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The Contracting Market for Law School Admissions in
the United States

Final Report

The Alliance for Higher Education and Democracy (AHEAD)
The University of Pennsylvania

Robert Zemsky, Principal Investigator

March 31, 2018

This report summarizes the analysis of legal education market data, compiled by the American Bar Association and presented on the AccessLex website, by a research team from the University of Pennsylvania's Alliance for Higher Education and Democracy (AHEAD). Robert Zemsky served as principal investigator and Richard Morgan as principal analyst. The research was conducted over two years and yielded two PowerPoint presentations to AccessLex's annual research symposium.

As reported last year, the contraction in the market for full-time undergraduate legal education leading to a JD or equivalent degree was truly astonishing. Between 2011 and 2015, total enrollments in the 200-plus United States law schools whose data are regularly tracked by the American Bar Association (ABA) decreased by more than 20 percent. The total number of “missing students” was just shy of 30,000, an amount which translates into the total enrollments of 38 average-sized law schools—24 private not-for-profits and 14 publics.

Equally remarkable was the rigidly structured market the contraction revealed. Just two variables—median LSAT score and first-year attrition—determined each school of law's place in the market and the net price which that school could charge. It proved to be a market with two principal sectors—public and private—and within each sector a limited number of tiers or segments. Schools at the top of the market had high Median LSAT scores and very little first-year attrition; schools at the bottom of the market had low Median LSAT scores and high first-year attrition (Figure 1).

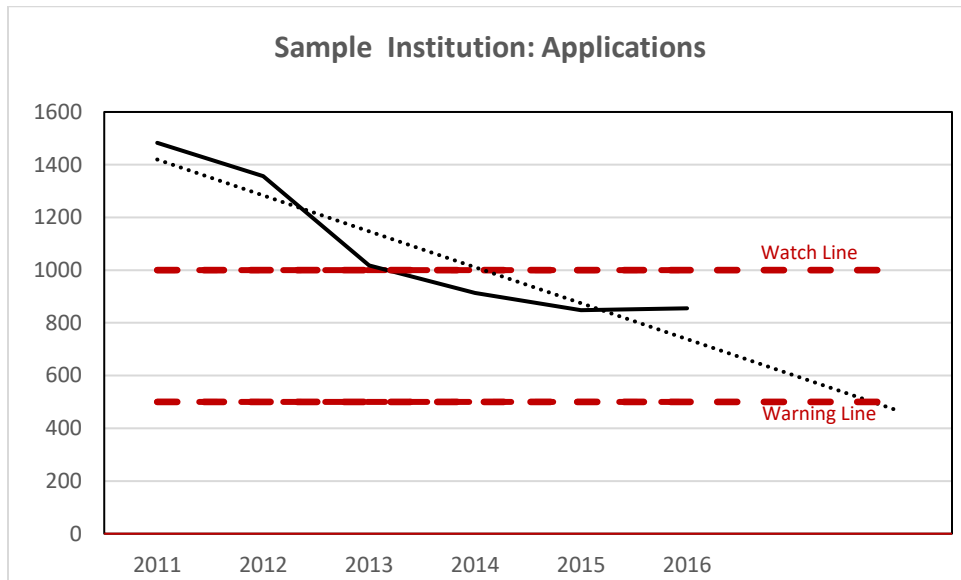
Figure 1: Market Structure

Public Law Schools	Private Law Schools
Tier 1 Median LSAT 159 First Year Attrition <5% Average Net Price \$21,635 N 25	Tier 1 Median LSAT 166 First Year Attrition <5% Average Net Price \$39,011 N 26
Tier 2 Median LSAT 157 First Year Attrition 5-9.9% Average Net Price \$20,020 N 24	Tier 2 Median LSAT 156 First Year Attrition 5-9.9% Average Net Price \$29,939 N 24
Tier 3 Median LSAT 153 First Year Attrition 10% + Average Net Price \$16,988 N 21	Tier 3 Median LSAT 152 First Year Attrition 10-20% Average Net Price \$30,686 N 37
	Tier 4 Median LSAT 147 First Year Attrition 20% + Average Net Price \$35,671 N 14

We also developed a simple schematic for representing change over time for the key variables in our analysis. Borrowing from the language of Weather predictions that differentiate between “Storm Warnings” and “Storm Watches” we plotted two sets of lines: a “Watch Line” for when a law school’s data indicated potential problems ahead; and a “Warning Line” when that data indicated substantial problems already at hand (Figure 2). In each case, we used our

experience with the data to define the relevant “Watch” and “Warning” lines. At the same time, we noted that the slope of the line plotting the data was equally revealing. We also projected the likely continuation of the plot line as an indication of future developments.

