

A 30-Year Review of the Economic Status of Michigan Attorneys

By Lawrence Stiffman

Since the 1960s, the State Bar of Michigan has periodically surveyed its members on the economics of law practice. Under the direction of Anne Vrooman, SBM director of research and development, 2010 survey results have been made available online at http://www.michbar.org/news/releases/archives11/11_21_11_elps.cfm. Findings cover recent and historical data on trends in attorney income, billing rates, time consumed and billed, law school debt burdens, office overhead, economic sentiment and job satisfaction, current and previous marketing vehicles, and other aspects of law practice management.

My company, Applied Statistics Laboratory in Ann Arbor, has maintained archived data since the early 1980s. I have supplemented the 2010 SBM survey results with a new retrospective analysis that validates several trends on economic conditions, some of which have been previously assumed only anecdotally. My full report, *Legal Economic Realities*, is available online at <http://www.michbar.org/journal/pdf/trendreport.pdf>. Forty exhibits reveal some eye-opening statistics on trends in the industry. For example, non-private practitioners, in the aggregate, earn more than private practitioners (reported 2010 median attorney net income was \$84,000 for private practitioners and \$88,000 for non-private practitioners). Currently, the gender gap is 67 cents earned on the dollar for private practitioners and 78 cents on the dollar for non-private practitioners, the same values as reported in 1996. Younger females have a greater propensity to be employed outside of private practice settings.

The median value of cumulative law school-related debt is \$75,000 for private practitioners and \$80,000 for non-private practitioners. Median monthly payment toward this debt is \$400 a month for pri-

vate practitioners and \$462 a month for non-private practitioners.

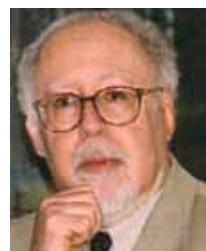
The popular press stresses income stagnation for the 99 percenters over time. I confirm this with time-series charts providing nominal data (reported at each time of the survey fielding) deflated to real income using U.S. Bureau of Labor Statistics Urban Wage Earner Annual Indices. One can segment 1983–2010 as a period with (1) rapid income growth in the early 1980s until the early 1990s followed by (2) lower growth from 1993 to 2002, then rapid growth until 2006 as the turning point preceding the current economic downturn. Median real income has changed little since 1983.

Specialization impacts income. Compared against an all-attorney benchmark, median attorney income over time is relatively higher for personal injury attorneys, litigators, corporate lawyers, and real property and workers' compensation specialists. It is relatively lower for general practitioners, estate planners, criminal law, and domestic relations practitioners.

Government workers earn more than private practitioners until eight years in practice (midpoint of 6–10 years in practice category) after which they earn less. However, when benefits such as health insurance and retirement funding are included in

total compensation, Michigan government workers might be considered in a relatively preferred position.

Approximately 37 percent of respondents are satisfied with the practice of law while 26 percent are dissatisfied. Fifty-two percent of private practitioner respondents report that practicing law will be less satisfying in the future compared with 61 percent of non-private practitioners, while only 6 percent of private practitioners reported it will be unsatisfactory enough to quit and 4 percent report it will be unsatisfying enough to change practice areas. ■



Lawrence Stiffman, PhD, MPH, has been owner of Applied Statistics Laboratory in Ann Arbor since 1978. He also assists national specialty lawyer associations, private companies, and law firms on software market research, economic sentiment, and client satisfaction. He has testified in state and federal courts on attorney fees, prisoner mental health, judicial salaries, and assigned counsel compensation. Dr. Stiffman may be reached at aslinfo@aol.com or (734) 369-6052.

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