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An Update on the Entry-Level Legal Employment Market

MAPLA/MSU Webinar

February 10, 2016

Presenter:

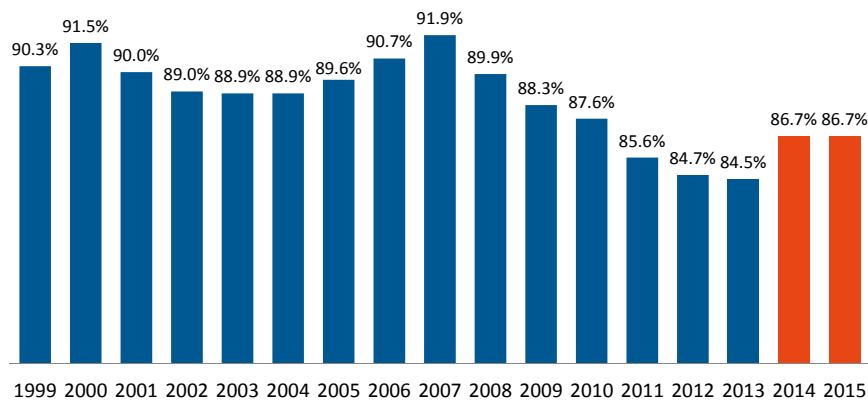
James Leipold, Executive Director

The Current Legal Market Landscape

- The Impact of the Great Recession
 - More than 60,000 legal sector jobs lost 2008-09 (US BLS)
 - 8.7% of all US associates lost their jobs in 2009
 - Sector currently down more than 52,000 jobs from pre-recession high of 1.179 million in June 2007
- The Impact of Technology
 - Internet (Google, LegalZoom) has made legal info readily available
 - From technology assisted document review to smart contracts, blockchain, and artificial intelligence
 - Commoditizable work is being systematized, automated, lowering price
- The Impact of Globalization
 - Emergence of price sensitive global legal services supply chain
 - Disaggregation of legal services
 - Deregulation: e.g., UK, Australia, Canada, Washington State



Law Graduate Employment Rate Nine Months After Graduation: 1999 – 2015



NOTE: Beginning with the Class of 2014, employment status information was collected as of March 15, rather than February 15, as it had been in prior years.

Source: NALP's Jobs & JDs, Classes of 1999 - 2015

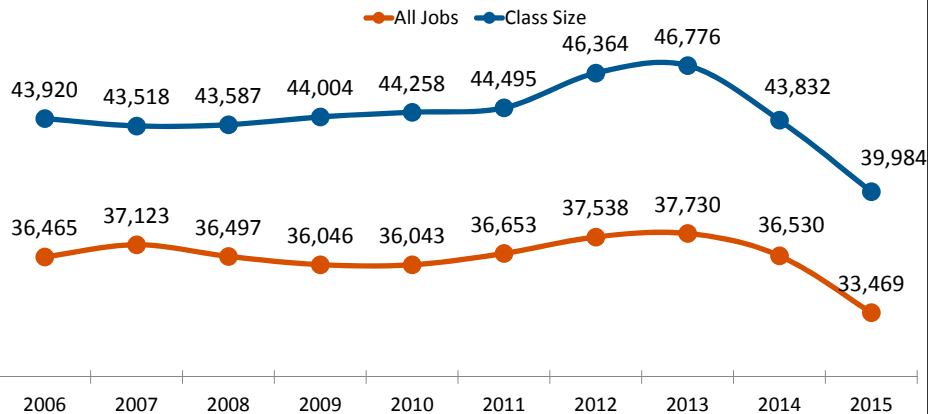
Employment Outcomes for the Class of 2015

- After rising in 2014 for the first time since the recession, **the employment rate for this class was absolutely flat at 86.7%.**
- The **actual number of jobs obtained went down** for the second year in a row.
- Only **BigLaw job numbers were up.**
- School-funded jobs were **down.**
- Bar Passage Required jobs were **up** slightly, and JD Advantage jobs were **down** slightly.
- The class found **the smallest number of jobs in private practice of any class since 1996.**

