



2014 Diversity Benchmarking Report Update to the Signatories of the Statement of Diversity Principles

Summary

Last year's 2013 Diversity Benchmarking Report, reflecting on a decade of data, indicated upward trends for minority and women attorneys, greater representation of LGBT attorneys, and a greater commitment to diversity resources. However, it also reflected challenges in the equity-partnership model for minorities and women, and high levels of voluntary attrition for these groups.

The New York City Bar's signatory firms saw both diversity gains and losses in 2014. Representation of minority attorneys fell in 2014. Representation for women fell at the special counsel level but was steady for all associates, countered by an increased representation of women in the leadership ranks. Firm support for diversity efforts continued to grow over the last year. However, attrition remains a persistent challenge, with attrition rates increasing at signatory firms.

Women Attorneys

In 2014, the representation of women partners hit a peak and signatory firms saw improved results for women among top leadership bodies. However, at the same time, new partner promotions declined from 33.2% in 2013 to 29.2% in 2014 reaching the level last seen in 2006. Women associates, who represent the critical pipeline of talent, also left signatory firms at elevated rates in 2014, consistent with the decline that was reported in 2013.

Minority Attorneys

The 2014 benchmarking data illustrated multiple setbacks for minority attorneys, with small declines in representation at key levels, reduced racial and ethnic diversity across the associate pool, and a small increase in the percentage of signatory firms with no attorneys of color on the management committee. Additionally, the prevalence of attorneys of color in non-equity – versus equity roles – increased in 2014, and minority attorneys continue to report considerably higher attrition rates than average in the 2014 calendar year.

Diversity Support

Signatory firms continue to indicate the importance of firm engagement and investment in diversity progress with increased financial resources, staff resources, and greater accountability for firm partners from the 2013 to the 2014 results. The vast majority of firms anticipated an increased financial commitment to their diversity efforts in 2015.

Women Partners Hit New Peak

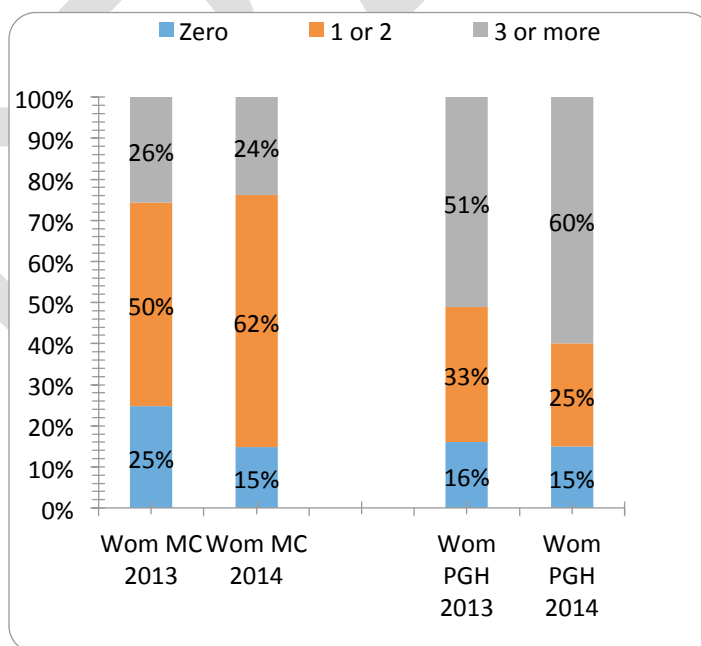
The 2014 benchmarking data illustrated notable gains for women in leadership roles at signatory law firms.¹ Women partners at signatory firms reached the highest level in 2014 since the New York City Bar began tracking diversity data. Additionally, the percentage of women serving on firms' management committees rose to 18.3% in 2014, a significant increase from 13.5% in 2007, when diversity data on senior leaders at signatory firms was first captured, and an increase of 1.4% from the 2013 survey results.

