

Perhaps I Won't Go To Law School After All: Lawyers in Hampton Roads



PERHAPS I WON'T GO TO LAW SCHOOL AFTER ALL: LAWYERS IN HAMPTON ROADS

"Money is not beside the point. ... Money is the point."
Jimmy McGill in *Better Call Saul*.

Can you name a prestigious profession within Hampton Roads whose primary members' real incomes declined more than 25% between 2005 and 2021? The answer — perhaps to the surprise of many — is the legal profession. Yes, we are talking about lawyers. We have grown accustomed to seeing prosperous lawyers jousting on television shows such as *L.A. Law*, *The Practice*, *Your Honor*, *Damages*, *Boston Legal*, and *The Good Wife*. These lawyers dress well, drive expensive cars, and usually dine at classy restaurants. Nevertheless, for more than a few lawyers in Hampton Roads, their financial reality may be better approximated by lawyer Jimmy McGill in the television series *Better Call Saul*, in which one episode saw him evicted from his makeshift office at the back of a strip mall nail salon. One would not confuse Jimmy with Perry Mason. But then one should not confuse the typical lawyer in Hampton Roads with the high-priced counselors portrayed in *L.A. Law* either.

Reliable data from the Bureau of Labor Statistics (BLS) tell us that the Jimmy McGill depiction of lawyers, at least in terms of their financial status, is more common than many may believe. In fact, the financial position of the typical lawyer practicing in Hampton Roads has deteriorated over time. This decline has not only been confined to Hampton Roads, but the same general phenomenon has also characterized the financial positions of lawyers both in Virginia and throughout the United States. Alas, the financial maladies experienced by Hampton Roads lawyers have been more acute. This holds true even though Hampton Roads is not as "lawyer-intensive" as either the Commonwealth of Virginia as a whole or the entirety of the United States. The ratios of lawyers to either all employed workers or to the entire population are lower in our region than one usually finds elsewhere.

The revelation that Hampton Roads is not especially lawyer-intensive, but lawyers' incomes nonetheless are suffering substantially in the region, is a tip-off that the financial distress experienced by many lawyers in Hampton Roads is not exclusively a supply-side phenomenon. The demand for lawyers also counts. For example, the very slow growth of the region's economy has diminished the region's demand for legal services. The lesson is that the declining economic fortunes of lawyers in Hampton Roads are not due simply to law schools pumping out too many graduates.

Declining Real Incomes For Lawyers: The Evidence

HAMPTON ROADS

We begin by comparing the after-inflation (real) incomes earned by lawyers to those earned by the median worker in our region and then do the same for paralegals, the non-lawyer personnel who provide a variety of legal services. As Graph 1 reveals, the median (50th percentile) income of attorneys in Hampton Roads,¹ adjusted for price inflation (constant July 2021 prices), declined significantly between 2005 and 2021. The incomes earned by lawyers, paralegals, and all workers are indexed in Graph 1 so that each of their values is equal to 100 in the year 2005. Thus, the 103.6 index number for all workers in 2021 informs us that the median worker's real income increased by 3.6% between 2005 and 2021. This stands in stark contrast to the 28.8% decline in the median lawyer's real income.

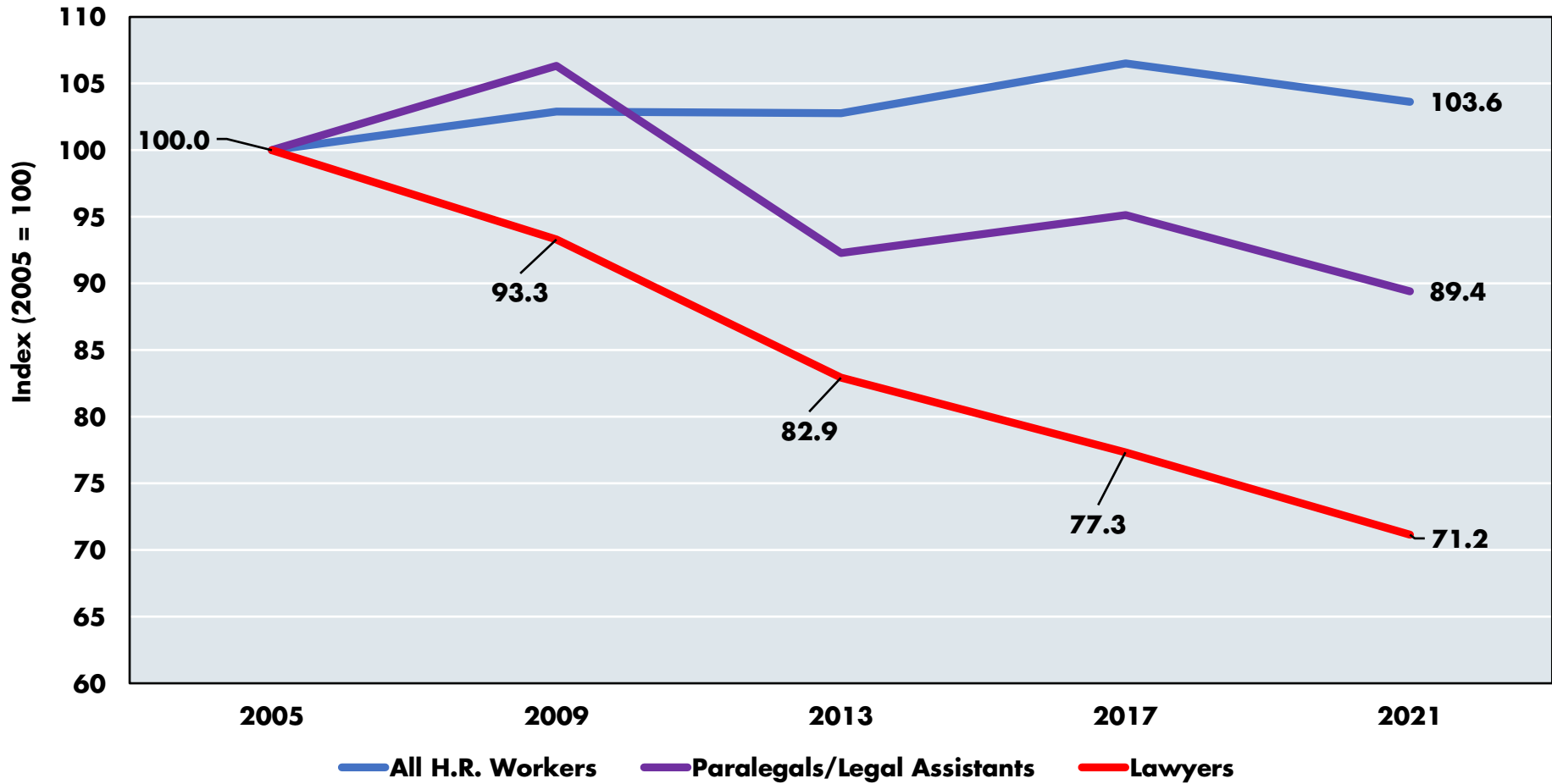
Table 1 summarizes the data presented in Graph 1. In relative terms, in 2021, the median lawyer in our region earned only 71.2% of the income she earned in 2005. The economic salary rewards accruing to paralegals also declined, but by a much smaller amount. Meanwhile, the real income of the median worker (all occupations) in the region rose by 3.6%. Hence, the typical worker in the region fared far better than either lawyers or legal assistants.

¹ Hampton Roads here is shorthand for the U.S. Bureau of the Census metropolitan region labeled "Virginia Beach-Norfolk-Newport News VA-NC," and stretches from the collar counties of North Carolina north to James City County and west to Franklin. There are more than 1.8 million residents.



