

The Lifetime Costs of a Legal Education



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I was a part of the first group of people who benefited from the Federal Guaranteed and Direct Student Loan Program. When I graduated from the Ohio State University College of Law in 1968, my total debt was \$3,000. In 1966, 89,000 American students received guaranteed student loans. In 2000, nearly 9.4 million American students benefited from the program.

For the 10 years after I graduated from law school, I had to make monthly payments of \$35.19. So that you get the entire picture, Susie and I were married before my senior year in law school and she contributed the net portion of her \$5,000 first-year teacher's salary to the cost of my final year, so \$3,000 was the actual cost of two years of law school. My initial job after law school, which was in Michigan, paid \$7,200—\$300 less than she made as a teacher. (Yes, the move from Ohio to Michigan increased her salary by 50 percent.)

A strong argument can be made that the government-based student loan program has been unbelievably successful. Today only 16 percent of undergraduates acquire their baccalaureate degrees without student debt and almost nobody leaves professional school debt free. Most of the lawyers in Michigan who graduated after 1968 probably had stu-

dent loans. Our profession has been dramatically transformed by the admission of countless women and minorities, and certainly some would not have had the benefit of a law school education without government-guaranteed programs. In other words, one measure of success of the government-guaranteed loan program is the wide acceptance it received from students in medical, dental, and law school.

So it is a good program, right? Not necessarily. By 1999, the prevalence of student loans resulted in an average cumulative debt (both undergraduate and professional education) for private dental school students in the amount of \$123,898; medical students had debt of \$99,225; and new lawyers averaged \$63,078. It must be remembered that the figures expressed are averages. Some very fortunate lawyers leave with no debt. Those borrowing, however, have average debt exceeding \$80,000. It is not just anecdotal that law students leave four years of college and three years of legal education with six-figure mortgage-like obligations, which will take more than 30 years to satisfy.

How has this happened? Like all debt-financed ventures, the motivations are complicated. In a spring 2001 letter, Dean Allan Lichter of the University of Michigan Medical School reported that by last spring the average debt of medical graduates, before

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their residency, which can often require further borrowing, was \$104,000. He discussed Shannon Sullivan, a 27-year-old Grosse Pointe native who was one of the 165 new physicians to graduate with the class of 2001.

Shannon knows that the rewards of a career in pediatrics and public policy will not be measured in dollars. With interest on her loans now accruing at the rate of \$1,000 per month, she expects to be making payments for most of her life. She tells me she refuses to allow concerns about paying off debt to dictate her choices in life. I admire her altruism, but wonder if she fully appreciates how difficult it will be to repay these loans.

One of my friends, a successful obstetrician in Grand Rapids, told me that if she had to do it all over again, she would forgo her medical school education rather than strap herself for her entire life to decisions she made as a 22-year-old before entering the profession. I hear the same tale from young lawyers. Borrowing is the easy part. Repayment proves to be more difficult. While student loan default rates have plummeted from the outrageously high 22.4 percent rate that plagued the program in the early 1990s, one in ten students defaulted on government education loans in 2000.

Unfortunately, most of the general public—and indeed many in our own profession—simply do not understand the burden created by student loans. In part, media coverage of increased starting salaries at some of the largest firms in this state and country leads to the common misperception that all lawyers have starting salaries of more than \$100,000 in their first job following law school. Indeed, some of the most successful students do.

The greatest compromise, however, comes to those programs that need bright and dedicated law graduates to serve those who do not have the ability to pay for legal services.

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But what about the rest? *Michigan Lawyers Weekly* surveys the largest 50 firms in Michigan each year. The statistics show that only 8.2 percent of Michigan lawyers work in firms with 25 or more lawyers. By percentage, only a few Michigan lawyers work for national firms capable of paying the kind of salaries reported in the media. In fact, a review of the statistics shows that a great percentage of our lawyers work as sole practitioners or in small firms of fewer than 10 lawyers. Many others work for government entities where average starting salaries are reported at \$34,000 per year.

Law firms capable of paying six-figure salaries have significant demands. The now-common 2,000-billable-hour requirement leaves little room to “get a life” or to perform community service or other volunteer work. Roscoe Pound, dean of the Harvard Law School from 1916–1936, defined a profession as “the pursuit of a learned art as a common calling in the spirit of public service—no less a public service because it may incidentally be a means of livelihood.”

For most of our lawyers, debt of \$100,000 or more requires a lifetime sacrifice based upon decisions made with the knowledge and life experiences of the average college graduate. There is little room in such a debt-structure for changed minds, alteration of a person's occupation, or change of interest. There is also no room for medical needs, divorce, psychological problems, or the needs of children.

In Pound's mind, the means by which a lawyer earns a livelihood is incidental to the profession and incidental to the common calling to public service. In today's world, however, it is the common calling to public service that has become incidental and the quest for a livelihood that has become mandatory. In my mind that is a sad but true reality.

The greatest compromise, however, comes to those programs that need bright and dedicated law graduates to serve those who do not have the ability to pay for legal services.

The barristers of the Detroit Metropolitan Bar Association continue to thrive as a group

of young lawyers in Detroit, although participation in public service projects they sponsor has leveled off in recent years. The barristers and the Young Lawyers Section of the State Bar of Michigan will partner to staff a day at the Detroit Legal Services Clinic on April 4, 2002. Volunteers from both groups will meet with low-income clients and personally take on cases that cannot be resolved in the clinic.

Such partnerships are more prevalent now because both the Young Lawyers Section of the State Bar of Michigan and the barristers in the Detroit Metro Bar Association are finding it difficult to get young lawyers to participate in important public service projects. Is it possible that the debt-load of new lawyers is causing a destruction of the very values that resulted in our profession in the first place?

The legal services community is justifiably worried. How can a new graduate with a heart for the needy take more than \$1,000 a month to repay debt from what remains of \$30,000 or less in annual gross salary at a legal aid clinic and have any life at all? The same can be said for government lawyers—prosecutors, city attorneys, and employees of state government—many of whom find it difficult to make ends meet on the salaries they are paid.

The law schools bear some responsibility as well. Since 1990, tuition at both public

and private law schools has nearly doubled while the total accumulated cost of living increased 40 percent. Loan forgiveness programs, such as the enviable program at the University of Michigan, which forgives student debt for those working in legal services, government, prosecutor's office, public defender, and even some in private practice, are very rare.

Hopefully, the ABA's new commission on loan repayment and forgiveness, chaired by Judge Frank M. Coffin of the First U.S. Circuit Court of Appeals and Curtis M. Caton, will examine the problem of increasing debt and recommend concrete solutions. On the commission's recommendation, the ABA House of Delegates asked Congress to improve income-contingent repayment options.

Perhaps the officers of the State Bar and the law school deans can recommend a solution for Michigan. However, without a solution, I may join the many lawyers in Michigan who are discouraging young people from entering one of the greatest professions there is. It would be tragic if the success of the guaranteed loan program turned out to be the single-most important event in keeping large numbers of potential law students from reaching their dream. In the end, however, that may be the only answer. ♦