



**Report on the 2010 Pro Bono Institute
Law Firm Pro Bono Challenge[®] Statistics**

June 2011

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PRO BONO INSTITUTE

The Pro Bono Institute, established in 1996, provides research, consultative services, analysis and assessment, publications, and training to a broad range of legal audiences.

Mission

The Pro Bono Institute (PBI) is mandated to explore and identify new approaches to and resources for the provision of legal services to the poor, disadvantaged, and other individuals or groups unable to secure legal assistance to address critical problems. We do so by supporting, enhancing, and transforming the pro bono efforts of major law firms, in-house corporate legal departments, and public interest organizations in the U.S. and around the world.

The Law Firm Pro Bono Project

PBI's Law Firm Pro Bono Project is the only global effort designed to support and enhance the pro bono culture and performance of major law firms in the United States and around the world. The Project's goal is to fully integrate pro bono into the practice, philosophy, and culture of firms so that large law firms provide the institutional support, infrastructure, and encouragement essential to fostering a climate supportive of pro bono service and promoting partner and associate participation.

The Law Firm Pro Bono Challenge[®]

The Pro Bono Institute's Law Firm Pro Bono Challenge[®] launched in 1993 and implemented in 1995, is a unique, aspirational pro bono standard. Developed by law firm leaders and corporate general counsel, the Challenge articulates a voluntary, single standard for one key segment of the legal profession – major law firms. (A copy of the Challenge language and principles is attached or may be found at http://www.probonoinst.org/images/pdfs/law_firm_challenge_2010.pdf.) Challenge Signatories publicly acknowledge their institutional, firm-wide commitment to provide pro bono legal services to low-income and disadvantaged individuals and families and nonprofit groups. The Challenge includes a narrow, but thoughtful definition of pro bono that has become the industry standard for large law firms, as well as an accountability mechanism and measurement tool through its performance benchmarks and an annual reporting requirement.

Table of Contents

Executive Summary

Report on the 2010 Pro Bono Institute Law Firm Pro Bono Challenge [®] Statistics	1
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Introduction

2010 Challenge Performance Data.....	1
Overall Pro Bono Performance	2
Chart 1: Total Number of Pro Bono Hours by Year	
Service to Persons of Limited Means.....	2
Chart 2: Total Number of Pro Bono Hours to the Poor	
Participation	3
Chart 3: Number of Partners Participating by Year	
Litigation/Non-Litigation Hours	4
Service to Organizations/Individuals	4
Donations	4
Chart 4: Charitable Giving by Year	
Regional Performance	5
Chart 5: Total Pro Bono Hours by Region	
Chart 6: Average Charitable Giving by Region	
Data Analysis	7
Future Directions.....	9
About the Law Firm Pro Bono Challenge [®]	9

Appendices

2010 Challenge Signatory Law Firm Reporters.....	i
Non-Reporting Challenge Signatory Law Firms	iii
Law Firm Pro Bono Challenge [®]	iv

Executive Summary

This report examines the statistical performance of firms that are Signatories to the Pro Bono Institute's Law Firm Pro Bono Challenge[®] during the 2010 calendar year. The Challenge is the industry gold standard for pro bono participation in large law firms (those with 50 or more attorneys). Challenge Signatory firms have committed to contribute 3 or 5% of their annual billable hours to pro bono as defined by the Challenge and report their numbers to PBI each year.

Below are several key performance measurements from the 138 reporting firms:

- **Overall Challenge Performance**

Reporting firms completed a total of 4,451,009 hours of pro bono work, the third highest year in the history of the Challenge.

- **Service to Persons of Limited Means**

Challenge firms increased their service to persons of limited means this year, donating 2,840,382 hours or 64%, an increase of 3% over the previous year.

- **Participation**

Reduced headcounts at firms impacted the number of attorneys participating in pro bono, down slightly from 2009.

- **Litigation/Non-Litigation Hours**

Nearly 1.5 million hours were spent on litigation-related matters for the poor, while 595,415 hours were spent on non-litigation matters.

- **Regional Analysis**

Pro bono service is broken down by regions in the country, with firms in the Northeast (with the most firms – over 44 – reporting) having the highest percentage of pro bono hours, 4%.

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Introduction

The Pro Bono Institute's Law Firm Pro Bono Challenge[®] launched in 1993 and implemented in 1995, is a unique, aspirational pro bono standard. Developed by law firm leaders and corporate general counsel, the Challenge articulates a voluntary, single standard for one key segment of the legal profession – major law firms. (A copy of the Challenge language and principles is attached or may be found at http://www.probonoinst.org/images/pdfs/law_firm_challenge_2010.pdf.) Challenge Signatories publicly acknowledge their institutional, firm-wide commitment to provide pro bono legal services to low-income and disadvantaged individuals and families and nonprofit groups. The Challenge includes a narrow, but thoughtful definition of pro bono that has become the industry standard for large law firms, as well as an accountability mechanism and measurement tool through its performance benchmarks and an annual reporting requirement.

The Great Recession took its toll on the legal profession – and, most notably, major law firms – in 2008 and 2009 in many ways, including historically unprecedented drops in both profitability and headcount. The past year started slowly, but by the end of 2010 the first signs of an economic recovery were visible both in terms of client demand for law firm services and increasing firm headcounts. Despite the residual impact of the economic downturn and continuing uncertainty among firms about the nature and extent of the economic recovery, PBI Challenge Signatory firms not only continued to contribute pro bono services to those most in need, they provided substantial funding to the nonprofit legal groups – legal services programs, pro bono organizations, and public interest groups – that provide legal assistance at no cost to the poor and disadvantaged.

