ALA
Association of Legal Administrators

ALA's 2023
Compensation and Benefits Survey
EXECUTIVE SUMMARY

alanet.org/compsurvey

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Introduction

Higher compensation levels, in response to greater market competition. More work-from-home policies than ever before. Staff turnover below prepandemic levels. And a hike in productivity, with firms getting more work done with fewer paralegals (and about the same number of secretaries). Those are some key findings in ALA's 2023 Compensation and Benefits Survey.

Data and results were compiled and analyzed by intelligence Readex Research Inc. This year's data were provided for 9,455 industry professionals in 81 positions. Of the 249 responding firms providing data for 1,047 locations, nearly all were private firms. The majority had fewer than 50 lawyers or judges per location with a median number of 12. The comparable figure for non-lawyer staff was 11. Because respondents were asked to provide data as of January 1, 2023, figures in this report reflect conditions in calendar year 2022.

The most popular areas of law were labor/employment, commercial real estate and business entities, each of which was pursued by over 60% of respondents. Close on their heels were estate planning, contracts and intellectual property.

The survey breaks down many results by size, location and organizational type. We invite members to use the survey information to help inform budgetary and staffing decisions over the coming 12 months and beyond.

For additional insights see the following highlights.

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Remote Work Arrangements

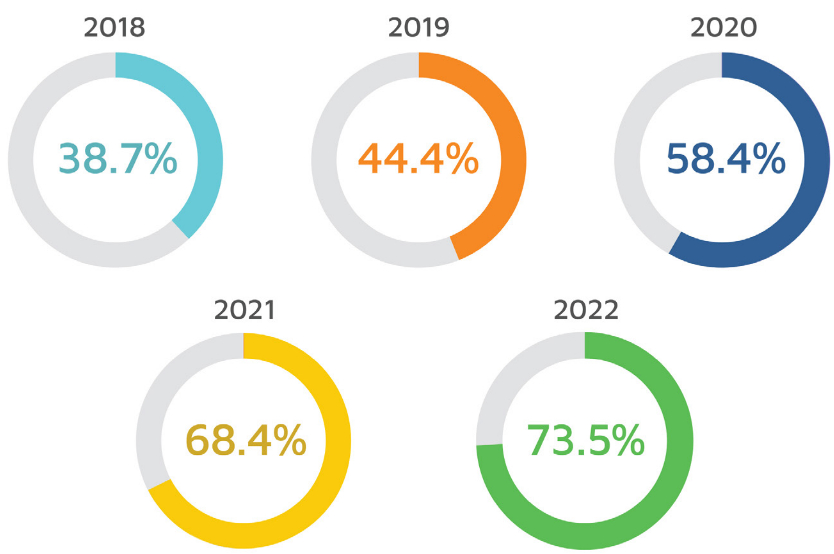
Remote work arrangements continued to gain ground, well after they had lost their attraction as a defensive measure against the pandemic. In this year's survey, 73.5% of respondents had some work-from-home policy — up from 68.4% the previous year and 58.4% the year before.

Nearly all respondents allowed the option to work remotely for the majority of positions. For most positions, the portion of respondents who required in-person work was in the single digits. The exceptions were office services personnel such as receptionists, copy clerks and messengers, whose duties required on-site presence. There were also notable exceptions for upper-level administrators. Some 53.2% of respondents wanted their Office Services/Facilities Managers to check into brick-and-mortar locations. And about one of every four respondents expected an in-office presence for Branch Office Managers, Executive Directors, Principal Administrators and Chief Operating Officers.

First year associates enjoyed more liberal work arrangements: Some 5.4% of this year's respondents expected their presence in the office, down from the previous survey's 13.0%. Summer associates, however, remained office bound: 40.8% of firms required their in-person presence, about the same as last year.

Notably, it seems that law firms have at last entered their comfort zone when it comes to remote work arrangements. Some 81.1% expect such arrangements to remain at their current levels over the coming year, quite an increase from the 39.6% who thought so in last year's survey. Moreover, only one in 10 firms expect the practice to decrease. That is also a substantial drop from our previous survey in which 16.4% actually expected the practice to return to pre-pandemic levels. In the 2021 survey (which provided data for the pandemic calendar year 2020), the portion who thought so was 28.1%. In any case, the practice is clearly popular with staff personnel: Nearly half of firms said they had changed their hybrid or remote work policies to incentivize recruiting.

