

## **Class of 2010 Graduates Faced Worst Job Market Since Mid-1990s: Longstanding Employment Patterns Interrupted**

Standing at 87.6%, the overall employment rate for new law school graduates is the lowest it has been since 1996, when the rate stood at 87.4%. In addition to a lower overall employment rate than that measured for the classes that immediately preceded it, the Class of 2010 employment data reveal a job market with many underlying structural weaknesses, and the employment profile for this class marks the interruption of employment patterns for new law school graduates that have been undisturbed for decades.

The NALP Employment Report and Salary Survey for the Class of 2010 measures the employment rate of graduates as of February 15,

2011, or nine months after a typical May graduation. Analyses of these data reveal an employment rate that has fallen more than four percentage points since reaching a 20-year high of 91.9% in 2007 and marks the lowest employment rate since the aftermath of the last significant recession to affect the U.S. legal economy. The Class of 1996 was the last class with an employment rate lower than that for the Class of 2010, and since 1985 there have only been six classes with an overall employment rate below 87.6%. All of those occurred in the aftermath of the 1990-1991 recession: 85.9% for 1991, 83.5% for 1992, 83.4% for 1993, 84.7% for 1994, 86.7% for 1995, and

87.4% for 1996. (For information on trends in graduate employment going back to 1985, see [www.nalp.org/trends](http://www.nalp.org/trends).)

The overall employment rate of 87.6% of graduates for whom employment status was known, however, conceals a number of negative trends in the job market that were first apparent for the Class of 2009, but with the Class of 2010 have become more prominent. For instance, of those graduates for whom employment was known, only 68.4% obtained a job for which bar passage is required. This compares with 70.8% for the Class of 2009 and 74.7% for the Class of 2008 and is the lowest percentage NALP has ever measured. Con-

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### **The Legal Job Market for New Graduates Looks a Lot Like It Did 15 Years Ago (Only Worse)**

**— Commentary and Analysis by James Leipold, Executive Director —**

The tail of the “Great Recession” is long and there are few bright spots in the employment profile for the Class of 2010. As noted above, most of the structural weaknesses in the job market faced by the Class of 2009 intensified for the Class of 2010, and new high- and low-water statistical marks have been set. And, in most cases, the changes that have occurred over two years’ time, from 2008 to 2010, are the most dramatic.

Consider that a lower percentage of law school graduates reported having a job for which bar passage was required than ever before (68.4% for the Class of 2010 compared to 74.7% for the class of 2008). Even more startling, perhaps, is the fact that only 50.9% reported working in private practice. You have to go back to 1975 and 1976 to find comparable figures. Since 1993 the percentage of

graduates reporting jobs in private practice has varied only between 55% and 58%. And, within the private practice ranks, the kinds of firms where graduates found jobs changed dramatically. The percentage of private practice jobs with large law firms of 501 attorneys or more fell more than five percentage points in a single year to 20.5% for the Class of 2010 compared to 25.6% for the Class of 2009. On the other end of the scale, jobs with firms of two to ten lawyers represented 39.1% of all private practice jobs taken by members of this class, a rise of seven and a half percentage points in two years, up from 31.6% for the Class of 2008. And, the number of graduates reporting that they are working as solo practitioners has similarly soared over two years from 3.3% of all private practice jobs for the Class of 2008 to 5.7% for the Class of 2010.

Taken together, jobs at firms of 50 or fewer lawyers accounted for 59% of all private practice jobs.

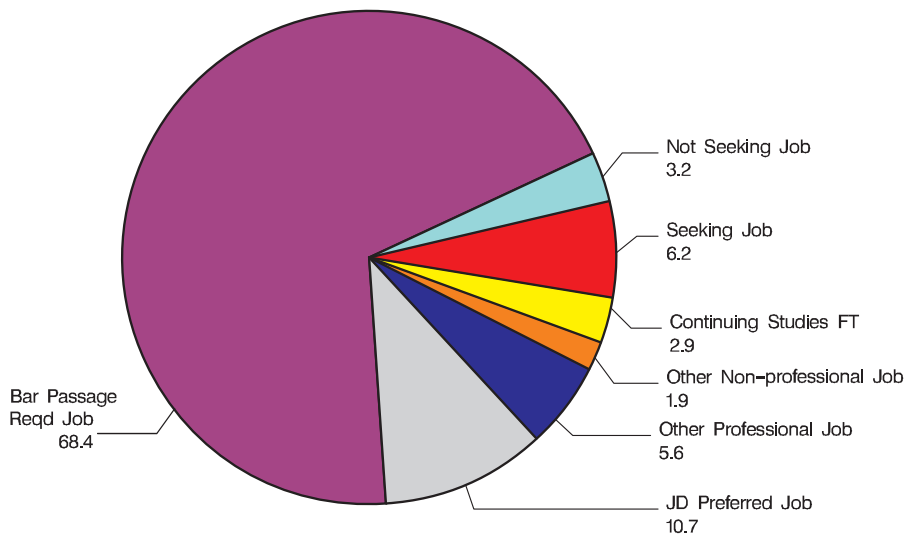
Consider that law school jobs programs of all sorts made up an estimated 2.7% of all jobs for the Class of 2010, and that without these jobs, the overall employment rate would be about 85%, a number that is comparable to the overall employment rates reported in the early 1990s in the aftermath of the last significant recession to affect the U.S. legal economy. Law schools created a variety of employment opportunities for their graduates, and not all of them were on-campus or can be counted in the academic category. Through a variety of bridge programs, fellowships, and grant programs for public interest work, in addition to