2010 Challenge Performance Data

Overall Pro Bono Performance

Firm reports for calendar year 2010 reveal some troubling developments as well as some good news. A longitudinal analysis of law firm pro bono performance statistics since 1995 indicates that pro bono is typically a lagging indicator, declining at the conclusion, rather than in the midst, of economic recessions. Given this historical pattern, the total pro bono time donated by major law firms was down from the record-breaking highs of the previous two years, though still higher than any other year on record. On a more positive note, the percentage of overall pro bono time provided to those of limited means – the poor and near-poor as well as the nonprofit groups that provide vital services to that population who have been disproportionately negatively impacted by the economic downturn – increased in 2010. The total number of partners and associates at Challenge Signatory firms participating in pro bono declined somewhat, not a surprising development given the precipitous decline in total lawyers during the recession and, in particular, the continuing steep decline in the size of both incoming associate classes and summer associates.

In 2010, 138 of the nation's largest law firms reported their pro bono statistics to the Pro Bono Institute. Not all firms provided responses to every survey question. These firms performed a combined 4,451,009.52 total hours of pro bono work, as compared to 134 reporting firms that performed 4,867,820 hours in 2009, an 8.56% decrease in pro bono time contributed by Challenge firms. The 2009 figure represented the highest ever performance by Challenge firms

on quantitative measures used to evaluate Challenge Signatories. At a time when 80% – or more – of the poorest Americans cannot gain access to desperately needed legal services and the staffing and resources of legal services groups continue to decline, any decrease in pro bono hours is cause for concern. However, as discussed in the Data Analysis portion of this report, there are several unique factors that impacted pro bono performance in 2008 and 2009 that arguably make the performance statistics for those years somewhat anomalous. By comparison, 2010 pro bono hours are 35.88% higher than total pro bono hours in 2006 and 3.84% higher than 2007’s numbers. Both of those years marked a significant increase over the amount of pro bono that had been reported in previous years by Challenge firms. This is not the first time there has been a decline in the number of hours donated. Similar declines also occurred in 1998 and 2004-5, only to be followed in 1999 and 2006 by significant upticks in time reported. (Chart 1)

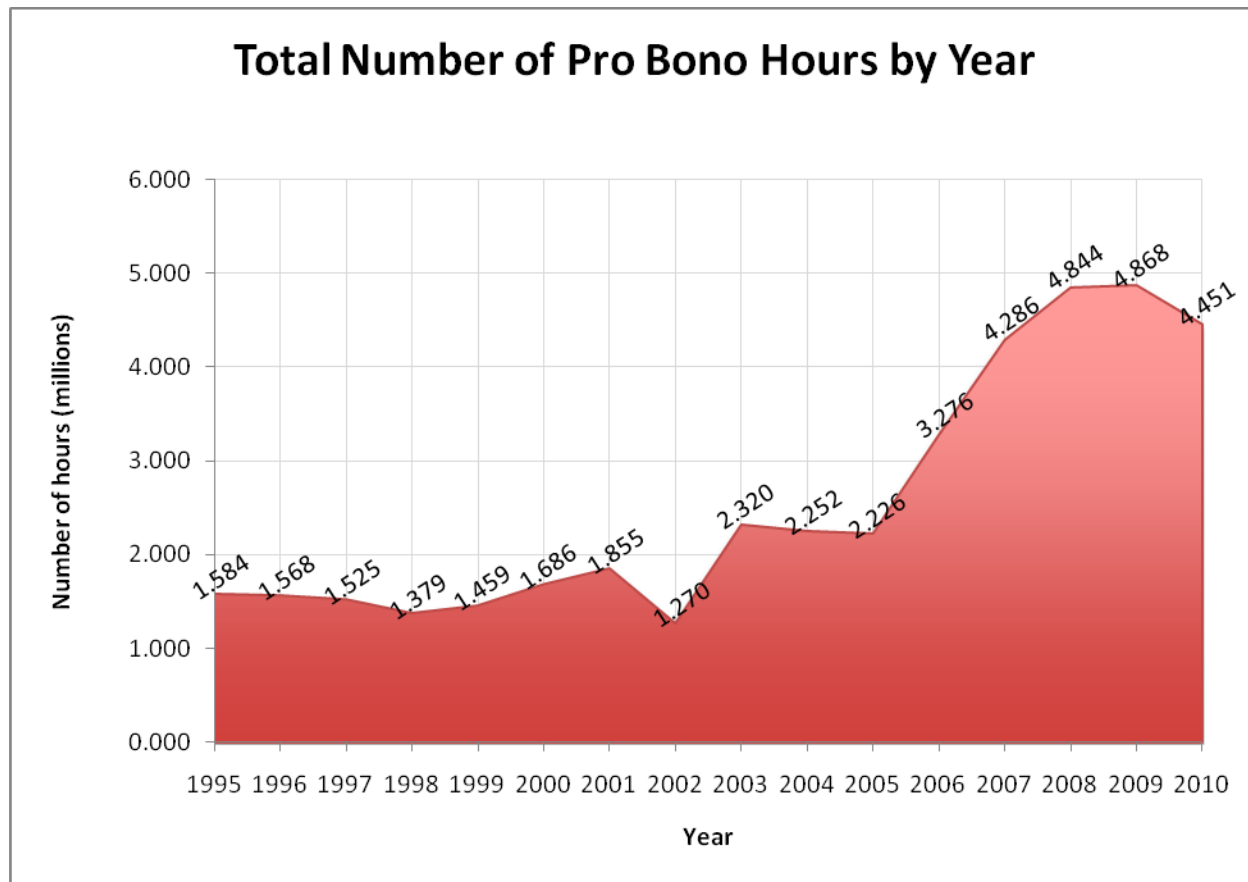


Chart 1

Consistent with the decline in overall pro bono hours, in 2010, more than 60% or 83 of the Challenge Signatory firms met or exceeded their commitment to the Challenge, a 16% decrease from the 72% or 96 of the Challenge Signatory firms who did so in 2009. Despite the lower overall figures in 2010, 24 firms again surpassed their goal by more than 2% – the same as in 2009. Of the remaining firms, 11 firms, or more than 7.5%, came within .5% of their goal, while 44 firms failed to reach their 3 or 5% goal by a factor of 1% or more (up from 36 in 2009), and 5 firms failed to report at all.

