



## Law School Class of 2012 Finds More Jobs, Starting Salaries Rise — But Large Class Size Hurts Overall Employment Rate

The overall employment rate for new law school graduates fell to 84.7%. Even though the overall number of jobs obtained by this class was higher than the number of jobs obtained by the previous class, the Class of 2012 was also bigger. When coupled with fewer law-school funded positions, this resulted in the overall employment rate for the Class of 2012 falling almost a full percentage point from the 85.6% measured for the prior year. The overall rate has now fallen for five years in a row since 2008. With the Class of 2012 there are a number of markers that signify continuing weaknesses in the entry-level legal job market, but nonetheless some signs of improvement are also evident. The employment profile for this

class also reflects a “new normal” in which large firm hiring has recovered some but remains far below pre-recession highs.

NALP measures the employment rate of law graduates as of February 15, or nine months after a typical May graduation. Analyses of these data for the Class of 2012 (measured in February of 2013) reveal an employment rate that has fallen more than seven percentage points since reaching a 24-year high of 91.9% in 2007 and that marks the lowest employment rate since the aftermath of the last significant recession to affect the U.S. legal economy. Since 1985 there have only been two classes with an overall employment rate below 84.7%, and both of those occurred in the aftermath of the 1990-1991

recession: 83.5% for 1992 and 83.4% for 1993. The employment rate for the Class of 1994 was 84.7%, the same as for the Class of 2012. (For information on trends in graduate employment going back to 1985, see [www.nalp.org/trends](http://www.nalp.org/trends).)

Despite signs of modest improvement, as evidenced by more law firm jobs as described below, there are still signs of structural weakness in the entry-level job market. For instance, of those graduates for whom employment status was known, only 64.4% obtained a job for which bar passage is required. This figure has fallen over 10 percentage points just since 2008 — when it was 74.7% — and is the lowest percentage NALP has ever measured. An additional 13.3% obtained jobs for which

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### Job Market Begins to Recover with Class of 2012, But Employment Rates, Salaries, Remain Far Off of Pre-Recession Highs

— Commentary and Analysis by James Leipold, Executive Director —

As expected, with the Class of 2012 we see some employment markers continuing to slide while others are showing signs of recovery. The overall employment rate is down again, but despite this, it is important to understand that the jobs picture is actually improving, if only slightly. This class found more jobs, and more jobs in private practice, than the previous class, but because the national graduating class was so much bigger, the overall employment rate continued to fall. Median starting salaries for this class have also rebounded slightly, reflecting

the availability of more jobs with the largest law firms — those that pay the highest salaries — than existed for the previous class. On the other hand, the percentage of graduates who found full-time, long-term employment in jobs requiring bar passage remained below 60%.

As you will see in the accompanying *Selected Findings* report, it is a story of good news and bad news at this point. I continue to believe that the Class of 2011 represented the absolute bottom of the curve on the jobs front, and the results for the Class of 2012 bear that out, show-

ing, as they do, a number of improving markers, but at present, the employment picture remains decidedly mixed.

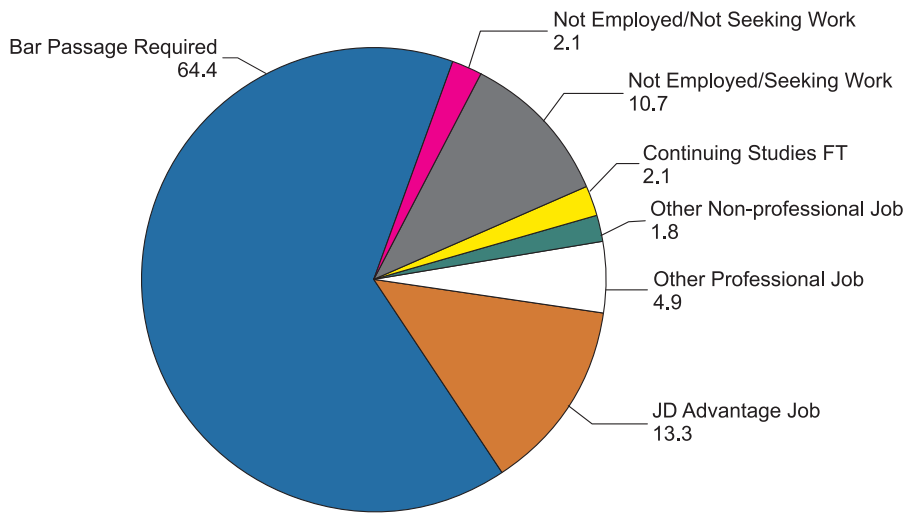
The changes in the entry-level lawyer job market since the Great Recession have been profound. Over the course of the period that coincides with the peaking of the legal economy followed by the recession and its aftermath, the employment outcomes for new law school graduates have raced from historic highs to historic

