

# Law School Debt Among New Lawyers

□ AN AFTER THE JD MONOGRAPH □

by Gita Z. Wilder



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For more information on the *After the JD* study, go to <http://ajd.abfn.org>.  
To download a copy of the report on the first wave of findings, go to <http://www.abf-sociolegal.org/afterjd.html>.

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# Law School Debt Among New Lawyers

This report describes the indebtedness of a nationally representative sample of newly certified lawyers. The information about debt was collected along with information about the lawyers' jobs, salaries, law school histories, and backgrounds as part of a landmark study, entitled *After the JD*, of more than 4,500 individuals surveyed in 2002. Following a brief description of the study, this monograph focuses on how the lawyers paid for their legal education and the debt they incurred in the process.

## Major findings:

- Most law school graduates in the AJD sample, typical of law school graduates in the general population, left law school with considerable educational debt.
- Federally funded loans are the most common source of support for law school students, accounting for nearly half of the total cost of law school.
- Black and Hispanic lawyers were more likely than lawyers in other racial-ethnic groups to have paid for law school with federally funded loans, and less likely to have received support from family members and employment.
- The average amount of total debt among lawyers who joined the bar in the year 2000 was \$70,000.
- The median debt among Hispanic lawyers was higher than that of Asian, black, and white lawyers; the amounts were \$72,000 among Hispanics and \$70,000 among Asians, blacks, and whites. The means showed greater differences: \$73,258 among Hispanics, \$72,875 among blacks, \$70,003 among whites, and \$66,254 among Asians. Debt levels of blacks were moderated by the fact that they received more support than other groups did from scholarships.
- There were no differences between men and women with respect to median debt levels, but slight differences between the means, \$71,933 among women and \$69,375 among men.
- AJD respondents working in private practice settings were more likely than those in other settings to have considered their potential salary — specifically as a means of paying off their debt — an important factor when deciding about the sector of their first job.
- At the same time, the most striking finding is that, among AJD respondents, average debt levels were fairly constant across employment settings, meaning that, on average, lawyers earning high salaries in the largest private law firms and lawyers earning considerably less in public government, public interest, and not-for-profit settings owed similar amounts.
- The end result is that some groups more than others are burdened with a less favorable earnings-to-debt ratio upon leaving law school. These include black and Hispanic lawyers, graduates of public and lower-ranked law schools; and those working in the least remunerative positions.

## *After the JD*

*After the JD* (AJD) is a unique undertaking in the annals of research on the legal profession. It is a longitudinal study of the career choices and subsequent career progression of a national sample of lawyers who were first admitted to the bar in the year 2000. The study was designed and overseen by an interdisciplinary group of scholars and funded by multiple institutions. (See page 22.) It is the first research effort of its kind to examine the early careers of a cohort of newly certified lawyers. As such, it is unrivaled in the breadth of information it collected from its more than 4,500 participants. Sample members first surveyed in 2002 will be recontacted in 2007 and 2011 in a second and third wave.

The first wave of respondents had graduated from law school no more than a few years before their admission to the bar in the year 2000. About 54% of the sample that was surveyed responded, although many of the targeted sample members could not be located. The 71% response rate among those who were located produced a group of 3,905 individuals that closely resembled the national population of lawyers reflected in census data for the year 2000. At the same time, the two-stage sampling process also yielded sufficiently large numbers of individuals in selected legal markets to represent markets of different sizes across the United States. To enhance the reliability of analyses involving lawyers who are members of minority groups, an over-sample of 633 African-American, Asian, and Hispanic respondents was included to offset the typically low numbers of minorities in national samples. The supplementary over-sample allows for stable estimates of the status of minority lawyers. Finally, roughly five percent of the total respondent group was sampled and interviewed, adding depth and detail to the statistical findings from the survey.

Responses to the first-wave survey questionnaire form a database of unprecedented range and richness. Respondents were asked to supply information about their jobs, their professional affiliations, their educational — and especially law school — experiences, and their demographic characteristics. The questionnaire focused largely on careers and the social capital that may have helped to shape early careers and their progress. Respondents were asked detailed questions about the positions they occupied in 2003, including the nature of their work settings and of their work; their salaries and other benefits; and their satisfaction, perceived levels of success, and future plans. They were also asked about their first jobs, if the jobs they held in 2003 were not the first, and about the factors that led them to make the choices they made. Among the latter were questions about their reasons for attending law school; their law school experiences; their family and financial circumstances, including educational debt; and their plans for the next several years.

Many of the “large” questions that inspired the study initially and that informed analysis of the data had to do with the relationships between the responses and the subjects’ gender and/or minority status, and the legal markets in which they started their careers. Follow-up surveys will focus on the trajectories of respondents’ careers as their life circumstances and the society around them change. A full account of the methodology of the study and the sampling process appear in the Appendix. This monograph focuses on debt.

## Why Focus on Debt?

The cost of attending law school has accelerated rapidly over the past 15 years. According to an article in the *National Law Journal*, “In-state residents at public law schools . . . are paying 267% more than in 1990, according to information compiled by John Sebert [former consultant on legal education to the American Bar Association]. For nonresidents, public law school costs have soared by 197%. Private tuition since 1990 has risen by 130%” (“Salaries Rise, So Does Debt,” *National Law Journal Online*, January 30, 2006). Starting salaries have not kept pace with tuition increases, with the result that law school students are not only borrowing more than they once did to pay for their law school education, but also facing higher debt-to-earnings ratios. Critics of these trends worry about the effects of increased costs on the profession — and particularly on law graduates who want to pursue public sector careers.