Service to Persons of Limited Means

In addition to establishing ambitious, progressive benchmarks – 3 or 5% of total billable hours – for overall pro bono participation, the Challenge asks firms to devote a majority of their pro bono time to

persons of limited means or to “charitable, religious, civic, community, governmental, and educational organizations in matters which are designed primarily to address the needs of persons of limited means.” In 2010, while the absolute overall number of hours devoted to those of limited means declined from its high in 2008 and 2009, the percentage of overall pro bono time provided to this group increased. In 2010, firms donated 2,840,382.40 hours of pro bono service to individuals of limited means or organizations serving them, nearly 64% of total pro bono hours, as compared to 2,962,028 hours (or nearly 61% of total pro bono hours) in 2009. This is a bright spot in the data for 2010 – indicating a greater focus on the needs of individuals of limited means at a time when the U.S. poverty population is at an all-time high.

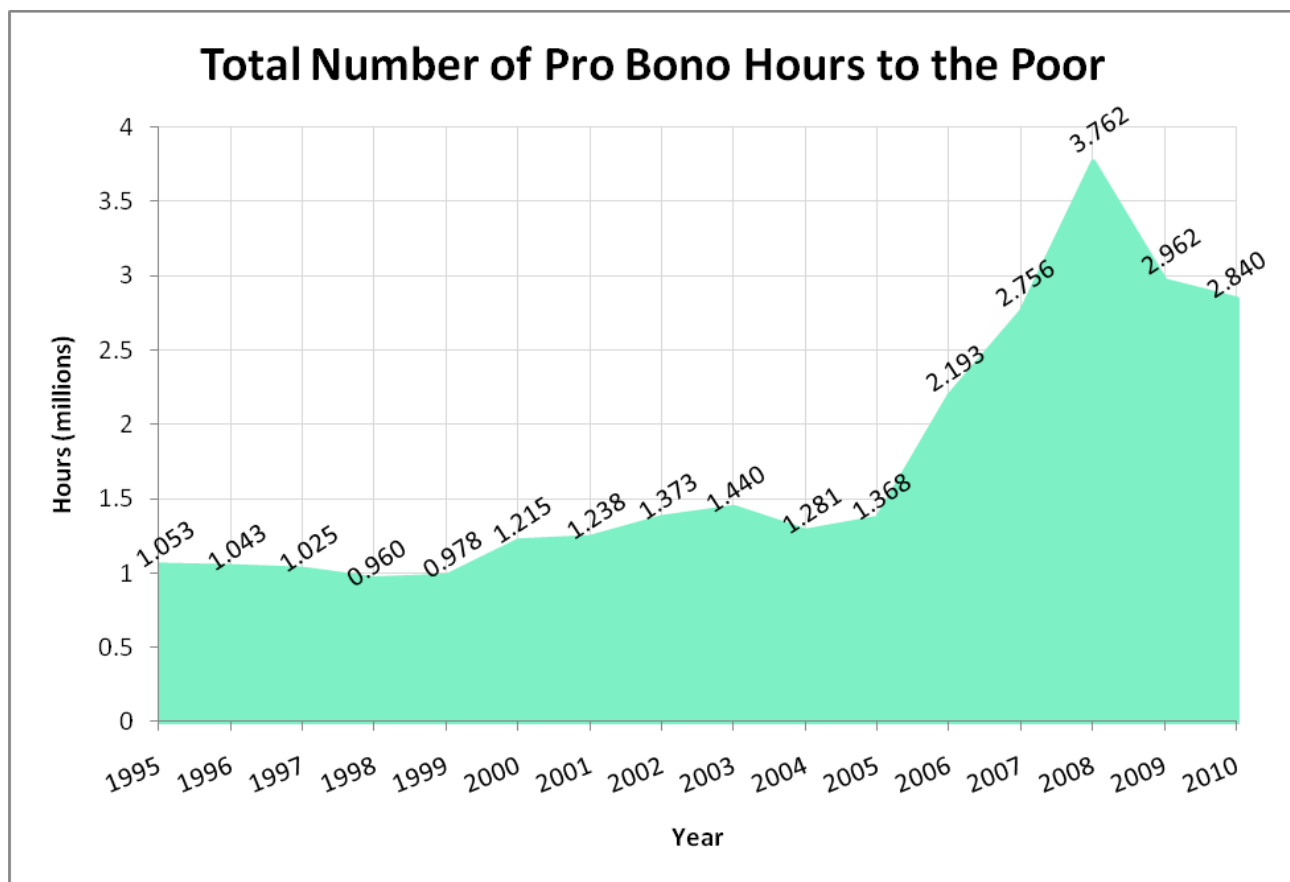


Chart 2

Participation

The number of total firm attorneys at Challenge firms participating in pro bono declined again in 2010 – reflecting the overall reduced headcount at law firms. In 2010, 19,222 partners and 31,367 associates or a total of 50,589 attorneys participated in pro bono as compared to 2009, where 19,934 partners and 32,936 associates, or a total of 52,871 attorneys participated in pro bono (a decrease of 4.3% from 2009 to 2010).