GRAPH 1

THE RELATIVE DECLINE IN THE MEDIAN INCOMES OF LAWYERS:
HAMPTON ROADS, 2005-2021



Source: U.S. Bureau of Labor Statistics, "Occupational Employment and Wages," various years, www.bls.gov

TABLE 1

**MEDIAN INCOMES, MEDIAN REAL INCOMES, AND CHANGES OVER TIME:
HAMPTON ROADS, 2005-2021**

	Incomes 2005	Incomes 2009	Incomes 2013	Incomes 2017	Incomes 2021
All Hampton Roads Workers	\$27,880	\$31,610	\$34,240	\$37,220	\$40,350
Paralegals/Legal Assistants	\$36,400	\$42,640	\$40,140	\$43,410	\$45,450
Lawyers	\$101,830	\$104,670	\$100,900	\$98,700	\$101,180
	Real Incomes 2005	Real Incomes 2009	Real Incomes 2013	Real Incomes 2017	Real Incomes 2021
All Hampton Roads Workers	\$38,934	\$40,069	\$40,016	\$41,471	\$40,350
Paralegals/Legal Assistants	\$50,833	\$54,050	\$46,912	\$48,367	\$45,450
Lawyers	\$142,206	\$132,680	\$117,922	\$109,972	\$101,180
	Indexed Real Incomes 2005	Indexed Real Incomes 2009	Indexed Real Incomes 2013	Indexed Real Incomes 2017	Indexed Real Incomes 2021
All Hampton Roads Workers	100.0	102.9	102.8	106.5	103.6
Paralegals/Legal Assistants	100.0	106.3	92.3	95.2	89.4
Lawyers	100.0	93.3	82.9	77.3	71.2

Source: U.S. Bureau of Labor Statistics, "Occupational Employment and Wages," various years, www.bls.gov

VIRGINIA AND THE UNITED STATES

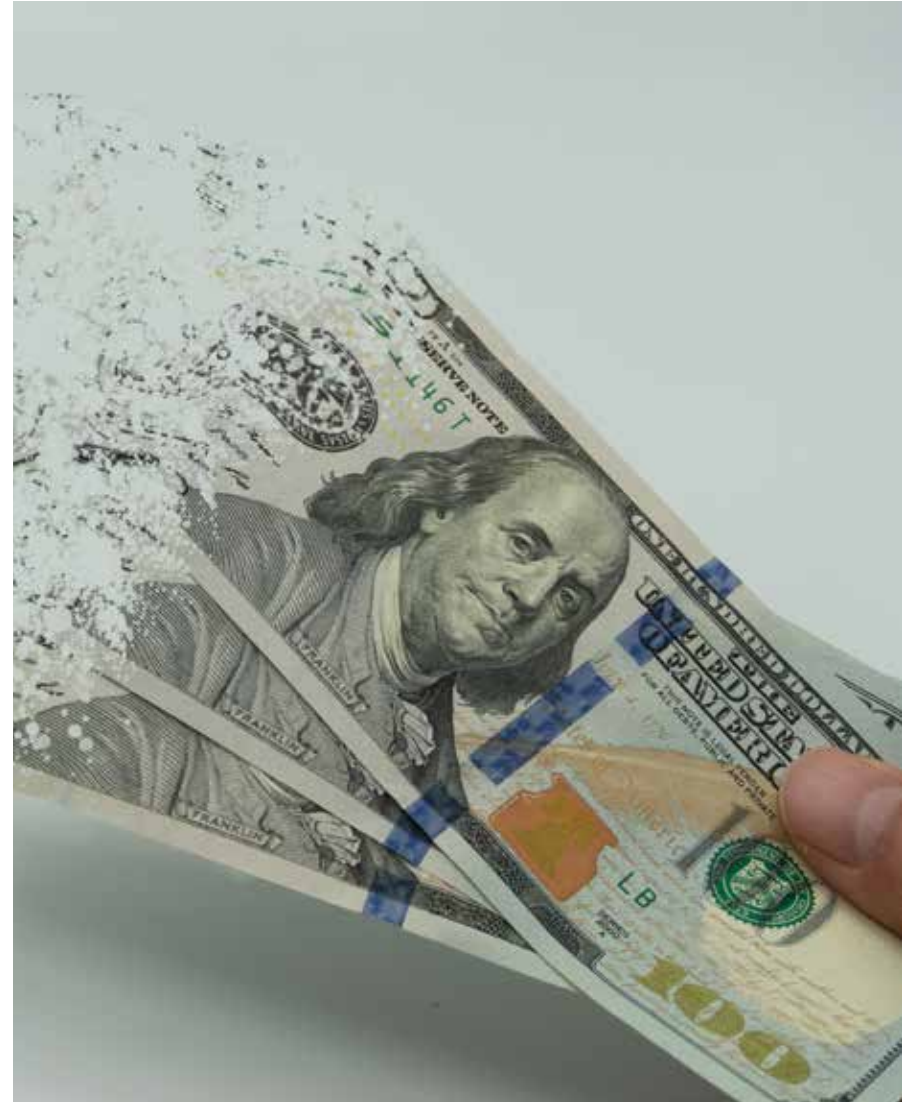
What was happening to lawyers' incomes in Virginia during the 2005-2021 period? Graph 2 tells us that the incomes of lawyers were declining in the Commonwealth as well between 2005 and 2021, but also that they did not decline as drastically as in Hampton Roads.

How do these changes compare to what was going on at the same time in the United States as a whole? Graph 3 takes a different view of the situation by comparing the growth (or decline) in the incomes of workers in a variety of occupations over a slightly longer time period, 2001-2021. One can see that over the 20 years depicted, the real income of the median worker in the United States rose 10.2%, while the real income of the median lawyer nationally fell 6.0%.

Let's now shift gears and compare the circumstances of lawyers to several specific occupations. The job categories depicted in Graph 3 were chosen deliberately. Each represents a reasonable alternate career option that might have been chosen by an individual who instead opted to become a lawyer. Rather than going to law school, for example, an individual might have pursued a career as an accountant or pharmacist. The statistical moral to this story is that if a representative individual had exercised one of these other choices, then quite likely her real income would have grown much faster than if she had opted for law school and become a lawyer.

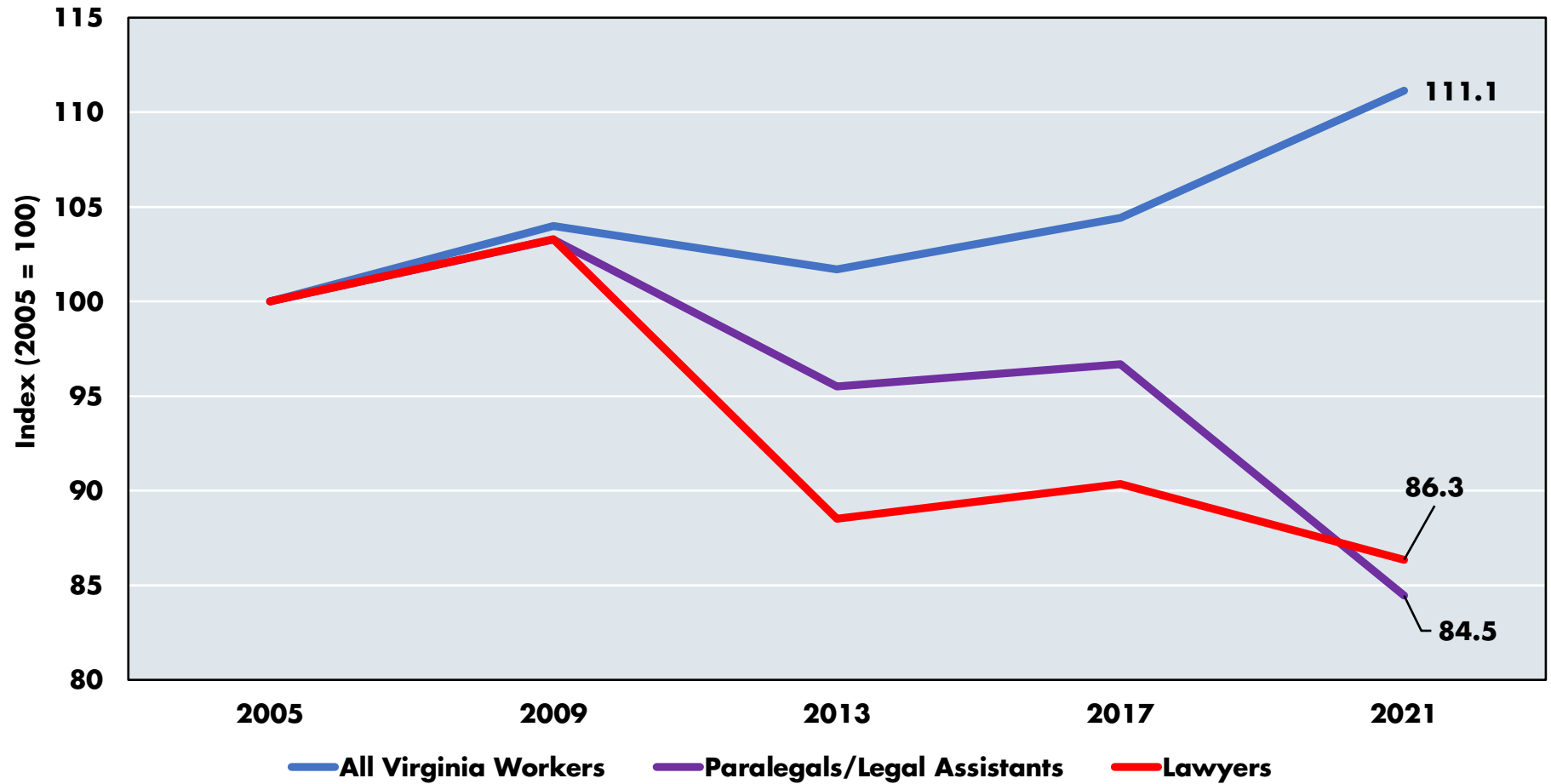
In sum, it is fair to observe that the relative decline in the economic fortunes of lawyers constitutes both a Virginia and a national phenomenon, but that this deterioration has been substantially more severe in Hampton Roads. Further, the median salaries of workers in many other occupations exceeded those of lawyers.

