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### **Class of 2010 Graduates Saddled with Falling Average Starting Salaries as Private Practice Jobs Erode**

The median starting salary for new law school graduates from the Class of 2010 fell 13% and the mean salary fell 10% according to new research released today from NALP. The research also reveals that aggregate starting private practice salaries fell an astonishing 20% for this class. These are among the most dramatic findings that were released this week from NALP's Employment Report and Salary Survey for the Class of 2010.

#### **STARTING SALARY FINDINGS**

As NALP reported in June, the employment profile for this class contrasts markedly from that of the previous class, with fewer employed graduates obtaining jobs in law firms — 50.9% compared with 55.9% for the Class of 2009 (see “Class of 2010 Graduates Faced Worst Job Market Since Mid-1990s: Longstanding Employment Patterns Interrupted,” available on the NALP website at [www.nalp.org/2010selectedfindingsrelease](http://www.nalp.org/2010selectedfindingsrelease)). Moreover, the distribution of those jobs by size of firm shifted, with relatively fewer jobs in the largest firms and relatively more jobs in firms of 50 or fewer attorneys. Over half of the law firm jobs — 53% — taken by the Class of 2010 were in firms of 50 or fewer attorneys, compared with 46% for the class of 2009. The proportion of jobs in firms of more than 250 attorneys decreased from 33% for the Class of 2009 to 26% for the Class of 2010. This shift is reflected in the salary figures for the Class of 2010.

The national median salary for the Class of 2010, based on those working full-time and reporting a salary, was \$63,000, compared with \$72,000 for the Class of 2009 (falling nearly 13%), and the national mean was \$84,111, compared with \$93,454 for the Class of 2009 (falling nearly 10%). However, because many large law firm salaries cluster around \$145,000 and \$160,000, while many other salaries are in the \$40,000 to \$65,000 range, relatively few salaries were actually near the overall median or mean.

The national median salary at law firms based on reported salaries was \$104,000, compared with \$130,000 the prior year (falling 20%), again reflecting the shift in the distribution of these jobs, and also salary adjustments on the part of some firms. Although salaries of \$160,000 still prevail at the largest firms, their share has dropped in firms of 101-500 attorneys, creating further downward pressure on the median.

The adjusted mean for all full-time jobs reported was \$77,333 (in contrast to the unadjusted national mean of \$84,111), and the adjusted mean for full-time law firm jobs was \$93,748 (in contrast to the unadjusted mean of \$106,444). First introduced with the Class of 2009, the adjusted mean compensates for the fact that the distribution of reported full-time salaries is not the same as the distribution of reported full-time jobs, particularly when it comes to law firm jobs. Whereas salaries for most jobs in large law firms are matters of public record and reported, fewer than half of the salaries for full-time jobs in small law firms are reported. The calculation of adjusted means is accomplished by giving more “weight” to the mean or average salary in small firms and less “weight” to the mean or average salary in large firms to calculate the overall law firm mean and also the adjusted mean for all full-time jobs.

Medians for government and public interest jobs were virtually unchanged from 2009, at \$52,000 and \$42,900, respectively. The median salary for judicial clerkships was \$51,900, compared with \$50,000 in 2009.

“This downward shift in starting salaries is not, for the most part, because individual legal employers were paying new graduates less than they paid them in the past,” according to NALP’s Executive Director, James Leipold. “Aggregate starting salaries fell because graduates found fewer jobs with the high-paying large law firms and many more jobs with the smallest law firms, those that pay the lowest starting salaries. No single legal employment sector really saw its starting salary change very much from the previous year.”

### **EMPLOYMENT AND DEMOGRAPHICS**

Historically, relatively fewer women and minorities have entered private practice compared with men and non-minorities, based on full time jobs. This trend continued with the Class of 2010. The percentage of employed graduates taking jobs in private practice decreased by about 5 percentage points for both men and women, and stood at 55.4% and 51.9%, respectively. Comparing racial and ethnic minorities with white graduates shows that the percentage taking jobs in private practice decreased just over 5 percentage points among white graduates, but by almost 7 percentage points among minority graduates, to 54.6% and 50.8% of graduates employed full-time, respectively. Among graduates going into private practice, minorities remain more likely to take jobs in firms of 251 or more attorneys, with 34% doing so, compared with 26% of non-minority graduates taking law firm jobs. That differential, however, fell by 3 percentage points compared to the Class of 2009. That means that the degree to which minorities are more likely to take private practice jobs in firms of 251 or more compared to non-minority graduates decreased during the recession.

And, while the percentage of jobs in private practice shrank for nearly all groups, that was not true for the oldest law school graduates. Graduates over age 40 have typically been more likely to obtain, or continue in, jobs in business and industry, and less likely to take jobs in private practice. While this remains true for this class, the percentage of these graduates taking jobs in private practice did not contract compared with last year.

### **SOFT SPOTS UNDERLYING OVERALL EMPLOYMENT RATE**

As reported in June, the overall employment rate for Class of 2010 graduates for whom employment status was known was 87.6%, a figure which has fallen more than 4 percentage points from the recent historical high of 91.9% for the Class of 2007. However, a closer look at the nature of that employment reveals a number of soft spots in the employment market.

