

# What Law School Rankings Don't Say About Costly Choices

Some students should consider lower-ranked schools that offer more grants, better opportunities

William D. Henderson and Andrew P. Morriss

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Deciding where to go to law school is a difficult decision for many applicants. Law school is expensive and becoming more so each year, making the choice of where to go often the biggest investment decision an applicant has made in his or her life. Yet many prospective law students lack knowledge about the entry-level legal market or even what different types of lawyers do in their daily lives.

Despite its many flaws, the annual *U.S. News & World Report* law school ranking is cheap and easy to use, making it an important source of information for prospective students weighing their options. Unfortunately, the utility of these rankings is often distorted by an Internet-based echo chamber, where anonymous posters brag about their admissions to elite schools and job prospects at big firms.

To further complicate students' decisions, many law schools are engaged in vigorous competition to lure students who will boost the schools' status in key *U.S. News* metrics, such as median LSAT score or selectivity. All too often, the results are expensive, bad decisions about law school.

Based upon our combined 21 years of experience as legal educators and our empirical study of rankings, we think students rely on law school rankings as a rough guide to their future employment prospects. Yet the *U.S. News* rankings would be far less influential, and produce fewer bad choices, if students had better sources of information. Providing prospective law students with better information is the purpose of this special guide.

During the last three decades, the size and geographic dispersion of the global economy has dramatically increased the demand for sophisticated corporate legal services. In contrast, the demand for personal-services legal work -- wills and estates, personal injury, family law, simple business contracts, etc. -- has grown at roughly the rate of population growth.

These dynamics have resulted in a "bimodal" income distribution, in which there is a heavy concentration of salaries in two distinct ranges, based on salary figures provided by [NALP](#). At the high end are the large corporate firm starting salaries that so interest the media. In 2006, salaries in the largest firms in major markets jumped from \$125,000 to \$135,000 to \$145,000. Thus out of 22,684 starting salaries reported for 2006, 4,809, or 21.2 percent, were in the \$125,000 to \$145,000 range. (In 2007, this mode moved further to the right due to associate "salary wars.") Yet prospective lawyers need to remember that most new lawyers do not earn \$160,000 a year at a large firm. Many earn \$40,000 to \$55,000 per year in small to midsize firms and solo practice. In 2006, 8,577 reported salaries, or 37.8 percent, were in this range out of the 22,684. The payments on \$100,000-plus worth of law school debt look quite different to someone earning \$50,000 than they do to someone earning \$160,000 a year.

Why are large firm salaries rising so dramatically? In large part, it is due to the post-World War II spread of the "Cravath system" of law firm organization (originally designed by New York-based [Cravath, Swaine & Moore](#)). Under this model, the best students are recruited from the best schools and (in theory) provided with the best training to attract the best clients. After an eight- to 10-year apprenticeship period -- some call it a "tournament" -- the best associates are promoted to partner, and the others depart for less elite firms or take a job with corporate legal departments.

As the amount of corporate legal work has grown, the large elite law firms have bid up the starting salaries of entry-level associates in an effort to recruit a sufficient number of students with top grade point averages (GPAs) from the elite law schools. Because demand for these top graduates has far outstripped supply, the hunt for the best students has, gradually, encompassed a

much broader array of law schools. But outside of a small number of national law schools (we put this number at fewer than 20), only the highest-ranked students at a broad swath of regional law schools can hope for access to these high-paying jobs.

This dynamic is summarized by considering the percentage of graduates from the classes of 2005, 2006 and 2007 who took jobs among the nation's 250 largest law firms, as ranked by the *The National Law Journal* (the [NLJ 250](#)). Although the proportion of NLJ 250 jobs correlates strongly with *U.S. News* rank, the probability of a large-firm job drops off very quickly. Big increases in hiring in 2006 and 2007 reveal the importance of pedigree for many of the largest firms. With demand for elite graduates outstripping supply, many chose to recruit deeper into the classes at elite law schools.

For the vast majority of students who are not admitted to top-tier national law schools, these figures lead to a simple conclusion: Slavishly following the *U.S. News* rankings will not significantly increase one's large-firm job prospects. And the excess debt that students incur is likely to undermine their career options.

Drawing upon our research and detailed data made available by the NLJ, [ALM Research](#) and the 2008 American Bar Association-Law School Admission Council "[Official Guide to ABA-Approved Law Schools](#)," we offer some additional information to help prospective students decide whether to enroll (or not) in law school, and where.

