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Median Private Practice Starting Salaries for the Class of 2011 Plunge as Private Practice Jobs Continue to Erode

The median starting salary for new law school graduates from the Class of 2011 fell 5% from that for 2010 and has fallen nearly 17% just since 2009. The mean salary fell 6.5% compared with 2010, and since 2009 the mean has plunged almost 16% according to new research released today from NALP. The research also reveals that the median starting private practice salary fell over 18% from 2010 and since 2009 has fallen an astonishing 35%. These are among the most dramatic findings that were released this week from NALP's Employment Report and Salary Survey for the Class of 2011.

“This drop in starting salaries, while expected, is surprising in its scope” according to NALP's Executive Director James Leipold. “Nearly all of the drop can be attributed to the continued erosion of private practice opportunities at the largest law firms.”

STARTING SALARY FINDINGS

As NALP reported in June, the employment profile for this class also marks a continued interruption of employment patterns for new law school graduates that had, prior to 2010, been undisturbed for decades. Just 49.5% of employed graduates obtained jobs in law firms — compared with 50.9% for the Class of 2010 and 55.9% just two classes ago (see “Class of 2011 Law School Grads Face Worst Job Market Yet — Less Than Half Find Jobs in Private Practice” available on the NALP website at www.nalp.org/classof2011). Moreover, the distribution of those jobs by size of firm continued to shift, with relatively fewer jobs in the largest firms and relatively more jobs in firms of 50 or fewer attorneys. Nearly 60% of the law firm jobs taken by the Class of 2011 were in firms of 50 or fewer attorneys, compared with 53% for the Class of 2010 and 46% for the class of 2009. (These figures do not include graduates starting their own solo practice after graduating.) The proportion of jobs in firms of more than 250 lawyers decreased from 33% to just over 21% in just two years. This shift was reflected in the salary figures for the Class of 2010, and again in 2011.

The national median salary for the Class of 2011, based on those working full-time for at least a year and reporting a salary, was \$60,000, compared with \$63,000 for the Class of 2010 (falling nearly 5%), and the national mean was \$78,653, compared with \$84,111 for the Class of 2010 (falling 6.5%). Because more salaries were in the \$40,000-\$65,000 range and fewer were at the \$145,000 or \$160,000 level, for the first time in many years, the median represented a salary actually obtained by many graduates. Thus, nearly 23% of reported salaries were within \$5,000 of the median.

The national median salary at law firms based on reported salaries was \$85,000, compared with \$104,000 the prior year (falling 18%), 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, creating further downward pressure on the median. And though still a tiny minority, salaries of less than \$100,000 at large firms are more common than just a year ago, as more graduates are taking staff attorney or similar positions at lower salaries. See Figure 1 below.

FIGURE 1. Starting Salaries: Classes of 2009, 2010, and 2011

	2009	2010	2011	Decrease 2009-2011
Median Salary:	\$72,000	\$63,000	\$60,000	17%
Mean Salary:	\$93,454	\$84,111	\$78,653	15%
Median Firm Salary:	\$130,000	\$104,000	\$85,000	35%
Mean Firm Salary:	\$115,254	\$106,444	\$97,821	15%

The adjusted mean for all full-time jobs reported was \$73,984 (in contrast to the unadjusted national mean of \$78,653), and the adjusted mean for full-time law firm jobs was \$87,241 (in contrast to the unadjusted mean of \$97,821). 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, just half of the salaries for full-time jobs lasting a year or more in small law firms are reported. The calculation of adjusted means is accomplished by giving more statistical “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. The adjusted mean reflects something closer to what the true mean would be if an actual salary were reported for every graduate represented in the report. (See Distribution of Reported Full-time Salaries posted at www.nalp.org/salarydistrib.)

