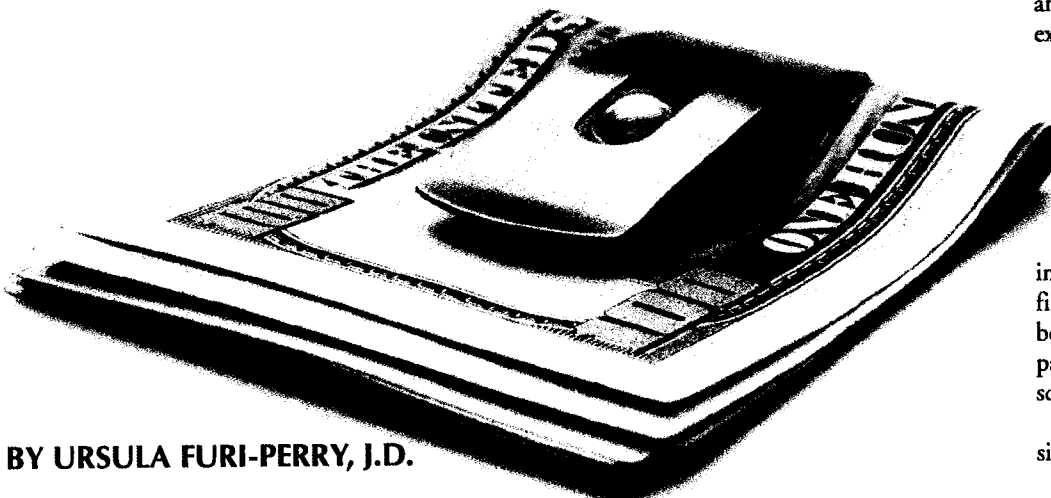


How much will you earn

Some 2008 graduates will earn \$160,000 in their first year. But while big firm salaries keep rising, most recent graduates will earn far less. Find out where your school places in terms of starting salaries, why big firm salaries are outpacing other employers, and why you might not want that \$160,000-a-year job after all.

BY URSULA FURI-PERRY, J.D.



Starting salaries at the nation's largest law firms have more than doubled over the past ten years — with this year's graduates expected to earn \$160,000.

But as fantastic and amazing as that growth is, it is even more surprising that all other legal employers — from mid-sized law firms to government — have increased starting salaries at only a fraction of that pace.

Associates at firms with 2 to 25 lawyers, which make up the bulk of all employers, increased salaries by a modest 33 percent over the past ten years.

The resulting salary differences between large law firm associates and new lawyers at other employers are essentially creating two classes of recent law graduates: The haves and the have-nots.

And the differences can easily be seen on a school-by-school basis. While there are ten law schools with average starting salaries above \$100,000, there are 58 with salaries of \$60,000 or less.

Law schools that feed graduates into the top law firms — higher ranked schools in bigger cities — report much higher salaries than regional, rural schools.

But the jobs that pay the most also demand the most. Many young attorneys have found that the “golden handcuffs” of large law firms are not worth it. Most of the large law firms demand long hours, and that makes quality of life a challenge.

Why the large-firm growth?

Most experts agree that big firms' salary increases happened as a result of simple economics. It's a case of supply and demand, said James G. Leipold, executive director of NALP.

Large firms are reporting bringing in bigger associate classes. At the same time, the number of law school graduates has stayed about the same as in previous years.

As demand for top graduates has increased and supply stayed stagnant, firms and other legal employers have begun to compete more for employees, particularly top graduates from top law schools.

And large firms are raising salaries simply because they can afford it. Big

firms have experienced a boom in business over the past few years, which resulted in more profit and an increased need for manpower, Leipold said.

But salary increases are also a marketing issue, and there's an element of competition among firms, said Michael C. Lynch, chief human resources officer at Reed Smith, LLP. Salary increases originated in New York at large, prestigious law firms. Once the ball started rolling, Lynch said, other firms in New York increased their salaries

minds of new associates, he said.

"It sets in motion expectations [among graduates] that 'If they're getting it, why not me?'" Lynch said.

