

Legal Ledger

BY DR. LAWRENCE STIFFMAN

Economics of Law Report Soon Available

During the spring of 2007, the State Bar of Arizona surveyed its members on the economics of law practice. 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 is available for purchase by members and the public. For more information, contact Mira Radovich at 602-340-7293, or 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. The complete report is more than 40 pages.

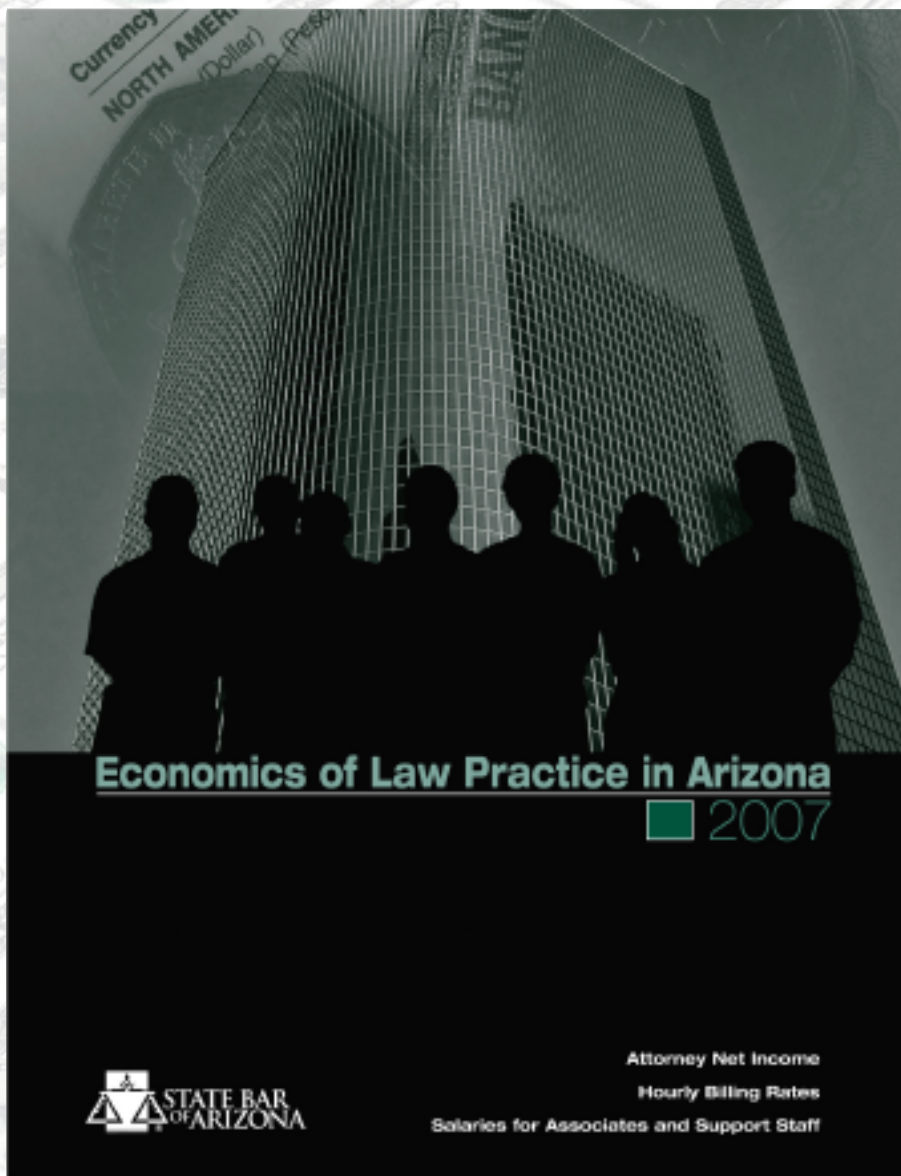
Useful Practice Information

As the Bar did in 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

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2006 Attorney Net Income by Practice Category (includes only Full-Time Respondents)

Practice Category	Mean	Value by Percentile			
		25th	Median	75th	95th
Sole practitioner, office outside home	\$141,828	\$70,000	\$105,500	\$192,250	\$306,800
Sole practitioner with home office	122,646	50,000	90,000	140,000	450,000
Sole practitioner with associates	248,960	110,000	160,000	325,000	910,000
Sole practitioner sharing space	122,100	50,500	112,500	212,250	265,000
Partner in firm with 2-7 partners	237,918	110,000	150,000	250,000	586,000
Partner in firm with 8+ partners	303,006	160,000	262,500	415,000	665,000
Associate in firm with 2-7 partners	88,096	63,500	80,000	103,500	160,000
Associate in firm with 8+ Partners	114,805	90,000	105,000	125,000	165,000
Judge/Magistrate (Full-Time)	109,538	93,500	109,000	135,000	140,000
Arbitrator/Mediator/ALJ	77,571	45,000	70,000	100,000	150,000
City/State/County government	93,979	65,000	83,000	100,000	131,400
Federal government	90,690	64,665	96,000	111,000	143,400
House counsel (for-profit org.)	157,602	99,000	126,000	200,000	313,500
House counsel (not-for-profit org.)	102,406	70,625	92,500	133,750	250,000
Counsel with Legal Aid/Legal Services	48,869	35,000	53,000	61,000	74,000
Law clerk	66,333	47,000	52,000	101,000	107,000
Non-legal profession	87,000	9,000	82,500	158,750	200,000
All Full-Time Attorneys	\$147,396	\$72,000	\$101,000	\$150,000	\$400,000

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 guide attorneys as they plan and manage their professional lives.¹

The Typical Arizona Attorney and Firm Demographics

The typical respondent is 47 years of age and has been in practice for 18 years. The average male attorney is 49 years of age and has been in practice 20 years; the average female attorney is 44 and has been in practice for 13 years. Women represent 35.5 percent of respondents.

Approximately 65 percent of respondents are private practitioners. Of the

remainder, 24 percent work in government agencies including the judiciary, 5 percent are in-house counsel, and the remaining 5 percent work in legal aid, as law clerks, are in a non-legal profession or indicated "other."

Within the practice category groupings, 48 percent of associates are women. Women comprise 48 percent of state and local government attorneys, 33 percent of federal government attorneys, 38 percent of in-house counsel (for-profit), 59 percent of in-house counsel (not-for-profit), and 42 percent of legal services attorneys.

Hourly Billing Rates and Work Volume

Approximately 92 percent of private practitioners have a standard or usual hourly rate that they apply as a guide, starting point or basis for fee computation. The average hourly billing rate reported for 2006 is \$239.


Office Expenditures and Revenues

The median value for 2006 total office expenditures on a "per attorney" basis is \$62,000, and the average value is \$79,018. Labor cost represents the major line-item expenditure (\$30,000 per attorney).

Average gross revenue per attorney for 2006 is \$200,000.

Median Net Income

The median net income reported for all respondents (part- and full-time) is \$100,000. Mean (average) net income for all respondents (part- and full-time) is \$138,289. The median net income reported for respondents working full-time for calendar year 2006 is \$101,000; the average net income for respondents working full-time is \$147,396. Part-time respondents report incomes of \$60,000 (median value) and \$65,603 (average value).

The chart above shows attorney net income by practice category. 

1. Interpreting Findings: Because the survey was conducted in spring and summer 2007, net income, gross revenue and overhead expense represent 2006 values. All other data represent 2007 values. Net income represents all personal income from legal work (after expenses) or salaries from the practice of law, before taxes, for 2006. Bonus information was not addressed as a separate question and may have been included by respondents.