The median salary for government jobs has remained unchanged since 2009, at \$52,000. In a bit of good news, the median salary at public interest organizations, which includes legal services providers and public defenders, rose to \$45,000, after being at just under \$43,000 for two years. The median salary for judicial clerkships was \$52,000, virtually unchanged from 2010, but up from \$50,000 in 2009.

“It is important to understand that the downward shift in starting salaries is not, for the most part, the result of individual legal employers paying new graduates less than they paid them in the past,” according to Leipold. “Although some firms have lowered their starting salaries, and we are starting to see a measurable impact from lower paying non-partnership track lawyer jobs at large law firms, aggregate starting salaries have fallen over the last two years because graduates found fewer jobs with the highest-paying large law firms and many more jobs with lower-paying small law firms.”

ADDITIONAL FINDINGS FOR THE CLASS OF 2011

As reported in June, the overall employment rate for Class of 2011 graduates for whom employment status was known was 85.6%, a figure which has fallen 6.3 percentage points from the recent historical high of 91.9% for the Class of 2007. A closer look at the employment profile for this class reveals a number of additional weaknesses in the job market.

- Of graduates whose employment status was known, only 65.4% obtained a job for which bar passage was required. Moreover, with about 8% of these jobs reported as part-time, the percentage employed in a full-time job requiring bar passage is even lower, 60%. 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 only 56.7%
- Part-time jobs, almost 12% 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 43% and 24% of jobs, respectively.
- Almost 7% of jobs were reported as both part-time and lasting less than a year.
- New information collected on funding for jobs with a fixed duration reveals that almost 5% of jobs were reported as funded by the graduate's law school. Although over 70% of these jobs were reported as bar passage required, about two-thirds were reported as part-time, and most, 89%, were reported as lasting less than a year. Most of these jobs were in public interest, government, and academic settings. The 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 200. Fully 30% of academic jobs were reported as being research assistant/fellow position funded by the law school
- Of employed graduates from the Class of 2011, nearly one-quarter (24.6%) were seeking a different job, a nearly 2 percentage point increase compared to the Class of 2010, and sharply higher than the 15.9% figure reported for the Class of 2008. This is the highest figure since NALP began collecting this information with the Class of 1994. The extent to which employed graduates are seeking a different job varies by the kind of job held and by graduate demographics. For example, graduates who attended law school part-time were much more likely to be seeking a different job than were graduates who attended law school full-time — 32% and 24%, respectively.
- Relatively more employed graduates are setting up their own solo practice after law school. For 2011, 3% of all jobs, and 6% of law firm jobs were reported as solo practice. The figures were about half that in 2007 and 2008.
- The number of graduates working for a legal temp agency ticked up dramatically in 2011, and is at its highest level since NALP began tracking this kind of job in 2006. About 2% of employed

graduates were reported as working for a legal temp agency. In 2009 and 2010, the percentage was about half that.

“Obviously these statistics paint a pretty dismal picture,” Leipold offered when asked about the significance of some of these changes. “In many ways the Class of 2011 bore the worst brunt of the impact of the recession on the entry-level legal job market, particularly in the large firm market. Remember that members of this class would have gone through on-campus interviewing during the worst of the recession and they would have been summer associates during the summer that the highest number of law firms reported canceling their summer programs. Still, it is startling to see that only 49.5% of employed graduates from the class found jobs in private practice and less than 57% of graduates for whom employment status was known were employed in a full-time job requiring bar passage that will last for more than one year. That represents a dramatic change in the entry-level market. It is also significant that an increasing number of graduates are establishing themselves as solo practitioners right out of law school. 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 2011 is the 38th 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 2011 *Jobs & JDs* report is based on information submitted by 191 ABA-accredited law schools, who collectively reported on the status of 41,623 of the 44,495 the graduates in the Class of 2011, or 93%. Salary information was reported for 65% of graduates reported to be working full-time in a position lasting at least one year.

As in past years of NALP’s annual survey of recent law school graduates, the forthcoming *Jobs & JDs* report for the Class of 2011 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.® (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. 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.