

Law Practice Survey Reveals Increases in Lawyer Income and Optimism for Future of Profession

By Rick DeBruhl, Chief Communications Officer

June 19, 2013

Attorneys in Arizona are not only making more money than they were three years ago, they're also slightly more optimistic about the future.

Those are some of the results gathered by the State Bar of Arizona as part of its Economics of Law Practice survey. The Bar does a comprehensive survey of its members on economic issues every three years. The 2013 survey is fifth in this series. Nearly 2,000 members answered questions ranging from salaries to job satisfaction.

Some highlights:

- Median net income in 2012: \$100,000 (11.1% increase over 2009)
- Full time attorneys reported a median net income of \$104,000 (10.9% increase over 2009)
- Average income for full time attorneys is now \$143,403
- Highest Annual Salary: Professional malpractice law (\$272,500 median salary per year)
- Lowest Annual Salary: Consumer law attorneys (\$35,000 median)

The median billing rate per hour is now \$255, which is a slight increase over the \$250 rate three years ago. There has, however, been a steady increase in hourly billing rates since the Bar's first economic survey in 2001 that showed lawyers charging a median rate of \$175 per hour. The survey also found that attorneys have reduced fixed costs as well as what they pay for office space over the past decade.

Looking forward:

- 81% of Arizona attorneys feel that their practice or law firm is likely or very likely to be profitable.
- 50% envision offers to hire new lawyers
- 37% expect to see lawyer layoffs
- 41% expect the economy to improve over the next two years (That 41% total is 5% higher than the number who expected improvement three years ago.)
- 37% expect the economy to stay the same.

Nearly half (49%) of attorneys say they get either a great deal or quite a bit of satisfaction from the practice of law. That is a slight increase from 2010. 21% say they get too little or no satisfaction from their legal career. Attorneys practicing in the areas of health/hospital law and immigration/naturalization were most likely to view their practice area as becoming more satisfying or at least remaining the same. Workers' compensation attorneys had the greatest percentage who viewed their practice area as likely to be less satisfying.

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THE E C O N O M I C S OF L A W

BY DR. LAWRENCE STIFFMAN

State Bar
Surveys
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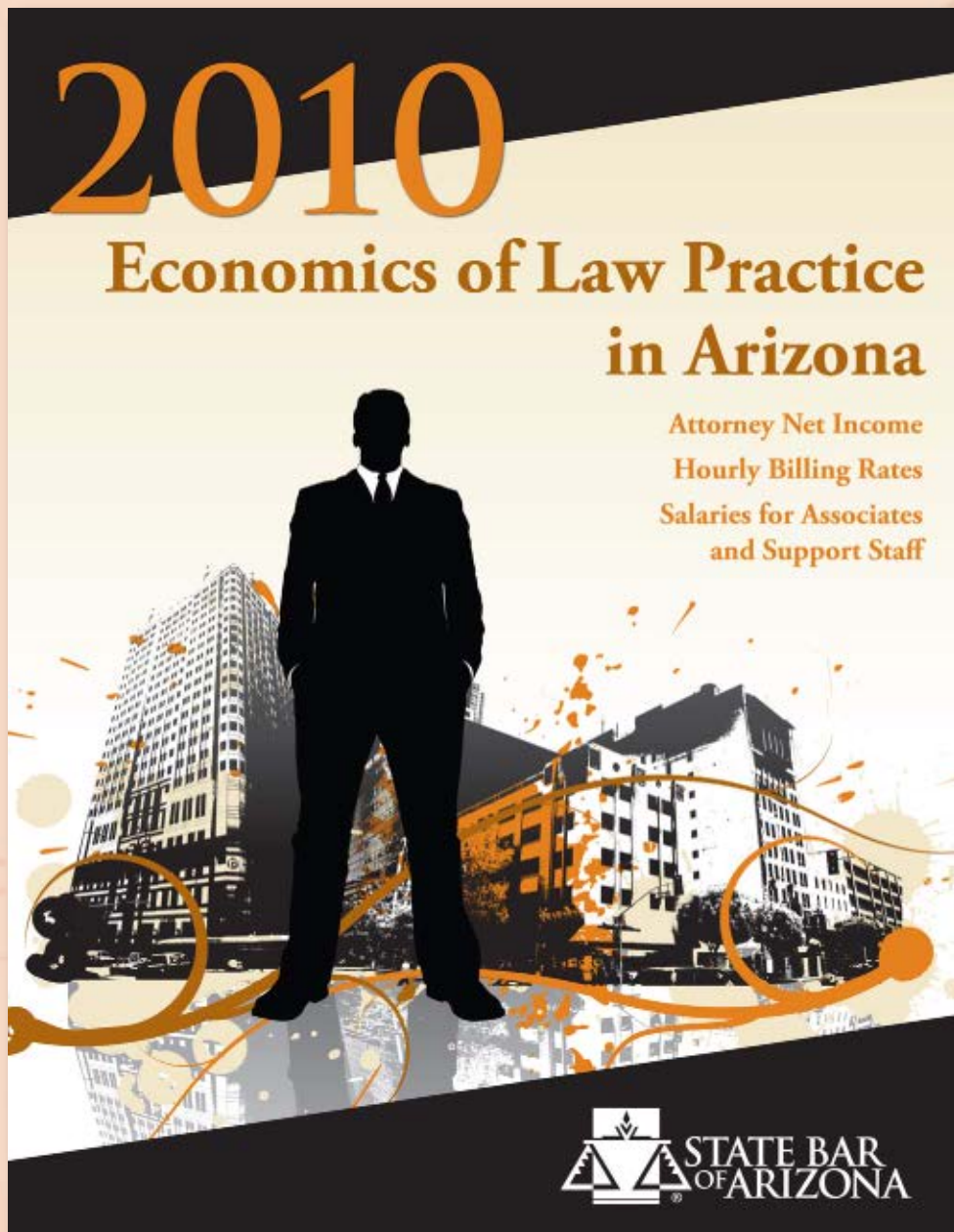
This past March, the State Bar of Arizona surveyed the Arizona legal community on the economics of law practice.

