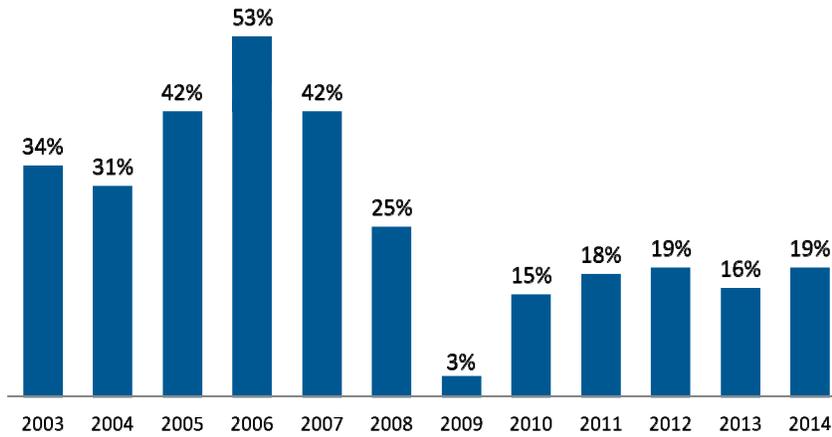
## Decline in Jobs via OCI

Percentage of Jobs Obtained through Fall OCI, 2005 - 2013



Source: NALP's Jobs & JDs reports for the Classes of 2005 - 2013.

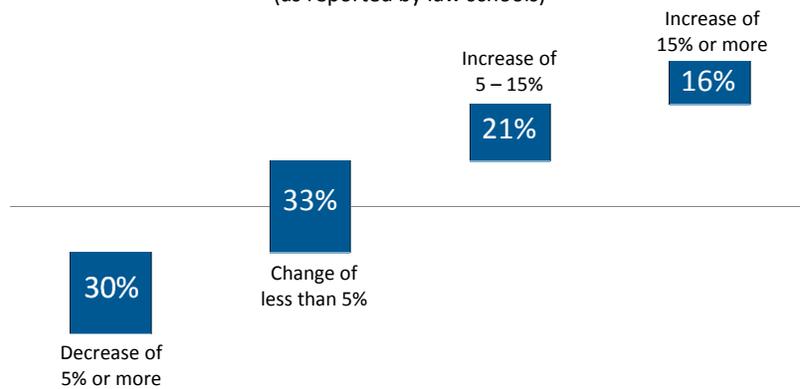
## Fall Recruiting of 3Ls As Reported by Law Firms



Source: NALP's Perspectives on Fall Law Student Recruiting, 2003 - 2014.

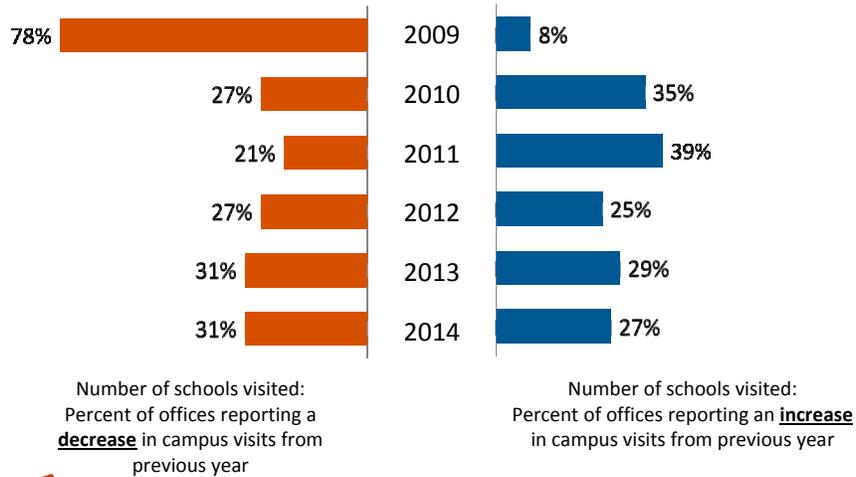
## National Fall On-Campus Recruiting Levels

Percent of Change in the Number of Employers on Campus  
(as reported by law schools)