Close observers of the legal profession have for some time been expressing concern about the impact of debt levels on the choices and behavior of new lawyers. According to one partner at a major New York law firm, high law school debt “distorts incentives” for graduates who might be happier working somewhere other than a large law firm. “There is an incentive for people not otherwise interested in a career to start there,” he said. Anecdotal evidence suggests that graduates are entering big-firm practices with the deliberately stated goal of paying down debt and then leaving (“Salaries Rise, So Does Debt,” *National Law Journal Online*, January 30, 2006).

Others worry about an increase in default rates by borrowers, as debt increases faster than salaries in many sectors of the law. This fear is particularly acute with respect to new lawyers in the public sector, where salaries remain low despite loan repayment plans offered by a number of law schools. In fact, new lawyer loan default has not been increasing. According to information provided by Access Group, default rates have dropped slightly in the past several years. In 2005, the default rate for private loans that paid for professional and graduate degrees totaled 8%, down from 8.5% in 2004 and 8.6% in 2003.

Finally, as bar passage rates drop in many jurisdictions, observers worry about the ability of those whose bar passage may require several attempts — or those who don’t pass the bar at all — to repay their loans.

Because of its longitudinal design, the AJD study should be able to shed light on all but the last of these questions. (Participation in the study is limited to those who have already passed the bar.) Meanwhile, the first wave of data is the basis for the analysis that follows of debt among a sample of lawyers who entered the profession in the year 2000.

There is no denying that law school is expensive,<sup>1</sup> and most students pay for their legal education with loans.<sup>2</sup> In addition, many — if not most — students enter law school with residual debt from their undergraduate education. A recurring question, given both circumstances, is how, if at all, debt affects the early career choices and the subsequent careers of new lawyers. The first wave of AJD data may shed light on at least the first of these questions.

### AJD Data Concerning Debt

AJD respondents were asked to provide the total amount of their education-related debt at the time they graduated from law school. That figure included unpaid loans from their undergraduate and legal education as well as credit card debt. (The amount of credit card debt was requested as a separate entry as well.) The numbers in this monograph describe total debt, which includes credit card debt. Respondents were also asked about the sources of their financial support during law school.

### Sources of Support for Law School

The most common single source of financial support during law school reported by participants in the AJD study was federal loans, mainly from the Stafford program. Among members of the national sample, loans from the federal government accounted for an average of 41% of the financial support they received for their legal education (see Table 1, Paying for Law School). The proportions supplied by the sources next in terms of the magnitude of their contribution to the cost of attending law school — family members (20%) and employment (17%) — didn't even come close to matching the relative importance of federally funded student loans. After loans, families, and employment, an additional 10%, on average, came from “other loans.” The implication of these numbers is that, for most respondents, more than half of the cost of a legal education was funded by sources that had to be paid back, usually with interest. And, while the remaining funds came (as has already been noted) from family members (20%), employment (17%), scholarships (6%), and an assortment of other sources (6%), the primacy of loans translates into considerable debt.

The relative importance of the various sources of financial support are roughly similar for sub-groups of the sample; all depended mainly on loans from the federal government and

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<sup>1</sup> In 1998, when the majority of the AJD respondents were law school students, annual tuition ranged from a low of \$3,984 for full-time, in-state students attending a public law school to a high of \$27,156 for those at a highly selective private law school. The most recent figures, describing tuition for the class that entered law school in fall 2005, range from a low of \$6,549 for full-time, in-state students attending a public law school to a high of \$39,172 for those at a highly selective private law school. (Source: *ABA-LSAC Official Guides to ABA Approved Law Schools*, 2000 and 2007 editions)

<sup>2</sup> The American Bar Association collects information about law school debt annually. In *Syllabus* (Spring 2006), John Sebert, at the time Consultant [to the ABA] on Legal Education, said, “For the 85% of the 2004-2005 graduates who borrowed something for their legal education, the average amount borrowed by public law school graduates was \$51,056; for private law school graduates, the average amount borrowed was \$78,763. At eight private law schools, the average amount borrowed exceeded \$100,000.”

made up the remainder of their costs with contributions from their families, money earned at jobs, scholarships from their schools, and loans other than federal ones. However, there are differences among groups in the relative amounts that various sources contributed to the total debt incurred. Black and Hispanic respondents were more dependent than white and Asian sample members on loans, having received, on average, 47% and 56%, respectively, of their support during law school through borrowing. Black and Hispanic respondents were also less likely to have received help from their families; the percentages of total support were, respectively, 9% and 15% from families. Asians, on the other hand, depended least on loans — the 48% of the cost of their legal education that was borrowed, in the form of federal and other loans, was roughly one-fourth less than the proportions borrowed by black and Hispanic respondents — and were the most likely to have been helped by their families, which provided an average of 28% of their support. Although the proportional contributions are lower relative to other sources, black respondents received, on average, greater proportions of their support from scholarships provided by their schools (these accounted for an average of 18% of the financial support received by black respondents) than any of the other subgroups, for whom the proportional contribution of scholarships ranged from four to seven percent. Scholarships from their law schools helped to contain the reliance on loans among black respondents, accounting for their considerably lower (57%) debt dependency than was the case among Hispanics (66%). However, the major consequence of these differences in funding sources is that black and Hispanic lawyers in the sample left law school with more responsibility for paying back the costs of their legal education than did white and Asian respondents.

