



## For Second Year in a Row New Grads Find More Jobs, Starting Salaries Rise — But Overall Unemployment Rate Rises with Historically Large Graduating Class

Despite two years of growth in the number of jobs obtained by law school graduates, the overall employment rate for new law school graduates fell for the sixth year in a row, to 84.5%. Even though the total number of jobs obtained by this class was somewhat higher than the number of jobs obtained by the previous class, and the number of employment opportunities funded by law schools increased, the Class of 2013 was also bigger, resulting in the employment rate for the Class of 2013 falling, but by just 0.2 percentage points from the 84.7% rate for the Class of 2012.

NALP measures the employment rate of law graduates as of February 15, or nine months after a typical May graduation. Analyses of these data for the Class of

2013 (measured in February of 2014) reveal an employment rate that has fallen 7.4 percentage points since reaching a 24-year high of 91.9% in 2007 and that marks the lowest employment rate since the aftermath of the last significant recession to affect the U.S. legal economy. Since 1985 there have only been two classes with an overall employment rate below 84.5%, and both of those occurred in the aftermath of the 1990-1991 recession: 83.5% for 1992 and 83.4% for 1993. (For information on trends in graduate employment going back to 1985, see [www.nalp.org/trends](http://www.nalp.org/trends).)

Despite signs of modest improvement, as evidenced by more law firm jobs as described below, there are still signs of

weakness in the entry-level job market, as some of the improvements that started in 2012 continued in 2013, but not always at a similar rate. For instance, of those graduates for whom employment status was known, only 64.4% obtained a job for which bar passage is required, unchanged from 2012. From 2008 to 2012 this figure fell over 10 percentage points — from 74.7% to 64.4% — and for the second year in a row is the lowest percentage NALP has measured. An additional 13.8% of graduates 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 13.3% for the Class of

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### Job Market Recovery Continues with Class of 2013, But Growth Is Slow and Employment Rates, Salaries, Remain Far Off of Pre-Recession Highs

— Commentary and Analysis by James Leipold, Executive Director —

For the second year in a row, we have seen the number of jobs obtained by the graduating class and the overall quality of those jobs both improve, and yet at the same time the overall employment rate fell for the sixth year in a row and the number of graduates who were unemployed and still seeking work nine months after graduation from law school was the highest since the mid-1990s.

NALP's more detailed employment and salary findings closely mirror the limited findings released by the ABA in April. That is, the graduates of the Class of 2013 found more jobs overall than graduates from previous classes, and in

fact the overall jobs number is higher than the number of jobs obtained by graduates immediately prior to the recession. Additionally, graduates of the Class of 2013 found more jobs in private practice, and more of those jobs were with the largest law firms, and as a result, aggregate salaries also rose for the second year in a row. There were also more jobs for which bar passage is required (the industry's best proxy for jobs practicing law), and more jobs that can be described as JD Advantage or law-related. The number of jobs in business also rose to an all-time historic high, after falling back slightly last year.

There are other signs of growing strength in the entry-level market. The number of jobs that are categorized as part-time and short-term continues to fall. Also, the number of graduates who hold jobs but say they are already looking for another job is coming down, as are the number of graduates who report that they are working as solo practitioners immediately after graduation.

