

Paralegal Utilization & Compensation

By Marge Dover, CAE, Executive Director

Every other year, NALA conducts a survey of members and non-members to explore paralegal duties and responsibilities, as well as billing rates and compensation levels. NALA has done this since 1986, and the data available to us for analysis spans a number of years. This is a summary of the findings of the 2014 survey, conducted from mid-November 2014-January 10, 2015. We received 1069 survey responses. With an estimated population of 150,000 paralegals nationwide, the sample size is large enough for us to make a few assumptions about the utilization of paralegals. (confidence level, 99%; margin of error 4).

We are mindful, though, that survey data at best is a generalization, individual experiences may be quite different and challenging. We observed a leveling of increases in salary and compensation levels this year. Increases in salary and compensation are not as great as between the periods 2008-10 or 2010-12. This is to be expected since we were just recovering from the severe recession at the time of the

former surveys.

This article provides a short summary of the findings. The full summary may be found on the NALA website under "About Paralegals." The reports are free. The report is organized into 4 sections: Education and Experience; Firm Environment and Practice Areas; Billing Rates; and Salary and Compensation

Who Participated?

Of the 1069 or so participants, 95% were female; in their mid 40's. Most (68%) have achieved the Certified Paralegal credential; of those, 15% have achieved an advanced certification credential. 64% of the participants are NALA members.

Respondents were from all areas of the United States. The regions most represented were the southeast and southwest (59%) and the far west and plains states (25%). Most (48%) list a bachelor's degree as the highest level of education attained. 73% of all participants received their paralegal training from an associate degree

program (33%), post baccalaureate program (14%) or undergraduate certificate (17%). 13% report a high school diploma as their highest degree attained. The average years of legal experience is 20; average years with present employer is about 10.

Of those with a bachelor's degree, most (65%) received paralegal training through completion of an undergraduate certificate (13%), post baccalaureate degree (25%), or associate's degree (27%). 19% reported that they did not complete a paralegal program in addition to the degree.

Where paralegals are working?

Most paralegals are working in private law firms (61%). Other employers of paralegals include corporations, banks, medical, and insurance entities (21%).



Government, non-profits and the court system are other major employers.

No matter what the task, it's clear paralegals are performing their own typing or drafting of documents. Most (48%) report they do not have any secretarial service available to them exclusively; however, only a small percentage (17%) report that they perform their own secretarial duties without access to support staff at all. About a third (31%) report they have a secretary, or share a secretary with one or more attorney or paralegal.

Many paralegals (44%) work in excess of employers normal working hours from everyday to at least weekly. If we add those who work in excess of normal working hours at least monthly, the percentage increases to 62%. This is consistent with previous findings. About 35% report that they rarely work overtime.

In the area of supervision, most (74%) report they are supervised by attorneys or an office administrator. 7% report they are supervised by a paralegal administrator. Others report their work is supervised by department heads and general counsel. Most (50%) receive assignments from one or more specific attorneys or from specific departments.

For those working in private law firms, most are concentrated in small and mid size firms (76% work in firms under 20 attorneys). This is consistent with the average sized firms throughout the United States. 4% of the respondents work in firms with more than 90 attorneys.

We asked paralegals about the change in the number of attorneys and paralegals in their work environment during the last 12 months. 17% reported a decrease in the number of attorneys; 11% reported a decrease in the number of paralegals in their place of employment. 57% reported no change in the number of attorneys; 66% reported no change in the number of paralegals in their place of employment.

These numbers are very close to the changes reported in 2012, suggesting that the field is relatively stable in today's work place.

Most of the respondents work on a full time basis. This year's survey included a question if employers offer an option of flextime. 47% reported their employers offered a flextime policy to all. 35% reported that there is not a policy but the employer will accommodate temporary schedule problems due to personal health issues or family matters. 6% reported their employer offers other options such as telecommuting.

What practice areas do they work in?

We also looked at the specialty area of practice. A list of 44 practice areas was presented. The median number of areas selected was a little over 3, showing that paralegals continue to work in a variety of practice areas. About 16% reported working on only one specialty area of practice.

The top 10 areas selected are:

1. Litigation-civil
2. Corporate
2. Contract
3. Real estate
4. Administrative/government/public including compliance
5. Personal injury
6. Insurance
7. Employment/labor law
8. Probate
9. Commercial
10. Trusts & estates

In looking at the amount of time spent working in the practice area, we were seeking to determine that if paralegals work in a specific practice area, are they more likely to work in the area exclusively or work in other areas as well? The top 10 practice areas that may tend to have more who work exclusively in the area is shown below. The percentage of paralegals reporting they spend over 80% of their time working in the practice area is also shown.

