

Law School Debt Hampers Public Interest Employment

In 2003, the American Bar Association released the results of a national study evaluating the implications of law school debt relative to public interest legal employment.¹ The study concluded that, having incurred an average of \$84,000 in educational debt, 66 percent of new law school graduates were precluded from taking public interest employment owing to the relatively low starting salaries for such positions.

Public interest employment was broadly defined as including public defenders, government offices, legal aid organizations, and other nonprofit groups. Public interest groups starting salaries were put at about \$36,000 and government starting salaries at about \$42,000. The study pegged median starting salaries at private firms at \$90,000.²

The State Bar of Michigan Law Practice Management Section (LPMS) began tracking law school debt in its 2000 Economic Survey. Those inquiries were continued in the current survey. While Michigan's specific numbers are different, our surveying reveals a similar pattern to the numbers as well as their impact on choosing public interest employment.

The Michigan data shows that for a prolonged period of time—ending around 1978—law school debt, and its repayment burden, were essentially nonissues for Michigan lawyers. Earlier LPMS Surveys showed median law school debt remained below \$3,000 for many years. Exhibit 1 shows the dramatic growth of law school debt since 1990.

Exhibit 2 shows the resulting monthly repayment obligations for the same time line.

The survey also asked if law school debt prevented lawyers from considering or keeping public interest employment. Exhibit 3 shows that as law school debt approaches \$40,000 it begins to impact a lawyer's choices involving public interest employment. As the debt reaches \$60,000, the impact becomes more severe.

As a purely economic construct, it is axiomatic that high debt load is a disincentive to pursuing lower-paying employment in any setting. However, the financial realities of the legal marketplace have largely delegated—to legal aid agencies and similar public interest providers—the task of meeting the civil legal needs of economically disadvantaged persons and other special needs populations. In that context, some intervention in the marketplace may be justified to assure that an adequate number of skilled attorneys are available to such agencies.

The ABA report also noted that young attorneys who do take such positions, despite their debt burdens, are often forced out for financial reasons after gaining two to three years' experience. This continuous turnover is costly for employers, who must hire and train new personnel on a regular basis and

difficult for clients who lose the benefit of experienced counsel.³

The ABA study called for the creation of programs to ease the burden of loan repayment for law school graduates that choose public interest employment. In Michigan, although the University of Michigan and several legal service providers have loan assistance programs, the need for such assistance far exceeds the availability of such programs. Since the late 1990s, the State Bar has spearheaded efforts to create a loan repayment assistance program for those choosing public interest employment and convened discussions involving the law schools' Deans, State Bar officials, legislative leaders, and other stakeholders within Michigan's legal service agency community. Those discussions became more focused in 2000 following the release of that year's Economic Survey data.