Representation of Women Attorneys in Leadership Roles

LEVEL	March 2004	Jan 2006	Jan. 2007	March 2009	March 2010	Dec 2011	Dec 2013	Dec. 2014
Mgt Comm	NA	NA	13.5	17.8	17.1	17.7	16.9	18.3
PGH	NA	NA	15.3	14.0	15.4	17.3	16.5	16.9
Partner	15.6	16.6	16.6	17.8	17.5	18.3	18.8	19.4

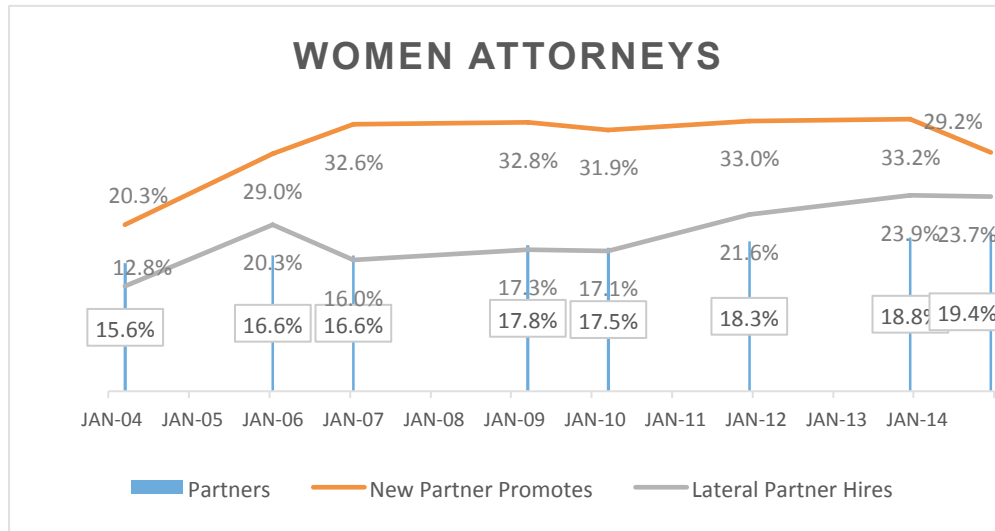
Women representation on firms' management committees also saw key gains, with the number of law firms lacking female representation on management committees declining from 25% in 2013 to 15% in the 2014 results. At the same time, a greater percent of firms indicated three or more women practice group leaders in the 2014 data, increasing from 51% in 2013 to 60% in 2014.

Representation of Women Attorneys on Firm Management Committees ("Wom MC") and Practice Group Heads ("PGH")

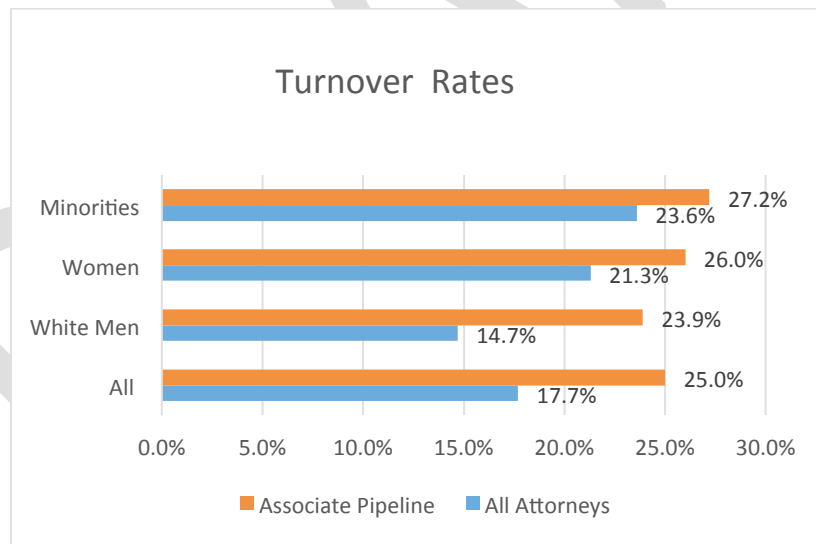


¹ Partner figures were tracked from the very beginning while data for MC, PGH, etc. was not first captured until the 2007 survey.

While the trend line for women partners was favorable, the 2014 benchmarking data reflected a drop in the proportion of female new partner promotions from 33.2% at the end of 2013 to 29.2%, while the representation of women lateral partner hires remains flat at nearly 24%.