1. Litigation-civil 37%
2. Family law/domestic relations 24%
3. Personal Injury 23%

4. Administrative/government/public including compliance 22%
5. Insurance 22%
6. Corporate 18%
7. Social Security 17%
8. Trusts & Estates 16
9. Criminal 16%
10. Real Estate 15%

Analyzing the data little deeper, we wondered if the practice areas in which paralegals are working have shifted somewhat. Comparing the 2014 and 2012 data, we found a decrease in the percentage of paralegals who report working in the following areas:

Administrative Law
Personal Injury
Bankruptcy
Medical Malpractice
Construction
Product Liability
Environmental Law
Energy
Immigration
Maritime

We found increases in the number of paralegals who report working in the following areas (presented in order of largest increase in percentage to smaller):

Increase by 3 percentage points

Commercial

Increase by 2 percentage points

Civil Litigation
Contracts
Insurance
Trusts and Estates
Criminal
Tax

Increase by 1 percentage point

Corporate
Real Estate
Employment/Labor Law
Probate
Collections
Intellectual Property

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- Family Law
- Mergers and Acquisitions
- Civil Rights
- Elder Law
- Non Profit
- Social Security
- Legislative/Lobbying
- Native American/Tribal

We did not test whether these increases and decreases are statistically significant and in many instances, the magnitude of change may be 1 percentage point or less. However, comparing the lists is interesting and supports the notion that employment opportunities shift somewhat as the economy changes.

Opportunities Over Time

The survey asked those employed 5 years or more how their jobs have changed over the years. Most report increases in the following areas as they gain more experience with an employer:

- level of sophistication of work, more complex cases (85%)
- client involvement (75%)
- specialization (59%)
- work which involves independent judgment (52%)

Paralegals use many tools and techniques to demonstrate professional growth. What may be most interesting of all is that almost all of the survey respondents addressed this question – demonstrating that paralegals are mindful of the need to become involved in professional development programs.

The top tools for professional growth selected by paralegals are:

- Attend continuing legal education seminars 88%
- Seek the CP, ACP, or state certification credential 53%
- Ask/seek more complex work in your practice area 51%
- Become involved in your professional

- association 49%
- Change in practice areas 34%

We wondered if paralegals used different tools based on their years of experience. We found that while most depend on continuing education seminars, there were some differences based on their years of experience.

It is somewhat difficult to make generalizations based on this data, but we find some results that would be as expected. Those with a few years of experience will seek their certification credential, generally before seeking to increase the complexity of their work assignments. Those in mid-career may be open to becoming more involved in professional associations. In addition, these same paralegals may be more interested in others in speaking at CLE seminars or working on an article for law related publications.

Billing Rates and Paralegal Compensation

Billing rates and paralegal compensation were analyzed by size of employer, experience of paralegals, certification of paralegals and geographic location, including city size.

The data on billing rates and compensation (defined as salary plus bonuses) appear in the tables below. Generally, from 2012 to 2014, we found that billing rates increased by about 5%; compensation of paralegals increased by 2%.

We looked at the factors that may influence both billing rates and compensation levels. With reference to billing rates, we found that size of firm, years of experience and years on current job were positively related to billing rates. None of the correlations we found stood out as being very strong. This could be due to the many number of factors to be considered with reference to establishing billing rates, as well as compensation.

The factors most strongly related to compensation levels were experience, size of the city, and size of the firm. The ACP and level of education were also positively related.

The tables on the next page summarize the average compensation and salary reported at the end of 2014, and previous surveys. Compensation and billing rates from 2014 and 2014 are also shown in terms of the respondents’ total years of legal experience. There are number of