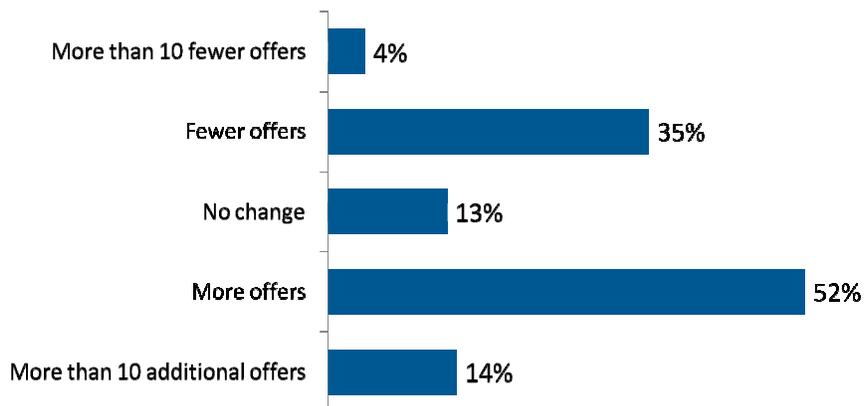
Source: NALP's Perspectives on Fall Law Student Recruiting, 2014. Based on 106 school responses.

## National Fall On-Campus Recruiting Levels 2014 Trends as Reported by Employers



Source: NALP's Perspectives on Fall Law Student Recruiting, 2009 - 2014.

## Change in Number of Offers for Summer Associate Positions (2014 vs. 2013)



Source: NALP's Perspectives on Fall Law Student Recruiting, 2014.

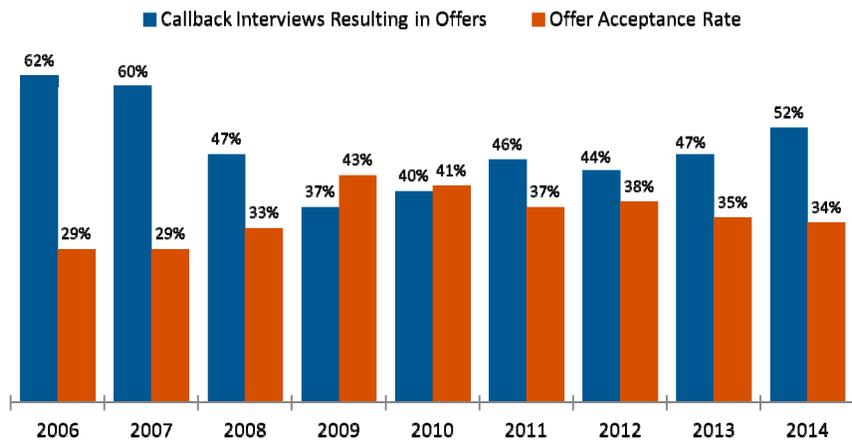
## Offers Extended to 2Ls for Summer Positions

Median Number of Offers Extended								
Firm Size	2007	2008	2009	2010	2011	2012	2013	2014
701+	30	18.5	8	12.5	11	12	12	15
501 – 700	16	11	19	19	13	13	18	23
251 – 500	19	8	9	10	14.5	8.5	11	11
101 – 250	17	12	6	9	8	7	7	7
100 or fewer	4	4	4	3	4.5	5	3	3
<b>All Employers</b>	<b>15</b>	<b>10</b>	<b>7</b>	<b>9</b>	<b>10</b>	<b>8</b>	<b>8</b>	<b>9.5</b>



Source: NALP's Perspectives on Fall Law Student Recruiting, 2007 - 2014.

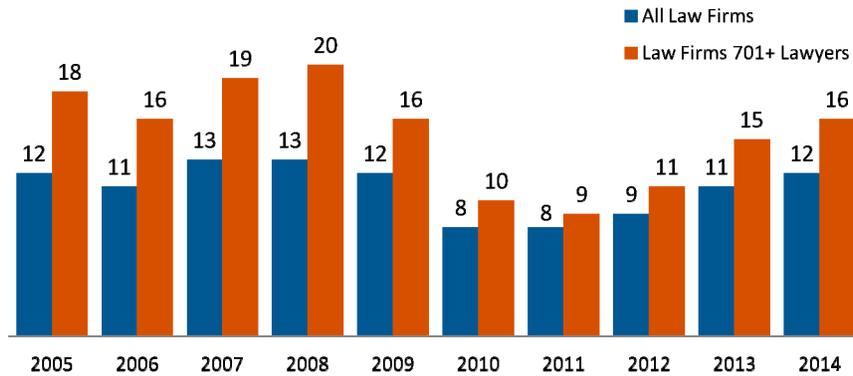
## Fall Recruiting Outcomes for 2Ls



Source: NALP's Perspectives on Fall Law Student Recruiting, 2006-2014.