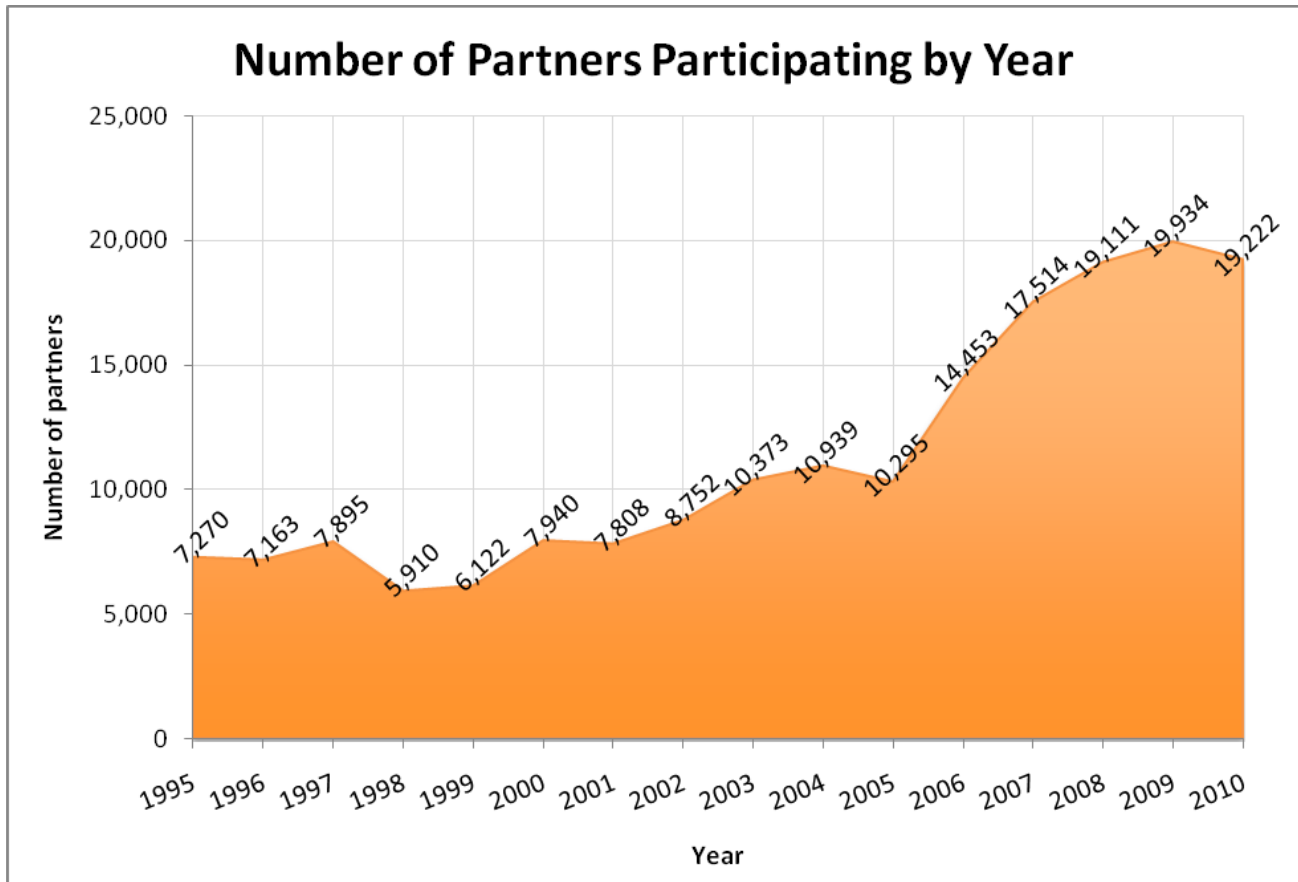


Chart 3

Litigation/Non-Litigation Hours

Firms were again asked to report how many hours they spent on litigation-related pro bono matters as opposed to non-litigation pro bono hours. Of the 138 firms reporting, 90 firms provided a statistical breakdown (up from the 87 firms who provided this information in 2009). Those firms reporting spent 1,462,621 hours on litigation-related matters for the poor, a decrease of 65,011 hours from 2009. Time spent on non-litigation-related matters for individuals of limited means and organizations that serve them was reported by 90 firms who spent 595,415 hours in 2010 as compared to the 661,487 hours that were spent on non-litigation-related matters for individuals of limited means and organizations that serve them in 2009.

Service to Organizations/Individuals

Signatory firms were also asked to report how many of the pro bono hours they spent serving the poor were to organizational clients (i.e., nonprofit groups) and how many to individual clients. Again, not all firms reported these figures, but 89 firms reported that they donated 713,118 hours to organizations that serve those of limited means, an increase of 45,575 hours over 2009 while 88 firms reported that they spent 1,409,235 hours serving individuals, a modest increase of 303 hours from 2009. The numbers reflect that, while the majority of pro bono work continues to be litigation-oriented, there is a significant amount of non-litigation pro bono being undertaken.

Donations

In addition to the statistical information that Challenge firms are required to report, the firms also have an opportunity to respond to several optional questions, including providing supplemental information

regarding their financial contributions to legal services organizations. In 1996 (the first year for which this information is available), 81 firms reported that they had donated a total of \$6,800,902 (an average donation of \$83,961 per firm) to legal services organizations. In 2010, 75 firms reported that they had donated \$25,435,631, a decrease of \$2,174,246 from 2009's donations. In 2010, the average firm donated \$339,142 as compared to 2009 when 66 firms donated \$27,609,877 (an average donation of \$418,331 per firm).

