

# **Increasing Law School Transparency: Tackling the Mountain of Debt faced by Young Lawyers**



**March 2019**

The Florida Bar Young Lawyers Division (“YLD”) Board of Governors recently surveyed its members about young lawyer compensation (“Survey”)<sup>1</sup>, revealing, among other things, the disturbingly high levels of debt held by young lawyers. Seventy-five percent of Survey respondents reported having outstanding student loans; and the median estimated outstanding student loan amount was \$150,000<sup>2</sup>. The student debt numbers are eye opening, especially when compared to median total income reported in the Survey. The mountain of debt faced by young lawyers without a doubt significantly impacts young lawyers’ practice, quality of life, and decisions to remain in the profession. The YLD Board of Governors calls on the ABA to address this issue by requiring law schools to have greater transparency and counseling about the loan burden that law students are routinely required to undertake.

While a great deal of data was obtained from this survey, certain results stood out. Three-fourths of Survey respondents reported having outstanding student loans, including undergraduate, graduate, and law school loans. The numbers diverged by gender with 82% of female young lawyers reporting outstanding student loans, while 67% of male young lawyers reported outstanding student loan debt.

The Survey also revealed significant variation in young lawyer salaries. While the headlines are dominated by the six figure salaries and bonuses in big law, the median income reported was \$80,000 for men and \$70,000 for women. In addition, the 25% percentile reported a median salary of \$55,000, the 50% percentile reported a median salary of \$73,000, and the 75% percentile reported a median salary of \$105,000.

This is not just a Florida problem. Reporting on, and assessments of, the financial burden of law schools has been extensive<sup>3</sup>. For instance, a Gallup poll found that only 23 percent of law school graduates<sup>4</sup>, who earned their law degrees between 2000 and 2015, said their education was worth the cost.<sup>5</sup> During this same period, and after adjusting for inflation, private law school tuition was 1.46 times more expensive in

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<sup>1</sup> The Survey was sent to a random sample of 3,754 young lawyers out of the over 26,000 YLD members. A total of 503 young lawyers responded to the 2018 Survey, giving the survey a margin of error of plus or minus 4%. All Florida lawyers under the age of 36 and new Florida Bar members for the first 5 years in good standing are automatically members of the YLD.

<sup>2</sup> The amount of outstanding debt, when compared to years of practice, had interesting results. Attorneys with less than two years of experience, and attorneys with six to eight years of practice reported a median outstanding debt of \$150,000. However, attorneys with three to five years of experience reported an increased median outstanding debt amount of \$165,000. Finally, attorneys with eight or more years of experience reported a median outstanding debt of \$90,000.

<sup>3</sup> Mark Hansen, *ABA task force urges law schools to give more info to help students assess costs of legal education*, ABA Journal (Sept. 2015), [http://www.abajournal.com/magazine/article/aba\\_task\\_force\\_urges\\_law\\_schools\\_to\\_give\\_more\\_info\\_to\\_help\\_students\\_assess](http://www.abajournal.com/magazine/article/aba_task_force_urges_law_schools_to_give_more_info_to_help_students_assess); Abigail Hess, *Only 23% of law school grads say their education was worth the cost*, CNBC (Feb. 21, 2018, 3:37 PM), <https://www.cnbc.com/2018/02/21/only-23-percent-of-law-school-grads-say-their-education-was-worth-the-cost.html>; Kyle McEntee, et al., *A Way Forward: Transparency in 2018*, Law School Transparency, [https://data.lawschooltransparency.com/documents/2018\\_Report.pdf](https://data.lawschooltransparency.com/documents/2018_Report.pdf), (last visited Dec. 21, 2018); Farran Powell, *10 Law Schools that Charge the Most*, U.S. News & World Report (Apr. 4, 2017, 9:00 AM), <https://www.usnews.com/education/best-graduate-schools/the-short-list-grad-school/articles/2017-04-04/10-law-schools-that-charge-the-most>; Farran Powell, *Infographic: Compare Different Types of Law Schools Loans*, U.S. News & World Report (Mar. 30, 2017, 8:30 AM), <https://www.usnews.com/education/best-graduate-schools/top-law-schools/articles/2017-03-30/infographic-compare-different-types-of-law-school-loans>.

