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NEGOTIATING COMPENSATION: A GUIDE TO ASSISTING LAW STUDENTS AND GRADUATES

Developed by the JD Counseling Work Group
of the JD Career Advisors Section



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INTRODUCTION

One challenge that arises in a Career Services Office is working with a student or recent graduate who is negotiating a salary and benefits package with a post-graduate employer. Although larger law firms and government agencies typically have established (and inflexible) entry-level or junior-level compensation packages, smaller employers or those that only infrequently hire entry-level attorneys may be amenable to negotiation or may even ask the candidate to express their expectations to open the process.

Students and alumni in this situation may need assistance not only in figuring out whether an offered salary is reasonable based on the nature of the employer and its market, but also in identifying points for negotiation and in going through the negotiation process.

To aid CSOs in this situation, the JD Counseling Work Group of the JD Career Advisors Section has prepared this resource to:

- Identify resources that CSOs can consult to provide guidance on reasonable expectations for a base salary,
- Outline potential additional elements of compensation, both monetary and non-monetary, that the prospective employee can consider or negotiate for as part of the overall compensation package, and
- Offer guidelines for helping the student through the negotiation process.

Advising our students and graduates on negotiating the terms of their offers can make a difference felt throughout their careers. Even when the negotiation provides little immediate result, new attorneys will benefit from taking the initiative to advocate for themselves and employers will appreciate seeing the advocacy skills they expect to see utilized on behalf of clients.

RESOURCES PROVIDING GUIDANCE ON BASE SALARY

Salary Resources Specific To Legal Jobs

NALP's *Jobs & JDs*

Jobs & JDs is published annually in the late fall based on employment and salary data reported by law schools in March. It is available from NALP online bookstore, \$95 per copy for members.

This resource contains a great variety of salary information for entry-level legal jobs across the spectrum of employer types and geographic markets, and it can provide both background and localized salary information that will be helpful in counseling students and graduates. The salary information also includes the number of reported salaries the statistics are based on, which allows you to give your advisee a sense of how robust the data is. If you have *Jobs & JDs* dating back several years, you can look at that older information in order to evaluate trends.

Because *Jobs & JDs* is such a comprehensive and helpful resource, it's worth discussing its contents in some depth:

National-Level Salary Information

Jobs & JDs' national benchmark information includes national summary data for salaries across each major legal industry segment: business, education, government, judicial clerkships, private practice, and public interest. This information can help advisors put potential salaries in a broad context when a student or graduate is trying to compare salaries across segments.

There is also detailed segment-specific national-level salary information. For example, within the government segment, there are 25th percentile/median/75th percentile breakdowns of salaries of jobs at different government levels (federal, state, and local) but also different types of government jobs (e.g., executive agency, legislative, prosecution). The business segment is similarly broken down by type of job (e.g., compliance and eDiscovery attorney) as well as type of employer (e.g., accounting and legal/law-related technology company). This detailed segment data can help students evaluate a proposed salary against other market segments they may be considering.

Geographically-focused Salary Information

The portion of *Jobs & JDs* that is probably most helpful in advising students on a particular employer's salary offer is the salary information that is disaggregated on a state-by-state or city-by-city basis.

Jobs & JDs includes salary data on a state-by-state basis for jobs in:

- firms of varying sizes (1-10 attorneys, 11-25 attorneys, 26-50 attorneys, 51-100 attorneys, 101-250 attorneys and 250+ attorneys),
- business,
- government,
- both federal and state judicial clerkships, and
- public interest.

There is also law firm salary data on a city-by-city basis: data for law firms broken down by size of firm for a select group of big cities, and data for firms generally (not disaggregated by firm size) for a much larger group of cities.

NALP Directory of Legal Employers

If a student or graduate wants to compare an offered salary package to other law firm employers in the region, the employer-by-employer entries in the *NALP Directory of Legal Employers* (www.nalpdirectory.com) contain useful entry-level salary and benefits information. In referring to that information, of course, the advisee should be cautioned to consider the degree of similarity (or dissimilarity) between their prospective employer and the employers whose NALP Directory salary data is being examined.

Prior Years of Graduate Employment Surveys at Your School

Another resource available to JD Career Advisors that is helpful in providing advice on base salary offers to students and graduates are the individual Graduate Employment Surveys of your prior graduates. While of course these Surveys are the original data input that is used to build the statistics in Jobs & JDs, your law school may frequently have graduates hired into markets or firm types that are a close match to an advisee's prospective employer. Therefore, the disaggregated data from individual graduates may provide the most useful window into typical or reasonable salaries at the particular types of employers in particular markets that often draw your school's graduates.

