Employment Rate of New Law Graduates Up for the First Time Since 2007

The overall employment rate for the Class of 2014 was 86.7% of graduates for whom employment status was known, the first year that the rate has increased since 2007. Despite the increase of more than 2 percentage points compared to the prior year, and an increase in the rate of employment in jobs requiring bar passage for the first time since 2007, these positive indicators are tempered by several factors. First, the number of jobs found by graduates was down by about 1,200 compared with 2013. Second, the number of graduates declined after reaching a record high in 2013, and was down by almost 3,000 according to the ABA. Thus the employment rate could increase even as the number of jobs declined. Third, the report timing was changed from February 15 to March 15 (from nine months to ten months following the typical May graduation).

Effective with the Class of 2014, NALP measures 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, a change that should be kept in mind when making comparison with employment rates for previous years. Analyses of these data for the Class of 2014 (measured in March of 2015) reveal an employment rate that increased for the first time in seven years 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. (For information on trends in graduate employment going back to 1985, see www.nalp.org/0815 research.)

Despite the modest improvement, as evidenced in the overall employment and the rate of employment in jobs requiring bar passage, other markers described later point to a market that is essentially flat. Of those graduates for whom employment status was known, just 66.3% obtained a job for which bar passage is required, up 1.9 percentage points from 2013, and the first increase since 2007 when the figure was 76.9%. An additional 14.8% of graduates obtained jobs for...
Employment Status
Class of 2014 — As of March 15, 2015  
# of graduates = 42,139

Bar Passage Required Job  
Not Employed/Not Seeking Work  1.3
Not Employed/Seeking Work  9.7
Continuing Studies FT  1.6
Other Non-professional Job  1.4
Other Professional Job  4.2
JD Advantage Job  14.8

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 0.7% and 0.04% of graduates, respectively, but are not shown on the chart.

Employer Types
Class of 2014 — As of March 15, 2015  
# of jobs = 36,530

Private Practice 50.9
Business 18.0
Public Interest 7.3
Military 0.9
Other Government 11.2
Academic 2.1
Judicial Clerk 9.2

Note: Figures in this chart reflect all job types — both legal and other. For clarity, the category for unknown employer type, representing 0.3% of jobs, is not shown. Overall, 93% of jobs were reported as full-time.

(continued from page 1)

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 13.8% for the Class of 2013 and is the highest since NALP began comparable tracking in 2001. The percentage of graduates employed in other capacities was 5.6%. The unemployment rate, counting both graduates still seeking a job and those not seeking, also edged down for this class, and stood at 11%, compared with 12.9% for the Class of 2013. Of the remaining graduates for whom employment status was known, 0.7% had accepted a job as of March 15, 2015, but had not yet started that job, and 1.6% of the 2014 graduates were continuing their academic studies full time.

The percentage of jobs reported as part-time declined for the third year in a row and was 7%, compared with 8.4% in 2013, 9.8% in 2012, and over 11% in 2011. The figure is now close to the 6.5% figures for 2008 but is still above a figure of about 5% in the years immediately prior to that. About 2.7% of jobs were both temporary (defined as lasting less than a year) and part-time, a figure that has declined steadily from 2012 when it was 4.6% and that has been sliced by about 60% since 2011 when it was over 7%.

Of the 66.3% of graduates for whom employment status was known 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 is just 63.8%. 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 just 62%. These figures are small improvements over the 2013 figures, which were 61.3% and 59%, respectively.

Share of Employed Grads in Private Practice Largely Unchanged

Additional analyses of the jobs data for the Class of 2014 reveal that just over half (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 49.5% for the Class of 2011, there has been 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.

Other key findings from Jobs & JDs: Employment and Salaries of New Law School Graduates — Class of 2014:

- Overall, 7% of jobs were part-time and were found in all employment sectors, but were especially prevalent in academic settings, at 31% (down from 39% in 2013), followed by business at 12%. About 9% of public interest jobs were reported as part-time, compared with 12% in 2013.
- 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 2013, at 4.0% and 1,445 jobs, compared with 1,700 jobs and 4.5% of jobs for the Class of 2013. Four out of five of these jobs were reported as bar passage required; 22% were reported as part-time, and over one-third 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). For 2014 well over half of funded jobs fell into this category compared with less than 8% in 2011. Most funded 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, in no small part because of the presence of law school-funded jobs in this sector. Almost one-quarter of public interest jobs taken by the Class of 2014 were law school-funded. Although the number of academic jobs has drifted down closer to the 2008 level, school-funded positions still account for one-third of these jobs, with the majority being research assistant/fellow positions.
- Employment in business stood at 18%, only a bit below the historic high of 18.4% in 2013. The share of jobs in busi-

