

Market for Law Graduates Changes with Recession: Class of 2009 Faced New Challenges

The employment rate for new law school graduates has fallen nearly four percentage points in two years, marking the impact of the recession on the legal employment market. Nonetheless, the employment rate for the Class of 2009 is higher than many expected, and it is clear that the impact of the recession on this class was moderated by a number of factors; the overall employment rate taken alone, however, masks a number of weaknesses in the job market that made finding post-graduate employment for this class significantly harder than it was for the classes that immediately preceded it.

Analyses of the NALP Employment Report and Salary Survey for the Class of 2009 reveal an overall employment rate of 88.3% of graduates for whom employment status was known, a rate that has decreased for two years in a row, decreasing 3.6 percentage points from the recent historical high of 91.9 for the Class of 2007, a rate that represented a 20-year high and coincided with the peak of the run-up of the U.S. legal economy and the global financial markets generally. This further downward trend in the employment rate of recent law school graduates also establishes the lowest employment rate since the mid-1990s and the

aftermath of the last significant recession to affect the U.S. legal economy.

That the current employment rate is not lower is further evidence of the resilience and remarkably steady employment market for U.S. law school graduates, even in times of relative economic weakness. For more than a decade the employment rate for new law school graduates has stood close to or above 89%: 89.9% for 2008, 91.9% for 2007, 90.7% for 2006, 89.6% for 2005, 88.9% for 2004 and 2003, 89% for 2002, 90% for 2001, and 91.5% for 2000. The Class of 1996 was the last class with an employment rate lower than that for

continued on page 2

Some Perspectives on the Findings for the Class of 2009: Overall Employment Rate Masks Job Market Weakness

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

There are dozens of reasons why the employment report for the Class of 2009 will be different than those that preceded it, and dozens of reasons why the data that has been gathered will require special explanation and analysis to make sense of it. While the overall employment rate of 88.3% may seem stronger on its face than might have otherwise been expected in the midst of “the Great Recession,” when it is teased apart it begins to reveal some of the fundamental weaknesses in the job market that were faced by this class. For instance, in the private sector we know that between 3,200 and 3,700 graduates with jobs in law firms had their start dates deferred beyond December 1, 2009, with many deferred well into 2010. (See NALP’s *Perspec-*

tives on Fall 2009 Law Student Recruiting, available at www.nalp.org/uploads/PerspectivesonFallRec09.pdf.)

We also know that a far higher percentage of this class reported employment that was temporary, with 41% of all of the public interest jobs reported being temporary, 30% of all business jobs being reported as temporary, and even 8% of the private practice jobs being reported as temporary. Overall, nearly 25% of all jobs reported are temporary, a figure which includes judicial clerkships. Separate research conducted by NALP revealed that law schools were very active in trying to mitigate the impact of the recession for their graduates, with 42% of the law schools reporting that they provided on-campus post-

graduate jobs for their students. (See again *Perspectives*, as noted above.) This helps account for the jump in academic employment (where these on-campus jobs are counted) from 2.3% for the Class of 2008 to 3.5% for the class of 2009. An astonishing 69% of all of the jobs reported in the academic category were reported as being temporary jobs.

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 (though many of the on-campus jobs are both part-time and temporary). Through a variety of bridge programs, fel-

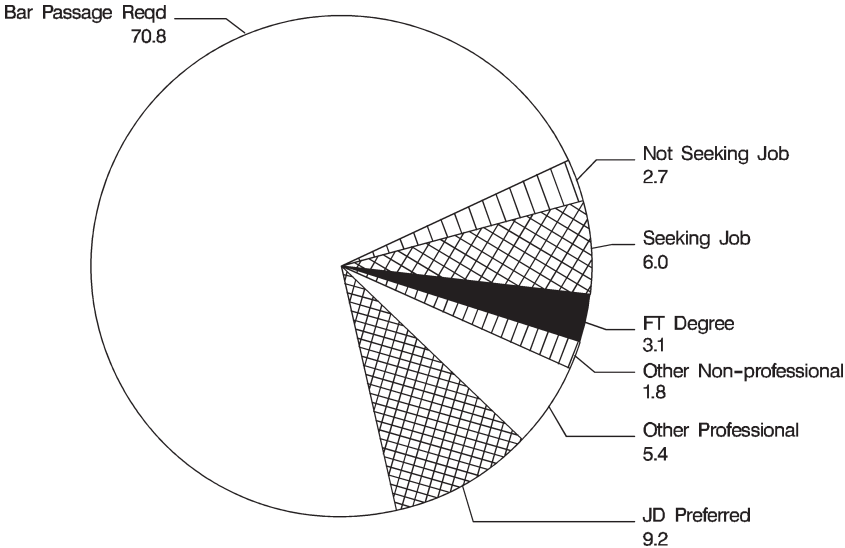
continued on page 3

(continued from page 1)