Associates like the increases

As one might expect, law graduates who are qualified to go into big firms view salary increases favorably.

"Associates are obviously very interested and their view is positive," said Mary Korby, partner and head of the associate

are costing firms over a quarter million dollars yearly, not to mention overhead costs. That all adds to the vastly increased hourly billing rates of new associates.

Impact on associates

It shouldn't come as a surprise that a \$160,000 salary right out of law school warrants expectations beyond the 40-hour work week.

"Everyone knows that really big firms to one extent or another are extremely demanding of their associates in terms of hours," Lynch said. "Lock-step firms advertise these eye-popping numbers but a law student needs to ask what's the hidden cost and what happens to associates who don't produce those kinds of hours."

It's also no secret that today's law graduates want more flexibility, better work-life balance and more substantive work opportunities. When they don't get those things and end up burned out after a year or two of large law firm work, many associates choose to leave.

Attrition numbers show that law firms haven't kept their associates any longer just by raising salaries.

"Paying people more money has not lessened attrition," Leipold said.

What's harder to say is whether salary increases have increased attrition by deepening

billable hour pressures and putting more stress on burnt-out new associates—there is no formal research on that issue, Leipold said, and no proven indication that increased salaries are partially responsible for high attrition rates.

For now, attrition costs are something large firms are willing to pay, Cotterman said, but some clients are increasingly paying attention to rising law firm attrition rates.

Besides simply being charged more per hour as a result of associate salary increases, "what adds insult to injury is that half of them disappear after two or three years," Cotterman said.

With recruitment, training and mentoring costs, Cotterman said it could take three to five years for partners to recoup the investment they put into an associate.

So, when associates leave after just a few

The latest rounds of salary increases have pushed starting salaries at some large law firms to a startling figure: \$160,000. But growth is much slower at other legal employers.

The chart below shows salary growth from 1996 to 2006.

Law firms, 250+	86%
Law firms, 101-250	75%
Law firms, 51-100	54%
Law firms, 26-50	56%
Law firms, 2-25 lawyers	33%
Prosecutors	39%
Judicial clerks	33%
Legal services	29%

National Association for Law Placement (NALP).



and then big firms in other locations followed suit.

"Some of these firms want to show, 'we're the best and our starting salary shows it,'" Lynch said.

In fact, Leipold said one of the biggest surprises in the latest rounds of increases came when smaller legal markets like Dallas and Boston quickly caught up with traditional mammoths like New York and Washington, D.C.

"It's no longer New York at 'Salary X' and everyone else at 'Salary Y,'" Leipold said. As big firms begin paying their associates in one market at a certain rate, they are likely to set that same rate for associates in other markets, ultimately leading everyone else into a raise.

Lynch said decades ago there wasn't such talk about firm salaries. Some of the growth has been fueled by a recent explosion of information about what people make, in a culture where salary is very much on the

compensation committee at Weil Gotshal & Manges, LLP.

Korby said she hadn't received any adverse reactions to the increases, adding that "others understand that [at] big firms that have had very good years, the partners want to share some of that."

But not everyone is happy. Clients of big law firms are balking at the amount of money paid to associates and the ensuing high hourly rates at which new associates are billed out. Corporate counsel, for example, has expressed outrage at the amount charged by firms for the time of inexperienced associates.

And \$160,000 isn't even the final figure, pointed out James Cotterman, principal at the legal consulting firm Altman Weil. By the time fringe benefits, recruitment costs and starting and year-end bonuses are factored into the equation, entering associates

How does your school compare?

The resulting salary differences between large law firm associates and new lawyers at other employers are essentially creating two classes of recent law graduates: The haves and the have-nots. Find out how your school compares for starting salaries.