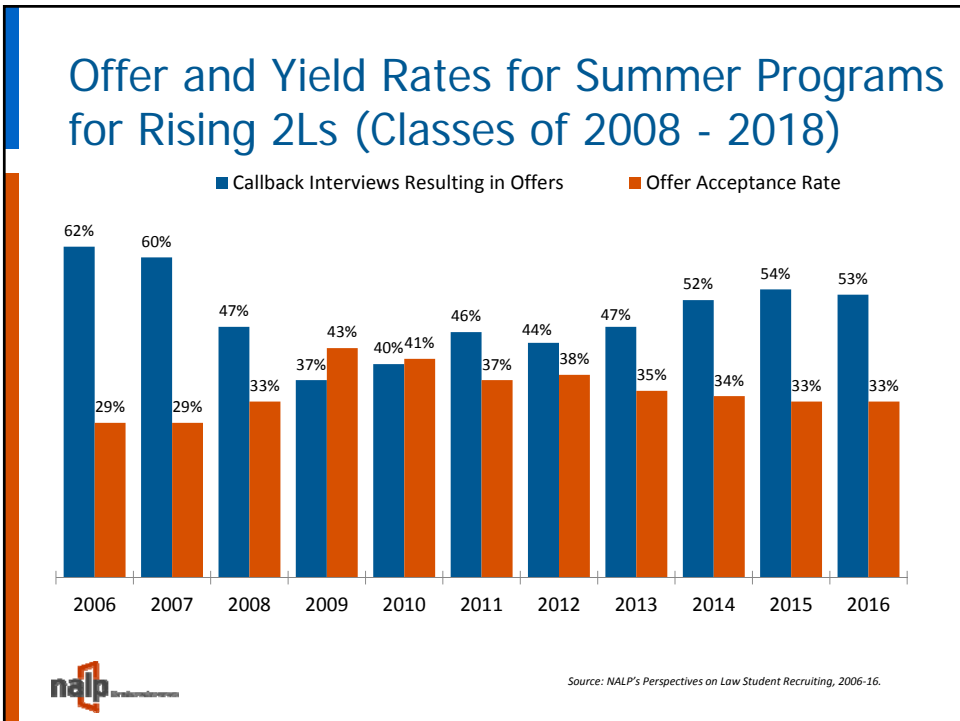
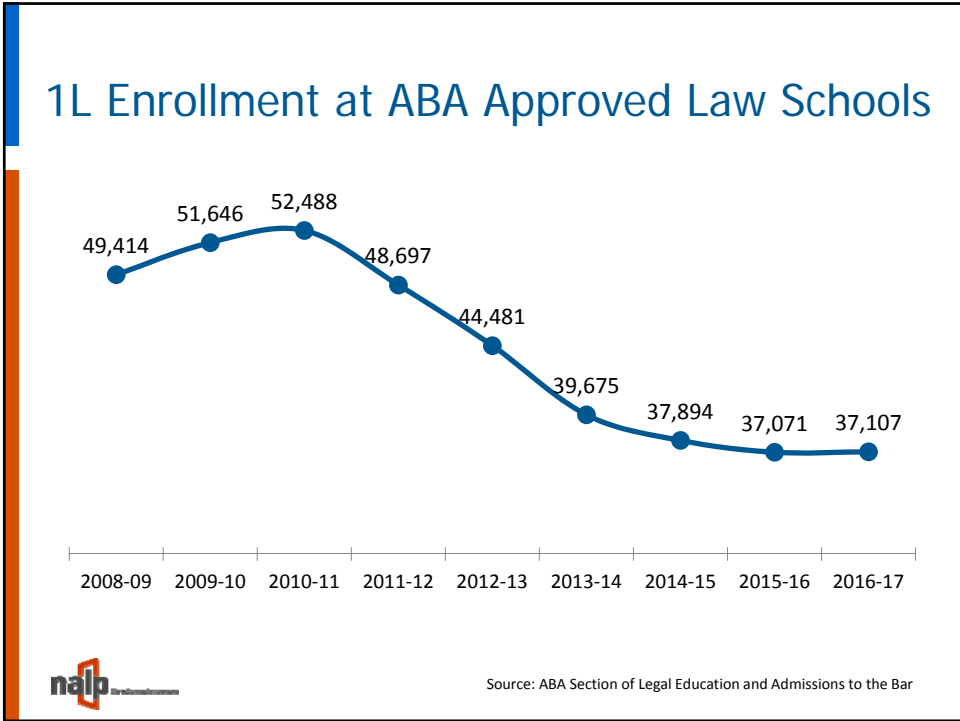


