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Top Salaries for First-Year Associates Remain Flat at \$160,000, But Prevalence Shrinks as Large Law Firm Market Becomes Less Homogenous

The results of NALP's 2014 *Associate Salary Survey* reveal, among other things, the changing landscape of the largest law firms in the U.S. Although first-year associate salaries of \$160,000 are still common at large firms of more than 700 lawyers — especially in large markets — the prevalence of \$160,000 salaries at these firms as a whole is far below what it was just five years ago, accounting for just over one-quarter of the salaries reported by firms of this size. In 2014, first-year associate salaries of \$160,000 accounted for 27% of the salaries reported by firms of that size. By contrast, in 2009 nearly two-thirds of first-year salaries were reported as \$160,000, confirming the characterization of 2009 as the high point for large firm salaries. The data suggest that the reason for the shift, however, is not that individual law firm offices are paying first-year associates less than they have in the past. Instead, as more law firms have grown through acquisition and merger, the largest law firms are not as similar to one another as they used to be. In addition to elite global firms, there are many firms with more than 700 lawyers that are made up of many smaller regional offices, none of which pay the benchmark first-year salary of \$160,000, and, as a result, a larger percentage of large law firm starting salaries fall below that mark.

With few exceptions, the \$160,000 salary also stands as the high salary paid to first-year associates, as it has since 2007 when some firms first raised salaries from \$145,000. The national median first-year associate salary at the largest firms was \$135,000 in 2014, the lowest since 2006. Since 2008, however, \$160,000 has stood as the single most commonly reported salary, with \$145,000 generally a distant second.

\$160,000 Remains the Single Most Commonly Reported Salary for the Largest Firms in the Largest Markets, But No Longer Represents the Majority of Salaries

As might be expected, in many markets, including Chicago, Los Angeles, New York, and Washington, DC, first-year salaries of \$160,000 are generally still the norm at the largest firms, although, following the national pattern, they are not as widespread as they were just a few years ago. For example, in 2009, about 90% of offices

in firms of more than 700 lawyers in Los Angeles and Washington, DC reported a first-year salary of \$160,000; in 2014 only about 40% did so, resulting in medians of \$145,000 and \$150,000 in those cities, respectively.

In firms of 251-700 in Chicago and Los Angeles, a number of firms pay first-year associates \$160,000; however, the number paying less is large enough to result in medians of \$150,000 and \$145,000, respectively. In Washington, DC the majority of firms of this size reported a \$160,000 starting salary. The median in San Francisco for firms of 251 or more lawyers is \$145,000, reflecting more first-year salaries of \$145,000 or less than salaries of \$160,000 — and thus not enough \$160,000 salaries to return the median to the \$160,000 figure, which was reached only in 2009. Only in New York is the \$160,000 starting salary still dominant, with about 75% of firms of more than 250 lawyers paying that amount and about 90% of firms of more than 700 lawyers reporting that as the first-year associate salary.

Overall Median Is Flat

NALP's 2014 Associate Salary Survey reports that the overall national median first-year salary at firms of all sizes was \$125,000, unchanged since 2012. Medians ranged from \$68,000 in firms of 2-25 lawyers to \$160,000 in firms of 251-500. The latter figure is unchanged from 2013. In larger firms of 501-700 the median was \$125,000, as it has been since 2012. In the largest firms of 701+ lawyers the median was \$135,000, after standing at \$160,000 in all but one of the prior six years. These figures demonstrate that not all very large firms pay \$160,000 to start, even in major markets, and that not all firms that pay \$160,000 to start are the very largest firms.

“In the simplest terms, it is fair to say that law firm starting salaries are flat. The fact that the incidence of \$160,000 as the starting salary at the largest law firms is less than it was before the recession is really more a reflection of the changing contours of the large firm market,” said James Leipold, NALP's Executive Director, “not the fact that law firms are paying entry-level associates less than they used to. Many law offices that are part of large firms, particularly those in the largest markets, continue to pay \$160,000, but the data since 2009 clearly show that the large firm market now also contains many firms that do not pay \$160,000. In some ways the data simply reflect the growing cohort of large firms, and it shows that they are not a monolithic entity. In many markets starting salaries of \$145,000 or \$135,000 or even less are the norm.”