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## Employment Status

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

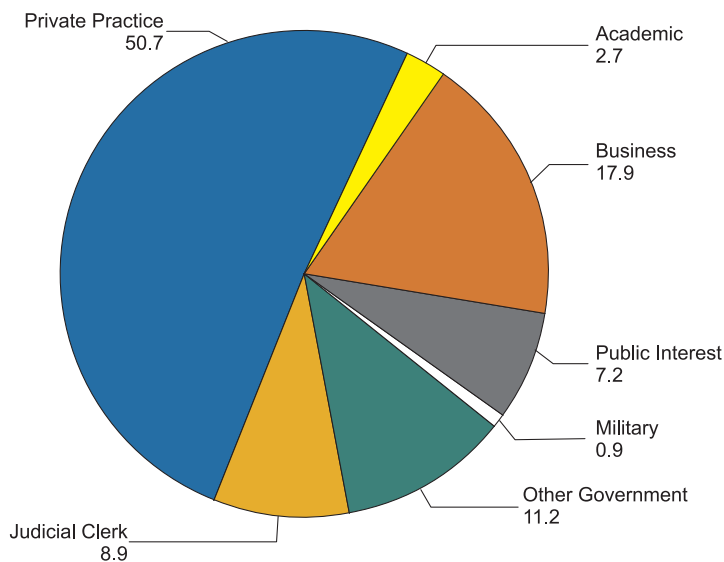


Note: Jobs for which an offer has been accepted but for which the start date is deferred, and jobs for which type, e.g., bar passage required, was not specified, account for 0.5% and 0.3% of jobs, respectively, but are not shown on the chart. Overall, 90.2% of jobs were reported as full-time.

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 12.5% for the Class of 2011 and is the highest since NALP began comparable tracking in 2001. The percentage of graduates employed in other capacities was 6.7%. The unemployment rate was also up for this class, measured at 12.8%, up 0.7% percentage points from the 12.1% measured for the Class of 2011. Of the remaining graduates for whom employment status was known, 0.5% had accepted a job as of February 15, 2013, but had not yet started that job, and just over 2% of the 2012 graduates were continuing their academic studies full time. In a piece of brighter news, however, the percentage of jobs reported as part-time was down somewhat from the previous year, at 9.8%, compared with over 11% in 2011, and going down instead of up for the first time since 2007. A portion of the decline may be attributable to fewer law-school funded positions and the portion of those law-school funded positions which are part-time falling from almost two-thirds to just over half. The figure nonetheless contrasts with 6.5% for 2008 and about 5% in the years immediately prior to that. About 4.6% of jobs were both temporary (defined as lasting less than a year) and part-time, a figure that is also down from over 7% in 2011, the only year with comparable information.

## 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.

Of the 64.4% of graduates for whom employment status was known who obtained a job for which bar passage was required, just over 6% of these jobs were reported as part-time, and therefore the percentage employed in a full-time job requiring bar passage is only 60.7%. 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 only 58.3%. Nonetheless, both these figures are improvements over the 2011 figures, which were 60% and 56.7%, respectively.

## Just Over Half of Employed Grads Found Jobs in Private Practice

Additional analyses of the jobs data for the Class of 2012 reveal that just over half (50.7%) of employed graduates obtained a job in private practice, up from 49.5% for the Class of 2011 and close to the 50.9% figure recorded for the Class of 2010. However, that figure for the Class of 2010 was a full 5 percentage point decline from 2009. For most of the 39 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 50% only once before 2011; that was in 1975. The combination of a larger number of jobs overall and a higher percentage of jobs in law firms means that the number of law firm jobs is up by almost 8 percent, and is the largest number since 2009.

Additionally, jobs in the largest firms, those with more than 500 lawyers, have rebounded substantially from their low point in 2011, and accounted for 19.1% of jobs taken in law firms, compared with only 16.2% in 2011. The number of jobs taken in these firms — over 3,600 — is up by 27% over 2011 levels, representing a recovery almost to 2010 levels but to nowhere near the 2009 figure of more than 5,100 jobs. At the other end of the spectrum, jobs in the smallest firms of 2-10 lawyers, while remaining almost flat as a percentage of jobs, grew in raw numbers to almost 8,200, from less than 7,600 in 2011.

