



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: The (New) Entry-Level Employment Market

NALP Annual Education Conference
April 14, 2016

Presenter:
James Leipold, Executive Director

The Current Market Landscape

- The Impact of the Great Recession
 - More than 60,000 legal sector jobs lost 2008-09 (US BLS)
 - 8.7% of all US associates lost their jobs in 2009
 - Sector currently down more than 50,000 jobs from pre-recession high of 1.179 million in June 2007
- The Impact of Technology
 - Internet (Google, LegalZoom, etc.) has made legal information available to everyone
 - From technology assisted document to robots and artificial intelligence
 - Commoditizable work is being systematized, automated, lowering price
- The Impact of Globalization
 - Emergence of price sensitive global legal services supply chain
 - Disaggregation of legal services
 - Deregulation: e.g., UK, Australia, Canada, Washington State



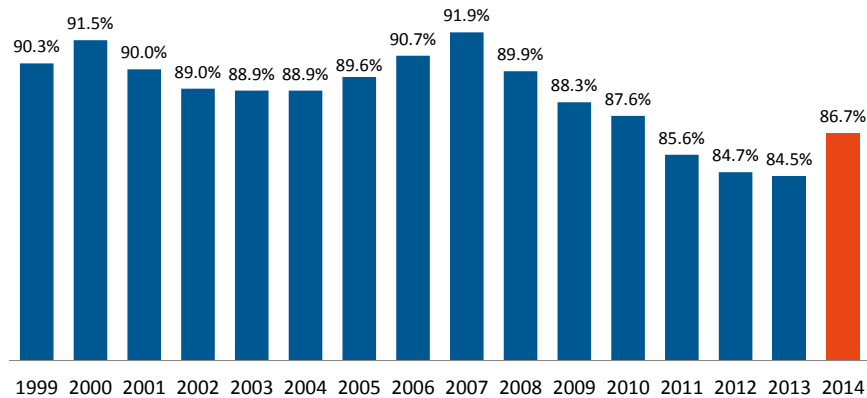
The Current Law Firm Landscape

- The legal industry has been largely characterized by more modest revenue and profit growth rates in the past few years, in stark contrast to the pre-2008 period.
- In addition, dispersion in performance among law firms and year-over-year volatility in performance for individual firms has increased.
- These market dynamics are likely to continue.
- While the demand for traditional law firm services has remained relatively soft, the supply of legal service providers has increased, creating a hypercompetitive market and forcing firms to rethink how they deliver legal services.
- One overall impact of these market changes has been the slow but steady erosion of the law firm share of clients' total legal spend.
- We expect overall industry revenue and profitability growth rates both in 2015 and 2016 to be in line with the low single-digit growth rates of 2010-13.



Sources: Citi Hildebrandt 2016 Client Advisory and
Georgetown/Thomson Reuters Peer Monitor 2016 Report on the State of the Legal Market

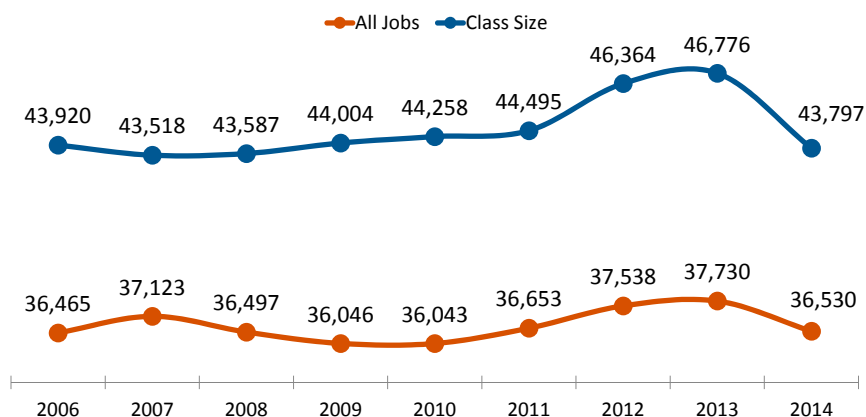
Law Graduate Employment Rate Nine Months After Graduation: 1999 – 2014



NOTE: Beginning with the Class of 2014, employment status information was collected as of March 15, rather than February 15, as it had been in prior years.

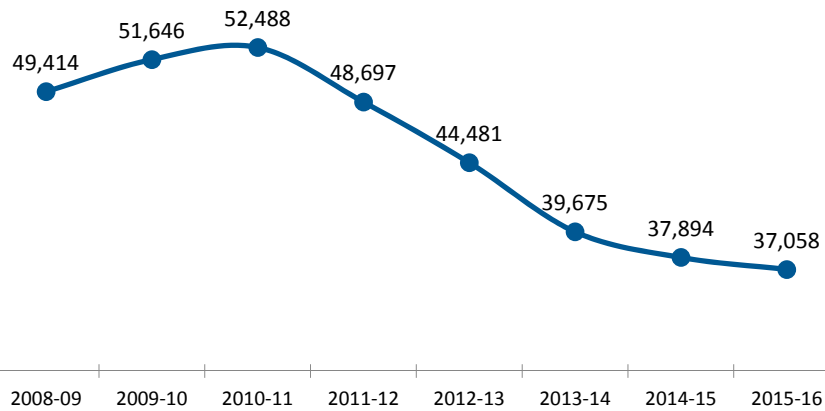
Source: NALP's Jobs & JDs, Classes of 1999 - 2014

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



Sources: All jobs figures come from NALP's Jobs & JDs, Classes of 2006 – 2014, Class size figures come from the ABA Section of Legal Education and Admissions to the Bar.