Source: NALP's *Jobs & JDs*, Class of 2015

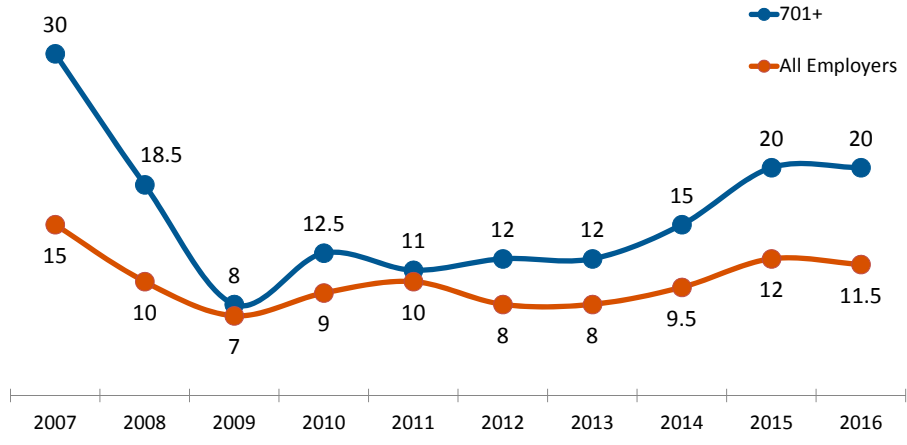
Total Number of Jobs Reported (Class Size vs. All Jobs)



Sources: All jobs figures come from NALP's *Jobs & JDs*, Classes of 2006 – 2015, Class size figures come from the ABA Section of Legal Education and Admissions to the Bar.

