

Memo

To: Litigation Section Executive Committee
From: Dustin Dopps, OSB marketing specialist
CC: Kay Pulju, OSB communications manager
Date: October 30, 2008
Re: Hourly Rate Survey analysis

Analysis of the recent Hourly Rate Survey

Eleven sections participated in the bar's recent Hourly Rate Survey to gather data on rates charged throughout the state. All participating sections are being given the survey results and a basic report, but because the Litigation Section had the largest number of respondents, we were able to see trends a little bit clearer than we could in the other groups.

These trends are only the "tip of the iceberg" for analyzing the data, but hopefully they will provide a good starting point for future analysis by the section.

1. Geography can affect hourly rates, but not dramatically in most cases. The majority of attorneys statewide billed between \$175 and \$275 per hour. All regions of the state average within this range except for Eastern Oregon, where the majority bills less: between \$150 and \$199 per hour.

Although the average stays pretty similar for most regions, the highest and lowest hourly rates seem more affected by location. For example, 38% of attorneys in Downtown Portland reported rates of more than \$300, while no respondents on the Oregon Coast and in Eastern Oregon reported rates that high. Contrast that to the reports of less than \$200 per hour: Downtown Portland had only 16.46%, while the Oregon Coast had 76.62% in that range and Eastern Oregon had 70.83%.

It appears from the data that while attorneys charge similar average rates throughout most of the state, the highest rates tend to be in population centers, while the lowest rates tend to be in rural areas. This makes sense, given that larger firms tend to bill at higher rates, and larger firms are likely in large population centers.

Also, the geography data can be a bit misleading, because the sections that bill the highest – Business Litigation and Antitrust, Trade Regulation & Unfair Business Practices – only exist in larger cities. Thus the geographical location is important, but only when related to specific fields of law.

2. Experience pays. While this might seem like an obvious statement, the data shows how much of a difference experience can make.

Over 80% of new lawyers (0-2 years) report less than \$200 per hour and none of them had rates over \$275 per hour. Contrast this to lawyers with 20 years of experience where only 13.33% reported rates of less than \$200 per hour and 1.92% reported rates of \$450+. Then compare those figures to a lawyer with more than 40 years of experience: only 9.09% reported less than \$200 and 18.18% reported rates of \$450+.

The data shows that hourly rates tend to increase \$50 per hour on average for every 10 years of experience.

3. Firm Size also affects hourly rates, but for most firms the impact is minimal. The main differences tend, once again, to occur at the top and bottom of the scale.

The percentage of lawyers reporting less than \$125 per hour is very small, and only firms with less than 20 lawyers reported charging this rate. Apparently larger firms (with 21 or more lawyers) throughout the state start their hourly rates above the \$125 mark, regardless of location.

Rates over \$400 also stand out because they are unpredictable. The results show no real correlation between firm size and high rates, as the percentages rise and fall with no apparent pattern. Some firms do have high percentages in this area – most notably firms with 76 or more attorneys – but the rest of the results are scattered. For example, firms with 6-10 attorneys had no respondents with more than \$400 per hour, firms with 11-15 had 10.26% in this range, firms with 16-20 had only 3.03%, firms with 21-25 had 19.23% and firms with 26-30 had none.

Because the data for high rates varies, it is most likely due to some factor other than firm size. For example, many large law firms have attorneys that specialize in a specific niche (such as IP law or UCC/Commercial), which allows them to charge a higher rate. These niche attorneys aren't limited to large firms, however, and many charge just as much working for smaller firms. Thus the niche, not the firm, might dictate the hourly rate.