Employment Status

Class of 2009 — As of February 15, 2010

of graduates = 40,833

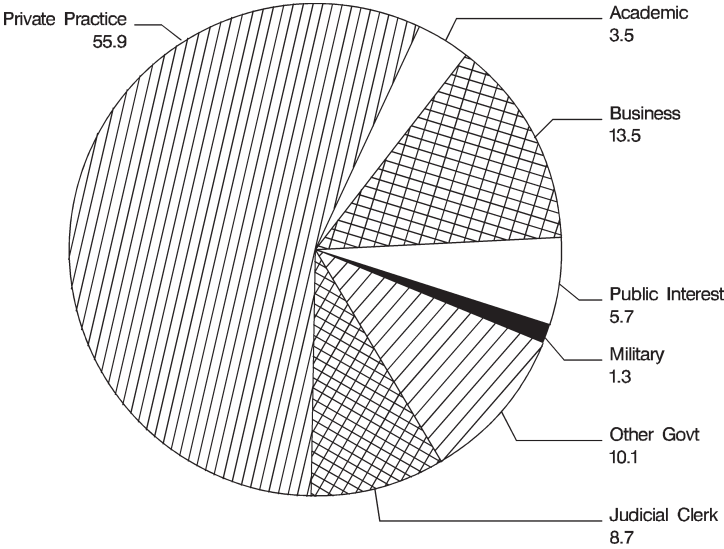


Note: The category of jobs for which type, e.g., bar passage required, or other, was not specified, accounts for 1.14% of jobs but is not shown on the chart. Overall, almost 90% of jobs were reported as full-time.

Employer Types

Class of 2009 — As of February 15, 2010

of jobs = 36,046



Note: Figures in this chart reflect all job types — both legal and other. For clarity, the category for unknown employer type, representing 1.44% of jobs, is not shown.

the Class of 2009, and since 1985 there have only been six classes with an overall employment rate below 88.3% (and 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 1995). For information on trends in graduate employment going back to 1985, see www.nalp.org/trends.

A total of 192 ABA-accredited law schools participated in the survey and provided employment information on 40,833 graduates, or 92.8% of all graduates. Of those graduates for whom employment was known, 70.8% obtained a job for which bar passage is required (this compares with 74.7% for the Class of 2008). An additional 9.2% obtained jobs for which a JD is preferred, or may even be required, but for which bar passage is not required (this compares with 8.1% for the Class of 2008). The percentage of graduates employed in other capacities was 7.2%, up from 6.2% for the Class of 2008. However the rate of part-time employment jumped to more than 10% from 6.5% for 2008 and about 5% in the years immediately prior to that. Over 3% of 2009 graduates were continuing their academic studies full time, leaving 8.7% who were not working or pursuing an advanced degree as of February 15, 2010.

Other findings from *Jobs & JDs: Employment and Salaries of New Law School Graduates – Class of 2009*:

- As in all prior years that NALP has collected job information, most employed graduates (55.9%) chose private practice, compared with 56.2% in 2008. This figure has fluctuated only between 55% and 58% since 1993.
- Employment in business was 13.5%, essentially unchanged from 2008, and down from 14.1% in 2007. The percentage of jobs in business has been in the 13-14% range for the past six years. About 29% 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 grad-

(continued from page 2)

uates working for agencies that place individuals in temporary legal, law clerk, or paralegal jobs (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 25.8% of jobs taken by employed graduates, compared with 26.8% for the prior year. This percentage has remained relatively stable for almost three decades. Public interest organizations, including public defenders, accounted for 5.7% of jobs, compared with 5.4% in 2008.

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 2009 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 2009* 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 source of its kind.

To order a copy of the full *Jobs & JDs: Employment and Salaries of New Law School Graduates — Class of 2009* report, to be published in July 2010, fax, mail, or e-mail a copy of the form on the next page to the NALP office, or simply call NALP with your order.