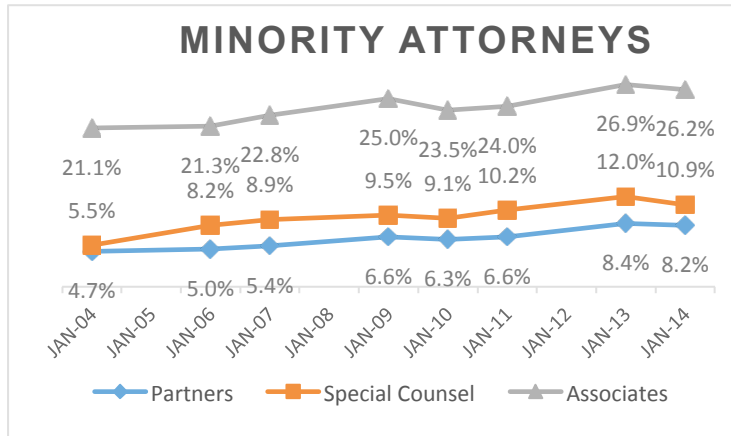


Also concerning is the continuing elevated attrition rate for women attorneys at the associate level who constitute the future pipeline of talent to firm leadership.

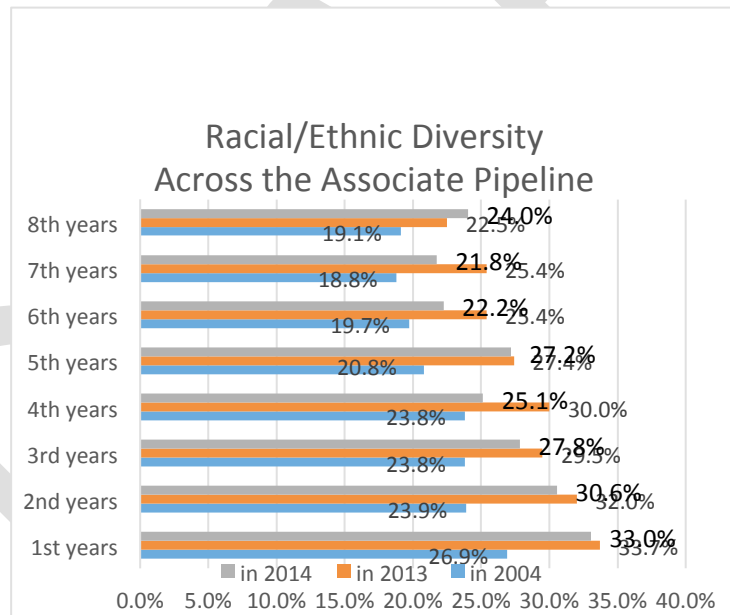


Minority Attorneys Lose Ground

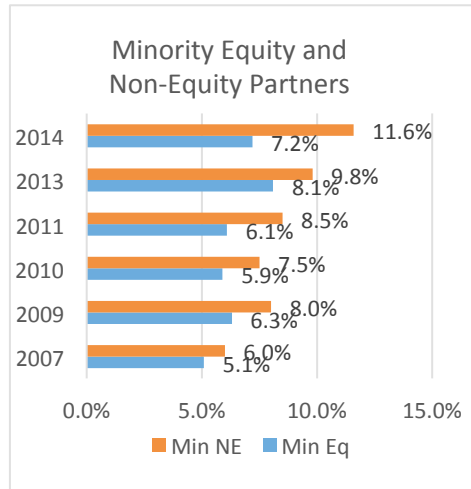
In the 2014 survey results, representation of minority attorneys fell across the board: minority partners declined from 26.9% in 2013 to 26.2%, special counsel attorneys from 12.0% in 2013 to 10.9%, and associates from 8.4% in 2013 to 8.2%. While these figures remain well above the representation of minority attorneys when the New York City Bar first began tracking diversity benchmarking data, it is challenging to see declines of any magnitude given the slow rate of progress through time.



