



LAW SCHOOLS: THE REAL EMPLOYMENT NUMBERS FOR THE LAW CLASS OF 2012

By Jason M. Dolin

Woody Allen opened his 1970's classic *Annie Hall* by speaking to the camera and riffing on the meaning of life.

There's an old joke - um... two elderly women are at a Catskill mountain resort, and one of 'em says, "Boy, the food at this place is really terrible." The other one says, "Yeah, I know; and such small portions."

For recent law grads, un(der)employed and drowning in a lifetime's worth of debt, the joke's not so funny. There are few jobs and fewer still *good* ones.

Like the recent graduating classes that preceded it, nationally the Law Class of 2012 endured another miserable hiring year, barely better than the historically low employment fate suffered by the Class of 2011. The good news is that the employment outcomes suffered by the 2011 Class appear to represent the bottom of the legal hiring trough. According to the National Association of Law Placement (NALP), in absolute numbers there were more jobs for the 2012 Class than for the 2011 Class. The bad news, and it is mostly bad, is that owing to its historically large size, the employment rate in full time, permanent, JD required (FTPJD) jobs for the 2012 Class barely increased over the miserable FTPJD job rate suffered by the Class of 2011.

The brass ring seems ever more elusive, even for those law graduates fortunate enough to find FTPJD work. Not only is work hard to find for new law graduates, but the work they find is often unsatisfying. A survey of 65,000 employees conducted by *Careerbliss*, an online career information clearinghouse that has compiled massive amounts of career and industry data, showed that the *unhappiest* profession of all was that of associate attorney in a law firm.¹ Of course job satisfaction contains two elements, the first one of which is having a job; preferably a full time, permanent, JD required one. And on that score the news for 2012's law grads has not been good either, with little relief in sight. No one – not even the most sales hungry law school dean – is predicting a significant turnaround in legal hiring.

Closer to home, as we'll see below, Ohio's law schools produced 1,463 graduates in 2012. Almost 11% were totally unemployed, with no job of any kind at all as of the ABA reporting date, February 15, 2013, nine months after graduation. Barely more than half of Ohio's 2012

law graduates were able to find the kind of FTPJD job they entered law school to find. Because it is now abundantly clear that Ohio, with nine law schools including five state funded law schools, has more law schools than it needs our state once again *underperformed* the national averages in the key categories of unemployment and employment in FTPJD jobs.

	AKRO
Total 2012 Graduates ("Grads")	139
% of 2012 Grads Employed in Full Time/Permanent/JD Required ("FTPJD") Jobs - THE REAL EMPLOYMENT RATE NATIONAL AVERAGE = 56.2%*	46.8% 65/139
% of 2012 Grads <u>Unemployed At Any</u> Job 9 Mos. After Graduation (both seeking and not seeking employment) NATIONAL AVERAGE = 10.6%*	7.9% 11/139
PRIVATE LAW PRACTICE	
% of 2012 Grads in FTPJD Private Law Practice	34.5% 48/139
Of Grads in FTPJD Private Law Practice, % in Solo Practice NATIONAL AVERAGE = 2.3%*	12.5% 6/48
Of Grads in FTPJD Private Law Practice, % in firms of Solo through 25 Attorneys (small practice)	77.1% 37/48
Of Grads in FTPJD Private Law Practice, % in "mega" firms of 501+	2.1% 1/48
LAW GRADUATE DEBT	
% of 2012 Grads with at Least One Law School Loan**	89%
Average Amount Borrowed by 2012 Grads**	\$66,28
Average Amount Borrowed by 2011 Grads	\$67,94
% Increase in Average Amount Borrowed of 2012 Grads vs. 2011 Grads	- 2.50%
% Increase in Average Amount Borrowed Since 2010 Class	+ 9.3%
* See ABA data at http://www.americanbar.org/content/dam/aba/adminis	
**This was obtained on the <i>U.S. News</i> website at http://grad-schools.usne	

