

# 2014

## Annual Diversity Benchmarking Report



### MECKLENBURG COUNTY BAR

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## TABLE OF CONTENTS

Executive Summary.....	3
Introduction .....	3
Findings .....	5
Partners .....	7
Associates.....	10
Summer Associates: .....	11
Special Counsel.....	13
Conclusion.....	14
Methodology Notes .....	15

## EXECUTIVE SUMMARY

This report provides the most recent descriptive statistics on the demographic composition of signatory law firms in Charlotte-Mecklenburg, with special emphasis on the representation of women and ethnic minorities.

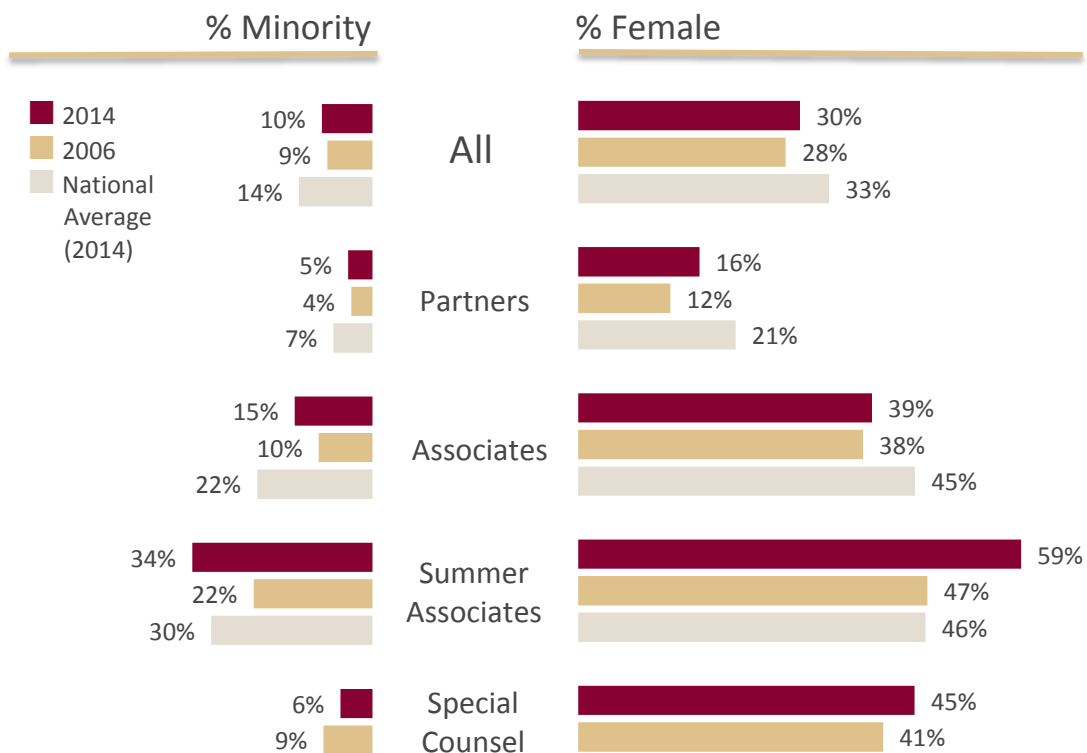
### Main Findings:

- In 2014, one-tenth of lawyers in signatory law firms were minorities, and 30% were female.
- Representation of minorities and females among all lawyers has changed little since 2006.
- Signatory law firms trail the national average in overall minority and female representation.

### Differences by type of lawyer:

- Partners continue to be the least diverse, but have become slightly more diverse since 2006.
- Summer associates continue to be the most diverse (above the national average) and have become even more so since 2006.
- Women have slightly increased their presence among partners since 2006 and greatly increased among summer associates, so much so that they are now in the majority.
- Minorities have become more prominent among associates and even more so among summer associates since 2006.

## Minority and Female Representation in Charlotte-Mecklenburg Signatory Firms



## INTRODUCTION

In 2006, the Mecklenburg County Bar (MCB) renewed its commitment to improving the diversity of local firms with an Action Plan of the Special Committee on Diversity, now called the Diversity and Inclusion Committee. Firms that signed this plan agreed to provide MCB with detailed annual statistics on the recruitment, retention, and promotion of minority attorneys within their Charlotte-Mecklenburg offices. Beginning in 2009, MCB sponsored an annual report on the diversity of these signatory firms.

This report is a continuation of the series. It provides MCB and their stakeholders the most recent descriptive statistics on the demographic composition of signatory law firms with offices in Charlotte-Mecklenburg and seeks to answer the following basic questions.

1. How diverse were signatory law firms in Charlotte-Mecklenburg in 2014?
2. How has this changed over the past nine years?
3. How does the diversity of signatory law firms compare with peer cities and the nation as a whole?

The report focuses on two main aspects of diversity: ethnic minority and female representation. It begins with the statistics for all attorneys in these firms and then examines the statistics for four types of attorneys: partners, associates, summer associates, and special counsel. Information about the data and methods used in this study can be found at the end of the report.