FIRMS WITH WORK-FROM-HOME POLICIES
(CALENDAR YEAR)



Benefits

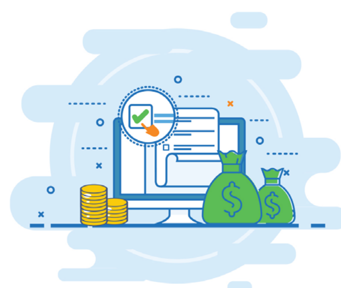
Health benefits remained the most popular perk at law firms. Nine out of 10 respondents offered medical plans for non-attorney employees, a figure unchanged from the previous survey, with the average coverage of such costs pegged at 85.1%.

In other health-related benefits, a majority of locations (89.5%) offered dental coverage to non-attorney employees. The average percentage of the cost of the benefit covered was 43.8%. Vision plans were offered by 85.2% — a modest decline.

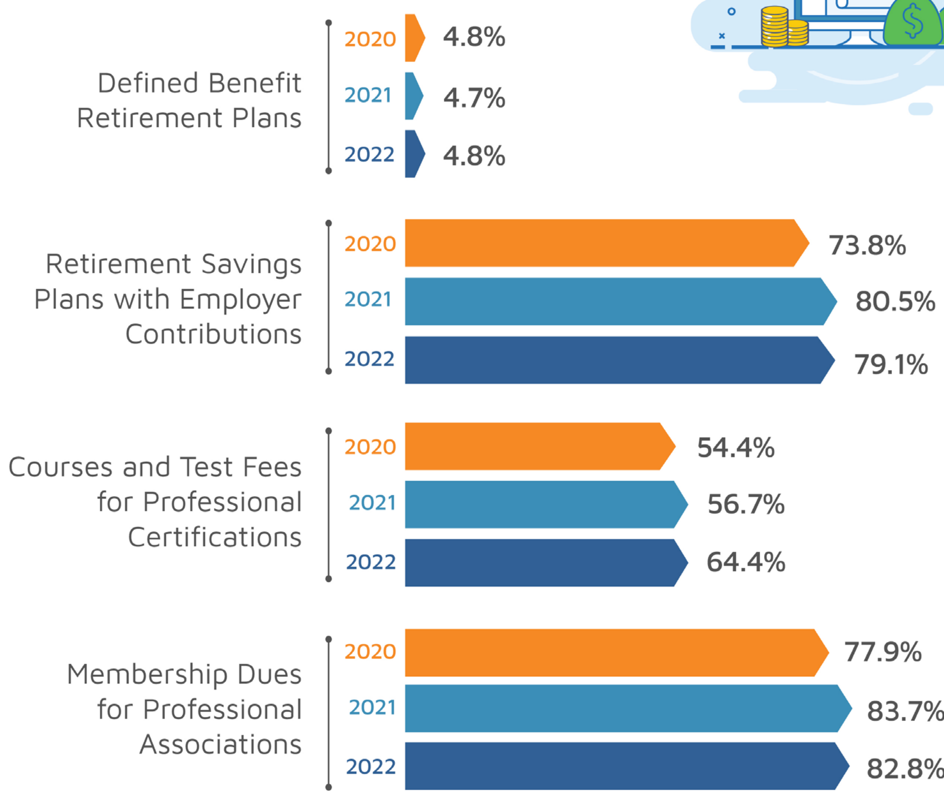
Nearly nine out of 10 respondents offered disability, life and accidental death insurance. Flexible spending plans were almost as popular. However, long-term care was offered by only 40.4%. As for retirement plans, savings plans with employer contributions were again the most popular by far, offered by 79.1% of firms.

Maternity leave remained as popular as the previous year, offered by 65.2% to 82.1% of firms depending on employee category. As in the previous survey, paternity leave was slightly less popular. Nearly one out of four firms offered unlimited days off for exempt staff, while only 0.4% offered the same benefit to nonexempt staff.

