

# The Legal Intelligencer

## Pa. Law Firms Watch and Wait After Milbank Salary Boost

Most Pennsylvania firms aren't likely to match the latest associate pay raises emanating from New York, though associates in Philadelphia and elsewhere may enjoy a "trickle-down" effect.

By Lizzy McLellan | June 08, 2018

[Milbank, Tweed, Hadley & McCloy](#) sent reverberations across the legal industry when it hiked the salaries of its greenest lawyers to nearly \$200,000. But most Pennsylvania associates are unlikely to see an immediate impact on their paychecks.

Milbank [announced June 4](#) that it planned to increase its associate salaries by \$10,000 for first- to third-years and \$15,000 for the rest, making its starting pay for associates \$190,000. Several firms have already [matched the scale](#), including [Proskauer Rose](#), [Winston & Strawn](#) and [Simpson Thacher & Bartlett](#).

Still, observers predict many large firms will resist pressure to follow suit. And most [Pennsylvania law firms](#) seem highly unlikely to match Milbank's starting pay.

"I think firms who compete for that caliber of associate and have the clients willing to pay the rates required to support that level of compensation will look

hard at this,” consultant Jim Cotterman of Altman Weil Inc. said, in an email. “The number of firms [should be limited](#), in my view.”

But that doesn’t mean Philadelphia and Pittsburgh firms aren’t listening to the buzz.

“My assumption is it will be sort of a trickle-down effect,” said Jason Mandel, director of legal recruitment at Alevistar Group, who works with candidates at the associate and partner levels. But “Philadelphia is usually slower to adapt I would say than the New York firms.”

Two years ago, when [Cravath, Swaine & Moore started](#) the [wave of associate raises](#) that brought many first-years a \$180,000 salary, it [took more than a week](#) for the first Pennsylvania-born firm, [Dechert](#), to follow suit. [Morgan, Lewis & Bockius](#) and [Reed Smith](#) later announced new pay scales that brought first-year associates to that same pay, but not in every office.

And even after the biggest firms made their moves, many large firms based in Pennsylvania chose not to raise their pay to the same level. So it may not come as a surprise that Pennsylvania firms in the Am Law 200 are eyeing the latest increases with caution.

Contacted this week after Milbank’s announcement, only four of the 15 Am Law 200 firms founded in Pennsylvania commented on the news, and none expressed immediate plans for a raise. Still, several firms acknowledged that they monitor the rest of the market in their periodic compensation discussions.

Pittsburgh-born international firm Reed Smith did raise associate salaries on a geographic basis [in 2016](#), matching \$180,000 in some markets. Asked about Milbank’s raise, global head of legal personnel Casey Ryan said Reed Smith

“will as always continue to monitor the market and make the best decisions about when and if adjustments are necessary.”

[Duane Morris](#) chairman Matt Taylor said, “We always analyze the market and try to be as responsive as possible, but always try to be responsible to how we serve our clients.”

Two other firms simply said they consider associate compensation at the same time each year—and it’s not that time yet.

“We evaluate associate compensation once a year. At that time we evaluate many factors, including the market. We would expect to do the same again at the end of 2018,” [Cozen O’Connor](#) CEO Michael Heller said.

A spokeswoman for [Saul Ewing Arnstein & Lehr](#) said the firm evaluates its compensation structure at the beginning of each year, and has no plans to change it within the next few months.

Other Am Law 200 firms declined to comment or did not respond to requests for comment.

### **‘When, Not If’**

As firm leaders watch the market, so do associates.

“Young lawyers are certainly cognizant of these types of decisions,” said Vincent Barbera, chair of the Philadelphia Bar Association’s Young Lawyers Division, who practices at White and Williams. But that doesn’t mean they’re flocking to New York for top-of-market pay.

Barbera said associates also place priority on quality of work and quality of life, making them “hungry for good, practical work experience.” And

Philadelphia is a different legal market than New York, he noted—with greater collegiality and a more close-knit legal community, in his opinion.

Taylor, of Duane Morris, said his firm tries to be responsive to market changes in its compensation decisions, but has to be mindful of clients as well. And he said Philadelphia, where Duane Morris associates are paid \$165,000, simply has different economic pressures than New York.

“Every firm is different. Every firm has its own client mix, and that’s an important factor,” Taylor said.

Tricia Horter, senior vice president in Citizens Bank’s professionals banking group, said because most Pennsylvania firms chose not to match Cravath in the last round of raises, it’s unlikely any of them will choose to match Milbank.

“Firms look at each market differently, which is the right approach,” she said.

After the economic downturn, a lot of large law firms “did some good soul-searching” to figure out who they are and what they want to be, Horter said. Now they’re doing pretty well, she said, and “I don’t think there’s going to be much tinkering, nor do I think there really needs to be.”

Mandel said Milbank’s decision will likely have an impact on Pennsylvania



associates at some point, but it will take time. The economy is good right now, he said, but firms learned from the recession to be cautious with their approach to compensation.

“It’s going to be an upward move and it’s just a matter of when, not if, at this point,” he said.

Likewise, Barbera said, salary increases are encouraging, even if they start in a very different segment of the legal industry.

“I view it more as a tool for firms to compete for talent, but it certainly reflects the strength of the legal market right now,” he said. “And that’s a positive thing.”

