

## OVERALL EMPLOYMENT RATE UP MODESTLY EMPLOYMENT IN LEGAL JOBS UP MORE

— A Summary of the Findings by Judith N. Collins, Director of Research —

The overall employment rate for the Class of 2017 was up by a bit more than one full percentage point, to 88.6% of graduates for whom employment status was known, compared with 87.5% for the Class of 2016, even though the number of jobs found by graduates fell again, by more than 1,200 compared with 2016. However, the number of graduates also declined for the fourth year in a row after reaching a record high in 2013 and was down by over 2,200 according to the ABA. Thus the employment rate increased even as the number of jobs declined.

With the Class of 2014, NALP began measuring the employment rate of law graduates as of March 15, or ten months after a typical May graduation. Previously employment status had been measured as of February 15, an important distinction when making comparisons with employment rates prior to 2014. Analyses of these data for the Class of 2017 (measured in March of 2018) reveal an employment rate that has increased by just over four percentage points since bottoming out at 84.5% for the Class of 2013, with no

increase occurring from 2014 to 2015. The increase in 2017 was only the third since 2007, a year which stands as the high water mark for a period going back almost 30 years, to 1989. (For information on trends in graduate employment going back to 1985, see <https://www.nalp.org/0917research>.)

Beyond the improvement in the overall employment rate, the single most important indicator of an improved market was the four percentage point increase in the percentage of graduates taking jobs for which bar passage is required or anticipated, from 67.7% to 71.8%, a single-year increase greater than in the previous four years (2013-2016) combined. This previous four-year period, moreover, included two years with little or no change. A major factor underlying this increase was more jobs in the largest firms, both in percentage terms and numbers.

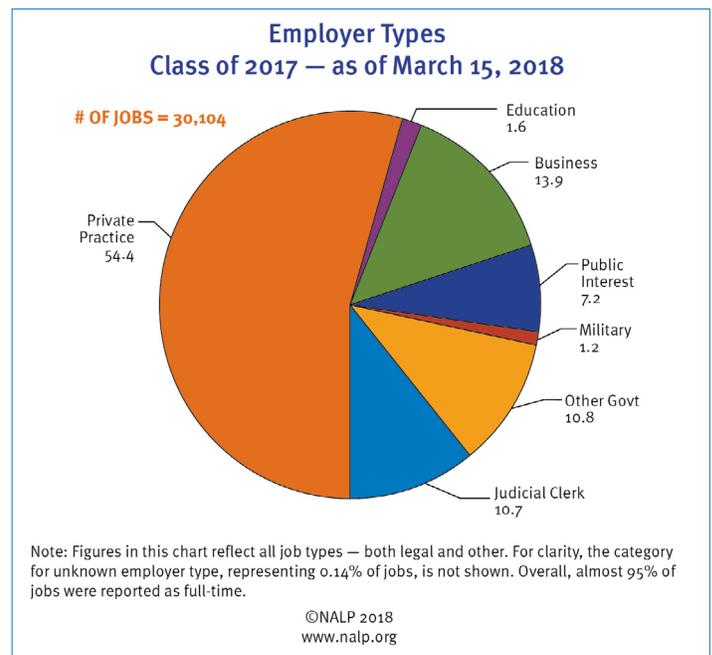
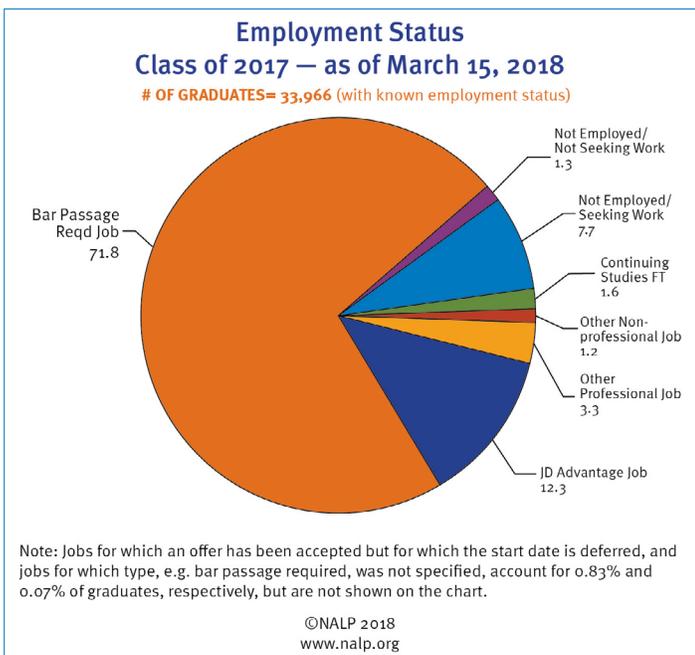
Further, of the 71.8% of graduates for whom employment status was known and who obtained a job for which bar passage was required, some of these jobs were reported

