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Employment Rate for New Law School Graduates Rises by More Than Two Percentage Points – But Overall Number of Jobs Falls as the Size of the Graduating Class Shrinks

According to “Selected Findings from the Employment Report and Salary Survey for the Class of 2014” released today by NALP, for the first time since 2007 and the onset of the Great Recession, the employment rate for law school graduates has risen, from just 84.5% for the Class of 2013 to 86.7% for the Class of 2014, a jump of 2.2 percentage points.

This good news comes, however, with a few caveats. First, and most importantly, the employment rate measured for the Class of 2014 is not directly comparable with the employment rates for the classes that preceded it because beginning with the Class of 2014, following a similar decision made by the American Bar Association, employment status information was collected as of March 15, approximately ten months after a typical May graduation, rather than February 15, as had been the case since 1996. (Prior to that, employment data had been collected six months after graduation.)

The other important piece of the jobs picture for the Class of 2014 is that the class was substantially smaller than the class that preceded it. (Indeed, according to the ABA it was nearly 3,000 graduates smaller than the Class of 2013, which will likely stand as the largest class to ever pass through the American legal education pipeline, at least for the foreseeable future.) And, importantly, that smaller class found *fewer* jobs than the class before it. The overall number of jobs secured by law school graduates had grown in each of the three preceding years, with the Class of 2010 holding the low post-recession watermark for the actual number of jobs found. For the Class of 2014, the overall number of jobs secured was three percent fewer than the Class of 2013, but because the size of the graduating class itself was more than six percent smaller than the previous class, the overall employment rate went up.

Analyses of the NALP employment data for the Class of 2014 reveal an employment rate that increased for the first time since reaching a 25-year high of 91.9% in 2007. Nonetheless, since 1985, and a change in timing

notwithstanding, there have only been a half dozen classes with an overall employment rate below 86.7% — three years in the aftermath of the 1990-1991 recession: 83.5% for 1992, 83.4% for 1993, and 84.7% for 1994; and three years after the recession that officially began in late 2007: 85.6% in 2011, 84.7% in 2012, and 84.5% in 2013. To read the full text of “Employment for the Class of 2014 — Selected Findings” go to www.nalp.org/classof2014. NALP’s findings for the Class of 2014 will be released in much greater detail in September 2015 in a report entitled *Jobs & JDs: Employment and Salaries of New Law School Graduates — Class of 2014*.

According to NALP’s Executive Director, James Leipold, “These data present a picture of a complex employment market, and it is virtually impossible to tease apart the twin forces of a shrinking class and an overall job market that continues to improve (albeit modestly), but it is clear that the shrinking class size did indeed have a positive impact on the overall employment rate, and that is a dynamic that will likely continue to be in play for the next three graduating classes, each of which is projected to continue to come down in size in fairly dramatic steps.”

Despite the small contraction in the overall number of jobs, there continue to be signs of improvement in the entry-level job market. For instance, of those graduates for whom employment status was known, 66.3% obtained a job for which bar passage is required, the highest percent since 2010. An additional 14.8% of graduates obtained jobs for which a JD provides an advantage in obtaining the job, but for which bar passage is not required. (These are often described as law-related jobs.) This compares with 13.8% for the Class of 2013, and is a figure that has grown steadily since 2007, when it stood at just 7.7%. In addition, the number of graduates who report that they are working in jobs that are short-term and/or part-time also continues to decline, and the overall percentage of graduates who reported jobs that were full-time, long-term, and bar passage required jumped three full percentage points, to 62%, up from an historic low of just 57% for the Class of 2011. Also, the number of graduates who hold jobs but say they are already looking for another job continues to come down, as does the number of graduates who report that they are working as solo practitioners immediately after graduation.

The distribution of jobs among different kinds of employers has remained relatively constant over the last three years, with graduates predictably finding jobs with law firms, government entities, the judiciary, businesses, nonprofit and public interest organizations, and educational institutions. The big loss of private practice jobs that took place between 2009 and 2010 continues to be the one change that really distinguishes the post-recession entry-level legal employment market from the pre-recession entry-level legal employment market. Jobs in private practice accounted for just over half of the jobs obtained for the Class of 2014, while jobs in the public sector and public interest, including government jobs and jobs as judicial clerks, accounted for just under 30% of all jobs, and jobs in business for just under 20% of all jobs. The actual number of jobs, however, fell in every category except government, and within private practice the number of jobs fell in every law firm size category except for firms of 101 to 500 lawyers, where the number rose modestly.

