

Diversity's

**B  
O  
T  
T  
O  
M**



**LINE**

Why African American midlevels worry more than other associates about a softening economy.

By Susan Hansen Illustration by Jon Berkeley



**E**ven in an era of \$160,000 salaries for first-year associates—plus bonuses—not every young lawyer is feeling equally flush. Law school debt can take a big bite of the fattest law firm paychecks, while the slowing economy has produced a steady trickle of law firm layoffs. Many associates are feeling squeezed—and a lot of them are minority lawyers.

This year our Minority Experience Study focused on the economic life of big-firm midlevels. Comparing responses from young attorneys of different racial groups, we found that African American associates, in particular, generally appeared to be in a less secure financial position. They, together with Hispanic lawyers, reported higher levels of debt and lower bonus compensation compared to their white and Asian American counterparts. More black attorneys said that their workloads were too light, and overall they reported lower billable hours, even though they took less of the vacation that they're entitled to than other groups.

Perhaps not surprisingly, African Americans had more concern about layoffs and were more likely to be looking for another job right now. "This is a generation that has seen law firms fail," says Theresa Cropper, director of diversity at the Chicago office of Perkins Coie. If minority associates are carrying a staggering debt load and their hours are down, of course they'll feel unsettled, she says. "And that," she adds, "will make them more apt to jump when a headhunter calls."

## FIRM OPINIONS

How respondents viewed their firms

	Whites	African Americans	Asian Americans	Hispanics
Rate your firm's dedication to diversity. (1=not dedicated; 5=very dedicated)	4.02	3.46	3.90	3.95
The amount of feedback you get on your work is (1=very low; 5=very high)	3.65	3.41	3.57	3.57
How would you rate your firm as a place to work? (1=lowest score; 5=highest score)	4.19	3.96	4.11	4.17
The amount of client contact you have is (1=very low; 5=very high)	4.04	3.90	3.94	4.10
The amount of responsibility you are given is (1=very low; 5=very high)	4.24	3.94	4.12	4.19
The distribution of work is (1=very unfair; 5=very fair)	3.89	3.56	3.72	3.78
The quality of work assigned is (1=very low; 5=very high)	4.17	3.92	4.05	4.17

As in previous years, the Minority Experience Study drew on data collected by our sibling publication *The American Lawyer* for its Midlevel Associates Survey. The survey, conducted in spring 2008, includes 7,259 third-, fourth-, and fifth-year associates at 180 large law firms who identified their racial background, including 5,390 whites, 539 Asian Americans, 241 Hispanics, and 212 African Americans. (The 877 survey respondents who did not specify their race were not included in the Minority Experience Study.)

The economic disparities among different groups of

### Average bonuses varied among racial groups, with black associates earning the lowest bonuses.

associates begin early. More than 90 percent of Hispanic and African American lawyers reported that they borrowed money for law school, while just over 80 percent of whites did. Only about three-quarters of Asian American attorneys took out law school loans. Black and Hispanic attorneys were also more likely to have taken out loans of more than \$100,000.

To Cropper and several other diversity professionals, those numbers aren't surprising. Since minorities are more likely to have lower incomes, they note, fewer African American and Hispanic families can help their children foot the bill for law school. Furthermore, our survey found, lawyers of color were often more likely to have chosen to work at law firms because of that debt. More than half of African American and Hispanic lawyers said that law school loans were a major factor in their decision to join a firm, compared to just under 40 percent of white and Asian American midlevels.

Of the lawyers who had borrowed money for law school, most were still paying off the loans, with black and Hispanic borrowers more likely to have unpaid balances. Nearly a third of African Americans and about a fifth of Hispanics said they had current loan balances of at least \$100,000. In contrast, only about 15 percent of Asian American and white borrowers reported debt loads that steep.

Nearly two-thirds of African American midlevels said they were also trying to pay down at least \$100,000 in other kinds of debt, including credit card balances and mortgages.