as part-time so that the percentage employed in a full-time job requiring bar passage was 70.4%. Further, 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 was 68.8%. These figures are likewise four percentage point improvements over the 2016 figures, which were 66.2% and 64.6%, respectively. These are also the healthiest increases in the most recent five years.

An additional 12.3% of graduates 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 figure is off by 2.5 percentage points and is the first drop in this figure—apart from a couple of small wobbles—since NALP began tracking this kind of job for the Class of 2001.

The percentage of graduates employed in other capacities was 4.5%. The unemployment rate, counting both graduates still seeking a job and those not seeking, also edged down

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### CLASS OF 2017 NOTCHED BEST EMPLOYMENT OUTCOMES SINCE RECESSION

— Commentary and Analysis by James Leipold, Executive Director —

The employment outcomes findings for members of the Class of 2017 are surprisingly strong. Most notable is a bar passage required employment rate that jumped more than four percentage points from the previous year, and a private practice employment rate that has now increased for six years in a row. Undergirding the strength of the employment outcomes, however, is a smaller class and not more jobs. For the fourth year in a row the employment rate has been shaped by a smaller number of jobs and a smaller graduating class size. The employment rate has risen because the falloff in the size of the graduating class has been larger than the falloff in the number of jobs secured. Notably, like the two classes that preceded it, this class secured fewer private practice jobs than any class since 1996.

Standing at 88.6% for the Class of 2017, the employment rate has risen more than four percentage points in the four years since the Class of 2013 employment rate was measured at 84.5%, the lowest overall employment rate measured following the recession. (Importantly, the employment data for the last four classes were collected as of March 15, approximately ten months after a typical May graduation, and therefore these figures are not directly comparable with the employment rates for the classes that immediately preceded them, as those data were collected as of February 15.)

The size of the 2017 graduating class was smaller, with just 34,922 graduates entering the job market compared to the historically large Class of 2013 that produced 46,776 job seekers; this represents a contraction of more than 25% over four years. During the same period the number of jobs secured by the graduating class has dropped by 7,626 (more than 20%) to 30,104 from the high of 37,730 measured for the Class of 2013. Perhaps it is not surprising that smaller classes have found fewer jobs over the last three years, though there are examples from the past

(the Class of 2007 for example) when the graduating class size has come down, but the number of jobs secured has gone up.

What the data do show is that for the third year in a row the actual number of jobs obtained was flat or went down in virtually every sector except the largest law firms of more than 500 lawyers. Members of this class secured just 16,390 jobs in law firms of any size, down by more than 4,000 since the number of those jobs peaked for the Class of 2007. And while the largest law firms of more than 500 lawyers hired more law school graduates than at any time since the recession, the number of entry-level jobs at those firms is still off by nearly 600 positions compared with the peak hiring measured with the Class of 2008.

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**For the fourth year in a row the employment rate has been shaped by a smaller number of jobs and a smaller graduating class size.**

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As jobs in large law firms have come back, the number of graduates securing jobs in business has continued to go down, falling nearly two percentage points from the previous year to 13.9% of all jobs, and down from an historic high of 18.4% measured in 2013. The actual number of jobs secured in the business sector has fallen by more than 2,700 jobs over that same period.