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*It should be noted that the accuracy of the data in this report is unavoidably affected due to factors out of our control, including changes in the number of signatory firms reporting data each year, the additions or deletions of signatory firms, mergers and acquisitions among signatory firms, and other such considerations. However, given the small size of firms that have not consistently responded, we do not expect this variation to have a significant impact on the results presented in this report.*

*It should also be noted that the percentages in this report have been rounded to the nearest percentage point for ease of presentation, which may cause some graphs to add up to slightly more or less than 100%.*

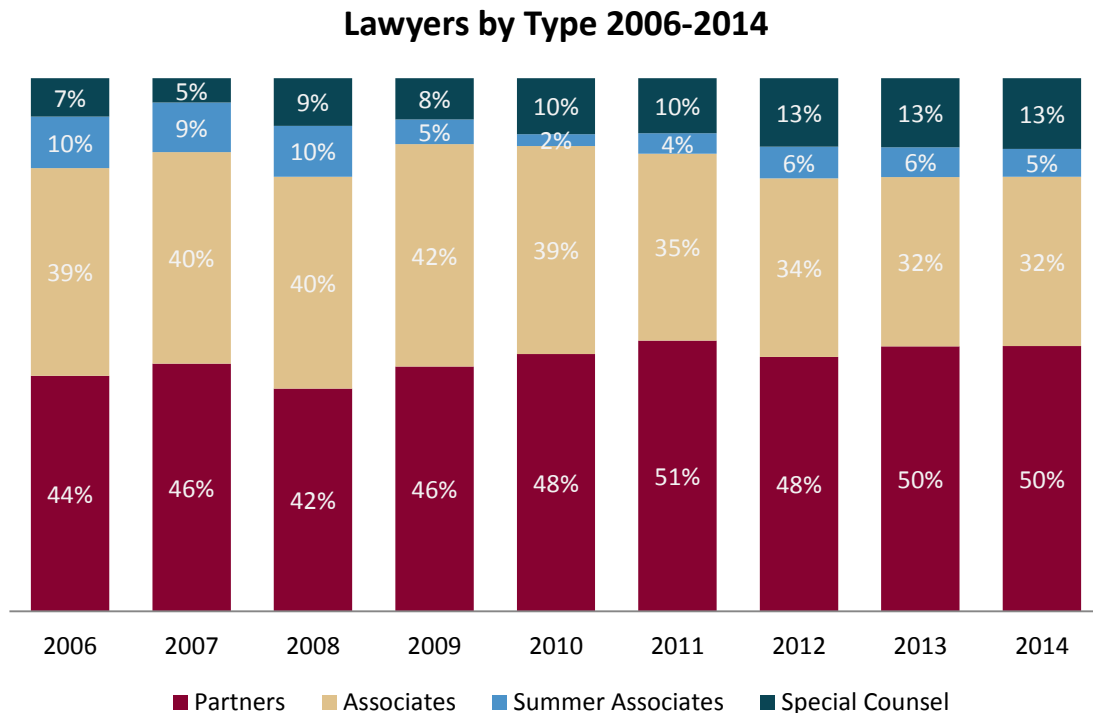
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## FINDINGS

In 2014, signatory law firms employed just over 1,100 lawyers. Since 2006, the number of lawyers has increased almost 6%. Between 2007 and 2012, the number of lawyers grew from 988 to 1,187, but has been declining over the past two years.



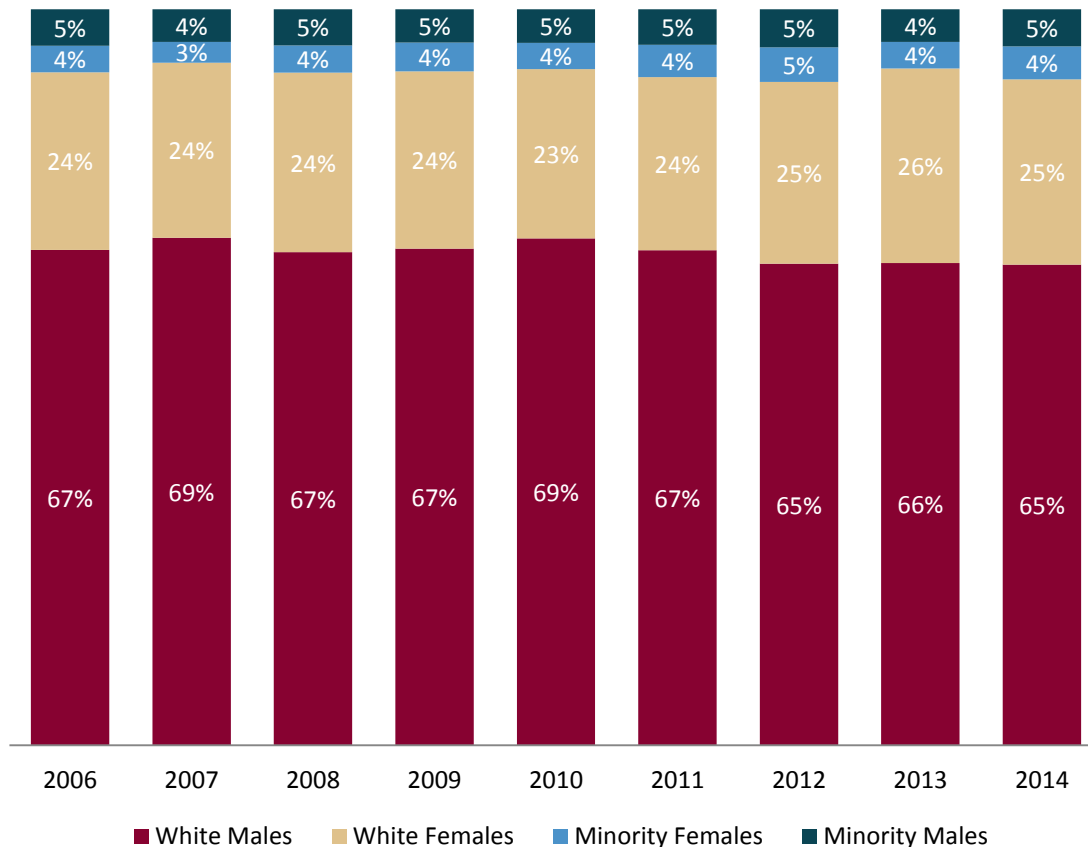
The following sections of this report will examine the demographics of four types of lawyers—partners, associates, summer associates, and special counsel. To provide context, the graph below shows how these four categories make up the whole.