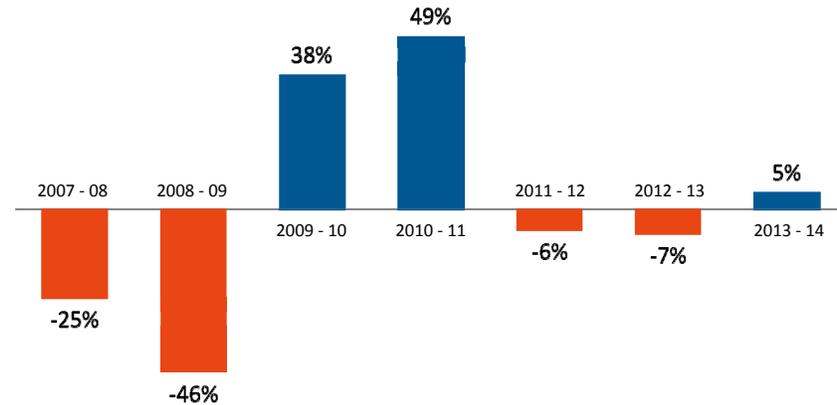
## Law Firm Summer Program Class Size

Average Summer Class Size



Source: NALP's Perspectives on Fall Law Student Recruiting, 2005 - 2014.

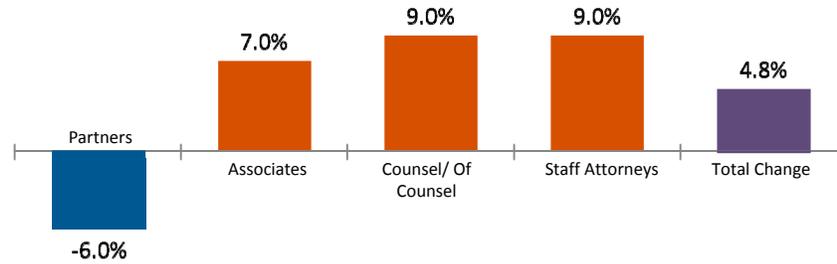
## Total Lateral Hiring Volume (Change From Previous Year)



Source: 2014 Survey of Legal Employers on Fall Recruiting.

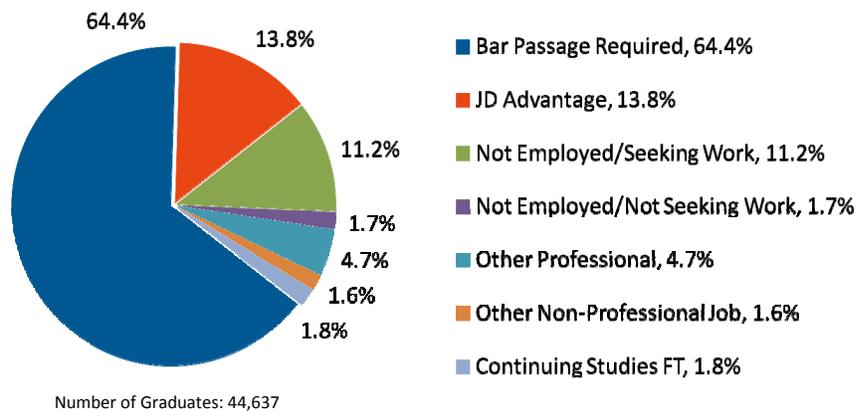
## Lateral Hiring Volume (Change from 2013 to 2014)

Change in the number of lateral lawyers hired by lawyer type



Source: 2014 Survey of Legal Employers on Fall Recruiting.

## Employment Outcomes for the Class of 2013: Employment Status



Source: Jobs & JDs: Class of 2013. Data current as of February 15, 2014.