<sup>4</sup> Compare this to the 58 percent of medical degree graduates that said it was worth the cost. Hess, *supra* note 3.

<sup>5</sup> Hess, *supra* note 3.

2015 than it was in 2000, and public school tuition (for residents) was 2.38 times more expensive.<sup>6</sup> In 2016-2017, the average cost of tuition and fees for law students was approximately \$43,020 for private law students, \$26,264 for state resident, public law school students, and \$39,612 for out-of-state public law school students.<sup>7</sup> These expensive tuition price tags, plus the cost of room and board, result in the majority of law students taking out loans to finance their legal education<sup>8</sup>. In 2016, private law school graduates incurred an average debt of \$130,349 through law school, and public-school law students incurred an average debt of \$90,217.<sup>9</sup> These staggering loan figures must be addressed systemically and before students enter law school.

The YLD Board of Governors joins the American Bar Association Task force on the Financing of Legal Education (“ABA Task Force”) and the Iowa State Bar Association Young Lawyers Division in calling for changes to the disclosures made to law students and prospective law students, and for increased reporting of data by law schools to the ABA concerning financial aid<sup>10</sup>. This will require modifications to ABA Standards<sup>11</sup> 507, 508, and 509 to provide for mandatory and meaningful financial aid counseling for law students prior to entering law school, during law school, and after graduation.<sup>12</sup>

### ***Recommendations for Improvement***

#### ***A) Modifying<sup>13</sup> ABA Standard 509 to Increase Disclosures about Debt***

In 2012, the ABA<sup>14</sup> revised Standard 509 to increase mandatory public disclosures by law schools. This was done, as one report has noted, “to address misleading statistics” and force law schools to disclose “real employment statistics.”<sup>15</sup> The current ABA Standard 509 requires law schools to publicly disclose on their websites certain categories of information, including: admissions data, tuition and fees, living costs, financial aid, conditional scholarships, class sizes for first-year and upper-class courses, employment outcomes, bar passage data, as well as other categories of less impactful information such as the number of professional librarians. However, this Standard fails to address student debt. While the ABA deemed the number of professional librarians at a law school important enough to require mandatory disclosure, the average amount of student debt at graduation, the average length of time it takes for students to pay off

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<sup>6</sup> *Data Dashboard, Law School Costs*, LST,

<https://data.lawschooltransparency.com/costs/tuition/?y1=2000&y2=2015> (last visited Mar. 8, 2019).

<sup>7</sup> Farran Powell, *10 Law Schools that Charge the Most*, U.S. News & World Report (Apr. 4, 2017, 9:00 AM), <https://www.usnews.com/education/best-graduate-schools/the-short-list-grad-school/articles/2017-04-04/10-law-schools-that-charge-the-most>.

<sup>8</sup> Farran Powell, *Infographic: Compare Different Types of Law Schools Loans*, U.S. News & World Report (Mar. 30, 2017, 8:30 AM), <https://www.usnews.com/education/best-graduate-schools/top-law-schools/articles/2017-03-30/infographic-compare-different-types-of-law-school-loans> (“[i]n fact, the majority of law students – 90 percent – rely on student loans to finance their education . . .”).

<sup>9</sup> Farran Powell, *10 Law Schools that Charge the Most*, U.S. News & World Report (Apr. 4, 2017, 9:00 AM), <https://www.usnews.com/education/best-graduate-schools/the-short-list-grad-school/articles/2017-04-04/10-law-schools-that-charge-the-most>.

<sup>10</sup> McEntee, et al., *supra* note 3, at 3; Hansen, *supra* note 3.

<sup>11</sup> The ABA accredits law schools; therefore, the ABA’s existing standards are the best avenue by which to address the student loan problem.

