



LST's  
2025  
VISION

# WHERE WE ARE TODAY



**U.S.** legal education has broken from tradition over the past 50 years in admitting more diverse students and adopting new teaching methods. While law schools still have far to go on both access and curricular reform, schools have even further to go on law school affordability. What compounds that challenge is that the vast majority of law schools struggle under the weight of an unsustainable business model. The resultant price of legal education affects both the justice gap and diversity in the legal profession. Each day we fail to address the price of legal education is another day we fail our promise to society that lawyers can steward the legal system.

**Law school tuition has exceeded inflation for decades.** Private and public law school tuition is 2.8 and 5.9 times as expensive as it was in 1985—after accounting for inflation. In 2019, tuition topped out at \$72,360. The average tuition at top-performing law schools is much higher than the rest. But prices do not scale with job outcomes. The average tuition at the lowest-performing schools is similar to the average for mid-range schools.

While law schools typically discount the sticker tuition price for a portion of the class, 25% of J.D. students paid full price in 2018-19. Students who pay full price or close to it are more likely to come from lower socioeconomic backgrounds or be underrepresented racial minorities. Their tuition dollars subsidize the scholarships that their more advantaged classmates receive. These disparities enhance persistent inequity in law practice.<sup>1</sup>

**Students borrow to pay these high prices.** Three in four graduates borrow for law school at high interest rates. Among borrowers, the average 2018 graduate borrowed \$115,481. This person is likely to have roughly \$130,000 in debt from law school alone when they start repayment six months after graduation because interest accrues immediately on law school loans. As with scholarships, underrepresented racial minorities—not to mention women—borrow more on average for law school.<sup>2</sup>

**When factoring in graduate salaries, students borrow excessively for law school.** One common-sense rule in student lending provides that students should not borrow more than they expect to earn after their first year. At 94% of law schools, the median amount borrowed exceeds the median earnings in the first full year after graduation. The median debt-to-income ratio is 1.86. One in six law schools have a ratio of 3.0 or higher, which means that the median amount borrowed exceeds the median earnings by 200%.

<sup>1</sup> Law School Transparency Data Dashboard: National Tuition Report, <https://data.lawschooltransparency.com/costs/tuition/?y1=1985&y2=2019>; School Tuition Report, <https://data.lawschooltransparency.com/costs/tuition/?y1=2015&y2=2019&scope=schools>; Tuition by Job Outcomes, <https://data.lawschooltransparency.com/costs/tuition/?y2=2019&scope=jobs>; National Net Tuition Report, <https://data.lawschooltransparency.com/costs/net-tuition/> (last visited Jan. 22, 2020). Law School Survey of Student Engagement (LSSSE), *Law School Scholarship Policies: Engines of Inequity* (2016), <http://lssse.indiana.edu/wp-content/uploads/2015/12/LSSSE-2016-Annual-Report-1.pdf> (hereinafter “2016 LSSSE Report”).

<sup>2</sup> LST Data Dashboard, National Debt Report, <https://data.lawschooltransparency.com/costs/debt/> (last visited Jan. 22, 2020); 2016 LSSSE Report, *supra* note 1; LSSSE, *The Cost of Women’s Success* (2020), <http://lssse.indiana.edu/wp-content/uploads/2015/12/LSSSE-AnnualSurvey-Gender-Final.pdf> (hereinafter “2020 LSSSE Report”).

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Another common sense-rule in student lending recommends that a graduate should not devote more than 10 or 15% of income to monthly student loan obligations. The median borrower across all law schools ranges from 10.7% to 78.7% using the standard loan ten-year repayment term and the median income. The median percentage of pre-tax income devoted to debt service is 29%.<sup>3</sup>

A graduate who owes \$130,000 at first payment has a monthly payment of about \$1,450 on the standard plan—nearly 50% higher than the median mortgage in the United States.<sup>4</sup> To remain in range of the recommendation, the graduate must make between \$116,000 (for 15%) and \$174,000 (for 10%). The median entry-level salary for 2019 graduates was \$70,000. That average is generous due to non-responses and nearly double-digit unemployment.<sup>5</sup>

**Changes to the federal student loan program would devastate many law schools.** Law schools depend on tuition to meet their budgets. Across all law schools, 69% of revenue comes from tuition. A quarter of law schools receive at least 88% of revenue from tuition.<sup>6</sup> With so many students borrowing, law school tuition dependency is really federal student loan dependency. Major changes to the loan program would mean major problems for law schools.

Both President Obama and President Trump proposed significant changes to the federal loan program that would be less generous and thus more likely to make students stay away from law school.<sup>7</sup> This might sound good in theory, but the reality is that it would make our profession less racially and socioeconomically diverse. We also happen to need new lawyers.

**But even if the federal student loan program does not change, the cost of law school is indefensible.** Law school is expensive and it is insufficient to return to prices and borrowing levels from a decade ago. The status quo threatens the long-term health of the legal profession and the legal system.

When law schools price potential contributors out of the profession, they jeopardize the pipeline of students who want and can afford to protect the rule of law, deliver quality legal services, and narrow the justice gap. Myriad factors stand between good intentions and meaningful reform, but more accessible, affordable, and innovative law schools can become the new normal if we devote additional energy to changing the structural barriers that hold schools back.