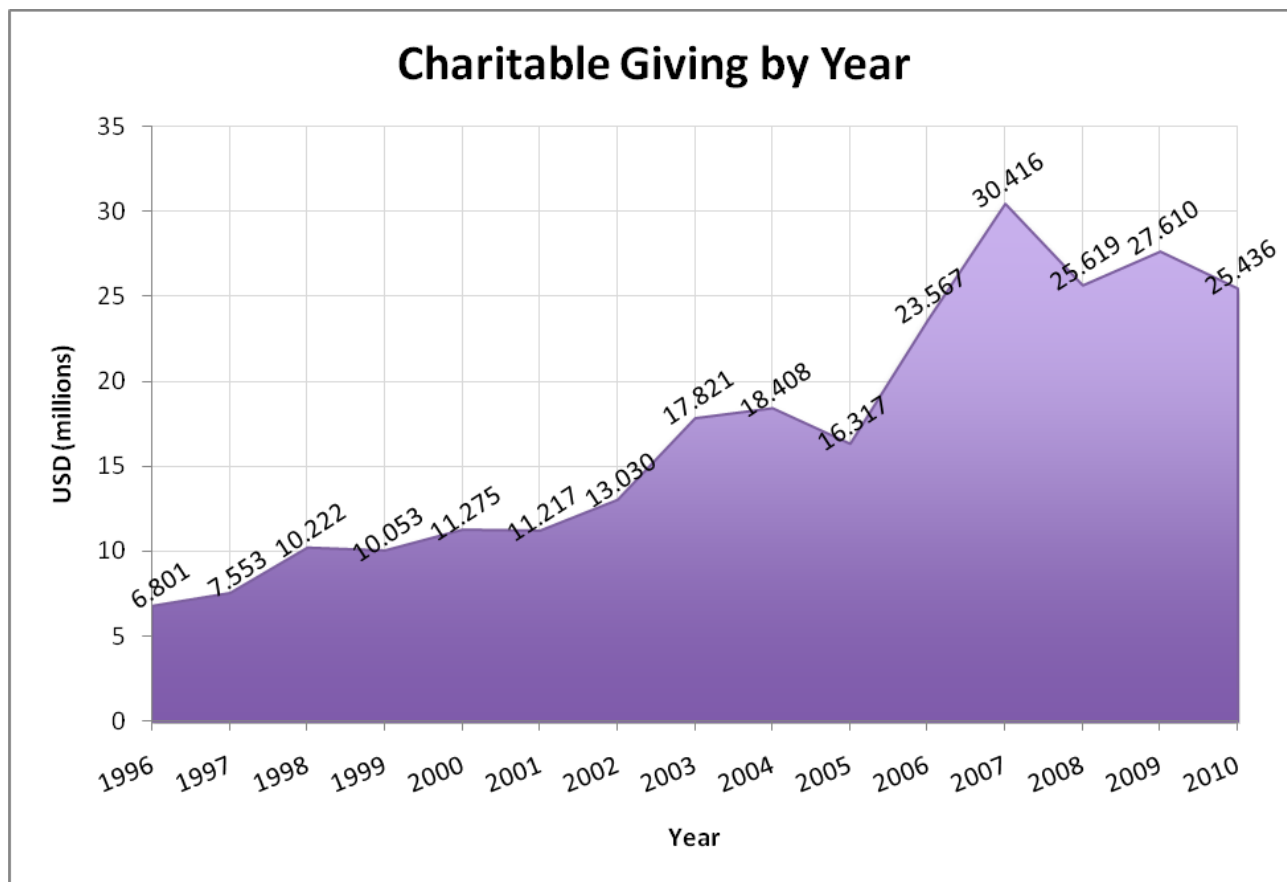


Chart 4

Regional Performance¹

The Law Firm Project assures firms that data provided to the Project will not be released in a disaggregated manner which limits some of the data we can report. However, additional analysis of 2010 Challenge data on a regional basis reveals the following:

¹ While it is now rare to find a firm claiming a particular city as its headquarters, historically firms have made that designation. The regional breakdown included in this analysis classifies the Challenge Signatory firms by their historical headquarters. With the globalization of the practice of law, categorizing firms in this manner may cause some inaccuracies, but still provides a snapshot of pro bono among Challenge firms in different parts of the United States.
 The Mid-Atlantic Region is composed of firms reporting in Maryland, Virginia, and Washington, DC.
 The Midwest Region is composed of firms reporting in Illinois, Indiana, Michigan, Minnesota, Missouri, Ohio, and Wisconsin.
 The Northeast Region is composed of firms reporting in Connecticut, Massachusetts, New Jersey, New York, and Pennsylvania.
 The Northwest Region is made up of firms reporting in Oregon and Washington.
 The Southeast Region is made up of firms reporting in Alabama, Florida, Georgia, South Carolina, and North Carolina.
 The Southwest Region is composed of firms reporting in Arizona, New Mexico, and Texas.
 The West Region is composed of firms reporting in California, Colorado, and Utah.