Schools	Average starting salary	Schools	Average starting salary
Duke University School of Law, NC	\$135,000	Temple University School of Law, PA	\$73,283
Northwestern University School of Law, IL	\$135,000	Howard University School of Law, DC	\$72,465
University of Chicago Law School, IL	\$135,000	CUNY, NY	\$72,146
University of Michigan Law School, MI	\$135,000	Case Western Reserve, OH	\$72,105
Chicago-Kent College of Law, IL	\$125,000	Suffolk University Law School, MA	\$71,663
New York University School of Law, NY	\$125,000	Pace University School of Law, NY	\$71,362
University of California—Berkeley, CA	\$125,000	Arkansas School of Law, AR	\$71,000
University of Pennsylvania Law School, PA	\$125,000	Wayne State University Law School, MI	\$70,808
University of Southern California Law School, CA	\$125,000	University of Iowa College of Law, IA	\$69,068
University of Virginia School of Law, VA	\$125,000	Texas Tech University School of Law, TX	\$68,800
Vanderbilt University Law School, TN	\$115,000	Arkansas at Little Rock, AR	\$68,353
Harvard Law School, MA	\$110,000	University of Pittsburgh School of Law, PA	\$68,000
Georgetown University Law Center, DC	\$105,058	University of the Pacific, McGeorge School of Law, CA	\$67,935
Notre Dame Law School, IN	\$105,000	Denver College of Law, CO	\$67,634
Fordham University School of Law, NY	\$103,311	Cleveland-Marshall College of Law, OH	\$67,584
UCLA, CA	\$102,190	Arizona State College of Law, AZ	\$67,517
University of Texas School of Law, TX	\$101,111	Georgia State University College of Law, GA	\$67,049
Brigham Young University, UT	\$100,000	Arizona College of Law, AZ	\$65,657
University of North Carolina School of Law, NC	\$100,000	St. Mary's University School of Law, TX	\$65,431
Santa Clara University School of Law, CA	\$96,956	Mississippi College School of Law, MS	\$65,424
University of California—Hastings, CA	\$95,891	Indiana University School of Law—Indianapolis, IN	\$65,000
George Washington University Law School, DC	\$93,759	Michigan State University College of Law, MI	\$65,000
University of California—Davis, CA	\$91,864	Whittier Law School, CA	\$65,000
Washington University School of Law, MO	\$89,505	The John Marshall Law School, IL	\$64,495
Emory University School of Law, GA	\$89,063	University of Tennessee College of Law, TN	\$64,260
Tulane University Law School, LA	\$88,500	Rutgers University School of Law—Newark, NJ	\$64,067
SMU Dedman School of Law, TX	\$87,700	University of Mississippi School of Law, MS	\$64,025
Brooklyn Law School, NY	\$87,405	Dayton School of Law, OH	\$64,000
Boston University School of Law, MA	\$87,405	University of Nevada School of Law, NV	\$64,000
Boston College Law School, MA	\$86,971	Wake Forest University School of Law, NC	\$63,831
Loyola Marymount Law School, CA	\$86,451	Cornell Law School, NY	\$63,778
University of Houston Law Center, TX	\$85,215	William Mitchell College of Law, MN	\$63,634
University of Washington School of Law, WA	\$85,000	Mercer University School of Law, GA	\$63,167
George Mason University School of Law, VA	\$83,871	University of Toledo College of Law, OH	\$63,074
University of San Francisco School of Law, CA	\$83,000	University of South Carolina School of Law, SC	\$63,000
Loyola University Chicago School of Law, IL	\$82,673	University of Utah College of Law, UT	\$62,889
Southwestern University School of Law, CA	\$82,500	University of Oklahoma College of Law, OK	\$62,163
Benjamin N. Cardozo School of Law, NY	\$81,782	Seton Hall University School of Law, NJ	\$62,000
University of Wisconsin Law School, WI	\$81,371	University of Kentucky College of Law, KY	\$61,500
University of Miami School of Law, FL	\$81,000	University of Maryland School of Law, MD	\$61,498
Villanova University School of Law, PA	\$80,786	Northeastern University School of Law, MA	\$61,000
Columbus School of Law, DC	\$80,709	University of Richmond School of Law, VA	\$60,719
Baltimore School of Law	\$80,500	Samford University School of Law, AL	\$60,052
Pepperdine University School of Law, CA	\$80,000	Seattle University School of Law, WA	\$60,000
New York Law School, NY	\$78,500	St. Thomas University School of Law, FL	\$60,000
South Texas College of Law, TX	\$78,000	Cincinnati College of Law, OH	\$59,849
Columbia University School of Law, NY	\$77,608	University of Florida College of Law, FL	\$58,921
Ohio State University Moritz College of Law, OH	\$76,761	Touro College Law Center, NY	\$58,875
Washington and Lee University School of Law, VA	\$76,431	University of Oregon School of Law, OR	\$58,738
Rutgers University School of Law—Camden, NJ	\$76,000	Louisiana State University, LA	\$58,701
Indiana University School of Law—Bloomington, IN	\$75,300	University of Buffalo Law School, NY	\$58,135
University of Illinois, College of Law, IL	\$75,072	Lewis & Clark Law School, OR	\$57,603
Connecticut School of Law, CT	\$75,000	Texas Wesleyan University School of Law, TX	\$57,497
University of San Diego School of Law, CA	\$74,600	Nova Southeastern University, FL	\$57,154
Baylor University School of Law, TX	\$74,247	Quinnipiac University School of Law, CT	\$57,136