By contrast, the number of judicial clerkships has only varied from 3,200 to 3,400 since 2010. For this class, although the actual number of clerkships was slightly smaller for the fourth year in a row, because the class size was so much smaller the percentage of jobs that were judicial clerkships went up. Government has also been a remarkably steady source of jobs for law school graduates before, during, and after the recession, with the percentage of graduates employed in

the government sector hovering between 11% and 12% for more than ten years, even though the actual number of jobs secured in government has come down by nearly 1,000 since 2010.

By contrast, jobs in education more than doubled during the recession and are now back well below pre-recession levels, with fewer jobs in education than at any time since 2001. Similarly, the number of graduates starting out as solo practitioners nearly doubled following the recession, and those jobs as a percent of all jobs are down below what they were before the recession as well, with the actual number of jobs reported as solo practitioners matching lows not seen since 2002. Finally, jobs in public interest as a percentage of all jobs has remained steady, hovering around 7% for six years. The actual number of public interest jobs secured has fallen by more than 500 since 2012, but at well over 2,100, remains higher than it was before the recession, and in fact is essentially flat compared with 2016.

The most distinguishing hallmark of the employment profile for this class is the much higher percentage of graduates finding jobs that were classified as bar passage required. At 71.8% of those graduates for whom employment status was known, it is the highest rate measured for these jobs since 2008. Since the recession the percentage of graduates reporting that they are working part-time and/or short-term jobs has declined markedly, and in fact the percentage of graduates who secured full-time, long-term, bar passage required work was measured at 68.8%, higher than the rate measured before the recession. By contrast, JD Advantage jobs, which had been rising as a percentage of all jobs, fell back by more than two and a half percentage points, to just 12.3% of graduates for whom employment status was known, lower than the rates measured at any time since 2010. This suggests that despite the growth of new

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for this class, and stood at 9%, compared with 10.1% for the Class of 2016. Of the remaining graduates for whom employment status was known, 0.83% had accepted a job as of March 15, 2018, but had not yet started that job, and 1.6% of the 2017 graduates were continuing their academic studies full time.

The percentage of jobs reported as part-time has declined for six years in row, and now stands at 5.4% of jobs, compared with 6.1% for 2016. As a result, the figure is now comparable to that of 2007 and the years immediately prior. About 2.2% of jobs were both temporary (defined as lasting less than a year) and part-time, compared with about 2.8% for 2016. This was the first decrease in several years, as the figure had stood at 2.7-2.8% for the classes of 2013-2016.

### SHARE OF EMPLOYED GRADS IN PRIVATE PRACTICE INCREASES FOR THIRD YEAR IN A ROW

Additional analyses of the jobs data for the Class of 2017 reveal that well over half (54.4%) of employed graduates obtained a job in private practice, an increase of 1.5 percentage points, and the closest the percentage has come to the 55.9% figure for 2009 since then. For most of the more than 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. Despite a somewhat higher percentage of jobs in law firms, the smaller number of jobs overall means that the number of law firm jobs actually decreased by about 1.3%, making 2017 the fourth year in a row that the number declined, though the rate of decline has decreased. But it is nonetheless in contrast to a cumulative increase of about 9% in 2012 and 2013 after the low point in 2011.

However, the number of jobs taken at the largest firms—those with more than 500 lawyers—increased by about 370, which, in concert with the decrease in the overall number of law firm jobs, pushed their share of law firm jobs up by 2.6 percentage points, from 25.5% of law firm jobs in 2016 to 28.1% in 2017. This compares with only 16.2% in

2011 and 19.1% in 2012 and is even higher than the pre-recession levels of over 25% in 2008 and 2009. However, the number of jobs taken in the largest firms is still less than 90% of the levels reached in 2008 and 2009. At the other end of the spectrum, jobs in the smallest firms of 1-10 lawyers (which include graduates working for a solo practitioner) accounted for 35.3% of law firm jobs, down from 37.7% in 2016, and declined in raw numbers from somewhat less than 6,300 to about 5,800. Though the number of jobs in the smallest firms is at its lowest level since 2002, firms of 1-10 continue to be the single largest share of the law firm jobs taken by law school graduates. The number still exceeds the number of jobs in the largest firms by about 25%, comparable to levels of 2008 and 2009. By contrast, from 2011 to 2013, the number of jobs in firms of 1-10 was more than double the number of jobs in the largest firms.