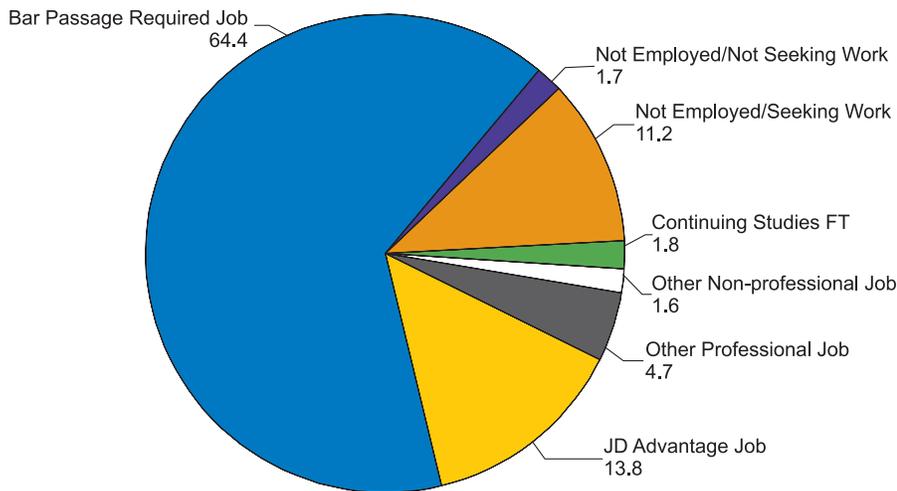
What does all of this mean? The entry-level legal employment market is a complex labor market that defies

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## Employment Status

Class of 2013 — As of February 15, 2014 # of graduates = 44,637



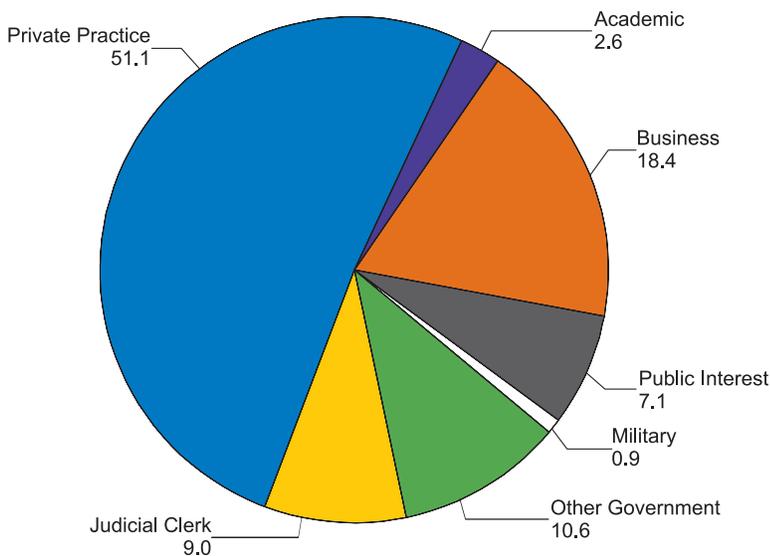
Note: Jobs for which an offer has been accepted but for which the start date is deferred, and jobs for which type, e.g., bar passage required, was not specified, account for 0.7% and 0.1% of graduates, respectively, but are not shown on the chart.

2012 and is the highest since NALP began comparable tracking in 2001. The percentage of graduates employed in other capacities was 6.3%. The unemployment rate also edged up for this class, and stood at 12.9%, compared with 12.8% for the Class of 2012. Of the remaining graduates for whom employment status was known, 0.7% had accepted a job as of February 15, 2014 but had not yet started that job, and just under 2% of the 2013 graduates were continuing their academic studies full-time. The percentage of jobs reported as part-time declined for the second year in a row and was 8.4%, compared with 9.8% in 2012 and over 11% in 2011. The figure nonetheless contrasts with 6.5% for 2008 and about 5% in the years immediately prior to that. About 3.6% of jobs were both temporary (defined as lasting less than a year) and part-time, a figure that is also down from 2012 — when it was 4.6% — and that has been cut in half since 2011 when it was over 7%.

Of the 64.4% of graduates for whom employment status was known who obtained a job for which bar passage was required, less than 5% of these jobs were reported as part-time — so the percentage employed in a full-time job requiring bar passage is 61.3%. Because some of these jobs will last less than one year, the percentage employed full-time in jobs requiring bar passage that will last at least a year is just 59%. Both of these figures represent small improvements over the 2012 figures, which were 60.7% and 58.3%, respectively.