<sup>3</sup> LST Data Dashboard: National Debt-to-Income Ratio Report, <https://data.lawschooltransparency.com/costs/debt-income/>; National Debt-Service Ratio Report, <https://data.lawschooltransparency.com/costs/debt-income/?scope=repayment> (last visited Jan. 22, 2020).

<sup>4</sup> Value Penguin, *Average Monthly Mortgage Payment*, May 15, 2019, <https://www.valuepenguin.com/mortgages/average-monthly-mortgage-payment> (citing the U.S. Census Bureau's 2015 American Housing Survey, which found a median monthly mortgage payment of \$1030 in the United States.)

<sup>5</sup> LST Data Dashboard, National Salary Report, <https://data.lawschooltransparency.com/jobs/salaries/> (last visited Jan. 22, 2020).

<sup>6</sup> American Bar Association (ABA) Task Force on Financing Legal Education, *Report* (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.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.pdf) (hereinafter "2015 Legal Ed ABA Finance Report").

<sup>7</sup> In his 2015 budget, President Obama proposed capping Public Student Loan Forgiveness (PSLF) at \$57,500 for new borrowers. In 2018, President Trump proposed eliminating PSLF entirely. He also proposed extending the repayment period for Income-Based Repayment to 30 years with a requirement that you pay 12.5% of discretionary income instead of 10%, which is the most common percentage now.

# WHERE WE ARE TODAY



On the one hand, the regulatory landscape needs change. The law school accreditation standards need to be stricter in some places and less restrictive in many others. On the other hand, the incentives landscape must also change. Schools and students alike rely on the *U.S. News & World Report* law school rankings as the pinnacle benchmark for quality and prestige. Students use these rankings to make decisions about where to apply and attend; schools use them to decide how to allocate limited resources. Students that rely on *U.S. News* make less informed decisions, increasing their debt and expanding the mismatch between debt loads and career outcomes. Schools, meanwhile, drain their resources and creative spirit to compete. The incentives the *U.S. News* ranking system creates and the hierarchy it reinforces complicate even the most basic reform conversations within law schools. Decision-makers want and need new systems of measurement that produce better incentives, yet still offer consumers valuable information as they decide where to attend law school.

We can talk endlessly about who or what is to blame for the exorbitant price of law school, but it's far more productive to focus on changing what needs to change. Law School Transparency (LST), in partnership with state bar associations and nonprofits like the Stanford Center on the Legal Profession, is undertaking an array of projects related to accreditation and the *U.S. News* law school rankings. We envision lower tuition, less financially-stressed graduates, and a profession that looks more like our diverse society. Together, these projects will create the necessary conditions for affordable, accessible, and innovative legal education and cause faster positive change.

When we collectively fail to address serious problems with law school access, affordability, and innovation, the legal profession loses out on people who could positively impact clients and diversify our profession. It also worsens our access to justice problem, whether because people take fewer entrepreneurial risks, cannot go into public service, or never enter at all.

We don't quite know what the future holds for law schools. Who will they educate? How? When? What we do know is that we are not satisfied with the current path. We can diverge, however, if people throughout our profession work together on systemic change. It won't happen on its own.

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# LST'S 2025 VISION: A GUIDE TO OUR WAY FORWARD



The challenges facing legal education in 2020 run deep and, in some cases, will take several decades to address. Our vision for lower tuition, less-financially stressed graduates, and a more diverse profession requires that we change the environment in which law schools operate. Over the next five years, we believe it is possible to create the conditions necessary to achieve both rapid and long-term positive change.

Our plans and proposals are intricate and thorough, making this report lengthy and dense. The next few pages will serve as a guide to the report's two main parts. The first part of the report looks at how LST plans to remake law school incentives. This part begins with a section on the *U.S. News* law school rankings methodology and how the rankings negatively impact students, schools, our profession, and more. The next section estimates the cost to buy or license the rankings—a thought experiment that demonstrates the absurd power *U.S. News* has over law schools. The next section examines two projects from LST aimed at fostering competition with *U.S. News* as part of an effort to mitigate its influence on law school operations. The last section describes a change to the rankings methodology that LST is encouraging *U.S. News* to adopt.

The second part of the report looks at modernizing the law school accreditation standards. The first section examines the overly prescriptive nature of the current standards. The second section contemplates how the standards can better protect consumers. The final section details several transparency proposals related to costs, diversity, and innovation.

Our plans and proposals found in this report are summarized below. The full report provides more details on these plans and proposals. **You can learn more about how to support the projects related to LST's 2025 vision at [www.LawSchoolTransparency.com/progress/](http://www.LawSchoolTransparency.com/progress/).**

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## Remaking Law School Incentives

The incentives landscape paralyzes legal educators at a time when rapid change is essential. We do not need to eliminate the *U.S. News* rankings to positively impact legal education, but the system of incentives facing law schools will not change without concerted effort. LST and its partners are leading the charge.