### MEDIAN STARTING SALARY INCREASES

Salary information was reported for almost 72% of the jobs reported as full-time and lasting at least a year. The national median salary for the Class of 2017 based on these reported salaries was \$70,000, up from \$65,000 for the Class of 2016. The national mean for the Class of 2017 was \$95,320, compared with \$90,305 for the Class of 2016. In contrast to the Class of 2016, when both salaries of \$160,000 and \$180,000 resulted in two right-hand peaks on NALP's salary curve—with the \$180,000 peak much higher—by the time of the Class of 2017 reporting, the \$160,000 peak had all but disappeared, and the \$180,000 peak was even higher. For the Class of 2017, salaries of \$180,000 accounted for just over one in five of the full-time long-term salaries reported.

The effect of the \$180,000 salaries is also seen in the national median salary at law firms, which, based on reported salaries, climbed to \$117,000, the third increase in a row. (See Table 1.) Salaries of \$180,000 accounted for almost 37% of reported law firm salaries, compared to about 28% for the Class of 2016.

Median salaries in other sectors, including government and education, were flat for the most part. The median salary at public interest organizations, which includes legal services providers and public defenders, was \$50,000 in 2017, compared with \$48,500 in 2016, and up by \$3,000 since 2015. The median salary for judicial clerkships was \$56,750, compared with \$55,000 in 2016.

### OTHER KEY FINDINGS FROM JOBS & JDs: EMPLOYMENT AND SALARIES OF NEW LAW SCHOOL GRADUATES — CLASS OF 2017

- Overall, 5.4% of jobs were part-time, and these jobs were found in all employment sectors. Part-time jobs were especially prevalent in education settings, at 26%, followed by business at 13%. Not quite 6% of public interest jobs were reported as part-time, a figure which has come down in recent years, as fewer of these jobs are short-term or part-time opportunities funded by law schools.
- Information collected on funding for jobs with a fixed duration reveals that both the number and percentage of jobs reported as funded by the graduate's law school were down compared with the Class of 2016, at 2% of jobs and 609 jobs, compared with 758 jobs for 2016, and just over 40% of the number reported for the Class of 2014. Over two-thirds (68%) of these jobs were reported as bar passage required; 20% were reported as part-time, and 38% were reported as lasting less than a year. Since 2011, when NALP began tracking such funding, these jobs have increasingly become bar passage required, full-time, and long-term (at least a year), though this may have peaked in 2015, at two-thirds. For 2017 half of funded jobs fell into this category (as did half of those in 2016) compared with less than 8% in 2011. Most funded jobs were in public interest, government, and education settings.
- The total number of public interest jobs, which includes jobs as a public defender and in legal services offices, remains higher than it was prior to 2009, in no small part because of the presence of law school-funded jobs in this sector. About 15% of public interest jobs taken by the

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Class of 2017 were law school-funded. The number of jobs in education has drifted down again and is just over one-third the level of the peak years of 2009 and 2010. School-funded positions still account for almost one-quarter of these jobs, with the vast majority of funded jobs being research assistant/fellow positions. These kinds of jobs accounted for over 20% of all jobs in education.