Similar studies were undertaken in 2007, 2004 and 2001. The objectives were to report current conditions and to track trends. The survey and analysis are complete, and the results are now available.

The survey results provide insights into the current and evolving economic state of affairs. It is likely difficult for individual attorneys and firms to compile broad-based economic data. The State Bar expects that the complete report will be of great assistance to its members.

The complete report will be available for purchase in September by members and the public. For more information, go online to www.myazbar.org.

What follows is a snapshot of some of the valuable information the Bar learned with the help of members.



DR. LAWRENCE STIFFMAN, Ph.D., MPH, is the owner of the Applied Statistics Laboratory (ASL), a survey and market research organization based in Ann Arbor, Mich. He has conducted economic surveys for many state bar associations and numerous market research studies nationwide.

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CHART 1

USEFUL PRACTICE INFORMATION

As the Bar did in 2007, 2004 and 2001, it asked its members a variety of questions to create an economic snapshot. The objectives were to determine, among other things:

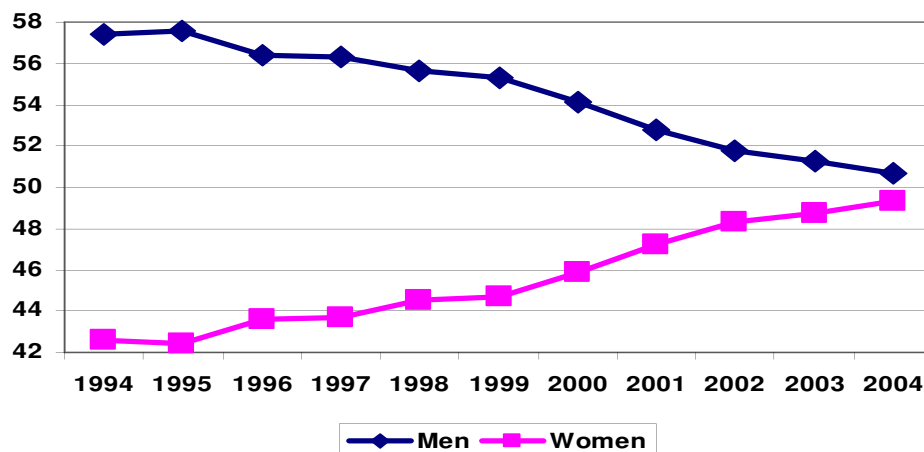
- Current demographics of practicing attorneys
- Attorney net income by practice category, gender, field of law, office location, work status, years in practice and firm size
- Associate, legal assistant, and secretary compensation by years of experience and office location
- Prevailing average hourly billing rates for attorneys by a variety of indicators, and legal assistants by years of experience, firm size and office location
- Job satisfaction
- Gender gap variations
- Attorney time allocated to billable and non-billable professional activities
- Overhead expenses associated with maintaining a private practice by office location and firm size, and
- Other law office management practices

This information has been consolidated into a complete guide to help attorneys as they plan and manage their professional lives.

THE TYPICAL ARIZONA ATTORNEY AND FIRM

The past decade has seen dramatic shifts in economic conditions in Arizona and the nation, as well as in demographic characteristics of the membership. Over time, survey respondents' profiles have shifted as to

Percentage of U.S. Law School Graduates by Gender, 1994-2004



gender/ work status (full vs. part-time work), practice category, years in practice, legal classification, firm/organization size and office location.