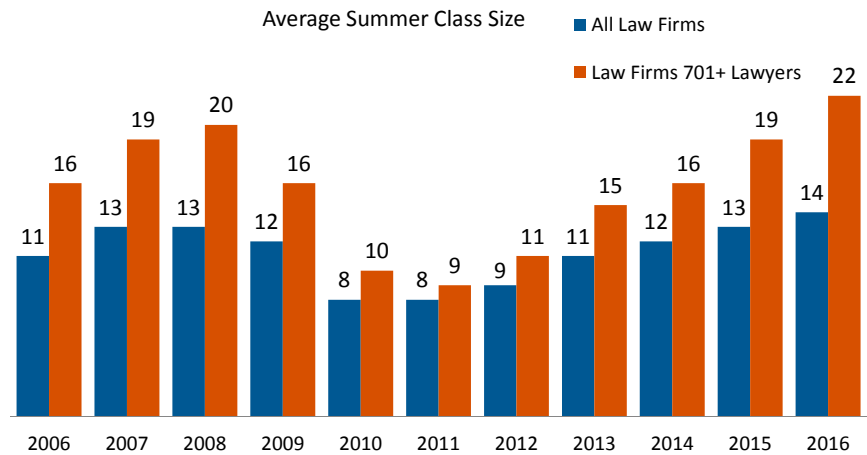


Median Number of Offers Extended to Rising 2Ls for Summer Programs

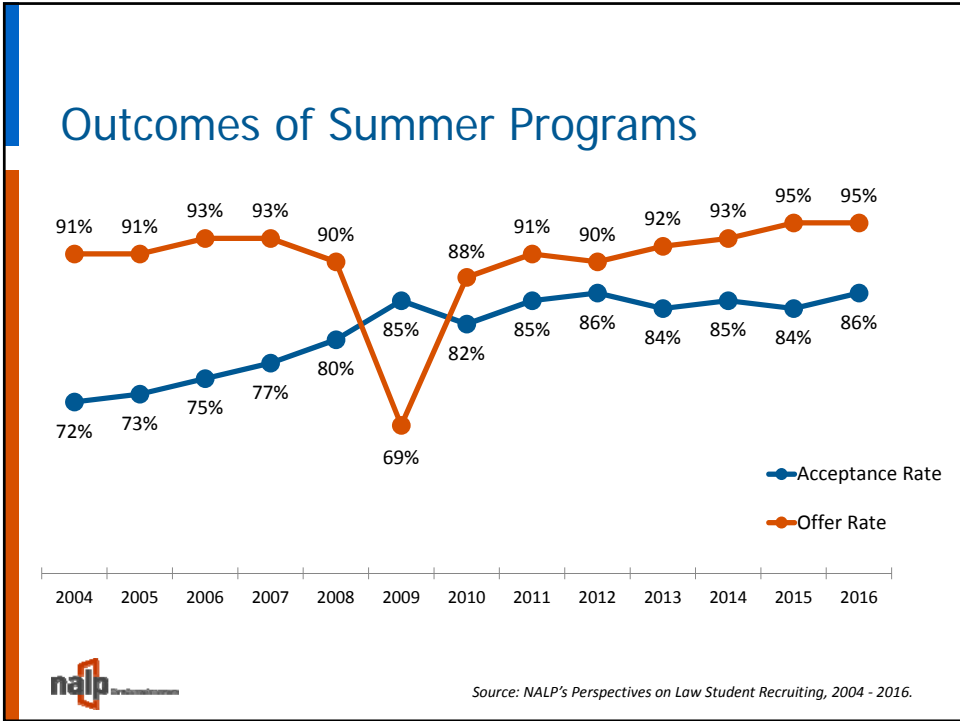


Source: NALP's Perspectives on Law Student Recruiting, 2007 - 2016.

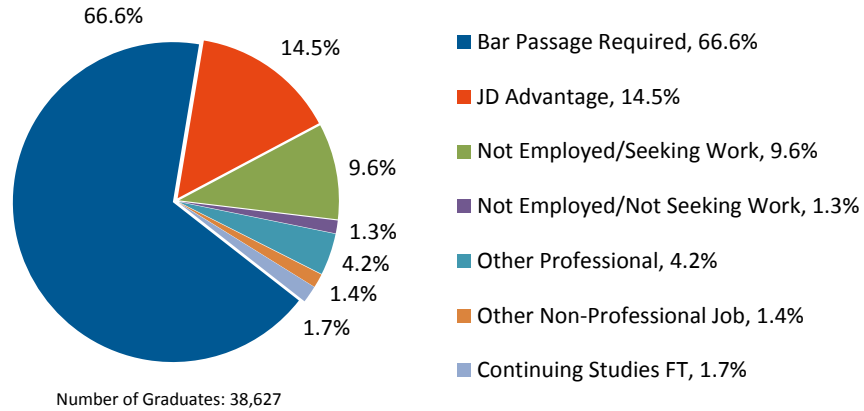
Law Firm Summer Program Class Size



Source: NALP's Perspectives on Fall Law Student Recruiting, 2005 - 2016.



Employment Outcomes for the Class of 2015: Employment Status, All Graduates



NOTE: Jobs for which an offer has been accepted but for which the start date is deferred, and jobs for which job type, e.g. Bar Passage Required, was not specified, account for 0.74% and 0.05% of graduates, respectively, but are not shown on the chart.

Source: NALP's Jobs & JDs, Class of 2015

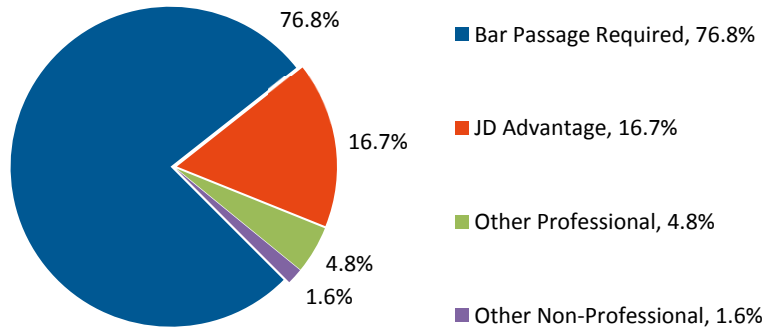
Law Graduate Employment Status: 2007 - 2015

Job Type	2007	2008	2009	2010	2011	2012	2013	2014	2015
Bar Passage Req'd	76.9%	74.7%	70.8%	68.4%	65.4%	64.4%	64.4%	66.3%	66.6%
JD Advantage	7.7%	8.1%	9.2%	10.7%	12.5%	13.3%	13.8%	14.8%	14.5%
Other Professional	5.1%	4.9%	5.4%	5.6%	5.3%	4.9%	4.7%	4.2%	4.2%
Other Non-Prof.	1.3%	1.3%	1.8%	1.9%	1.9%	1.8%	1.6%	1.4%	1.4%
Continuing Studies	2.3%	2.4%	3.1%	2.9%	2.3%	2.1%	1.8%	1.6%	1.7%
Seeking Job	4.1%	5.4%	6.0%	6.2%	9.6%	10.8%	11.2%	9.7%	9.6%
Not Seeking Job	1.7%	2.3%	2.7%	3.2%	2.5%	2.1%	1.7%	1.3%	1.3%



Source: NALP's Jobs & JDs, Classes of 2007 - 2015

Employment Outcomes for the Class of 2015: Job Types of those Employed



Number of Jobs: 33,469



NOTE: Jobs for which job type, e.g. Bar Passage Required, was not specified account for 0.06% of jobs but are not shown on the chart.