Additionally, starting salaries for the Class of 2014 remained essentially flat in every category, and law firm starting salaries remained absolutely flat, with a median of \$95,000 and a mean of \$102,600, both of which matched exactly the median and mean measured for the Class of 2013. While aggregate salaries have come up somewhat from the lowest post-recession figures measured in 2011, the earning power of the class as a whole is nowhere near what it was in 2009 when the law firm median starting salary stood at \$130,000, the highest figure ever measured.

Share of Employed Grads in Private Practice Largely Unchanged

Additional analyses of the jobs data for the Class of 2014 reveal that 50.9% of employed graduates obtained a job in private practice, somewhat lower than in 2013 when the figure was 51.1%, and close to the 50.7% figure for the Class of 2012. Though there has been recovery since the percentage of jobs in firms dropped to a historic low of 45.9% for the Class of 2011, there has not been close to a return to the 55.9% figure for 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 smaller number of jobs overall and a somewhat lower percentage of jobs in law firms means that the number of law firm jobs actually decreased by about 3.5%, compared with a cumulative increase of about 9% in 2012 and 2013 after the low point in 2011.

Additionally, the number of jobs in the largest firms, those with more than 500 lawyers, was essentially flat after two years of growth from their low point in 2011. Their share of all law firm jobs increased a bit, to 21.3% from 20.6% in 2013, because the total number of firm jobs decreased. This compares with only 16.2% in 2011 and 19.1% in 2012. Moreover, the number of jobs taken in the largest firms still remains at about 75% of the levels reached in 2008 and 2009. At the other end of the spectrum, jobs in the smallest firms of 2-10 lawyers accounted for 41.3% of law firm jobs, down from 42% in 2013, and declined in raw numbers from almost 8,100 to less than 7,700. 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 2014 graduate, about two were taken in a small firm.

Median Starting Salaries Flat

Salary information was reported for over two-thirds (68%) of the jobs reported as full-time and lasting at least a year. The national median salary for the Class of 2014 based on these reported salaries was \$63,000, little changed from \$62,467 for the Class of 2013, resulting in just two measurable year-over-year increases in the overall median since 2008, when the median increased to

\$72,000. The overall median now just matches that of 2010. The national mean for the Class of 2014 was \$82,292, compared with \$82,408 for the Class of 2013 — a mean that is virtually unchanged.

The national median salary at law firms based on reported salaries was \$95,000, unchanged from the prior year. Salaries of \$160,000 accounted for 31% of reported law firm salaries, the same as in 2013. (See Table 1 below.)

Median salaries in other sectors have remained relatively flat in recent years. The median salary for government jobs was \$52,700, a very small increase after stagnating at \$52,000 for five years. The median salary at public interest organizations, which includes legal services providers and public defenders, was \$45,000 in 2014, essentially steady since 2011. The median salary for judicial clerkships was \$54,000, compared with \$53,000 in 2013 and up just \$2,000 since 2010. (See Table 1.)

Table 1 — Median Starting Salaries 2008-2014

	2008	2009	2010	2011	2012	2013	2014	Change 2013- 2014
Overall Median	\$72,000	\$72,000	\$63,000	\$60,000	\$61,245	\$62,467	\$63,000	+0.8%
Law Firm Median	\$125,000	\$130,000	\$104,000	\$85,000	\$90,000	\$95,000	\$95,000	0.0%

What Does This All Mean?

On balance NALP's Leipold is sanguine about the entry-level job market for new law school graduates. "A fair bottom-line reading is that the entry-level job market is basically flat to improving slightly. In parsing this year's numbers it probably doesn't make sense to read too much into the small contraction in the overall number of jobs obtained, as it reflects in part simply a smaller group of job seekers. The good news in terms of the overall employment rate is that graduating class sizes will likely continue to come down at a much faster rate than any continued diminution in the actual number of jobs available to new law school graduates. In fact, some analysts look at the projected size of the graduating Class of 2017, one that will be some 30% or more smaller than the Class of 2013, and suggest that there will not be nearly enough new law school graduates to meet the needs of the entry-level lawyer job market at that time. Tempering those predictions is the understanding that growing efficiencies created by technology and business systems, and increased competition from non-traditional legal services providers, will both likely continue to put downward pressure on overall law firm lawyer headcount in the coming years and even decades."

So what is the bottom line? According to Leipold, “It is clear that the overall jobs profile for the Class of 2014 has improved considerably from that for the Class of 2011, the class that will come to be seen as having faced the worst overall post-recession job market, and we fully expect that the overall employment rate for the Classes of 2015, 2016, and 2017 will continue to improve. 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.”

Want to Know More?

The findings of NALP’s Employment Report and Salary Survey for the Class of 2014 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 2014* — to be published in September 2015. And, as noted at the beginning of this release, the full text of “Employment for the Class of 2014 — Selected Findings” can be found at www.nalp.org/classof2014.

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.