**TABLE 1. Paying for Law School:  
Relative Contribution of Specific Sources of Support During Law School**

	<b>Total</b>	<b>Men</b>	<b>Women</b>	<b>Blacks</b>	<b>Hispanics</b>	<b>Asians</b>	<b>Whites</b>
Federal student loans	41%	39%	42%	47%	56%	35%	39%
Other loans	10%	10%	11%	10%	10%	13%	9%
School scholarships	6%	6%	7%	18%	4%	5%	6%
Family	20%	19%	22%	9%	15%	28%	21%
Employment	17%	20%	14%	14%	12%	13%	17%
Other	6%	7%	5%	4%	2%	5%	2%

## Debt

Roughly 16% of the respondents (15.7% of the national sample that was working full time when the study was conducted) said that they had no debt when they graduated from law school. The proportion was nearly identical — 15.6% and 15.2% respectively<sup>3</sup> — for graduates of public and private law schools. Among the remaining sample members — that is, the 3,036 of them who provided the information — the reported amounts of educational debt averaged about \$70,000 but spanned an enormous range from \$100 at the low end for those who reported any debt at all to a high of \$213,000. One approach to the question of debt and career choice is to ask how, if at all, do individuals with no debt when they graduated from law school differ from their debt-ridden peers?

### Respondents with No Debt

AJD respondents who reported that they had had no debt when they graduated from law school differed from their debt-ridden colleagues along several key demographic dimensions. Although men and women were equally likely to have reported at least some outstanding educational debt at the time of their graduation from law school, there were statistically significant differences by racial-ethnic group and differences as well by age, their parents' socio-economic status (not shown), the rank of the law school they attended and, to some extent, their practice setting (see Tables 2A through C, Comparisons of Those With and Without Debt).

### Comparing Those with and without Debt (Tables 2A - 2C)

The 16% of sample members who reported leaving law school with no debt were not evenly distributed among the sub-categories of respondents. Tables 2A through 2C describe some of the differences.

Table 2-A shows that AJD respondents who reported that they had no debt when they graduated from law school were significantly more likely to be white or Asian than any other race or ethnicity and significantly less likely to be black or Hispanic. So, for example, compared with 16% of those in the total population of new lawyers, only 6% of black respondents and 5% of Hispanic respondents reported having no debt. By way of contrast, 19% of white respondents, 14% of Asian respondents, and the very small number of Native American respondents reported having no debt. Put another way, AJD sample members who left law school with some amount of debt were more likely than those with no debt to be black (94% of them) or Hispanic (95%), compared with an average of 84% of the total population. These are significant differences.

There was no significant difference by gender in the existence of debt: 16% of both males and females reported no debt.

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<sup>3</sup> There will be slight discrepancies in the figures for any given variable, owing to different numbers of respondents who didn't answer particular questions.



**TABLE 2A. Debt vs. No Debt, by Race/Ethnicity**

Race-Ethnicity	NO DEBT		DEBT		TOTAL	
	N*	%	N*	%	N*	%
Asian	362	14	1,586	86	1,948	100
Black	100	6	1,697	94	1,797	100
Hispanic	58	5	1,112	95	1,170	100
Native American	47	14	291	86	338	100
White	4,130	19	19,711	81	23,841	100
Other	128	17	820	83	948	100
Total	4,825	16	25,217	84	30,042	100

\* These are weighted data. The numbers of individuals are, therefore, indicative of the estimated numbers in the population that the sample represents.

Table 2-B shows that there was a relationship — a marginally significant one — between the existence of debt, whatever the amount, and the ranking of the law school the respondent attended.<sup>4</sup> Twenty percent of respondents from “top 10” law schools reported no debt and 17% of those from law schools ranked between 11th and 25th reported no debt, compared with 15% of those from the remainder of law schools, those ranked from 26th to the lowest (in this case, 178th because that was the number of law schools represented by respondents). There was virtually no difference in the incidence of debt among respondents from the schools ranked 26th and lower.

<sup>4</sup> The rankings are those created annually by *US News & World Report*, in this case reflecting the 2002 issue of the magazine. While NALP and the NALP Foundation are, in principle, opposed to the process and the over-use of the rankings, they do provide a widely used metric.

**TABLE 2B. Debt vs. No Debt, by Rank of Law School Attended**

Law School Rank	NO DEBT		DEBT		TOTAL	
	N	%	N	%	N	%
Top 10%	506	20	2,054	80	2,580	100
11–25	558	17	2,811	83	3,369	100
26–178	3,380	15	19,668	85	23,048	100
Total	4,741*	16	24,934*	84	29,675*	100

\* Totals include 798 individuals with law degrees from outside the U.S. and from unaccredited law schools.

Finally, there appears to be a relationship between some practice settings and the existence of debt among AJD respondents, a topic that will be explored more fully later in this report. Table 2C shows proportionally more solo practitioners than their peers in other forms of private practice to have reported that they had no residual debt when they left law school; 22% of them reported no debt compared with between 12% and 20% in private firms of various sizes. Private practitioners in small to medium size offices — between 21 and 100 lawyers — were least likely to report no debt, and lawyers in the largest offices — those of 251 or more lawyers — were most likely.