Half of all lawyers in signatory firms in 2014 were partners, one-third were associates, 13% were special counsel, and 5% were summer associates. Since 2006, the share of partners has been on the rise while the share of associates has declined. The share of lawyers that are special counsel has

almost doubled since 2006. At the same time, the proportion of summer associates has fallen to half of what it was in 2006.

### Race and Gender of All Lawyers 2006-2014



The majority of lawyers in signatory law firms were white males, representing 65% of all lawyers in 2014. Only about 10% of lawyers were minorities. Based on 2014 NALP data, this figure is slightly higher than the reported number for Charlotte (8% minorities) and peer cities such as Raleigh/Durham (6% minorities), Minneapolis (7% minorities) and Pittsburgh (7% minorities) but well below the national average of 14% and peer city of Atlanta (12%).<sup>1</sup> Minority representation in signatory firms is especially low considering the fact that Charlotte is a “majority minority” city, where the non-white population (ethnic minorities) makes up just over 57% of the total population.<sup>2</sup>

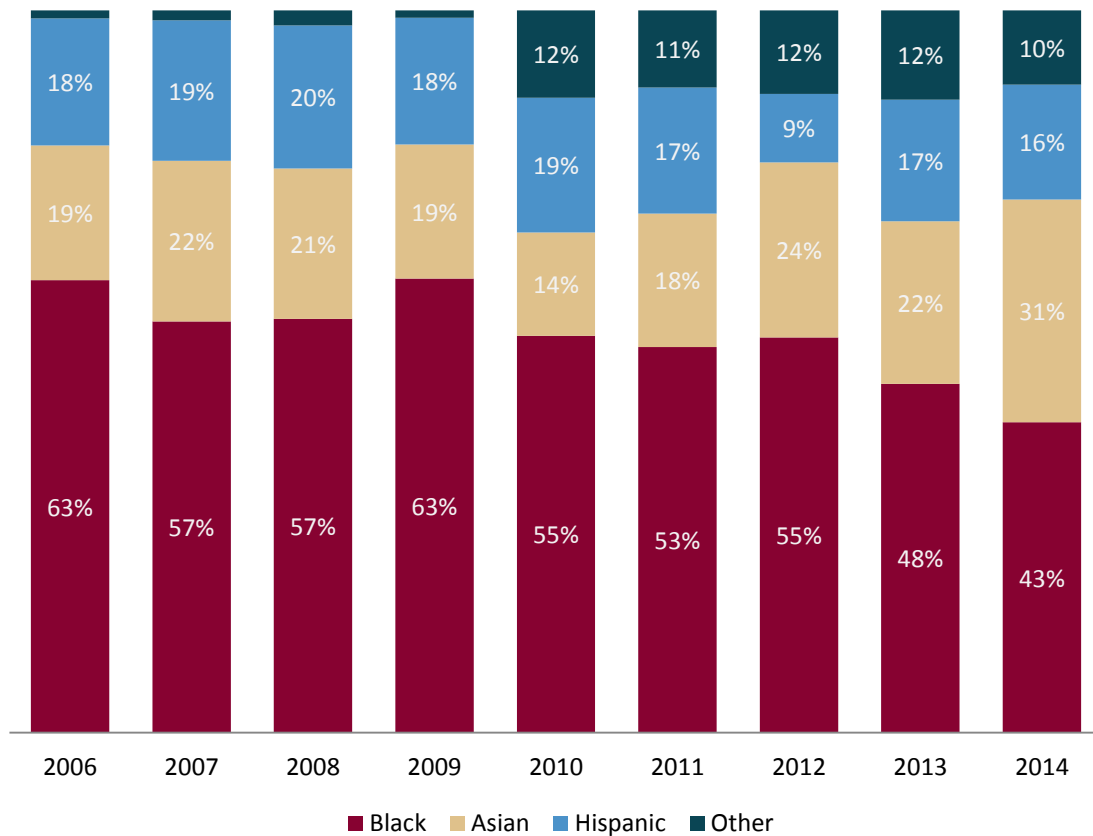
The representation of female lawyers in signatory law firms (about 30%), however, was much higher than ethnic minorities. This figure for signatory law firms is slightly higher than what the NALP reported for Charlotte (26%) and peer city Raleigh/Durham (25%), and is almost in line with the national average (33%) and comparable cities like Atlanta (33%). However, female representation in signatory firms is still not aligned with the overall population, which is approximately 52% female.<sup>2</sup>

This breakdown has changed little since 2006, with only a slight decrease in the representation of white males from 67% in 2006 to 65% in 2014.

<sup>1</sup> [http://www.nalp.org/lawfirmdiversity\\_feb2015](http://www.nalp.org/lawfirmdiversity_feb2015)

<sup>2</sup> U.S. Census Bureau, 2013 American Community Survey 1-Year Estimates

**Race/Ethnicity of Minority Lawyers 2006-2014**



Among minority lawyers, African Americans made up the largest group, although their representation has decreased by 20 percentage points since 2006, going from almost two-thirds of minority lawyers in 2006 to less than half in 2014. In contrast, the representation of Asians and other races has grown.<sup>3</sup> Asians, the second largest minority group, increased from 19% in 2006 to 31% in 2014, and much of this increase occurred since 2013. Finally, an increasing number of lawyers self-identified as being multi-racial, which is reflected in the jump of “Other” from less than 1% in 2006 to 10% in 2014.

