

Class of 2011 Law School Grads Face Worst Job Market Yet — Less Than Half Find Jobs in Private Practice

The overall employment rate for new law school graduates is, at 85.6% for the Class of 2011, the lowest it has been since 1994, when the rate stood at 84.7%. In addition to an overall employment rate that fell two percentage points from that for the previous class, and that has dropped each year since 2008, the Class of 2011 employment figures reveal a job market with many underlying structural weaknesses. The employment profile for this class also marks a continued interruption of employment patterns for new law school grad-

uates that had, prior to 2010, been undisturbed for decades.

The NALP Employment Report and Salary Survey for the Class of 2011 measures the employment rate of graduates as of February 15, 2012, or nine months after a typical May graduation. Analyses of these data reveal an employment rate that has fallen more than six percentage points since reaching a 23-year high of 91.9% in 2007 and marks the lowest employment rate since the aftermath of the last significant recession to affect the U.S.

legal economy. The Class of 1994 was the last class with an employment rate lower than that for the Class of 2011, and since 1985 there have only been three classes with an overall employment rate below 85.6%. All of those occurred in the aftermath of the 1990-1991 recession: 83.5% for 1992, 83.4% for 1993, and 84.7% for 1994. (For information on trends in graduate employment going back to 1985, www.nalp.org/trends.)

Indeed, low as it is, the overall employment rate of 85.6% of graduates for whom employ-

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The Employment Profile for the Law School Class of 2011 May Represent the “Bottom” — Class Faced Brutal Entry-Level Job Market

— Commentary and Analysis by James Leipold, Executive Director —

The changes in the entry-level lawyer job market over the last five years have been profound. Over the course of that period, a period that coincides with the peaking of the legal economy followed by the great recession and its aftermath, the employment outcomes for new law school graduates have raced from historic highs to historic lows. For members of the Class of 2011, caught as they were in the worst of the recession, entering law school in the fall of 2008 just as Lehman Brothers collapsed, going through OCI in the fall of 2009, and summering in 2010 if they were lucky enough to secure a summer associate spot, the entry-level job market can only be described as brutal. When this class took their LSATs and applied for law school there were no signs that the legal economic boom was showing any signs of slowing, and yet by the time they graduated they faced what was arguably the worst entry-level legal employment market in more than 30 years.

A few numbers illustrate the scope of the change. In 2007 the overall employment rate

for the class that graduated that year was 91.9%, a 23-year high. Four years later, for the Class of 2011, it stands at just 85.6%, a dramatic drop of 6.3 percentage points. Nine months after graduation, 12.1% of the 2011 graduates neither had jobs nor were they reported to be pursuing additional study, the highest percentage recorded since 1994. Fully 9.6% of the class continued to look for a first job in February of 2012 (the other 2.5% reported that they were not employed and not seeking a job), nine months after most members of the class graduated from law school. The 9.6% continuing to look for a first job was the highest percentage recorded since 1994.

More startling still, of those employed, the number of graduates in private practice, long the destination of a majority of U.S. law graduates, fell below 50% for the first time since 1975. Only 49.5% of the jobs taken by this class were reported to be in private practice. Between 1993 and 2009, the percentage of jobs taken in private practice had varied only between 55% and 58%.

Indeed one of the lasting legacies of the recession has been the erosion of private practice job opportunities, mostly at the very largest law firms — those plum jobs that pay the highest salaries and represent for many the ultimate prize. Those securing first jobs for which bar passage is required, our best proxy for measuring jobs that are actually practicing law, made up 76.9% of the Class of 2007 and only 65.4% of the Class of 2011, an astonishing drop of 11.5 percentage points.

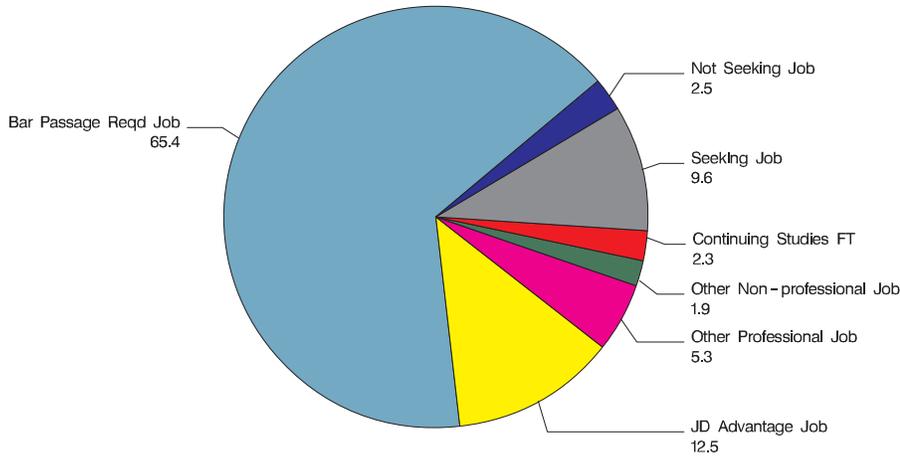
And, within the private practice ranks, the kinds of firms where graduates found jobs changed dramatically. The percentage of private practice jobs with large law firms of 501 attorneys or more fell to 16.2%, down more than 9 percentage points from figures of over 25% for both the Classes of 2008 and 2009, and down more than 4 percentage points from last year when the number fell to 20.5% for the Class of 2010. On the other end of the scale, jobs with firms of two to ten lawyers