- Of graduates whose employment status was known, only 68.4% obtained a job for which bar passage was required. Moreover, with about 7% of these jobs reported as part-time, the percentage employed in a full-time job requiring bar passage dropped to about 64%.
- Part-time jobs, about 11% of jobs overall, were found in all employment sectors, but were especially prevalent in academic and public interest settings, where part-time jobs accounted for 51% and 22% of jobs, respectively.
- Over one-quarter of jobs — nearly 27% — were reported as temporary. This figure includes judicial clerkships. Looking at jobs other than clerkships, almost 1 in 5 jobs (19%) were reported as temporary, a figure that has nearly doubled just since 2007. Temporary jobs were found in all employment settings and were most common in academic and public interest settings, at 63% and 42%, respectively. Although they may be what first come to mind in the context of temporary jobs, jobs with legal temporary agencies accounted for just 8% of the temporary jobs reported. In fact, the number of jobs with legal temporary agencies is at its lowest since NALP began tracking this employment sector specifically with the Class of 2006, and is off by more than 25% since peaking in 2007.
- Over 8% of jobs were reported as both temporary and part-time, compared with just over 3% in 2007.
- Jobs in academic settings are at an all time high, up by more than 500 jobs since 2008, and accounting for 3.7% of jobs taken. The number of jobs in public interest organizations, a category which includes legal services and public defenders, has similarly increased by well over 400 jobs since 2008, accounting for 6.7% of the jobs taken by the Class of 2010. Much of this increase reflects the fact that these two sectors account for the bulk of law school efforts to provide employment opportunities — often part-time and short-term — for their graduates. Such opportunities accounted for an estimated 2.7% of all jobs for the class of 2010.
- Of employed graduates from the Class of 2010, 22.7% were seeking a different job, about the same as for the Class of 1994 (when NALP first started collecting this information), which was a class that also faced a challenging market. Although this figure is up somewhat compared to the 21.6% figure for the previous class, it is a much smaller change than the sharp upturn of almost 6 percentage points for the Class of 2009 compared with the Class of 2008. The extent to which employed graduates are seeking a different job varies by the kind of job held and by graduate demographics. In what may be a bit of better news, among those graduates who started their own business in general, and among those who

started a solo law practice in particular, the percentages seeking a different job are both lower than they were for the class of 2009, at about 18%.

“We have been watching this market deteriorate for several years now,” Leipold offered when asked about the significance of some of these changes, “but even I was surprised to see that the percentage of graduates employed in a full-time job requiring bar passage had dropped to 64%. In this market far more graduates are stringing together several part-time or temporary jobs to approximate a full-time equivalency for themselves. Leaving clerkships aside, one in five jobs obtained were temporary. That represents a dramatic change in the entry-level market. I think it is also significant that while more graduates are establishing themselves as solo practitioners right out of law school, they seem to be satisfied in that career choice — at least fewer of the solo practitioners are reporting that they are seeking an alternative job nine months after graduation. It may be that going forward, entrepreneurial skills assume much more importance for law school graduates as solo practice becomes the norm for a larger percentage of law school graduates,” Leipold concluded.

The law school graduating class of 2010 is the 37th consecutive class for which NALP has gathered information on the employment status and earnings of those graduates. As has been the case since its founding in 1971, NALP is in a unique position to report on the employment and earnings of recent law graduates. In an age when much analysis is based on small samples, NALP’s Class of 2010 *Jobs & JDs* report is based on information submitted by 192 ABA-accredited law schools, who collectively reported on the status of 93% of the graduates in the Class of 2010.

As in past years of NALP’s annual survey of recent law school graduates, the *Jobs & JDs* report for the Class of 2010 provides additional detail on all of the highlights noted above, as well as on additional topics. Findings based on law school characteristics are presented, as are extensive geographic analyses not only of salaries but also of supply and demand and of employment patterns for states and major cities.

Other factors analyzed include the timing of job offers by employer type, the sources of jobs by timing of offers, and the search status of employed graduates by employment type and by demographic characteristics of the graduates.

**About NALP:** Founded in 1971, the National Association for Law Placement, Inc.<sup>®</sup> (NALP) is dedicated to continuously improving career counseling and planning, recruitment, and retention, and the professional development of law students, lawyers, and its members. NALP maintains an online archive of press releases at [www.nalp.org/pressreleases](http://www.nalp.org/pressreleases). For additional information about NALP research, contact Judith Collins ([jcollins@nalp.org](mailto:jcollins@nalp.org)), Director of Research, or James G. Leipold ([jleipold@nalp.org](mailto:jleipold@nalp.org)), Executive Director, at 202-835-1001. **Mailing address through July 31:** National Association for Law Placement, 1025 Connecticut Avenue NW, Suite 1110, Washington, DC 20036-5413. **Mailing address effective August 1, 2011:** National Association for Law Placement, 1220 19th Street NW, Suite 401, Washington, DC 20036-2405.