Unlimited days off were offered to exempt staff by 21.6% of firms, but to nonexempt staff by less than 1%.



ADDITIONAL BENEFITS (Calendar Year)



Compensation

Market competition continued to put upward pressure on salaries, causing two out of three firms to increase compensation — not far off the 2022 survey. The effect was much less on benefits increases.

Once again law firms continued to look for new ways to attract top talent. As such, 80.3% of firms made at least one change in their hiring practices, about the same response as the previous survey. And once again higher salaries were the preferred lure, offered by 65.9% of firms. Adding or adjusting hybrid and remote work options were also popular, although offered by less than half of the respondents. In a sign of the competitive environment, a third of the firms have learned to strike while the iron is hot, making job offers more quickly.

The great majority of law firm positions received median base salary increases ranging from 3% to 5%. Equity partners/owners received median base salary of $355,190, an increase of 1.0%, while nonequity partners/owners received $217,800, up 4.0%. In other categories, Marketing and Business Development Chief Officers once again led in the compensation race, their $300,000 median base salary figure representing a 5.26% increase. And as in the previous report, Chief Financial Officers came in second place, their total compensation jumping 5.0% to $289,500. Chief Information Officers received $269,280, up 5%.

Median base salary increases for associate attorneys ranged from 3.0% to 9.0%, not far off the previous survey. Those with more than two years' experience received the biggest increases of 7.36% and higher, perhaps a sign that firms were trying to retain their organizational knowledge. As with the previous two surveys, median compensation for summer associates remained essentially flat at $124,900.

Also in line with the previous two surveys, the most common bonus was discretionary, its preference by 78.3% of respondents about equivalent to the previous year. As was the case the previous year, merit, signing, hiring and tenure-based bonuses were offered by about half the respondents.

A median base salary of $117,880 was reported for paralegal managers, $86,510 for legal support supervisors, $80,670 for paralegals and $71,640 for legal assistants. All these base salaries increased by 3.0% to 5.0% from the previous survey.

For the third year running, none of 10 respondents classified paralegals and legal assistants as nonexempt. Hourly wages for paralegals came to $39, a 4.27% bump. Once again, the Pacific region median wage of $46 was the highest in the nation. For legal assistants, the median wage was $34.11, a 4.0% jump. And again the Pacific states reported the highest such wage, at $42.00.

Compensation

DISCRETIONARY BONUSES

	% of U.S. Firms That Offered **2020**	% of U.S. Firms That Offer **2021**	% of U.S. Firms That Offer **2022**
Discretionary Bonuses	73.9%	77.8%	78.3%
Merit Bonuses	43.0%	45.5%	45.7%
Signing Bonuses	45.1%	46.9%	52.7%
Recruiting Bonuses	32.6%	38.5%	51.8%
Tenure-Based Bonuses	24.5%	27.7%	35.7%