Anticipated Salary for Incoming Associates Less Likely to Be \$160,000

Information reported by firms concerning their anticipated base pay for incoming class of 2014 associates (lawyers who will start work in fall 2014 and whose first-year salaries will be measured in 2015) suggests that while \$160,000 will remain the single most common starting salary in firms of more than 700 lawyers, it will be the starting salary for just one-quarter of these firms, resulting in a median of \$130,000 for these firms, compared with the \$147,500 anticipated salary that was reported last year for the class of 2013. In firms of 251-500 lawyers and 501-700 lawyers, \$160,000 is also the single most common salary for incoming class of 2014 associates; the respective medians were \$115,000 and \$135,000.

Impact of Levels-Based Salaries Apparent in Reported Data

In recent years, a number of firms have moved to a compensation system in which associates move through levels, with compensation decisions within each level primarily based on skills mastered rather than on class year. Firms using a levels-based system typically have three, or sometimes four, levels. In 2014, the median level of compensation within the first level was \$112,500 in firms of more than 700 lawyers, and \$135,000 overall. The median in the second level of compensation was \$155,000 in the largest firms and overall. The respective figures for the third level were \$187,000 and \$174,000. Compared with 2013 there was less reporting of levels-based compensation information. In general, however, average salaries reported for each level align with those reported for 2013.

Data Represent Broad-Based Reporting

A total of 560 law offices responded to NALP’s 2014 Associate Salary Survey, providing salary information as of April 1, 2014. With over 12% of respondents representing firms of 50 or fewer lawyers and 49% representing firms of more than 500 lawyers, the report sheds valuable light on the breadth of salary differentials among law firms of varying sizes at the national level.

Median Base Salaries by Associate Year and Firm Size (as of April 1, 2014)

Associate Year	FIRM SIZE — Number of Lawyers															
	2-25		26-50		51-100		101-250		251-500		501-700		701+		All Sizes	
	Median	# Rept	Median	# Rept	Median	# Rept	Median	# Rept	Median	# Rept	Median	# Rept	Median	# Rept	Median	# Rept
First.....	\$68,000	14	\$105,000	39	\$110,000	35	\$105,000	58	\$160,000	57	\$125,000	76	\$135,000	140	\$125,000	419
Second.....	80,000	13	105,000	39	110,000	33	108,150	55	167,500	58	138,500	72	140,000	130	127,250	400
Third.....	81,000	15	110,000	39	115,000	33	115,000	54	175,000	61	149,000	68	145,000	128	130,750	398
Fourth.....	85,000	17	105,775	34	118,000	35	120,000	58	200,000	57	147,650	74	155,000	131	136,625	406
Fifth.....	90,000	15	119,500	32	120,000	32	125,000	57	210,000	61	152,825	76	160,000	130	145,000	403
Sixth.....	92,000	11	123,025	36	137,525	32	130,000	55	225,000	61	156,075	72	175,000	122	152,000	389
Seventh.....	94,375	12	127,750	36	131,500	29	133,750	56	233,125	60	169,500	72	185,000	127	160,875	392
Eighth.....	101,250	10	132,000	31	133,000	26	142,500	50	235,000	56	169,100	74	191,875	116	168,750	363
Summer Associates (\$/week)																
1st year.....	1,200	5	1,775	19	2,100	17	1,650	34	3,075	46	2,300	47	2,275	92	2,200	260
2nd year....	950	7	1,675	28	1,950	25	1,900	54	3,075	62	2,400	78	2,300	122	2,200	376
3rd year....	—	—	1,350	10	2,300	7	2,025	11	3,100	21	2,700	15	2,400	78	2,400	145

The “# Rept.” column indicates the number of offices reporting. For purposes of this summary report, medians have been rounded to the nearest \$25.

As expected, each year of associate experience brings several thousand dollars in increased compensation: median salaries for eighth-year associates ranged from \$101,000 in small firms to over \$235,000 in firms of 251-500, with a median for all reporting firms of \$169,000.