continued on next page

years, firms may be losing money—and that money is likely to come out of the client's pockets.

Clients don't mind training new associates on their matters, Cotterman said, but they'd like to know that they're at least investing their time in someone who will be around for years to come. If there is increased pressure by clients to cut hourly rates and reduce attrition, there may be some changes—after all, clients have made a huge difference in demanding diversity from the law firms that serve them, Leipold said.

To balance firms' profit requirements with grads' expectations of balance, some law firms are turning to cutting-edge ideas. McDermott Will & Emery, for example, has created a new class of associates. Think of them as full-time, salaried contract attorneys — who will work less (typically 30-40 hours per week,) charge less per hour and be paid less (initial whisperings suggest 25 percent less than regular entering associates, although no amount has been formally disclosed.)

Other firms, like Reed Smith, are shunning lock-step salary structures and instead turning to merit-based compensation. At Reed Smith, associates' hourly rates also differ based on practice area and other considerations, Lynch explained—so the associate working on complex private equity matters may charge more than an associate in the same class working on a simple employment case.

This method cuts down on resentment between associates, too, Lynch said, The associate working longer hours than his peers isn't miffed at the fact that he makes the same amount, because merit-based compensation allows for greater flexibility.

Are salary increases working?

If the point is to attract more top graduates, then salary increases have been somewhat successful: Some students choose to chase the money. They may come in committed to public service but can be swayed by increased salaries, said Michael L. Coyne, associate dean of the **Massachusetts School of Law** at Andover.

"It does make it a lot harder for some students to keep the commitment they expressed at the time they were seeking admission to law school," Coyne said.

It's not just the amount of money, but rather the vast gap between large law firm salaries and salaries everywhere else that's making some students pick big firm practice — even if their original career plans

included more legal aid than billable hours.

Public interest-minded students are tempted by the chance to make \$100,000 more per year by going to a big firm. That kind of difference can shift career plans.

"If students can get into these firms, they are now far more likely to go in," said Louis Thompson, assistant dean of career planning at **Temple University Beasley School of Law**.

Just a few years ago, Thompson said plenty of high-performing students could get into large firms, but opted for smaller firms where they could become rising stars. Today, that number has dwindled.

"Part of the reality is that you don't start at the job where you end up," Thompson said.

What's making committed students ditch their career plans? To an extent, rising law school tuition costs are to blame. The average amount borrowed by students at private law schools has topped out at \$83,181. Students at public law schools graduate with an average of \$54,509 in loans, according to the American Bar Association.

With that kind of money to pay back, a public interest position paying a median of \$40,000 or a government position offering a median of \$48,000 may not seem feasible. As a result, students are "making career choices based on how they'll pay those debts," Coyne said.

Recent NALP commentary suggests there is a significant long-term financial burden on graduates who choose public interest work: Manageable consolidated debt limits stand at \$50,300 for government attorneys and \$41,100 for public interest attorneys, according to NALP.