We will talk about the circumstances of paralegals and legal assistants in a moment. Suffice it to note that the median real incomes of paralegal and legal assistant personnel declined less than those of lawyers inside Hampton Roads and in the entire United States but fell slightly more in Virginia.



GRAPH 2

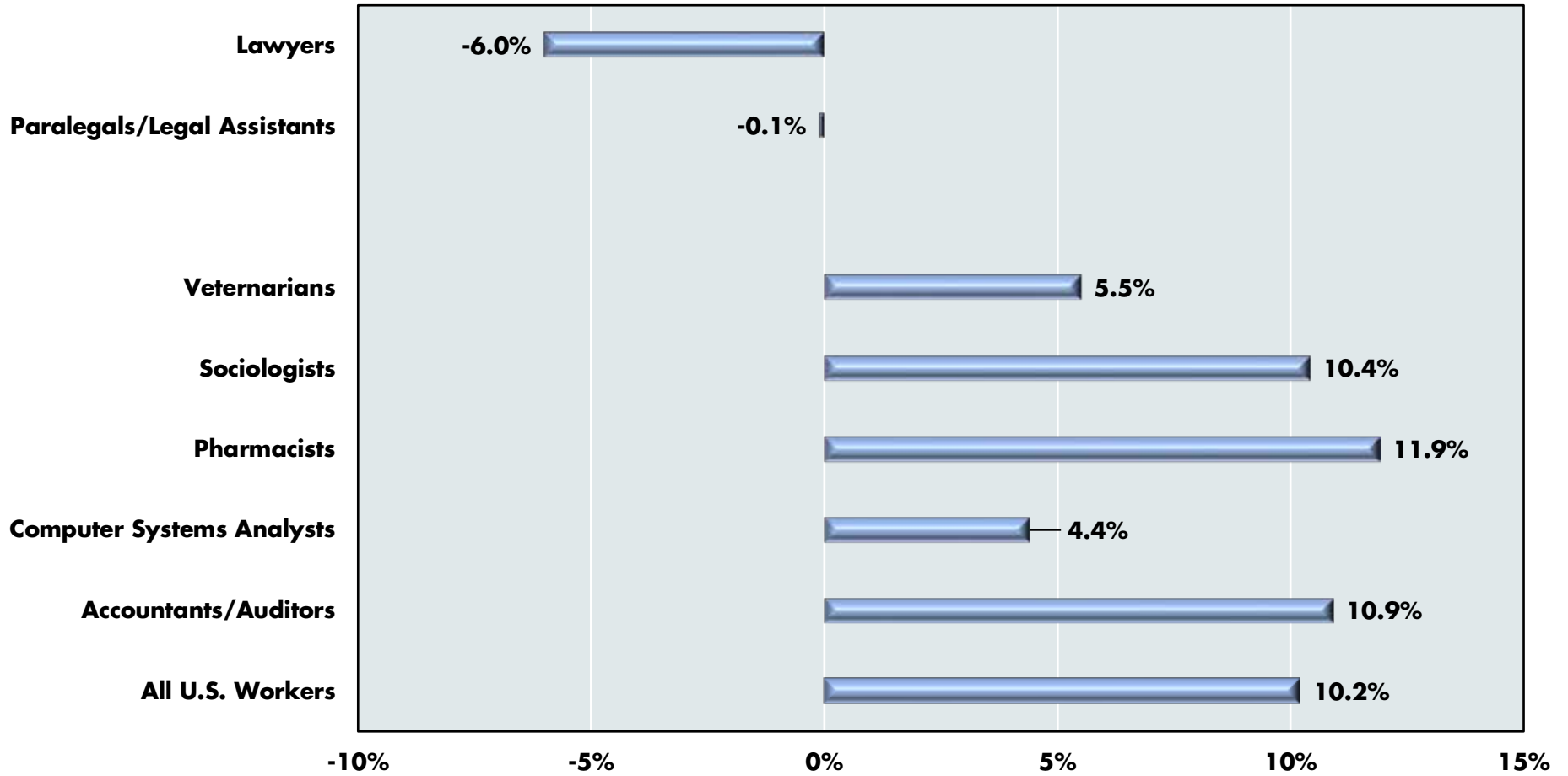
**RELATIVE DECLINE IN MEDIAN LEGAL INCOMES:
VIRGINIA, 2005-2021**



Source: U.S. Bureau of Labor Statistics, "Occupational Employment and Wages," various years, www.bls.gov

GRAPH 3

**CHANGES IN THE MEDIAN WORKER'S REAL INCOME, 2001-2021
SELECT OCCUPATIONS, UNITED STATES**



Source: U.S. Bureau of Labor Statistics, "Occupational Employment and Wages," various years, www.bls.gov

“Too Many Lawyers:” Supply-Side Explanations Of The Economic Plight Of Lawyers

We easily could cite 100 articles that have appeared in recent years alleging that law schools in the United States are simply producing too many lawyers. Representative is Feast’s November 2018 “Forget Law School: The US Job Market is Oversaturated with Lawyers.”²

Are there too many people attempting to practice law? The employment information contained in Graphs 4 and 5 will help us address this question. In Graph 4, we see that between 2005 and 2021, the number of lawyers per 1,000 people increased noticeably in Hampton Roads, Virginia, and the United States. True, Hampton Roads continues to be less lawyer-intensive than either Virginia or the United States, but over this 16-year period the number of lawyers per 1,000 people in Hampton Roads increased from 1.12 to 1.41, or approximately 25.9 %. This is a recipe for declining real incomes and that is the median lawyer’s reality in Hampton Roads.

Graph 5 reveals that an analogous supply-side story can be told, though accentuated, concerning the hiring of paralegals and legal assistants. Between 2005 and 2021, the number of paralegals per 1,000 people increased from 0.68 to 1.1, or 61.8 %. Employers have increased their hiring of paralegals, and some firms appear to be employing them instead of lawyers.

An alternate way to look at the employment situation in legal services is to investigate how many lawyers and paralegals exist per 1,000 workers of all types. Tables 2 and 3 provide the number of lawyers and paralegal workers per 1,000 workers of all occupations in Hampton Roads, Virginia, and the United States, from 2005 to 2021. Across the board, there were more lawyers and paralegals per 1,000 employees in 2021 than in 2005, and the

increases ranged from 19.0% (for lawyers in the United States) up to 64.2% for paralegals in Virginia.

TABLE 2
LAWYERS PER 1,000 WORKERS
HAMPTON ROADS, VIRGINIA, AND THE UNITED STATES,
2005 - 2021

	2005	2009	2013	2017	2021
United States	4.06	4.26	4.47	4.41	4.83
Virginia	3.41	4.05	4.41	4.31	4.67
Hampton Roads	2.54	2.65	3.08	2.81	3.58

Source: U.S. Bureau of Labor Statistics, “Occupational Employment and Wages,” various years, www.bls.gov for employment.

TABLE 3
PARALEGALS PER 1,000 WORKERS
HAMPTON ROADS, VIRGINIA, AND THE UNITED STATES,
2005 - 2021

	2005	2009	2013	2017	2021
United States	1.67	1.89	2.05	2.04	2.39
Virginia	1.51	1.90	2.44	2.32	2.48
Hampton Roads	1.54	1.75	2.73	2.27	2.80

Source: U.S. Bureau of Labor Statistics, “Occupational Employment and Wages,” various years, www.bls.gov for employment.

² Frankie Feast, “Forget Law School: The US Job Market is Oversaturated with Lawyers,” The Career Cookbook (November 23, 2018), www.thecareercookbook.com/too-many-lawyers.

Did the generous expansion of individuals practicing law come about because law schools are generating too many graduates? Perhaps, but we must note that law school enrollments nationally are highly variable. However, if one wants to know how many law students there will be next year, the best predictor of that variability and the eventual flow of new lawyers into the system is the number of people taking the Law School Admissions Test (LSAT).

The data presented in Graphs 4 and 5 and Tables 2 and 3 clearly document that employers have been hiring more lawyers and legal assistants, both in absolute and relative terms. This would be good news for lawyers and legal assistants if it were accompanied by rising real incomes for both. Instead, their real incomes (especially those belonging to lawyers) have been declining. This suggests that those who occupy these jobs are competing against each other, and this has been driving down their real incomes. In economic jargon, the demand for lawyers and legal assistants appears to be somewhat elastic. Thus, the appearance of more lawyers and legal assistants in job markets has exerted a significant and larger proportionate downward influence on their real wages.