Although there is no real pattern to the distribution of sample members with no debt, the numbers in Table 2C tend to defy the common wisdom that debt levels among new lawyers discourage them from entering the public service and not-for-profit sectors and send them in

**TABLE 2C. Debt vs. No Debt by Practice Setting**

Practice Setting	NO DEBT		DEBT		TOTAL	
	N	%	N	%	N	%
<b>Private Practice</b>						
Solo practice	340	22	1,217	78	1,557	100
Office 2-20 lawyers	1,219	15	6,910	85	8,129	100
Office 21-100 lawyers	583	12	4,322	88	4,905	100
Office 101-250 lawyers	456	16	2,381	84	2,837	100
Office 251+ lawyers	344	20	1,366	80	1,710	100
<b>Non-Private Practice</b>						
Government	656	14	4,157	86	4,813	100
Legal services	103	12	789	88	892	100
Public interest	42	13	279	87	321	100
Not for profit	195	30	454	70	649	100
Business	485	20	1,904	80	2,389	100
<b>Total</b>	<b>4,423*</b>	<b>16</b>	<b>28,202*</b>	<b>84</b>	<b>23,779*</b>	<b>100</b>

\* Totals include individuals in other (very small) categories.

droves into private practice where salaries are higher. The highest concentration of those with no debt was in not-for-profit organizations, followed by solo practice, business, and the largest private firms. While relatively small proportions of lawyers in legal services, public interest law, and government were without educational debt when surveyed, it was also the case that relatively small proportions of lawyers in small and medium size offices were without debt.

These findings lead naturally to the question that inevitably surfaces in the context of law school debt, namely whether the existence and/or the amount of debt influences law school graduates' initial job decisions. Because they are descriptive, the AJD data are not positioned to answer questions about causality, but it *is* possible to examine the relationship between debt (as opposed to no debt) and the sector in which respondents worked at the time of the survey. (The relationship between amount of debt and sector will be discussed later in this section; see page 16.) These data show a statistically significant relationship between the existence of debt and at least certain sectors; for example, respondents who reported no debt at the end of law school were more likely than those with debt to be solo practitioners but less likely to be working in private law firms of other sizes. At the same time, those with reported debt were also more likely than those without debt to be working in the federal government and in legal service organizations, a finding that challenges the conventional wisdom that law school debt discourages lawyers who would like to work in government and service occupations from doing so.

## **Amounts of Debt**

The median debt among AJD respondents who reported debt was \$70,000, and about two-thirds of the respondents reported debt levels of between \$36,000 and \$106,000. The amounts are consistent with estimates from other sources (the ABA, for example). These figures, for the entire population that responded, mask even larger variations by a number of demographic variables (see Tables 3A through 3D).

For example, because they represent relatively small percentages of the total, members of minority groups contribute little weight to the overall averages. However, when the data are arrayed by group membership, the variability among them increases (see Table 3A, Debt by Race/Ethnicity). The mean educational debt reported by Asian respondents was \$66,254, compared with \$70,993 for white respondents, \$72,875 for black respondents, and \$73,258 for Hispanic respondents; the respective median values were \$70,000 for all but Hispanics and \$72,000 for Hispanics.<sup>5</sup> There were small differences in the debt levels of men and women. The mean debt of women in the sample was \$71,933 and for men, \$69,375, although the median for both was \$70,000 (Table 3B).

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<sup>5</sup> These data are augmented in selected analyses by an over-sampling of minority group members. More than 500 individuals were chosen from the study population to increase the proportion of respondents from minority groups. Their presence adds to the stability of the data from minority groups; they are not, however, included in statistics that represent the full sample, where they would distort the group totals.

**TABLE 3A. Debt by Race/Ethnicity**

	<b>N</b>	<b>Mean</b>	<b>Median</b>
Asian	254	\$66,254	\$70,000
Black	217	72,875	70,000
Hispanic	146	73,258	72,000
White	3,088	70,993	70,000
Other	113	62,885	60,000

**TABLE 3B. Debt by Gender**

	<b>N</b>	<b>Mean</b>	<b>Median</b>
Female	1,729	\$71,933	\$70,000
Male	2,015	69,375	70,000

The most substantial differences in debt levels occurred in relation to the law schools attended by respondents. Graduates of private law schools reported a median debt level of \$80,000; those who graduated from public law schools reported a median debt level of \$55,000 (see Table 3C). Graduates of “top 10” law schools reported a median debt of \$80,000, whereas graduates of law schools ranked anywhere from 11 through 178 owed an average (median) of \$70,000 at the time of the study (Table 3D). These differences are mirrored by the average salaries earned by graduates of law schools distinguished by their governance and rankings.

These variations offer additional evidence that, within generally high levels of debt, some groups leave law school owing even more than the high average for the entire cohort. The reported amounts are consistent with differences in the average cost of attending public and private law schools. They are also consistent with the earlier finding that black and Hispanic members of the sample received proportionally more of their financial support from loans than did Asian and white respondents and that the youngest and oldest sample members owed less than those in their early thirties.

