

# Career Development

PEPPERDINE UNIVERSITY

School of Law



# RECENT TRENDS IN LEGAL HIRING

PCAPLA Conference

June 13, 2014

*Excerpted from James Liepold, "An Update on the New Entry-Level Legal Employment Market," April 16, 2014, and Kyle McEntee, "New Law School Jobs Data Indicate Flat Entry-Level Legal Market," April 9, 2014*

# The New Legal Job Market

## ◎ The Impact of the Great Recession

- Approx. 60,000 legal sector jobs lost in 2008-2009 (US BLS)
- 8.7% of all US law firm associates lost their jobs in 2009
- Legal sector still down approx. 45,000 jobs since pre-recession high

## ◎ The Impact of Technology

- Internet (Google, Legal Zoom, etc.) has made basic legal services and information available to everyone
- Technology assisted document review is faster and better
- Commoditizable work is being automated, lowering price

## ◎ The Impact of Globalization

- Price sensitive global services supply chain has emerged (legal work flowing to India, other markets)
- Legal services are being disaggregated (specialized service providers providing flat rate pricing on project-based services)

# The New Legal Job Market

“2013 was another flat year for economic growth in US law firms, with continuing sluggish demand growth, persistent challenges in low productivity, ongoing client pushback on rate increases, and a continuing struggle to maintain discipline on expenses.”

~ *Georgetown/Thomson Reuters Peer Monitor: 2014 Report on the State of the Legal Market*

“We believe that we have witnessed a fundamental shift in the market for legal services, resulting in a changed and more muted demand environment for law firms.”

~ *2014 Citi Private Bank/Hildebrandt Client Advisory*

# What This Means for Recent Law Graduates

- ⦿ Fewer entry-level private practice (particularly law firm) jobs
- ⦿ Decrease in average starting salaries
- ⦿ Higher unemployment and more under-employment
- ⦿ Fewer law grads working as lawyers
- ⦿ More grads working in business and law-related jobs
- ⦿ More grads seeking alternative careers
- ⦿ New grads competing with displaced lawyers
- ⦿ Job market chronically tough across all sectors

# The New Legal Job Market

Class Year	9-Mos. Post-Grad Emp. Rate
Class of 2012	84.7%
Class of 2011	85.6%
Class of 2010	87.6%
Class of 2009	88.3%
Class of 2008	89.9%
Class of 2007	91.9%
Class of 2006	90.7%
Class of 2005	89.6%

# The New Legal Job Market

## The Good News for the Class of 2012:

- ◎ This class found more jobs than the previous class, more jobs in private practice, and more jobs with larger law firms
- ◎ More of these jobs were full-time, long-term, bar passage-required positions
- ◎ Median salaries rose

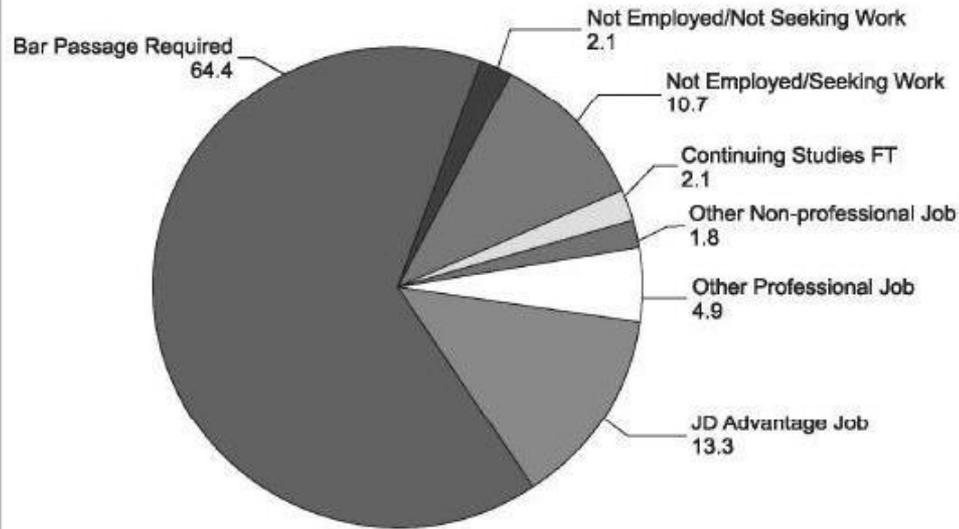
## The Bad News for the Class of 2012:

- ◎ Because this class was so much larger than the previous class, their 9-month unemployment rate was higher than the previous class, and correspondingly, the overall employment rate was down
- ◎ Even with the improvements noted above, only 58.3% of the class found full-time, long-term, bar passage-required positions

# The New Legal Job Market

## Employment Status

Class of 2012 — As of February 15, 2013 # of graduates = 44,339



Note: Jobs for which an offer has been accepted but for which the start date is deferred, and jobs for which type, e.g., bar passage required, was not specified, account for 0.5% and 0.3% of jobs, respectively, but are not shown on the chart. Overall, 90.2% of jobs were reported as full-time.

# Trends in Employment Status

## Legal Employment Market: Initial Employment Status

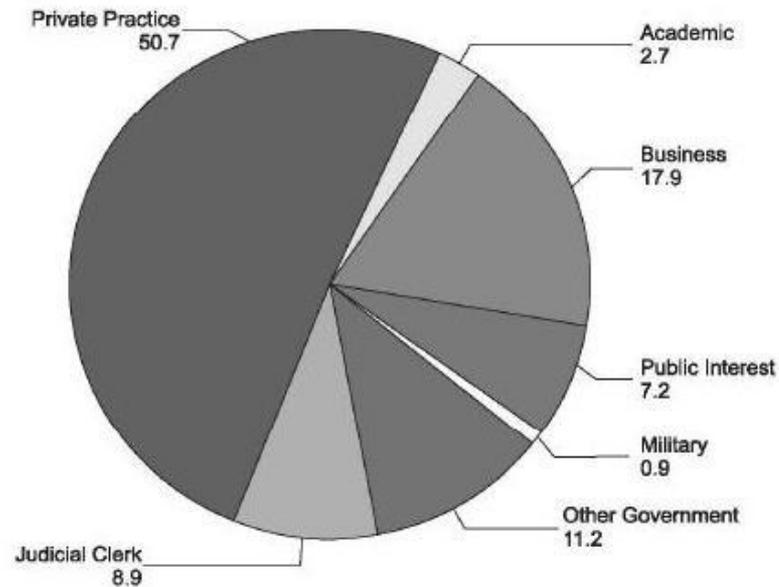
Job Type	2007	2008	2009	2010	2011	2012
Bar Passage Req'd	76.9%	74.7%	70.8%	68.4%	65.4%	<b>64.4%</b>
JD Advantage	7.7%	8.1%	9.2%	10.7%	12.5%	<b>13.3%</b>
Other Professional	5.1%	4.9%	5.4%	5.6%	5.3%	4.9%
Other Non-Prof.	1.3%	1.3%	1.8%	1.9%	1.9%	1.8%
Continuing Studies	2.3%	2.4%	3.1%	2.9%	2.3%	2.1%
Seeking Job	4.1%	5.4%	6.0%	6.2%	9.6%	<b>10.8%</b>
Not Seeking Job	1.7%	2.3%	2.7%	3.2%	2.5%	2.1%

Source: NALP's Jobs and JDs, Classes of 2007, 2008, 2009, 2010, 2011, & 2012

# The New Legal Job Market

## Employer Types

Class of 2012 — As of February 15, 2013    # of jobs = 37,538



Note: Figures in this chart reflect all job types — both legal and other. For clarity, the category for unknown employer type, representing 0.4% of jobs, is not shown.

# Trends in Employer Types

## Legal Employment Market: Initial Employer Type as of Feb. 15

Employer Type	2007	2008	2009	2010	2011	2012
Private Practice	55.5%	56.2%	55.9%	50.9%	<b>49.5%</b>	50.7%
Business	14.1%	13.4%	13.5%	15.1%	<b>18.1%</b>	17.9%
Government, including military	11.7%	11.8%	11.4%	12.8%	11.9%	12.1%
Judicial Clerkships	9.8%	9.6%	8.7%	9.3%	9.3%	8.9%
Public Interest	5.8%	5.4%	5.7%	6.7%	7.5%	7.2%
Academic	1.8%	2.3%	3.5%	3.7%	3.0%	2.7%