Exhibit 1
Total Law School Debt at Graduation by Years in Practice

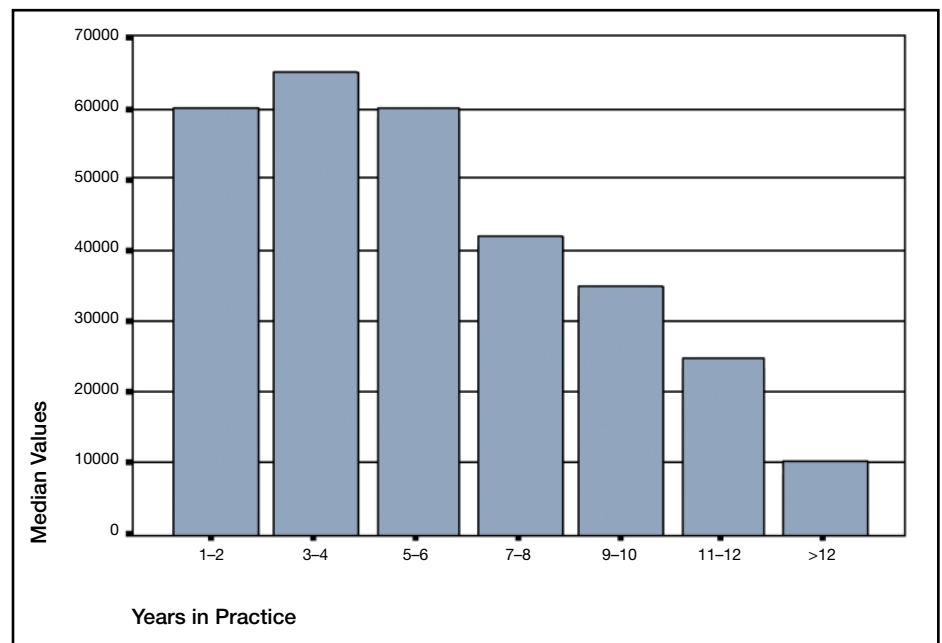
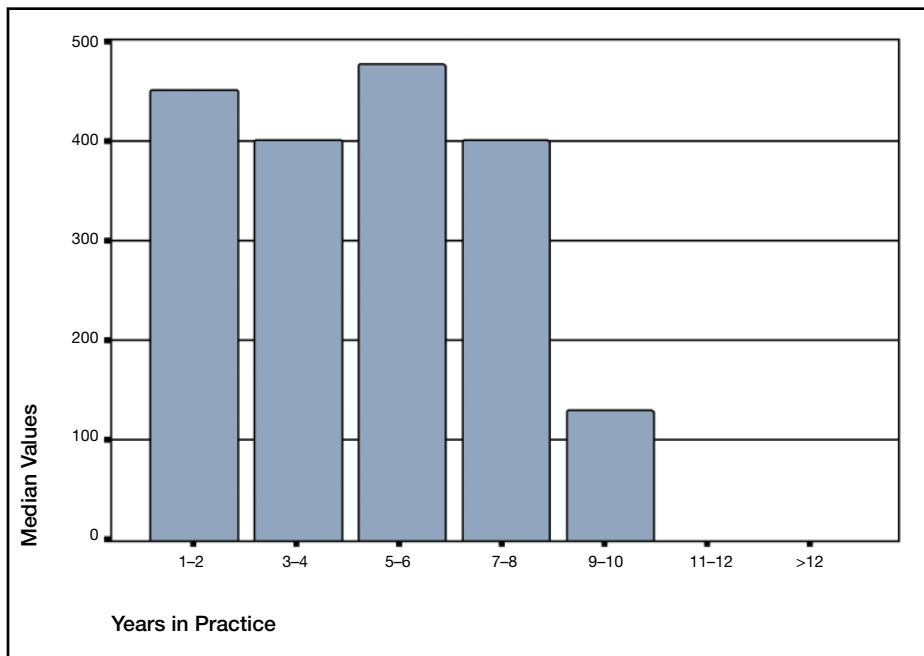
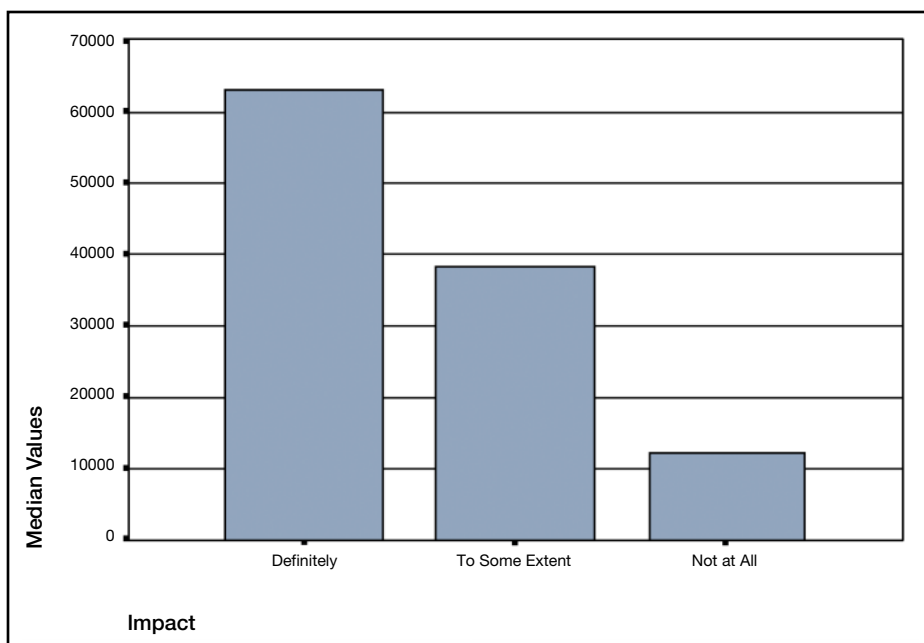


Exhibit 2
Monthly Loan Repayment Levels by Years in Practice, June 2003



The ABA report on loan forgiveness identifies a range of strategies that may help law school graduates who want to work in public interest careers to deal with the barriers created by escalating law school debt.

Exhibit 3
Impact of Law School Debt on Considering or Keeping a Public Interest Job, 2003



These efforts reveal a shared concern about the problem and a willingness to move forward on a solution. However, as the recent economic downturn whittles away at the budgets of law schools, non-profits, and state government alike, the issue has been temporarily forced onto a back burner.

The ability of the public, from all economic strata, to access quality legal services from governmental and public interest lawyers is enhanced when young lawyers—especially those with diverse cultural and economic backgrounds—are able to enter and remain in these fields. The ABA report on loan forgiveness identifies a range of strategies that may help law school graduates who want to work in public interest careers to deal with the barriers created by escalating law school debt.

However, the report stresses that real solutions will, in large part, be crafted within each state rather than on a national level. In Michigan, the State Bar—as part of its commitment to enhance access to justice—will continue to be an important leader in these efforts. With an improving economy and a heightened awareness of the dimensions of the problem, an answer to the call for law school debt repayment assistance for those choosing public interest employment may be possible in Michigan, if all interested parties work together to meet the challenge. ♦

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FOOTNOTES

1. "Lifting the Burden: Law Student Debt as a Barrier to Public Service," ABA Commission on Loan Repayment and Forgiveness 2003 www.abanet.org/legalservices/lrap/home.html
2. Id. page 25.
3. Id., Executive Summary pages 10–11.