- Employment in business stood at 13.9%, down from 15.6% in 2016 and the fourth consecutive decline since reaching a historic high of 18.4% in 2013. The pace of that decline has quickened in the past two years, and the share of jobs in business is now closer to what it was prior to the recession. About 26% of these jobs were reported as requiring bar passage, and about 50% were reported as jobs for which a JD was an advantage.
- About 5% of these business jobs represent graduates working for agencies that place individuals in temporary legal, law clerk, or paralegal jobs, down from 6.3% for the Class of 2016. The number of graduates taking these kinds of jobs has varied considerably since NALP began tracking this kind of job in 2006. The percentage for 2017 translates to just over 200 jobs, compared to about 300 for the Class of 2016. These numbers are far below the 700 reached in 2011, and the 2017 number is the lowest recorded.
- Public service jobs, including military and other government jobs, judicial clerkships, and public interest positions, accounted for 29.9% of jobs taken by

employed graduates, compared with 29.5% in 2016 and a similar figure for 2015, and higher than the 28.7% in 2014, 27.6% in 2013, and 28.2% in 2012. Although this percentage has remained relatively stable for more than 30 years, at 26-30%, it is worth noting that the 2017 figure, at almost 30%, is among the highest recorded. Public interest organizations, including public defenders, accounted for 7.2% of jobs, compared with figures in the 7.1% to 7.5% range from 2011 to 2016, and 6.7% in 2010, and 5.6% in 2009. The increases are partly attributable to school programs that provide fellowship and grant opportunities in a variety of settings, including public interest. It is worth noting that, in contrast to other broad sectors, the number of public interest jobs held essentially steady for the Class of 2017, and, combined with fewer jobs total, the share of jobs accounted for by this sector increased.

- Although the percentage of jobs accounted for by judicial clerkships has fluctuated somewhat, and stood at 10.7% in 2017, the number of clerkship opportunities has remained relatively steady since 2010, with between 3,200 and 3,400 jobs reported.
- Of employed graduates from the Class of 2017, just over 15% were seeking a different job, a figure that has fallen each year from the record high of 24.6% for the Class of 2011. The percentage of employed graduates continuing to seek was just a bit lower than the 15.9% figure reported for the Class of 2008. The extent to which

employed graduates are seeking a different job varies by the kind of job held. For example, about 39% of graduates with a job for which a JD was an advantage were seeking a different job, compared to 9% of those with a job requiring bar passage.

- The number of graduates setting up their own solo law practice after law school declined again, accounting for 2.5% of law firm jobs and 1.4% of all jobs, compared with 2.8% and 1.5%, respectively, for the Class of 2016. In fact, the number of graduates setting up a solo practice is as low as it has been in 16 years, and as a percentage of jobs, solo practice levels now match the level of the period 2000-2002.

There is much more to discover about the most recent developments in law school graduate employment. How did women and minorities from the Class of 2017 fare? Which cities and states offer the most employment opportunities, and where should graduates look for the best paying jobs? NALP's comprehensive *Jobs & JDs: Employment and Salaries of New Law School Graduates — Class of 2017* will answer these questions and more about the employment experiences of new law graduates and serve as a valuable resource and planning tool. This report is the only resource of its kind. To order a copy of the full *Jobs & JDs — Class of 2017* report, to be published in October 2018, email or mail a copy of the form on page 6 of these findings. ■

**Table 1 - Median Starting Salaries 2008 – 2017**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Change 2016 – 2017
<b>Overall Median</b>	\$72,000	\$72,000	\$63,000	\$60,000	\$61,245	\$62,467	\$63,000	\$64,800	\$65,000	\$70,000	+ 7.7%
<b>Law Firm Median</b>	\$125,000	\$130,000	\$104,000	\$85,000	\$90,000	\$95,000	\$95,000	\$100,000	\$104,000	\$117,000	+ 12.5%

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JD Advantage opportunities in areas like compliance, many law graduates prefer bar passage required jobs if they can be found.

Another trend worth noting is that the dramatic falloff in law school-funded jobs continues, with just 609 such jobs reported for the Class of 2017, compared with 1,735 for the Class of 2011. Just about half of those school-funded jobs were classified as full-time, long-term, bar passage required jobs, compared with only 7.6% of the much larger number of jobs reported in 2011.