**TABLE 3C. Debt by Governance of Law School Attended**

	<b>N</b>	<b>Median Debt</b>
Private	2,302	\$80,000
Public	1,355	55,000

**TABLE 3D. Debt by Ranking of Law School Attended**

	<b>N</b>	<b>Median Debt</b>
Ranked 1–10	332	\$80,000
Ranked 11–25	558	70,000
Ranked 26-178	2,741	70,000

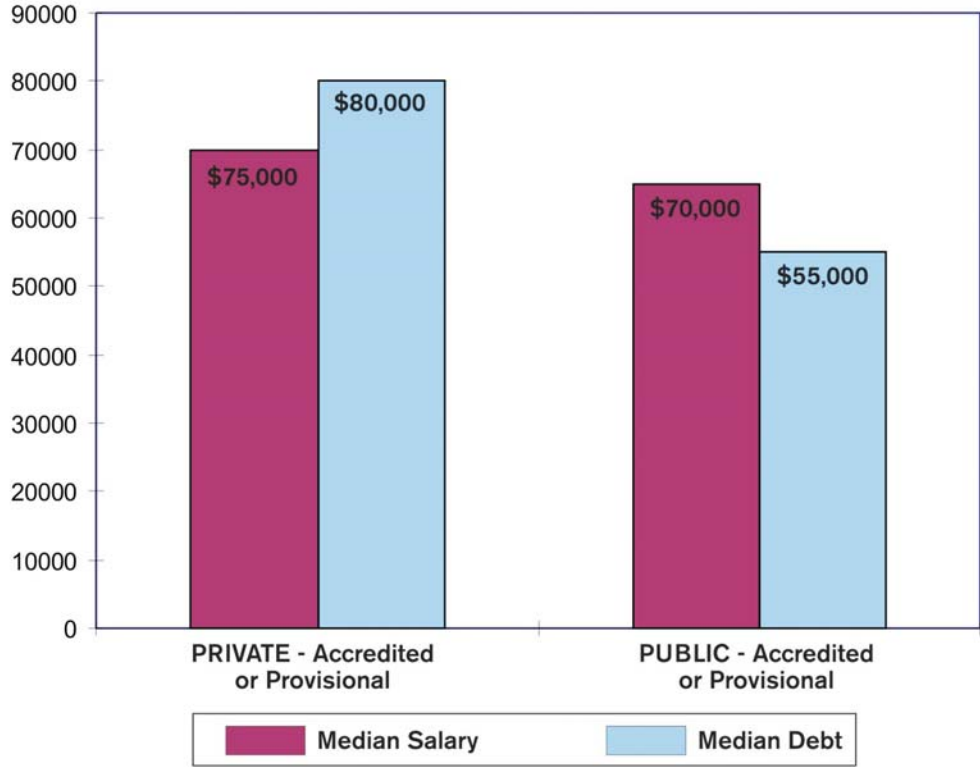
## **Debt and Salaries**

Although the meaning of any relationship between the amount new lawyers owe and the amount that they earn is, at best, speculative, two figures show something about the relationship of debt to salary having to do with the law schools respondents attended. One displays the salary-to-debt ratio by attendance at a public or private law school (Figure 1, Median Salary and Median Debt by Public/Private Law School); the other offers the same ratio by law school ranking (Figure 2, Median Salary and Median Debt by Law School Rank). Taken together, the two charts reiterate the earlier finding that debt is higher among graduates of some schools than others but adds the fact that there are compensating differences in salaries. Salaries are higher among graduates of private law schools than among graduates of public law schools (the median salary of the former was \$70,000 when the study was conducted, and of the latter, \$65,000) but so is debt (\$80,000 compared with \$55,000). The discrepancy between salary and debt is roughly the same for graduates of private and public law schools.

However, salaries are considerably higher among graduates of “top 10” law schools (about \$135,000) than among law schools ranked between 11th and 25th, where the median salary is about \$95,000; and higher still than among law schools ranked from 26th through 178th (median salary, roughly \$61,000). The salary figures reflect, in part, differences in the distribution of the work settings of lawyers in each group. The AJD data also show a higher concentration of the graduates of highly ranked law schools at the larger law firms that pay

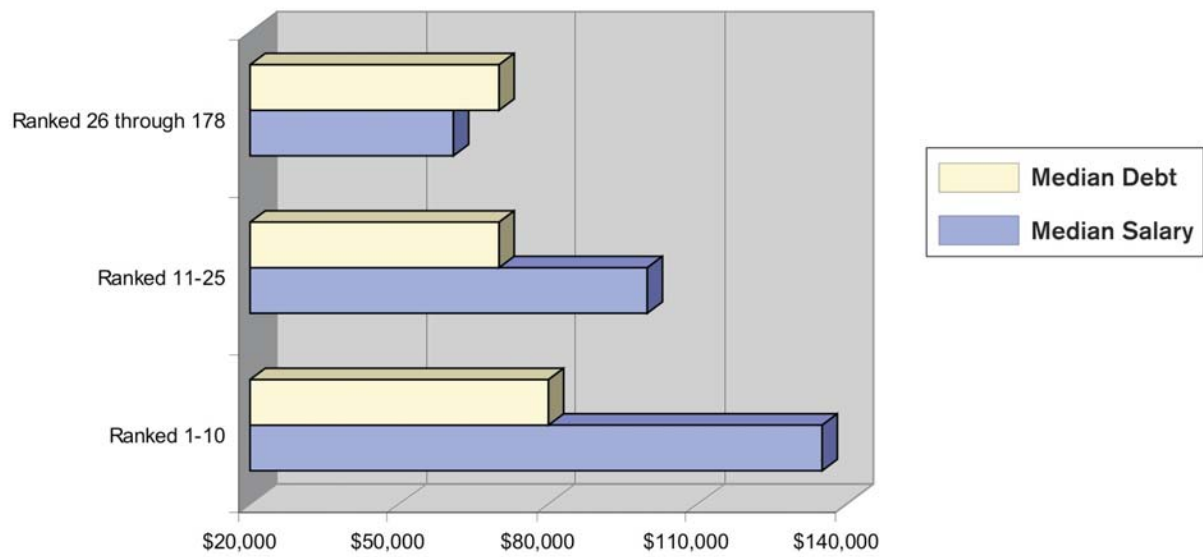
higher salaries. Combined with the discrepancies in debt levels, these differences may signal differences in the rates at which the lawyers in each group are able to repay their debts. Such differences may influence later career and life decisions. (The second wave of AJD data collection will address questions about the relative rates at which law school debt is repaid, and the relationship of those rates to subsequent decisions about employment.)