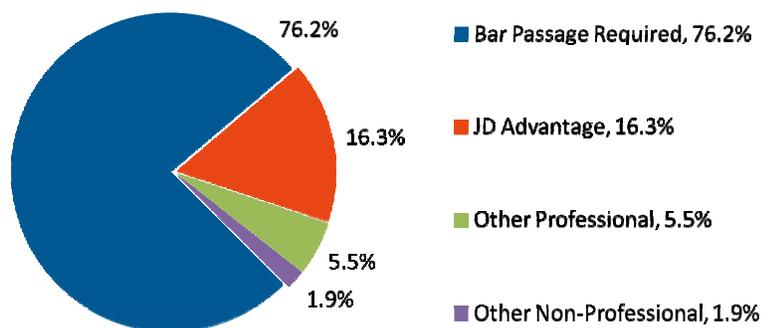
## Law Graduate Employment Status 2007 - 2013

Job Type	2007	2008	2009	2010	2011	2012	2013
Bar Passage Req'd	76.9%	74.7%	70.8%	68.4%	65.4%	64.4%	64.4%
JD Advantage	7.7%	8.1%	9.2%	10.7%	12.5%	13.3%	13.8%
Other Professional	5.1%	4.9%	5.4%	5.6%	5.3%	4.9%	4.7%
Other Non-Prof.	1.3%	1.3%	1.8%	1.9%	1.9%	1.8%	1.6%
Continuing Studies	2.3%	2.4%	3.1%	2.9%	2.3%	2.1%	1.8%
Seeking Job	4.1%	5.4%	6.0%	6.2%	9.6%	10.8%	11.2%
Not Seeking Job	1.7%	2.3%	2.7%	3.2%	2.5%	2.1%	1.7%



Source: NALP's Jobs and JDs, Classes of 2007, 2008, 2009, 2010, 2011, 2012 & 2013

## Employment Outcomes for those with Jobs from the Class of 2013: Job Types



Number of Jobs: 37,730



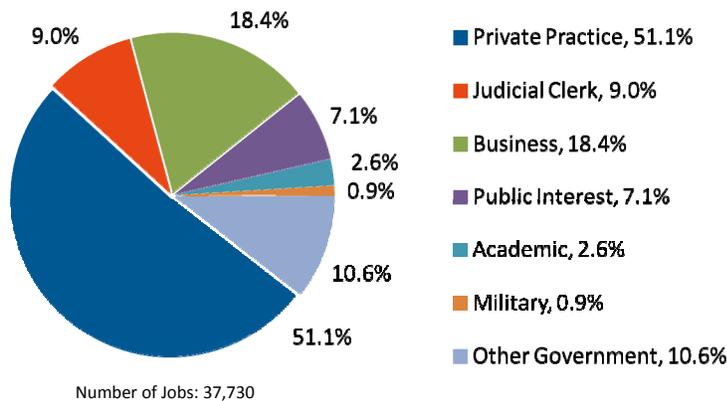
Source: Jobs & JDs: Class of 2013. Data current as of February 15, 2014.

## Full-time, long-term, bar passage required

- Class of 2008: 68%
- Class of 2009: 62%
- Class of 2010: 60%
- **Class of 2011: 57%**
- Class of 2012: 58%
- Class of 2013: 59%



## Employment Outcomes for the Class of 2013: Employer Type



Source: Jobs & JDs: Class of 2013. Data current as of February 15, 2014.

## Law Graduate Employer Type 2007 - 2013

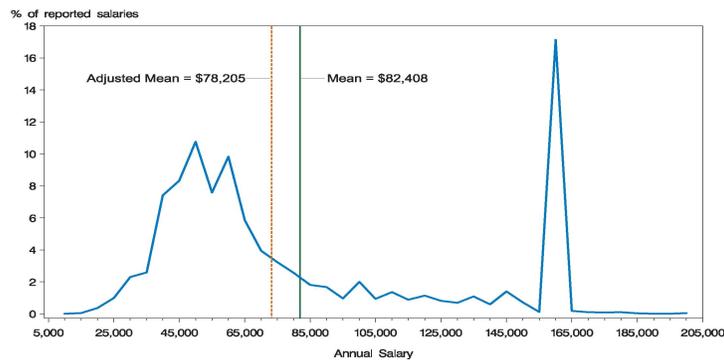
Employer Type	2007	2008	2009	2010	2011	2012	2013
Private Practice	55.5%	<b>56.2%</b>	55.9%	50.9%	<b>49.5%</b>	50.7%	51.1%
Business	14.1%	<b>13.4%</b>	13.5%	15.1%	<b>18.1%</b>	17.9%	<b>18.4%</b>
Government, inc. military	11.7%	11.8%	11.4%	12.8%	11.9%	12.1%	11.5%
Judicial Clerkships	9.8%	9.6%	8.7%	9.3%	9.3%	8.9%	9.0%
Public Interest	5.8%	<b>5.4%</b>	5.7%	6.7%	<b>7.5%</b>	7.2%	7.1%
Academic	<b>1.8%</b>	2.3%	3.5%	<b>3.7%</b>	3.0%	2.7%	2.6%