1L Enrollment at ABA Approved Law Schools



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

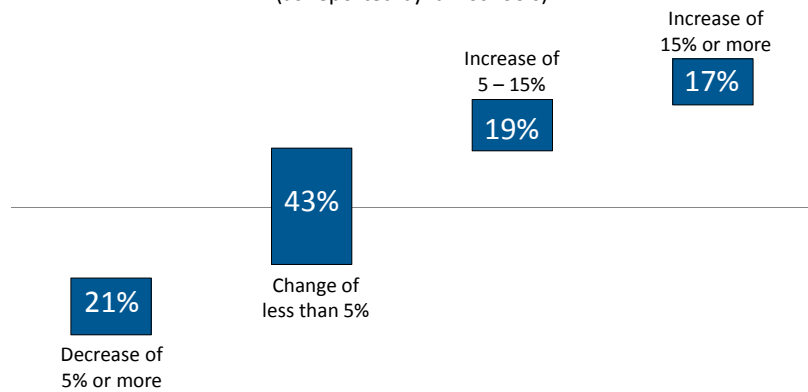


NALP Recruiting Survey Results – Law Schools



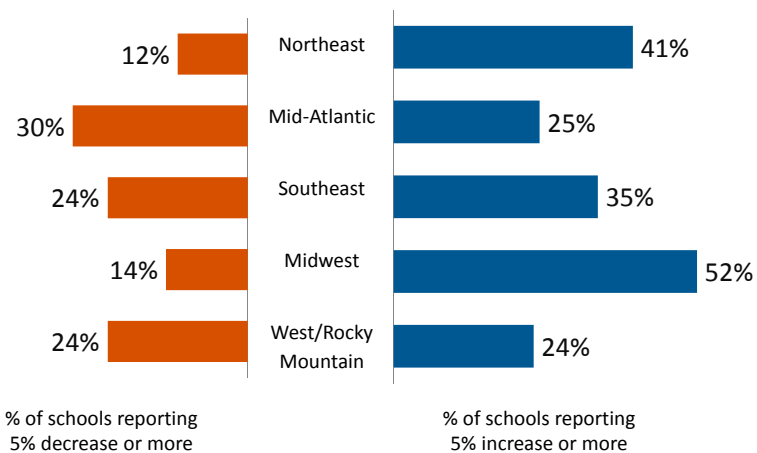
National Fall On-Campus Recruiting Levels

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



Source: NALP's Perspectives on Law Student Recruiting, 2015. Based on 121 school responses.

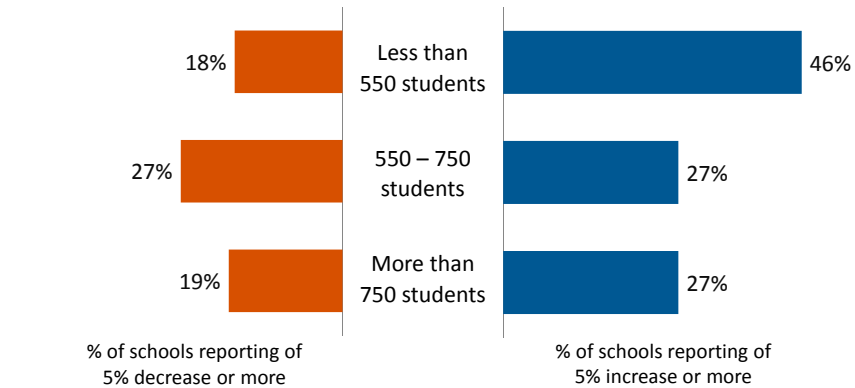
Fall On-Campus Recruiting Levels by Region



Source: NALP's Perspectives on Law Student Recruiting, 2015.

Fall On-Campus Recruiting Levels by Enrollment Size

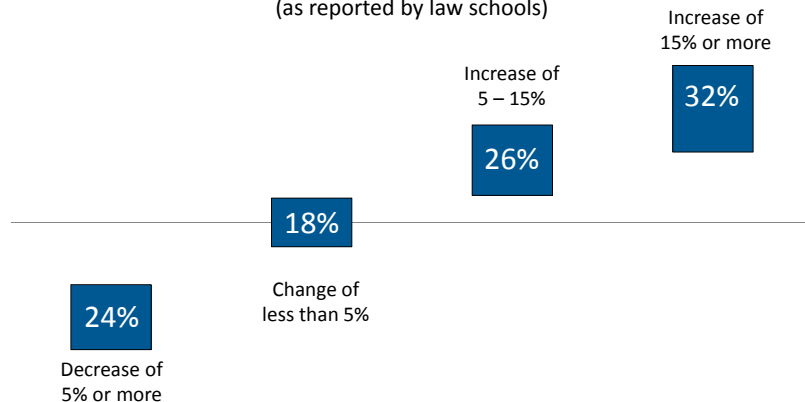
Change in Number of Employers on Campus in the Fall Compared to Previous Year by Enrollment as Reported by Schools



Source: NALP's Perspectives on Law Student Recruiting, 2015.

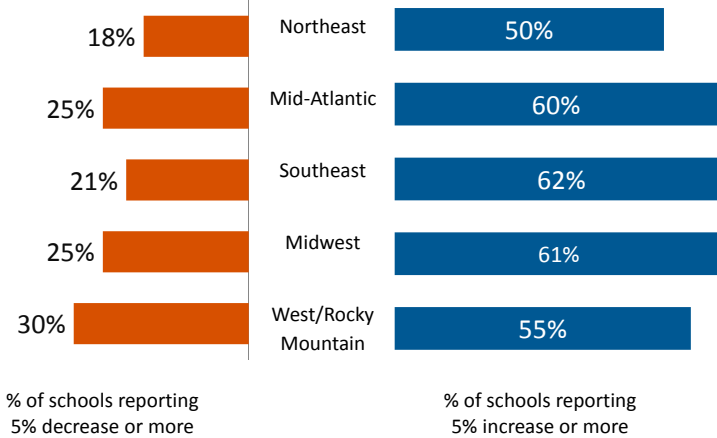
Spring On-Campus Recruiting Levels

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



Source: NALP's Perspectives on Law Student Recruiting, 2015. Based on 118 school responses.

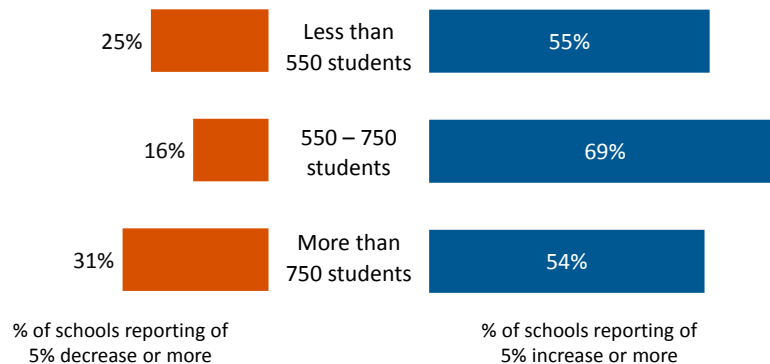
Spring On-Campus Recruiting Levels by Region



Source: NALP's Perspectives on Law Student Recruiting, 2015.