Figure 2: Schematic for Plotting Change Over Time



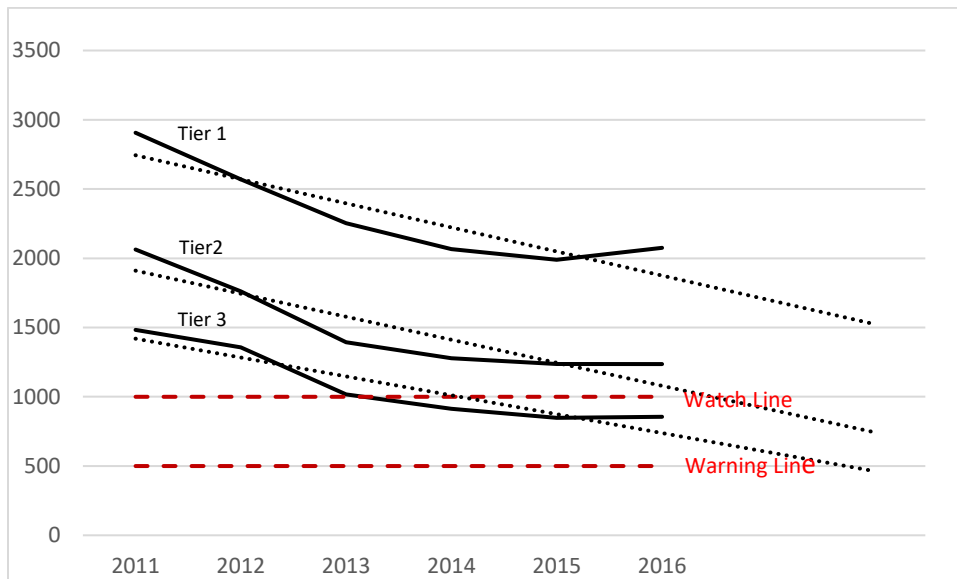
In the sample schematic above a sample law school's applications from 2011-2016 are plotted (solid black line), along with an estimate of its likely applicants going forward beyond 2016 (dotted back line). By 2016, this institution's applications were already below the Watch line and heading for less than 500 applications or a full Warning indication in the not too distant future.

Loss of Applications

As we observed in each of our presentations to an AccessLex Legal Education Research Symposium, the contraction in the market for legal education in the United States have been broad, impacting all sectors, all tiers, and nearly all institutions. Figure 3 (below) presents the