Source: NALP's Jobs and JDs, Classes of 2007, 2008, 2009, 2010, 2011, 2012, & 2013

## Bimodal Starting Salary Distribution for the Class of 2013

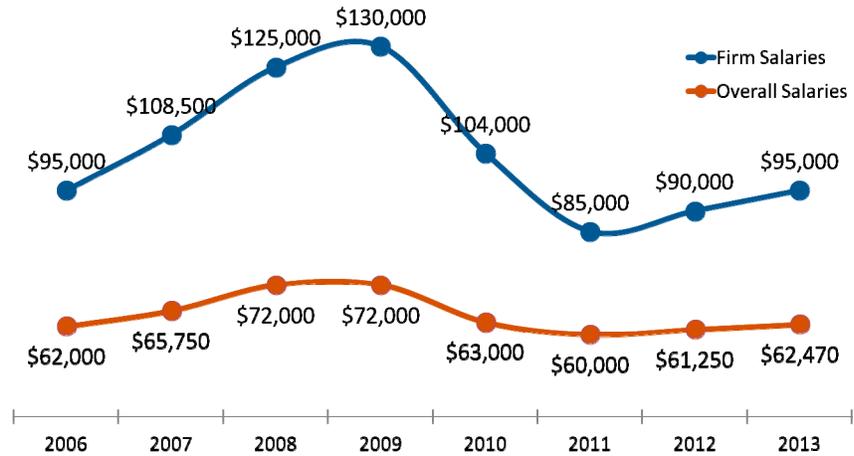
Distribution of Reported Full-Time Salaries



Note: Graph is based on 21,545 salaries reported for full-time jobs lasting a year or more. A few salaries above \$205,000 are excluded from the graph for clarity, but not from the percentage calculations. The left-hand peaks of the graph reflect salaries of \$40,000 to \$65,000, which collectively accounted for about half of reported salaries. The right-hand peak shows that salaries of \$160,000 accounted for about 17% of reported salaries. However, more complete salary coverage for jobs at large law firms heightens this peak and diminishes the left-hand peaks — and shows that the unadjusted mean overstates the average starting salary by just over 5%. Nonetheless, as both the arithmetic mean and the adjusted mean show, relatively few salaries are close to either mean. For purposes of this graph, all reported salaries were rounded to the nearest \$5,000.



## Median Salaries (Overall vs. Firm)



Source: NALP's Perspectives on Fall Law Student Recruiting, 2006 - 2013.

## Private Practice Employment Class of 2013

Employment in Law Firms by Size of Firm		
Size of Firm	Percent of Private Practice Jobs	Subtotals
Solo	4.8%	
2 – 10	<b>42%</b>	
11 – 25	10%	
26 – 50	5.6%	62.4%
51 – 100	4.5%	
101 – 250	5.4%	
251 – 500	5.5%	
501+	<b>20.7%</b>	36.1%
Unknown	1.5%	

Source: NALP's Jobs and JDs, Class of 2013



## Starting Salaries in Private Practice Class of 2013

Median Starting Salaries by Size of Law Firm	
Firm Size	Starting Salary
2 – 10	\$50,000
11 – 25	\$65,000
26 – 50	\$72,000
51 – 100	\$85,000
101 – 250	\$110,000
251 - 500	\$150,000
501+	\$160,000

Source: NALP's Jobs and JDs, Class of 2013



## Government Employment Class of 2013

Distribution of Jobs by Level of Government	
Federal	27%
State	38%
Local	34%

Starting Salaries by Level of Government			
Government Level	25 <sup>th</sup> %	Median	75 <sup>th</sup> %
Federal	\$51,500	\$62,000	\$75,000
State	\$40,000	\$45,000	\$55,000
Local	\$45,000	\$53,000	\$59,500