Total Pro Bono Hours by Region

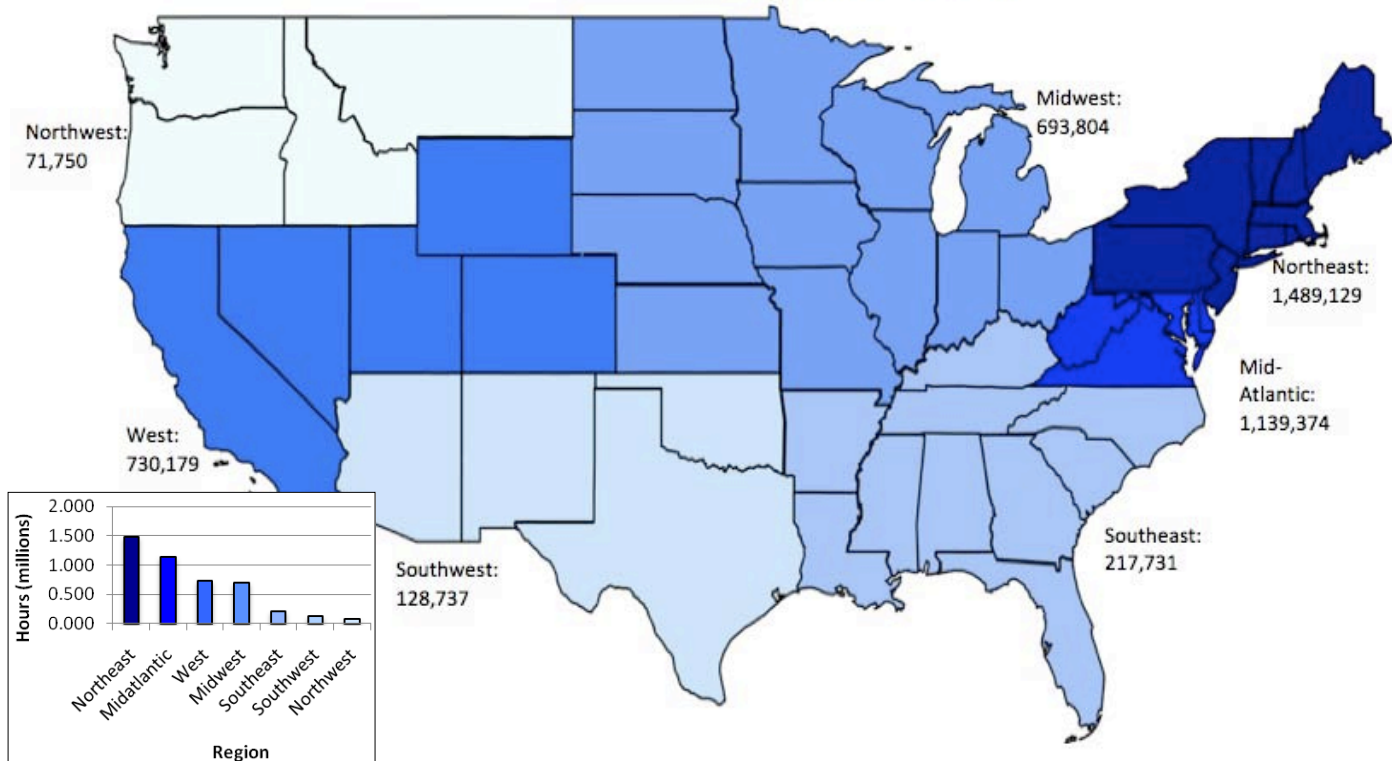


Chart 5

- Firms in the Northeast (44 firms, by far the most numerous region) had the highest percentage of pro bono hours. On average, each firm donated 4.03% of its billable hours to pro bono, an average of 33,308 hours per firm. These numbers are in contrast to the 2009 numbers where 42 firms reported and the average percentage of pro bono to billable hours was 4.28% or 36,763 hours per firm. The Northeast region ranked second last year in percentage of pro bono hours to billable hours. Firms in the Northeast were again the leaders in percentage of pro bono hours delivered to those of limited means or organizations serving them. Their average was 2.84% or 23,220 hours. The 19 firms in this region responding to the question of how much a firm donated to legal services organizations, donated on average \$558,257, also a number one ranking.
- Firms in the Mid-Atlantic states (29 firms) were second in percentage of pro bono hours to billable hours, with an average of 3.91% or 37,514 hours. They also ranked second in percentage of hours donated to those of limited means with an average of 2.57% or 21,520 hours. Donations to legal services organizations were, on average, \$321,473 per firm (fourth in a regional ranking) with 15 of the 31 firms responding to this question. The Mid-Atlantic region ranked third in this area last year.
- Firms in the West (17 total) had the third highest average percentage of pro bono to billable hours at 3.81%. This equates to each firm, on average, spending 42,952 hours on pro bono matters in 2010, in contrast to the 4.47% or 51,052 hours on pro bono matters in 2009. These same firms were fourth in the percentage of pro bono hours spent on work for those of limited means – 2.26% or 23,510 hours was spent on this type of work. They were second in average donations to legal services organizations, with each firm of the nine reporting firms donating, on average, \$437,341.

- The Midwest region, represented by 29 firms, donated an average of 3.06% of billable hours to pro bono, or 24,779 pro bono hours on average. At 2.23%, Midwest firms donated on average 16,449 pro bono hours to those of limited means. Legal services donations from the 17 reporting firms averaged \$203,215 per firm. In 2009 the Midwest region donated 3.49% of its total billable hours to pro bono (or an average of 30,015 hours); 2.61% (an average of 20,335 hours) of its pro bono hours were to those of limited means; and an average of \$120,440 per firm (15 firms reported this number) to legal services organizations.
- The Northwest (4 firms), Southeast (11 firms) and Southwest (7 firms) regions' performance ranged from averages of 2.47% to 2.29% to 3.21% of billable hours spent on pro bono service. Firms in these three regions spent 1.02%, 1.31% and 2.53%, respectively, of their pro bono time providing service to those of limited means. On average, firms in these three regions gave \$165,515 (3 firms responding), \$220,187 (nine firms responding), and \$45,891 (3 firms responding), respectively, in donations to legal services organizations. By contrast, these same regions (Northwest, 5 firms; Southeast, 12 firms; and Southwest, 8 firms) in 2009 had donated 2.80%, 2.49% and 2.45%, respectively of their billable hours to pro bono; 1.15%, 1.62% and 1.51%, respectively to pro bono hours serving those of limited means; and \$83,900, \$145,277, and \$2,150, respectively in donations to legal services organizations.

