JDJournal

The Law Firm Salary Raise Saga: Part 1

Many national, international, and boutique law firms have announced a salary raise that will be effective from July 01, 2021. This article takes a look at some of these major salary raise announcements.

Law firm salaries did not see a raise since 2018. However, a salary war was kicked off by **Milbank LLP** on June 10, 2021 when the New York-based law firm struck the first blow by raising the starting salaries for first-year associates to $200,000 from the previous starting pay of $190,000. To retain associates and lure new talent, the other major law firms immediately responded by upping the ante.

The pay raise by Milbank started a chain reaction from other Big Law firms competing to match the same. **McDermott Will & Emery** was the first law firm to confirm that it will be surpassing Milbank's initial pay raise hours after Milbank's announcement. New salaries of associates at McDermott will range from $205,000 for the class year 2020 to $365,000 for the associates from the class year 2013. This pay raise comes in addition to the special bonuses and year-end bonuses offered by the firm.

Another one of the first few firms to respond was **Davis Polk & Wardwell LLP** which surpassed Milbank's initial raise by offering a base pay of $202,500 to first-year associates. Starting salaries for senior Davis Polk associates will be $365,000. In an effort to appreciate the hard work of its associates, Davis Polk announced new pay structure effective from July 1, 2021:

Class Year	New Salary from July 1
Class of 2013 and above	$365,000
Class of 2014	$350,000
Class of 2015	$330,000
Class of 2016	$305,000
Class of 2017	$275,000
Class of 2018	$240,000
Class of 2019	$215,000
Class of 2020	$205,000
Class of 2021	$202,500

Davis Polk also became the standard setter in associate bonuses during the past year and has now offered a 6.5% pay raise for first-year associates.

However, after initially offering a raise on June 10, **Milbank announced a re-raise** for associates on June 29. This move comes in response to the higher salaries offered by competing law firms including Davis Polk and others. Milbank's new pay raise for all associates ranges from a raise of $15,000 to $25,000, based upon their class years. The new pay scale will come into effect from July 1st, 2021. Here is what Milbank's new salary scale will look like from this July:

Class Year	Current Salary	Increase	New Salary
Class of 2013	$340,000	$25,000	$365,000
Class of 2014	$325,000	$25,000	$350,000
Class of 2015	$305,000	$25,000	$330,000
Class of 2016	$280,000	$25,000	$305,000
Class of 2017	$255,000	$20,000	$275,000
Class of 2018	$220,000	$20,000	$240,000
Class of 2019	$200,000	$15,000	$215,000
Class of 2020/2021	$190,000	$15,000	$205,000

Milbank has been the first to raise salaries previously as well. In 2018, the firm raised the starting salaries for its associates to $190,000. The firm's restructuring practice boomed in 2020 as major retailers and companies were pushed into bankruptcy. Its revenue increased by 15.6% year-over-year in 2020 to $1.235 billion.

Following suit is **Fried, Frank, Harris, Shriver, & Jacobson LLP**, a New York-based law firm that advises leading investment funds and corporations in legal and business matters. Matching Davis Polk's move, Fried Frank has also announced a pay raise for its associates with salaries starting from $202,500 for the class of 2021 and going up to $275,000 for the class of 2017. The salaries for associates from class years 2016 to 2012 range from $305,000 to $375,000 making Fried Frank's pay to its senior most associates $10,000 more than the salary offered by Davis Polk to their senior most associates.

New York-based **Cravath, Swaine & Moore** has also joined the list of Big Law firms that have increased the base pay for associates. In 2018, Cravath had offered higher raises for mid-level and senior associates than Milbank. From July 1, 2021 associates from the batches of 2020 and 2019 will receive a salary of $205,000 and $215,000 respectively, a $15,000 increase from their current base pay. Associates from batches of 2018 and 2017 will receive a pay hike of $20,000, taking their salaries to $240,000 and $275,000 respectively. The pay for associates from the batches of 2016, 2015, and 2014 will witness a raise of $25,000 taking their new salaries to $305,000, $330,000, and $350,000 respectively.

An unexpected candidate in this race is the Boston-based law firm **Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C.** which is ranked 79th on Am Law 100 ranking. The firm, with gross revenue of around $502,100,000, has announced the pay raise offered to associates. Although the firm was quick to react this time, it took Mintz nearly 2 months to react to the pay raise in 2018. Following these firms, Mintz will now be offering a base salary of $200,000 to associates from class years 2021 and 2020. The salary for associates from class years 2019 to 2017 ranges from $210,000 to $270,000. The base salary for associates from the class year 2016 is set at $295,000 and the base salary for associates of the class year 2013 is fixed at $355,000.

