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Law firms make a case for raising new lawyers' pay

New associates seeing first raise in five years

[Eric Young](#)

After holding steady for years, salaries for associates are rising as law firms compete for young attorneys.

After a few firms in Los Angeles hiked salaries late last year, firms in the Bay Area have followed suit. In recent weeks, large firms like [Morrison & Foerster LLP](#), [Wilson Sonsini Goodrich & Rosati P.C.](#) and [Heller Ehrman LLP](#) boosted pay for associates, attorneys who receive a salary, unlike partners whose earnings are determined by firm profits.

The biggest pay hikes, in percentage terms, are for first-year associates, who are fresh out of law school. They are getting \$10,000 more at these firms, bringing base pay to \$135,000. All other levels of associates get raises, too. Fourth-year associates, for example, get \$5,000 more, boosting salaries to \$170,000.

This round of pay hikes for associates marks the first time since 2000 that this class of corporate lawyers will see base pay rise. Prior to 2000, it was common for associate pay to rise annually. But the tech bust and subsequent economic malaise prompted law firm managers to keep base pay flat. Year-end bonuses were the only way for associates to bring home more pay.

Aspiring lawyers like Chris Rodi are encouraged by the news. The salary hikes "definitely say that firms are doing better because they are willing to commit to higher salaries instead of just bonuses," said Rodi, who is seeking a securities law job at a firm in the Bay Area.

The last two years have generally been strong for Bay Area firms. Last year, several law firms said a steady supply of high-priced litigation and other corporate work boosted revenue to record levels.

"It's been a recovery process, and things are heating up again and people are seeking the best talent," said Delia Swan, whose Swan Legal Search places lawyers in firms in Los Angeles and the Bay Area.

But it is more than flush times that led to the salary hikes, however. A few firms in Los Angeles, hoping to attract top-flight associates, hiked salaries late last year. After a few weeks, firms in the Bay Area matched the increase, not wanting to be outdone by rivals.

"No firm wants to market itself as paying less" than others, said Keith Wetmore, chairman of San Francisco's largest firm, Morrison & Foerster LLP, which hiked salaries last month.

While this round of salary hikes is good news for associates, it contributes to higher bills for clients. "Payroll is by far the largest expense for law firms," said Terry O'Malley, a partner at [DLA Piper Rudnick Gray Cary LLP](#), an international firm with 200 lawyers in the Bay Area. He said higher associate salaries, coupled with rising lease costs, insurance and other expenses get factored into law firm billing rates.


It's too early to say if associates will see raises again next year. "Most firms hope this will hold it for awhile," said John Buchanan, a spokesman for San Francisco-based Heller Ehrman LLP.

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