

THE LAW SCHOOL INVESTMENT EQUATION

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Sponsored by the Brown University Law Careers Advising

Legal education, at one level, is an investment for a lifetime. You are developing a knowledge base, a skill set and a professional disposition that will be of service to you and allow you to be of service to your community, for the rest of your life.

But legal education is an investment that has become increasingly expensive relative to the return on investment. In the 1980s, any graduate of any law school anywhere had a reasonably good prospect of being able to find a job that would allow him or her to pay off educational indebtedness and enjoy a modest standard of living. The tuition to income ratios for public schools and private schools provided graduates a margin of financial viability that has eroded ever since.

Today, for many graduates, the tuition to income ratio has meant marginal financial viability, at best, for many of those who are able to obtain gainful employment in the legal profession or in business or government. And for as many as 15% of the Class of 2011 who were not employed nine months after graduation, and for another 12% who had part-time positions or were in solo practice, their reality likely is one of less than marginal financial viability assuming they borrowed to pay just for the tuition cost of their legal education.

THE EMPLOYMENT PART OF THE EQUATION –

What is the reality regarding employment prospects for law school graduates?

- There are fewer jobs available to graduates than had been the case a few years ago.
- There are fewer private practice jobs and particularly fewer big firm jobs.
- This means there are fewer jobs with high salaries.
- There is a growing legal services industry which is transforming how we provide legal services for some clients in some practice areas.
- There is a growing appreciation that “successful” lawyers need an array of competencies – strong analytical skills and communication skills are necessary, but not sufficient.
- Initiative, project management, entrepreneurial instincts, client service orientation are helpful to navigate the “new normal.”

What are the best sources of data on employment of law school graduates?

NALP -- <http://www.nalp.org/research> -- has the best “macro” data or “aggregate” data and NALP has the best salary data.- http://www.nalp.org/uploads/NatlSummChart_Classof2011.pdf

ABA Section of Legal Education and Admissions to the Bar has the best school specific data on which one can compare outcomes for graduates of different law schools.

<http://employmentsummary.abaquestionnaire.org/>

My blog posting at The Legal Whiteboard []\-has a consolidated listing of geographic “reach” of law schools regarding employment outcomes for their graduates. The vast majority are regional players. <http://lawprofessors.typepad.com/legalwhiteboard/2012/09/location-location-location-geography-matters-in-law-school-employment-2010-2011.html#comments>

THE TUITION PART OF THE EQUATION – OF TUITION, SCHOLARSHIPS AND “NET TUITION”

What does it mean when a law school offers you a scholarship?

It depends. It could mean that you are “special” and are destined for great success. But it could mean simply that you are one of dozens or hundreds of students receiving similar offers as a given law school tries to build its class. It could mean that you are virtually guaranteed to have \$5000, or \$10,000, or \$30,000 taken off your tuition each year. Or it could mean that you will have the tuition discount reflected in the scholarship for the first year you are in law school, but will not have any scholarship assistance after the first year if you fail to make the grades you need to keep your scholarship. For 2011, nearly 50% of entering first-year students received a scholarship and the average median scholarship awarded was over \$11,000.

How do many students think about tuition and scholarships?

I think a number of students are unsophisticated in how they think about scholarships. Students tend to think they are “special” and tend to assume that whatever annual scholarship they are being awarded is something they will have for all three years of law school. Students are optimists and are not realists when looking at risks of losing a scholarship, particularly because they rarely have sufficient information to make an informed assessment.

Which scholarship is worth more to a prospective law student?

Law school ABC offers you a scholarship worth \$10000 renewable for all three years provided you remain in good academic standing.

Law school DEF offers you a scholarship worth \$15000 renewable for all three years provided you maintain a GPA of 3.2.

Law school GHI offers you a scholarship worth \$12000 renewable for all three years provided you remain in the top-third of the class.

What other information do you need to have in hand if advising the student, to help the student evaluate these different scholarship offers? Try to identify four crucial questions you would want to ask each law school to better assess your prospects and calculate your “net tuition.”

1. What is the curve? That is, what percentage of students get a 3.2?
2. What percentage of students in the entering class received a scholarship?
3. What is your profile in relation to the profile of the entering class?
4. What is tuition before the scholarship comes into play?

What are the best sources of profile and scholarship data?

The **ABA-LSAC Guide** has the profile data and some scholarship information.

https://officialguide.lsac.org/release/OfficialGuide_Default.aspx

Each law school webpage should have the most recent class profile posted soon.

Each law school webpage should have renewal/retention percentages posted this year.

Law School Transparency has a chart with the 2010 and 2011 enrollment and class profiles for each law school organized alphabetically and searchable by state.