Spring On-Campus Recruiting Levels by Enrollment Size

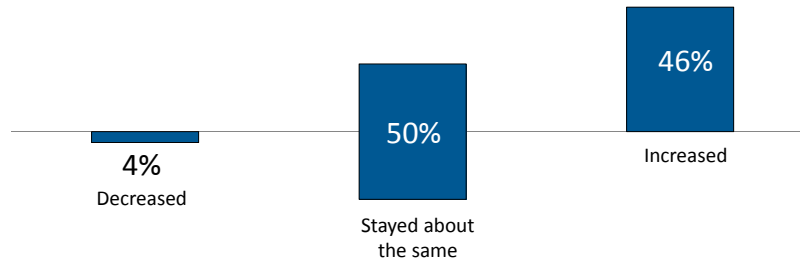
Change in Number of Employers on Campus in the Spring Compared to Previous Year by Enrollment as Reported by Schools



Source: NALP's Perspectives on Law Student Recruiting, 2015.

Job Postings from non-OCI Employers

Percent of Change in the Number of Job Postings from non-OCI Employers in 2015 compared with 2014 (as reported by law schools)



Source: NALP's Perspectives on Law Student Recruiting, 2015. Based on 119 school responses.

Pre-OCI offers as reported by law schools

- About 40 schools reported that one or more of their students received at least one pre-OCI offer for 2L summer employment
- The number of pre-OCI offers on each campus ranged from a low of 1 to a high of 75.
- On most campuses the number of pre-OCI offers received was 10 or fewer.
- 27 schools reported no pre-OCI offers and about 35 schools either were not tracking the data or did not know.

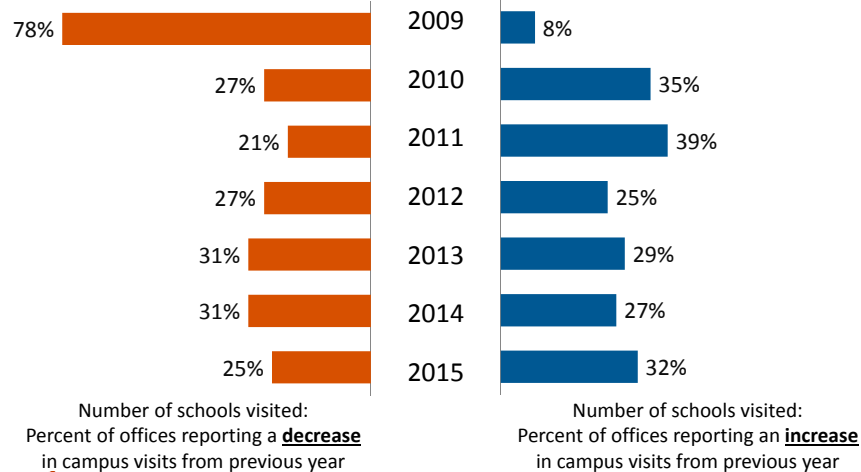




NALP Fall Recruiting Survey Results – Law Firms



National Fall On-Campus Recruiting Levels 2009-2015 As Reported by Employers



Source: NALP's Perspectives on Law Student Recruiting, 2009 - 2015.

Fall On-Campus Law Firm Recruiting Levels Reported by Region

Change in Number of Schools Visited by Firms in 2015 Compared to 2014			
Region	Decrease	No Change	Increase
Northeast	24%	44%	32%
Mid-Atlantic	23%	40%	36%
Southeast	22%	48%	30%
Midwest	32%	36%	32%
West/Rocky Mountain	24%	50%	26%
Nationwide	25%	43%	32%



Source: NALP's Perspectives on Law Student Recruiting, 2015.

Fall On-Campus Law Firm Recruiting Levels Reported by City

Number of Schools Visited by Firms in 2015 Compared to 2014			
City/Cities	Decrease	No Change	Increase
Boston	20%	20%	60%
Chicago	38%	31%	31%
Minneapolis Area	29%	43%	29%
New York	24%	43%	32%
Washington DC Metro	28%	41%	31%
Atlanta	0%	50%	50%



Source: NALP's Perspectives on Law Student Recruiting, 2015

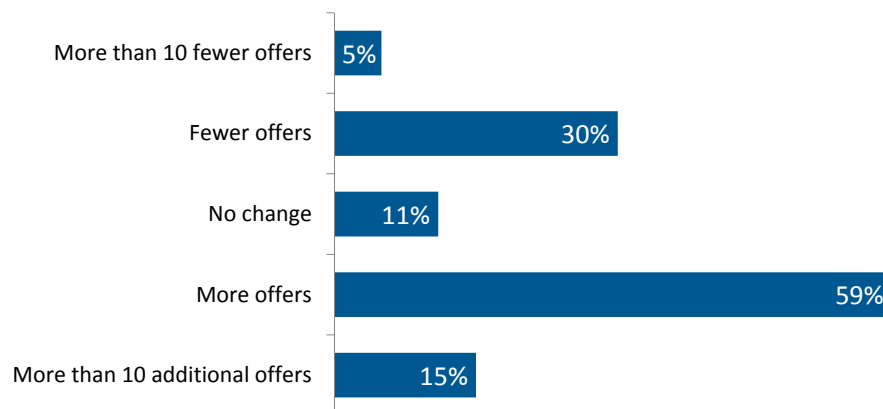
Fall On-Campus Law Firm Recruiting Levels Reported by City

Number of Schools Visited by Firms in 2015 Compared to 2014			
City/Cities	Decrease	No Change	Increase
Los Angeles Metro	11%	63%	26%
San Francisco	37%	37%	25%
San Jose Metro	50%	25%	25%
Dallas	33%	33%	33%
Houston	27%	46%	27%
Miami Metro	22%	44%	33%



Source: NALP's Perspectives on Law Student Recruiting, 2015

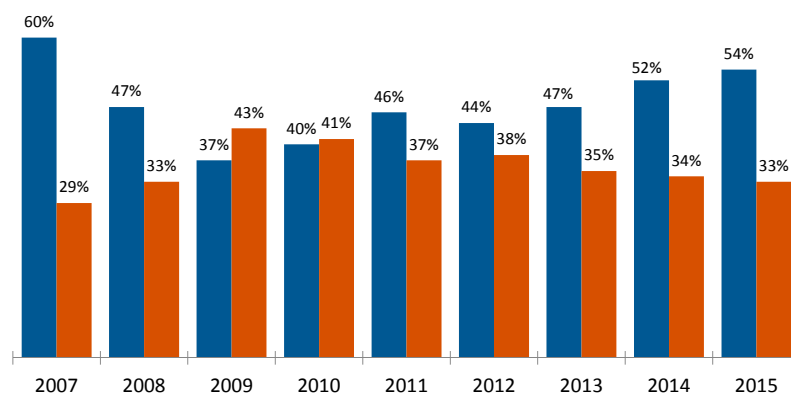
Change in Number of Offers for Summer Associate Positions (2015 vs. 2014)



Source: NALP's Perspectives on Law Student Recruiting, 2015.

