

## EMPLOYMENT RATE CONTINUES TO IMPROVE; TOTAL NUMBER OF LAW FIRM JOBS INCREASES FOR FIRST TIME IN FIVE YEARS

— A Summary of the Findings by Danielle A. Taylor, Director of Research —

The overall employment rate for the Class of 2018 was up 0.8 percentage points, to 89.4% of graduates for whom employment status was known, compared with 88.6% for the Class of 2017. Despite the increase in the employment rate, the number of jobs found by graduates fell slightly again this year by about 150 jobs compared with 2017. However, the number of graduates also declined for the fifth year in a row after reaching a record high in 2013 and was down by about 700 according to the ABA. Thus, the employment rate increased even as the number of jobs continued to decline.

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 2018 (measured in March of 2019) reveal an employment rate that has increased by nearly five percentage points since bottoming out at 84.5% for the Class of 2013, with no

increase occurring from 2014 to 2015. The increase in 2018 was only the fourth since 2007, a year which stands as the high-water mark for the employment rate 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, another indicator of an improved market was the continued upward trend in the percentage of graduates taking jobs for which bar passage is required or anticipated. This percentage increased one percentage point, from 71.8% in 2017 to 72.8% in 2018, following a four percentage point increase in the previous year. The percentage of jobs for which bar passage is required or anticipated has increased by over eight percentage points since bottoming out in 2012 and 2013 at 64.4%. A major factor underlying this increase was more jobs in the largest firms, both in percentage terms and numbers.

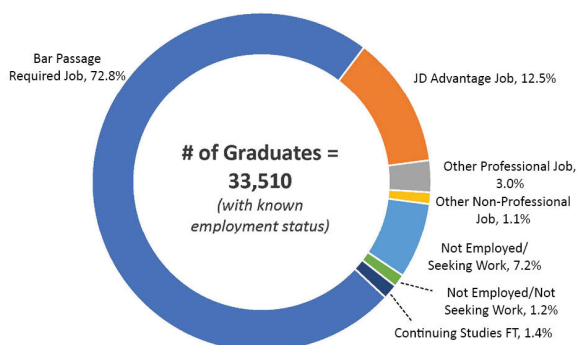
Some of the 72.8% of graduates for whom employment status was known and who obtained a job for which bar passage was required were reported as working part-time; consequently, the percentage employed in a full-time job requiring bar passage was 71.8%, a 1.4 percentage point increase from last year. Further, because some of these jobs will last less than one year, the percentage employed full-time in jobs requiring bar passage and lasting at least one year was 70.9%, up over two percentage points from 2017 and fourteen percentage points since 2011.

An additional 12.5% 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 up 0.2 percentage points, after dropping 2.5 percentage points last year.

The percentage of graduates employed in other capacities was 4.0%. The unemployment rate, counting both graduates still seeking a job and those not seeking, also continued to

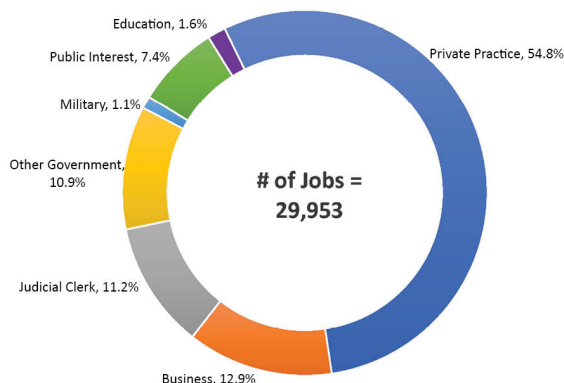
*continued on page 3*

**Employment Status**  
Class of 2018 — as of March 15, 2019



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 0.84% and 0.09% of graduates, respectively, but are not shown in the chart.

**Employer Types**  
Class of 2018 — as of March 15, 2019



Note: Figures in this chart reflect all job types — both legal and other. For clarity, the category for unknown employer type, representing 0.17% of jobs, is not shown. Overall, 95.4% of jobs were reported as full-time.

### CLASS OF 2018 EMPLOYMENT OUTCOMES APPROACH PRE-RECESSION LEVELS

— Commentary and Analysis by James G. Leipold, Executive Director —

The employment outcomes findings for members of the Class of 2018 are strong and, along with the findings for members of the Class of 2017, clearly mark the beginning of a new post-recession cohort. The employment outcomes for this class more closely resemble employment outcomes measured in the years before the recession than they do the classes that graduated between 2009 and 2013 in the immediate aftermath of the recession. At 89.4%, the overall employment rate is again approaching 90%, and is higher than the overall employment rates measured in twelve of the past twenty years. Notably, jobs for which bar passage is required were measured at 72.8%, the second year in a row with bar passage required employment of over 70%, a threshold not crossed since before the recession.