## Employer Types

Class of 2013 — As of February 15, 2014 # of jobs = 37,730



Note: Figures in this chart reflect all job types — both legal and other. For clarity, the category for unknown employer type, representing 0.3% of jobs, is not shown. Overall, 91.6% of jobs were reported as full-time.

## Over Half of Employed Grads Found Jobs in Private Practice

Additional analyses of the jobs data for the Class of 2013 reveal that just over half (51.1%) of employed graduates obtained a job in private practice, up from 50.7% for the Class of 2012 and the highest since 2010. However, that figure for the Class of 2010 represented a full 5 percentage point decline from 2009. For most of the 40 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 55% only before 1981 and since 2010. The combination of a slightly larger number of jobs overall and a higher percentage of jobs in law firms means that the number of law firm jobs is up, but by just over 1%, compared with an almost 8% increase from 2011 to 2012, and is the largest number since 2009.

Additionally, jobs in the largest firms, those with more than 500 lawyers, continued to rebound from their low point in 2011, and accounted for 20.6% of jobs taken in law firms, compared with only 16.2% in 2011 and 19.1% in 2012. The number of jobs taken in these firms — at almost 4,000 — is up by over 9% over 2012 levels, representing a recovery to just over 2010 levels but to nowhere near the 2009 figure of more than 5,100 jobs. Moreover, the lion’s share of the increase occurred from 2011 to 2012, with 2013 contributing only about one-third of the increase. At the other end of the spectrum, jobs in the smallest firms of 2-10 lawyers accounted for 42% of law firm jobs, down from 43% in 2012, and declined in raw numbers from almost 8,200 to not quite 8,100. Nonetheless, the number of jobs in small firms has generally been increasing in recent years, and for every job in a large firm taken by a Class of 2013 graduate, two were taken in a small firm.

### Median Starting Salaries Rise Slightly

Salary information was reported for two-thirds of the jobs reported as full-time and lasting at least a year. The national median salary for the Class of 2013 based on these reported salaries was

\$62,467, compared with \$61,245 for the Class of 2012, and is just the second year-over-year increase in the overall median since 2008, when the median increased to \$72,000. The national mean for the Class of 2013 was \$82,408, compared with \$80,798 for the Class of 2012. In each of the two most recent years, the overall median has increased by 2% while the law firm median has increased by 6%, reflecting the increase in law firm jobs, particularly at large firms. Nonetheless the overall salary median and the median for law firm jobs specifically remain below those of 2008-2010.

The national median salary at law firms based on reported salaries was \$95,000, compared with \$90,000 the prior year. With salary medians by firm size remaining essentially unchanged, the modest increase in the overall median is largely attributable to the increase in the number of large firm jobs, with salaries of \$160,000 now accounting for 31% of reported law firm salaries. At the same time, although salaries of \$160,000 still prevail at the largest firms, their share has dropped since 2010. And though still a tiny minority — just about 4% — salaries of \$50,000 to \$99,000 for bar passage required jobs at large firms are more common than just a few years ago, as more graduates are taking staff attorney or similar positions at lower salaries. (See Table 1 below.)

Median salaries in other sectors have remained relatively flat in recent years. The median salary for government jobs has remained unchanged since 2009, at \$52,000. The median salary at public interest organizations, which includes legal

services providers and public defenders, was \$45,000 in 2013, essentially steady since 2011. The median salary for judicial clerkships was \$53,000, little changed from \$52,600 in 2013 and up just \$1,000 from 2010 and 2011.