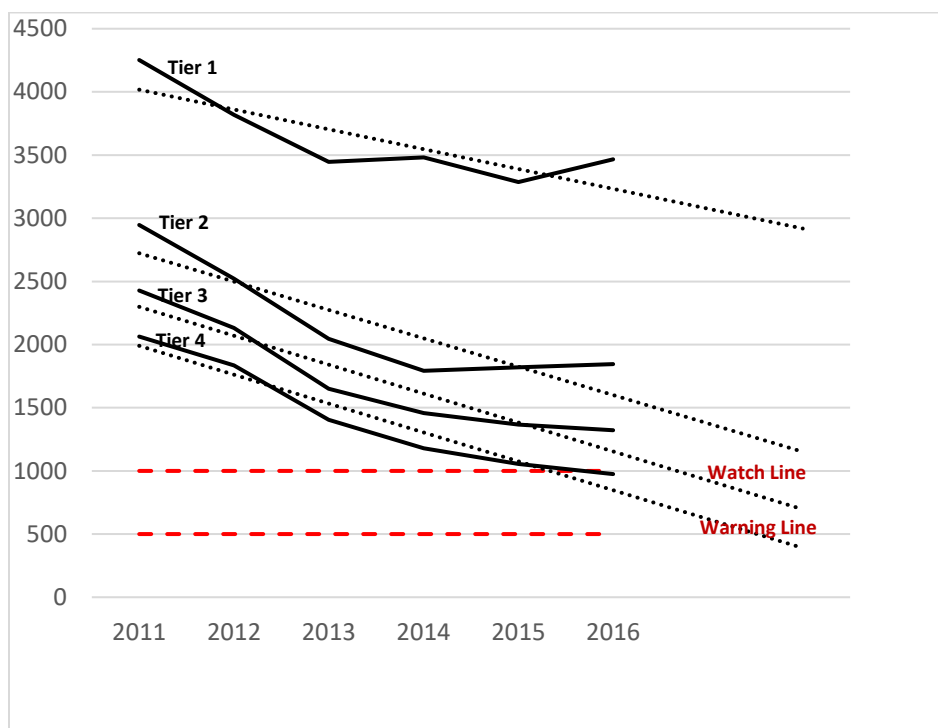
contractions across the three tiers within public sector institutions. All tiers lost applications—and the slopes of the lines are nearly parallel—but the loss was most severe among the Tier 3 institutions. The projection is for the institutions in this bottom tier to face increasing difficulties as the contraction in the market continues.

Figure 3: Average Applications to Public Sector Law Schools



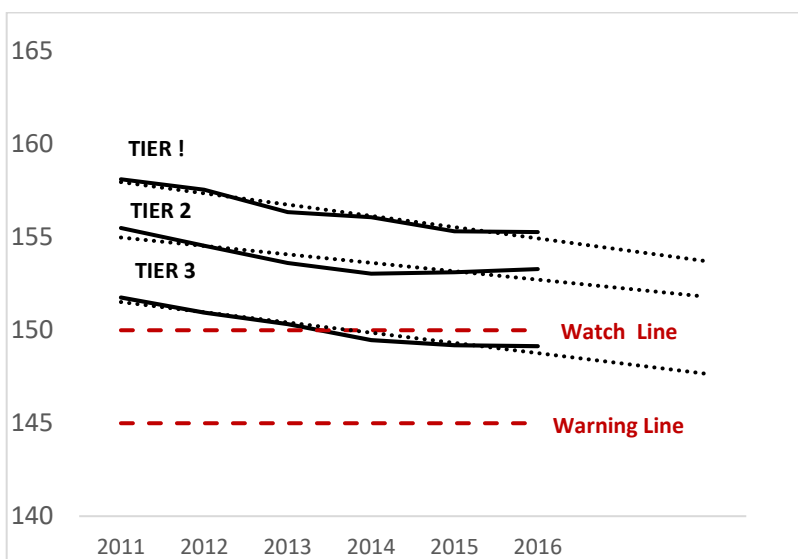
The stress among Private Sector Law Schools is even more pronounced, particularly among the bottom tier (Figure 4 below). The top of the market, while also losing applications, remained mostly robust. The bottom of the market, particularly Tier 4 was already experiencing losses that were at or near the Watch line.