There are other markers of the improved quality of the job market for new graduates. For instance, for the Class of 2018, the percentage of graduates who secured full-time, long-term, bar passage required work was measured at nearly 71%, higher even than the rates measured before the recession. Similarly, the percentage of jobs in private practice was measured at 54.8%, very close to the norms of 55-58% that were consistently measured for more than 30 years prior to the recession. That percentage has now increased for seven years in a row after bottoming out at 49.5% for the Class of 2011. And, in the immediate aftermath of the recession, the percentage of graduates reporting that they were working part-time and/or short-term jobs increased markedly, but since 2012 those figures have been decreasing steadily.

Undergirding the strength of these employment outcomes in part, however, is a smaller class rather than more jobs. For the fifth 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 not only because of an expanding economy and a strong large law firm market, but also because of the fall in the size of the

graduating class. The size of the 2018 graduating class was 34,221, almost 27% smaller than the historically large Class of 2013 that produced 46,776 job seekers. During the same period the number of jobs secured by the graduating class has dropped by 7,777 (nearly 21%) to 29,953 from the high of 37,730 measured for the Class of 2013. In very simple terms, the rise in the employment rate can be explained by the fact that the size of the graduating class has fallen faster than the number of jobs secured.

The data show that for the fifth 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. Overall, the number of jobs in private practice has fallen by more than 4,000 since 2007 and grew this year for the first time in five years, but only very slightly, by just 21 jobs, to 16,411 jobs. 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 more than 400 positions compared with the peak hiring measured with the Class of 2008. Moreover, firms with between 251 and 500 lawyers now provide only half the number of jobs compared with before the recession, just 966 jobs for members of the Class of 2018, compared to 1,815 jobs for members of the Class of 2007.

A stronger job market has led to other notable changes in the employment profile for the most recent class. As jobs at the largest law firms have come back, for instance, the number of graduates securing jobs in business has continued to go down, falling to 12.9% of all jobs, down from a historic high of 18.4% measured in 2013. The actual number of jobs secured in the business sector has fallen by more than 3,000 jobs over that same period. Similarly, the percentage of graduates taking jobs that are classified as JD Advantage jobs nearly doubled during the recession, from 7.7% of graduates for whom employment

status is known in 2007 to 14.8% in both 2014 and 2016. That figure has now begun to fall back, to 12.3% and 12.5% for the Classes of 2017 and 2018 respectively. This suggests that despite the growth of new JD Advantage opportunities in areas like compliance, many law graduates prefer bar passage required jobs if they can be found.

By contrast, other employment sectors have remained remarkably steady, immune in some ways from the vicissitudes of the economy. For instance, the number of judicial clerkships secured by graduates has varied from only 3,200 to 3,400 since 2010. For this class, the actual number of clerkships was 3,344, comfortably within that range, but because the class size has been getting smaller, the percentage of jobs that were judicial clerkships has gone up in each of the last five years, and was measured this year at 11.2% of all jobs secured. The government sector beyond clerkships 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, and coming in this year at 11.9%, even as the actual number of jobs secured with local, state, and federal government entities has come down by more than 1,000 since 2010. Jobs in public interest as a percentage of all jobs have also remained steady, hovering around 7% for the six previous years and this year climbing to 7.4%. The actual number of public interest jobs secured fell by more than 500 between 2012 and 2016 but has climbed again for the last two years, and now at 2,200 is somewhat higher than it was before the recession, in part because law schools still continue to fund post-graduate fellowship opportunities that allow students to work in the public interest setting immediately following graduation.

Jobs in education are outliers in some ways, and usually make up a small percentage of the jobs secured by law school graduates. However, the number of jobs in education

*continued on page 5*

*continued from page 1*

trend downward with the Class of 2018, and stood at 8.3%, compared with 9.0% for the Class of 2017. Of the remaining graduates for whom employment status was known, 0.84% had accepted a job as of March 15, 2019, but had not yet started that job, and 1.4% of the 2018 graduates were continuing their academic studies full-time.

The percentage of jobs reported as part-time has declined for seven years in row, and now accounts for 4.5% of jobs, compared with 5.4% for 2017. As a result, this figure is now comparable to that of 2007 and the years immediately prior. Just under two percent (1.9%) of jobs were both temporary (defined as lasting less than a year) and part-time, compared with 2.2% for 2017. This was the second year in a row that this percentage has declined, after hovering between 2.7-2.8% for the classes of 2013-2016.