Nationally, A Dim Hiring Future

Employment projections for the future hold little reason for optimism. No matter which source you consult, the projections are the same: anemic hiring with no change in sight. According to NALP, “For the fourth year in a row, law firms continued to exercise limited entry-level hiring. The legal sector saw a very small net gain in overall jobs in 2012, and overall lawyer headcount remains far off of pre-recession highs.”² Further, according to NALP, “Rather than exhibiting the slow and steady recovery that might be hoped for, however, some firms seemed to put the brakes on in 2012, and both the median and average number of offers made to 2Ls (members of the Class of 2014) for summer associate positions in 2013...”³

NALP’s analysis was borne out by a survey by *The National Law Journal* of hiring at the nation’s 350 largest law firms (the NLJ 350). According to *The National Law Journal*:

Law firms got bigger in 2012, but just barely. This year’s NLJ 350, *The National Law Journal*’s annual survey of the nation’s biggest law firms by number of lawyers, shows that firms grew by just 1.1 percent during 2012, a retrenchment from 1.7 percent growth in 2011. A full 140 firms on this list shrank in size - 40 percent of the group.

Particularly telling were the low numbers of associates hired...the results reflect the apparent once-and-forever demise of the business strategy of boosting revenues by

deploying armies of associates. The 350 firms on this year’s list added a scant 622 associates – a particularly troubling figure given that U.S. law schools continue to pump out 45,000 graduates each year.⁴

Moreover, it isn’t just low ranked schools that are having trouble placing their graduates. While in the hierarchy-obsessed world of legal hiring the top 25 schools in the *US News* rankings do better than many lower ranked schools, even schools in the top 25 aren’t doing very well. Nationally, 27.7% of graduates from top 25 schools were underemployed, meaning that they were either in short-term, part time, or non-professional jobs nine months after graduation. But once you get out of the top 15 ranked law schools, the percentage of underemployed for 8 of the 10 schools ranked 16 through 25 is around 20%; nothing to brag about. Only 31 schools nationally had an underemployment rate under 15% and just 66 – less than a third of all law schools had an underemployment rate below 20%.⁵

Legal industry analysts joined the dim-hiring chorus. A report issued in 2013 by legal industry consultants Hildebrandt Consulting, LLC made clear what has now becoming obvious to those practicing law in the new post-recession normal.

“For the legal industry, the results in 2012, another turbulent year, were largely a repeat of trends that emerged

KRON	CINCINNATI	CLEVELAND STATE	OHIO STATE	TOLEDO	CAPITAL	CASE WESTERN	DAYTON	OHIO NORTHERN	TOTALS
139	140	176	222	147	197	172	174	96	1,463
6.8%	53.6%	48.9%	59.5%	51.7%	48.2%	47.1%	51.1%	59.4%	51.7%
5/139	75/140	86/176	132/222	76/147	95/197	81/172	89/174	57/96	756/1463
7.9%	11.4%	11.4%	4.1%	12.9%	11.2%	14.0%	14.4%	13.5%	10.9%
1/139	16/140	20/176	9/222	19/147	22/197	24/172	25/174	13/96	159/1463
4.5%	35.7%	36.4%	31.5%	39.5%	34.5%	29.7%	35.6%	34.4%	34.4%
8/139	50/140	64/176	70/222	58/147	68/197	51/172	62/174	33/96	504/1463
2.5%	2.00%	15.6%	2.9%	22.4%	20.6%	9.8%	11.3%	9.1%	12.1%
6/48	1/50	10/64	2/70	13/58	14/68	5/51	7/62	3/33	61/504
7.1%	58.0%	70.3%	44.3%	77.6%	80.9%	54.9%	80.6%	69.7%	68.1%
37/48	29/50	45/64	31/70	45/58	55/68	28/51	50/62	23/33	343/504
2.1%	0.0%	7.8%	8.60%	1.7%	1.5%	13.7%	6.5%	3.0%	5.2%
1/48	0/50	5/64	6/70	1/58	1/68	7/51	4/62	1/33	26/504
89%	80%	91%	86%	81%	94%	82%	89%	97%	
66,283	\$84,140	\$82,269	\$98,674	\$95,375	\$120,471	\$118,806	\$118,333	\$97,968	
67,948	\$70,168	\$71,477	\$87,770	\$89,261	\$115,309	\$98,900	\$107,458	\$94,824	
2.50%	+ 19.9%	+ 15.1%	+ 12.4%	+ 6.8%	+ 4.50%	+ 20.1%	+ 10.1%	+ 3.3%	
+ 9.3%	+ 43.9%	+ 15.1%	+21.2%	+ 24%	NO DATA FROM 2010	NO DATA FROM 2010	NO DATA FROM 2010	NO DATA FROM 2010	