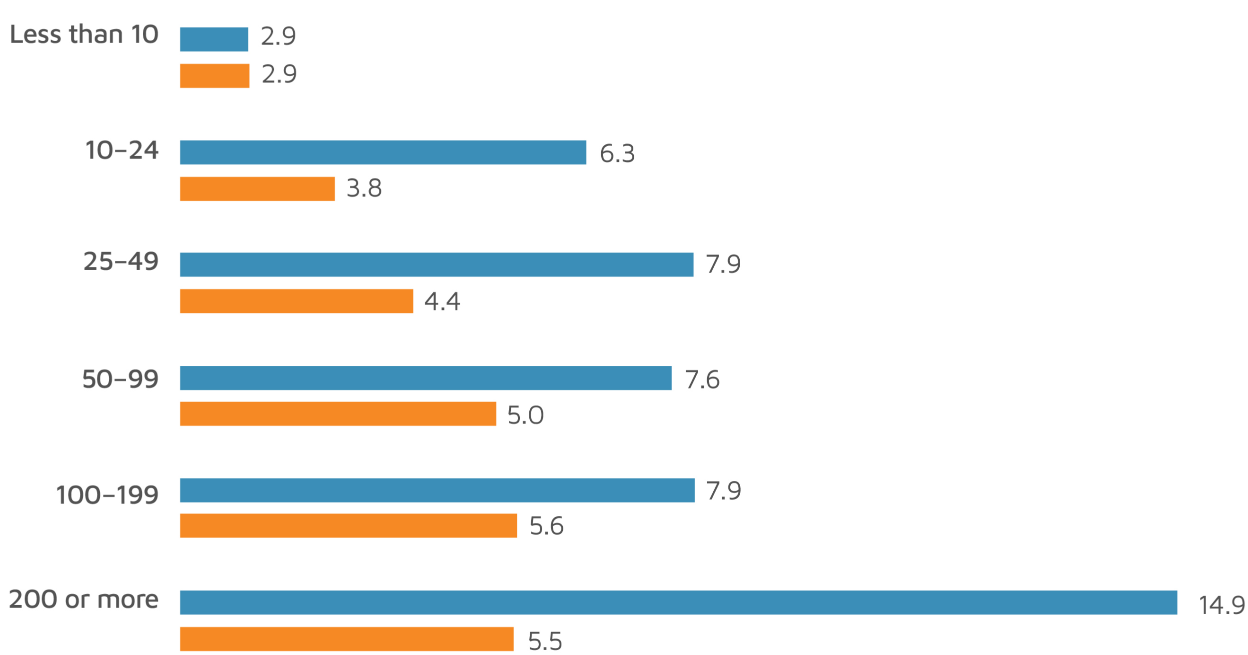
Staffing Ratios and Turnover Rates

Law firms are getting more done with fewer people. This year's respondents reported an average of 5.7 attorneys per paralegal, a notable increase over the previous survey's 4.0. For the third year running, larger firms were the most productive, with those with over 200 attorneys recording 14.9 attorneys per paralegal, up from the previous survey's 9.4. Those with fewer than 10 reported only 2.9, up slightly from the previous year. And once again the 6.8 ratio in the Northeastern states — itself up a bit — was higher than other regions.

The median number of attorneys per secretary remained nearly flat at 3.8, in a reflection, perhaps, of the maturation of productivity for that category of employee. The productivity pattern mimicked that of paralegals, with the largest law firms reporting 5.5 attorneys per secretary and the smallest 2.9.

MEDIAN STAFFING RATIOS FIRM SIZE
(Number of Attorneys)

Attorneys Per Paralegal
Attorneys Per Secretary



Staffing Ratios and Turnover Rates

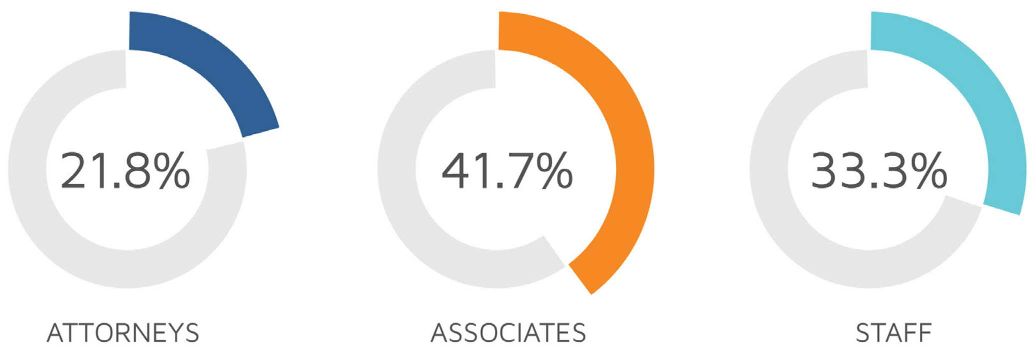
Either attorneys remain reluctant to jump ship, or law firms are taking steps to hang onto the talent they have. Median attorney turnover came to 7.2% in this year's survey, a dip from last year's 8.3% level. Notably, the comparable prepandemic 2019 figure had been 16.7%. Associates exhibited more of a wanderlust, recording a median turnover of 11.1%.