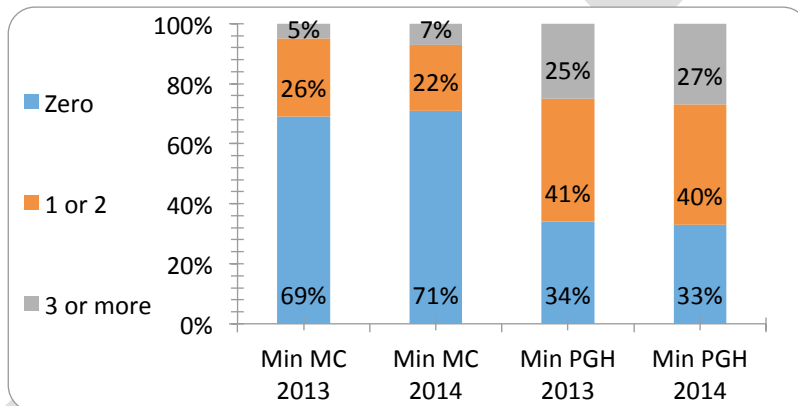
Additional setbacks for attorneys of color were evident across the associate pool, ranging from junior to mid-level to senior level associates. As pictured in the graph below, from 2013 to 2014, the representation of attorneys of color declined at several junctures across the associate pipeline. For example, third-year minority attorneys declined from 30% to 28%, fourth-years from 30% to 25% and seventh-years from 25% to 22%. Signatory firms compared favorably in comparison to NALP data, with 26.2% of minority associates versus 25.6% in 2014.



Over the last ten years, the New York City Bar has documented a pattern of minority and women partners being disproportionately represented in income partnerships, rather than equity partnerships. As illustrated in the chart below, minority attorneys accounted for 11.6% of income, and 7.2% of equity, partners across firms at the end of 2014. Furthermore, the relative proportion of minority partners in equity roles declined from 80% in 2013 to 70% in 2014. The turnover rate for income partners was more than double that of equity partners, 8.3% compared to 4.0%, in the 2014 results.



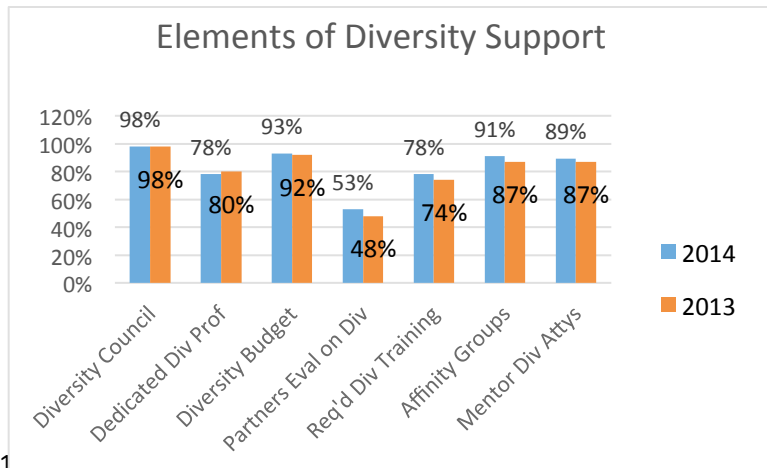
Perhaps not surprisingly, minority attorneys leave signatory firms at elevated rates. The 2014 data reflected that 24% of minority attorneys left signatory firms in the 2014 calendar year, compared to an 18% voluntary attrition rate of all attorneys and 15% of white men.



Among firm leadership roles, minority attorneys saw small increases from 2013 to 2014 in their representation as management committee members – from 5.2% to 6.4% – as well as an increase in representation of minority practice group heads from 5.8% to 6.1%. The percent of firms with three or more minority attorneys among the senior leadership bodies also increased slightly.