**FIGURE 1. Median Salary and Median Debt by Public/Private**



National sample, full time, N = 3,424  
Does not include the 492 respondents who reported zero debt.  
The Ns for the national sample working full-time in these charts may vary due to missing data.

FIGURE 2. Median Salary and Median Debt by Law School Rank



National sample, full time, N = 3,398. Does not include the 492 respondents who reported zero debt.

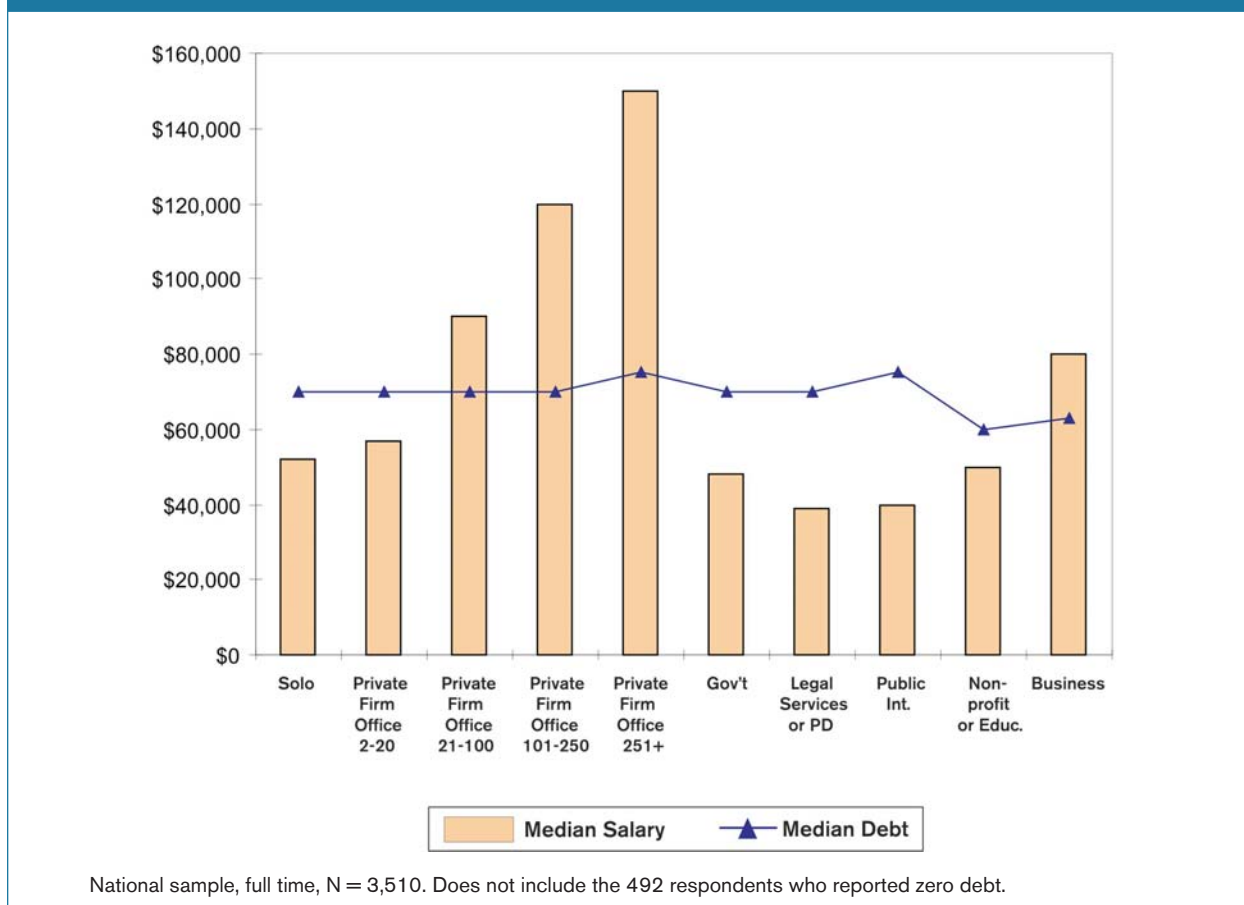
### Debt by Practice Setting and In Relation to Salary

What relationship, then, exists between the amounts new lawyers owe for their education and where they are working within three years of passing the bar? Clearly, there are large salary differences among employment settings. Are these differences related to job choices?

One way to approach the question is to compare debt levels among AJD respondents working in different settings (see Figure 3, Median Salary and Median Debt by Practice Setting).

Figure 3 shows the median salary earned by AJD sample members in 2003 in each of ten employment settings and overlays on those relationships a line that represents the median indebtedness of those same individuals. Comparing the position of the debt dot with the height of the salary bars provides a visual representation of the relationship between salary and debt. The data suggest that debt levels of new lawyers do not appear to be a major factor in the choice of private practice versus other settings at approximately three years into their careers. If debt were a major influence on job setting choice, debt levels would be expected to be higher among individuals in private practice and lower in settings that pay less. This does not appear to be the case.