Schools	Average starting salary
Creighton University School of Law, NE	\$57,125
Syracuse University College of Law, NY	\$56,300
Roger Williams University School of Law, RI	\$56,207
Florida State University College of Law, FL	\$56,200
Valparaiso University School of Law, IN	\$56,000
Chapman University School of Law, CA	\$55,892
University of Kansas School of Law, KS	\$55,785
University of Memphis School of Law, TN	\$55,676
New England School of Law, MA	\$55,588
Campbell University, NC	\$55,000
Colorado School of Law, CO	\$55,000
Gonzaga University School of Law, WA	\$54,803
University of The District of Columbia, DC	\$54,500
Northern Kentucky University College of Law, KY	\$54,463
Oklahoma City University School of Law, OK	\$54,403
University of Missouri—Kansas City School of Law, MO	\$54,056
University of Hawaii at Manoa School of Law, HI	\$53,800
Appalachian School of Law, VA	\$53,276
Hamline University School of Law, MN	\$53,079
West Virginia University College of Law, WV	\$52,610
University of Nebraska College of Law, NE	\$52,589
Widener University School of Law—Delaware, DE	\$52,518
Regent University School of Law, VA	\$52,359
University of Missouri—Columbia School of Law, MO	\$52,022
American University, DC	\$51,780
DePaul University College of Law, IL	\$51,735
Western New England College School of Law, MA	\$51,664
Drake University Law School, IA	\$51,572
University of Wyoming College of Law, WY	\$50,524
Willamette University College of Law, OR	\$50,500
Washburn University School of Law, KS	\$50,347
Northern Illinois University College of Law, IL	\$50,295
Capital University Law School, OH	\$50,000
Ohio Northern University College of Law, OH	\$50,000
Widener University School of Law—Harrisburg, PA	\$49,537
University of Maine School of Law, ME	\$49,062
University of Tulsa College of Law, OK	\$48,953
University of New Mexico School of Law, NM	\$48,818
University of Idaho College of Law, ID	\$48,816
Vermont Law School, VT	\$48,804
Thomas M. Cooley Law School, MI	\$47,500
Albany Law School, NY	\$47,097
Alabama School of Law, AL	\$45,000
Southern Illinois University School of Law, IL	\$43,958
Akron School of Law, OH	\$39,391
University of South Dakota School of Law, SD	\$38,251

That's a departure from the actual average debt with which law students graduate. A 2003 ABA study estimated that law school debt prevents about 66 percent of graduates from selecting public interest work.

The most recent salary increases are particularly frustrating for students who don't have the academics and other qualifications needed for big firm employment: Their debt load has increased along with that of top graduates, Thompson said, yet their prospects of making \$160,000 are slim.

At the same time, because top candidates are in high demand but short supply, there is some indication that large firms are

opening their search to candidates whom they traditionally would not have hired in the past, Cotterman said.

"They're fishing in a slightly different mix," Cotterman said. "The top tier firms are beginning to take some of the graduates that the second-tier firms were counting on."

Coyne said some large firms are looking past academics and focusing more on practical skills and experience.

"Larger firms also want to know what skills the lawyer possesses that can return value to the firm," he said.

But not all big firms are willing to look for candidates without top academics from top law schools. Korby, for example, said that her firm continues to favor top graduates.

And it's important to point out that some of those top graduates aren't just after the money. For students who are interested in private practice, salaries are just one of the factors that make big firms attractive, said Ann Griffin, assistant dean of career services and outreach at the **University of Michigan Detroit Mercy School of Law**.

Other factors that draw students in

include prestige, sophisticated clients and the ability to work on complex or high-profile cases. In fact, Griffin said she hasn't noticed students veering off their chosen career tracks and opting for large firms instead.

"If students are committed, they stick to that path," she said. "I haven't encountered any specific students saying 'I wasn't interested [in large law firms] until I saw this [salary.]"

Can small firms catch up?