### Share of Employed Grads in Private Practice Continues to Grow as Number of Law Firm Jobs Increases for First Time in Five Years

Additional analyses of the jobs data for the Class of 2018 reveal that well over half (54.8%) of employed graduates obtained a job in private practice, an increase of 0.4 percentage points over last year 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. In addition to the increase in the percentage of law firm jobs, for the first time in five years the overall total number of law firm jobs increased, albeit by just 21 jobs, a 0.1% improvement over 2017.

This increase in the total number of law firm jobs can be attributed to an increase in jobs at the largest firms—those with more than 500 lawyers—which increased by about 160 jobs, pushing their share of law firm jobs up by 1.0 percentage point, from 28.1% of law firm jobs in 2017 to 29.1% in 2018. 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 down about 8% from 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 33.9% of law firm jobs, down from 35.3% in 2017, and declined in raw numbers from about 5,800 to about 5,550. 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 16% but is the closest these numbers have been since NALP began collecting the 501+ lawyer firm size in 1999. 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 Salaries Remain Flat Overall but Rise at Law Firms; Mean Salaries Increase 3.0%

Salary information was reported for 70.4% of the jobs reported as full-time and lasting at least a year. The national median salary for the Class of 2018 based on these reported salaries was \$70,000, which remained flat compared to the Class of 2017. The national mean for the Class of 2018 was \$98,150, up 3.0% when compared to \$95,320 for the Class of 2017. Similar to the Class of 2016, when salaries of both \$160,000 and \$180,000 resulted in two right-hand peaks on NALP's salary curve—with the \$180,000 peak much higher—the Class of 2018 has two right-hand peaks at \$180,000 and \$190,000. The \$190,000 peak is the higher of the two, but not as pronounced as the \$180,000 peak was for the Class of 2016. For the Class of 2018, salaries of \$190,000 accounted for 13.8% of all full-time long-term salaries reported. Salaries of \$180,000 and \$190,000 combined accounted for 21.6% of the full-time long-term salaries reported, which is similar to the 21% of all reported full-time long-term salaries at \$180,000 for the Class of 2017.

The stability of the median salary may seem surprising given that a number of large firms in major markets increased their starting salaries to \$190,000 between the time that the Class of 2017 graduates and Class of 2018 graduates started working. However, the effect of these increases was simply to shift the distribution of salaries in the upper half of the salary range, with little effect on the middle range. Nevertheless, the effect of the \$190,000 salaries is seen in the national median salary at law firms, which, based on reported salaries, climbed to \$120,000, the fourth increase in a row. (See Table 1 on page 4.) Salaries of \$190,000 accounted for 24.1% of reported law firm salaries and salaries of \$180,000 still accounted for 13.4% of reported law firm salaries. Their combined total is similar to the 37% of law firm salaries for the Class of 2017 that were reported as \$180,000 last year.

Median salaries in other sectors, including government and business, were flat for the most part. The median salary in education-related jobs was \$51,500, up 3.0% from \$50,000 in 2017. The median salary at public interest organizations, which includes legal services providers and public defenders, was \$50,500 in 2018, up just 1.0% compared to \$50,000 in 2017.

### Other Key Findings from Jobs & JDs: Employment and Salaries of New Law School Graduates — Class of 2018

- Overall, 4.5% of jobs were part-time and were found in all employment sectors, but were especially prevalent in education settings, at 25.9%, followed by business at 12.0%. Less than five percent (4.7%) 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 2017, at 1.8% of jobs and 525 jobs, compared with 609 jobs (2.0% of jobs) for

*continued on page 4*



continued from page 3

2017, and just less than one-third of the number reported for the Class of 2013. Nearly seventy percent (69.5%) of these jobs were reported as bar passage required; 17.5% were reported as part-time, and 31.2% 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 2018, 56.6% of funded jobs fell into this category, 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 public defenders 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, which accounted for 13.6% of all public interest jobs taken by the Class of 2018. The number of jobs in education has drifted down slightly 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-fifth (19.3%) of all education jobs, with the vast majority of education funded jobs being research assistant/fellow positions (76.9%).

- Employment in business stood at 12.9%, down from 13.9% in 2017 and the fifth consecutive decline since reaching a historic high of 18.4% in 2013. The share of jobs in business is now below what it was prior to the recession. About one-quarter (25.5%) of these jobs were reported as requiring bar passage, and 52.1% were reported as jobs for which a JD was an advantage.

