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Law School Class of 2012 Finds More Jobs, Starting Salaries Rise — But Large Class Size Hurts Overall Employment Rate

According to Selected Findings from the Employment Report and Salary Survey for the Class of 2012 released today by NALP, the overall employment rate for new law school graduates fell to 84.7%. Even though the overall number of jobs obtained by this class was higher than the number of jobs obtained by the previous class, the Class of 2012 was also bigger. When coupled with fewer law-school funded positions, this resulted in the overall employment rate for the Class of 2012 falling almost a full percentage point from the 85.6% measured for the prior year. The overall rate has now fallen for five years in a row since 2008. With the Class of 2012 there are a number of markers that signify continuing weaknesses in the entry-level legal job market, but nonetheless some signs of improvement are also evident. The employment profile for this class also reflects a “new normal” in which large firm hiring has recovered some but remains far below pre-recession highs. To read the full text of “Employment for the Class of 2012 — Selected Findings” go to www.nalp.org/classof2012. NALP’s findings for the Class of 2012 will be released in much greater detail in August 2013 in a report entitled *Jobs & JDs: Employment and Salaries of New Law School Graduates — 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 2012 (measured in February of 2013) reveal an employment rate that has fallen more than seven 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 84.7%, and both of those occurred in the aftermath of the 1990-1991 recession: 83.5% for 1992 and 83.4% for 1993. The employment rate for the Class of 1994 was 84.7%, the same as for the Class of 2012. (For information on trends in graduate employment going back to 1985, see www.nalp.org/trends.)

In commentary accompanying the Selected Findings, NALP Executive Director James Leipold noted, “It is important to understand that the jobs picture is improving, if only slightly. This class found more jobs — and

more jobs in private practice — than the previous class, but because the national graduating class was so much bigger, the overall employment rate continued to fall. Median starting salaries for this class have also rebounded slightly, reflecting the availability of more jobs with the largest law firms — those that pay the highest salaries — than existed for the previous class. On the other hand, the percentage of graduates who found full-time, long term employment in jobs requiring bar passage remained below 60%. It is a story of good news and bad news at this point. I continue to believe that the Class of 2011 represented the absolute bottom of the curve on the jobs front, and the results for the Class of 2012 bear that out, showing, as they do, a number of improving markers.”

Just Over Half of Employed Grads Found Jobs in Private Practice

Additional analyses of the jobs data for the Class of 2012 reveal that just over half (50.7%) of employed graduates obtained a job in private practice, up from 49.5% for the Class of 2011 and close to the 50.9% figure recorded for the Class of 2010. However, that figure for the Class of 2010 marked a full 5 percentage point decline from 2009. For most of the 39 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; that was in 1975. The combination of a larger number of jobs overall and a higher percentage of jobs in law firms means that the number of law firm jobs is up by almost 8%, and is the largest number since 2009.

Additionally, jobs in the largest firms, those with more than 500 lawyers, have rebounded substantially from their low point in 2011, and accounted for 19.1% of jobs taken in law firms, compared with only 16.2% in 2011. The number of jobs taken in these firms — over 3,600 — is up by 27% over 2011 levels, representing a recovery almost to 2010 levels but to nowhere near the 2009 figure of more than 5,100 jobs. At the other end of the spectrum, jobs in the smallest firms of 2-10 lawyers, while remaining almost flat as a percentage of jobs, grew in raw numbers to almost 8,200, from less than 7,600 in 2011.

Median Starting Salaries Rise Slightly

Salary information was reported for almost 65% of the jobs reported as full-time and lasting at least a year. The national median salary for the Class of 2012 based on these reported salaries was \$61,245, compared with \$60,000 for the Class of 2011, and is the first year-over-year increase in the overall median since 2008, when the median increased to \$72,000. The national mean for the Class of 2012 was \$80,798, compared with \$78,653 for the Class of 2011. The increase can be attributed largely to the bounce back 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 \$90,000, compared with \$85,000 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 over 29% 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 — less than 4% — salaries of \$50,000 to \$99,000 for bar passage required jobs at large firms are more common than just two years ago, as more graduates are taking staff attorney or similar positions at lower salaries. (See Table 1 below.)

Table 1 — Median Starting Salaries 2008-2012

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

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 \$44,600 in 2012, down a bit from 2011 but still up from just under \$43,000 for the two prior years. The median salary for judicial clerkships was \$52,600, little changed from \$52,000 in 2010 and 2011, but up from \$50,000 in 2009.