Fall Recruiting Outcomes for 2Ls

■ Callback Interviews Resulting in Offers ■ Offer Acceptance Rate



Source: NALP's Perspectives on Law Student Recruiting, 2006-15.

Offers Extended to 2Ls for Summer Programs

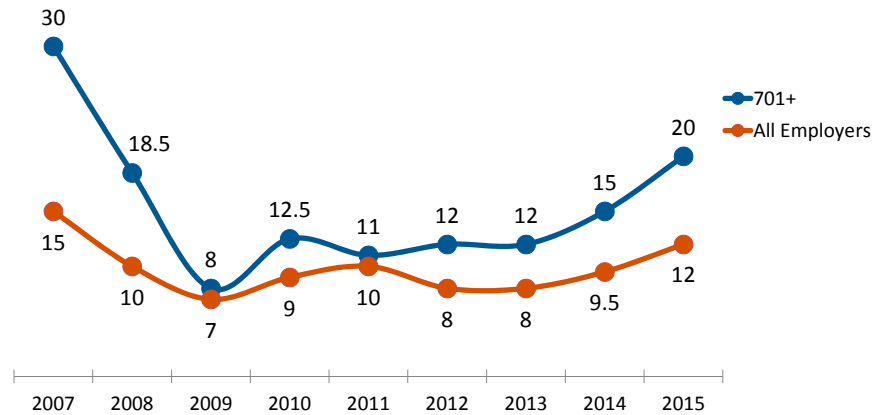
Median Number of Offers Extended

Firm Size	2007	2008	2009	2010	2011	2012	2013	2014	2015
701+	30	18.5	8	12.5	11	12	12	15	20
501 – 700	16	11	19	19	13	13	18	23	17
251 – 500	19	8	9	10	14.5	8.5	11	11	16.5
101 – 250	17	12	6	9	8	7	7	7	6
100 or fewer	4	4	4	3	4.5	5	3	3	3
All Employers	15	10	7	9	10	8	8	9.5	12



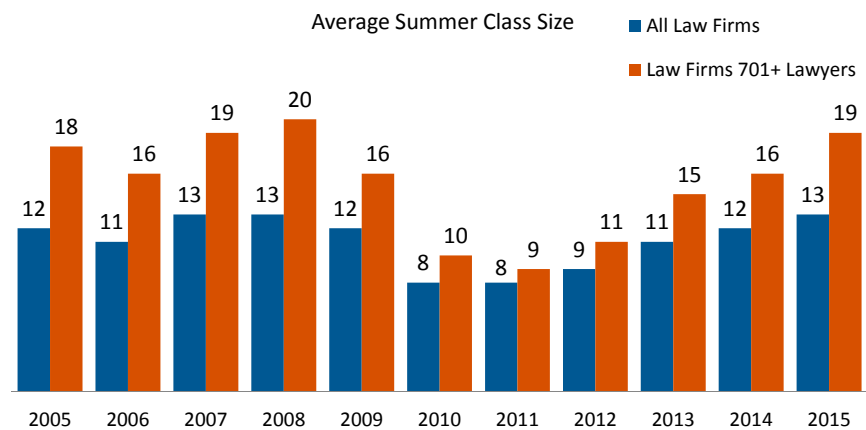
Source: NALP's Perspectives on Law Student Recruiting, 2007 - 2015.

Median Number of Offers Extended to 2Ls for Summer Programs



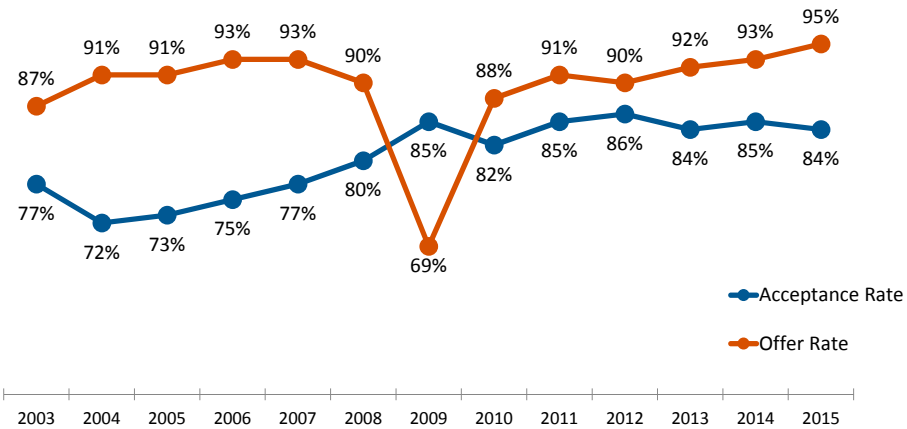
Source: NALP's Perspectives on Law Student Recruiting, 2007 - 2015.

Law Firm Summer Program Class Size



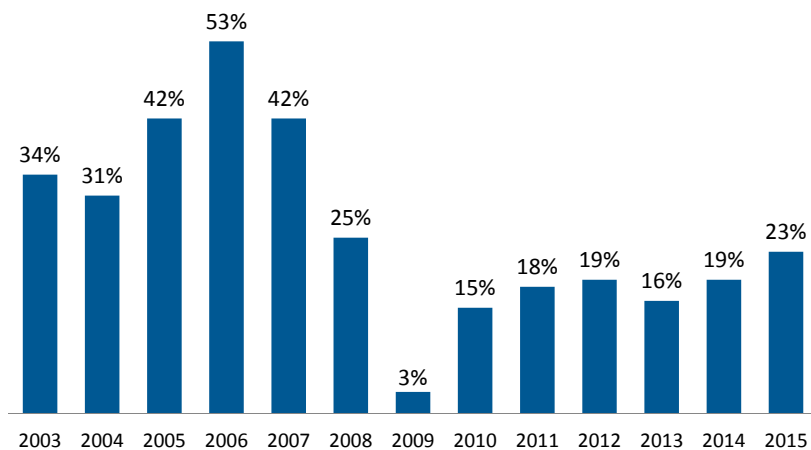
Source: NALP's Perspectives on Fall Law Student Recruiting, 2005 - 2014.

