Notes for PowerPoint Slides

Slide 2

- Statistics are from the NAWL Foundation’s annual research reports, www.nawlfoundation.org.
- Women earn less than men:
  - In 2011, the gender pay gap was at least 23% for white women (77¢ for every $1.00 earned by a white man). It is 36% for African American women (64¢ for every $1.00 earned by a white man), and plunges to an astonishing 48% for Hispanic women (52¢ for every $1.00 earned by a white man).

<table>
<thead>
<tr>
<th>The Pay Gap by Group</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Men</td>
<td>$1.00</td>
</tr>
<tr>
<td>White Women</td>
<td>$0.77</td>
</tr>
<tr>
<td>African American Women</td>
<td>$0.64</td>
</tr>
<tr>
<td>Hispanic Women</td>
<td>$0.52</td>
</tr>
</tbody>
</table>

- Thus, over her lifetime, this gender gap deprives a woman out of hundreds of thousands of dollars in lost wages:

<table>
<thead>
<tr>
<th>Average Lifetime Pay Gap</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>High School Graduates</td>
<td>$  700,000</td>
</tr>
<tr>
<td>College Graduates</td>
<td>$1,200,000</td>
</tr>
<tr>
<td>Professional School Graduates</td>
<td>$2,000,000</td>
</tr>
</tbody>
</table>

- This pay gap has significant consequences, as wages are used to determine raises, bonuses, benefits, and retirement payments/contributions.
- Women earn less than men of comparable education – from high school through doctoral degrees. (Source: “Simple Truth About the Gender Pay Gap,” AAUW (2010)).
- Women lawyers overall earn 86.6% of the weekly median salaries earned by men. (Source: 2011 U.S. Bureau of Labor Statistics).
- Women lawyers in private practice are not immune to pay inequality. Nor are women law firm partners (see slide 3 and notes thereto).
The Seventh Annual NAWL National Survey on Retention and Promotion of Women in Law Firms (Oct. 2012; www.nawl.org) tracks the professional progress of women in the nation’s 200 largest law firms. It shows:

- Women’s median compensation lags men’s at all levels, with the worst discrepancy at the equity partner level.
- Women's median billable and total hours generally lag men’s at all levels; however, for non-billable hours, women above the associate level record significantly more hours than men.
- Women partners are credited with a smaller median book of business than men, even though their business development efforts may be substantial.
- The gap between the median compensation of male and female equity partners cannot be explained by differences in billable hours, total hours, or books of business.

Research shows that the best decisions result when diverse viewpoints are included in the decision-making process (Source: E.g., McKinsey & Co., Women Matter: Gender Diversity, A Corporate Performance Driver (Oct. 2007); www.mckinsey.com/client_revise/organization/latestthinking/women_matter).

Women are not represented in firm-wide leadership roles in the proportion that their numbers generally support or that will effect change. (See NAWL Foundation annual reports on nation's largest law firms, www.nawlfoundation.org).

- 70% of law firms have either just one or no women on their compensation committees; 90% reported no minority women on compensation committees. (Source: Minority Corporate Counsel Association, Project for Attorney Retention, & ABA Commission on Women in the Profession, “New Millennium, Same Glass Ceiling? The Impact of Law Firm Compensation Systems on Women” (July 2010)).
- Almost half of all firms (46%) have no women or only one woman on their highest governing committee.
- The typical governing committee contains 80% men.
- About 5% of large firms place women in the role of firm-wide managing partner.
- "Rule of 3": Real change happens when women (or any minority) reach about one-third of leadership positions.
• 34% of working mothers are their families’ sole breadwinners. 80% of single parent families are headed by women.

• Working mothers face “maternal wall bias” and thus bear the brunt of pay inequality; they are offered less in starting salaries, raises and bonuses. (Source: Williams & Segal, “Beyond the Maternal Wall: Relief for Family Caregivers Who Are Discriminated Against on the Job”. See also ABA Commission on Women in the Profession, Fair Measure: Toward Effective Attorney Evaluations (2d ed. 2008)).
• Lawyers who feel undercompensated or less valued or who perceive lack of equal opportunities to advance are more likely to leave, taking their training, client relationships, and institutional knowledge with them.
  
  o 45% of associates in law firms are women; almost 11% are minority women.
  
  o Within 10 years, most of this pool of experienced lawyers has left the law firms that they first joined. Less than 1% of women of color remain at their law firms by their eighth year. (Source: NALP Foundation for Law Career Research and Education, Toward Effective Management of Associate Mobility (2005). See generally ABA Commission on Women in the Profession, Visible Invisibility: Women of Color in Law Firms (Sept. 2006); www.ambar.org/WomenOfColor).

• Principles of fairness and rewarding merit (through merit-based compensation) demand change. Lack of equity leads to perceptions that, contrary to common wisdom, law firms do not reward merit, or do so selectively. This is what the Minority Corporate Counsel Association has called the “myth of the meritocracy.” (Source: MCCA, The Myth of Meritocracy (Purple Book); www.mcca.com).
Slide 5

- Why is pay equity important?
  - Making compensation decisions fair and transparent helps stem the disproportionate attrition of women (and women of color) from law firms.
    - Women, at all levels, are subjected to pay inequity.
    - Inequities in pay indicate inequities in other firm systems, such as case assignments, membership on up-and-coming teams in hot or key practices, and standing within the partnership or even in its entry track.
    - Lawyers understand that “pay = value,” real and perceived.
    - Pay equity builds loyalty, inspires creativity, and discourages departures.
• **Client Origination Credit**
  - 55% of women partners said they had been denied their fair share of origination credit.
  - Almost 30% of women partners said they had been subjected to intimidation, threats, or bullying about origination credit.
  - Women minority partners were even more likely to:
    - Have credit improperly denied;
    - Report being bullied over billing credits; and
    - Participate in successful client pitches, but receive no origination credit (or no work).

• **Succession Planning**
  - Many lawyers achieve great success by “inheriting” a client or book of business, ensuring stability and institutional knowledge.
  - Firms have tended not to set policies for such transitions, allowing the “relationship partner” to “will” the business – and credit. In practice, this tends to preclude “inheritance” by women and minority lawyers.
  - In the next decade, 400,000 baby boomer lawyers will retire, greatly increasing the importance of the issue of succession of client relationships and billing credit.
  - Firms need to plan to ensure that succession of client origination and billing credits, especially for a firm’s institutional clients, is open and shared equitably among all deserving lawyers.

• **Transparency**
  - Only 36% of women equity partners, 24% of income partners, and 22% of minority partners said their firm’s compensation criteria were applied in a transparent, objective manner.
  - Implicit bias affects the process.
    - Only 32% of equity partners, 16% of income partners, and 15% of minority partners surveyed said they were satisfied that their firm’s compensation system is based on the right combination of factors.
    - 70% of income partners and 66% of minority partners said they did not understand their firm’s compensation criteria.
Implicit bias affects decision-making if systems do not exist to mitigate its effects. (Source: Minority Corporate Counsel Association, Project for Attorney Retention, & ABA Commission on Women in the Profession, “New Millennium, Same Glass Ceiling? The Impact of Law Firm Compensation Systems on Women” (July 2010)).

- Accountability
  
  - Compensation systems often do not have safeguards and other procedural mechanisms in place that would allow concerns about a lack of transparency or fairness (equal pay for equal business and firm contributions) to be raised in a “safe” context, without resulting in negative repercussions or reprisals.

This is a project of the ABA Presidential Task Force on Gender Equity and the Commission on Women in the Profession. www.americanbar.org/GenderEquity