Despite Some Improvement, Jobs Market Still Contains Many Weaknesses

Despite these signs of modest improvement, there are still signs of great structural weakness in the entry-level job market. For instance, of those graduates for whom employment status was known, only 64.4% obtained a job for which bar passage is required. This figure has fallen over 10 percentage points just since 2008 — when it was 74.7% — and is the lowest percentage NALP has ever measured. An additional 13.3% 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 12.5% for the Class of 2011 and is the highest figure recorded since NALP began comparable tracking in 2001. The percentage of graduates employed in other capacities (professional and non-professional jobs) was 6.7%. The unemployment rate was also up for this class, measured at 12.8%, up 0.7% percentage points from the 12.1% measured for the Class of 2011. Of the remaining graduates for whom employment status was known, 0.5% had accepted a job as of February 15, 2013 but had not yet started that job, and just over 2% of the 2012 graduates were continuing their academic studies full time. In a piece of brighter news, however, the percentage of jobs reported as part-time was down somewhat from the previous year — 9.8%, compared with

over 11% in 2011 — and going down instead of up for the first time since 2007. A portion of the decline may be attributable to fewer law-school funded positions and the portion of those law-school funded positions which are part-time falling from almost two-thirds to just over half. The figure nonetheless contrasts with 6.5% for 2008 and about 5% in the years immediately prior to that. About 4.6% of jobs were both temporary (defined as lasting less than a year) and part-time, a figure that is also down from over 7% in 2011, the only year with comparable information. Of the 64.4% of graduates for whom employment status was known who obtained a job for which bar passage was required, just over 6% of these jobs were reported as part-time, and therefore the percentage employed in a full-time job requiring bar passage is only 60.7%. 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 58.3%. Nonetheless, both these figures are improvements over 2011, which were 60% and 56.7%, respectively.

Part-time jobs were found in all employment sectors, but were especially prevalent in academic settings, at 39%, followed by public interest at 18%. Both figures are down from the figures of 43% and 24% of jobs, respectively, measured for the previous class.

Information collected on funding for jobs with a fixed duration reveals that just over 4% of jobs were reported as funded by the graduate's law school compared with almost 5% for the Class of 2011. Although 72% of these jobs were reported as bar passage required, almost half (47%) were reported as part-time, and almost two-thirds (62%) 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 about 200, in no small part because of the presence of law-school funded jobs in these sectors. One-quarter of the academic jobs taken by the Class of 2012 were reported as being research assistant/fellow position funded by the law school.

"The employment picture remains decidedly mixed," noted NALP Executive Director James Leipold.

"However, with the Class of 2012 we see the beginning of a rebounding private practice sector, particularly at large law firms, and, with that, we see some rebounding salary numbers. However, we still see very high unemployment and underemployment, and there are no indications that the employment situation will return to anything like what it was before the recession. Adding to the complexity of the jobs picture this year the data show that law schools funded fewer jobs for this class than they did for the previous class, and that certainly contributed to the overall employment rate falling further. That an adjustment was made there is not unexpected. Some schools were funding jobs at a level that was economically unsustainable over the long haul. Looking ahead, I would expect to see the employment picture for the Class of 2013 continue to improve, although that is another very large graduating class, and that will take a toll on the overall employment rate. As class sizes come down over time and the legal employment market stabilizes somewhat, I would expect to continue to see modest improvements in the job market in the near and medium term future," concluded Leipold.

Figures compiled by NALP differ slightly from those released earlier this year by the American Bar Association (ABA) for several reasons. The most important of these is that the ABA calculates its percentages based on the entire class, including those for whom employment status is not known. The expansion of the base to include all graduates will by definition lower all the percentages. For example, the 195 schools reporting to NALP included almost 1,100 graduates for whom employment status was unknown. Second, the ABA figures include the three ABA-approved schools in Puerto Rico, whereas the NALP survey does not include these schools. Third, schools are not required to report whether a job is full-time/part-time or short-term/long-term to NALP if that information is not known about the job, whereas both of these pieces of information are required for the ABA. Although not affecting a large number of jobs, this can affect percentages by a small amount. Lastly, NALP's research methodology includes an extensive process of quality control and follow-up with schools to ensure, to the extent possible, that job information is internally consistent and in compliance with definitions used by both NALP and the ABA. This process can result in small revisions and adjustments that are not reflected in the data posted by the ABA.

The findings of NALP's Employment Report and Salary Survey for the Class of 2012 will be reported in much greater detail — including salary detail and analyses of employment and earnings by geographic market — in *Jobs & JDs: Employment and Salaries of New Law School Graduates — Class of 2012* — to be published in August 2013.

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 (judithcollins@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.