<sup>12</sup> Hansen, *supra* note 3.

<sup>13</sup> Instead of amending ABA Standard 509, the ABA Section of Legal Education and Admissions to the Bar could also interpret Standard 509 as requiring these increased disclosures.

<sup>14</sup> These recommendations reference the ABA generally. However, it is the American Bar Association Section of Legal Education and Admissions to the Bar that has the authority to make the changes requested herein.

<sup>15</sup> McEntee, et al., *supra* note 3, at 8 (providing a more in-depth discussion on the changes to ABA Standard 509).

debt, and the demographic breakdown of student debt is not required. Considering the fact that more students are graduating with crippling student debt, this information is imperative to assist prospective students to make an educated financial decision on whether and where to attend law school.

Prospective students need at least three items of data concerning the long-term financial burden of law school— (1) the actual cost of attendance (tuition, fees, and living costs); (2) how they will pay for the cost of attendance (amounts and types of student loans held); and (3) the financial prospects of paying off debt after law school (salary and employment information). The YLD recommends the Standard 509 disclosures be modified to require law schools to disclose the percentage of their students that take out student loans to pay for school, the median and mean amount of debt law students incur in obtaining their law degree<sup>16</sup>, and the median length of time it takes for students to pay off their student loans.

In addition, the ABA should require every law school to publish the information contained in the National Association of Law Placements (NALP) Report<sup>17</sup>. This report, generated from an annual survey of each law school's graduating class, includes employment and salary data.<sup>18</sup> The information contained in the NALP Report is more extensive than the Standard 509 disclosures and gives prospective law students a more in depth look into a law school's graduating class's salary and job prospects after graduation. The ABA Standard employment disclosure requires only that law schools provide a numeric breakdown of employment status (employed, unemployed and whether bar passage is required), employment type (private, government, clerkship), and how many of the positions are funded by the university.<sup>19</sup> The NALP Report breaks down the 25th and 75th percentile and the median of salaries for both the public and private sector.<sup>20</sup> The public and private sector categories are further broken down into categories and firm size to show the salary differentials in each category.<sup>21</sup> Finally, the NALP Report examines how these jobs were obtained, whether through job postings, on campus interviews, or referrals.<sup>22</sup> Currently, each law school makes the decision whether or not to make this report public.<sup>23</sup>

In 2017, four of Florida's eleven law schools did not publish the NALP Report.<sup>24</sup> Those four schools were Ave Maria School of Law (Ave Maria), Barry University (Barry), Florida A&M University (FAMU), and Florida Coastal School of Law (Coastal).<sup>25</sup> Coincidentally, these four law schools also had the lowest

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<sup>16</sup> One report advocates such data be displayed in a frequency distribution table. *Id.* at 13-14. This is likely the best approach.

<sup>17</sup> This recommendation is for the requirement of information contained within the NALP report, not necessarily the NALP report itself. This can be accomplished in at least two ways. First, the law school could voluntarily disclose the school's NALP report. Second, the ABA could collect the same data as NALP and require such data be published by the law school.

<sup>18</sup> *Employment Report & Salary Survey (ERSS) Info*, NALP, <https://www.nalp.org/erssinfo> (last visited Dec. 21, 2018).

<sup>19</sup> University of Florida Employment Summary for 2017 Graduates, <https://www.law.ufl.edu/law/wp-content/uploads/2018/04/ABA-Employment-Summary-for-2017-Graduates.pdf> (last visited Mar. 8, 2019).

<sup>20</sup> University of Florida-Fredric G. Levin College of Law Class of 2017 Summary Report, <https://www.law.ufl.edu/law/wp-content/uploads/2018/08/NALP-Redacted-Summary-2017.pdf> (last visited Mar. 8, 2019).

<sup>21</sup> *Id.*

<sup>22</sup> *Id.*

<sup>23</sup> *Employment Report & Salary Survey (ERSS)*, *supra* note 19.

<sup>24</sup> *Data Dashboard*, *supra* note 6.