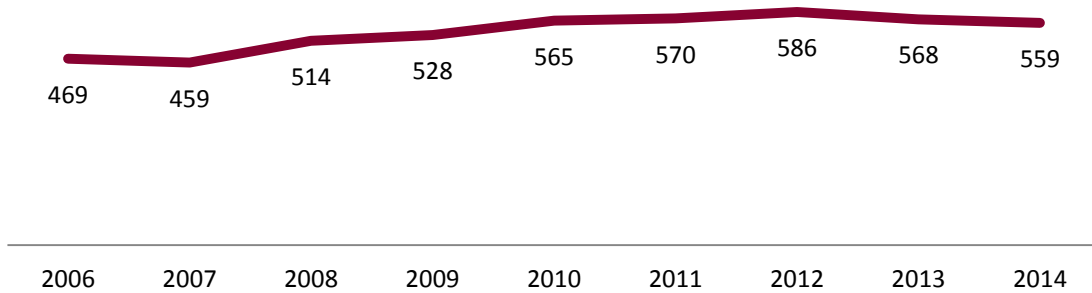
For comparison, the most recent figures available show the minority population for the whole of Charlotte is 62% African American, 9% Asian, 24% Hispanic, and 5% other races.<sup>2</sup>

**Partners**

In 2014, signatory law firms employed over 550 partners, reflecting a 19% increase from 2006. However, after several years of steady gains, the number of partners has fallen slightly since 2012.

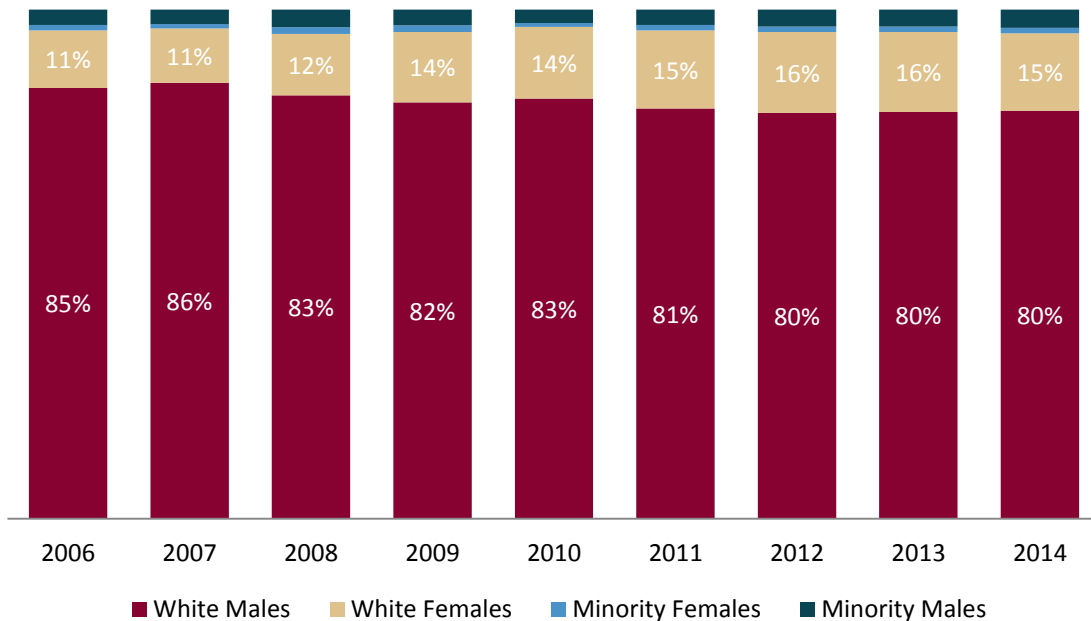
<sup>3</sup> It should be noted that due to their small sample sizes, American Indians, Hawaiian/Pacific Islanders, and multi-racial lawyers were combined into an “Other” category.

### Number of Partners 2006-2014



Of the four types of lawyers in this report, partners are the least diverse, with the vast majority (80%) being white males. White females accounted for another 15% which is on par with the NALP data for Charlotte, while the percentage of minorities (5%) is slightly higher than the NALP data for Charlotte (4%). This puts signatory law firms below the national average in minority representation (7%) as well as the peer city of Atlanta (8%) but still above Raleigh/Durham (less than 1%).

### Race and Gender of Partner 2006-2014

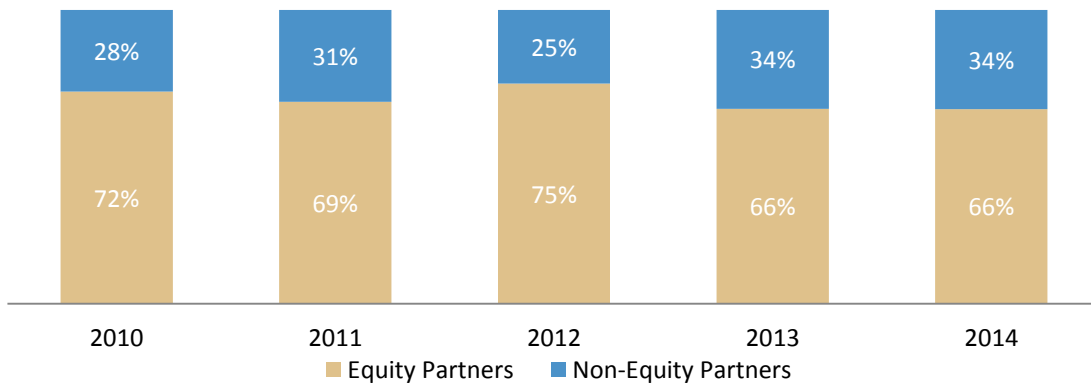


The demographic composition of partners has seen little change over the past nine years. The main shift has been a gradual increase in the percentage of white female partners and corresponding decrease in the percentage of white male partners. The share of female partners of any race was slightly higher for signatory law firms (16%) than the NALP survey reported for Charlotte (15%). However, signatory law firms still lagged the nation in the share of female partners (21%) as well as the peer city of Atlanta (19%).