- A** LST will provide market-based incentives for law schools that strive to offer accessible, affordable, and innovative legal education.
  - i. The LST Reports will continue to help prelaw students decide whether and where to go to law school using high-quality data about employment, salaries, admissions, costs, and bar exam outcomes.** Law school applicants act differently when they have well-organized and trustworthy information to act upon. Among certain segments of applicants, the narrative related to *U.S. News* has begun to shift, but there remain significant opportunities for LST to do more. Reaching everyone earlier—and reaching more people who ultimately attend local and regional schools—requires boots on the ground at colleges across the country, a refreshed site design, and more visibility on the social media platforms that today’s applicants use daily. The LST Reports now function as an intermediate-to-expert level tool. While the process can never be completely personal, it should take would-be students of all levels through the process more empathetically.
  - ii. The LST Index will be a deliberate, thoughtful, and transparent assessment tool that will reward law schools for valuable societal contributions on a range of measures that *U.S. News* does not reward.** Through a free certification overseen by an independent standards council, schools will be able to showcase how they devote more than words to meaningful objectives. While the Index will be clear in its vision for legal education, schools will retain flexibility in how they achieve their certification. The Index will create the necessary conditions for affordable, accessible, and innovative legal education—and cause faster positive change.
- B** LST will encourage *U.S. News* to update its methodology to redefine quality.
  - i. LST will continue to encourage *U.S. News* to swap its expenditures per student metric for an efficiency metric.** The expenditures metric, which *U.S. News* uses to proxy educational quality, rewards schools that spend money. The proposed efficiency metric will reward schools that charge students less tuition and manage enrollment relative to the job markets a school serves.

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## ***Modernize Law School Regulation***

As accreditor of U.S. law schools, the American Bar Association Section of Legal Education and Admissions to the Bar, plays a critical role in protecting consumers, whether students or the public. The balance between regulation and flexibility should be intentional and thoughtful, and the ABA should rethink its accreditation standards according to three themes. Smart regulation will lead to more effective and innovative programs of legal education—potentially at a substantially lower price.

**A Fewer Limits on Innovation: remove barriers to help schools meet societal needs.** The accreditation standards are overly prescriptive and reflect decades of gamesmanship between stakeholders and an era where conformity constituted quality. Instead, the accreditation standards should include only the standards necessary for a quality legal education. The Council should:

- i. Allow more flexibility in how law schools deliver learning outcomes
  - **Implicated Standards:** Standard 311; Interpretation 311-1
- ii. Undertake a comprehensive review of what a full-time faculty member must do and what is necessary (and why) to the provision of a quality legal education
  - **Implicated Standards:** Standards 107, 201, 203, 401, 402, 403, 404, 405, 601, 603, 605, 606; Interpretations 402-1, 701-1
- iii. Continue to liberalize distance education standards
  - **Implicated Standard:** Standard 306
- iv. Allow more flexibility in how law schools structure operations
  - **Implicated Standards:** Standards 106, 201, 306, 311, 312, 403; Interpretations 311-1, 402-1
- v. Reconsider the library standards in light of the library's evolution to a learning commons
  - **Implicated Standards:** Standards 601, 602, 603, 604, 605, 606; Interpretation 606-1
- vi. Eliminate restraints that toughen the road for new law schools
  - **Implicated Standards:** Standards 102, 107, 311
- vii. Refine the variance system
  - **Implicated Standard:** Standards 107

The balance between regulation and flexibility should be intentional and thoughtful.

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- B More Consumer Protection: thoughtful accreditation enhancements to ensure the seal of ABA approval continues to mean something to the public.** The accreditation standards have improved greatly over the past decade, but it remains necessary to continue to improve consumer protection. The Council should convene a series of working groups to consider how it can use its regulatory authority to improve the state of legal education with consideration the most significant challenges in 2020.
- i. Law schools remain significantly behind other graduate degree programs in developing learning outcomes and assessment tools. Where the market fails to hold schools accountable, the Council should fill the gap through narrow regulation.
  - ii. Law school pricing is not equitable. People of color and women should not pay more for law school than their majority peers. Law schools should not take advantage of known student mindsets related to conditional scholarships.
  - iii. Law school costs too much for everyone. The legal profession needs a pipeline of students who want and can afford to join.
- C More Transparency: more data to serve as the foundation for reform and as an impetus for change.** Transparency exposes blind spots and signals opportunities for change. The Council should adopt a series of proposals that shed light on law school debt, inequitable pricing, and last inequality. It can do so without modifying the accreditation standards. The resultant data will allow legal educators and policymakers to confront difficult realities and to direct resources in a manner that strengthens and stabilizes the law school pipeline.
- i. Expand data on student borrowing. While averages tell the public something about entire populations, policymakers, faculty, and administrators will think more clearly about the high price of legal education when the disclosures peer underneath average student debt figures.
  - ii. Expand data on tuition prices and discounting. Schools engage in significant discounting through scholarships. Those with the largest scholarships are the students who are most likely to complete school, pass the bar, and get a job that helps them to repay their debts. More public information will highlight this disparity and hold schools accountable for claims about their generosity towards students.
  - iii. Expand data on diversity. Data on student borrowing and tuition discounting should also be made public by gender and race given the demographic differences in how much people pay and borrow for law school.