Figure 4: Average Applications to Private Sector Law Schools



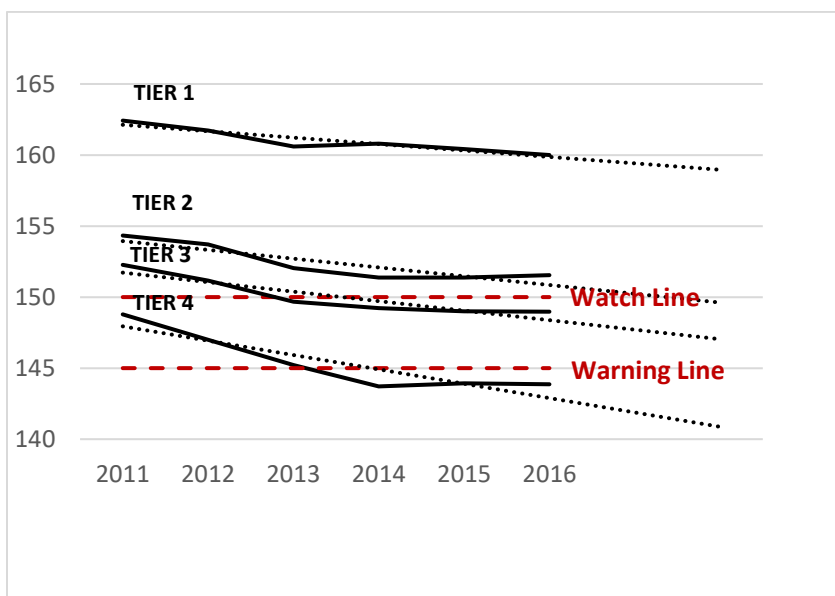
Focusing on Median LSAT Scores tells a slightly different story. While averages have dropped over the last half dozen years, the contraction is not as severe as the contraction in the number of applicants. The implication is that potential applicants with lower LSAT scores are withdrawing from both the Public Sector and the Private Sector markets.

Figure 5: Median LSAT Scores Public Sector Law Schools



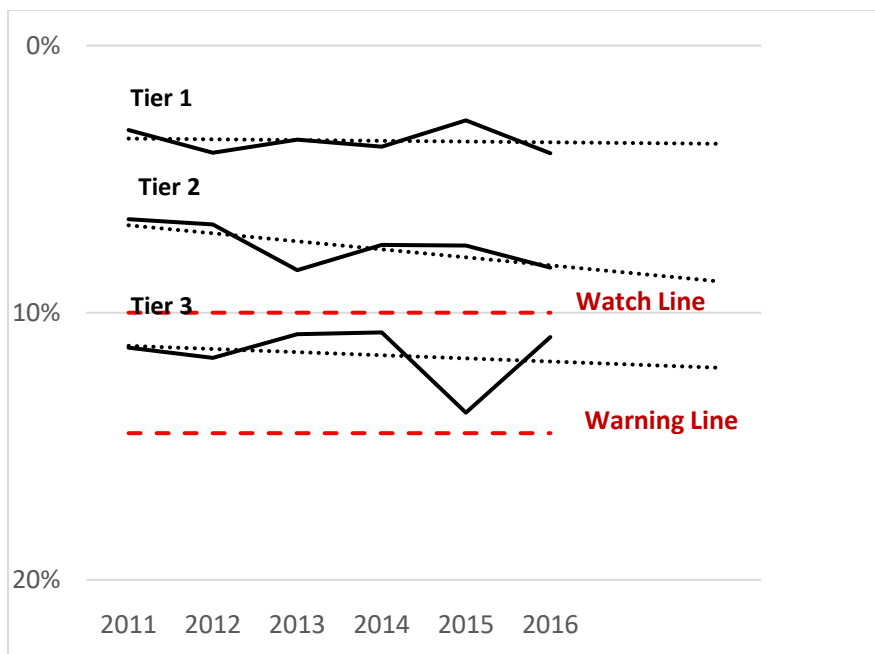
The same holds true for the top of the Private Sector law schools, though the deterioration at the bottom of the market is much more pronounced—signaling that schools in these bottom tiers will have increasing difficulty attracting applicants with acceptable LSAT scores.