## DEBT AND HIGH-PAYING JOBS

For most prospective law students, the most important question is whether law school is worth \$100,000 in debt plus three years of lost earnings. In purely financial terms, elite law schools offer a high degree of certainty: Although corporate law is not everyone's preferred calling, the \$160,000 per year salary plus bonus provides ample earning power to pay off student loans quickly. For many students at elite schools, the lure of money, prestige and power is overwhelming.

Yet, even among highly ranked law schools, large-firm jobs are available to a relative small proportion of students. The full chart of employment trends for law school graduates ([.pdf](#)) summarizes the most recent employment outcomes data for ABA-accredited law schools. This information is taken from the class of 2005 nine months after graduation, the most recent class for which such information is available. Drawing upon additional data supplied by ALM Research and the NLJ, we ordered the chart based on the top 100 law schools for NLJ 250 employment. ("Other firms" was calculated by subtracting the school's number of NLJ 250 jobs from the total count for "employed in law firms." "Graduate school" means "pursuing graduate degrees," and "Academia" means "employed in academia.")

Although the ordering of top NLJ 250 feeder schools is strongly correlated with *U.S. News* rankings, movement within the top of the hierarchy provides a much larger employment payoff than an equivalent change does for a school ranked in the middle or the bottom.

For example, between schools No. 25 (William & Mary) and No. 5 (Columbia), NLJ 250 employment rose from 21.9 percent to 54.5 percent, an increase of 32.6 percentage points. This change actually understates the employment payoffs because highly ranked schools also send a larger proportion of their graduates to federal judicial clerkships. In turn, at the end of the clerkships, large firms often pay hiring bonuses to these graduates. Conversely, between schools No. 45 (Brigham Young) and No. 25, the increase in large-firm employment was only 8.4 percentage points, with fewer judicial clerkships. And between No. 65 (Louisville) and No. 45, the increase in large-firm employment is a mere 4.3 percentage points.

Below school No. 26 (Emory), a graduate has a less than one in five probability of starting his or her career at a large law firm. If 80 percent of law school applicants are convinced that they will make that 20 percent cutoff, three out of four are destined to be disappointed. With these numbers, does it really make economic sense to go to the highest-ranked school one can get into? In many cases, the answer is no.

An equally important question is whether to go law school at all. A ranking of 50 law schools by the percentage of students who either flunked out or are unemployed or unaccounted for nine months after graduation includes many schools in tiers two, three and four of the 2007 *U.S. News* rankings. Thus law school does not guarantee lucrative, or even gainful, employment. Moreover,

over-reliance on the *U.S. News* rankings can be damaging to a law student's financial health.

## HOW LAW SCHOOLS PRICE TUITION

Law schools obsess about rankings as much or more than do prospective students. In terms of admissions, the conventional law school playbook is pretty simple: Provide steep tuition breaks to students with LSAT scores and undergraduate GPAs above this year's target medians and make up for the lost revenue by charging closer to full tuition for students who do not boost the school's numbers -- especially transfer students who are hungry for the more prestigious J.D.

The table at right summarizes some key statistics based on the *U.S. News* rankings. (Note we include a Top 14 category because the same schools have occupied the Top 14, occasionally switching positions, since the first *U.S. News* ranking in 1987. These schools all have national cachet in the entry-level legal markets.)

As the data reveal, the vast majority of students finance their legal education through debt. Some may be surprised to learn, however, that high-rank schools, all with

large endowments, are not especially generous with scholarships. In general, their graduates have the highest debt loads. Because of the ready access they provide to lucrative corporate jobs, these schools enjoy enormous market power. They can raise tuition, reduce teaching loads, poach scholars from lower-ranked schools and tweak their course offerings to please tenured faculty.

Yet it is not just high-rank schools that are exercising market power. Among all law schools, the percentage of students receiving scholarship money hovers in the vicinity of 50 percent; by definition, grants to more than 50 percent of enrollment do not optimize a school's *U.S. News* inputs because LSAT scores and undergraduate GPAs are calculated from a school's median figures, and schools tend to offer tuition breaks only to those students whose scores are above the median. In recent years, our conversations with law school admissions officers and administrators suggest that virtually all law school financial aid has been redeployed in the service of law school rankings.

This system of cross-subsidies means that many students will graduate with debt loads far above the school's average. At a high-rank law school, a recent graduate can pay off that debt with a job at a large law firm -- though he or she may not enjoy the work or the hours. But an even worse scenario is high debt -- because the graduate enrolled in the highest-ranked school he or she was able to get into -- and limited job prospects at a nonelite school.