## Median Starting Salaries Rise Slightly

Salary information was reported for almost 65% of the jobs reported as full-time and lasting at least a year. The national median salary for the Class of 2012 based on these reported salaries was \$61,245, compared with \$60,000 for the Class of 2011, and is the first year-over-year increase in the overall median since 2008, when the median increased to \$72,000. The national mean for the Class of 2012 was \$80,798, compared with \$78,653 for the Class of 2011. The increase can be attributed largely to the bounce back in law firm jobs, particularly at large firms. Nonetheless the overall salary median and the median for law firm jobs specifically remain below those of 2008-2010.

The national median salary at law firms based on reported salaries was \$90,000, compared with \$85,000 the prior year. With salary medians by firm size remaining essentially unchanged, the modest increase in the overall median is largely attributable to the increase in the number of large firm jobs, with salaries of \$160,000 now accounting for over 29% of reported law firm salaries. At the same time, although salaries of \$160,000 still prevail at the largest firms, their share has dropped since 2010. And though still a tiny minority — less than 4% — salaries of \$50,000-99,000 for bar passage required jobs at large firms are more common than just two years ago, as more graduates are taking staff attorney or similar positions at lower salaries. (See Table 1 below.)

Median salaries in other sectors have remained relatively flat in recent years.

The median salary for government jobs has remained unchanged since 2009, at \$52,000. The median salary at public interest organizations, which includes legal services providers and public defenders, was \$44,600 in 2012, down a bit from 2011 but still up from just under \$43,000 for the two prior years. The median salary for judicial clerkships was \$52,600, little changed from \$52,000 in 2010 and 2011, but up from \$50,000 in 2009.

Other key findings from *Jobs & JDs: Employment and Salaries of New Law School Graduates — Class of 2012*:

- Part-time jobs were found in all employment sectors, but were especially prevalent in academic settings, at 39%, followed by public interest at 18%. Both figures are down from the figures of 43% and 24% of jobs, respectively, measured for the previous class.
- Information collected on funding for jobs with a fixed duration reveals that just over 4% of jobs were reported as funded by the graduate's law school compared with almost 5% for the Class of 2011. Although 72% of these jobs were reported as bar passage required, almost half (47%) were reported as part-time, and almost two-thirds (62%) were reported as lasting less than a year. Most of these 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; the number of academic jobs is up by about 200, in no small part because of the presence of law-school funded jobs in these sec-

**Table 1 — Median Starting Salaries 2008-2012**

	2008	2009	2010	2011	2012	Change 2011-2012
Overall Median	\$72,000	\$72,000	\$63,000	\$60,000	\$61,245	+ 2%
Law Firm Median	\$125,000	\$130,000	\$104,000	\$85,000	\$90,000	+ 6%

tors. One-quarter of the academic jobs taken by the Class of 2012 were reported as being research assistant/fellow position funded by the law school.

- Employment in business was 17.9%, down a bit from the historic high of 18.1% reached in 2011, but still higher than the 15.1% for the Class of 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 29% of these jobs were reported as requiring bar passage, and about 39% were reported as jobs for which a JD was an advantage.
- Over 8% of these business jobs represent graduates working for agencies that place individuals in temporary legal, law clerk, or paralegal jobs, down from almost 11% in 2011, and comparable to figures for 2009 and 2010. Moreover, 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 2012 translates to some 550 jobs, far below the 700 reached in 2011, but higher 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 28.2% of jobs taken by employed graduates, compared with 28.8% in 2010 and 2011, and up from 25.9% for 2009. The higher percentages in recent years notwithstanding, this percentage has remained relatively stable for more than 30 years, at 26-29%. Public interest organizations, including public defenders, accounted for 7.2% of jobs, compared with 7.5% in 2011, 6.7% in 2010, and 5.6% in 2009. The changes may be 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

declined somewhat, the number of clerkship opportunities has remained relatively steady since 2010 at just over 3,300.

- Of employed graduates from the Class of 2012, about 23% were seeking a different job, down a bit from the record high of 24.6% for the Class of 2011 but still much 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 and by graduate demographics. For example, about 43% of graduates with a job for which a JD was an advantage were seeking a different job, compared to 15% of those with a job requiring bar passage. Graduates who attended law school part-time were much more likely to be seeking a different job than were graduates who attended law school full-time — 32% and 22%, respectively.
- Although fewer graduates from the Class of 2012 are setting up their own solo law practice after law school compared with 2011, they accounted for 5% of law firm jobs and 2.6% 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? How are law firm opportunities for new law graduates changing? How did women and minorities from the Class of 2012 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 2012* 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 2012* report, to be published in August 2013, fax, mail, or email a copy of the form on page 6 of these Findings to the NALP office.