### Table 1 — Median Starting Salaries 2008-2014

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<tr>
<td>Overall Median</td>
<td>$72,000</td>
<td>$72,000</td>
<td>$63,000</td>
<td>$60,000</td>
<td>$61,245</td>
<td>$62,467</td>
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<tr>
<td>Law Firm Median</td>
<td>$125,000</td>
<td>$130,000</td>
<td>$104,000</td>
<td>$85,000</td>
<td>$90,000</td>
<td>$95,000</td>
<td>$95,000</td>
<td>+ 0.0%</td>
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ness has exceeded 15% since 2010. The percentage of jobs in business had been in the 10-14% range for most of the two decades prior to 2010, except in the late 1980s and early 1990s, when it dipped below 10%. About 27% of these jobs were reported as requiring bar passage, and about 47% were reported as jobs for which a JD was an advantage.

- Just over 5% of these business jobs represent graduates working for agencies that place individuals in temporary legal, law clerk, or paralegal jobs, compared with about 7% in 2013 and over 8% in 2012. 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 2014 translates to about 350 jobs, far below the 700 reached in 2011, and in fact the lowest number recorded — less even than the 400-plus jobs in 2009 and 2010.

- Public service jobs, including military and other government jobs, judicial clerkships, and public interest positions, accounted for 28.7% of jobs taken by employed graduates, compared with 27.6% in 2013 and 28.2% in 2012. Fluctuations in this figure notwithstanding, this percentage has remained relatively stable for more than 30 years, at 26-29%. Public interest organizations, including public defenders, accounted for 7.3% of jobs, compared with 7.1% in 2013, 7.2% in 2012, 7.5% in 2011, 6.7% in 2010, and 5.6% in 2009. The increases are partly attributable to school programs to provide fellowship and grant opportunities in a variety of settings, including public interest. Although the percentage of jobs accounted for by judicial clerkships has fluctuated somewhat, the number of clerkship opportunities has remained relatively steady since 2010, between 3,300 and 3,400.

- Of employed graduates from the Class of 2014, about 20% were seeking a different job, a figure that has fallen each year from the record high of 24.6% for the Class of 2011. However, the percentage of employed graduates continuing to seek remains higher 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 40% of graduates with a job for which a JD was an advantage were seeking a different job, compared to 13% of those with a job requiring bar passage.

- Although the number of graduates setting up their own solo law practice after law school has declined somewhat in recent years, they accounted for 4.4% of law firm jobs and 2.2% of all jobs, still high in comparison to 2007 and 2008.

There is much more to discover about the most recent developments in law school graduate employment. What are new law graduates earning? Are most law firm opportunities in large firms or small, and is that changing? How did women and minorities from the Class of 2014 fare? What 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 2014 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 2014 report, to be published in September 2015, email, fax, or mail a copy of the form on page 6 of these findings to the NALP office.

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. In other words, the size of the graduating class fell more steeply than the number of jobs fell, so the employment rate went up, just as, in the prior three years, even as the number of jobs was going up, the class size was going up even more, and so the overall employment rate had continued to fall.

The data present a complex employment market for sure, 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

Commentary by James Leipold, Executive Director

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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.

In terms of the employers for whom graduates are working, amongst law firms, government entities, the judiciary, businesses, nonprofit and public interest organizations, and educational institutions, the distribution of jobs has remained fairly constant over the last three years, with the big loss of private practice jobs between 2009 and 2010 marking 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.

What does all of this mean? The entry-level legal employment market is a complex and changing labor market that defies easy analysis or simple summation. 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 contraction in the overall number of jobs obtained. It is statistically predictable that a smaller graduating class would obtain a smaller number of jobs, as the smaller group will by definition distribute itself on a (somewhat smaller) bell curve of talent and accomplishment. Nonetheless, pundits and analysts who watch the entry-level legal job market were surprised by the contraction in the number of jobs at a time when most indicators suggest a continued gradual improvement in the legal economy overall and at a time when large law firm profits have never been greater. At the very least it suggests a jobs environment that is not experiencing steady and continued growth and improvement. And, despite very high earnings by some law firms, the legal services industry in North America continues to be buffeted by rapid changes driven by aggressive globalization and ongoing and dramatic technology innovation and advancement, both of which will continue to challenge the law firm business model. Meanwhile, the public sector continues to provide a remarkably steady source of jobs for new law school graduates, and law schools themselves continue to fund bridge-to-practice work opportunities with public interest organizations and, to a lesser extent, government, propelling up jobs in those sectors.

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.

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.

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