Signatory law firms reported hiring 40 new partners and 21 terminations of partners in 2013. Of the 40 new partners, 9 were lateral hires, and 31 were promotions.



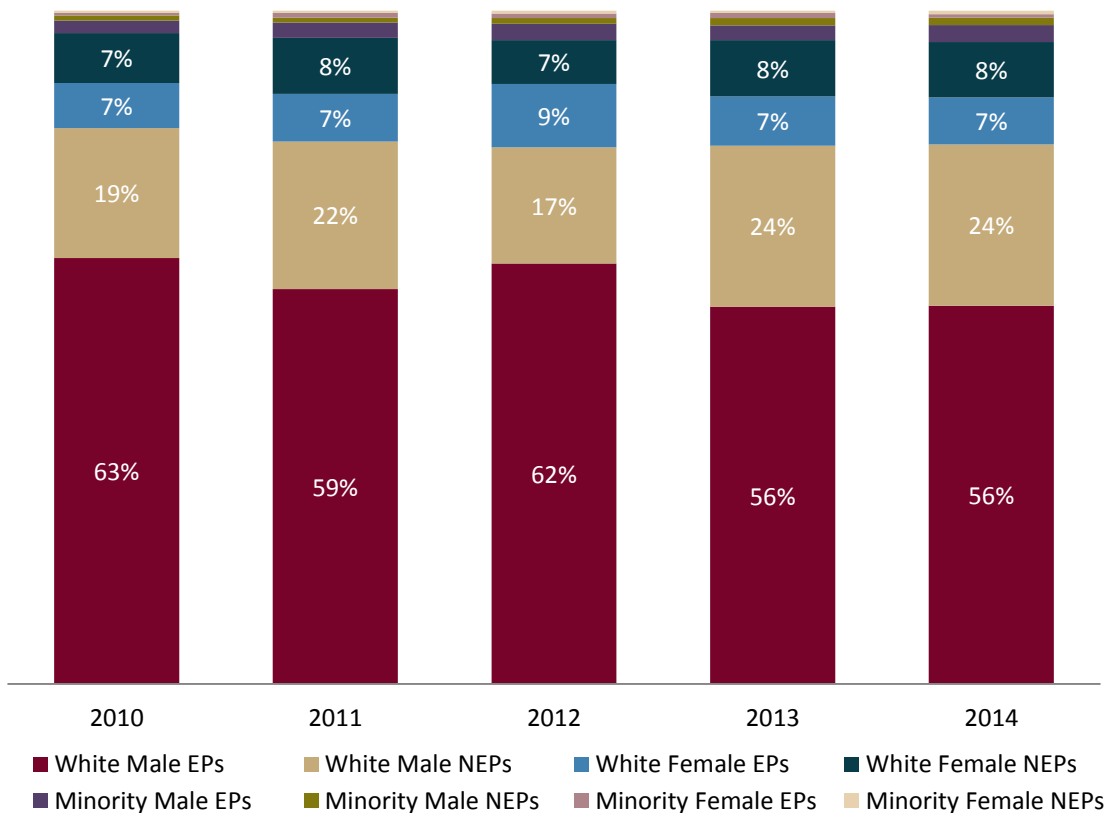
### Partners by Equity Status 2010-2014



In 2014, two-thirds of partners were equity partners (EPs), and the other third non-equity partners (NEPs). Overall, the share of equity partners has declined since 2010 (when the signatory firms started providing this data).

The equity status of partners differs among the various demographic groups. Of the 80% of partners that were white males, the majority were equity partners, but this majority has become less pronounced since 2010. Of the 15% of partners that were white females, about half were equity partners, with little change since 2010. Minority partners were predominantly equity partners.

### Race, Gender, and Equity Status of Partners 2006-2014

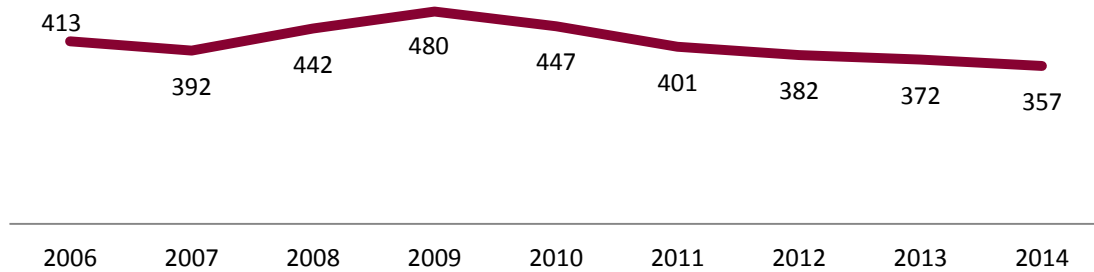


Of the 40 new partners, 26 were non-equity partners and 14 equity partners. Most of the new equity partners (11 of the 14) achieved this position through promotion, while three were lateral hires. For new non-equity partners, 20 of the 26 were promoted and 6 were lateral hires. Of the 21, a little over half were non-equity partners.