| Tools/ Techniques for Professional Growth | Ranking of Tools for Professional Growth Grouped by Years of Experience | | | | | |
|--|---|------|-------|-------|-------|-----|
| | 1-5 | 6-10 | 11-15 | 16-20 | 21-25 | >25 |
| Attend continuing legal education seminars | 1 | 1 | 1 | 1 | 1 | 1 |
| Ask/seek more complex work in your practice area | 3 | 2 | 3 | 4 | 2 | 2 |
| Seek the CP or Advanced Certified Paralegal, or state certification credential | 2 | 3 | 2 | 2 | 2 | 4 |
| Become involved in your professional association | 4 | 4 | 4 | 3 | 3 | 3 |
| Attend work related courses at community college or on-line | 5 | 7 | 8 | 8 | 6 | 7 |
| Change in practice area | 5 | 5 | 5 | 5 | 5 | 5 |
| Switch work environments, such as move from large to small firm | 6 | 6 | 6 | 6 | 4 | 6 |
| Become involved in other law related professional organizations | 7 | 8 | 7 | 7 | 7 | 9 |
| Develop opportunities for free lance work | 8 | 9 | 10 | 10 | 9 | 11 |
| Serve as a speaker at continuing legal education seminars | 10 | 10 | 9 | 9 | 8 | 8 |
| Author educational article for law related publication | 9 | 11 | 11 | 10 | 14 | 10 |
| Teach course in paralegal program | 9 | 12 | 10 | 11 | 10 | 12 |

2014 Average Billing Rate by Professional Activity

| Activity | Rate | Responses |
|---------------------|------|-----------|
| NALA Member | 124 | 371 |
| Non-Member | 124 | 221 |
| CP Credential | 125 | 409 |
| Not Certified | 122 | 197 |
| ACP Credential | 141 | 35 |
| Not Specialty Cert. | 124 | 545 |

factors at work in understanding compensation levels. The entire survey report provides further detail of salary and compensation levels related to other factors such as level of education, size of firm and geographic location.

It is hard to pin point the large differences in the group of 6-10 years of

experience related to billing rates, or the difference in the group with 21-25 years of experience. This could be due to differences in geographic location of the sample, or the sample size itself.

The survey report also looks at compensation by practice area, and provides a summary of employee benefits.

Further details on billing rates and paralegal compensation may be found in the full survey report on the NALA website at www.nala.org/survey.aspx. This is available free of charge to all visitors.



Compensation & Bonus Average Values Survey Years 2014-2004

| Year | Total Comp | Salary | Bonus |
|------|------------|--------|-------|
| 2014 | 58,410 | 55,188 | 4,581 |
| 2012 | 57,388 | 54,376 | 4,501 |
| 2010 | 54,755 | 52,188 | 3,093 |
| 2008 | 50,953 | 48,211 | 3,808 |
| 2004 | 46,862 | 44,373 | 3,393 |

Comparison of 2014 and 2012 Compensation and Hourly Billing Rate By Years of Experience

| Years of Experience | 2014 Annual Compensation | 2012 Annual Compensation | 2 Year Change | 2014 Hourly Billing Rate | 2012 Hourly Billing Rate | 2 Year Change |
|---------------------|--------------------------|--------------------------|---------------|--------------------------|--------------------------|---------------|
| 1-5 | \$41,150 | \$38,867 | 6% | \$99 | \$93 | 6% |
| 6-10 | \$52,061 | \$51,484 | 1% | \$112 | \$116 | -3% |
| 12-15 | \$57,051 | \$54,347 | 5% | \$121 | \$119 | 2% |
| 16-20 | \$61,622 | \$58,952 | 5% | \$119 | \$115 | 3% |
| 21-25 | \$62,608 | \$65,075 | -4% | \$130 | \$115 | 13% |
| Over 25 | \$65,393 | \$64,552 | 1% | \$139 | \$129 | 8% |
| Nat'l Avg. | \$58,410 | \$56,295 | 9% | \$125 | \$119 | 5% |

Previous surveys have included a look at the specific tasks and responsibilities of paralegals. An in-depth job analysis was conducted by NALA and the NALA Certifying Board in 2012. The Job Task Analysis Report, May 2012, study of NALA may be found on the NALA web site under "About Paralegals." This report looks at the skills and knowledge needed by paralegals on a general basis, and by specific practice areas.

In addition to its value to HR professionals and paralegal instructors, results of the survey are utilized by the Certifying Board as part of the critical information needed to keep the certification program in pace with the paralegal career and ensure the program's ongoing work place relevance to those seeking to become certified.

If you are seeking more information about specific job duties of paralegals, the 2009 Career Chronicle featured a compilation of many job descriptions. Descriptions were of paralegals working in Banking & Finance; Bankruptcy; Corporate; Criminal Defense; Jail Credit; Environmental; Estate Planning; Probate, Estates and Trusts; Family Law; Legal Services; Civil Litigation; Real Estate; and Trademarks. This article is available for download from the NALA web site, left sidebar of all pages under "About Paralegals"