Another law firm to react to the salary raise saga is **Katten Muchin Rosenman LLP** based in Chicago, Illinois. The firm is ranked 67th in the most recent Am Law 100 list and made nearly $646,601,000 in gross revenue in 2020. The firm has offered a higher starting salary of $205,000 to associates from the class of 2020. The pay for associates from the class of 2017 has gone up to $275,000 and the salary ranges between $305,000 for the class year 2016 to $350,000 for the class year 2014 and above. The new pay scale will be effective from July 1 across all of the firm's United States offices. In addition to the pay raise, special bonuses will also be paid to associates who are eligible for the same.

The race further intensified when California-based law firm **Fenwick & West LLP** also announced salary increases for associates. The salary for Tier 1 associates will range from $205,000 to $240,000 based on their level of experience. Tier 2 associates will be paid a base salary ranging from $275,000 to $330,000 based on their experience. The base salary for Tier 3 associates will range from $350,000 to $375,000.

Another Big Law contender to respond to Milbank's salary raise is **Cadwalader, Wickersham & Taft LLP**. The New York-based law firm has announced that associates will be offered a salary raise from July 1. The firm will offer a base salary of $365,000 to its senior associates of the class year 2013 and the new base pay for associates from class years 2020 and 2021 has been set at $205,000 and $202,500 respectively.

New York-based law firm **Willkie Farr & Gallagher LLP** announced on June 17th that the incoming batch of first-year associates of class years 2020 and 2021 will receive a salary of $205,000. This is a $15,000 increase from the previous pay scale of $190,000 for first-year associates and surpasses the pay scale set by Davis Polk. From July 1, associates at Willkie Farr & Gallagher will be paid according to the new pay scale that provides a base salary ranging from $215,000 for the class year 2019 to $305,000 for the class year 2016. The base salary for class years 2015, 2014, and 2013 and above will be $330,000, $350,000, and $365,000 respectively. The higher salary offered by Willkie Farr & Gallagher can give it an edge in the market as all the firms compete to lure and retain associates.

Pennsylvania-based law firm **Dechert LLP** has also announced salary increases for its United States associates by matching the base pay offered by Davis Polk to first-year associates. Dechert will offer a base salary of $202,500 to associates from the class year 2021 and the salary goes up to $275,000 for associates from the class year 2017. Associates from the class year 2016 will receive a base salary of $305,000 and the firm will pay a salary of $365,000 to associates from class years 2013 and above. The new pay scale will come into effect from July 1, 2021, and the firm has also offered a year-end extraordinary bonus to associates who exceed billable hours thresholds.

Paul, Weiss, Rifkind, Wharton & Garrison LLP, a New York-based international law firm with gross revenue of approximately $1,543,730,000 in 2020, has also announced its decision to bump up the salaries of its associates. The firm's associates from the class year 2020 will now earn a salary of $205,000 and associates from the class year 2019 will be given $215,000 as salary. The salary for the class year 2018 has gone up to $240,000, whereas associates from the class year 2017 will receive an increased pay of $275,000. The firm's senior associates from class years 2014 and 2013 and above will be paid a salary of $350,000 and $365,000 respectively. The new pay grid is effective from July 1st, 2021, and Paul Weiss will also raise the salaries of summer associates to match that of the class year 2020.

Debevoise & Plimpton LLP, a New York-based law firm that claimed a top 35 spot in the latest Am Law rankings with gross revenue of around $1,224,942,000 in 2020, also announced a salary hike for associates. The new salary scale at Debevoise provides a salary of $202,500 for the class year 2021 and it goes up to $215,000 for the class year 2019. Associates from the class year 2018 will be paid a base salary of $240,000 and associates from the class year 2017 will earn $275,000 as base salary. The pay for associates from the class year 2016 has been set at $305,000 and the same for associates from the class year 2015 is set at $330,000. The firm's senior associates from class years 2014, 2013, and 2012 and above will be paid a salary of $350,000, $365,000, and $375,000 respectively. Counsels that are on Debevoise's United States scale will also receive an increase in base salary that will be determined on a case-by-case basis.

Going by the swift moves made by these firms, it is evident that they were prepared for a much-awaited salary hike since the last hike that came in 2018. The lack of in-person events and travel due to the pandemic has allowed firms to increase their savings and offer higher pay and bonuses to associates. However, it is yet to be determined if salary hikes will be enough to retain associates as the pandemic has escalated the chances of burnout and top New York Law firms have lost more than 250 associates in 2021.

Part-2 of the law firm salary raise saga continued at: https://www.jdjournal.com/2021/06/30/the-law-firm-salary-raise-saga-part-2/