Figure 6: Median LSAT Scores Private Sector Law Schools



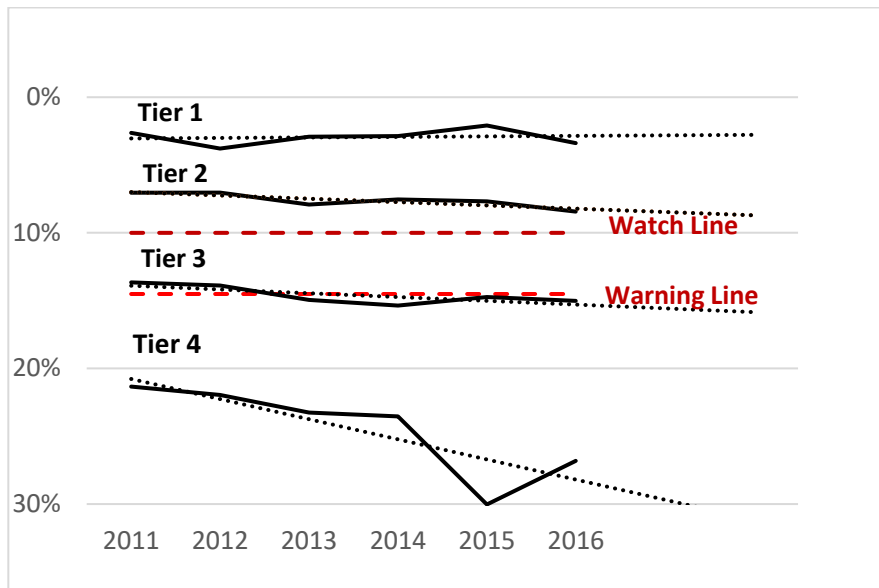
The sharpest predictor of competitive position and future problems remains first-year attrition—a figure that includes students who drop out of law school, as well as those who leave one school and then transfer to another, more competitive law school. Figure 7 presents first year attrition for the three tiers of the Public Law School Sector. Here the schools in trouble are almost exclusively in the bottom tier. The implication is that schools in the top tiers are able to maintain their student bodies by admitting students transferring from a bottom tier institution.

Figure 7: Median First-Year Attrition Public Sector Law Schools



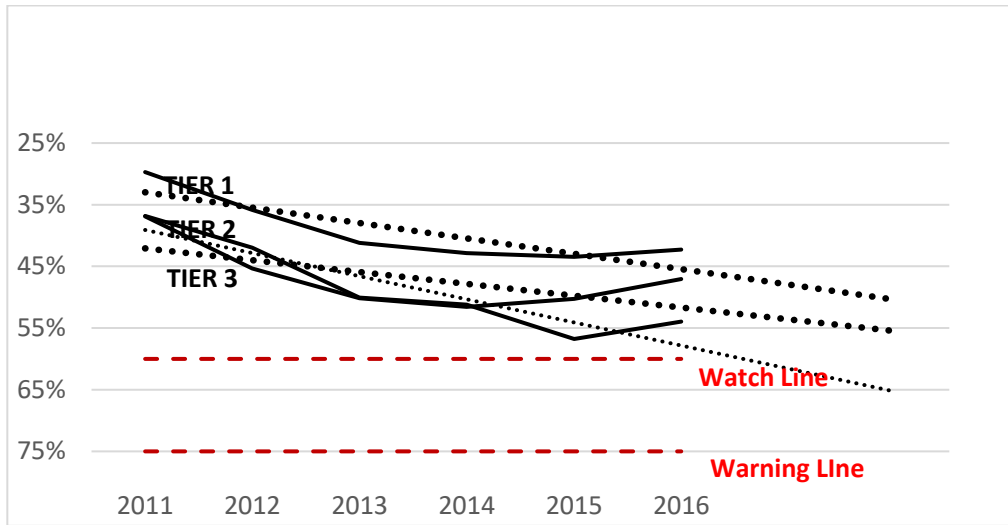
The big losers are the Private Sector Law Schools in Tier 4. For the true bottom of the market, Tier 4, average first-year attrition by 2016 was nearly 30 percent and heading further south.