FIGURE 3. Median Salary and Median Debt by Practice Setting





At the same time, if salary is viewed as an indication of the ability to repay one's debt, it can be seen that new lawyers in four of the settings are reasonably well off in that regard, earning more in a year than the total amount that they owe for their education. The settings are three categories (by size) of private law offices, ranging from 21 to more than 250 lawyers, and businesses. New lawyers working in the remaining settings — solo and very small private law firm offices and government, legal services, public interest, and not-for-profit settings — earn less per year than the total amount of their law school debt.

A striking finding illustrated by this graph is that, while the differences in median salaries among practice settings are wide-ranging, the amount of debt varies little in relation to the settings in which new lawyers work. The line representing debt is, with two small exceptions, essentially horizontal, showing that the median debt level of \$70,000 is close to constant across practice settings. Table 4, below, shows the median amounts of salary and debt, by job setting, and tells the same story.

The only deviation from the \$70,000 debt figure among private practitioners is the higher figure of \$75,000 owed by lawyers in the largest private firms. The higher debt level of lawyers in the largest firms is most likely driven by the fact that many if not most of the lawyers in mega-firms attended the most selective — and the most expensive — law schools. The varia-

**TABLE 4. Salary and Debt by Practice Setting/Sector**

Practice Setting	% with No Debt	Median Debt among Those with Debt	Median Salary
<b>Private Practice</b>			
Solo practice	22	\$70,000	\$52,000
Office of 2-20 lawyers	15	70,000	57,000
Office of 21-100 lawyers	12	70,000	90,000
Office of 101-250 lawyers	16	70,000	120,000
Office of more than 250 lawyers	20	75,000	150,000
<b>Not Private Practice</b>			
Government	14	\$70,000	\$48,000
Legal Services/PD	12	70,000	39,000
Public Interest	13	75,000	40,000
Non Profit/Education	30	60,000	50,000
Business	20	63,000	80,000
<b>Total</b>	<b>16</b>	<b>\$70,000</b>	

tion is greater among lawyers in settings other than private practice, where the median amount of reported debt ranges from a low of \$60,000 among those in not-for-profit organizations to \$75,000 among those in public interest settings.

The salary range, as the graph shows most clearly, is even more extreme. The median salaries earned by lawyers in private practice range from \$52,000 for solo practitioners to \$150,000 for lawyers in the largest law firms. The contrast with earnings among lawyers NOT in private practice is striking. There the medians start at \$39,000 for those in legal services or public defenders' offices and rise above \$50,000 only for lawyers in business settings.

To be sure, Figure 3 reflects the circumstances of the AJD respondents three years after they joined the bar rather than their thinking immediately thereafter. Given that there had been a considerable amount of job mobility in those three years, the data may not accurately portray respondents' initial decisions. In an effort to capture those initial choices, the questionnaire asked respondents to rate the importance — admittedly in retrospect — of a number of influences on the decisions they made about the sector in which they began their professional careers. The question listed nine possible factors and asked respondents to indicate the importance of each by rating them on a scale of 1 to 7, where 1 indicated the factor was not at all important and 7 indicated it was extremely important. Table 5 compares the average responses from respondents who were working in private practice at the time of the survey and respondents who were working in settings other than private practice.

**TABLE 5. Importance of Factors Determining Sector of First Job\***

Factors	LAWYERS IN PRIVATE PRACTICE		LAWYERS NOT IN PRIVATE PRACTICE	
	Rank	Average (Mean) Rating	Rank	Average (Mean) Rating
Earning potential**	2	5.3	8	3.4
Substantive interest	3	5.2	3	5.5
Salary to pay off debt**	6	5.0	7	3.6
Loan repayment assistance	9	1.9	9	2.7
Specific skill development	1	5.4	2	5.6
Work/life balance	3	5.2	1	5.8
Socially responsible work**	8	3.7	3	5.5
Prestige of sector	7	4.1	6	3.9
Career mobility	3	5.2	5	4.9
Other***		4.3		4.7

\* Average rating where 1 = Not at all important and 7 = Extremely important.

\*\* Indicates a statistically significant difference.

\*\*\* Includes a range of other reasons given.

For both individuals in private practice and those in other settings, developing specific skills was accorded high importance in selecting the sector of their first jobs (ratings of 5.4 and 5.6 respectively, ranked first by private practitioners and second by others). The top rating (5.8) by public sector lawyers, however, was for the potential for balancing their work and personal life, a factor that was ranked third by private practitioners, with a rating of 5.2. Moreover, earning potential, ranked second most important with a rating of 5.3 by private practitioners, was ranked eighth by lawyers not in private practice, with a rating of 3.4.

Finally, the ability to do socially responsible work, which was rated third by those in the public sector and ninth by those in the private sector, received ratings of 5.5 and 3.7, respectively, from the two groups. Availability of loan repayment assistance, ranked last by both groups, received very low ratings that were significantly higher for public sector than private sector lawyers, reflecting the availability of such assistance to those in the public sector. Nonetheless, the assistance was still the least important of the reasons public sector lawyers selected for choosing public sector positions. These differences all achieved statistical significance; others — such as, for example, career mobility, substantive interest in a field of law, and the prestige of the sector — did not.

These results might be interpreted as evidence that debt levels do indeed influence law school graduates' decisions about their career choices, at least in the early stages of their careers, and perhaps they do. On the other hand, lawyers in government, legal services, and public interest settings reported owing just as much as — and in the case of public interest settings, even more than — the amounts owed by lawyers in the highest-paying private practice firms. Moreover, lawyers in some of the non-private practice settings appear to have reasons for choosing their jobs that transcend their indebtedness. These results thus challenge the conventional wisdom that debt levels prevent new law school graduates from taking public interest positions.

