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# Starting pay for lawyers hits \$180K; Pittsburgh firms feel the heat

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The bar for new lawyers' salaries has been raised to a new high of \$180,000 and as the trend ripples through 77 of the country's largest firms, the jury's out on how Pittsburgh plays. There's no doubt it will pay.

The acknowledged top starting salary paid in Pittsburgh is \$140,000.

Raising starting pay is just the start. It also means increases for associates at all levels and begs the question how to justify the cost. The prerecession strategy of increasing rates to clients no longer works because corporate law departments are pushing back.



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New lawyers' starting salaries will change in Pittsburgh, legal experts say.

“It affects the entire legal ecosystem,” said Jacob Rooksby, assistant professor at Duquesne University’s School of Law. “It puts pressure on firms at all levels to analyze what they’re paying associates and how competitive they can hope to be. There’s a reputation-driven market for the national firms, and given how rate conscious clients already are, this can be unsettling to businesses.”

This does not necessarily mean rates clients are charged are going up.

“It’s a matter of what this will do to partner compensation,” Rooksby said.

Earlier in June, New York-based Cravath Swaine announced that it was increasing starting pay by \$20,000 to \$180,000, the biggest hike since the Great Recession. This has spurred a series of announcements by 76 other firms.

At least one firm based here, K&L Gates LLP, and one in Philadelphia with a Pittsburgh office, Morgan Lewis, joined the ranks of the \$180,000 club, according to the national law firm blog Above the Law within the past few days.

Above the Law printed a K&L Gates memorandum issued on Monday that said it was increasing first-year associate salaries in 10 U.S. offices currently on the New York market pay scale from \$160,000 to \$180,000, and also increasing salaries in those office for second- through eighth-year associates, but those amounts had not yet been determined. Pittsburgh was not among the 10, but the memorandum also said the associate salary structure was being reviewed in K&L Gates’ other U.S. offices and that any additional increases would be announced shortly.

Jeffrey Berardi, K&L Gates’ chief marketing officer, declined comment. The firm has not said how much it pays in Pittsburgh for more than a decade.

Reed Smith LLP’s starting pay in Pittsburgh is \$140,000, which was raised last year by \$15,000. Reed Smith’s first-year pay differs by market, and ranged from \$125,000 to \$160,000. It has not yet decided whether to make the jump to \$180,000, said John Buchanan, director of public relations.

Other Pittsburgh-based firms including Buchanan Ingersoll & Rooney P.C., Eckert Seamans Cherin & Mellott and Dickie, McCamey & Chilcote P.C., said they have not made a decision about raising pay.

"I was surprised at those big numbers, not that firms were quick to respond," said Danielle Rosetti, director of recruiting and development at Buchanan.

The firm's starting pay ranges across markets from \$125,000, which is paid in Pittsburgh, to \$150,000. Decisions are typically made at year-end.

"It would trigger a review of our entire compensation system, which is why we wouldn't rush to make a first-year increase," Rosetti said. "You can't do first-year salaries in isolation."

The repercussions will be huge, local firms believe.

"Many firms will either not participate or dramatically reduce the number of first-year hires and continue on a path of younger lateral recruitment," said Timothy Ryan, CEO of Eckert Seamans.

Eckert, which already tips toward the latter, reinstated its summer associates program in 2015 after a decade, .

"I don't know if it's recruitment or ego that has firms falling into line, paying the same starting salaries," Ryan said. "To me the big issue is if the firms engaging in salary increases will ultimately pass them on to their clients. That led to the bubble bursting in 2008 and led to the retrenchment of associates' salaries. Here we go again."

Firms that do not raise rates risk losing lawyers.

"Probably associates at firms that don't at least participate somewhat in this salary creep may look to leave," Rooksby said. "If they have the same hourly requirements, why stick around for less money?"

Firms in the past built the higher salaries into rate increases, but corporations have become more resistant to such tactics.

Some 40 percent of corporate legal departments planned to cut spending on law firms in 2016, according to an Altman Weil survey, and three-fourths of those expected to shift the work in-house. Chief Legal Officers responding to the survey cited cost pressures as their greatest concern.

“I think general counsels are too outspoken as to what they’re willing to absorb and right now, I hear it’s nothing,” said Lori Carpenter, president of recruitment firm Carpenter Legal Search. “They’re not willing to pay to train the associates, so firms are going to have to handle that and either do more work or absorb it at the partner level.”

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