The number of individuals who will seek to join the ranks of lawyers is not a secret. With few exceptions, everyone who becomes a lawyer must have earned a law degree from a law school accredited by the American Bar Association. This means one must have been admitted to such a law school and in order to gain admission, one must have taken the Law School Admissions Test (LSAT), again, with a few exceptions.

Hence, if one wants to know how many budding new lawyers are likely to appear several years from now, one can estimate this by observing the number of individuals who are sitting for the LSAT.

Graph 6 reports the number of individuals who took the LSAT for the first time between 2001 and 2020. One can see that the number sitting for the examination declined by almost 50,000 test-takers between 2009 and 2013. This was one of the impacts of the Great Recession and underlines that the eventual flow of individuals into the legal profession is dependent on overall economic conditions.

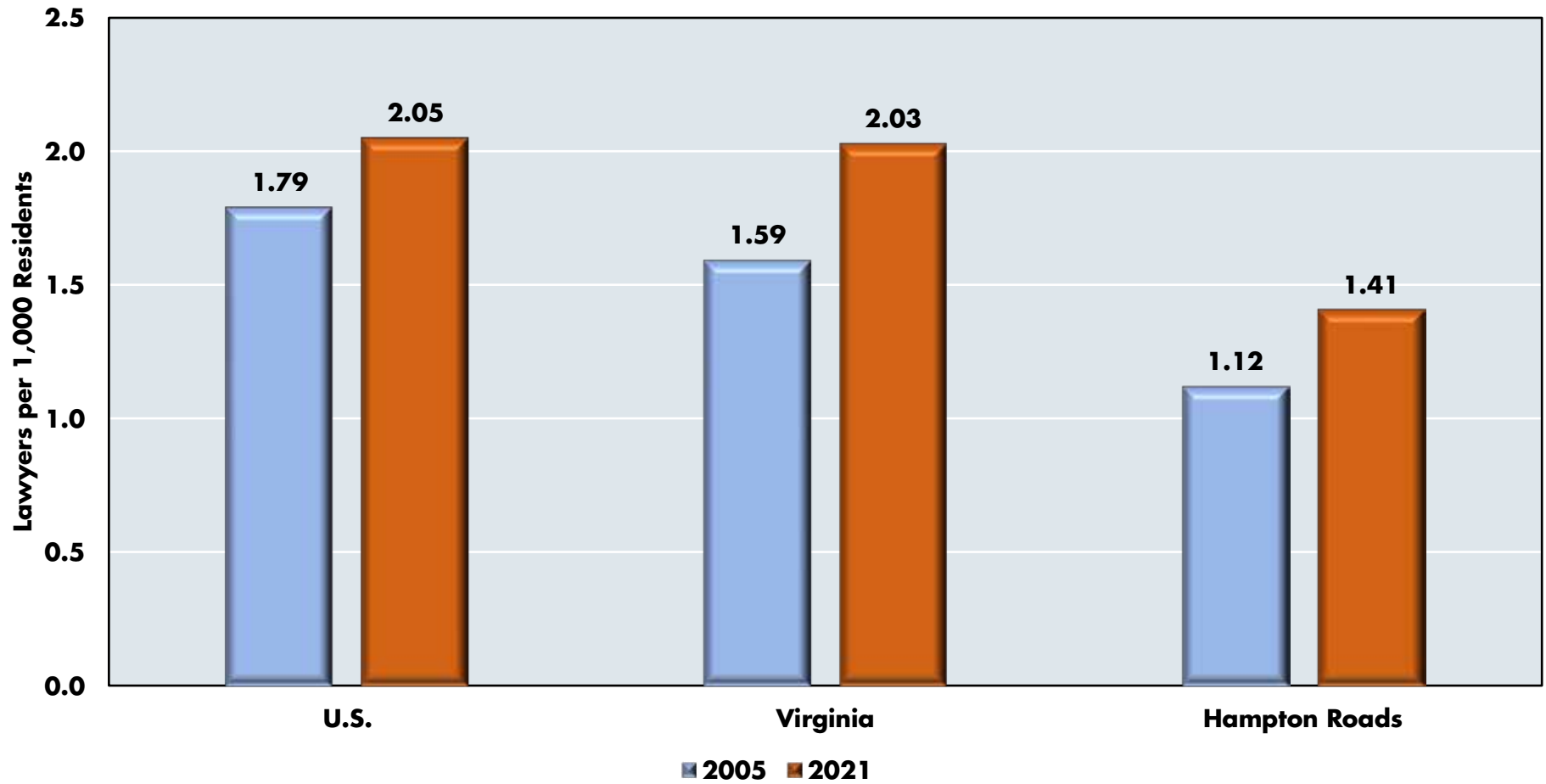
But particularly intriguing in Graph 6 are the differences that emerge when we pay attention to the test-takers' self-reported genders. Women have begun to surpass men in terms of the numbers taking the LSAT and now represent a majority of actual law students; they will likely dominate law firms and the profession in coming years.

Graph 7 may supply an important reason why the differences in LSAT-taking behavior exist between the genders. The overall number of LSAT takers is substantially related to the real incomes earned by lawyers. A dip in the real income of lawyers in a given year has a 0.83 simple correlation with the number of test-takers in the same year. When law firms appear to be suffering, this sends signals to individuals who might be considering a career as a lawyer, and fewer of them take the exam.

However, men appear to be more sensitive to these signals than women. The simple correlation between lawyers' incomes and test-taking (same year) is 0.90 for men but only 0.70 for women. The correlations for both men and women rise slightly when the current year's income is paired with *next year's* number of LSAT takers. This is not surprising; it may take time for prospective LSAT takers to learn about labor market conditions. Of course, by the time current test-takers graduate from law school, labor market conditions for lawyers could be very different. There is no evidence, however, that this reality has a visible effect on career decision-making.³ Current labor market conditions, however, do.

³ Koch, J.V., Blake-Gonzalez, B. Why has the median real income of lawyers been declining?. J Econ Finan (2022). <https://doi.org/10.1007/s12197-022-09588-6>.

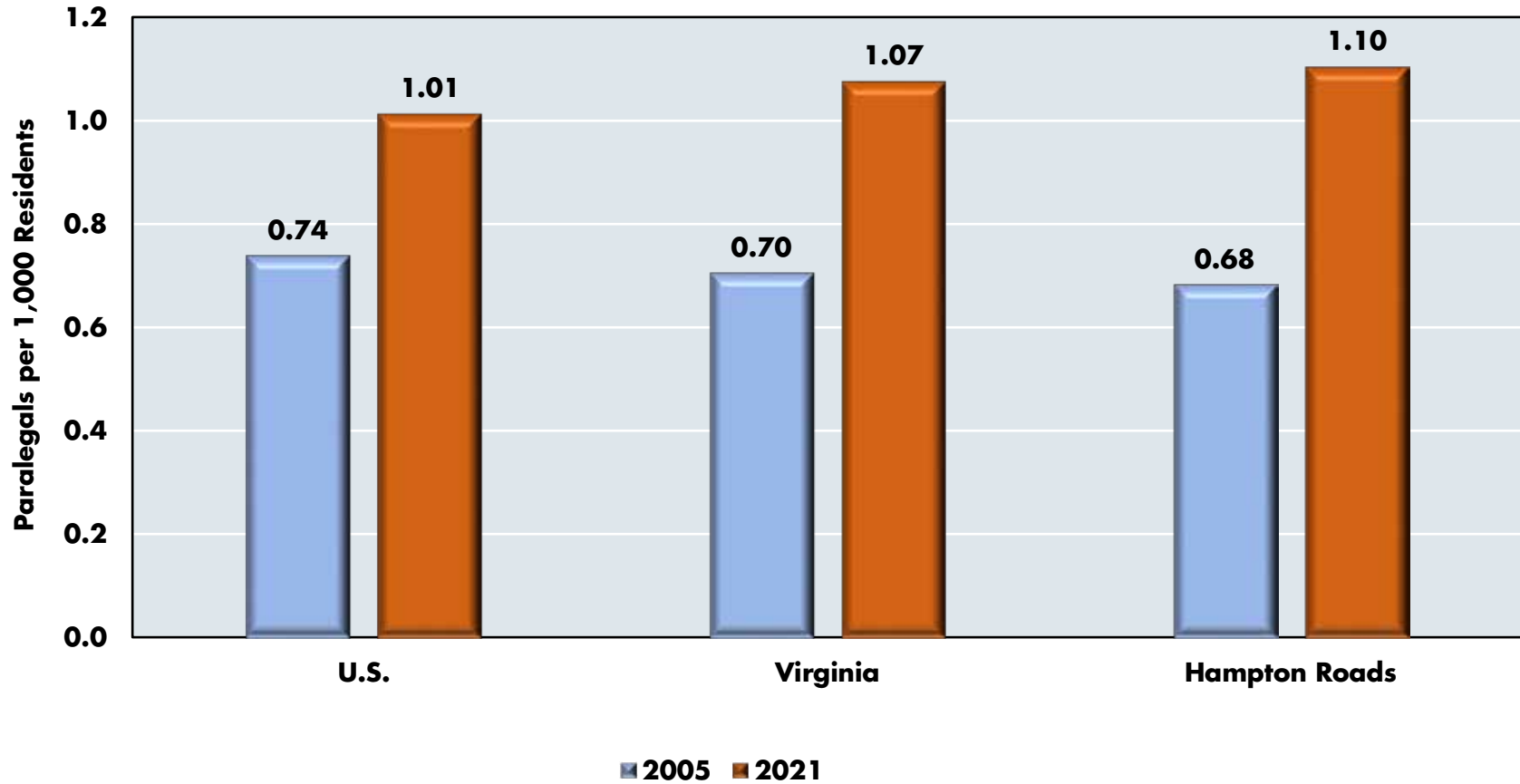
GRAPH 4
NUMBER OF LAWYERS PER 1,000 PEOPLE
HAMPTON ROADS, VIRGINIA, AND THE UNITED STATES, 2005 AND 2021