Average Charitable Giving by Region

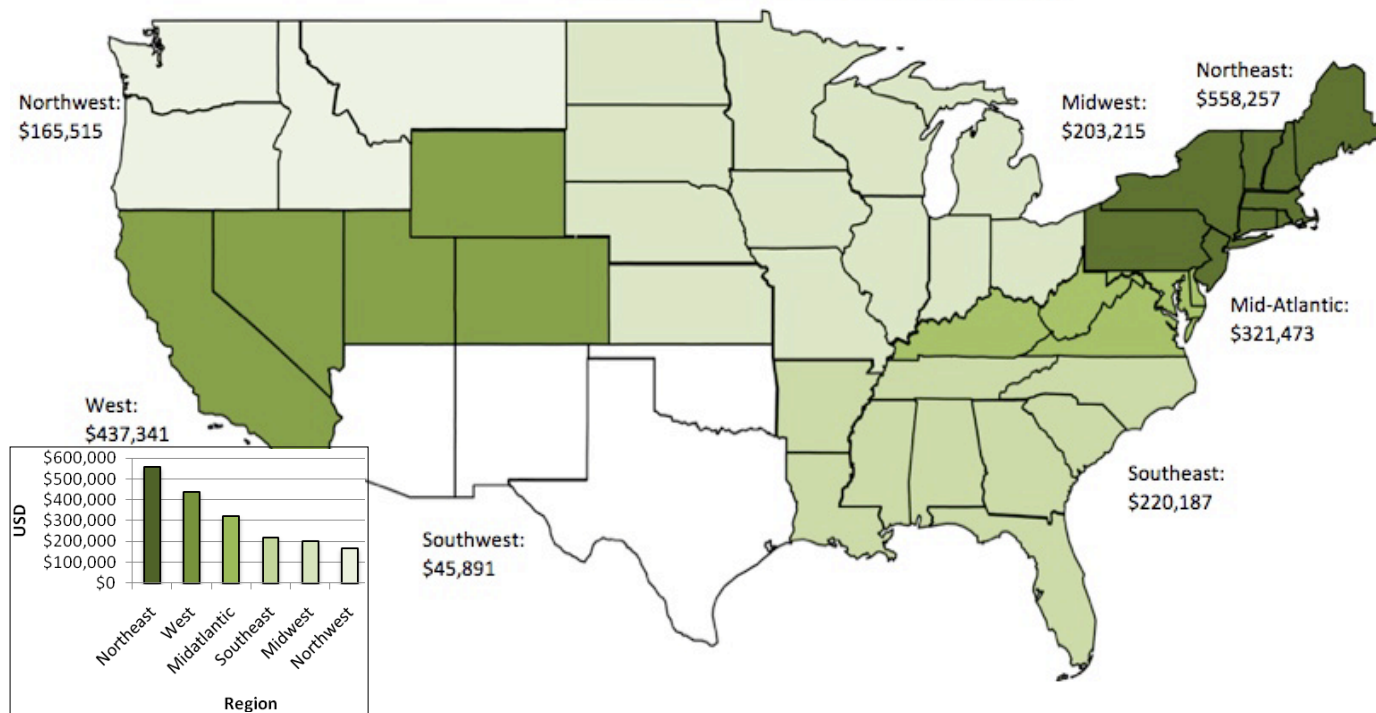


Chart 6

Data Analysis

The downturn in pro bono service reflected in the reports from Challenge Signatory firms for 2010 is cause for concern. However, an in-depth analysis of the statistics offers a basis for cautious optimism and a potential roadmap for the future of law firm pro bono. While the overall pro bono performance of major law firms declined significantly, careful analysis of the 2010 data as well as the longitudinal data

collected by the Pro Bono Institute since the full implementation of the Law Firm Pro Bono Challenge reveals several key findings:

- The record-breaking pro bono hours performed by law firms in 2008 and 2009 may, in retrospect, have been a unique phenomenon tied, in part, to the law firms' response to the economic downturn. In reacting to the precipitous drop in client work, a number of firms, for the first time, made the decision to continue to employ lawyers despite the lack of commercial work for them. Instead, many firms took the course of keeping these lawyers busy by securing and promoting a greater volume of pro bono work, which enabled the lawyers to enhance their professional skills and remain active despite the absence of paying client matters. In retrospect, that approach by firms was both a wise business investment as well as a unique stimulus to pro bono service. The drop in pro bono hours in 2010 should not diminish the fact that, despite the most difficult economic period since the Great Depression, the total number of pro bono hours contributed by major law firms during the past year was the third-highest total in the history of the Law Firm Pro Bono Challenge. That result indicates that the institutionalization of pro bono within law firms as a critical element of the firms' culture and work continues essentially unabated.
- PBI's longitudinal data (see Chart 1) reveals that pro bono performance does not and will not follow a clear and consistent upward trajectory. However, history demonstrates that the time period after a recession but before full recovery is often a difficult time for pro bono. Many firms experience an influx of new work, but, with an eye to the downturn, are often reluctant to staff up until they are convinced that the recovery is robust and reliable. As a result, firm lawyers may be understandably eager to maximize paying work and reluctant to take on significant pro bono matters during this time. History also demonstrates, however, that the downturns in pro bono that often characterize the post-recovery period are typically brief and are followed by periods of increased pro bono activity.
- More than any downturn in recent memory, the Great Recession has led – at least temporarily – to profound changes in large law firm practice and economics. While billable hours continue to be the most common basis for firm fees, a variety of alternative fee arrangements have become commonplace for the first time. Clients have become far more vocal and assertive in shaping the nature, scope, and staffing of their matters, and the legal market has become increasingly more competitive. As a result, in 2010 firms face a far different and more complex environment. Many aspects of law firm operations – professional development, marketing, advancement to partnership, compensation, etcetera – are under scrutiny and in flux. It is not surprising that law firm pro bono, as well, is in a period of transition. Times of change and instability pose challenges for pro bono, but they also offer opportunities.
- One change in law firm operations that had a substantial impact on pro bono performance was the dramatic reduction in the size of incoming new associate classes and summer associate hires. While the data indicates that law firm lawyers at all levels of seniority – including a remarkable number of partners – are engaged in pro bono, it is certainly the case that young associates are a critical element of firms' pro bono work. The demographics of large firm practice have changed and many firms have not yet revisited their pro bono engagements to insure that that change is reflected in the nature of the volunteer work they do.
- Sadly, 2010 was an even more difficult year for legal assistance organizations than the previous two years. Poverty in the United States reached an all-time high, while resources and staffing plunged to a new low. As a result, even more than in 2008 and 2009, many legal services and pro