Regional and Geographic Differences Apparent

The volume of data reported on this year's survey allowed analyses for 27 individual cities as well as additional states and regions not encompassed by those cities. These analyses reveal a wide range of law firm compensation. For example, the overall prevailing salary for first-year associates in firms of more than 700 lawyers was \$160,000 in the Northeast. In other regions, the high was \$160,000 but the median was \$145,000 in the West, \$125,000 in the South, and \$110,000 in the Midwest. The highest first-year salary reported was \$180,000. As noted earlier, however, that figure was the exception and not at all typical. Outside of the largest markets, salaries of \$160,000 in large firms were not typical. The median in Atlanta and Charlotte was \$135,000, and in a number of markets including Minneapolis, St. Louis, Pittsburgh, and Detroit, medians were in the \$107,000-115,000 range. Contrasts between large and smaller metropolitan areas are also evident. For example, in large metropolitan areas with populations of more than 5 million, the median first-year salary in firms of 501-700 lawyers was about \$141,000; in metropolitan areas of fewer than 1.5 million, the median was \$100,000.

Salaries for Intellectual Property Lawyers

The 2014 Associate Salary Survey also gathered information on salaries for intellectual property (IP) lawyers, though that information was more limited, and in large part reported by firms of more than 250 lawyers. The information reported suggests that, compared with firms of this size as a whole, those with IP lawyers pay an entry-level salary of \$160,000 far more often. When IP salaries at these firms are compared with firms of more than 250 lawyers as a whole, the median and prevailing salary is \$160,000 instead of \$135,000 and the median is about \$70,000 higher among senior associates. Also, not all firms with IP lawyers have a differentiated salary scale for IP lawyers.

New Research from NALP on Salaries for Public Sector and Public Interest Attorneys

NALP's 2014 *Public Sector & Public Interest Attorney Salary Report* reports on salaries for entry-level and experienced attorneys at legal services organizations, local district attorney offices, public defender offices, and a variety of nonprofit public interest organizations. This report, which is published every other year, thus serves as a companion piece to NALP's *Associate Salary Survey*. The table on the following page summarizes some of the report findings. The 2014 report continues to document in stark terms the contrast between public sector/public interest salaries and those at private law firms. For example, as reported in the 2014 *Associate Salary Survey*, the median salary for a fifth-year associate ranged from about \$90,000 to \$210,000 depending on firm size. These figures are far higher than what an attorney with similar experience makes at a public service

organization. The \$160,000 starting salary at some big firms in some markets is beyond what even the most experienced attorneys can reasonably expect at a public sector or public interest organization.

Median Salaries for Attorneys by Type of Organization and Years of Experience — 2014

Years of Experience	Civil Legal Services	Public Defenders	Local Prosecuting Attorneys	Public Interest Organizations
Entry-level.....	\$44,600	\$50,400	\$51,100	\$46,000
5 years	51,000	63,000	63,800	59,000
11-15 years	65,000	84,500	80,000	75,000

Note: Findings are based on a nationwide survey conducted by NALP among civil legal services organizations, offices of public defenders, local prosecuting attorneys, and public interest organizations. A total of 362 organizations completed the 2014 survey.

Complete Associate Salary and Public Interest Salary Reports Available from NALP

More detailed associate salary results by city and region for associates through the eighth year, information on salary ranges and bonuses, and information on salaries for firms that have established a levels-based system tied to the mastery of competencies, are found in the complete *2014 Associate Salary Survey* report, now available from NALP's bookstore for \$160 plus shipping and handling. The full *2014 Public Sector and Public Interest Attorney Salary Report*, including salaries by region and population size and additional information on selected benefits, is also available from NALP for \$50 plus shipping and handling.

About NALP: NALP is an association of over 2,500 legal career professionals who advise law students, lawyers, law offices, and law schools in North America and beyond. What brings NALP members together is a common belief in three fundamental things. First, all law students and lawyers should benefit from a fair and ethical hiring process. Second, law students and lawyers are more successful when supported by professional development and legal career professionals. Third, a diverse and inclusive legal profession best serves clients and our communities. That's why NALP members work together every day to collect and publish accurate legal employment data and information, and champion education and standards for recruiting, professional and career development, and diversity and inclusion. For more than 40 years, NALP has played an essential role in the success of our members and the lawyers and law students they serve.

NALP maintains an online archive of press releases at www.nalp.org/pressreleases. For additional information about NALP research, contact Judith Collins (jcollins@nalp.org), Director of Research, or James G. Leipold (jleipold@nalp.org), Executive Director, at 202-835-1001. Mailing address: National Association for Law Placement, 1220 19th Street NW, Suite 401, Washington, DC 20036-2405.