## Commentary by James Leipold, Executive Director

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lows. A few numbers illustrate the scope of the change. In 2007 the overall employment rate for the class that graduated that year was 91.9%, one of the highest NALP had ever recorded. Five years later, for the Class of 2012, it stands at just 84.7%, a dramatic drop of 7.2 percentage points. Nine months after graduation, 12.8% of the 2012 graduates neither had jobs nor were they reported to be pursuing additional study. A record 10.7% of the class continued to look for a first job in February of 2013 (the other 2.1% reported that they were not employed and not seeking a job), nine months after most members of the class graduated from law school.

However, with the Class of 2012 we see the beginning of a rebounding private practice sector, particularly at large law firms, and with that, we see some rebounding salary numbers. Nonetheless, we still see very high unemployment and underemployment, and there are no indications that the employment situation will return to anything like what it was before the recession. Adding to the complexity of the jobs picture this year the data show that law schools funded fewer jobs for this class than they did for the previous class, and that certainly contributed to the overall employment rate falling further. That an adjustment was made there is not unexpected. Some schools were funding jobs at a level that was economically unsustainable over the long haul.

Although it is certainly not a fair measure of the value of a legal education or the return on investment, or even a fair measure of the success of a particular graduating class in the marketplace, the one number that

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has come to be the focus of so much of the media scrutiny of legal education is the percentage of the class that is employed in full-time, long-term jobs that require bar passage, our best proxy for jobs that can readily be considered to be practicing law. In a bit of good news, for the Class of 2012 the percentage of the graduating class who were working — and who had full-time jobs that were to last at least a year and that required bar passage — the figure rose to 58.3% from 56.7% for the previous class. At the same time, the percentage of jobs classified as *JD Advantage*, which can be thought of as law-related jobs, also rose, from 12.5% to 13.3% of all jobs obtained, and represents the highest percent of jobs ever measured in this category.

Within the private practice jobs ranks, even though the percentage of the graduating class finding work with the largest law firms rebounded slightly, the number of jobs taken at the smallest

law firms, those with just 2 to 10 lawyers, also continued to grow. The overall number of private practice jobs was up by 8% for this class, and the number of private practice jobs at the largest firms, those of more than 500 lawyers, was up 27% over 2011 levels. Nonetheless, this number, just over 3,600, is well below the more than 5,100 large law firms jobs obtained in 2009. And, while the percentage of jobs at the smallest firms was close to the same, the actual number of jobs at firms of 2 to 10 lawyers grew from 7,600 in 2011 to 8,200 for the Class of 2012.

Because the number of jobs at the biggest firms did rebound somewhat, we also measured a modest jump in aggregate starting salaries as a result. Slightly more salaries of \$160,000 bumped both the overall median starting salary and the median private practice salary by several percentage points. The overall median jumped 2% to

\$61,245, and the law firm median jumped 6% to \$90,000, both numbers, it should be noted, that are well below the pre-recession highs.

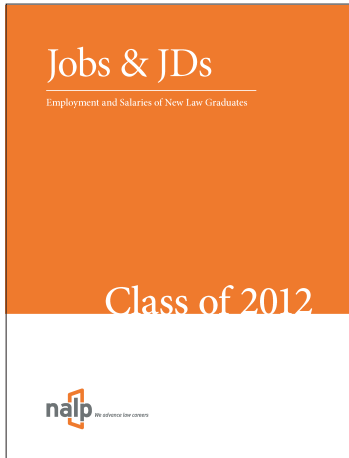
I am often asked if there are signs that the entry-level job market is recovering. Based on the results for the Class of 2012, for the first time in more than five years I am able to say yes. Looking ahead, I would expect to see the employment picture for the Class of 2013 continue to improve, although that is another very large graduating class, and its size will take a toll on the overall employment rate. As class sizes come down over time and the legal employment market stabilizes somewhat, I would expect to continue to see modest improvements in the job market in the near and medium term future. Absent another significant national or international economic setback, I would expect to see aspects of the employment profile for the next several classes continue to inch up, though there is nothing to indicate a rapid recovery or a likely return to pre-recession employment levels any time in the near future.



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