- Four percent (4.0%) of these business jobs represent graduates working for agencies that place individuals in temporary legal, law clerk, or paralegal jobs, down from 5.0% for the Class of 2017. 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 2018 translates to just over 150 jobs, compared to about 200 for the Class of 2017. These numbers are far below the 700 reached in 2011, and the 2018 number is the lowest recorded.

- Public service jobs, including military and other government jobs, judicial clerkships, and public interest positions, accounted for 30.5% of jobs taken by employed graduates, compared with 29.9% in 2017. Although this percentage has remained relatively stable for more than 30 years, at 26-30%, it is worth noting that the 2018 figure, at over 30%, is among the highest recorded. Public interest organizations, including public defenders, accounted for 7.4% of jobs, compared with figures in the 7.1% to 7.5% range from 2011 to 2017, 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.

- Although the percentage of jobs accounted for by judicial clerkships has fluctuated somewhat, and stood at 11.2% in 2018, 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 2018, 13.2% 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 the lowest since 2002; however, the extent to which employed graduates are seeking a different job varies by the kind of job held. For example, 37.5% of graduates with a job for which a JD was an advantage were seeking a different job, compared to just 7.2% of those with a job requiring bar passage.

- The number of graduates setting up their own solo law practice after law school declined again this year, accounting for 2.0% of law firm jobs and 1.1% of all jobs, compared with 2.5% and 1.4%, respectively, for the Class of 2017. In fact, the percentage of law firm jobs that are solo practice is the lowest on record.

There is much more to discover about the most recent developments in law school graduate employment. How did outcomes vary for different demographic groups? 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 2018*** 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 2018*** report, to be published in October 2019, email or mail a copy of the form on page 6 of these findings.

Table 1 — Median Starting Salaries 2008-2018

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Change 2017-2018
<b>Overall Median</b>	\$72,000	\$72,000	\$63,000	\$60,000	\$61,245	\$62,467	\$63,000	\$64,800	\$65,000	\$70,000	\$70,000	0.0%
<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	\$120,000	+2.6%

*continued from page 2*

more than doubled during the recession, with many law schools hiring their own graduates to work on campus temporarily. The number has now settled back well below pre-recession levels, with fewer jobs secured by this class (only 471 jobs measured) than at any time since 2001. Similarly, the number of graduates starting out as solo practitioners has traditionally been very small, but nearly doubled following the recession. Now 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 coming in at a historic low of just 323 jobs and representing just 2% of all private practice jobs.

Another trend worth noting is that the dramatic falloff in law school-funded jobs continues, with just 525 such jobs reported for the Class of 2018, compared with 1,735 for the Class of 2011. Just over 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.

Another marker of strength in the job market for new law school graduates is that starting salaries are continuing to rise. The mean salary for the Class of 2018 rose 3% from the previous year, to \$98,150, eclipsing for the second year in a row the pre-recession high mean salary of \$93,000 measured for the Class of 2009. The median salary for the Class of 2018, however, was flat, at \$70,000 for the second year in a row and still shy of the median starting salary of \$72,000 measured for the Class of 2009. The median remains lower because there are still fewer jobs at the largest law firms (those that pay the highest salaries) than there were before the recession. Also, for the second year in a row, the mean law firm salary eclipsed the previous high measured in 2009, rising 3.5% to \$123,900, and reflecting the new Big Law

high of \$190,000 for starting salaries in some offices of the largest law firms. The median law firm salary rose by 2.6%, to \$120,000, 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 firm 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 1,900 jobs in seven 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. And, despite the relative strength of the job market for new law school graduates (certainly the strongest that has been measured since the recession) at 8.3%, the unemployment rate ten months after graduation remains higher than it should be, and higher by nearly three percentage points than it was before the recession. One factor that is impossible to measure but logically must have some downward impact on the current ten-month employment outcomes for law school graduates is the significantly lower overall bar exam passage rates that are being reported in most jurisdictions. Rising bar passage rates would likely bolster a strengthening job market for new law graduates.