<http://www.lawschooltransparency.com/clearinghouse/?show=compare&sub=enrollment>

Why does it matter?

Unless you are a state resident going to a public law school with relatively modest tuition, in the absence of a scholarship, your ratio of tuition to income is likely to make law school an uninspiring investment.

APPLYING WHAT YOU HAVE LEARNED -- OFFERING INVESTMENT ADVICE TO A PROSPECTIVE LAW STUDENTS

I want you to discuss three prospective law students and use available resources on the web to fill out the chart set forth below for each law student regarding the options which he or she is considering for law school.

John Smith has been admitted to three law schools, waitlisted at two others, and is trying to decide among the three schools, two of which have offered him a scholarship. He is a senior biology major with a business minor at Texas Christian University. He was very active in his fraternity, serving as Pledge Leader as a junior and as Vice President as a senior. He has had two great summer jobs, one as a zookeeper at The Dallas Zoo and one as an intern with a telecommunications company in Kansas City. He is originally from a Kansas suburb of Kansas City, but has enjoyed being at school in Dallas/Fort Worth and thinks he might like to stay in Texas, although moving back to Kansas also is a real possibility. He also might be open to other geographic possibilities. He has a 3.45 GPA overall with a 3.36 GPA in his major. He got a 154 on his LSAT the first time and a 157 when he retook the LSAT. He has applied to five schools:

PLEASE COMPLETE THE FOLLOWING CHART:

	Law School Entering Class Profile	Tuition	Scholarship	Retention Condition Likelihood	Net Tuition	Employment Prospects (% of Grads with Salary Above 2x Times Net Tuition)	Location/States
Houston			0				
Tex. Tech			\$4000				
UMKC			0				
Baylor – WL							
SMU – WL							
Other							
Other							

What additional information would you like to have to advise John properly?

How would you organize the presentation so that John is assessing important factors in making his decision?

List your three to five “talking points” in the order in which you would go through them.

How does the present state of the market for law students possibly change your approach to advising John?

Gayle Wilson grew up in Seattle, having been born in Korea and adopted by a Seattle family when she was only one year old. Her family moved to Minnesota when she was 14 and she attended a Catholic high school in a suburb of Minneapolis. She attended Princeton earning a 3.65 GPA in East Asian Studies with a minor in Korean. She did one semester of study abroad in Seoul and had a summer internship with a Korean automaker following her semester of study in Korea. She got a 162 on the LSAT. She presently is participating in the Teach for America program teaching junior high school students in Seattle. She is very interested in working somewhere on the West Coast, preferably for a company that does business in Korea. She is considering applying to the following schools:

PLEASE COMPLETE THE FOLLOWING CHART:

	Law School Entering Class Profile	Tuition	Estimated Scholarship (%/Median)	Retention Condition Likelihood	Net Tuition	Employment Prospects (% of Grads with Salary Above 2x Times Net Tuition)	Location/States
Seattle							
San Francisco							
Washington							
Santa Clara							
Gonzaga							
UC Hastings							
Minnesota							
Berkeley							
Stanford							
St. Thomas (MN)							

What additional information would you like to have to advise Gayle properly?

How would you organize the presentation so that Gayle is assessing important factors in making her decision?

List your three to five “talking points” in the order in which you would go through them.

How does the present state of the market for law students possibly change your approach to advising Gayle?

Roberta Villareal is a first generation college student from Boston. Her parents immigrated to America from El Salvador in the 1980s. She has had several friends who have had run-ins with the law and wants to be a public defender or to work for legal aid assuring access to justice for low income people. She went to a community college for two years to get her requirements taken care of and then transferred to Boston College pursuant to a scholarship program designed to assure a diverse student body. She will be graduating with a degree in Criminal Justice and a minor in Spanish. She has spent two summers working in an inner city parish in Boston trying to facilitate after school programming for at-risk youth. She also worked her way through college as a barista at a local coffee shop. Roberta has a cumulative GPA of 3.12 and has an LSAT of 154. She wants to go to school somewhere near Boston to be near her family and is considering applying to the following schools:

PLEASE COMPLETE THE FOLLOWING CHART:

	Law School Entering Class Profile	Tuition	Scholarship (%/Median)	Retention Condition Likelihood	Net Tuition	Employment Prospects	Location/States
Suffolk							
Northeastern							
New Hampshire							
Boston College							
Other							

What additional information would you like to have to advise Roberta properly?

How would you organize the presentation so that Roberta is assessing important factors in making her decision?

List your three to five “talking points” in the order in which you would go through them.

How does the present state of the market for law students possibly change your approach to advising Roberta?