## HOURS & COMPENSATION

Average current annual base salary

Whites	\$184,447
African Americans	\$177,530
Asian Americans	\$194,693
Hispanics	\$177,978

Average bonus for 2007

Whites	\$37,469
African Americans	\$28,614
Asian Americans	\$40,931
Hispanics	\$34,371

Average total hours worked in a typical week

Whites	55.9
African Americans	55.5
Asian Americans	55.6
Hispanics	55.1

Average hours billed in a typical week

Whites	44.7
African Americans	43.4
Asian Americans	44.3
Hispanics	44.3

Average hours billed in 2007

Whites	2063.8
African Americans	1920.8
Asian Americans	2055.0
Hispanics	2029.1

Average percentage of available vacation time used

Whites	68%
African Americans	60%
Asian Americans	67%
Hispanics	70%



Just over half of white lawyers and only 45 percent of Asian Americans were carrying that much extra debt. Some of that additional debt may simply reflect the purchase of a new home or condo. But diversity consultant Arin Reeves, founder of Chicago's The Athens Group, contends that, at least for African Americans, the additional indebtedness could also be partly a hangover of undergraduate loans. Or, she adds, it may reflect the fact that minority lawyers are more likely to provide help to their families than to get help from them.

Whatever the source of those debts, they all produce greater anxiety, says Reeves, and a greater sense among minority lawyers that they can't afford to fail. "You always feel like you're on that balance beam," says Reeves. "It actually increases the stress level in the workplace."

Another financial gap shows up on our survey in the area of compensation. Both African American and Hispanic respondents report an average base salary of about \$178,000. White associates say they make \$184,000, on average, and Asian American associates say they make \$195,000.

Since most large firms pay associates via a lockstep system, the salary disparities probably reflect differences in associates' experience and geographic distribution. A higher proportion of the black and Hispanic respondents to our survey were either younger associates or worked in cities with lower associate

salaries. Nationally, third-year associates make about \$25,000 less than fourth-years, and \$45,000 less than fifth-years ["The Paycheck Report," *The American Lawyer*, August]. Slightly more—some 45 percent—of black and Hispanic respondents to our survey were third-year associates, compared to 40 percent of white and Asian American respondents. In addition, a smaller proportion of black and Hispanic associates (54

## Black and Hispanic midlevels reported more law school debt than their white and Asian American peers.

percent and 49 percent, respectively) were based in the high-compensation locales of New York, Los Angeles, Chicago, Boston, Washington, D.C., and the San Francisco Bay Area. Almost 60 percent of white associates and three-quarters of Asian Americans worked in those areas.

For bonuses, the picture is a little more complicated. Outside of New York, most firms do not pay lockstep bonuses, but instead base bonuses on a range of factors, including billable hours. Our survey, meanwhile, found marked differences in average bonuses among the different racial groups. Mean

### STUDENT LOANS

Percentage of respondents who took out student loans to pay for law school

Whites	82.3%
African Americans	91.0%
Asian Americans	77.5%
Hispanics	91.3%

If yes, how much?

	Whites	African Americans	Asian Americans	Hispanics
Less than \$10,000	1.7%	2.1%	2.4%	0.5%
\$10,000–\$49,999	21.0%	17.2%	18.4%	16.1%
\$50,000–\$99,999	40.4%	36.5%	43.4%	43.6%
\$100,000 or more	36.8%	44.3%	35.8%	39.9%

Percentage of respondents who are still paying off law school loans

Whites	79.1%
African Americans	89.0%
Asian Americans	68.5%
Hispanics	88.5%

If yes, how much?

	Whites	African Americans	Asian Americans	Hispanics
Less than \$10,000	3.0%	1.1%	3.6%	3.9%
\$10,000–\$49,999	36.9%	28.6%	36.2%	27.2%
\$50,000–\$99,999	44.0%	40.0%	45.7%	47.6%
\$100,000 or more	16.0%	30.3%	14.5%	21.4%



## DEBT WORRIES

Percentage of respondents who said law school debt was a major factor in their decision to work at a law firm

Whites	39.2%
African Americans	51.7%
Asian Americans	39.1%
Hispanics	51.7%

Average additional debt (including credit card debt, mortgage, etc.)

	Whites	African Americans	Asian Americans	Hispanics
Less than \$10,000	35.9%	18.3%	44.6%	37.1%
\$10,000–\$49,999	7.7%	14.4%	8.3%	12.7%
\$50,000–\$99,999	2.5%	3.0%	2.2%	2.2%
\$100,000 or more	53.9%	64.4%	44.8%	48.0%

bonuses were about \$29,000 for African Americans, \$34,000 for Hispanics, \$37,000 for whites, and \$41,000 for Asian Americans. Again, it's likely that experience and geography play a significant role in creating these disparities. For instance, median midlevel bonuses in Atlanta, where almost 10 percent of black respondents are based, are at least \$20,000 below the national median, according to *The American Lawyer*.