For both categories, the story was far different at larger law firms. Those with 25 or more attorneys recorded median attorney turnover as high as 11.1% and associate turnover as high as 20.0%. Again this year, firms with fewer than 10 attorneys reported virtually no turnover.

As for the staff, median turnover this year was 12.5%, roughly equivalent to the previous survey's 11.3%, which had been a downward dip from the previous year's 13.3%. Notably, the prepandemic figure had been 25.0%. As with the previous report, the experience varied by size. Firms with fewer than 10 attorneys reported virtually no turnover; those with 10 or more reported turnover ranging from 12.3% to 16.0%.

Corporate law departments reported much higher median turnover rates, at 21.8% for attorneys, 41.7% for associates and 33.3% for the staff.

MEDIAN
TURNOVER RATES



Staffing Ratios and Turnover Rates

TURNOVER BY FIRM SIZE (Number of Attorneys)	Attorney Turnover	Staff Turnover
Fewer than 10	0.0%	0.0%
10–24	8.3%	13.3%
25–49	11.1%	13.3%
50–99	10.8%	16.0%
100–199	8.4%	15.1%
200 or more	10.2%	12.3%

Hourly Rates and Billable Hours

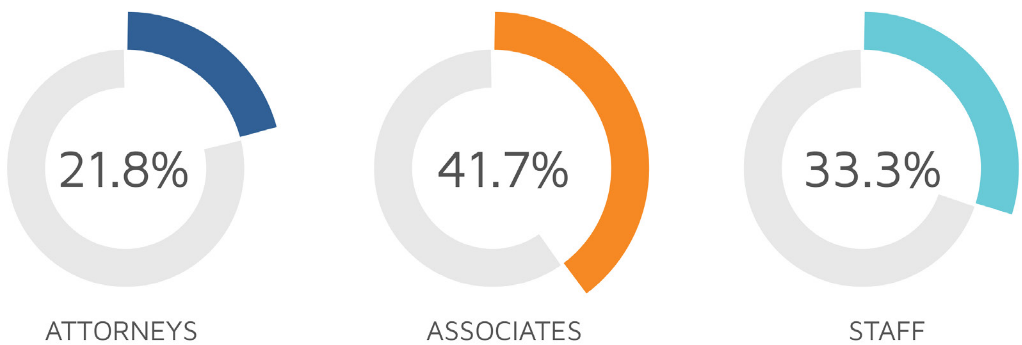
At least one in three partners and associates indicated they did not have a standard hourly rate. Of those that did, the typical rate came to $513 for equity partners, $425 for nonequity partners and $305 for associates. For attorneys charging hourly rates, the typical total hours charged came to 1,650 for equity partners, 1,700 for nonequity partners and 1,800 for associates.

Of those firms with a minimum billable hours policy for partners and associates, at least two out of five reported that the required level remained the same. Of those firms that changed their requirement, more increased than decreased the level.

The 1,850 average billable hour goal for full-time associates has remained virtually flat for more than three years running. Once again, the number did not show substantial variation by size of firm or geographic location. For full-time paralegals, the comparable goal was a repeat from last year's 1,500 and was fairly constant at different size firms.

Hourly fees were not the only billing methods utilized by law firms. For example, 60.5% of respondents charged flat fees, 39.1% used contingency arrangements and 33.3% used of counsel.

MEDIAN
TURNOVER RATES



Hourly Rates and Billable Hours

	Equity Partners	Nonequity Partners	Associates
$600 or more	11.7%	5.6%	0.4%
$500–$599	4.6%	4.5%	2.5%
$400–$499	5.0%	8.5%	6.7%
$300–$399	7.6%	7.3%	11.3%
$200–$299	1.3%	4.5%	10.0%
Fewer than $200	0.8%	1.7%	6.3%

Billable Hours Goals

While this summary has highlighted some of the survey's most significant findings, readers will find much additional information in the following pages. For example, they will find substantial regional, state and city breakdowns for much of the data. We trust the insights from this year's survey will help members make decisions about staffing, compensation and other operational matters for the year ahead.