This data also reveals another key distortion of rankings that combine all 194 ABA-approved law schools: With the exception of a few national firms, the vast majority of legal employment is regional. For T14 schools, 35 percent stay in state upon graduation, versus 58 percent for the rest of Tier 1 and 70 percent to 77 percent for tiers two through three.

What does it take to become a successful lawyer? A degree from an elite law school may get one's foot in the door at a big firm, but the prestige and money are no guarantee of happiness. Most young lawyers who start at big firms leave within a few years. But regardless of the pedigree of one's degree, every lawyer's long-term success depends upon the development of key professional skills: time management, interpersonal skills, teamwork, excellent written and oral communication, emotional intelligence and the elusive intangible of "judgment."

Based on our experience with many extremely successful alumni, all of these qualities can be developed (sometimes better and faster) in smaller firms, state court clerkships, government practice or public interest jobs. Yet the key is avoiding the financial vise of excessive law school tuition.

<b>DEBT, EMPLOYMENT, GRANTS, TRANSFERS</b>					
<b>School attribute</b>	<b>Top 14</b>	<b>Tier 1</b>	<b>Tier 2</b>	<b>Tier 3</b>	<b>Tier 4</b>
Average debt of graduate, 2006	\$98,746	\$72,254	\$77,119	\$73,207	\$79,545
Students with debt	82%	83%	84%	87%	85%
Students with NLJ 250 jobs	49%	19%	7%	3%	1%
Employed within state	35%	58%	77%	70%	73%
Receiving full tuition grant aid	2%	4%	4%	6%	4%
Receiving half-to-full grant aid	12%	12%	12%	14%	11%
Total receiving grants	45%	52%	43%	44%	39%
Net Transfers (Average per school)	+34	+9	+5	-5	-28

*Sources: ABA-LSAC Official Guide; U.S. News & World Report, March 2008; ALM Research*

## A REGIONAL APPROACH

For many prospective lawyers, the best strategy may be a careful evaluation of the regional job market in the area of the country where they want to work. If they are not competitive for admission into a national law school -- or are sure they are not interested in corporate law -- they can use their entering credentials to negotiate for a substantial tuition discount. By focusing on price rather than rankings, they will have the financial freedom to pursue jobs that will build valuable professional skills and mentoring relationships or leave the law altogether, without debt, to pursue other life ambitions. Further, if prospective law students still want a shot at large corporate law practice, their best bet may be to focus on regional schools in major legal markets that will provide them with substantial scholarships. Virtually all large firms routinely interview at regional law schools in close proximity to major branch offices while ignoring higher-ranked schools farther away.

The table at the end of this article summarizes the top 25 law schools based on full and half-to-full tuition scholarships and grants. In today's competitive law school environment, the numbers (LSATs and undergraduate GPAs) that will get someone admitted to an Ivy League school with \$120,000 in debt can get the same person a free ride at one of the Tier 1 schools in the table. Likewise, numbers that would get someone into the bottom of the *U.S. News* Tier 1 (at \$100,000 in debt) can get that person a full ride at an excellent regional school with a strong alumni base in his or her dream city.

<b>AFTER GRADUATION</b>		
<b>Employment outcomes for graduates of ABA-approved schools, including academic attrition</b>	<b>%</b>	<b>Cumulative %</b>
NLJ 250	12.3%	12.3%
Other law firms	35.2%	47.6%
Clerkship	8.7%	56.3%
Government	9.9%	66.2%
Public interest	3.9%	70.1%
Business	10.8%	80.9%
Graduate school	2.1%	83.0%
Academia	1.4%	84.4%
Transferred to another school	2.3%	86.7%
Unemployed	6.7%	93.4%
Unknown	3.0%	96.4%
1L academic attrition	3.6%	100.0%

*Sources: ABA-LSAC Official Guide to ABA-Approved Law Schools (2008 ed.), ALM Research*

Finally, if no law school is willing to substantially underwrite a prospective law student's education, he or she needs to understand the financial realities of the job market. Based on our calculations using data from the 2008 ABA-LSAC "Official Guide" (see the table at left), roughly 13.3 percent of all students at ABA-accredited schools either flunk out as 1Ls or are unemployed or unaccounted for nine months after graduation. And at 44 schools, flunked out, unemployed or unaccounted for comprise 20 percent of all outcomes.