To aid in retrieving this historical graduate salary information, consider building reports into your employment database that can readily call up salary information from graduate surveys on jobs meeting a particular profile. Alternatively, if your office regularly tracks graduate employment information through the use of tables or spreadsheets, you should ensure that salary level is one of the pieces of data collected into those management tools so that you can later refer just to that table or spreadsheet for the salary data rather than having to cross-reference that document back to the individual Graduate Employment Survey.

When using salary information from individual Graduate Employment Surveys, you'll want to make sure that the way in which you relate the information to your advisee does not inadvertently identify the individual alumna/us that it pertains to. For example, if your advisee is evaluating an offer from an employer in a geographic market where only two graduates out of the last five classes have found employment, you'd want to avoid stating that you had salary information from jobs in that particular market. Instead, you could mask the source by saying that the information came from a "similar" or "comparable" market.

If you're working with a student who is trying to understand how a proposed salary compares to other graduates of your school, you can look to the NALP Employment Summary information for each graduating class, which includes salary breakdowns by employer type and, for firms, employer size. Caution should be used in evaluating this information, however, as compensation differences between geographic markets is not accounted for in the summaries.

Trusted Alumni

Alumni who frequently work with or recruit through the Career Services Office are another resource that an advisor can consider calling on. An alumna/alumnus who works at an employer similar to an advisee's prospective employer may be able to offer a confidential assessment of the reasonableness of a salary offer.

You can also consider suggesting that the advisees themselves reach out to recent graduates at comparable employers and/or in the same geographic market to discuss their job search and their pending offer to see if those interactions can provide insight into the reasonableness of the offer.

Online Legal Salary Databases

Several national legal staffing firms have online salary databases that can offer information on attorney positions.

NOTE: NALP does not endorse these organizations, nor can NALP attest to the accuracy of the information in these databases.

Robert Half Salary Guide

www.roberthalf.com/salary-guide/legal

Special Counsel

www.specialcounsel.com/resources/salary-guide

General Salary Resources

These are online sites that contain attorney salary information; for some, the user must input data about their job or prospective job in order to access the relevant salary information.

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Glassdoor

www.glassdoor.com

PayScale

www.payscale.com

Salary.com

www.salary.com

COMPARING SALARIES ACROSS GEOGRAPHIC MARKETS

If an advisee is considering opportunities in several different geographic markets, they may want to evaluate what a prospective salary in one market would be equivalent to in another market.

Some tools that would be helpful in that analysis are:

- NALP's Buying Power Index information at www.nalp.org/class_of_2018_buying_power_index — NALP's Buying Power Index allows candidates to compare the relative buying power of the dollar in any two cities. The Buying Power Index (BPI) uses as its benchmark New York City's median starting salary and cost of living. Cost of living information was obtained from The Council for Community & Economic Research (C2ER) and its Cost of Living Index for 2016.
(NALP updates this annually — see www.nalp.org/recentgraduates for the most recent class information.)

- Federal “locality pay” information at www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/2020/general-schedule

To account for differences in the cost of living in markets across the country, the federal government adjusts its pay market-by-market. This information, expressed as a percentage increase of the base pay, offers an advisee a way to compare between two markets.

Online “cost of living” calculators maintained by commercial sites. Examples include:

- CNN Money: www.money.cnn.com/calculator/pf/cost-of-living/index.html
- NerdWallet: www.nerdwallet.com/cost-of-living-calculator
- Salary.com: www.salary.com/research/cost-of-living

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COMPENSATION VARIABLES

Advise students to keep their eye on the big picture when negotiating a job offer. Although salary is the most obvious term in a job offer, negotiating additional terms can also impact a new lawyer’s quality of life and bottom line. When negotiating an employment offer, it is important to look at the entire offer, not just the base salary. Outside of a base salary, possible monetary benefits might include the following:

Monetary Benefits

Bonus	Can be attached to billable hours targets or successful case outcomes. Annual, quarterly or coinciding with attorney reviews.
Commissions	New clients. New matters. Contingency fees.
Stock Options	Good for in-house counsel positions for start-up companies.
Profit Sharing and 401K contributions	401K contributions can be attached to an associate match or a percent of salary.

Insurance Benefits and Wellness

Health Insurance	Compare employer-offered insurance to that available outside employment (open market, spouse, or other) to apply insurance premium to salary increase or other benefit.
Dental, vision, alternative care Life and short-term and long-term disability Other wellness programs like gym memberships, nutrition advising, etc.	Pay attention to how other insurance and wellness benefits compare to those of other employers to use as leverage in negotiating an offer.