But the question remains: If law student supply is limited and large firms are hiring more than ever, how can small firms and employers in other sectors compete for employees among the remaining (and shrinking) pool of graduates?

Most small and midsize firms and alternative legal employers won't ever match the monstrous salaries offered by big firms—the money to do so just isn't there.

"From a logical standpoint, this will put some pressure on increasing wages across the system," Cotterman said, but not enough to make any huge ripples. For starters, still only a small percentage of

law graduates will qualify for large firm employment, leaving plenty of prospective employees for other employers.

And since most small and midsize firms aren't gunning for the top graduates, they don't have to compete like larger firms do. That means they won't have to offer the same kinds of money, Thompson said.

Nonetheless, if smaller firms keep losing talent to large law, they might eventually have to offer new law graduates more to get really great talent.

"The easy solution is to try to increase salaries somewhat," Thompson said. And while small firms can't match big firm salaries, there are certain big firm perks they can offer, Thompson said, such as paying for and assisting with bar preparation, for example.

Smaller firms and alternative employers also can compete when it comes to work-life balance, Coyne said.

"Many new lawyers are making quality-of-life decisions, finding that the 'golden handcuffs' don't justify delaying having a family and doing work they don't want to do," he said. By focusing on quality of life, employers that don't face the business pres-

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tures of big firms can appeal to candidates.

As for government and public interest positions, loan repayment assistance programs and public interest scholarships and fellowships can play a big part in attracting recent law graduates.

Students who are committed to practicing in those sectors should research national and local programs, including recently passed federal legislation that allows for loan repayment assistance. Some schools also have their own programs to assist students in picking a public interest or government career.

At Detroit Mercy, for example, students can get a public interest fellowship to help them fund summer work in nonprofit positions that would otherwise be unpaid.

“Students want to provide services and get experience, but they can’t just afford to give away their time,” Griffin said, particularly when faced with the choice of a well-paid clerkship or summer associate position instead.

The fellowship helps students balance their interests in working in the public sector with managing their debt, Griffin said.

Schools can also help by spreading the word about alternative career options.

“Not everyone is going into a large firm,” Griffin said. “We have to be balanced about the information that we provide to students and give people the big picture” on legal careers.

What does this all mean for your future?

All the talk about salaries isn’t likely to end—and neither are salary increases, many believe. In fact, Leipold said New York is already abuzz about whether there will be another round of increases at the beginning of 2008, and what amount starting salaries will go up to.

A slowdown may be evident, though, if predictions about a cooling economy ring true. Law firms are cyclical, Leipold explained: They fare better — and spend more on associates — during periods of economic boom.

“Law firms are buyers and sellers of legal services simultaneously,” Cotterman said. “As long as they can sell, they’re going to buy. If we have another recession, deals

stop, and they don’t sell as much, they won’t buy as much.”

It’s hard to tell whether or how recent economic stresses will affect lawyers’ transactional work — much of what constitutes big law firms’ business — but Thompson recommends that students keep an eye on the client: Industries that fund law firms’ growth.

Lynch said merit-based compensation systems will become more popular at big firms, and along with them different hourly billing rates for different associates in the same class. As for career options, Coyne said students will continue to have a diverse offering of opportunities, while the field will continue to experience diverse interests in those opportunities.

But no matter where salaries end up, experts agree that graduates shouldn’t base their career decisions entirely on money.

“Some graduates are drawn by simple economics when they should be looking for the right fit,” Coyne said. “Students really need to take a serious look at what they want to do professionally and personally and try to match those interests.” ■

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Salaries, negotiating and debt

By Ursula Furi-Perry, J.D.

Q: What are the benefits of a large firm's lock-step associate salary structure as opposed to a more variable salary at a smaller firm?

A: It all comes down to security versus flexibility, said James Cotterman, principal at Altman Weil, a national legal consulting firm. Lock-step salary structures – where salaries are set according to associate class, with each member of a class making the same base salary – offer the security of knowing exactly what you'll make during each year of your associate career. In addition, lock-step structures give students more guidance about how they'd better perform to keep their salaries, Cotterman said. They detail what's expected of new associates in terms of billable hour quotas and other salary requirements. But lock-step structures tend to be rigid: No matter how well you perform, unless the firm has instituted some merit-based system of compensation, you'll be getting just as much money as the next associate in your class.