The AJD data allow us to compare the salaries and debt levels of individuals working in different settings, along with some information about how their educational background is related to the circumstances of their job and what they were thinking when they began their legal careers. The data suggest that some but not all new lawyers may have had their debt levels in mind when deciding on the sector in which to seek a first job. At the same time, without information about the trade-offs as individual respondents defined them, the data cannot, by themselves, tell us whether and how their debt status affected individuals' — and even groups' — early job choices. The data suggest that the answer may not be as simple or clear-cut as the critics have claimed. Factors other than or in conjunction with debt appear to drive individuals' choices about their early jobs. Moreover, the majority of AJD respondents in the early stages of the study were without partners and children. As their life circumstances change, debt may play a more prominent role in their career decisions.

The next phase of the study should provide at least partial answers to the question of how debt affects the career choices and progression of new lawyers. How quickly AJD respondents pay off their law school debt as their careers proceed and they form families and accrue new responsibilities will be a major focus of future data collection.

## Summary of Methodology

*After the JD* was designed to be longitudinal, seeking to follow a sample of slightly more than 10% of all the individuals who became lawyers in 2000. AJD researchers selected a sample that would be at once representative of the national population of lawyers who were first admitted to the bar in 2000, and that could also characterize key markets for lawyers across the country.<sup>17</sup> The first phase of the study began with a mail survey to the lawyers in the sample. The survey results, of which only a small portion are presented here, provide a great deal of data about more than 4,500 individuals. The survey data will be elaborated and augmented by data from face-to-face interviews, currently underway, with a sub-sample of roughly 5% of the survey respondents.

The study employed a two-stage sampling process. In the first stage, AJD researchers divided the nation into 18 strata by region and size of the new lawyer population. Within each stratum one primary sampling unit (PSU) — metropolitan area, portion of a state outside large metropolitan areas, or entire state — was chosen. The PSUs included all four “major” markets, those with more than 2,000 new lawyers (Chicago, Los Angeles, New York, and Washington, DC); five of the nine “large” markets, those with between 750 and 2,000 new lawyers; and nine of the remaining, smaller markets. In the second stage, AJD researchers sampled individuals from each of the PSUs at rates that would, combined, generalize to the national population. Researchers also added an oversample of 1,465 new lawyers from minority groups (Black, Hispanic, and Asian American). The final sample included just over 9,192 lawyers in the 18 PSUs.

Working with a major academic survey organization (NORC, a national organization for research), AJD researchers attempted to locate all of these lawyers and administer a questionnaire to them. The questionnaire included sections on the respondent’s job history and search process; the nature of the respondent’s current job, including its content, the work environment, and the respondent’s satisfaction with it; the respondent’s law school history; and a variety of background and contextual information. Following the initial mailing of surveys in May 2002, nonrespondents were followed up by mail and phone (with the telephone survey using a somewhat abridged version of the mail questionnaire).

About 20% of the individuals in the sample could not be located, and roughly 20% of those AJD researchers were able to locate proved to be lawyers moving from one state bar to another rather than lawyers entering a bar for the first time. Researchers opted to keep these “movers” in the sample so long as they had graduated from law school no earlier than 1998. (Consequently, about 6% of the AJD sample began law practice in 1999, and 1.5% began practice in 1998.) Of the original sample members who were located and who met the criteria for inclusion in the study, 71% responded either to the mail questionnaire or to a telephone inter-

view based on it, for a total of 4,538 valid responses. Of the original sample, including those who could not be located, roughly 54% responded. This monograph presents data mainly from the national sample of 3,905 individuals. The minority oversample of 633 respondents (and, of course, the “all eligibles” sample of 4,538, which combines the national sample with the minority oversample) is used to augment the national sample when comparisons are made among different minority groups.

One of the most important methodological goals for any survey is a close match between the people who respond and the general population from which the sample was selected. To ascertain this, it is necessary to compare the characteristics of AJD respondents to what is known about lawyers in the general population. Assessments of the representativeness of the sample are very encouraging. The AJD national sample almost exactly matches the racial composition<sup>6</sup> of young lawyers as tabulated by the 2000 Census and, to the extent practice settings can be inferred from census data, the sample closely approximates the distribution of lawyers across firms, government, and business employers. Comparing the AJD sample with ABA data along gender lines, the AJD cohort of lawyers produces another very close match.<sup>7</sup>

The *After the JD* project will continue by contacting and surveying both the respondents and the nonrespondents from the original sample. AJD researchers plan to mail questionnaires in March of 2007 and again in March of 2011.

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<sup>6</sup> The AJD survey asked respondents to identify their racial/ethnic group in a question that permitted multiple categories. In the data analyses in this monograph, AJD researchers employ the following coding mechanism to deal with multiple racial and ethnic self-identifications: All persons giving “Black” as one of their races were coded as “Black”; all other persons giving “Asian” as one of their races are coded as “Asian”; all other persons giving “American Indian” as one of their races were coded as “American Indian”; all other persons giving “Hispanic” as one of their races were coded as “Hispanic”; all other persons giving “White” as one of their races were coded as “White”; everyone else was coded as “other.”

<sup>7</sup> Census data are not as appropriate for evaluating the gender makeup of the AJD sample, since there was a surge in women’s law school enrollment in the late 1990s.

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