Outcomes of Summer Programs



Source: NALP's Perspectives on Law Student Recruiting, 2003 - 2015.

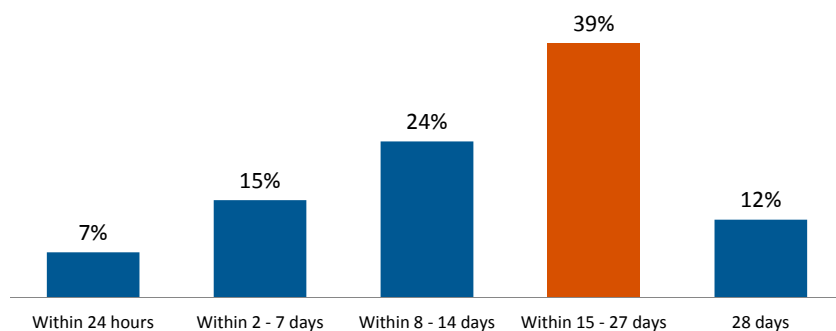
Fall Recruiting of 3Ls As Reported by Law Firms



Source: NALP's Perspectives on Law Student Recruiting, 2003 - 2015.

Timing of Responses to Offers for Summer Employment

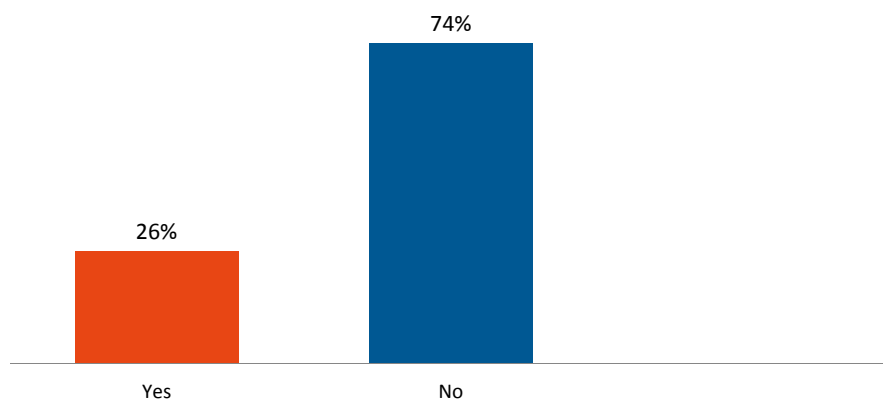
For offers made to 2Ls for summer 2016 positions, how quickly did candidates respond?



Note: Figures based on 9,363 offers for which the timing of the responses was reported, representing about 73% of all offers made by these firms' offices. For an additional 3% of offers, there was no response or the response was received after 28 days. Among survey respondents providing timing information, most accounted for the timing of all responses to offers. Some surveys, however, accounted only for acceptances. Figures based only on acceptances show a quicker response time.

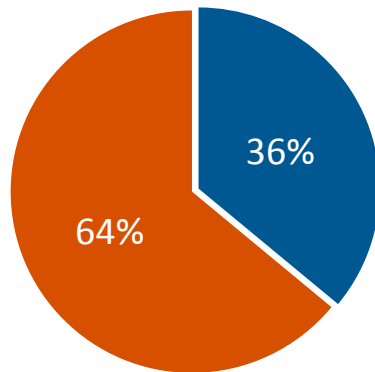


Did Your Firm Make Any Offers Before OCI Started?



*Source: 2015 Survey of Legal Employers on Recruiting.
Based on 338 total responses (88 offices reported making early offers).*

Offers Made Before OCI



■ Accepted, 36%

■ Declined, 64%

Median Number of Offers: 2
Average Number of Offers: 4.3

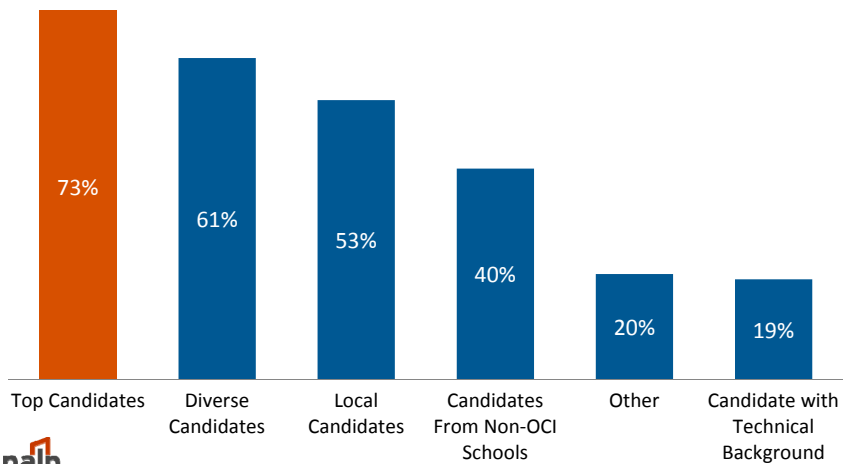
88 offices collectively reported
370 pre-OCI offers.



Source: 2015 Survey of Legal Employers on Recruiting.
Based on 338 total responses (88 offices reported making early offers).

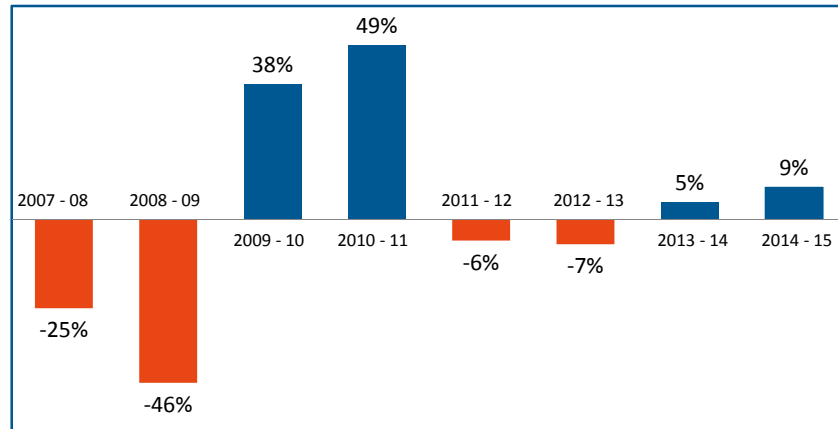
Offers Made Before OCI

To whom were these offers made?