Figure 8: Median First-Year Attrition Private Sector Law Schools



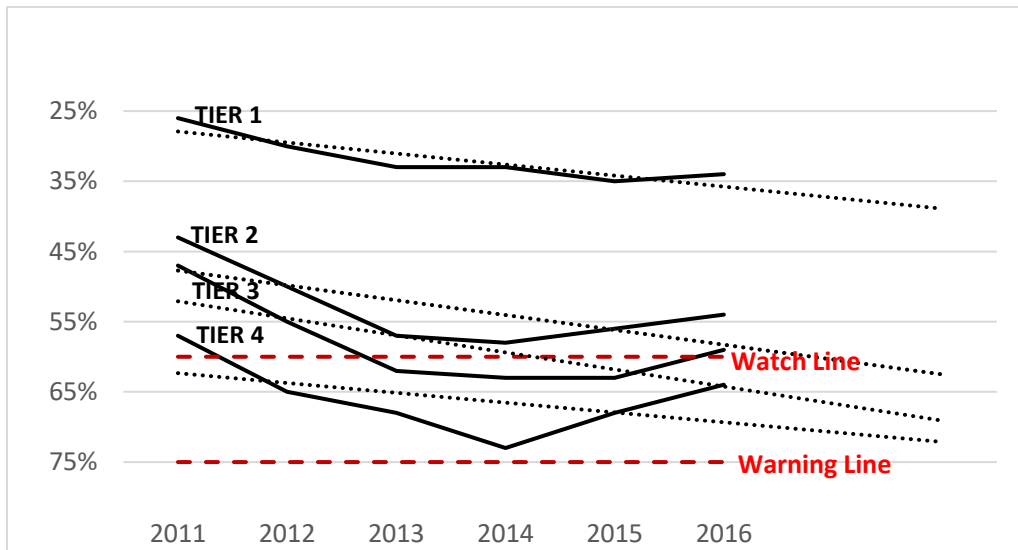
Focusing on admit rates completes our analysis of the current competitive shape of the market for legal education in the United States. The market actually stabilized across the top two Public Sector law school tiers with most institutions accepting no more than half of their applicants. The exceptions among Public Sector law schools were those in Tier 3, where the average acceptance rate was 55 percent of applicants and trending downward.

Figure 9: Average Admit Rates Public Sector Law Schools



Again, it is in the bottom of the Private Sector law school market that the greatest fraying takes place. After five years of sustained market contraction, Tier 4 institutions, on average, found themselves admitting 60 to 70 percent of their applicants while at the same time losing a quarter or more of the students they did manage to enroll in the students' first year.

Figure 10: Average Admit Rates Private Sector Law Schools



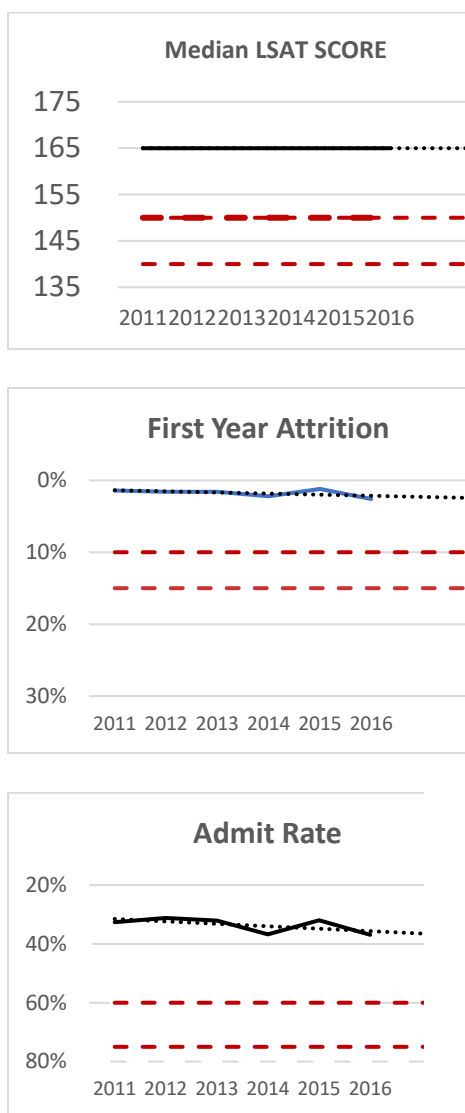
Building a Law School Stress Test

We developed the four key measures described above—Applications, LSAT, Attrition and Admit Rate—as a means of describing the market for a legal education in the United States. Collectively, the four measures reflect the highly structured nature of that market in which there is an ordering of tiers and segments. The top tiers in each of the market segments—Public and Private—enjoy all of the advantages: more applicants, higher Median LSAT scores, lower attrition, and lower admit rates. Conversely, schools in the bottom tiers face substantial challenges that will likely linger absent a dramatic increase in the number of students seeking a JD degree. Just knowing that one's institution belongs in Tier 4 (first-year attrition greater than 20 percent) is probably sufficient warning that the school's sustainability is at risk.