administrative/legal_education_and_admissions_to_the_bar/reports/law_grad_employment_data.authcheckdam.pdf

usnews.rankingsandreviews.com/best-graduate-schools/top-law-schools/grad-debt-rankings/.

over the prior three years. In fact, we think it is time to let go of any lingering notion that the industry will revert to the boom years before the Great Recession anytime soon. With profit growth and other financial indices reaching lower set points in the past four years, we anticipate that the current state of the industry will remain the norm for the foreseeable future.⁶

After years of sluggish hiring, it's becoming clear that sluggish legal hiring isn't sluggish at all. It's the new normal. Hildebrandt, after reviewing legal industry performance from 2004 through 2012, concluded that the legal boom years of the 2000s before the Great Recession were an aberrant blip. The post-recession new normal is what we can likely expect going forward. Sluggish.

Back in the world, in a sign that can't be good for new graduates either, employment insecurity wasn't limited to recent grads, even for those who have arrived at the promised land of law firm partnership. A survey of 120 law firms by Wells Fargo Private Bank's Legal Specialty Group published in January 2013 found that about 15 percent of the firms were planning on *partner* cuts in the first quarter of 2013.⁷ Although the layoffs and hiring freezes we saw in 2009 and 2010 have stopped, now several years after the official end of the Great Recession, the legal employment trend line remains noticeably stagnant. A February 2013 report entitled *2013: Report on the State of the Legal Market* by the Georgetown Law Center for the Study of the Legal Profession had this to say:

"Following eight straight quarters of negative demand growth as reflected in declining billable hours, the U.S. legal market turned back into positive territory in Q4 2010 but has been unable to sustain steady and positive growth in demand for legal services...the present rate remains well below that in the pre-2008 period, when annual demand growth averaged 3.9 percent."⁸

The report goes on to say that "when measured in terms of billable hours per month per lawyer, productivity has been essentially flat for the past three years."⁹ Further, the proportion of new jobs in law firms of 250 or more lawyers fell 33 percent in two years, along with a 35% decline in median starting salaries at big firms since 2009.¹⁰

And in the face of this bleak industry outlook, and the overwhelming evidence of the high law school debt and miserable job prospects experienced by new graduates, we come to what is truly the most depressing statistic of all. A survey conducted by *Lawyers.Com* published in May 2013 found that "64% of parents hope their children will grow up to pursue legal careers."¹¹ That remarkable statistic proves a few things: (1) P.T. Barnum was right; (2) many parents won't let facts get in the way of a good career myth; and (3) law schools can be assured of a continuing, albeit reduced, source of tuition fodder even as the legal employment market declines or remains static.

Ohio's Unemployed 2012 Law Graduates

Data reported by Ohio's law schools to the ABA in February 2013 (the ABA employment data reporting date for the Class of 2012) show that as Ohio slowly recovers from the recession, Ohio's law graduates continue to suffer higher unemployment than the general population. By way of comparison, the unemployment rate for the general population in Ohio in February 2013 was 7.1%.¹² The

national unemployment rate for 2012 law graduates was 10.6%.¹³ The unemployment rate for Ohio's 2012 law graduates was 10.9%, with 7 of Ohio's nine law schools having unemployment rates that were higher than the national law school average. In addition seven of Ohio's nine law schools had unemployment rates that exceeded 11.2% – more than 4 points higher than the unemployment rate for the general Ohio population. At the high end of Ohio's 2012 Class, Dayton's unemployment rate was 14.4%. At the low end, Ohio State's unemployment rate was 4.1%.