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## Employment Status

Class of 2010 — As of February 15, 2011

# of graduates = 41,156

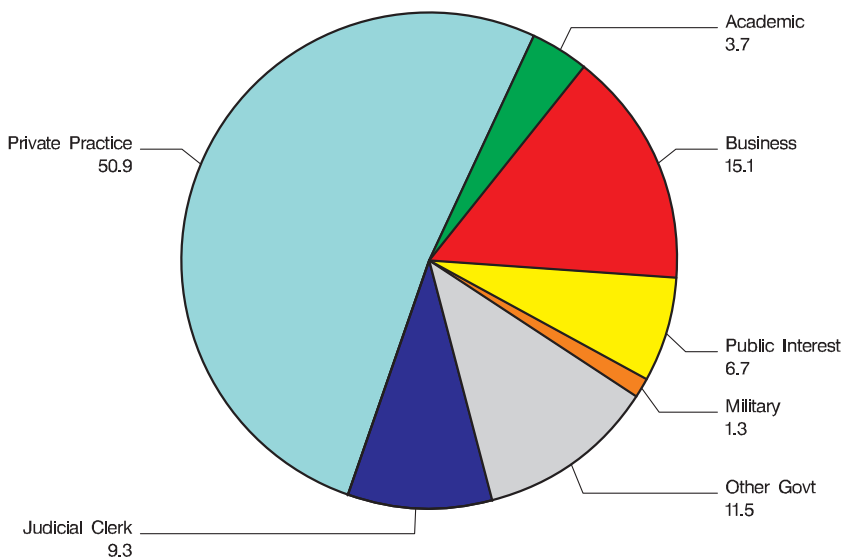


Note: The category of jobs for which type, e.g., bar passage required, or other, was not specified, accounts for 1.03% of jobs but is not shown on the chart. Overall, almost 89% of jobs were reported as full-time.

## Employer Types

Class of 2010 — As of February 15, 2011

# of jobs = 36,043



Note: Figures in this chart reflect all job types — both legal and other. For clarity, the category for unknown employer type, representing 1.50% of jobs, is not shown.

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versely, an additional 10.7% obtained jobs for which a JD is preferred, or may even be required, but for which bar passage is not required. This compares with 9.2% for the Class of 2009 and is the highest since NALP began tracking this kind of job in 2001. The percentage of graduates employed in other capacities was 8.6%. The rate of part-time employment stood at almost 11%, comparable to 2009 and in contrast to 6.5% for 2008 and about 5% in the years immediately prior to that. Over 8% of jobs were both temporary and part-time. Almost 3% of 2010 graduates were continuing their academic studies full time, leaving 9.4% who were not working or continuing their studies as of February 15, 2011.

NALP has historically calculated the overall employment rate based on graduates whose status is known, counting all types of jobs as employment. Counting all jobs is a standard practice in calculating employment rates used, for example, by the U.S. Bureau of Labor Statistics. An alternative method of calculating the employment rate recently introduced by some other organizations with an interest in law school employment outcomes is to base the rate on the total number of graduates rather than on those whose status is known, while still counting all jobs. Using this methodology, the overall employment rate is 84.1% for graduates of the 192 schools reporting to NALP. (Collectively these 192 schools accounted for over 95% of Class of 2010 law school graduates.) However, it cannot be assumed, as this latter calculation does, that graduates whose status is unknown (numbering about 1,700 among these 192 schools) are unemployed. In fact, some are employed and never bother to tell their school, for whatever reason, while many of those who are unemployed are known to be so, as they seek the services of the school in their job search.