The proportion of full-time men peaked at 64 percent of survey respondents in 2004 to 50 percent currently, while the proportion of women respondents increased from 29 percent to 38 percent during that same period. While part-timers represent a small proportion of respondents, they have increased over time. (*Full time* is self-defined in the survey as working more than 30 hours/week.)

The profession is feminizing nationally, as well, as seen in annual statistics from the National Association of Law Placement (see Chart 1).

HOURLY BILLING RATES AND WORK VOLUME

The average hourly billing rate reported for 2010 is \$250, only a slight change from the 2007 average of \$238.

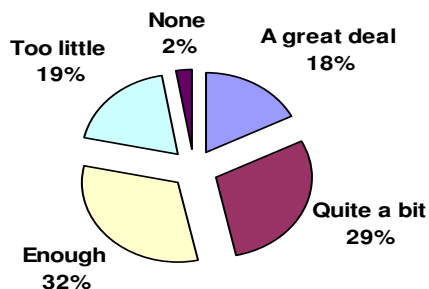
Work volume has shifted. Although total hours worked in a week has been static for most of the decade, its value dropped from 45 hours/week in 2007 to 40 hours/week in 2010. Billable work has decreased throughout the decade, from 40 hours/week in 2001 to 35 hours/week in 2010. However, hourly billing rates rose 4.8 percent per year over the decade, essentially flat in real terms when adjusted for inflation.

OFFICE EXPENDITURES AND REVENUES

The median value for 2009 total office expenditures on a "per attorney" basis is \$52,000 (down from \$62,000 in 2006), and the average value is \$80,330. Labor cost represents the major line item expenditure at \$30,000 per attorney (down from \$35,500). Average gross revenues per attorney for 2009 is \$206,993 (down from \$250,803).

CHART 2

Current Level of Job Satisfaction with Law Practice, March 2010



JOB SATISFACTION

The 2010 survey probed views on job satisfaction in terms of current levels as well as likely futures. About 47 percent of respondents reported being satisfied, while 21 percent are dissatisfied (see Chart 2).

Pessimism persists about the future (the next two years), as 19 percent are ready to

quit, change practice areas or feel their practice will be less satisfying in the future. Fifty-seven percent see no improvement, with only 24 percent optimistic.

ECONOMIC SENTIMENT

Attorneys also reported their current economic status compared with the past.

There is general pessimism, as only 11 percent feel their practice is better. Pessimism persists into the future, as half of the respondents feel conditions will remain the same or worsen and 36 percent seeing improvement.

MEDIAN NET INCOME

For 2009, median net income reported by all respondents (working part- and full-time) is \$90,000. Mean (average) income for all respondents (part- and full-time) is \$116,364. Those figures in 2006 were \$100,000 and \$137,685, respectively.

The average net income for all respondents (part- and full-time) is \$116,364. The median net income reported for respondents working full-time is \$95,000, and the average is \$121,552 (down from \$146,013 in 2006). Part-time respondents report incomes of \$59,000 (median value) and \$69,234 (average value).

Table 1 shows attorney net income by practice category. [A7](#)

TABLE 1

2009 Full-Time and Part-Time Attorney Net Income by Practice Category

Practice Category	Mean	Value by Percentile			
		25th	Median	75th	95th
Solo, office outside home	\$119,428	\$60,000	\$95,000	\$140,000	\$294,000
Solo home office	94,276	42,000	79,000	106,022	250,000
Solo with 1+ associates	140,310	80,000	110,000	175,000	390,000
Space Sharer	109,056	45,000	66,000	130,000	450,000
Partner in firm with 2-7 partners	157,362	78,000	120,000	200,000	460,000
Partner in firm with 8+ partners	239,028	145,000	200,000	300,000	500,000
Associate in firm with 1-7 partners	80,236	62,000	75,000	92,000	145,000
Associate in firm with 8+ Partners	109,413	78,000	100,000	124,000	180,000
Judge/Magistrate (Full-Time)	125,625	111,250	118,000	143,500	157,500
Judge/Mag. and private practice	125,000	125,000	125,000	125,000	125,000
Arbitrator/Mediator/ALJ	73,500	70,000	78,000	80,000	120,000
City/County government	90,026	60,000	78,000	99,000	130,000
State government	90,062	62,000	78,000	97,000	125,000
Federal government	93,690	65,000	92,000	120,000	150,000
In-house counsel (for-profit org.)	138,028	85,000	115,000	160,000	325,000
In-house counsel (not-for-profit org.)	123,510	80,000	95,000	165,000	250,000
Counsel with Legal Aid/Legal Services	51,578	36,000	42,000	59,000	120,000
Law clerk	48,250	34,000	52,000	58,000	90,000
Non-legal profession	104,409	10,000	65,000	113,000	524,000
Tribal counsel	95,900	82,900	85,000	106,000	150,000
All Attorneys	\$116,364	\$65,000	\$90,000	\$125,000	\$300,000