

# Study Shows Growing Gap in Law Firm Partner Compensation

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A study released last Friday from consulting firm **Edge International** shows that the gap between the highest and lowest paid partners in U.S. law firms continues to widen, with a greater number of firms reporting law firm partner compensation ratios at or above the 5-to-1 median for the past five years.

The survey of 73 U.S. law firms showed that the partnership compensation ratio — which is calculated by how many multiples of the lowest paid partner's compensation the top paid partner takes home — jumped significantly. More firms reported between a 7:1 and a 9:1 ratio, and the percentage of firms with a 10:1 ratio or more increased to 14%, from 9% in 2009.

According to Edge, the increase is surprising given the trend of more firms to cull underperformers and raise the bar for equity membership. Some industry experts see this as a troubling trend, warning that higher pay differentials are creating hierarchies where money as well as power over firm strategy and other partners' careers is consolidated among a few rainmakers.

Others say this trend could be a destabilizing force for the industry and push lower paid partners as well as associates out of these firms to build their own practices. (Which I don't see as a particularly bad thing!)

Another report out last Friday from the U.S. Bureau of Labor Statistics shows that the legal sector lost 4,500 jobs last year, going from 1,119,600 to 1,118,200 in 2014. One legal recruiter told Law360 that she finds this to be a surprising statistic, given the increase in demand for legal services.

Casey Bertolet, managing partner North America for Laurence Simons, told Law360, "If I were to speculate, I'd say it's probably sort of an annual re-tooling, which is somewhat natural, but it is still not what we were expecting to see."

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