Firms Report Growing Importance of Diversity Support

Several signals indicate that diversity and inclusion remains a key priority for signatory firms. In the 2014 results, signatory firms continue to provide several core elements to support their diversity efforts. More

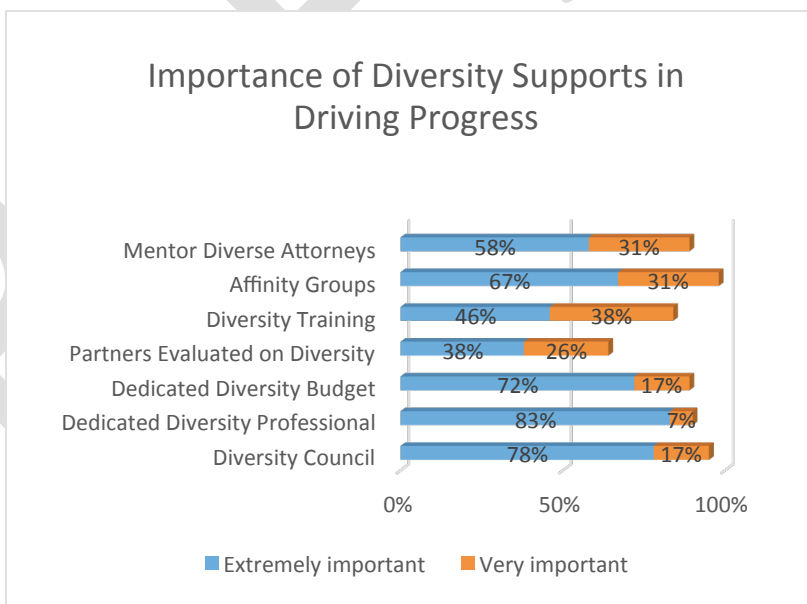


than 90% of firms indicate the presence of a diversity council, a diversity budget and the existence of affinity groups. Among the diversity elements tested, firms are least likely to report that partners are evaluated on diversity results, but that figure saw a small increase from 48% to 53% between 2013 and 2014.

More than 50% of firms reported representation of management committee members on the diversity committee, with 30% serving as Chair, which demonstrates commitment from firm leadership to diversity and inclusion efforts. Additionally, diversity budget figures have been robust, with 96% of firms reporting that diversity budgets remained steady or increased from 2013 to 2014, and nearly 80% of firms anticipate an increase in their diversity budgets for the 2015 calendar year.

Diversity training was offered in more than 90% of signatory firms. Most of these training programs are mandatory; however, the audience ranges from full firm participation required to complete training to only partners, only associates, or only new hires. Affinity groups are a foundational element for prioritizing diversity, and signatory firms report, on average, sponsoring five affinity groups per firm. In addition to the most common affinity groups including women, LGBT employees, African-American, Hispanic and Asian groups, signatory firms reported innovative efforts to provide support for working parents and new mothers, veterans, and those caring for a disabled relative.

The percent of respondents indicating a specific element of extreme importance in driving change increased from 2013 to 2014. In 2014, 83% of signatory firms reported that having a dedicated diversity professional was of extreme importance, an increase from 68% of firms in 2013. The importance of a dedicated diversity budget increased to 72% in 2014 from 63% in 2014, and the importance of partners being evaluated on diversity metrics increased from 33% in 2013 to 38% in the 2014 survey results.



Despite the reported importance of diversity support, the attrition of minority attorneys tells a different story. The New York City Bar is committed to providing support for its signatory firms to help bridge this gap.

Final Notes & Acknowledgements

The New York City Bar, through its Committee to Enhance Diversity in the Profession, is undertaking an initiative to review, update, and streamline the Diversity Benchmarking Survey. The City Bar is grateful for the volunteers, signatory firms, and individuals who have contributed to this effort, and look forward to sharing the new survey and report in 2016.

The 2014 Report was created under the leadership of New York City Bar Association President Debra L. Raskin; Executive Director Bret I. Parker; former General Counsel Alan Rothstein; and Director of Diversity and Inclusion Gabrielle Lyse Brown. Lisa Levy of Libra Consulting led the research and writing effort. Special thanks to Deloitte Transactions and Business Analytics LLP for the individual firm reports, especially Daniel Kritzman, Sara Vandermark, Rachel Katz and Stephen Palazola. Special thanks also to the Committee to Enhance Diversity in the Profession, chaired by Sheila Boston of Kaye Scholer LLP and Nate Saint-Victor of Morgan Stanley, and the Benchmarking Task Force, chaired by Joseph Drayton of Cooley LLP; Clare Plunkett and Monica Parks of the Office for Diversity and Inclusion; SPSS for fielding the survey, and all of the individuals at the firms who took the time to complete the survey.

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