

Sheppard Mullin Eliminates Covid Pay Cuts, But Layoffs Loom for Some Staff

Sheppard Mullin Eliminates Salary Cuts for Attorneys and Staff, But 22 of 44 Furloughed Staff Positions to be Eliminated

Sheppard Mullin eliminates pandemic pay cuts altogether, but cuts 22 of 44 furloughed staff positions

Sheppard Mullin Richter & Hampton, one of the big law firms in the US, has announced that it will be eliminating attorney and staff pay cuts made in response to the coronavirus crisis. The firm had previously announced that it would halve the 5% to 10% pay reductions it implemented back in May for staff in response to the crisis. The firm had also said that it would reduce the spring's associate, staff attorney and special counsel pay cuts from 12% to 6%.

However, in an email to the firm on Tuesday, Sheppard Mullin Chairman Guy Halgren said that the firm will eliminate pandemic pay cuts altogether. The firm will also make whole those who received a percentage compensation adjustment in their Oct. 16 paychecks.

However, as has been the case at other big law firms, some previously furloughed staff at Sheppard Mullin will lose their jobs. Halgren said that "due to the pandemic and limited expected office usage for a continued period into the future, we have now determined we will not have jobs for 22 of the 44 furloughed people." He said those positions will be eliminated as a reduction-in-force and given severance packages and medical insurance paid through the end of the year. Those remaining 22 staff will be offered the opportunity to opt into the same severance package, which will provide one week of salary per year of service, capped at 26 weeks and with a minimum of four weeks.

In recent weeks, many law firms have been walking back or eliminating compensation reductions for attorneys and staff. The cuts, which initially reached nearly half of the AmLaw 100, were implemented as firms feared the economic effects of the coronavirus pandemic. Despite initial projections earlier this year that the coronavirus crisis would severely impact law firm profitability and revenue, many firms have only seen slight dips over the last few months. Some, like Davis Polk & Wardwell and Debevoise & Plimpton, have handed out large pandemic-related bonuses to associates.

Perkins Coie announced last week that it would eliminate salary cuts for lawyers and staff. K&L Gates and Orrick Herrington & Sutcliffe announced they would be eliminating salary cuts for attorneys and staff and restoring salaries to pre-pandemic levels. But as firms roll back their salary cuts, law firm staff members have faced layoffs. Last month, Davis Wright Tremaine said it would lay off 39 staff members. Baker McKenzie, Cleary Gottlieb Steen & Hamilton, Skadden Arps Slate Meagher & Flom, Nixon Peabody, Seyfarth Shaw, Venable, and Winston & Strawn have also announced layoffs.

The elimination of pandemic pay cuts by Sheppard Mullin is a positive step for the firm, but the layoffs of 22 of 44 furloughed staff members is a reminder that the economic fallout from the coronavirus pandemic is still ongoing and affecting businesses of all sizes. As the pandemic continues to impact the economy, it is important for businesses to be transparent with their employees and provide them with the support they need during these difficult times.