Sources: U.S. Bureau of Labor Statistics, "Occupational Employment and Wages," various years. Monthly national population estimates from the Bureau of Economic Analysis, state and metropolitan area resident population estimates from the U.S. Census Bureau.

GRAPH 5

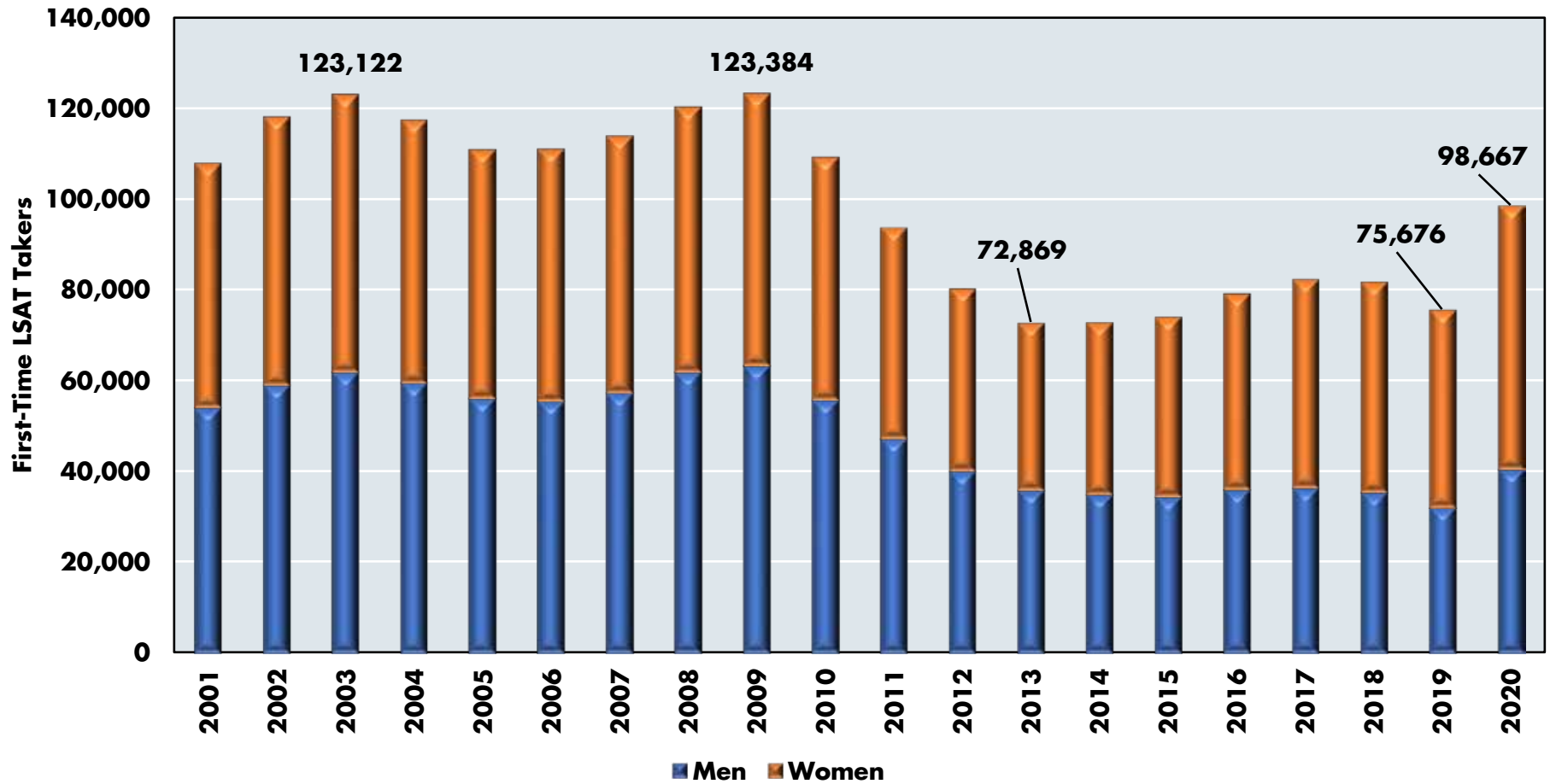
**NUMBER OF PARALEGALS PER 1,000 PEOPLE:
HAMPTON ROADS, VIRGINIA, AND THE UNITED STATES, 2005 AND 2021**



Sources: U.S. Bureau of Labor Statistics, "Occupational Employment and Wages," various years. Monthly national population estimates from the Bureau of Economic Analysis, state and metropolitan area resident population estimates from the U.S. Census Bureau. Note: Paralegals includes legal assistants.