Source: 2015 Survey of Legal Employers on Recruiting. Based on 88 responses.

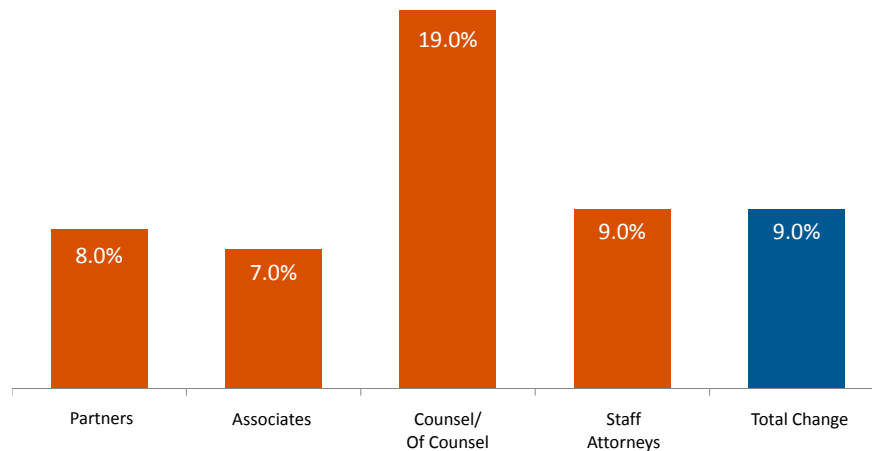
Lateral Hiring Volume (Change From Previous Year)



Source: 2008-2015 Survey of Legal Employers on Recruiting.

Lateral Hiring Volume (Change from 2014 to 2015)

Change in the number of lateral lawyers hired by lawyer type



Source: 2015 Survey of Legal Employers on Recruiting.



NALP Employment Report and Salary Survey Results for the Class of 2014



Employment Outcomes for the Class of 2014

- For the first time since the onset of the recession the employment rate went up.

BUT

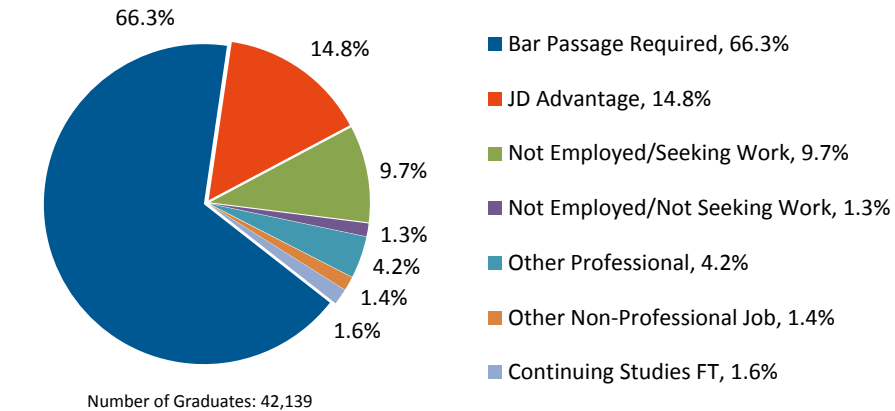
- The actual number of jobs obtained went down.

AND

- Employment status was collected one month later than it has been in the past.



Employment Outcomes for the Class of 2014: Employment Status, All Graduates



NOTE: Jobs for which an offer has been accepted but for which the start date is deferred, and jobs for which job type, e.g. Bar Passage Required, was not specified, account for 0.7% and 0.04% of graduates, respectively, but are not shown on the chart.

Source: NALP's Jobs & JDs, Class of 2014

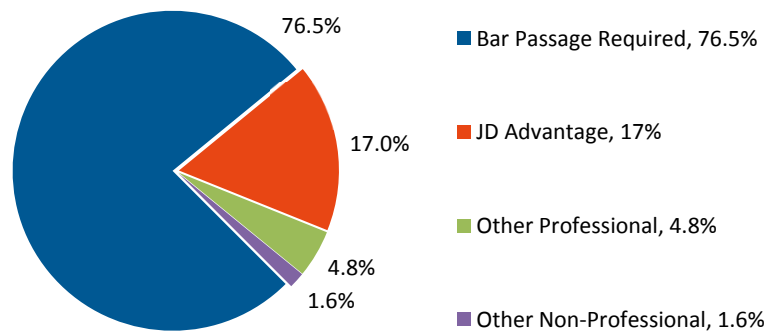
Law Graduate Employment Status: 2007 - 2014

Job Type	2007	2008	2009	2010	2011	2012	2013	2014
Bar Passage Req'd	76.9%	74.7%	70.8%	68.4%	65.4%	64.4%	64.4%	66.3%
JD Advantage	7.7%	8.1%	9.2%	10.7%	12.5%	13.3%	13.8%	14.8%
Other Professional	5.1%	4.9%	5.4%	5.6%	5.3%	4.9%	4.7%	4.2%
Other Non-Prof.	1.3%	1.3%	1.8%	1.9%	1.9%	1.8%	1.6%	1.4%
Continuing Studies	2.3%	2.4%	3.1%	2.9%	2.3%	2.1%	1.8%	1.6%
Seeking Job	4.1%	5.4%	6.0%	6.2%	9.6%	10.8%	11.2%	9.7%
Not Seeking Job	1.7%	2.3%	2.7%	3.2%	2.5%	2.1%	1.7%	1.3%