<sup>25</sup> *Id.*

Florida Bar passage rates in 2017.<sup>26</sup> These schools did not fare much better in 2018.<sup>27</sup> Three of these schools are private law schools, which generally have higher tuition rates.

***2018-2019 Costs to Attend Florida Schools that did not Release NALP Report***

<b>Law School</b>	<b>Tuition Per Semester</b>	<b>Cost of Living Per Semester</b>	<b>Annual Cost of Attendance</b>	<b>Three Year Cost of Attendance</b>
Ave Maria <sup>28</sup>	\$21,103.00	\$23,834.00	\$66,040.00	\$198,120.00
Barry University <sup>29</sup>	\$18,640.00	\$26,150.00	\$63,430.00	\$190,290.00
Florida Coastal <sup>30</sup>	\$46,068.00	\$23,122.00	\$69,190.00	\$207,570.00
Florida A&M <sup>31</sup>	\$13,676.00	\$27,730.00	\$41,406.00	\$124,218.00

Prospective law students must have a firm understanding of the job prospects after graduation, before making the commitment to pay these large sums of money. There is still a public misconception that most law school graduates find jobs with six-figure starting salaries. If a student believes he or she will make six figures right out of law school, \$200,000.00 in debt is not as daunting. If, however, a student sees the median salary for a young lawyer is only \$75,000.00, with most young lawyers making less than six-figure salaries, \$200,000.00 in debt is harder to swallow.

Requiring publication of the NALP Report data by each law school would create a uniform standard for students, making it easier to consume and providing students with a better understanding of the true financial impact of student loan debt. Prospective students can therefore assess if a legal degree from their prospective institution is worth that investment. This, along with the additional disclosures in Standard 509, would complete the financial picture.

***B) ABA Standards 507 and 508 Related to Financial aid Counseling and Student Support Services***

After making the decision whether and where to attend law school, potential law students should also receive quality counseling related to financial aid since the overwhelming majority of students borrow to help finance their legal educations.<sup>32</sup> New students often have little to no experience obtaining student loans, repaying them, or managing debt. And, because students usually take on debt year by year, loan by loan, students often lose track of the running total. Additionally, families often misunderstand the terms of their

<sup>26</sup>Florida Board of Bar Examiners, *July 2017 General Bar Examination Overall Method* (Sept. 18, 2017), [https://www.floridabarexam.org/\\_85257bfe0055eb2c.nsf/52286ae9ad5d845185257c07005c3fe1/2125aa14d5da8eb78525819f005056e5](https://www.floridabarexam.org/_85257bfe0055eb2c.nsf/52286ae9ad5d845185257c07005c3fe1/2125aa14d5da8eb78525819f005056e5).

<sup>27</sup> Florida Board of Bar Examiners, *July 2018 General Bar Examination Overall Method* (Sept. 17, 2018), <http://www.floridasupremecourt.org/barscores/Bar%20Analysis/2018/July/09-17-2018-Press-Release.pdf>.

<sup>28</sup> Ave Maria School of Law – 2018 Standard 509 Information Report (Dec. 10, 2018), <https://www.avemarialaw.edu/wp-content/uploads/2018/12/Std509InfoReport-193-190-12-10-2018-09-10-17.pdf>.

<sup>29</sup> Barry University Dwayne O. Andreas School of Law, Cost of Education 2018-2019 <https://www.barry.edu/law/future-students/financial-services/cost-of-education.html> (last visited Dec. 21, 2018).

<sup>30</sup> Florida Coastal School of Law – 2018 Standard 509 Information Report (Dec. 9, 2018), <https://www.fcsl.edu/userfiles/files/Standard%20509%20Report%20-%202018.pdf>.

<sup>31</sup> Florida A&M University – 2018 Standard 509 Information Report (Dec. 12, 2018), <https://law.famu.edu/wp-content/uploads/2018/12/ABA-Standard-509-Report-2018.pdf>.