GRAPH 6

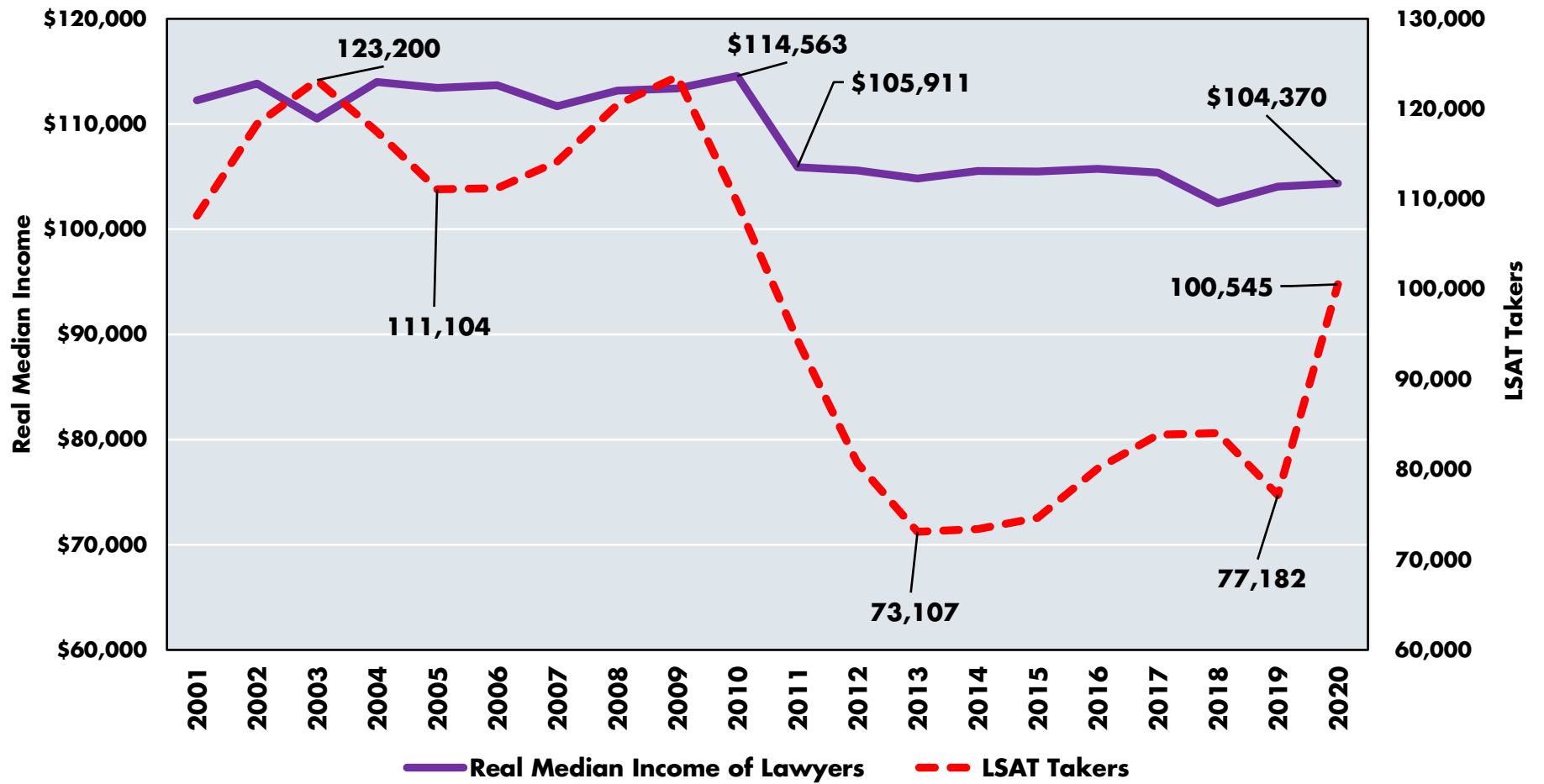
NUMBER OF FIRST-TIME LSAT TAKERS BY GENDER
UNITED STATES, 2001-2020



Source: Law School Admission Council, 2001-2020, <https://www.lsac.org/>. Data may not sum to state level totals.

GRAPH 7

THE NUMBER OF LSAT TAKERS AND THE REAL MEDIAN INCOME OF LAWYERS:
UNITED STATES, 2001-2020



Sources: U.S. Bureau of Labor Statistics, "Occupational Employment and Wages," various years, www.bls.gov for employment, and Law School Admission Council, 2001-2020, <https://www.lsac.org/>, includes test-takers whose gender was unknown.

“We Don’t Need Them:” Demand-Side Explanations Of The Economic Plight Of Lawyers

“Not to worry” might be a reasonable response of lawyers and legal assistants to the increasing flow of individuals into these occupations if, at the same time, the demand for their services was growing rapidly. But that does not appear to have been the case from 2005 to 2021.

Yes, we acknowledge that some observers believe the demand for legal services (and for lawyers) has been expanding robustly. An April 28, 2022, article in Virginia Business magazine argued that, “In law firms across Virginia, power is now definitely on the side of individual attorneys, who can command larger salaries and other perks so long as they’re willing to cope with heavier workloads.” Further, the article asserted that the “demand for legal services has soared.”⁴

The evidence we have already presented suggests that the previous statements substantially misrepresent the overall market for lawyers, both in Hampton Roads and in Virginia. Well-trained, highly competent, ambitious lawyers who are willing to put in long hours on the job likely always will be in demand, and these elite individuals will earn high salaries. But less gifted individuals, not-so-well trained lawyers, graduates from less prestigious law schools, and those unwilling to put in long hours are not going to be in high demand, and consequently, will not earn high salaries.

Indeed, if there is a lesson to be learned from the past two decades, it is that the bar has risen in terms of what is required for a lawyer to earn a high salary or one that is growing rapidly. In fact, large proportions of lawyers today are not in high demand, and the real income data we have presented here clearly indicate the consequences. Let’s examine why this is so.

⁴ M.J. McAteer, “Attorneys in Power Positions Amid Talent Shortage,” Virginia Business (April 28, 2022), www.virginiabusiness.com

FUNGIBLE INPUTS AND “BLUE-COLLAR LAW”

Many practicing attorneys are hired by insurance companies and corporations to fulfill specific tasks such as defending those parties in personal injury or wrongful death cases. These employers seldom need a specific attorney; what they desire is one who can complete a specific task, such as defending them against a claim, and is willing to complete that task at a low cost. In situations such as these, the parties hiring lawyers often view lawyers as fungible, easily substitutable inputs.

Insurance companies and corporations often have well-developed compensation schedules that pay specific hourly rates (say, \$150 per hour) for a specific type of case (say, personal injury) in a specific locality (say, Virginia Beach). These pay schedules are accompanied by detailed forms that require lawyers to indicate how much they have spent on specific lawyerly tasks down to one-tenths of an hour.

The bottom line is that this is legal work that is formula-driven. To many lawyers, this is a take-it-or-leave-it situation, and they must compete to attract enough case activity if they wish to continue to hang out their shingle.

One local attorney told us that a substantial proportion of legal work in Hampton Roads is “blue-collar law” because it deals with everyday events such as divorces, custody arguments, traffic violations, theft, debt, child support, and insurance claims of all kinds. Arguably, Hampton Roads’ large military presence and the comparative absence of large corporate headquarters contribute to this particular dynamic.

Also, comparatively few employers in Hampton Roads are “public” in the sense that their stock is traded on a national exchange. Instead, they are locally owned. Their legal bills, therefore, are not absorbed by semi-anonymous stockholders but instead must be paid directly by the owners. This increases the price sensitivity of these parties and contributes to more modest earnings by lawyers.

ARBITRATION, MEDIATION, AND DISPUTE RESOLUTION IN LIEU OF TRIALS

An increasing proportion of legal clients may sue defendants, but do not wish to pay for their case to go to trial because of the time and expense that would entail. These clients prefer to threaten action, but ultimately prefer arbitration, mediation, and dispute resolution, activities that may not involve the lawyer they have hired. Consider employer/worker disputes. One recent study found that more than 50% of all workers now are subject to mandatory arbitration that often precludes a wide variety of legal actions.⁵ This is up from 2% in 1992 and exercises downward pressure on lawyers' incomes.

The drift toward arbitration, mediation, and dispute resolution and away from legal suits has income consequences for attorneys. Fewer cases may reach them to begin with and then even fewer will proceed to trial. This net effect is to reduce their incomes.

SOFTWARE AND THE INTERNET INSTEAD OF LIVE LAWYERS

Historically, lawyers were heavily dependent upon junior lawyers (associates) or themselves to search law libraries for cases, interpretations, precedents, and rulings. Today, however, substantial portions of this work can be accomplished via software and the internet. A prominent example is legal software such as Lexis/Nexis which enables a variety of individuals to conduct basic legal research for cases, dockets, interpretations, and decisions. One need not be a lawyer to have some capability to use the software productively.

Software now exists that in theory enables individuals to do some of their own legal work without reliance upon a lawyer. LegalZoom is one of the largest entrants in this field. For example, if one wants to form an S Corporation or write a will, then LegalZoom provides the software that enables a smart and motivated individual to do so without the services of a lawyer. Seemingly routine legal tasks are the most susceptible to nonprofessionals completing them with software.

⁵ Alexander J.S. Colvin, "The Growing Use of Mandatory Arbitration," Economic Policy Institute (April 6, 2018), www.americanbar.org/groups/litigation/committees/alternative-dispute-resolution/practice/2020/increase-in-workers-subject-to-arbitration-coincides-with-supreme-court-rulings.

One should not exaggerate the capabilities of software to substitute for lawyers. Thus, the point is not that software largely has supplanted lawyers, but instead that it has reduced the demand for certain kinds of legal services and, in particular, appears to have reduced the need for law firms to hire junior staff or pay premium salaries to such individuals. The use of software is an obvious cost-minimizing strategy.

The day may rapidly be approaching when it will be considered legal malpractice for a lawyer not to have used software with artificial intelligence to deal with legal matters and develop responses. This is already true in a host of other applied fields that range from economics and political science to law enforcement and climate change.

THE EMERGENCE OF PARALEGALS AND LEGAL ASSISTANTS

Paralegals are individuals whose general duties are to make the life of regular lawyers easier. They do this by performing research, scheduling work, interviewing clients and experts, writing drafts of letters and reports, etc. Many paralegals (and legal assistants, another term used to describe these individuals) have earned bachelor's degrees, but that is not a requirement to hold such a job or to utilize the title. Many institutions of higher education offer certificates. There is no licensing or certification process that defines either the occupation or its duties.

What is clear is that employers are hiring more paralegals — lots more. As Graph 8 discloses, the number of employed paralegals rose 54.5% in the United States between 2005 and 2021, but 74.3% in Virginia and 76.1% in Hampton Roads. The Hampton Roads percentage is astonishing given that the absolute number of employed individuals in our region fell by 3.2% during the same period.

Legal services employers might have been replacing some lawyers with paralegals because the growth rates in paralegal employees exceeded those of lawyers at every employment level. But one must observe that this cannot have been a very strong trend because the employment of lawyers increased substantially more than the employment of all workers, and this held true at all three employment levels.

Hence, the argument that the demand for lawyers has declined because employers are hiring paralegals instead does not appear to have great explanatory power. Undoubtedly, some of this is occurring, but it has not stopped employers from hiring substantially larger numbers of lawyers as well.

A DECLINE IN LITIGIOUSNESS?