Other key findings from *Jobs & JDs: Employment and Salaries of New Law School Graduates — Class of 2013*:

- Part-time jobs were found in all employment sectors, but were especially prevalent in academic settings, at 39% (unchanged from 2012), followed by business at 14%. About 12% of public interest jobs were reported as part-time, compared with 18% in 2012.
- Information collected on funding for jobs with a fixed duration reveals that both the number and percentage of jobs reported as funded by the graduate’s law school were up compared with the Class of 2012, at 4.5% and over 1,700 jobs, compared with less than 1,600 jobs and 4.2% of jobs for the Class of 2012. Although 77% of these jobs were reported as bar passage required, almost one-third were reported as part-time, and half were reported as lasting less than a year. Most of these jobs were in public interest, government, and academic settings. The total number of public interest jobs, which includes jobs in public defender and legal services offices, has grown by over 700 since 2008; the number of academic jobs is up by over 150, in no small part because of the presence of law school funded jobs in these sectors. Over one-third of the academic jobs taken by the Class of 2013

**Table 1 — Median Starting Salaries 2008-2013**

	2008	2009	2010	2011	2012	2013	Change 2012-2013
Overall Median	\$72,000	\$72,000	\$63,000	\$60,000	\$61,245	\$62,467	+ 2%
Law Firm Median	\$125,000	\$130,000	\$104,000	\$85,000	\$90,000	\$95,000	+ 6%

were reported as being funded by the law school, with the vast majority being research assistant/fellow positions. Over one-quarter of public interest jobs were law-school funded.

- Employment in business reached a historic high of 18.4% in 2013, and has exceeded 15% since 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 10%. About 28% of these jobs were reported as requiring bar passage, and about 42% were reported as jobs for which a JD was an advantage.
- About 7% of these business jobs represent graduates working for agencies that place individuals in temporary legal, law clerk, or paralegal jobs. This compares with over 8% in 2012. The number of graduates taking these kinds of jobs has varied considerably since NALP began tracking this kind of job in 2006. The percentage for 2013 translates to just over 500 jobs, far below the 700 reached in 2011, but higher than the 400-plus jobs in 2009 and 2010.
- Public service jobs, including military and other government jobs, judicial clerkships, and public interest positions, accounted for 27.6% of jobs taken by employed graduates, compared with 28.2% in 2012. The higher percentages in recent years notwithstanding, this percentage has remained relatively stable for more than 30 years, at 26-29%. Public interest organizations, including public defenders, accounted for 7.1% of jobs, compared with 7.2% in 2012, 7.5% in 2011, 6.7% in 2010, and 5.6% in 2009. The increases are partly attributable to school programs that provide fellowship and grant opportunities in a variety of settings, including public interest. Although the percentage of jobs accounted for by judicial clerk-

ships has fluctuated somewhat, the number of clerkship opportunities has remained relatively steady since 2010 at just over 3,300.

- Government jobs including those in the military fell from 12.1% of jobs in 2012 to 11.5% in 2013, a drop that translated to about 200 fewer jobs.
- Of employed graduates from the Class of 2013, about 22% were seeking a different job, a second year of decline from the record high of 24.6% for the Class of 2011 but still a much higher percentage than the 15.9% figure reported for the Class of 2008. The extent to which employed graduates are seeking a different job varies by the kind of job held. For example, about 41% of graduates with a job for which a JD was an advantage were seeking a different job, compared to 14% of those with a job requiring bar passage.
- Although slightly fewer graduates from the Class of 2013 are setting up their own solo law practice after law school compared with 2012, they accounted for 4.8% of law firm jobs and 2.5% of all jobs, still high in comparison to 2007 and 2008.

There is much more to discover about the most recent developments in law school graduate employment. How did women and minorities from the Class of 2013 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 2013* 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 2013* report, to be published in August 2014, fax, mail, or email a copy of the form on page 6 of these Findings to the NALP office.

## Commentary by James Leipold, Executive Director

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easy analysis or simple summation. In the best of times law school graduates have entered the labor force by taking many different kinds of jobs, not all of which can be described as actually practicing law or even law-related. As the legal services market continues to change at a rapid pace following the dramatic downsizing during the recession, the variety and diversity of jobs that law grads take now is greater than ever. In general, the picture that emerges is one of slow growth, and growth that is a blend of continued shrinkage and downsizing in some areas offset by growth in other areas. In general, the legal sector is best described as mostly flat in the Spring of 2014, with overall sector headcount still off by more than 40,000 jobs from its pre-recession high according to data from the U.S. Bureau of Labor Statistics. The entry-level job market reflects that mostly flat business environment for the legal sector generally.