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Meanwhile, starting salaries are on the rise. The mean salary for the Class of 2017 rose 5.5% from the previous year, to \$95,320, and eclipsed the pre-recession high mean salary of \$93,000 measured for the Class of 2009. The median salary for the Class of 2017 rose 7.7% from the previous year, to \$70,000, though that figure is still shy of the median starting salary of \$72,000 measured for the Class of 2009. The median remains lower despite the rise in aggregate salaries because there are still fewer jobs at the largest law firms (those that pay the highest salaries) than there were before the recession. The mean law firm salary also eclipsed the previous high measured in 2009, rising 5.4% to \$119,740, nearly \$5,000 more than the previous high measured in 2009. The median law firm salary rose by 12.5%, to \$117,000, but is still shy of the median law firm starting salary of \$130,000 measured for the Class of 2009, again reflecting the

fact that despite a rise in law firms starting salaries since then, there are still fewer jobs at the highest paying firms than there were before the recession.

What conclusions can we draw from these data? Certainly, the overall employment rate has improved because of two intertwined factors. First, and most importantly, the smaller graduating class has meant that there is less competition for the jobs that exist. Second, large law firm hiring has increased steadily since 2011, adding more than 1,750 jobs in six years. The damper on the overall job growth is that the number of jobs secured in virtually every other sector has fallen steadily over the last three years. Looking ahead, the Class of 2018 will be smaller still by to close 1,000 graduates, but then the class size stabilizes and will be more or less flat for three years, which means that shrinking class size will no longer be a factor to support improved employment rates. We also know that the runup in large law firm hiring has likely plateaued. NALP recruiting data from the fall of 2016 and fall of 2017 show that large law firms made fewer offers for summer associate spots and have brought in slightly smaller summer classes during the last two recruiting cycles. As a result, we will likely see a leveling out in that sector for the Classes of 2018 and 2019 and perhaps beyond.

Jobs in government and jobs as judicial clerks are likely to be steady, as they have been for many years, despite economic booms and busts. Jobs in business are likely to continue to be important sources of jobs for new graduates, though perhaps diminishing in importance at least as long as the law firm job market remains relatively strong.

All of this suggests that the dramatic falloff in law school enrollment, coupled with a

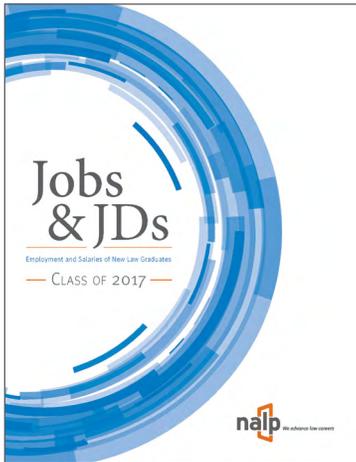
recovering Big Law market has in some ways provided the correction that was needed, and we are closer than at any time since the recession to having the number of law school graduates more closely match the number and kind of jobs available, and that the mix of jobs is more closely aligned with the graduates' desired outcomes. That a higher percentage of graduates seem to be finding first-choice jobs is supported by the falling percentage of employed graduates who report they are still seeking alternative employment.

While the worst of the underemployment problem has now been remedied, the unemployment rate ten months after graduation still remains much higher than it should be. The combined unemployment rate (those seeking work and those who are unemployed but not seeking work) has fallen nearly four percentage points, from the 12.9% measured in both 2012 and 2013, to just 9% for the Class of 2017, but it remains more than three percentage points higher than it was before the recession. Despite the strong recovery of the job market for law school graduates since the recession, this elevated unemployment rate remains an important marker of the current job market for new law school graduates.

Nonetheless, some cautious optimism seems in order. Barring another economic slowdown or interruption and barring a significant jump in law school enrollment as a result of rising applications, the employment outlook for recent law school graduates looks brighter (if not exactly rosy) than it has at any time since 2008, and that is good news. ■

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