*I'm gonna sue, sue, yes I'm gonna sue
Sue, sue, yeah, that's what I'm gonna do*
Weird Al Yankovic, 2006

Is Weird Al on target? Are people suing each other more often? Do we, as many have charged,⁶ live in an overly litigious society from which lawyers profit? It is not easy to answer these questions. Because of the variety of definitions and different reporting requirements utilized by state and local governments, comparable data on the number of legal suits filed at those levels generally are not available or are considered unreliable. However, the same does not hold true at the federal government level, where United States district courts have long reported extensive annual data concerning their activities. We will rely upon those activity numbers here.

As Graph 9 reveals, federal district courts are not handling as many civil and criminal suits per capita as they did decades ago. Note that both the United States and Virginia have become less litigious — at least by the per capita measure. Thus, in these arenas, Americans and Virginians have indeed become less litigious. The decline in federal district courts activity has carried with it a commensurate decline in the demand for the services of lawyers because there are more lawyers competing for fewer cases. This is another reason, albeit not a major one, why the median real incomes of lawyers have retreated in recent years.

However, at the same time, there has also been a decline in historically income-generating legal activities, including drug-related arrests and divorces. We can see in Graph 10 that the national rate of divorce per 1,000 people has fallen significantly, from 4.2 per 1,000 people to 2.6. One could point out

⁶ For example, Paul Rubin, an Emory University law professor, charged in the New York Times that the “United States already is the most litigious society in the world.” Paul H. Rubin, “More Money Into Bad Suits,” New York Times (November 16, 2010), www.nytimes.com/roomfordebate/2010/11/15/investing-in-someone-elses-lawsuit/more-money-into-bad-suits.

that this has occurred because today there are fewer marriages per capita. Nevertheless, this has put a damper on this type of lawyers’ services.

SLOWER ECONOMIC GROWTH

As economist Charles Tiebout noted a half-century ago, people vote with their feet.⁷ An important way they do this is by changing their physical locations, and the most important reason they change locations is to improve their economic situation. Simply put, when individuals migrate, most often they do so to fill a job.

Thus, strong economies are magnets that attract job seekers, and this induces population growth. This is a good description of what has *not* held true in Hampton Roads for at least a decade. Torpid economic growth has resulted in very low rates of population growth — well below the national average.

Consider the implications. Between 2010 and 2021, the population of Hampton Roads grew at the compound annual rate of 0.63%, while the U.S. population grew a bit faster, 0.80% annually, and Texas grew very rapidly, at a 1.41% rate annually. Suppose that Hampton Roads’ population had grown at the U.S. rate (0.80%) rather than only 0.63%. Then, given the region’s current use of lawyers per person, this would have enabled the region to support an additional 65 lawyers at current real income levels, or alternatively, to raise the real incomes of the existing stable of lawyers by a bit more than 3%.

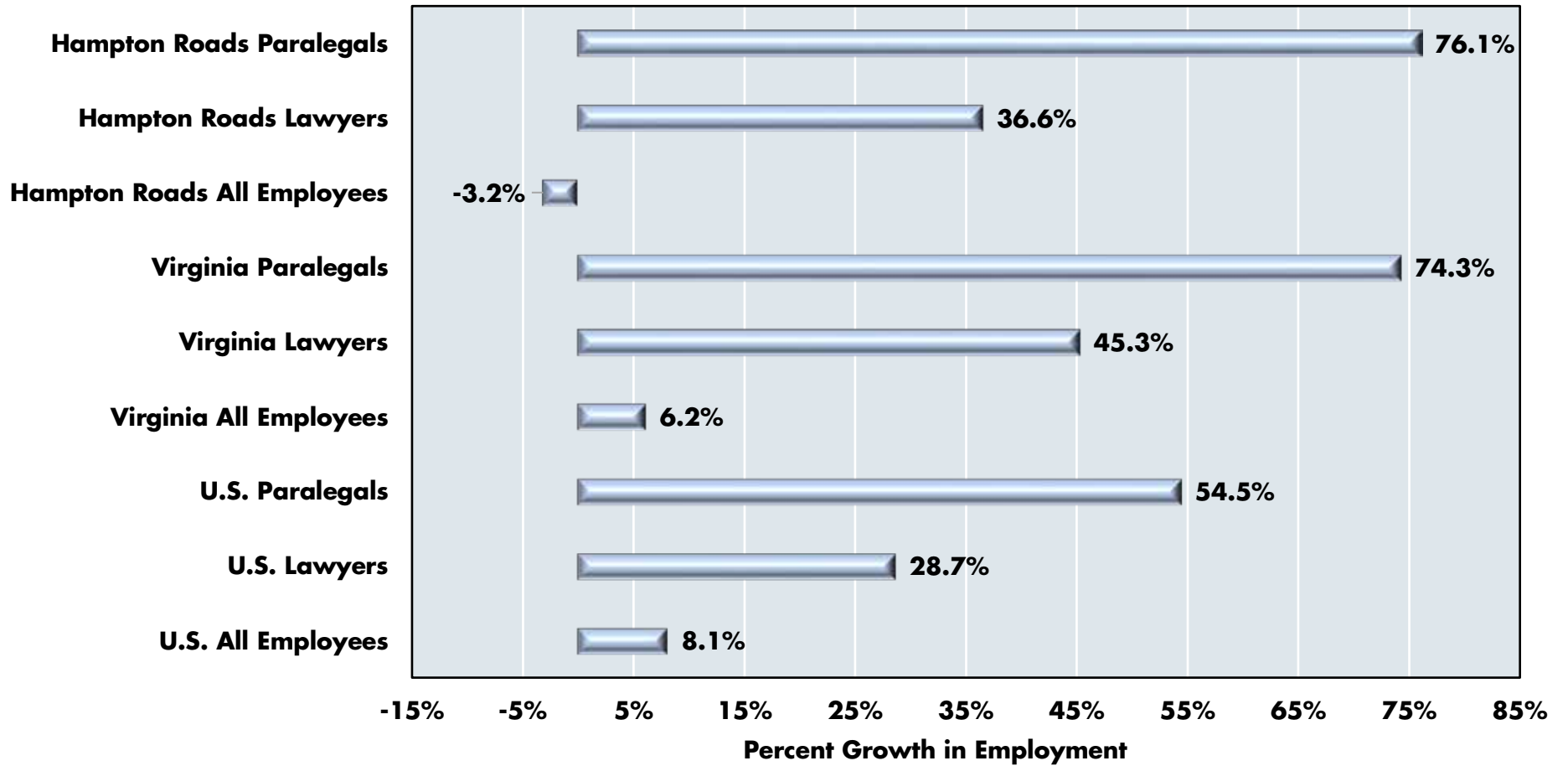
The stakes are larger if Hampton Roads’ population had grown at the Texas rate — the region could then have supported about 330 additional lawyers at current rates of usage or work the existing crew of lawyers harder but pay them almost 15% more.

The lesson is straightforward: Population growth and economic growth make a difference in employment and wages. In the case of lawyers in Hampton Roads, slow rates of economic growth have translated to sluggish rates of population growth and are one reason why the real income of the median lawyer in our region has declined.

⁷ Charles Tiebout, “A Pure Theory of Local Expenditures,” *Journal of Political Economy*, 64(5), 416-24.