Small and midsize firms, on the other hand, are more likely to offer you flexibility in terms of starting salaries, raises, and advancement, Cotterman said. This may mean you'll rise sooner at a smaller firm if you perform well, but it can also mean less security about your salary and advancement options years down the line.

Whether you decide to go with a lock-step firm or a more flexible salary option, you should research what the firm's compensation structure entails, said James G. Leipold, executive director of the National Association for Law Placement (NALP). You should also be aware that other alternatives – such as merit-based compensation at some large firms – are being tested. Though large firms won't negotiate starting salaries, Leipold recommended discussing whether the firm periodically examines its compensation structure.

Q: How do I negotiate a starting salary at a smaller firm?

A: If you'd rather repeat your first semester of law school than talk money, you're not alone. Most students are uncomfortable negotiating salaries, said Louis Thompson, assistant dean of career services at Temple University Beasley School of Law. In fact,

Thompson said some students find it psychologically easier to go into a lock-step salary structure than to deal with the pressures of negotiating.

Your best bet is to arm yourself with numbers, Thompson said. NALP's yearly "Jobs and JD's" report details what new lawyers make by practice area and location. Some legal staffing agencies also keep track of employer-reported salaries of new associates. Thompson recommends quoting a range between the 25th and 75th percentile of what new lawyers make in your

city, field and specialty. This may work out to your advantage: Thompson said he'd seen examples of employers who didn't realize they were paying too little until candidates backed up their salary requests with research.

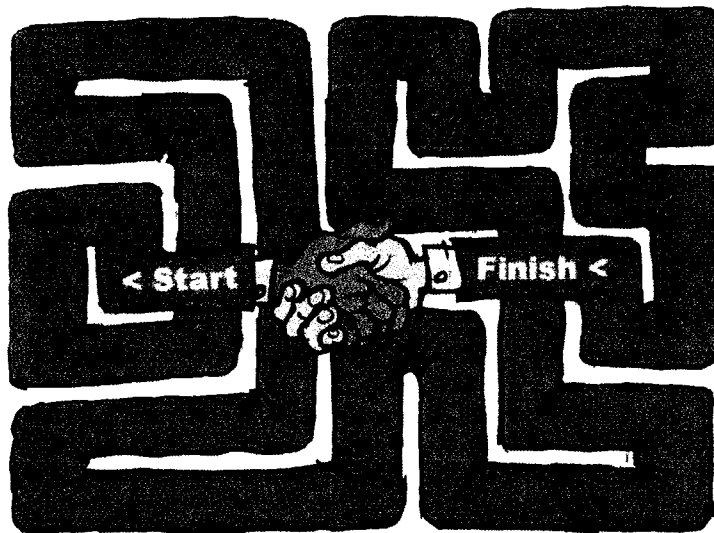
Q: I want to work in a public interest career but have a boatload of debt. What are my options?

A: The old adage, "do what you love and the money will follow" can be hard to believe when you're weighed down by an average of nearly \$80,000 in debt. You could join the

herd of law graduates who enter private practice for a few years, pay down their debt and then move on to an alternative legal career. As far as personal choices, there's certainly nothing wrong with going to a large firm initially — both for the money and the experience — as long as you understand and accept the job's expectations and don't mind delaying your ultimate career plans.

But before you relegate yourself to a job that isn't the perfect fit, consider debt repayment assistance programs, Thompson said. If you're still in school, research public interest scholarships. These options can reduce your overall loans, making it possible to accept your dream position even if it comes with a more modest salary.

You should also live within your means and begin managing your debt as early as possible after graduation, Thompson said. By taking an honest look at the numbers and getting help with budgeting, you may find that you can stretch a public interest salary to cover your expenses.



Got a career question? Submit to Ursula at furiperry@verizon.net