Billable hours, however, represent another factor that might contribute to lower African American bonuses. Although all

groups reported working and billing similar amounts of time each week, African American midlevels reported total yearly billable hours that were at least 100 hours lower than those of other groups. (For Hispanic midlevels, the gap with whites and Asian Americans was far smaller, about 25–30 hours per year.) The lower hours did not seem to be for lack of willingness to take on work. Black associates were the most likely to say that their workloads were too light (about 10 percent) and the least likely to say that their workloads were too heavy



(about 5 percent). They also reported taking only 60 percent of their allotted vacation, less than any other group.

Diversity consultant Reeves sees a clear connection between lighter workloads and lower discretionary bonuses. But she also contends that black midlevels may be getting lower bonuses because they're less likely to have strong mentors who can help them get work that's critical to the firm—and also advocate for them at bonus time. “All these things are very tied in,” says Reeves. Lower pay is actually a symptom of other problems, she adds: “It's the consequence of other things going wrong.”

Indeed, as we've noted before in the Minority Experience Study, many minority lawyers, especially African Americans, say they find it harder to get good work at large firms. This year, the trend reappeared: In general, black midlevels were less positive than their peers about the quality of work assigned, gave their firms lower marks for how fairly the work was distributed, and reported having less responsibility in their jobs. “Third-, fourth-, and fifth-years should not be doing doc review,” one African American associate at a San Francisco-based firm complained in the comments section of the survey. As another African American midlevel at a Philadelphia-based firm put it: “Distribution of work is a joke.”

With lower hours and less access to high-quality work, it's probably not surprising that African Americans also expressed the most anxiety about job security. About 17 percent of black midlevels said that their firm had already laid

## WORKLOAD BALANCE

Percentage of respondents who said their workload is too light

Whites	5.2%
African Americans	9.9%
Asian Americans	5.8%
Hispanics	7.1%

Percentage of respondents who said their workload is manageable

Whites	84.8%
African Americans	85.4%
Asian Americans	82.1%
Hispanics	83.4%

Percentage of respondents who said their workload is too heavy

Whites	10.1%
African Americans	4.7%
Asian Americans	12.1%
Hispanics	9.5%

off associates in the past year, and about the same percentage said that they were personally concerned about being laid off. As one African American midlevel at a Boston-based firm com-



mented in the survey: “Sometimes there is not enough work to go around.” About 14 percent of white midlevels reported layoffs at their firms, but fewer than 10 percent were worried about their own jobs.

Minority retention has been a problem for law firms even in good times. This year’s survey shows that nearly 12 percent of African American lawyers and more than 9 percent of Hispanics reported that they were actively looking for another job, compared to about 8 percent of white lawyers and just under 7 percent of Asians. As the economy slows, anxiety over light workloads and fewer billables is likely to rise among all associates, but diversity managers contend that law firm managers should be aware of the extra economic insecurity that African American and Hispanic attorneys may be feeling. Concerns over lower hours could prompt even more minority lawyers to start looking for safer employment. “I think it’s something firms should give more attention to if they’re serious about recruiting and retaining minorities,” says Arnold & Porter partner Bill Cook, who chairs his firm’s diversity committee.

What can firms do to alleviate the economic insecurities of their minority lawyers—aside from maintaining already-lavish compensation levels? Some firms have been easing the pain for minority lawyers-to-be with law school scholarships [“The Color of Money,” Fall 2005]. The aid can range from a few thousand dollars to \$15,000 or more at firms such as Kirkland & Ellis, Goodwin Procter, and Milbank, Tweed,

## CHANGING WORKLOAD

Percentage of respondents who said their workload is heavier today than one year ago

Whites	22.7%
African Americans	33.7%
Asian Americans	25.3%
Hispanics	27.2%

Percentage of respondents who said their workload is the same today as it was one year ago

Whites	43.9%
African Americans	34.6%
Asian Americans	34.9%
Hispanics	35.7%

Percentage of respondents who said their workload is lighter today than one year ago

Whites	33.4%
African Americans	31.7%
Asian Americans	39.8%
Hispanics	37.0%



Hadley & McCloy. “All those funding avenues assist in decreasing debt load,” says Veta Richardson, executive director of the Minority Corporate Counsel Association.