<sup>32</sup> Dennis W. Archer, Task Force on Financing Legal Education, *Memorandum* (June 17, 2015), [https://www.americanbar.org/content/dam/aba/administrative/legal\\_education\\_and\\_admissions\\_to\\_the\\_bar/reports/2015\\_june\\_report\\_of\\_the\\_aba\\_task\\_force\\_on\\_the\\_financing\\_of\\_legal\\_education.authcheckdam.pdf](https://www.americanbar.org/content/dam/aba/administrative/legal_education_and_admissions_to_the_bar/reports/2015_june_report_of_the_aba_task_force_on_the_financing_of_legal_education.authcheckdam.pdf).

loans and repayment, including the ability to combine parent loans with student loans after graduation.<sup>33</sup> But adequate loan counseling is not always a reality.

Because Federal law makes it difficult, if not impossible, to discharge student loans in bankruptcy, quality counseling before debt is incurred, and as students begin repayment, is of tantamount importance. Recipients of federal government aid must undergo mandatory counseling prior to receiving aid; yet the federal government does not require the same of private lenders. Due to the inconsistency in debt counseling by lenders, the ABA should require that law schools, who benefit from the student loans, be responsible for ensuring students receive comprehensive financial counseling.<sup>34</sup>

The current ABA Standard 507 requires law schools to demonstrate reasonable steps to minimize student loan defaults, including provision of debt counseling at the inception of a student's loan obligations and again before graduation.<sup>35</sup> This Standard falls short because the reality is that schools discuss debt with their students once at the very beginning of law school and then a second time right before graduation, both times often in a large group setting. Similarly, ABA Standard 508 requires law schools to provide their students with "financial aid and debt counseling"<sup>36</sup> but provides little to no concrete standards for law schools to follow. Instead, law schools are permitted to get by with one meeting before tens of thousands of dollars in loans are disbursed to a student. The ABA should adopt more substantive and stringent requirements that must be administered to students before a law school or university's financial aid department disburses student loans.<sup>37</sup> Standards 507 and 508 should be modified to require in-person training, tailored to the individual student's financial aid allocation, rather than the current norm where students sit through a one-size-fits-all presentation. This requirement holds law schools, who benefit from financial aid, accountable for providing quality education to law students on debt management and repayment.

### *Conclusion*

The Survey results demonstrate that substantial student loan debt has become the norm, rather than the exception, for young lawyers. The YLD Board calls on the ABA to take the lead on this issue by setting concrete standards for increasing transparency in the costs of attending law school and requiring that law schools prepare students for the prospects of managing the financial burdens of student loan debt.

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<sup>33</sup> *Id.*

<sup>34</sup> Ron Lieber, *Last Plea on School Loans: Proving a Hopeless Future*, N.Y. Times (Aug. 31, 2012), <https://www.nytimes.com/2012/09/01/business/shedding-student-loans-in-bankruptcy-is-an-uphill-battle.html?pagewanted=all&module=inline>.

<sup>35</sup> ABA Standards and Rules of Procedure for Approval of Law Schools 2017-2018, Chapter 5, [https://www.americanbar.org/content/dam/aba/publications/misc/legal\\_education/Standards/2017-2018ABASStandardsforApprovalofLawSchools/2017\\_2018\\_standards\\_chapter5.authcheckdam.pdf](https://www.americanbar.org/content/dam/aba/publications/misc/legal_education/Standards/2017-2018ABASStandardsforApprovalofLawSchools/2017_2018_standards_chapter5.authcheckdam.pdf) (last visited Dec. 21, 2018).

<sup>36</sup> *Id.*

<sup>37</sup> *Paying for Law School: A Preliminary Guide*, LSAC [https://www.lsac.org/sites/default/files/media/FinancialAidBrochure2018\\_web.pdf](https://www.lsac.org/sites/default/files/media/FinancialAidBrochure2018_web.pdf); <https://ifap.ed.gov/fsahandbook/0304FSAHbkVol8.html> (last visited Dec. 21, 2018).