Ohio's Employed 2012 Law Graduates

The chart above reflects employment outcome data for the 2012 Class reported by Ohio's law schools to the American Bar Association as of February 15, 2013, the mandated reporting date nine months after the Class of 2012 graduated.¹⁴ I have simplified the chart this year to concentrate on FTPJD work; the type of work sought by the overwhelming portion of law graduates. And of the FTPJD work obtained, by wide margins the largest employment category is private law practice (as opposed to business, government, or public interest, for example). Historically, private practice job placement has exceeded 50% of the jobs obtained, with the next largest employment category, business employment, approximately one third of the private practice employment.¹⁵

FTPJD Employment

The data show that 51.7% of Ohio's Class of 2012 (756 of 1,463) had obtained FTPJD employment nine months after graduation. This was 4.5 points below the national average of 56.2% for FTPJD employment. Seven of Ohio's nine law schools fell below the national average for FTPJD employment. The lowest FTPJD rate was 46.8% at Akron, with the highest of 59.5% at Ohio State.

Private Practice - The Largest Segment

In its desire to obtain FTPJD private practice employment, the Class of 2012 was no different than its predecessors. Of the 756 law graduates who obtained FTPJD employment, 67% (504 of the 756 who found FTPJD work) were employed in private law practice.

Solo Practice

Of the 504 employed in FTPJD private law practice, approximately 12% were employed in solo practice. The national direct-to-solo percentage rate is 2.3%.¹⁶ Eight of Ohio's nine law schools exceeded the national direct-to-solo rate. Ohio's direct-to-solo rate, at more than four times the national average, is bad news and masks weakness in the employment market. Indeed, while solo practice counts in the data as FTPJD employment, in reality it typically reflects that the student who went direct-to-solo practice was unable to find other work and chose solo practice as a last, or close to last, resort. Thus, while Ohio's FTPJD rate is 51.7%, the extremely high direct-to-solo rate indicates that, in reality, the true FTPJD rate in Ohio is less than that. Of those in FTPJD private practice, Toledo was at the high end with a whopping 22.4% in solo practice. Cincinnati was at the low end with 2.0% in solo practice.

Small Practice

As in prior years, the overwhelming number of 2012 graduates in FTPJD private practice found employment in

small firm settings, which I define as firms of solo through 25 attorneys. Of the 503 graduates who went into FTPJD private practice, 68.1% (343/503) went to small firm practice. At 80.9%, Capital had the highest small practice rate. At 44.3%, Ohio state had the smallest small practice rate.

Mega Practice

At the other end of the practice scale is “mega practice,” which I define as firms of 501 or more attorneys. Overall, 5.2% of the 2012 graduates in FTPJD private practice, found work in mega practice. At the high end, 13.7% of Case Western’s students in FTPJD private practice were in mega practice. At the low, none of Cincinnati’s students in FTPJD private practice found work in mega practice.

Low Grow O-HI-O

Legal employment doesn’t look to be getting much better in Ohio anytime soon. Projections from Ohio’s Bureau of Labor Management Information (BLMI), the labor statistical arm of the Ohio Department of Job and Family Services, make clear that Ohio attorney hiring will follow the sluggish national hiring trend into the foreseeable future. Since 2004, the legal services sector (attorneys and others) in Ohio has lost 5,000 individuals, declining steadily from a high of 39,202 in 2004 to 34,404 in 2011 (latest data available).¹⁷ The most recent BLMI projections show that for the ten-year period from 2010 through 2020, on average there are projected to be 541 lawyer job openings per year, consisting of 382 replacement jobs (retirements and death) and 159 new job openings each year. Simply put, Ohio’s projected growth shows that the State doesn’t need two thirds of the lawyers it is producing. This means that even if Ohio’s nine law schools cut their graduate output by 50% to 731 students per year – a scenario that will never happen voluntarily – they will still be producing over 150 more graduates each year than the number of projected attorney job openings in Ohio through 2020.¹⁸ Confirming the glut of attorneys in Ohio, an independent analysis appearing in June 2013 in *The Atlantic* found that as of 2011 Ohio had the 15th worst oversupply of lawyers of any state in the country.¹⁹