Membership Dues, Professional Development and Marketing Budgets

Expenses required for maintaining an active bar membership are usually covered by employers.

- Annual Bar Dues
- Malpractice Liability Insurance
- Marketing Budget to cultivate client and referral relationships
- CLE and other Professional Development costs

Reimbursement for Expenses Prior to Employment

These one-time benefits can be paid out prior to the start of employment.

- Bar Admission Fees
- Bar Exam Prep Course(s)
- Relocation Costs
- Signing Bonus
- Clerkship Bonus

Transportation Expenses including parking or transit subsidies may be covered. For some rural practices, employers provide a car or make car payments.

Technology Expenses: Employers also frequently cover costs for cell phone subscriptions and laptops. Some employers will supply attorneys with equipment to set up an entire home office for remote working.

Time Away from Work: Time off including vacation time, personal leave including family leave (both maternity and paternity) for the birth or adoption of a child, sick days as well as options to telecommute or work a flextime schedule can also be negotiated.

Scope of Position: Another alternative to getting monetary compensation is negotiating on scope of the position. You can ask for a title, a change in responsibilities, options to work alternative hours or telecommute from a home office.

Finally, when employers are unwilling to negotiate on salary and benefits, candidates might have success with employers agreeing to revisit the compensation package after starting work for the employer. Sometimes it is easier to make the case for an additional salary after demonstrating an ability to exceed productivity expectations of employers.

STUDENT MEETING TIPS

In addition to the guide below, a helpful resource for advisors working with students on salary negotiations are the materials from *Show Me the Money: Negotiating Job Offers*, a program presented at the 2018 NALP Annual Education Conference by Joe Christian, Assistant Director of Career Services at the University of Tennessee College of Law; Tammy King, Assistant Dean for Professional Development at Washburn University School of Law; and Paula Smith, Director of Career Services at Texas Tech University School of Law. The handouts and PowerPoint slides for that presentation can be found on the NALP website at www.nalp.org/2018_conference_handouts.

The *Show Me the Money* program slides go through the steps of helping a student (1) assess their bargaining power, including by evaluating their goals and analyzing the strengths and weaknesses of their negotiating position; (2) determine both the student's own and the employer's priorities; and (3) develop a negotiation strategy. The program handouts provide both a checklist for conducting a negotiation workshop for students as well as a model handout for students to use in such a workshop.

Student Meeting Steps

1. Meeting preparation.	Ask the student to bring the offer letter or email with them to your meeting.	
2. Manage expectations.	<p>Students may compare their offers with their peers who have accepted positions at larger firms with bigger starting salaries.</p> <p>Students may also look to the NALP Directory, Glassdoor, etc. and come to the meeting with research to show they would be offered a larger base salary.</p>	<ul style="list-style-type: none"> • A conversation about firm size, geographic market size, and cost of living can often help put the offer in perspective and help the student realize that if the offer is a fair one. • A conversation that the salary is only one part of the costs to the firm (costs of office space/assistant/malpractice insurance/etc) helps, too.
3. Determine what is negotiable.	<p>Walk through the offer letter with the student to identify negotiation points listed above as part of the conversation.</p> <p>These include non-salary financial benefits and compensation benefits.</p>	<ul style="list-style-type: none"> • Monetary benefits. • Insurance benefits and Wellness. • Membership Dues, Professional Development and Marketing Budgets. • Reimbursement for Expenses Prior to Employment.
4. Is negotiation worth it?	<p>Find out what really matters to the student in their satisfaction with this career choice. Find out how this offer fits in with their overall career goals.</p> <p>The questions to the side can help get the discussion started.</p> <p>This conversation can also help put the offer into perspective.</p>	<ul style="list-style-type: none"> • What excited the student most about the position and opportunity? • Why this firm or organization? • Did they choose a public sector career path to feel as if they are making a difference in the world? • Do they value the firm’s commitment to the community, or the flexibility perks that offer work/life balance?
5. Other issues to consider.	<p>A big factor behind the motivation for students and new graduates to negotiate their salary is the question, “Can I afford to accept this offer?”</p> <p>This includes:</p> <ul style="list-style-type: none"> Budgeting concerns. Student loan payment questions and concerns. Cost of living and/or relocation concerns. 	<ul style="list-style-type: none"> • Recommend that the student create a budget that includes estimated living expenses and student loan payments. • Refer the student to your law school’s financial aid office for student loan repayment information, payment estimates, and if applicable, information on the Public Service Loan Forgiveness Program or LRAPs.

FINAL THOUGHTS: THIS IS A PROFESSIONAL GROWTH OPPORTUNITY

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