GRAPH 8

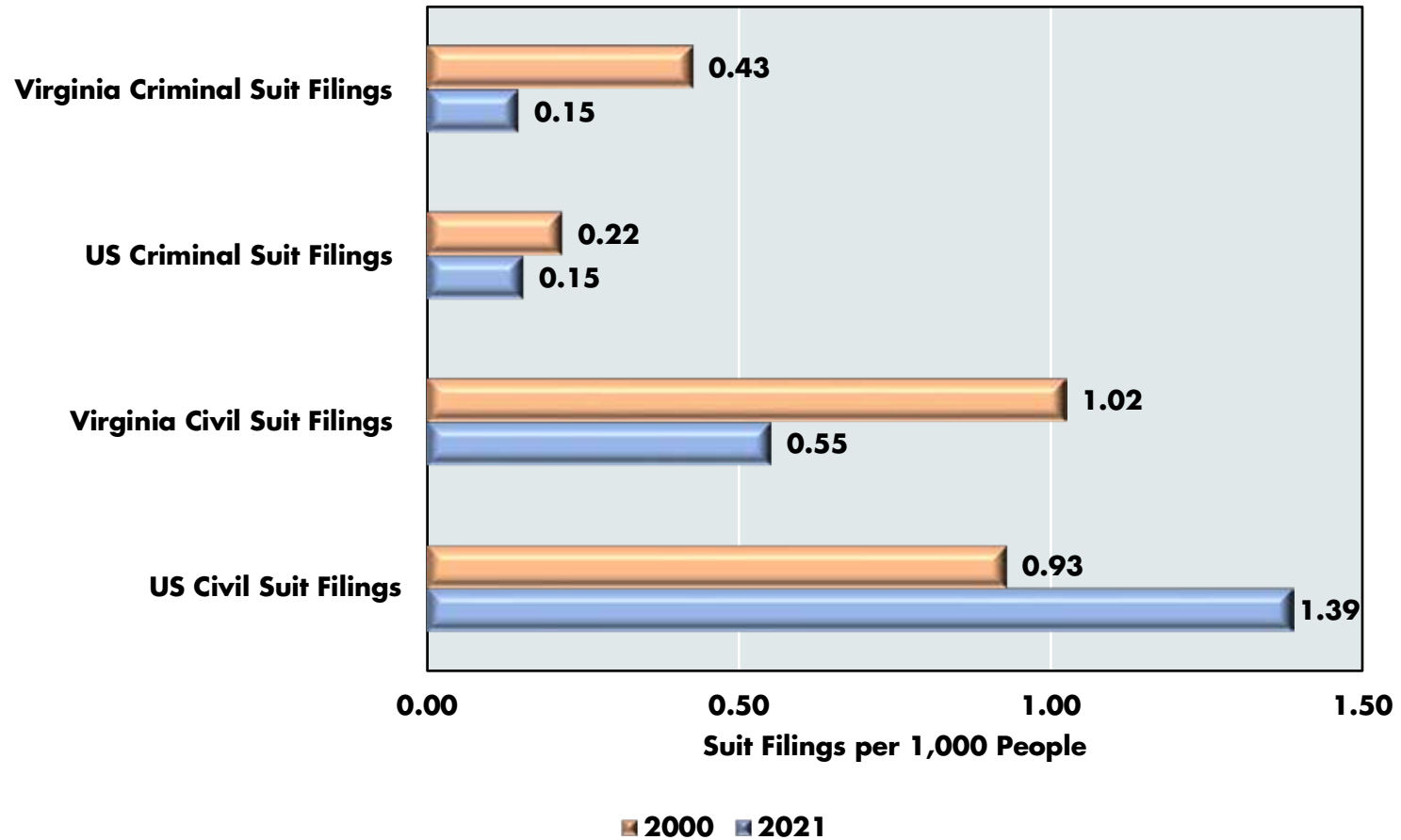
**PERCENT GROWTH IN THE EMPLOYMENT OF PARALEGALS, LAWYERS AND ALL EMPLOYEES:
HAMPTON ROADS, VIRGINIA, AND THE UNITED STATES, 2005-2021**



Source: U.S. Bureau of Labor Statistics, "Occupational Employment and Wages," 2005 and 2021, www.bls.gov, for employment.

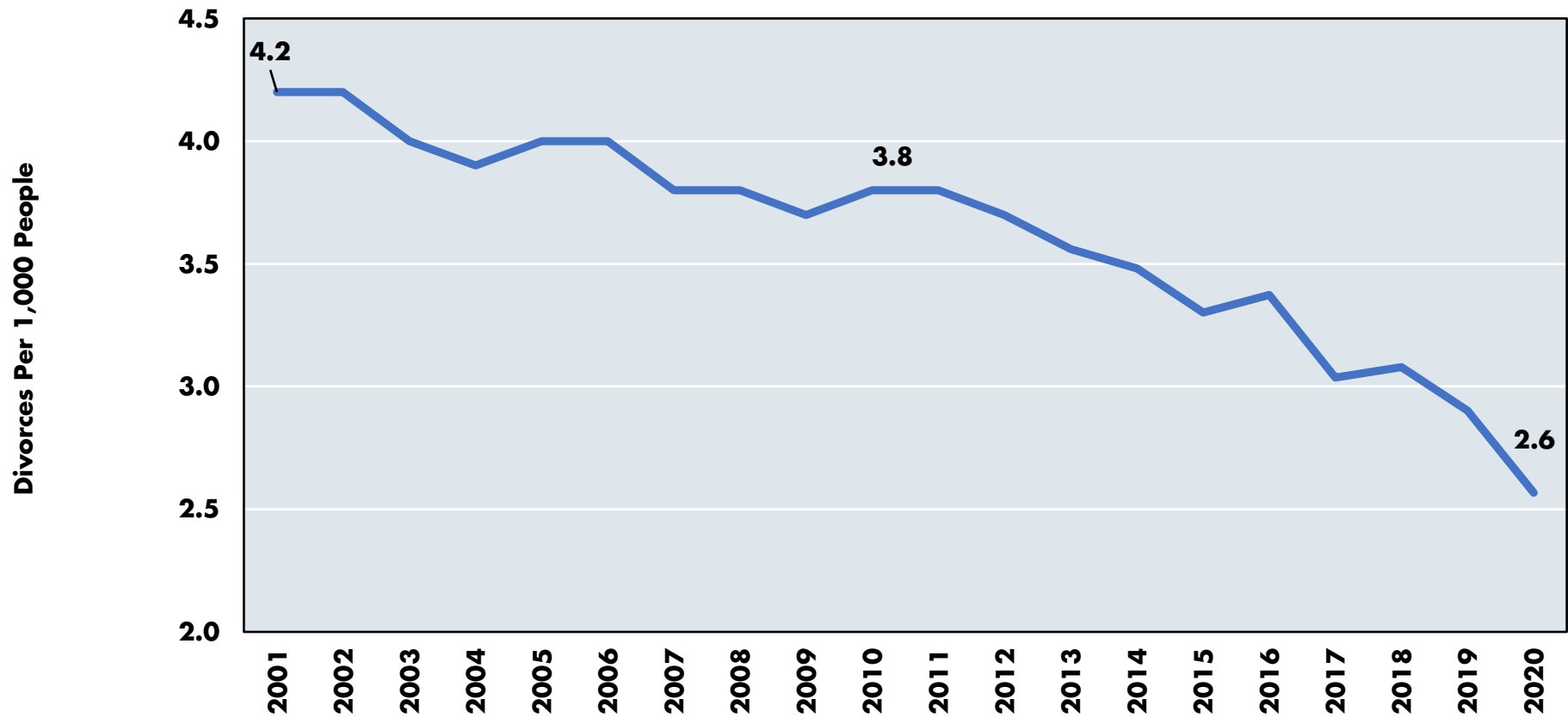
GRAPH 9

**CIVIL AND CRIMINAL SUIT FILINGS IN FEDERAL DISTRICT COURTS:
VIRGINIA AND THE UNITED STATES, 2000 AND 2021**



Source: United States Courts, Federal Judicial Caseload Statistics (various years), <https://www.uscourts.gov/statistics-reports/federal-judicial-caseload-statistics-2001>.

GRAPH 10
DIVORCE RATES
VIRGINIA, 2001-2020



Source: The Centers for Disease Prevention and Control, Divorce rates by State: 1990, 1995, and 1999-2020; www.cdc.gov/nchs/data/dvs/state-divorce-rates-90-95-99-20.pdf.

Summing It Up

This century has not been a good one for lawyers if one's standard of measurement is the median (50th percentile) income earned in their profession. This judgment holds true nationally, in Virginia, and Hampton Roads in particular.

One can easily make the case that an oversupply of lawyers bears major blame for falling real income of the median lawyer. The number of lawyers per person and the number of lawyers per employee both have trended upward nationally, in Virginia, and in Hampton Roads. A ready interpretation is that this expansion of supply has driven down lawyers' wage rates.

While we believe this supply-oriented interpretation of events is supported by the evidence, it is not the only reason why the economic position of the median lawyer has deteriorated. A half-dozen developments have throttled the demand for lawyers, especially including slower economic growth in Hampton Roads and the actual loss of regional jobs, 2005-2021.

Supply and demand interact with each other to produce prices and wages. Whatever the collection of reasons why the economic position of lawyers has deteriorated in Hampton Roads, the typical lawyer clearly is worse off financially than he/she was several decades ago.

In Hampton Roads, Regent University's law school is the most local source of supply of lawyers who choose to stay and practice in the area. In 2020, Regent boasted a favorable 94.1% passage rate for its graduates who took the Virginia bar exam, but 10 months after graduation, only 71.8% of its graduates were employed. This was up from 63.1% in 2017.⁸ Several regional lawyers (none of whom is a Regent graduate) averred to us that the financial circumstances of regional lawyers would improve if Regent did not generate so many law school graduates. We take no position on this matter but note that this is not an isolated point of view.

Are things likely to improve for lawyers in Hampton Roads? This is unlikely unless the region's economy shifts into high gear and grows much more rapidly. We detect few signs of this.



⁸ Public Legal, Regent University, 2020, www.cdc.gov/nchs/data/dvs/state-divorce-rates-90-95-99-20.pdf.