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Employment Status

Class of 2011 — As of February 15, 2012

of graduates = 41,623

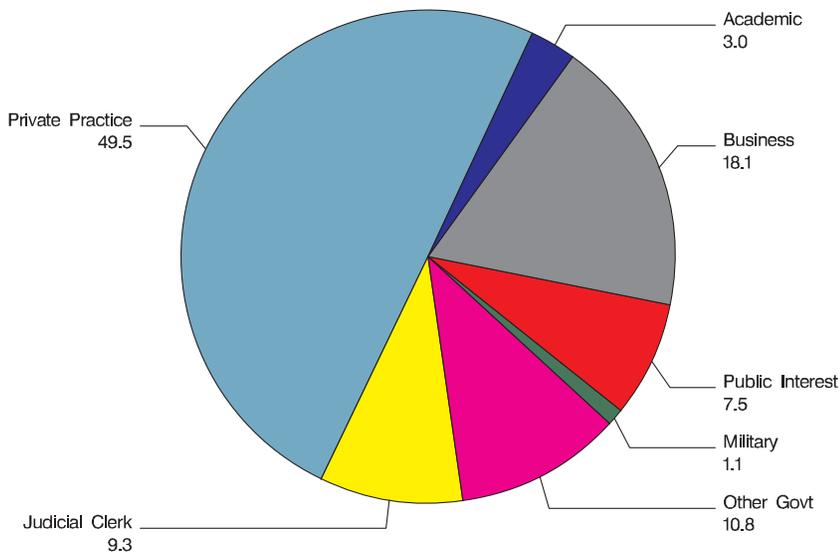


Note: The category of jobs for which type, e.g., bar passage required, or other, was not specified, accounts for 0.5% of jobs but is not shown on the chart. Overall, 88% of jobs were reported as full-time.

Employer Types

Class of 2011 — As of February 15, 2012

of jobs = 35,653



Note: Figures in this chart reflect all job types — both legal and other. For clarity, the category for unknown employer type, representing 0.7% of jobs, is not shown.

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ment status was known actually conceals a number of negative trends in the job market that were first apparent for the Class of 2009 but have since become more prominent. For instance, of those graduates for whom employment was known, only 65.4% obtained a job for which bar passage is required. This figure has fallen over 9 percentage points just since 2008 — when it was 74.7% — and is the lowest percentage NALP has ever measured. Conversely, an additional 12.5% obtained jobs for which a JD provides an advantage in obtaining the job, or may even be required, but for which bar passage is not required (these are often described as law-related jobs). This compares with 10.7% for the Class of 2010 and is the highest since NALP began comparable tracking in 2001. The percentage of graduates employed in other capacities was 7.2%. The percentage of jobs reported as part-time stood at almost 12%, up from about 11% in 2009 and 2010, and in contrast to 6.5% for 2008 and about 5% in the years immediately prior to that. Almost 7% of jobs were both temporary (defined as lasting less than a year) and part-time. As was the case in 2010, 3% of 2011 graduates were continuing their academic studies full-time, leaving 12.1% who were neither working nor continuing their studies as of February 15, 2012. (It is important to note that a small but unknown portion of the 12.1% of graduates not reported working have in fact secured a job but had not started working in that job as of February 15.)

Other key findings from *Jobs & JDs: Employment and Salaries of New Law School Graduates — Class of 2011*:

- Not quite half (49.5%) of employed graduates obtained a job in private practice, a drop from 50.9% for the Class of 2010, which in turn was a full 5 percentage point decline from 2009. In most of the 38 years for which NALP has collected employment information, the percentage of jobs in law firms has been in the 55-58% range and has been below 50% only once before 2011.
- Employment in business accounted for 18.1% of jobs, the highest that NALP has measured, and up from 15.1% for the Class of 2010. The percentage of jobs in business had been in the 10-14% range for most of the two decades prior to 2010, except in the late 1980s and early 1990s when it dipped below

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10%. About 29% of these jobs were reported as requiring bar passage, and about 37% were reported as jobs for which a JD was an advantage. Almost 11% of these business jobs represent graduates working for agencies that place individuals in temporary legal, law clerk, or paralegal jobs, a figure that is up from about 8% in 2009 and 2010, and has returned to a level comparable to that for 2008.