Source: NALP's Jobs and JDs, Class of 2013



## Judicial Clerkships Class of 2013

### Distribution of Clerkships by Level of Government

Federal	37.8%
State	52.5%
Local	9.2%

### Starting Clerkship Salaries by Level of Government

Government Level	25 <sup>th</sup> %	Median	75 <sup>th</sup> %
Federal	\$57,400	\$60,000	\$63,000
State	\$43,000	\$46,000	\$53,000
Local	\$35,000	\$42,000	\$45,000

Source: NALP's Jobs and JDs, Class of 2013



## Public Interest Employment Class of 2013

### Distribution of Jobs in Public Interest

Public Defender	28%
Legal Services	30%
Policy/Advocacy	21%
Community Organization	6%
Other Public Interest	15%

### Starting Salaries for Public Interest Jobs

25 <sup>th</sup> %	Median	75 <sup>th</sup> %
\$40,000	\$45,000	\$52,000

Source: NALP's Jobs and JDs, Class of 2013



## Employment in Business Class of 2013

- 18.4% of all jobs taken by law school graduates
  - 28% Required Bar Passage
  - 42% Reported as JD Advantage
  - 20% Reported as “Other Professional”
  - 10% Reported as “Non-professional” or Unknown

### Starting Salaries for Jobs in Business and Industry

25 <sup>th</sup> %	Median	75 <sup>th</sup> %
\$51,000	\$65,000	\$85,000

Source: NALP's Jobs and JDs, Class of 2013



## Employment in Academia Class of 2013

Job Type	Percentage
Law School Fellow/Research Assistant or Other Temporary Position	34.4%
Other Law School	11.0%
College/University Administration	20.7%
Other College/University	13.4%
Elementary/Secondary Teacher	11.6%
All Other	9.0%

### Starting Salaries for Academic Jobs

25 <sup>th</sup> %	Median	75 <sup>th</sup> %
\$40,000	\$50,000	\$60,000

Source: NALP's Jobs and JDs, Class of 2013



## Three new research tools for law schools

- Peer group employment and salary reports
  - Receive reports that compare your school's employment and salary data for a given class to the aggregated data of lists of five or more schools that you choose
- Post-OCI Survey for Law Students Who Interviewed for Summer Jobs
  - Receive a report with the national data and a school report with the data for your students.
  - 38 schools participated in this free service in 2014, with 1,295 student responses
- Study of Law School Alumni Employment and Satisfaction
  - Joint NALP/NALP Foundation project, 3- and 7- years after graduation
  - Receive a report with the national data and a school report with the data for your alumni
  - 35 law schools participated in 2014, with responses from 3,041 alumni
  - Sign up now for Class of 2012 survey



we advance law careers

## Alumni Satisfaction Study: Class of 2011 Summary Findings

Where are they three years after graduation?

- 93% employed
  - Of those, 97% employed full-time, 95% long-term
- 78% Practicing law/20% Other professional/2% Other non-p.
  - 44% Extremely satisfied
  - 39% Somewhat satisfied
  - 5% Neither satisfied nor dissatisfied
  - 8% Somewhat dissatisfied
  - 4% Extremely dissatisfied



we advance law careers

## Alumni Satisfaction Study: Class of 2011 Summary Findings

Where are they three years after graduation?

- 52% Private practice
  - 27% firms 2-10 lawyers, 21% firms of 500+ lawyers
- 18% Government
- 14% Business
- 9% Public Interest
- 2% Clerkships
- 2% Academic
- 4% Other



## NALP acquires new professional development journal

*PD Quarterly* offers thoughtful, in-depth explorations of lawyer and law student professional development topics by PD people for PD people. In every issue leading experts in lawyer professional development, career development, and talent management present advanced-level content in core areas of lawyer PD — sharing best practices, lessons learned, and new developments in the field.



## What is the bottom line for the Classes of 2015, 2016, 2017 & beyond?

- Graduates will be entering the job market at a time when employment prospects are improving, but it will still be a crowded and competitive market.
- There will be fewer entry-level equity-track private practice jobs than in the past.
- Within law firms there will be more alternate track jobs.
- There will be fewer law grads working as lawyers and more grads working in business and law-related jobs.
- Graduates will need more business skills and business-school skills than their predecessors.
- Technology will play a much greater role in the lives of your graduates than it did for their predecessors.