Other key findings from *Jobs & JDs: Employment and Salaries of New Law School Graduates — Class of 2010*:

- A bare majority of employed graduates obtained a job in private practice. At 50.9%, this percentage dropped a full 5 percentage points from 2009 and is thus a considerable contrast to the previous 17 years, when the percentages generally ranged from 55-58%.
- Employment in business was 15.1%, the highest that NALP has measured. The per-

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centage of jobs in business had been in the 10-14% range for most of the previous two decades, except in the late 1980s and early 1990s when it dipped below 10%. About 32% of these jobs were reported as requiring bar passage, and about 29% were reported as JD preferred. Just over 8% of these business jobs represent graduates working for agencies that place individuals in temporary legal, law clerk, or paralegal jobs, similar to the Class of 2009 and down from just over 11% for the Class of 2008.

- Public service jobs, including military and other government jobs, judicial clerkships, and public interest positions, accounted for 28.8% of jobs taken by employed graduates, compared with 25.9% for the prior year. This increase notwithstanding, this percentage has remained relatively stable for three decades, at 26-29%. Public interest organizations, including public defenders, accounted for 6.7% of jobs, compared with 5.6% in 2009 and 5.4% in 2008. The recent increases may be partly attributable to school programs to provide fellowship and grant opportunities in a variety of settings, including public interest.

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 2010 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 2010* 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 2010* report, to be published in August 2011, fax, mail, or e-mail a copy of the form on the last page to the NALP office, or simply call NALP with your order.

## Market for New Graduates Looks a Lot Like 15 Years Ago (Only Worse)

Commentary by James Leipold, Executive Director — continued from page 1

true on-campus jobs, many schools have created “jobs programs” of some sort for new graduates. While some of these predate the recession, the number of schools offering these programs has grown explosively. For the Class of 2010, it is estimated that these programs provided about 1,200 jobs, and these jobs programs can account for 50, 60, or even 70 jobs on a single campus.

Consider that for the Class of 2010, only 71% of the jobs reported were both full-time and permanent. Overall, nearly 27% of all jobs taken by members of this class were classified as temporary (a figure that includes clerkships, though clerkships accounted for only 9.3% of all jobs taken; note that 10% of all private practice jobs were reported as temporary, and an astonishing 63% of all jobs reported in the academic setting were reported as temporary jobs). Eleven percent of all jobs taken were classified as part-time, a figure that has jumped five percentage points in two years from 6% for the Class of 2008. The overlap of these two categories is significant: 8% of all jobs were both temporary and part-time, 18% were temporary and full-time, and 2% were permanent and part-time.

Another marker of the weakness of the job market is that a much higher percentage of this class reported that even though they were employed, they were still looking for work (23% reported that they were still seeking work even though employed, compared with 16% for the Class of 2008), suggesting that graduates took jobs they may not have been satisfied with simply to be able to earn some money to offset their living expenses and begin paying on their student debt.

Consider finally that the overall number of jobs taken by the Class of 2010 was almost identical to the number of jobs taken by the Class of 2009 (36,043 compared to 36,046), but the number of law school graduates was greater.

For the Class of 2010, fewer graduates were working as lawyers and more were working in business and industry (a record 15.1%). Employment in public interest was up, a surprising fact given the widespread

reports of the economic difficulties still faced by this sector, but explained at least in part by the growing number of law school jobs programs that pay public interest employers to hire their graduates. And employment in academia continued to rise (from 2.3% of all jobs for the Class of 2008 to 3.7% of all jobs for the Class of 2010) as graduates sought refuge from a very tough job market in on-campus jobs. Nine months after graduation, 9.4% of the Class of 2010 reported that they were still unemployed (6.2% of the class reported that they were still seeking work, and 3.2% of the class reported that they were not seeking work).

To the extent that there is a bright spot in the employment profile for this class it is that there were fewer graduates who had their start dates deferred. While some law firms are still deferring associate start dates, separate research from NALP concluded that the number of deferrals for the Class of 2010 was roughly half of what it was for the Class of 2009, an estimated 1,600 to 1,800, compared with 3,400 to 3,700 for the Class of 2009. (See NALP's *Perspectives on Fall 2010 Law Student Recruiting*, available at [www.nalp.org/uploads/Perspectives\\_Fall\\_2010.pdf](http://www.nalp.org/uploads/Perspectives_Fall_2010.pdf).)

And there is likely more bad news to come. Given the scope of the constriction in the legal employment market, and the marked shift out of private practice generally and out of large law firms specifically, it is expected that aggregate starting salaries for this class will be shown to be down when that data becomes available later this summer. We can also expect the “Great Recession” to continue to have an impact on the employment experiences of the classes that will follow this one. Just as the biggest impact of the last significant recession was felt in the national economy in 1991, the legal employment market for new law school graduates did not hit its nadir until 1993, and the overall employment rate did not crest 89% until 1997, we can expect that the overall employment rate for new law school graduates will continue to be stagnant or decline further for the Class of 2011, with the curve probably not trending upward before the employment statistics become available for the Class of 2012.

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