To provide further and more detailed information to individual law schools we developed what we came to call a **Law School Stress Test**. We started with three of the key market variables described above: Median LSAT Score, First-Year Attrition, and Admit Rate. In addition to these market indicators we calculated two outcome measures again drawing on data available on the AccessLex website: Bar Passage Rate and Long Term Employment (percent employed full-time long term). As with the market indicators, we developed a schematic that identified whether or not a specific institution's outcome measures were below either a Watch or Warning line.

Let's start with a good-news, name brand Private a Tier 1 institution, whose market and outcomes scores suggest relatively smooth sailing ahead.

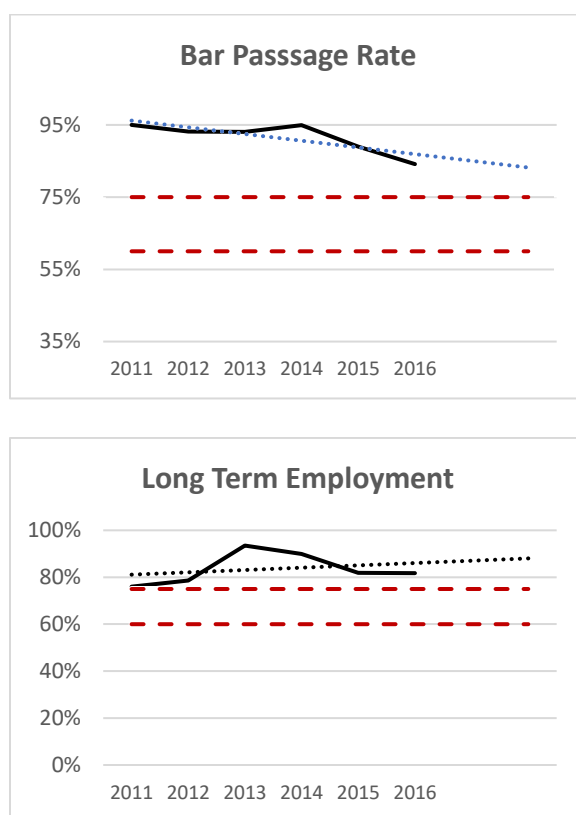
Figure 11: Private Tier 1 Law School Stress Test—Market Variables



The resulting profile is an envious one—a consistently high Median LSAT Score of 165, little or no first-year attrition, and a less than 30 percent admit rate to fill its first-year class.

Not quite as secure, but none-the-less safe were this institution's outcome measures.