Source: NALP's Jobs and JDs, Classes of 2007, 2008, 2009, 2010, 2011, & 2012

# Trends in Starting Salaries

## Median & Mean Starting Salaries: Classes of 2009, 2010, 2011 & 2012

Salary	2009	2010	2011	2012
Median Salary	\$72,000	\$63,000	\$60,000	\$61,250
Mean Salary	\$93,000	\$84,000	\$78,650	\$80,800

Salary	2009	2010	2011	2012
Median Firm Salary	\$130,000	\$104,000	\$85,000	\$90,000
Mean Firm Salary	\$115,000	\$106,000	\$97,800	\$100,800

Source: NALP's Jobs and JDs, Classes of 2007, 2008, 2009, 2010, 2011, & 2012

# Trends in Private Practice Employment

## Private Practice Employment

Employment in Law Firms by Size of Firm		
Size of Firm	Percent of Private Practice Jobs	Subtotals
Solo	5.1%	
2 – 10	43%	
11 – 25	9.9%	
26 – 50	5.7%	63.7%
51 – 100	4.5%	
101 – 250	5.5%	
251 – 500	5.3%	
501+	19.1%	34.4%
Unknown	1.9%	

Source: NALP's Jobs and JDs, Class of 2012

# Trends in Private Practice Salaries

## Median & Mean Starting Salaries: Classes of 2009, 2010, 2011 & 2012

Salary	2009	2010	2011	2012
Median Salary	\$72,000	\$63,000	\$60,000	\$61,250
Mean Salary	\$93,000	\$84,000	\$78,650	\$80,800

Salary	2009	2010	2011	2012
Median Firm Salary	\$130,000	\$104,000	\$85,000	\$90,000
Mean Firm Salary	\$115,000	\$106,000	\$97,800	\$100,800

Source: NALP's Jobs and JDs, Classes of 2007, 2008, 2009, 2010, 2011, & 2012

# Class of 2012

## Employment in Business and Salaries

### Employment in Business

- 18% of all jobs taken by law school graduates
  - 29% Required Bar Passage
  - 39% Reported as JD Advantage
  - 21% Reported as “Other Professional”

Starting Salaries for Jobs in Business and Industry		
25 <sup>th</sup> %	Median	75 <sup>th</sup> %
\$50,000	\$65,000	\$84,000

Source: NALP's Jobs and JDs, Class of 2012

# Class of 2012

## Government Employment and Salaries

### Government Employment

Distribution of Jobs by Level of Government	
Federal	29.7%
State	32.3%
Local	36.5%

Starting Salaries by Level of Government			
Government Level	25 <sup>th</sup> %	Median	75 <sup>th</sup> %
Federal	\$53,500	\$62,500	\$74,900
State	\$40,000	\$45,000	\$52,000
Local	\$45,300	\$52,500	\$60,000

Source: NALP's Jobs and JDs, Class of 2012

# Class of 2012

## Public Interest Employment and Salaries

### Public Interest Employment

Distribution of Jobs in Public Interest	
Public Defender	26%
Legal Services	29%
Policy/Advocacy	21%
Community Organization	8%
Other Public Interest	16%

Starting Salaries for Public Interest Jobs		
25 <sup>th</sup> %	Median	75 <sup>th</sup> %
\$40,000	\$44,500	\$50,000

Source: NALP's Jobs and JDs, Class of 2012

# Class of 2012

## Geography and Employment

### Geography and Employment

Top 10 Cities for Jobs by Percent	
City	Percent of all Jobs
1. New York City	9.05%
2. Washington, DC	5.56%
3. Chicago	3.71%
4. Los Angeles	2.47%
5. Houston	2.10%
6. Boston	2.04%
7. San Francisco	1.65%
8. Atlanta	1.59%
9. Philadelphia	1.29%
10. Minneapolis	1.29%

Source: NALP's Jobs and JDs, 2012

# Hot Off the Press: Class of 2013 Employment Data

- ◎ Overall 9-months post-grad employment, compared to Class of 2012, was fairly flat
- ◎ 57% employed in full-time, long-term, bar passage-required jobs (58.3% for Class of 2012)
- ◎ 10.1% employed in full-time, long-term, JD-advantage jobs (9.5% for Class of 2012)
- ◎ Jobs with largest law firms (500+ lawyers) increased by nearly 10%
- ◎ Two out of three employed graduates work in the same state as law school's location

# Career Development

PEPPERDINE UNIVERSITY

School of Law