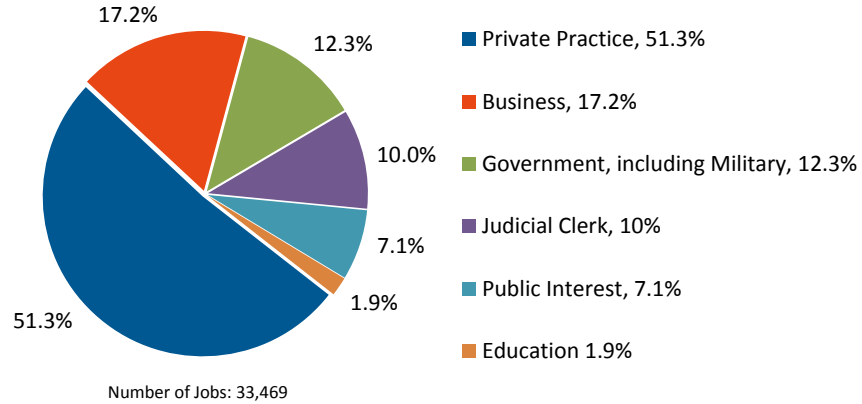
Source: NALP's Jobs & JDs, Class of 2015

Full-time, long-term, bar passage required

- Class of 2008: 68%
- Class of 2009: 62%
- Class of 2010: 60%
- **Class of 2011: 57%**
- Class of 2012: 58%
- Class of 2013: 59%
- Class of 2014: 62%
- **Class of 2015: 63%**



Employment Outcomes for the Class of 2015: Employer Type



NOTE: The category for employer type unknown, accounting for 0.2% of jobs, is not shown.

Source: NALP's Jobs & JDs, Class of 2015

Law Graduate Employer Type: 2007-2015

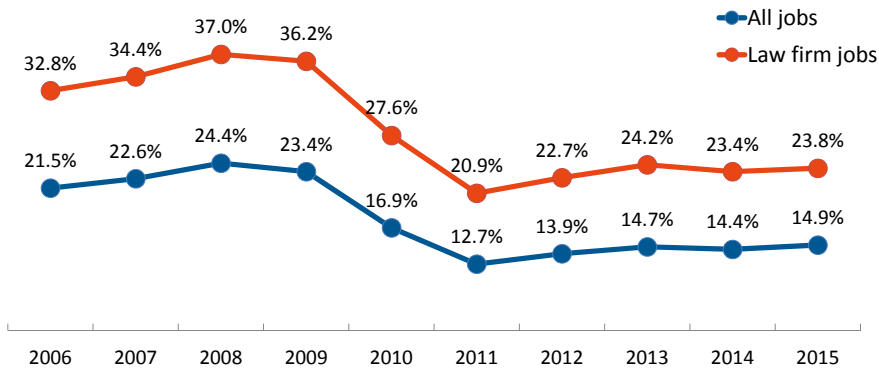
Employer Type	2007	2008	2009	2010	2011	2012	2013	2014	2015
Private Practice	55.5%	56.2%	55.9%	50.9%	49.5%	50.7%	51.1%	50.9%	51.3%
Business	14.1%	13.4%	13.5%	15.1%	18.1%	17.9%	18.4%	18.0%	17.2%
Government, including military	11.7%	11.8%	11.4%	12.8%	11.9%	12.1%	11.5%	12.2%	12.3%
Judicial Clerkships	9.8%	9.6%	8.7%	9.3%	9.3%	8.9%	9.0%	9.2%	10.0%
Public Interest	5.8%	5.4%	5.7%	6.7%	7.5%	7.2%	7.1%	7.3%	7.1%
Education	1.8%	2.3%	3.5%	3.7%	3.0%	2.7%	2.6%	2.1%	1.9%