Source: NALP's Jobs & JDs, Classes of 2007 - 2014

Employment Outcomes for the Class of 2014: Job Types of those Employed



Number of Jobs: 36,530



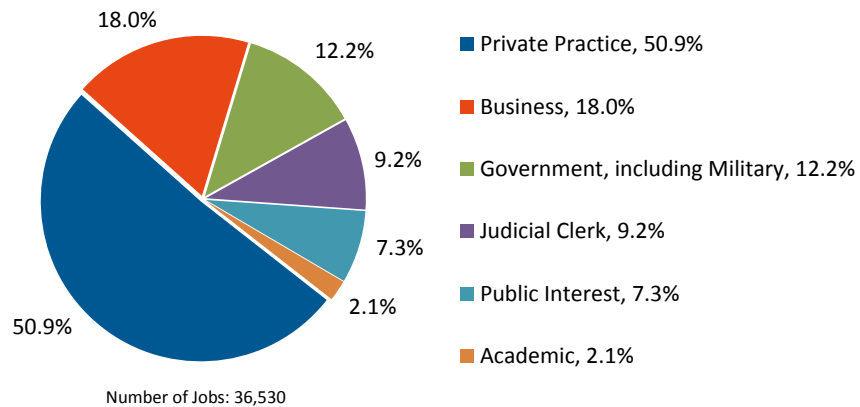
Source: Jobs & JDs: Class of 2014

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%
- **Class of 2014: 62%**



Employment Outcomes for the Class of 2014: Employer Type



NOTE: The category for employer type unknown, accounting for 0.3% of jobs, is not shown.

Source: NALP's Jobs & JDs, Class of 2014

Law Graduate Employer Type: 2007-2014

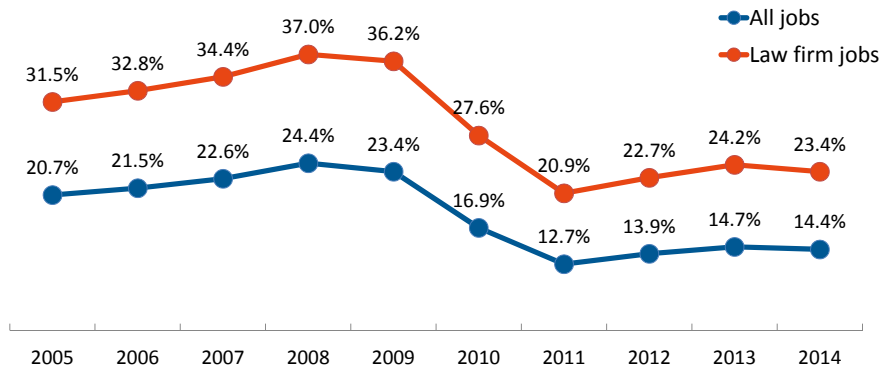
Employer Type	2007	2008	2009	2010	2011	2012	2013	2014
Private Practice	55.5%	56.2%	55.9%	50.9%	49.5%	50.7%	51.1%	50.9%
Business	14.1%	13.4%	13.5%	15.1%	18.1%	17.9%	18.4%	18.0%
Government, including military	11.7%	11.8%	11.4%	12.8%	11.9%	12.1%	11.5%	12.2%
Judicial Clerkships	9.8%	9.6%	8.7%	9.3%	9.3%	8.9%	9.0%	9.2%
Public Interest	5.8%	5.4%	5.7%	6.7%	7.5%	7.2%	7.1%	7.3%
Academic	1.8%	2.3%	3.5%	3.7%	3.0%	2.7%	2.6%	2.1%



Source: NALP's Jobs & JDs, Classes of 2007 - 2014

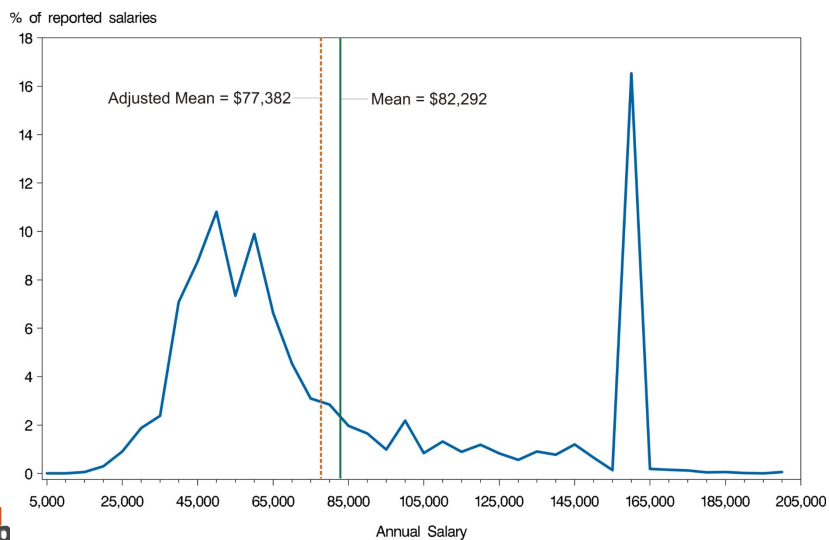
Decline in Jobs via OCI

Percentage of Jobs Obtained through Fall OCI, 2005 - 2014



Source: NALP's Jobs & JDs reports for the Classes of 2005 - 2014.

Bimodal Starting Salary Distribution for the Class of 2014



Median & Mean Starting Salaries: Classes of 2009 - 2014

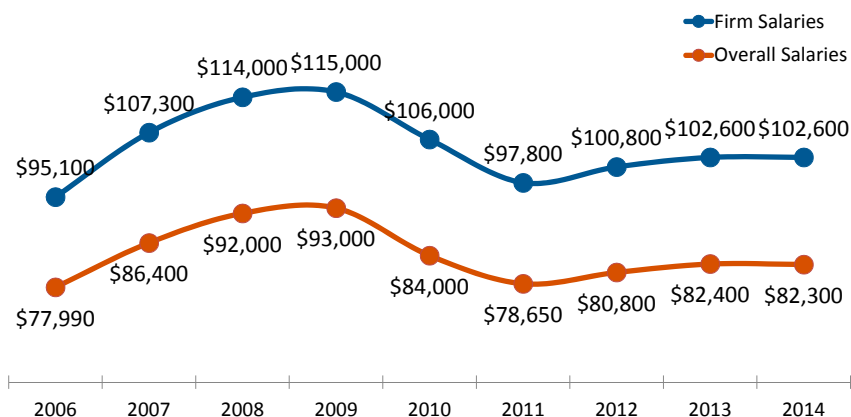
Salary	2009	2010	2011	2012	2013	2014
Median Salary	\$72,000	\$63,000	\$60,000	\$61,250	\$62,470	\$63,000
Mean Salary	\$93,000	\$84,000	\$78,650	\$80,800	\$82,400	\$82,300