Bad outcomes lurk in other categories. Among the 10.8 percent of students who are employed in "business," students need to

understand that this category includes in-house legal work, investment banking, selling insurance, waiting tables and driving a cab. Overall, there is a strong inverse relationship between a school's placement in large-firm jobs and its placement in the business category, which suggests that many nonlegal jobs out of law school are not very lucrative.

We provide regional breakdowns for all ABA-accredited law schools ([.pdf](#)). In compiling this data, we attempt to avoid two pitfalls of *U.S. News*.

- Because the vast majority of the legal market is regional, we categorize schools based upon location in the same state or metropolitan area as one of the 10 largest NLJ 250 markets. These markets include the metropolitan areas of New York, Washington, Los Angeles, San Francisco, Chicago, Boston, Atlanta, Dallas, Houston and Philadelphia. Thereafter, we summarize the remaining ABA-accredited law schools by state.
- We don't rank; neither should prospective students. Within regional markets, many schools will have similar outcome profiles. The question to ask is whether marginally better employment outcomes -- for example, 12 percent large-firm employment versus 6 percent -- is worth the additional law school debt. Often a prospective student choosing a school ranked higher in *U.S. News* will join a more competitive student body, making it harder to earn higher grades. This could cancel out the 6 percent gain in big-firm employment, but not the additional \$60,000 in debt.

*William D. Henderson is an associate professor at Indiana University School of Law -- Bloomington. Andrew P. Morriss is the H. Ross and Helen Workman Professor of Law and Business at University of Illinois College of Law.*

## LAW SCHOOLS OFFERING SUBSTANTIAL SCHOLARSHIPS

*Top 25 law schools based on full and half-to-full scholarships and grants.*

Rank	School	Percent full	Rank	School	Percent half-to-full
1	University of Toledo College of Law	29.2%	1	Ave Maria School of Law (Michigan)	43.3%
2	Ave Maria School of Law (Michigan)	26.4%	2	Ohio Northern University Pettit College of Law	39.9%
3	University of Iowa College of Law	22.4%	3	University of St. Thomas School of Law (Minnesota)	36.1%
4	University of St. Thomas School of Law (Minnesota)	22.2%	4	University of Connecticut School of Law	34.7%
5	University of Akron School of Law	19.1%	5	University of Toledo College of Law	34.3%
6	University of Alabama School of Law	18.8%	6	Howard University School of Law (Washington, D.C.)	33.0%
7	Wake Forest University School of Law (North Carolina)	17.0%	7	Baylor University School of Law (Texas)	31.1%
8	Texas Tech University School of Law	16.8%	8	University of Arizona James E. Rogers College of Law	30.0%
9	Michigan State University College of Law	16.6%	9	University of Alabama School of Law	27.9%
10	Northern Kentucky University Salmon P. Chase College of Law	16.1%	10	University of Nebraska College of Law	27.6%
11	Sanford University Cumberland School of Law (Alabama)	15.4%	11	Wake Forest University School of Law (North Carolina)	27.5%
12	Maroon University Walter F. George School of Law (Georgia)	14.8%	12	Michigan State University College of Law	26.7%
13	University of Arizona James E. Rogers College of Law	14.4%	13	Hamline University School of Law (Minnesota)	25.9%
14	Baylor University School of Law (Texas)	14.3%	14	University of Iowa College of Law	25.8%
15	Northern Illinois University College of Law	14.1%	15	Regent University School of Law (Virginia)	25.3%
16	St. John's University School of Law (New York)	13.8%	16	Vanderbilt University Law School (Tennessee)	24.9%
17	Washburn University School of Law (Kansas)	13.1%	17	University of Akron School of Law	24.6%
18	University of Nebraska College of Law	12.1%	18	University of Tennessee College of Law	24.2%
19	Hamline University School of Law (Minnesota)	12.1%	19	Western New England College School of Law	23.6%
20	Valparaiso University School of Law (Indiana)	12.0%	20	Boston University School of Law	22.8%
21	University of New Mexico School of Law	10.6%	21	Thomas Jefferson School of Law (California)	22.2%
22	Loyola Law School, Los Angeles	10.5%	22	Roger Williams University School of Law (Rhode Island)	21.7%
23	State University of New York at Buffalo Law School	9.5%	23	Drake University Law School (Iowa)	21.6%
24	Thomas Jefferson School of Law (California)	9.2%	24	St. John's University School of Law (New York)	21.2%
25	Roger Williams University School of Law (Rhode Island)	9.2%	25	University of Pittsburgh School of Law	21.2%

*Source: ABA-LSAC Official Guide to ABA-Approved Law Schools (2008 ed.)*