Source: NALP's Jobs & JDs, Classes of 2007 - 2015

Decline in Jobs via OCI

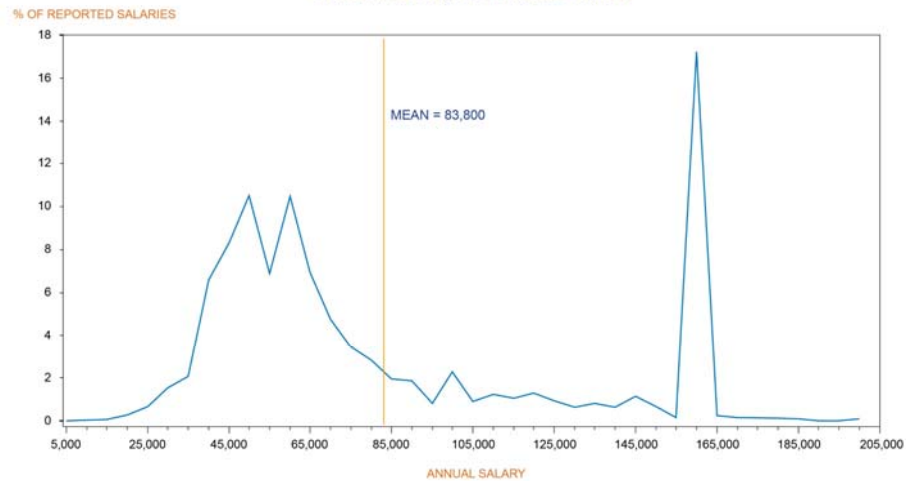
Percentage of Jobs Obtained through Fall OCI, 2005 - 2015



Source: NALP's Jobs & JDs reports for the Classes of 2006 - 2015.

Bimodal Starting Salary Distribution for the Class of 2015

Distribution of Reported Full-time Salaries



Note: Graph is based on 21,119 salaries reported for full-time jobs lasting a year or more -- a few salaries above 205,000 are excluded from the graph for clarity, but not from the percentage calculations. The left-hand peaks of the graph reflect salaries of \$40,000 to \$65,000, which collectively accounted for about half of reported salaries. The right-hand peak shows that salaries of \$160,000 accounted for about 17% of reported salaries. For purposes of this graph, all reported salaries were rounded to the nearest \$5,000.

Median & Mean Starting Salaries: Classes of 2009 - 2015

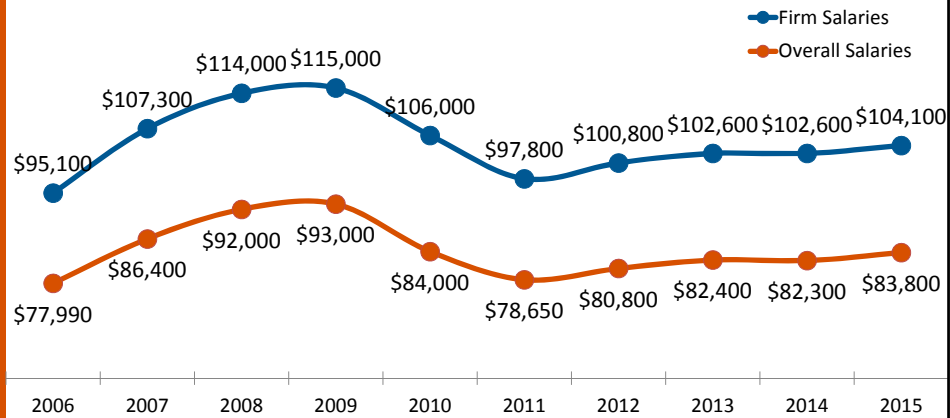
Salary	2009	2010	2011	2012	2013	2014	2015
Median Salary	\$72,000	\$63,000	\$60,000	\$61,250	\$62,470	\$63,000	\$64,800
Mean Salary	\$93,000	\$84,000	\$78,650	\$80,800	\$82,400	\$82,300	\$83,800