Despite two years of growing job opportunities, however, the overall employment rate is hobbled by the size of the graduating class — the Class of 2013 was the largest to ever come through the American legal education pipeline. With the Class of 2014, we will begin to see smaller graduating classes, and by the time the Class of 2017 graduates, the size of the graduating class nationally is expected to have shrunk by more than 30% from the high-water mark of the Class of 2013. This contraction in law school enrollment, along with gradual continued improvement in the number and kind of opportunities available to new law school graduates, will certainly contribute to what we expect to be an improved overall employment rate going forward. Historically, it is likely that the

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Class of 2011 will stand as the Class that had the weakest jobs picture following graduation, with less than half of the employed members of the class finding jobs in private practice, but the Class of 2013 will likely stand as the class with the lowest overall employment rate since the recession of 2008-2009, due in part to its size.

And, while the jobs picture for law grads is improving, it is important to be cautious about describing those improvements. The overall rate of improvement in the quality of the jobs pool slowed a bit from the Class of 2012 to the Class of 2013 after making some fairly robust gains from the Class of 2011 to the Class of 2012. And, despite two years of an improving jobs market, the percentage of graduates who found full-time, long-term employment in jobs requiring bar passage remains below 60%.

Adding to the complexity of the jobs picture this year the data show that law schools funded more jobs for this class than they did for the previous class, after a slight drop in the funding levels for the Class of 2012. In addition, it seems that many more of the law school-funded jobs are full-time and are last-

ing at least a year, thus meeting the definition of long-term, even though the vast majority are indeed jobs of a fixed duration in that it is known that they are temporary and will end at some point. It is clear from the data that law schools are continuing to fund an enormous number of employment opportunities for their graduates, not only in on-campus work but also in other sectors, notably the public interest arena, where schools are funding a quarter of all new grad jobs. Law schools are facing enormous pressures to convince more students to consider attending law school, and as a result, there is enormous pressure to look to the new jobs numbers for good news. There is indeed good news in the jobs data from the Class of 2013. It is clear that the overall jobs profile for the Class of 2013 has improved considerably from that for the Class of 2011, despite the further edging down of the overall employment rate. We fully expect that even the overall employment rate for the Class of 2014 will finally turn to positive ground, and as enrollment comes down and the jobs picture continues to improve, we expect to see continuing gradual improvement for the classes ahead.

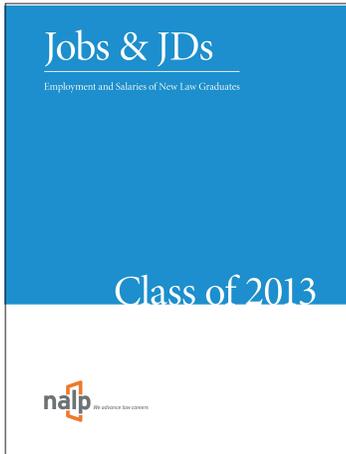
Nonetheless the changes facing the industry are enormous, and it is all but certain that the job market will continue to change for new law school graduates in the years ahead. Already we see more law firm jobs that are non-equity track staff attorney positions, and we see a growing number of jobs with legal technology companies and legal process outsourcing companies — jobs that were not on anyone's radar screen prior to the recession. Law graduates must enter law school with the understanding that the jobs picture, while strengthening, is one that will continue to evolve, and in the course of that evolution it is almost certain that new opportunities will present themselves, just as it is certain that some traditional opportunities that law school graduates have long counted on will continue to erode. It is not true that there are too many lawyers — indeed even today most Americans do not have adequate access to affordable legal services — but the traditional market for large numbers of law graduates by large law firms seeking equity-track new associates is not likely to ever return to what it was in 2006 or 2007, and thus aggregate earning opportunities for the class as a whole are not likely to return to what they were before the recession.



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