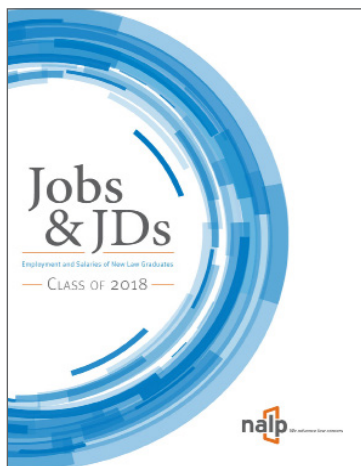
Looking ahead, the Classes of 2019 and 2020 will be almost the same size as the Class of 2018, as law school class sizes finally stabilize after five years of contraction. This means that shrinking class size will no longer be a factor to support improved employment rates. We also know that the runup in large law firm hiring

will not go on forever. NALP recruiting data from the last several cycles show that large law firms have recently been making slightly fewer offers for summer associate spots and have brought in slightly smaller summer classes. As a result, we will likely see a leveling out in that sector in the coming years. And, of course, the national, legal, and financial press have been suggesting that after an unprecedented period of economic growth, we are due for an economic slowdown of some sort. (Recent news stories confirm that the U.S. is officially in its longest economic expansion, with June 2019 marking 121 months of continuous growth. This is the longest economic runup on record going back to 1854, according to the NBER [National Bureau of Economic Research], a non-profit economic research organization.) Obviously, any significant economic interruption or slowdown could once again depress legal employment numbers for future classes, though the Class of 2019, now post-bar exam and in the job market at the time of this writing, is also likely to post strong employment outcomes. Rising law school enrollment could also certainly put downward pressure on the employment prospects for future classes, and it is unlikely that the current jobs environment could support a graduating class of anything over 40,000.

All of that suggests cautious optimism is in order, with an eye to the sky for ill winds and the understanding that independent of whatever happens with the national and global economies, the legal services sector continues to be in the midst of dramatic change that will be ongoing, and will, in the end, change the job market for law school graduates in ever more dramatic ways. Ten years from now the employment profile of the graduating Class of 2028 is likely to look quite different from the Class of 2018. ■

### 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. NALP believes in fairness, facts, and the power of a diverse community. We work every day to be the best career services, recruitment, and professional development organization in the world because we want the lawyers and law students we serve to have an ethical recruiting system, employment data they can trust, and expert advisers to guide and support them in every stage of their careers. Visit NALP online at [www.nalp.org](http://www.nalp.org).



Coming in October 2019  
Pre-order by September 16  
using this form and save!

The market for recent law graduates is changing, and *Jobs & JDs — Employment and Salaries of New Law Graduates* is the most comprehensive source of information on those changes. How are law firm opportunities changing for new law graduates in the Class of 2018? Which geographic markets provided the most jobs? Where did the graduates who are not practicing law find jobs? How do employment findings vary by gender and race/ethnicity?

- **Back up decisions with facts** and statistics about the current legal employment market.
- **Become the expert source** of information within your organization on the legal market and recent trends.
- **Have a wealth of information** at your fingertips when you counsel law students, talk with your dean or hiring committee, or speak with others about the legal market for recent law graduates.

Order your copy today using the form below.

**Pre-Order Pricing** (Order by September 16, 2019  
and save if you are a NALP member!)

☐ NALP Member — \$75\*

**Regular Order Pricing** (After September 16, 2019):

☐ NALP Member — \$95\*

☐ Non-Member — \$120\*

**NALP Members:** Please add \$11 for ground shipping  
within the U.S. or \$19 for shipping to Canada.

**Non-members:** Please add \$15 for ground shipping  
within the U.S. or \$21 for shipping to Canada.

Call or email NALP to inquire about costs of expedited  
delivery and about costs of shipments to locations  
outside of the U.S. and Canada.

\*D.C. residents please add 6% sales tax.

Email your form to [orders@nalp.org](mailto:orders@nalp.org), fax to 202.835.1112,  
or mail it to NALP at 1220 19th Street NW, Suite 401,  
Washington, DC 20036-2405.

After its release, *Jobs & JDs — Class of 2018* will be available  
through NALP's Bookstore at [www.nalp.org](http://www.nalp.org).

**Order Date:** \_\_\_\_\_

**Number of Copies:** \_\_\_\_\_

**Name:** \_\_\_\_\_

**Organization:** \_\_\_\_\_

**Address (full):** \_\_\_\_\_  
\_\_\_\_\_

**Phone:** \_\_\_\_\_

**Email:** \_\_\_\_\_

**Payment Method:**

☐ Invoice Me (only available to NALP members)  
Purchase Order # (if required by your organization)  
\_\_\_\_\_

☐ Payment Enclosed

☐ Charge to:

☐ Visa ☐ MasterCard ☐ American Express

Card #: \_\_\_\_\_ Exp: \_\_\_\_\_

Name on Card: \_\_\_\_\_