Associate Salary Hike to $180K Cited as Strain to Law Firm Profits

In the months since Cravath Swaine & Moore hiked starting salaries for first year associates by 11 percent to $180,000, law firms across the country raised their associate compensation scale to match – and now those pay increases are showing up as profit growth slows at some law firms, according to a new report on the first three quarters of 2016 compiled by Citi Private Bank.

"This is the first quarter we have an opportunity to see that," David Altuna, a senior vice president and client adviser in the Citi Law Firm group, **told Bloomberg Law**.

"Altuna said that the associate salary hikes, which started in July and continued to spread during the summer, are causing expenses to grow faster across the industry," writes **Gabe Friedman**. "While the most elite firms have been able to grow revenues faster than expenses, all other firms felt the strain of high lawyer compensation expenses."

Friedman provides a transcript of his interview with Altuna.

Read the Bloomberg article.