### Associates

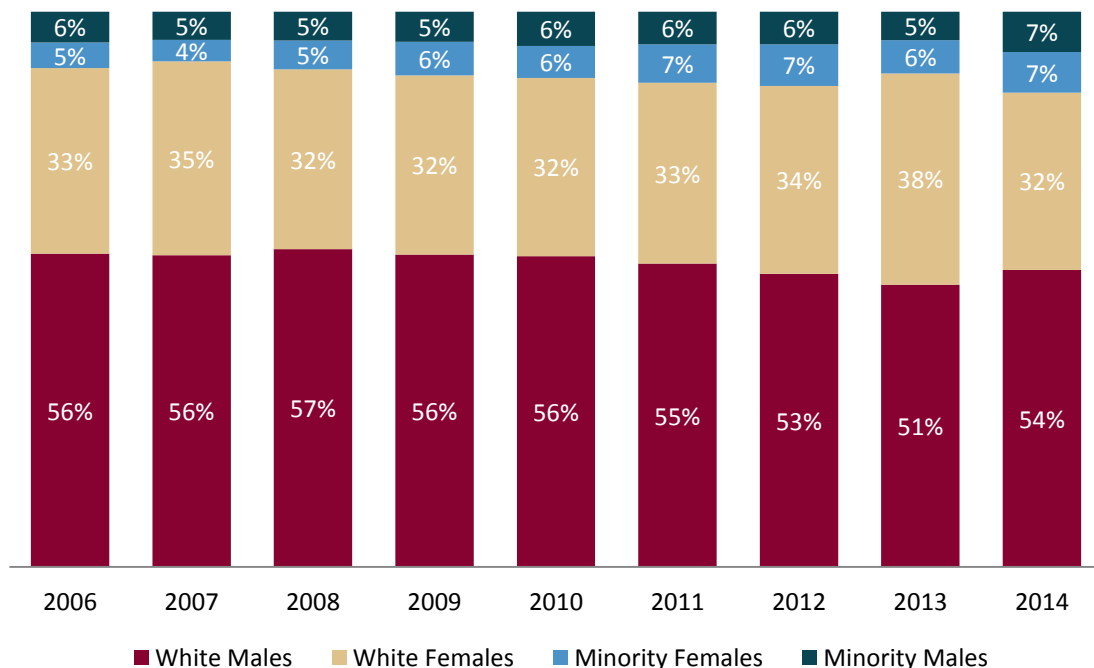
In 2014, signatory law firms employed over 350 associates, almost a 14% decrease from 2006. The number of associates has been steadily declining since 2009 and is now at a nine-year low.

**Number of Associates 2006-2014**



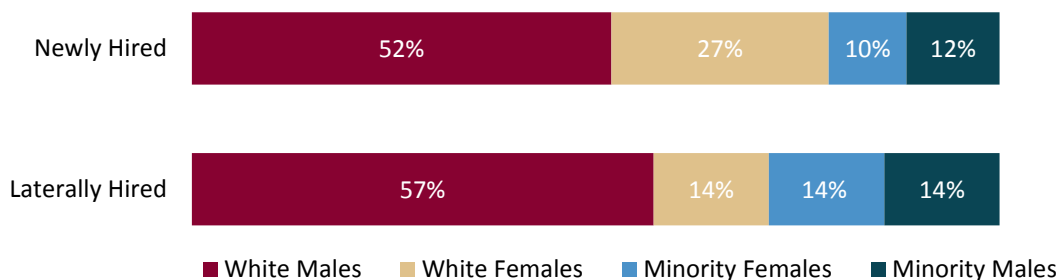
Over half of associates in 2014 were white males, nearly one-third were white females, and 14% were minorities. The share of female associates regardless of race was 39%, slightly above the NALP data for Charlotte (36%). The share of minority associates in signatory law firms (14%) was also slightly above the NALP data for Charlotte (13%), but signatory law firms continued to lag behind the nation (21%), as well as peer cities such as Atlanta (17%) and Raleigh/Durham (16%).

**Race and Gender of Associates 2006-2014**



Signatory law firms reported a total of 53 associate terminations in 2013 and 80 hires. Of the 80 new associates, 65% were new hires, and 35% were lateral hires. Lateral hires had greater minority representation (29% minority) than new hires (22%). The reverse was true for females overall: females represented 37% of new hires, and only 28% of lateral hires. Of the 53 terminated associates, approximately 59% were white males, 32% white females, and 9% minority females.

### Race, Gender, and Hire Type of New Associates 2013



### Summer Associates

Signatory law firms anticipated employing nearly 60 summer associates in 2014. This is just over half the number of summer associates employed in 2006. After falling dramatically during the recession (between 2008 and 2010), the number of summer associates has been gradually rising.

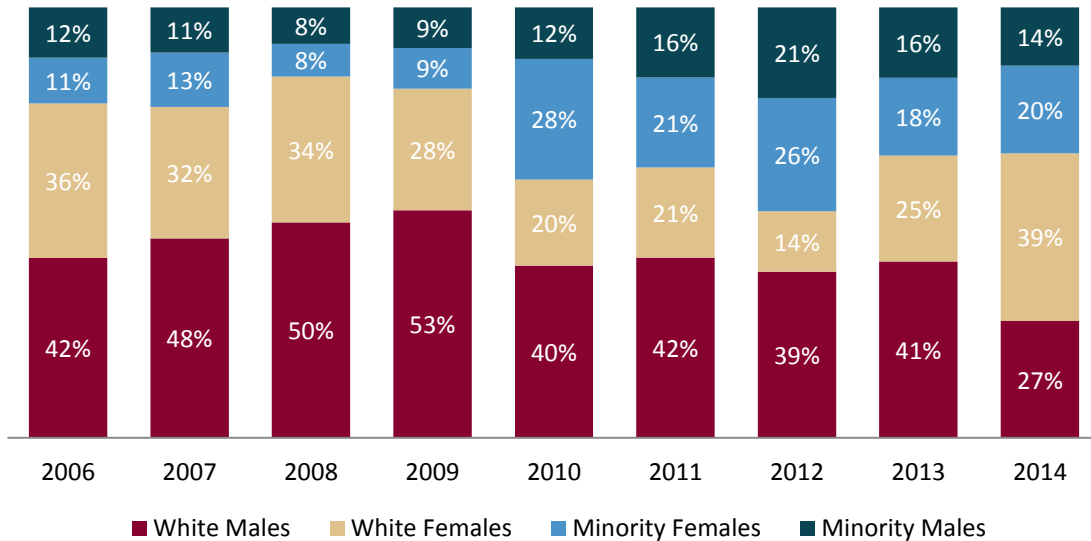
### Number of Summer Associates 2006-2014