Salary	2009	2010	2011	2012	2013	2014
Median Firm Salary	\$130,000	\$104,000	\$85,000	\$90,000	\$95,000	\$95,000
Mean Firm Salary	\$115,000	\$106,000	\$97,800	\$100,800	\$102,600	\$102,600

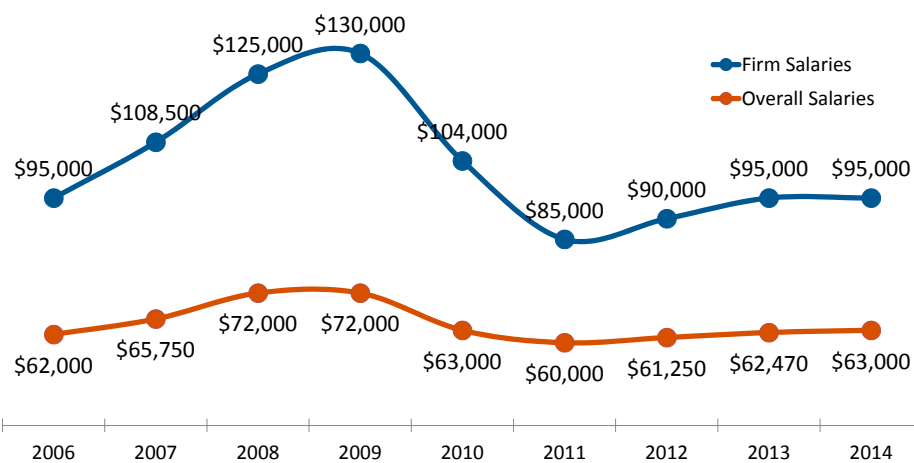


Source: NALP's Jobs & JDs, Classes of 2009 - 2014

Mean Salaries (Overall vs. Firm)



Median Salaries (Overall vs. Firm)



the national association of law placement

Source: NALP's Jobs & JDs, Classes of 2006 - 2014

Private Practice Employment Class of 2014

Employment in Law Firms by Size of Firm		
Size of Firm	Percent of Private Practice Jobs	Subtotals
Solo	4.4%	
1 – 10*	41.3%	
11 – 25	10.1%	
26 – 50	5.6%	61.4%
51 – 100	4.3%	
101 – 250	5.9%	
251 – 500	5.9%	
501+	21.3%	37.4%
Unknown	1.4%	

** Includes graduates whose employer is a solo practitioner.



the national association of law placement

Source: NALP's Jobs and JDs, Class of 2014

Starting Salaries in Private Practice Class of 2014

Median Starting Salaries by Size of Law Firm	
Firm Size	Starting Salary
1 – 10	\$50,000
11 – 25	\$65,000
26 – 50	\$75,000
51 – 100	\$87,000
101 – 250	\$110,000
251 - 500	\$160,000*
501+	\$160,000*

*\$160,000 is also the prevailing salary and the 75th percentile salary for both law firm size categories. For the largest firms of more than 500 lawyers it is also the 25th percentile salary.



Source: NALP's Jobs and JDs, Class of 2014

Government Employment Class of 2014

Distribution of Jobs by Level of Government			
Federal			29%
State			38%
Local			32%
Starting Salaries by Level of Government			
Government Level	25 th %	Median	75 th %
Federal	\$52,000	\$62,000	\$70,000
State	\$41,000	\$48,000	\$57,000
Local	\$45,000	\$53,000	\$60,000

Source: NALP's Jobs and JDs, Class of 2014



Judicial Clerkships Class of 2014

Distribution of Clerkships by Level of Government

Federal	38%
State	54%
Local	8%

Starting Clerkship Salaries by Level of Government

Government Level	25 th %	Median	75 th %
Federal	\$58,000	\$60,000	\$63,000
State	\$45,000	\$47,000	\$53,000
Local	\$39,000	\$45,000	\$47,000

Source: NALP's Jobs and JDs, Class of 2014



Public Interest Employment Class of 2014

Distribution of Jobs in Public Interest

Public Defender	30%
Legal Services	30%
Policy/Advocacy	18%
Community Organization	10%
Other Public Interest	13%

Starting Salaries for Public Interest Jobs

25 th %	Median	75 th %
\$40,000	\$45,000	\$54,000

Source: NALP's Jobs and JDs, Class of 2014



Employment in Business Class of 2014

- 18% of all jobs taken by law school graduates
 - 27% Required Bar Passage
 - 47% Reported as JD Advantage
 - 18% Reported as “Other Professional”
 - 8% Reported as “Non-professional” or Unknown

Starting Salaries for Jobs in Business and Industry

25 th %	Median	75 th %
\$54,000	\$68,000	\$85,000

Source: NALP's Jobs and JDs, Class of 2014



Employment in Business Class of 2014

Employer Type

Banking/Finance	15.2%
Technology (non-law)	6.9%
Accounting	6.0%
Legal Temp Agency	5.3%
Insurance	4.9%
Management Consulting	3.9%
Entertainment/Sports Mgt.	3.1%
Legal Technology	2.1%
Legal Process Outsourcers	1.6%



Source: NALP's Jobs and JDs, Class of 2014

Employment in Business Class of 2014

Job Type	
In-House	15.4%
Compliance	9.6%
Management	8.4%
Consulting	8.3%
Marketing/PR	5.7%
Temporary Legal	5.0%
Self-employed	4.3%
Temp. Clerk/Paralegal	1.6%



Source: NALP's Jobs and JDs, Class of 2014

Employment in Academia Class of 2014

Job Type		Percentage
Law School Fellow/Research Assistant or Other Temporary Position		28%
Other Law School		12%
College/University Administration		21%
Other College/University		16%
Elementary/Secondary Teacher		12%
All Other		12%
Starting Salaries for Academic Jobs		
25 th %	Median	75 th %
\$40,000	\$48,000	\$56,000



Source: NALP's Jobs and JDs, Class of 2014

Geography and Employment Class of 2014

Top 10 Cities for Jobs by Percent	
City	Percent of all Jobs
1. New York City	9.84%
2. Washington, DC	5.14%
3. Chicago	3.83%
4. Los Angeles	2.48%
5. Houston	2.13%
6. Boston	1.99%
7. San Francisco	1.57%
8. Atlanta	1.48%
9. Philadelphia	1.34%
10. Miami	1.24%

Source: NALP's Jobs and JDs, 2014