Some Perspectives on the Findings for the Class of 2009: Overall Employment Rate Masks Job Market Weakness

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

lowships, and grant programs for public interest work, in addition to true on-campus jobs, many schools have “jobs programs” of some sort for new graduates, and many of them predate the recession. For the Class of 2009, it is estimated that these programs provided over 800 jobs, accounting for a full 2 percentage points in the employment rate. At the high end, these jobs programs can account for up to 50 jobs on a single campus.

Members of the Class of 2009 were also working more often in part-time jobs than their predecessors, with 56% of the academic jobs reported as part-time, and 20% of the business jobs reported as part-time. As noted above, over 10% of all jobs reported for this class were part-time, up from 6% for the previous class.

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 (almost 22% reported that they were still seeking work even though employed, compared with 16% for the previous class), 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.

Another important marker that bears analysis is that a measurably smaller percentage of graduates from the Class of 2009 were working as practicing lawyers than their predecessors, with only 70.8% reporting that they held a job for which a JD was required, compared with 74.7% of the Class of 2008. Of those who did report jobs in private practice, a far greater number reported that they were working as solo practitioners than in the previous year. For the Class of 2009, the number of solo practitioners reported is well over 1,000 and represents more than 5% of law firm jobs reported, compared with 3.3% for the Class of 2008. In raw numbers there were about 375 more solo practitioners reported for the Class of

2009 than for the Class of 2008, a jump that in itself accounts for nearly a full percentage point of the employment rate. Solo practitioners represent about 2.9% of all jobs reported for the Class of 2009, compared with 1.9% for the previous class. This jump in the number of law school graduates reporting that they are working as solo practitioners is consistent with data that was reported during the recession of the early 1990s.

In assessing the overall strength of the legal employment market for new law school graduates it is important to remember when many law school students receive offers for employment: members of the Class of 2009 would have participated in their law schools' on-campus interview programs in August and September of 2007, before the recession officially began, and those who were summer associates at law firms would have had that experience in the summer of 2008, with many offers for full-time employment being made in August and September of 2008, before the worst of the recessionary collapses that happened later that fall.

Because of this hiring timeline, and because corrections in the legal employment market often lag behind those in the national employment market, we can 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 decline for the Class of 2010, and likely for the Class of 2011 as well, with the curve probably not trending upward before the employment statistics become available for the Class of 2012.

Order Your Copy of the Class of 2009 Jobs & JD's Now . . .

There is no other comprehensive and timely source for information on the legal employment market.

- Back up decisions with facts and statistics about the legal employment market.
- Underscore your important role within the organization as the source of data on the legal market and its stakeholders.
- Build credibility and knowledge about legal employment with pertinent and easy-to-understand analyses.

Copies of *Jobs & JD's: Employment and Salaries of New Law Graduates — Class of 2009* will be available to members of NALP at a cost of \$65 each plus \$9 for standard ground delivery within the US (\$15 shipping charge to Canada). For non-members, the cost is \$90 each plus \$9 for ground delivery within the US (\$15 shipping charge to Canada). (Call or e-mail NALP to inquire about costs of shipping outside the US and Canada or of expedited shipping.) To order, mail, fax, or e-mail a copy of the order form below to the NALP office, or call NALP.

Please send me _____ copy(ies) of *Jobs & JD's: Employment and Salaries of New Law Graduates — Class of 2009* at a cost of \$65 each plus \$9 for ground shipping within the US (member price, or \$90 each for non-members plus \$9 for ground shipping within the US). (For delivery to Canada, add \$6 — that is, \$15 total for shipping & handling; call or e-mail NALP to inquire about costs of expedited delivery and about costs of shipments to locations outside of the US and Canada.)

Date of Order: _____

Name: _____

Organization: _____

Address: _____

City/State/Zip: _____

Telephone: (_____) _____ E-mail: _____

Payment method: Please invoice. (This option available only to NALP members.)
Purchase order # (if required by your organization): _____

Payment is enclosed. (Note shipping cost above; DC residents please add 6 % sales tax.)

Please charge to: Visa MasterCard American Express

Card # _____ Exp. date _____

Security Code _____ Name on card: _____

Mail, fax, or e-mail your order to NALP, 1025 Connecticut Avenue, NW, Suite 1110, Washington, DC 20036-5413, fax (202) 835-1112, or orders@nalp.org, or call (202) 835-1001 with your order.

After its release in July 2010, *Jobs & JD's — Class of 2009* will also be available through NALP's Bookstore at www.nalp.org.