Remarkably, in the face of the existing and future projected glut of Ohio lawyers, when basic market economics would indicate that some Ohio law schools should be closing, at least two of Ohio’s public law schools continue to give serious consideration to constructing *new* (and presumably expanded) law school buildings.²⁰ Clearly, no law dean will voluntarily close the institution that writes his/her paycheck and no state politician is willing to expend political capital to engage in the death match that would ensue in trying to close one or more state law schools. But to contemplate *expansion*? For all of its bravado talk about making “difficult cuts” and “bold moves” and “privatizing services” to reduce the budget, the State of Ohio continues to waste millions of public dollars each year by funding the largest number of state supported law schools of any state in the nation; thus proving that when it comes to the expenditure of the taxpayer’s money, politics trumps logic.

Debt, Debt, and More Debt

Overlaying the dreary employment data is the ever present problem of law student debt. The aggregate law school debt for the loan-laden graduates of Ohio’s 2012 Law Class

exceeded \$125 million dollars. Eighty-seven and a half percent (87.5%) of Ohio’s 2012 Class graduated with at least one law school loan, carrying an average debt of slightly less than \$100,000. The data show that at eight of Ohio’s nine law schools, graduates of the 2012 Class experienced increases in debt over the 2011 Class. For at least the second year in a row, Capital Law School was the graduate debt leader in Ohio. Its 197 Class of 2012 graduates carried both the highest average individual law school debt at \$120,471 (per student with at least one loan) and the highest aggregate debt per law school graduating class at more than 22 million dollars.²¹ Akron’s 139 Class of 2012 graduates carried the lowest average individual law school debt at \$66,283 (per student with at least one loan) and the lowest aggregate law school debt per graduating class at slightly in excess of \$8.2 million dollars.²²

The graduates of five of Ohio’s nine law schools graduated with double digit percentage increases in debt over that incurred by the 2011 Class. At the high end, Case Western’s 2012 Class graduated with average debt that was a full 20.1% higher than Case’s 2011 Class, with Cincinnati’s 2012 Class a close second experiencing a 19.9% increase in average debt over its 2011 Class. Since 2010, Cincinnati’s graduates experienced an increase in average debt at graduation of a whopping 43.9%. At the other end, Akron’s 2012 Class experienced a 2.5% decrease in debt over Akron’s 2011 Class.

This is Your Future

So for those readers (or the children of those readers) who may still be contemplating applying to law school this fall, let’s look at what your employment future will most probably look like when you graduate. More than 40% of you, and probably closer to half of you, nine months after graduation will be unable to find the kind of FTPJD job that you came to law school to find. Whatever your employment outcome, when you graduate three or more years from now you’ll have law school loans that, on average, will likely be well in excess of \$100,000. If you’re fortunate enough to find FTPJD employment, the overwhelming odds are that it will not be in “mega practice” but rather in a small law firm with a small firm salary that will likely leave you struggling to pay your loans. For the almost 90% of you who will have loans, it’s a certainty that your loan payoff will take many years. Your employment prospects over those years, on the other hand, will be much less certain.

If you’re thinking about law school and you like that picture, then have at it. However, if you don’t like that picture – but you’re living in the employment fantasy land that the un(der)employed recent law graduates were living in when they applied to law school and thought they could beat the odds – it’s time to think again about going to law school. It will be expensive. Your odds of finding a high paying job out of school to service your debt will be slim. Even if you find a BigLaw job, your odds of making equity partner or finding fulfillment in that work are remote. Yes, I know you’re special, but all of the long term un(der)employed were special, too, when they applied to law school. They were all going to beat the odds. But now, sitting at home un(der)employed, depressed, and scared they don’t feel so special as the bills mount, the loans come due, and when the phone rings it’s not Ashton BigLaw III, managing partner, inviting them to join the firm but Louie the 1st, debt collector, inviting them to pay their bills.