bono programs had far less capacity to undertake the work – outreach to client communities, client intake and screening, training and mentoring, referrals, development of manuals and handbooks – that enable lawyers at major law firms and in other practice settings to undertake pro bono work competently, efficiently, and effectively. Although the need for free legal assistance has never been greater, the infrastructure and expertise provided by legal assistance groups has been seriously compromised. That loss has played a role in the decline in pro bono activity. Without the capacity provided by those who work full-time to serve the poor and disadvantaged, the ability to perform pro bono service is, inevitably, impaired.

Future Directions

The information, statistics, and analysis of the 2010 pro bono performance of major law firms reveals that, while the drop from the all-time high pro bono hours of 2009 is understandable, it is not inevitable. The fact that a number of large law firms improved their pro bono performance in 2010 is an indication that pro bono, re-imagined and restructured to take account of the changes in law firm practice, has a promising future. The stark difference in average pro bono performance among various regions of the country demonstrate that differences in culture, leadership, and availability of pro bono opportunities can make a real difference in pro bono participation and vitality.

At a moment in time when the human capital and expertise available at major law firms is more needed and more critical than ever before, law firms must continue to make pro bono a priority. Firms must ensure that their pro bono efforts remain vital and relevant and think strategically about using pro bono to serve not only their communities and neighbors but also to strengthen and inform ever more critically important firm activities such as talent management and enhanced client relationships. And, firm leadership must insure that they are sending strong, consistent, and crisp messages about the importance of pro bono and the value placed upon it by the firm as a whole.

The Pro Bono Institute will, at it has for the past fifteen years, play a key role as counselor, advisor, trainer, and catalyst, offering expert guidance on successful strategies for pro bono in 2011 and beyond. PBI will also serve as a convener, bringing together the top leaders of major law firms and corporate in-house legal departments to promote a dialogue on how, working together, we can build upon the extraordinary strength and maturation of law firm pro bono and the exciting momentum of in-house corporate pro bono to strengthen our justice system and our people.

About the Law Firm Pro Bono Challenge[®]

As discussed above, the Law Firm Pro Bono Challenge[®], developed by law firm leaders and corporate general counsel, articulates a single standard for one critical segment of the legal profession – firms ranging in size from 50 to more than 4,200 lawyers. The Challenge has become the definitive aspirational pro bono standard for large law firms throughout the world. It is unique for several reasons:

- It uses a progressive standard – i.e., a target of either 3 or 5 percent of a firm’s billable hours (equivalent to 60 or 100 hours per attorney) which ties pro bono performance to firm productivity and profitability.

- It calls for an institutional commitment, rather than an individual lawyer goal, in recognition of the reality that the policies and practices of law firms are keys to the ability and willingness of firm lawyers to undertake pro bono work.
- It creates goals not only with respect to the amount of pro bono work to be undertaken, but also with regard to the structural and policy elements that are essential for the creation and maintenance of a pro bono-friendly firm culture.
- It links Challenge firms to the extensive consulting and technical assistance resources available from the Pro Bono Institute and its Law Firm Pro Bono Project.
- It includes an accountability mechanism and an outcome measurement through its annual reporting requirement.

While statistics are an important measurement tool, the Challenge is not limited to quantifiable goals. Rather, it provides a framework, a set of expectations, and operational and policy elements that are the keys to major law firms' ability to institutionalize and strengthen the culture and operations of their pro bono programs. Since the inception of the Challenge, the Pro Bono Institute has worked with law firms to promulgate pro bono policies, enhance their relationships with public interest, legal services, pro bono programs and other groups, including the courts, improve the oversight and staffing of the firm's pro bono work, design and implement pro bono partnerships with corporate legal departments, improve processes for planning and evaluating pro bono efforts, create more accurate time-keeping mechanisms, incorporate a number of innovative pro bono models – including signature projects, rotation/externship programs, global efforts, partnering with corporate clients, integration with other firm goals including professional development, talent management, diversity, and associate satisfaction, and more, and successfully encouraged many firms to expand the breadth and depth of their pro bono docket. Indeed, the Challenge's success in enhancing pro bono culture and performance has led our sister project, Corporate Pro Bono, a partnership project of the Pro Bono Institute and the Association of Corporate Counsel, to launch the Corporate Pro Bono ChallengeSM in 2005.

With only minimal changes made in the language and principles of the Challenge since its creation, the Law Firm Pro Bono Challenge has become the industry "gold standard" by which firms define, measure, and assess their pro bono achievements. It has also become a rallying point and a catalyst that enables firms to contribute meaningfully to their local communities, to the national justice system, and to communities around the world despite economic cycles and other pressures.