- Public service jobs, including military and other government jobs, judicial clerkships, and public interest positions, accounted for 28.8% of jobs taken by employed graduates, unchanged from 2010, and up from 25.9% for 2009. The recent increase notwithstanding, this percentage has remained relatively stable for three decades, at 26-29%. Public interest organizations, including public defenders, accounted for 7.5% of jobs, compared with 6.7% in 2010 and 5.6% in 2009. The changes may be partly attributable to school programs to provide fellowship and grant opportunities in a variety of settings, including public interest.

There is much more to discover about the most recent developments in law school graduate employment. What are new law graduates earning? Are most law firm opportunities in large firms or small, and is that changing? How did women and minorities from the Class of 2011 fare? What cities and states offer the most employment opportunities, and where should graduates look for the best paying jobs?

NALP's comprehensive *Jobs & JDs: Employment and Salaries of New Law School Graduates — Class of 2011* will answer these questions and more about the employment experiences of new law graduates and serve as a valuable resource and planning tool. This report is the only resource of its kind.

To order a copy of the full *Jobs & JDs — Class of 2011* report, to be published in August 2012, fax, mail, or email a copy of the form on page 4 to the NALP office, or simply call NALP with your order.

Commentary by James Leipold, Executive Director — continued from page 1

represented 42.9% of all private practice jobs taken by members of this class, a rise of 11.3 percentage points in three years, up from 31.6% for the Class of 2008. And, the number of graduates reporting that they are working as solo practitioners has similarly soared over three years from 3.3% of all private practice jobs for the Class of 2008 to 6% for the Class of 2011. Taken together, jobs at firms of 50 or fewer lawyers accounted for 59% of all private practice jobs for this class.

Since fewer graduates were working as lawyers, more were reported to be working in business and industry, a record 18.1% of jobs, representing a jump of three percentage points in a single year and marking the highest number of jobs taken in business and industry since NALP began tracking this information. As has always been the case, jobs in business and industry represent a wide spectrum of jobs from high level management and consulting jobs to service related jobs at much lower salaries.

Another remarkable development is that law school jobs programs of all sorts made up an estimated 5% of all jobs for the Class of 2011. Without these jobs, the overall employment rate would be about 81%, a number that is lower by far than the 83.4% historic lows of 1993 and 1994 that were recorded in the aftermath of the last significant recession to affect the U.S. legal economy. Law schools have created a variety of employment opportunities for their graduates, and not all of them are on-campus or can be counted in the academic category. Through a variety of bridge programs, fellowships, and grant programs for public interest work, in addition to true on-campus jobs, law schools are employing an increasing number of their own graduates. It is difficult to generalize about these law school-funded jobs, as many of them represent excellent bridge-to-practice opportunities that in general have been shown to lead to offers of full-time employment, while others seem almost nakedly designed to lift a law school's overall employment rate without actually providing any sort of career advancing experience. While some of the fellowship programs predate the recession, the number of schools offering these pro-

grams has grown explosively, as has the number of jobs made available through these programs. For the Class of 2011, it is estimated that these programs provided over 1,700 jobs nationally, or 500 more jobs than the previous year, and at one end of the spectrum these jobs programs account for more than 100 jobs from a single law school.

Another legacy of the recession is that new graduates have to be more scrappy in securing initial employment, often stringing together several part-time jobs or taking temporary jobs until a more permanent full-time position can be found. As discussed in the Selected Findings above, 12% of all jobs reported were part-time and almost 7% of all jobs were reported as both part-time and temporary (less than one year in length). Conversely, only 60% of those for whom a job status was known were working full-time as lawyers in jobs that required bar passage.

Another marker of the weakness of the job market is that a much higher percentage of this class reported that even though they were employed, they were still looking for work: 25% reported that they were still seeking work even though employed, compared with 16% for the Class of 2008, suggesting that graduates took jobs they may not have been satisfied with simply to be able to earn some money to offset their living expenses and begin paying on their student debt.

I am often asked if there are signs that the entry-level job market is recovering. Certainly the employment outcomes data for the Class of 2011 document a very distressed job market. This class may represent the bottom of the employment curve for this economic cycle. Our fall recruiting data from the last two years indicate that at least recruiting activity for the Classes of 2012 and 2013 increased, if somewhat modestly. This fall we will get a sense of the offer rates from the summer programs that are currently underway, but offer rates last summer returned to near pre-recession highs, albeit on smaller summer classes. Absent another significant national or international economic setback, I would expect to see some aspects of the employment profile for the next two classes begin to inch up, though there is nothing to indicate a rapid recovery or a likely return to pre-recession employment levels any time in the near future.

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