Let's Go "Big Casino"

Now that casinos have come to Ohio many of us have seen firsthand that, in the big picture, the House always wins. And the House's odds now, and into the foreseeable future, are that if you're entering law school you'll be un(der)employed and drowning in debt when you graduate. But, hey, it's your (borrowed) money. Feel free to roll the dice. And as the House says to every soon-to-be loser who walks through its doors, "Good luck."



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- ¹ <http://www.forbes.com/sites/jacquelynsmith/2013/03/22/the-happiest-and-unhappiest-jobs-in-america/>
- ² http://www.nalp.org/march13_perspectives_pr
- ³ Id.
- ⁴ See The National Law Journal, June 10, 2013 <http://www.law.com/jsp/nlj/PubArticlePrinterFriendlyNLJ.jsp?id=1202603415888>
- ⁵ <http://www.theatlantic.com/business/archive/2013/04/the-jobs-crisis-at-our-best-law-schools-is-much-much-worse-than-you-think/274795/>
- ⁶ http://hildebrandtconsult.com/uploads/Citi_Hildebrandt_2013_Client_Advisory.pdf
- ⁷ http://www.abajournal.com/news/article/partner_layoffs_havent_ended_in_biglaw_surveys_indicate/
- ⁸ See 2013: Report on the State of the Legal Market at

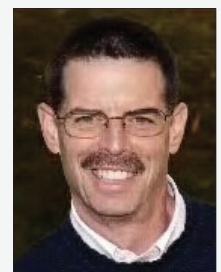
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<https://www.law.georgetown.edu/continuing-legal-education/executive-education/upload/2013-report.pdf>, at 2.

- ⁹ Id. at 4.
- ¹⁰ Id. at 9.
- ¹¹ <http://blogs.lawyers.com/2013/05/two-thirds-of-parents-want-kids-to-be-lawyers/>
- ¹² <http://www.deptofnumbers.com/unemployment/ohio/>
- ¹³ http://www.americanbar.org/content/dam/aba/administrative/legal_education_and_admissions_to_the_bar/reports/law_grad_employment_data.authcheckdam.pdf
- ¹⁴ This year, and going forward, I will use the data reported by the law schools to the ABA, as opposed to the data reported to NALP. There are a number of reasons for this. First, because law schools are required to report to the ABA - the law school regulatory body - and can suffer sanctions if they fail to report or report dishonestly it is less likely that law schools will misreport to the ABA. Secondly, the ABA data is presented in a more clear cut and accessible manner than NALP's. Finally, in my view and apparently that of the ABA, the methodology used by the ABA to calculate employment results more accurately reflects employment outcomes than the one used by NALP.
- ¹⁵ See historical NALP data, in particular the pie chart employment breakdown, at <http://www.nalp.org/uploads/Classof2012SelectedFindings.pdf> (Class of 2012); <http://www.nalp.org/uploads/Classof2011SelectedFindings.pdf> (Class of 2011); <http://www.nalp.org/uploads/Classof2010SelectedFindings.pdf> (Class of 2010); http://www.nalp.org/uploads/Class_of_2009_Selected_Findings.pdf (Class of 2009);
- ¹⁶ http://www.americanbar.org/content/dam/aba/administrative/legal_education_and_admissions_to_the_bar/reports/law_grad_employment_data.authcheckdam.pdf
- ¹⁷ BLMI data on file with the author.
- ¹⁸ Certainly some of those graduates will obtain work out of Ohio but, presumably, that void will be filled with out of state graduates seeking work within Ohio thereby perpetuating the glut.
- ¹⁹ <http://www.theatlantic.com/business/archive/2013/06/the-absolute-worst-states-for-job-hunting-law-school-grads/276463/>
- ²⁰ Faculty minutes on file with the author.
- ²¹ Calculated as follows: 197 total Capital 2012 graduates x 94% with debt = 185 with at least one loan. 185 x \$120,471 average debt per Capital 2012 graduate with at least one loan = \$22,287,135 aggregate debt.
- ²² Calculated as follows: 139 total Akron 2012 graduates x 89% with debt = 124 with at least one loan. 124 x \$66,283 average debt per Akron 2012 graduate with at least one loan = \$8,219,092 aggregate debt.



Jason M. Dolin