But diversity consultant Reeves contends that law firms could do more. One option would be for firms to bring in financial planners to work with debt-ridden associates to put together a loan paydown plan. “Stress is always greater if you don’t feel like you have a plan,” she says. At the very least, says Perkins Coie’s Cropper, firms—especially those hit hard by the downturn—need to be open with associates about their financial condition. “Give people honesty,” says Cropper. If hours are lower, she says, “acknowledge the elephant in the room.”

Beyond that, she and others say that it’s critical for firms to keep working to address some of the chronic concerns of minority lawyers, including partner feedback, training, and overall quality of work. Firms need to be more diligent about making sure that assignments are handed out fairly and ensuring that minority lawyers get good opportunities for formal and informal networking, says Richardson. In the end, when it comes to retention, these sorts of issues usually outweigh immediate financial concerns, she says: “You need to make people feel like they’re vested in their environment.”

Money isn’t everything, agrees Cropper. The key is making minority lawyers feel connected, she says: If they like the work and they like the people, they stay. ■

## FUTURE PROSPECTS

Percentage of respondents who said their firm has laid off associates in the past year

Whites	13.9%
African Americans	17.4%
Asian Americans	17.8%
Hispanics	16.0%

Percentage of respondents who said they are concerned about being laid off

Whites	9.3%
African Americans	17.5%
Asian Americans	13.9%
Hispanics	13.1%

Percentage of respondents who said they consider themselves to be on the partnership track

Whites	74.8%
African Americans	66.7%
Asian Americans	62.7%
Hispanics	70.9%



## THE NEXT STEP

Percentage of respondents who said they are actively looking for another job

Whites	8.2%
African Americans	11.5%
Asian Americans	6.8%
Hispanics	9.2%

What respondents expect to be doing in five years

	Whites	African Americans	Asian Americans	Hispanics
Equity partner at this firm	12.0%	11.0%	10.1%	11.3%
Nonequity partner at this firm	16.7%	18.1%	12.7%	17.5%
Senior associate/of counsel at this firm	16.1%	11.0%	13.5%	18.3%
Partner at another firm	2.1%	1.4%	1.3%	0.8%
Senior associate/of counsel at another firm	2.0%	2.4%	2.5%	0.8%
Corporate counsel	7.7%	8.6%	11.2%	7.1%
Investment banker	0.4%	1.0%	0.6%	0.4%
Venture capitalist	0.3%	0.5%	0.9%	0.4%
Working in government	4.5%	3.8%	3.4%	4.2%
Teaching	1.2%	1.4%	0.9%	0.8%
Working part-time as a lawyer	1.5%	1.9%	1.1%	2.1%
Not practicing law	1.9%	4.3%	3.0%	3.8%
I honestly don't know	31.2%	31.4%	37.4%	30.4%
Other	2.2%	3.3%	1.3%	2.1%



## PERSONAL PRIORITIES

What respondents said would be their primary reason for leaving their firm, if they left

	Whites	African Americans	Asian Americans	Hispanics
Better work/life balance	42.0%	31.0%	45.0%	41.2%
Better training opportunities	3.9%	7.1%	5.7%	3.8%
Didn't make partnership	9.2%	5.7%	7.8%	7.6%
Geographic change	11.6%	7.6%	10.7%	12.2%
Not enough work	2.0%	5.7%	1.7%	2.1%
More money	5.1%	6.7%	5.3%	4.6%
Career change	14.5%	20.0%	14.3%	17.6%
Public service	5.9%	7.6%	4.6%	4.6%
Other	5.9%	8.6%	4.8%	6.3%

### METHODOLOGY

The Minority Experience Survey is drawn from data gathered by *The American Lawyer's* Midlevel Associates Survey in spring 2008. This year, 7,259 midlevel associates at 180 firms filled out the Midlevel Associates Survey. Respondents had the option of listing their ethnicity, and a total of 6,382 midlevel associates did so. They included 5,390 white midlevels, 212 African American midlevels, 539 Asian American midlevels, and 241 Hispanic midlevels. We chose a range of questions from both surveys that dealt with economic and quality of life issues, including compensation, hours billed, and debt levels. We then calculated the average response for each question for white respondents, African American respondents, Asian American respondents, and Hispanic respondents.