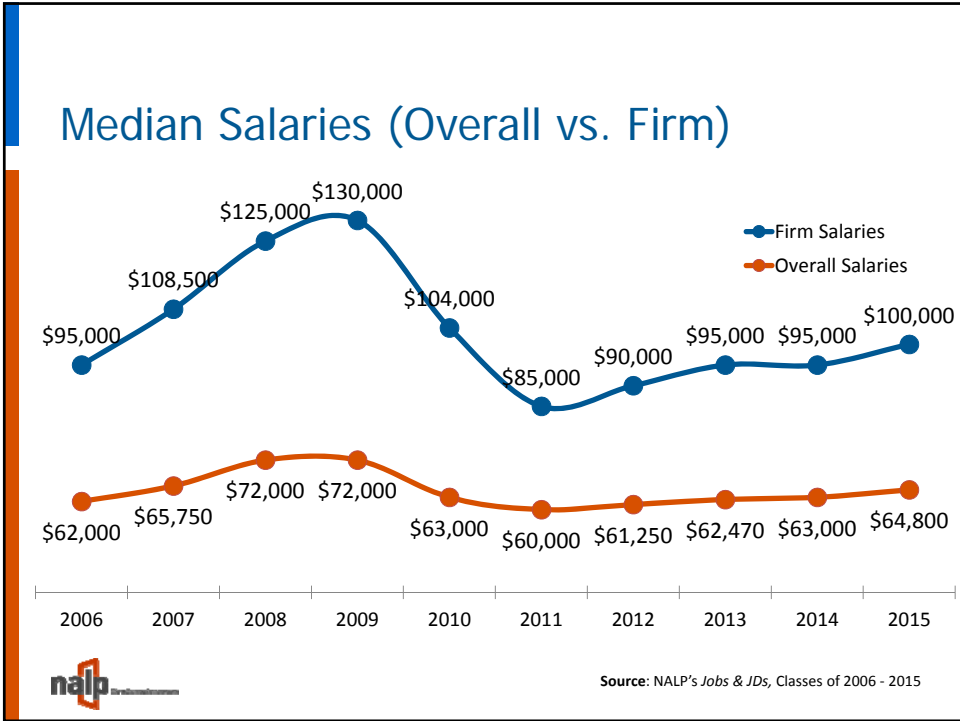
Salary	2009	2010	2011	2012	2013	2014	2015
Median Firm Salary	\$130,000	\$104,000	\$85,000	\$90,000	\$95,000	\$95,000	\$100,000
Mean Firm Salary	\$115,000	\$106,000	\$97,800	\$100,800	\$102,600	\$102,600	\$104,100



Source: NALP's Jobs & JDs, Classes of 2009 - 2015

Mean Salaries (Overall vs. Firm)





Private Practice Employment Class of 2015

Employment in Law Firms by Size of Firm		
Size of Firm	Percent of Private Practice Jobs	Subtotals
Solo	3.4%	
1 – 10*	39.5%	
11 – 25	10.2%	
26 – 50	5.6%	58.7%
51 – 100	4.7%	
101 – 250	5.6%	
251 – 500	6.2%	
501+	23.3%	39.8%
Unknown	1.5%	

** Includes graduates whose employer is a solo practitioner.

Source: NALP's Jobs and JDs, Class of 2015

Private Practice Employment by Law Firm Size: 2009 - 2015

	2009	2010	2011	2012	2013	2014	2015
Solo*	5.3%	5.7%	6.0%	5.1%	4.8%	4.4%	3.4%
1 – 10**	33.5%	39.1%	42.9%	43.0%	42.0%	41.3%	39.5%
11 – 25	7.6%	8.9%	10.5%	9.9%	10.0%	10.1%	10.2%
26 – 50	4.7%	5.3%	6.1%	5.7%	5.6%	5.6%	5.6%
51 – 100	4.5%	4.2%	5.0%	4.5%	4.5%	4.3%	4.7%
101 – 250	7.0%	5.6%	5.7%	5.5%	5.4%	5.9%	5.6%
251 - 500	7.3%	6.0%	5.0%	5.3%	5.5%	5.9%	6.2%
501+	25.6%	20.5%	16.2%	19.1%	20.7%	21.3%	23.3%
Unknown	4.6%	4.9%	2.6%	1.9%	1.5%	1.4%	1.5%

*Graduates who started their own practice

** Includes graduates whose employer is a solo practitioner



Source: NALP's Jobs & JDs, Classes of 2009 - 2015

Starting Salaries in Private Practice Class of 2015

Median Starting Salaries by Size of Law Firm	
Firm Size	Starting Salary
1 – 10	\$53,000
11 – 25	\$65,000
26 – 50	\$75,000
51 – 100	\$88,000
101 – 250	\$110,000
251 - 500	\$160,000*
501+	\$160,000*

*\$160,000 is also the prevailing salary and the 75th percentile salary for both law firm size categories and for the largest firms of more than 501 lawyers it is also the 25th percentile salary.