Of the four types of lawyers included in this report, summer associates are the most diverse and the only category in which white males do not make up the majority. In 2014, it is anticipated that 27% of summer associates will be white males, 39% white females, and 34% minorities (14% male and 20% female).

The NALP report did not include figures for Charlotte, but the figures reported here put signatory law firms above the rest of the nation in both minority (30%) and female representation (46%) and above the peer city of Atlanta (30% minority, 43% female).

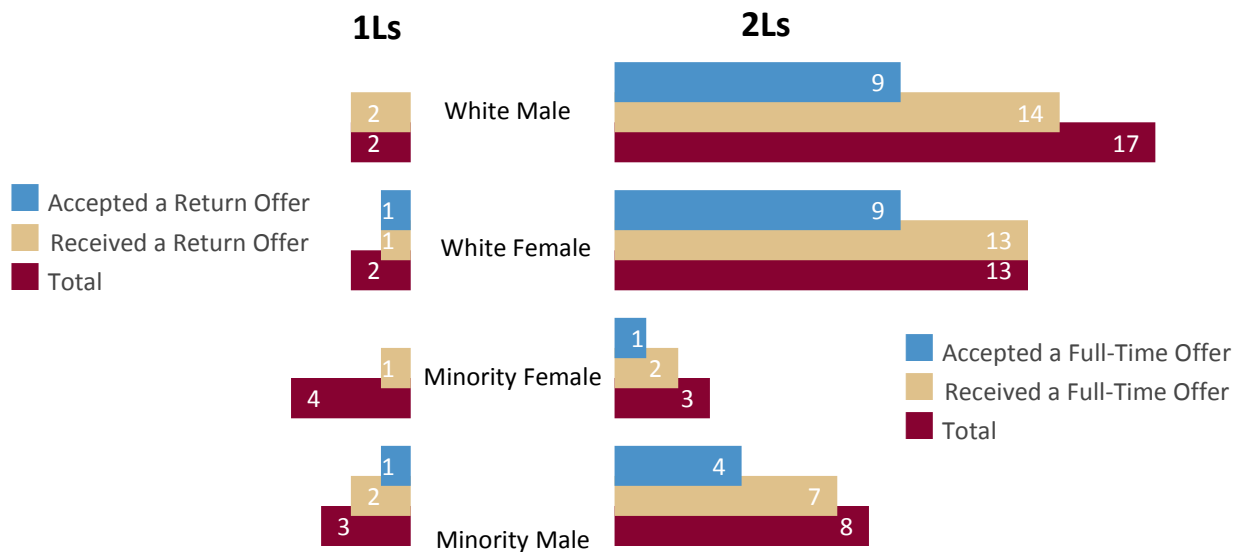
### Race and Gender of Summer Associates 2006-2014



The percentage of minority summer associates has increased by 11 percentage points since 2006 but has not surpassed the previous peak in 2012 when minorities represented 47% of summer associates.

In other years, the increase in minority summer associates has been accompanied by a decrease in white females. In 2014, however, it was white males that dropped from 41% in 2013 to 27% in 2014, while the percentage of white females rose from 25% to 39% over the same time period, almost triple its 2012 point low.<sup>4</sup>

### 2013 Summer Associates by Return Status



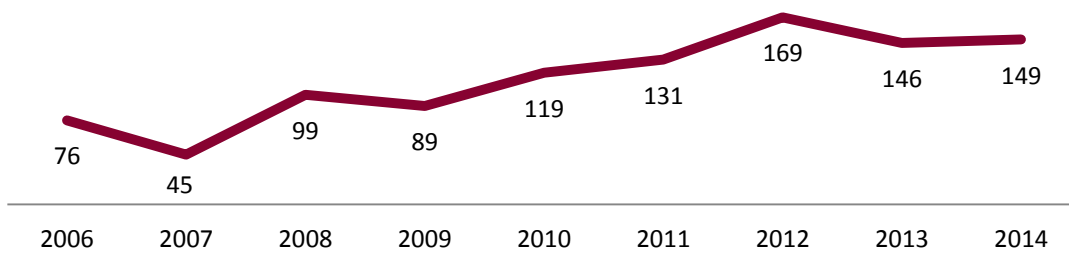
<sup>4</sup> When considering these year to year changes, it is important to note that the overall numbers are quite small, which can make small changes seem bigger than they really are.

The majority of summer associates (79%) in 2013 were 2Ls (in between their second and third year of law school). Although a smaller group, the 1L summer associates were more diverse than the 2Ls. Among 1Ls, 64% were minorities, but less than one-third (27%) of 2Ls were minorities. Among the second year students, minority students were less likely to receive or accept a full-time offer.

