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Study Shows Sharp Disparities in Law Associate Compensation

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The relatively recent movement to cut law firm associate salaries isn't likely to eliminate the dramatic compensation disparities between new attorneys, according to a [National Association for Law Placement survey](#).

The survey of starting associate salaries for 2008 law graduates found that the pay gap was wider than ever. A chart of the pay distribution shows a gradual bulge in the \$40,000 to \$65,000 range and a dramatic spike at \$160,000, which was the starting pay at many large firms last year.

Few attorneys fell into the pay ranges between those two peaks, however, and that valley had grown wider than ever as large firms continued to push up starting pay before the recession broke.

"It's a market reality," said James G. Leipold, the executive director of NALP. "There's not much anyone can do about it, but it's important to learn about it. Law schools don't always do a good job of educating students about the job market. We need to do a better job of educating people about the two very different categories of salary."

The distribution of starting pay largely in two clumps emerged in 2000, according to NALP data, which were released on June 26.

Before 2000, salaries for recent law school graduates were distributed in a manner similar to a bell curve, with most people making salaries in line with the mean and median. However, the mean salary for the class of 2008 (about \$92,000) and the median salary (about \$72,000) had little real world significance because of the huge disparity that had developed between the high and low salary groupings. For instance, only about 3 percent of 2008 graduates reported salaries in the mean range of \$92,000. By contrast, 23 percent of all graduates reported salaries of \$160,000, while 42 percent fell between \$40,000 and \$65,000.

The disparity was a result of law firms gradually increasing associate pay over the years, while the cluster of lower salaries largely remained the same, according to NALP. The bell curve distribution slowly morphed throughout the 1990s, but the "double-peaked" distribution had yet to emerge. That happened largely in 2000, when large firms raised starting salaries en masse to \$125,000. At that time, there were two salary peaks: one at \$125,000, and



another one ranging from \$30,000 to \$50,000. Although more lawyers reported salaries in the lower range, it was the first time that a single salary -- \$125,000 -- dominated the distribution chart.

It remains to be seen what the starting pay chart will look like for the class of 2009. A class="linelink" target="new" growing number of large firms are cutting associate pay, many by as much as 10 percent. Other top firms maintain that they won't abandon the \$160,000 benchmark. More than ever, the economy has prompted firms to make their own salary decisions, as opposed to following any industry leader. The willingness of firms to act individually is bound to change the pay distribution graph somewhat, according to Leipold.

"If a lot of law firms do what Howrey did, with their apprenticeship model, the graph will look very different," Leipold said.

Howrey's new two-year apprenticeship program cuts starting associate pay from \$160,000 to \$100,00 plus a \$25,000 bonus to pay off law school loans. During that period, associates will attend classes and shadow partners, among other activities intended to help them learn to be lawyers.

Leipold predicted that next year the \$160,000 spike will soften somewhat and inch back toward the \$145,000 range and that, over time, the distribution curve may flatten out.

The 2008 salary distribution chart is based on the pay of 22,305 graduates with full-time positions.