Source: NALP's Jobs and JDs, Class of 2015

Government Employment Class of 2015

Distribution of Jobs by Level of Government			
Federal	27%		
State	36%		
Local	36%		
Starting Salaries by Level of Government			
Government Level	25 th %	Median	75 th %
Federal	\$52,000	\$63,000	\$72,200
State	\$41,000	\$48,500	\$58,000
Local	\$48,000	\$57,000	\$62,000

Source: NALP's Jobs and JDs, Class of 2015



Judicial Clerkships Class of 2015

Distribution of Clerkships by Level of Government			
Federal	37%		
State	55%		
Local	8%		
Starting Clerkship Salaries by Level of Government			
Government Level	25 th %	Median	75 th %
Federal	\$58,000	\$61,000	\$64,000
State	\$46,000	\$48,000	\$54,500
Local	\$37,000	\$45,000	\$49,000

Source: NALP's Jobs and JDs, Class of 2015



Public Interest Employment Class of 2015

Distribution of Jobs in Public Interest	
Public Defender	30%
Legal Services	30%
Policy/Advocacy	19%
Community Organization	6%
Other Public Interest	15%

Starting Salaries for Public Interest Jobs		
25 th %	Median	75 th %
\$41,300	\$47,000	\$55,000

Source: NALP's Jobs and JDs, Class of 2015



Employment in Business Class of 2015

- 17% of all jobs taken by law school graduates
 - 26% Required Bar Passage
 - 49% Reported as JD Advantage
 - 17% Reported as “Other Professional”
 - 8% Reported as “Non-professional” or Unknown

Starting Salaries for Jobs in Business and Industry		
25 th %	Median	75 th %
\$55,000	\$70,000	\$89,500

Source: NALP's Jobs and JDs, Class of 2015



Employment in Business Class of 2015

Employer Type

Banking/Finance	13.6%
Technology (non-law)	7.0%
Legal Temp Agency	6.6%
Accounting	6.1%
Insurance	5.7%
Management Consulting	3.5%
Entertainment/Sports Mgt.	3.3%
Legal Technology	2.2%
Legal Process Outsourcers	1.4%
Other	50.6%



Source: NALP's Jobs and JDs, Class of 2015

Employment in Business Class of 2015

Job Type

In-House	14.4%
Compliance	10.0%
Management	8.0%
Temporary Legal	5.8%
Consulting	5.7%
Marketing/PR	4.8%
Tax Associate	4.0%
Self-employed	3.7%
Law Clerk/Paralegal	3.0%
E-discovery	1.1%
Other	39.5%



Source: NALP's Jobs and JDs, Class of 2015

Employment in Education Class of 2015

Job Type	Percentage	
Law School Fellow/Research Assistant or Other Temporary Position	25%	
Other Law School	7%	
College/University Administration	21%	
Other College/University	16%	
Elementary/Secondary Teacher	18%	
All Other	13%	
Starting Salaries for Academic Jobs		
25 th %	Median	75 th %
\$41,300	\$50,000	\$60,000



Source: NALP's Jobs and JDs, Class of 2015

Geography and Employment Class of 2015

Top 10 Cities for Jobs by Percent	
City	Percent of all Jobs
1. New York City	9.97%
2. Washington, DC	5.00%
3. Chicago	3.89%
4. Los Angeles	2.53%
5. Boston	2.03%
6. Houston	1.92%
7. San Francisco	1.63%
8. Atlanta	1.43%
9. Philadelphia	1.31%
10. Miami	1.29%



Source: NALP's Jobs and JDs, 2015

Timing of Employment Offers Class of 2015

Employer Type	Before Graduation	After Graduation
All Employers	54%	46%
Education	36%	64%
Business	40%	60%
Government	46%	54%
Judicial Clerkships	77%	23%
Private Practice	58%	42%
Public Interest	42%	58%

Source: NALP's Jobs and JDs, 2015



Timing of Private Practice Employment Offers: Class of 2015

Employer Type	Before Graduation	After Graduation
All Law Firms	58%	42%
1-10 Lawyers	36%	64%
11-25 Lawyers	43%	57%
26-50 Lawyers	55%	45%
51-100 Lawyers	64%	36%
101-250 Lawyers	79%	21%
251-500 Lawyers	88%	12%
501+ Lawyers	93%	7%

Source: NALP's Jobs and JDs, 2015



Law School Funded Jobs: 2011 - 2015

All Jobs	2011	2012	2013	2014	2015
Total Jobs	1,735	1,575	1,701	1,445	935
Percent of all Jobs	4.9%	4.2%	4.5%	4.0%	2.8%

FT, LT, Bar Passage	2011	2012	2013	2014	2015
Total Jobs (Full-time, Long-term, Bar Passage Required)	132	420	743	800	628
Percent of All School Funded Jobs (Full-time, Long-term, Bar Passage Required)	7.6%	26.7%	43.7%	55.4%	65.8%



Source: NALP's Jobs & JDs, Classes of 2011 - 2015

Contact Information

James Leipold
jleipold@nalp.org

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