### Special Counsel

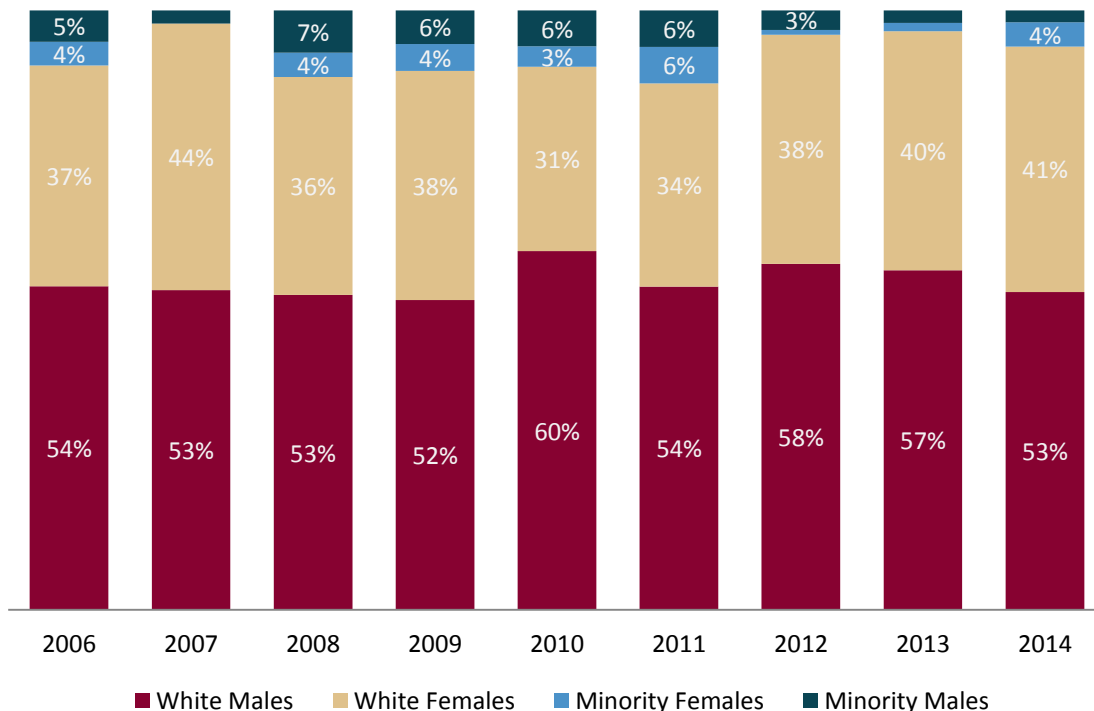
In 2014, signatory law firms employed nearly 150 special counsel attorneys, almost double the number in 2006. Overall, the number of special counsel attorneys at signatory law firms has been rising steadily since 2007, with the exception of two small drops in 2009 and 2013.

**Number of Special Counsel Lawyers 2006-2014**



White males continued to represent the majority of special counsel attorneys in 2014. However, their representation has declined slightly over the past two years. In 2014 white males accounted for 53% of special counsel lawyers, a drop of 5 percentage points since 2012. In contrast, white females make up a larger percentage of special counsel lawyers than in 2006, rising from 37% to 41% in 2014.

**Race and Gender of Special Counsel Lawyers 2006-2014**



Overall, the share of minority special counsel attorneys has declined 3 percentage points below what it was in 2006. Of the 21 new hires, 48% were white females and 43% were white males. Of the 25 special counsel departures, 60% were white females and 28% were white males. Ten percent of the new special counsel hires were minorities, while 12% of the special counsel departures were minorities.

## CONCLUSION

This report illustrates that minorities continue to be under-represented in Charlotte-Mecklenburg's signatory law firms. Even though the share of ethnic minorities and women in signatory law firms were, for the most part, higher than the NALP survey reported for Charlotte, signatory law firms still trailed the national average in the representation of ethnic minorities and women.

The notable exception was among summer associates, which was above the national average in both minority and female representation. The persistent increase in minority and female representation among summer associates might signal greater diversity in the other types of lawyers in coming years. But if the numbers of summer associates continue to be small, any effect they may have on permanent positions will be slow.

Other key findings for the signatory law firms include:

- The proportion of partners and special counsel has increased in the last nine years, while the proportion of associates and summer associates has declined.
- The signatory law firms are still dominated by males. However, the proportion of female partners has been increasing.
- Over the last nine years, there has been an increase in representation of white females as summer associates, partners, and special counsel.
- While the proportion of female partners has increased, they were still less likely to be equity partners when compared to their male counterparts.
- The greatest diversity in signatory law firms continues to be found in summer associates. This group became even more diverse in 2014, when white males were no longer the largest group.

## METHODOLOGY NOTES

The data used in this report came from a self-reported survey of signatory law firms in Mecklenburg County. The 2014 Law Firm Diversity Survey was completed as of June 1, 2014.

The demographic totals among signatory law firm offices were reported as of February 1, 2014. Figures for hires, promotions, attritions, and departures were measured on an annual basis from January 1 through December 31. The 2014 summer associates' data was captured prior to the start of summer associate employment, and as a result the figures for 2014 summer associates were anticipated numbers and thus may not fully reflect the demographics of summer associates for that year.

For purposes of this report, MCB followed the demographic categories identified and used by the National Association of Legal Professionals and the Minority Corporate Counsel Association. To that end, MCB compiled statistics on the following groups that were self-identified by the signatory law firms:

- Women
- Men
- Hispanic/Latino
- Black/African-American
- Asian
- American Indian/Alaska Native
- White
- Native Hawaiian/Other Pacific Islander
- Multi-racial

For ease of presentation, the following groups were combined into one category (minority group): Hispanic/Latino, Black/African American, Asian, American Indian/Alaska Native, Native Hawaiian/Other Pacific Islander, and multi-racial. In instances where racial/ethnic minority groups were being compared against each other, the following groups were combined into an "Other" category: American Indians, Hawaiian/Pacific Islanders, and multi-racial.