Figure 12: Private Tier 1 Stress Test—Outcome Variables



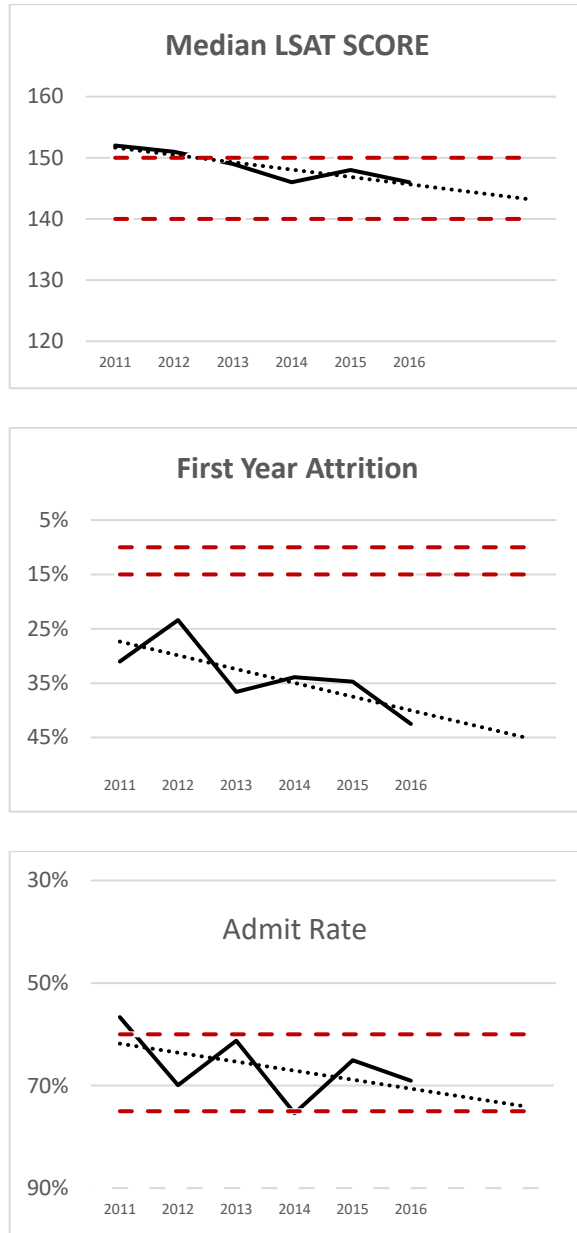
Although the outcome measures are not quite as impressive—a declining Bar Passage Rate¹ that is still above the Watch line and Long Term Employment² numbers that are improving despite a decrease in long-term job prospects—the institution can look forward a secure future. Put simply—this Private Tier 1 name-brand law school passed our stress test with flying colors. At the other end of the spectrum is a Tier 4 Private law school with decidedly declining prospects.

¹ Bar Passage Rate = total number of bar exam passers (reporting jurisdictions)/ total number of bar exam takers (reporting jurisdictions).

² Long Term Employment (% Employed Full-Time Long Term) = (Number Employed Bar Passage Required-Full-Time Long-Term + Number Employed JD Advantage -Full-Time Long-Term)/Total Number of Graduates

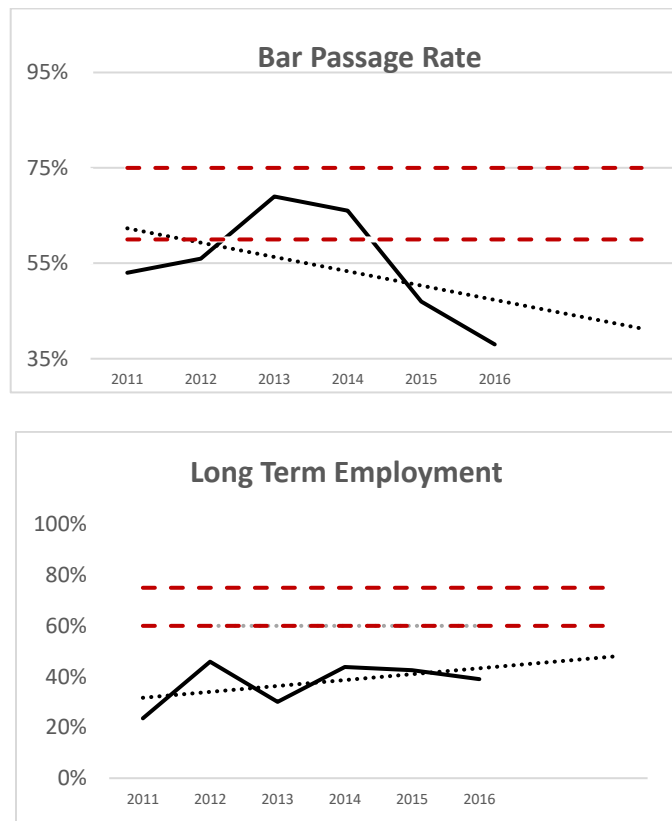
Its Median LSAT score has dipped below 150 with the prospect of likely further declines. First Year Attrition now exceeds 40 %. To enroll its most recent class this Law School admitted 70% of its applicants.

Figure 13: Private Tier 4 Law School Stress Test—Market Variables



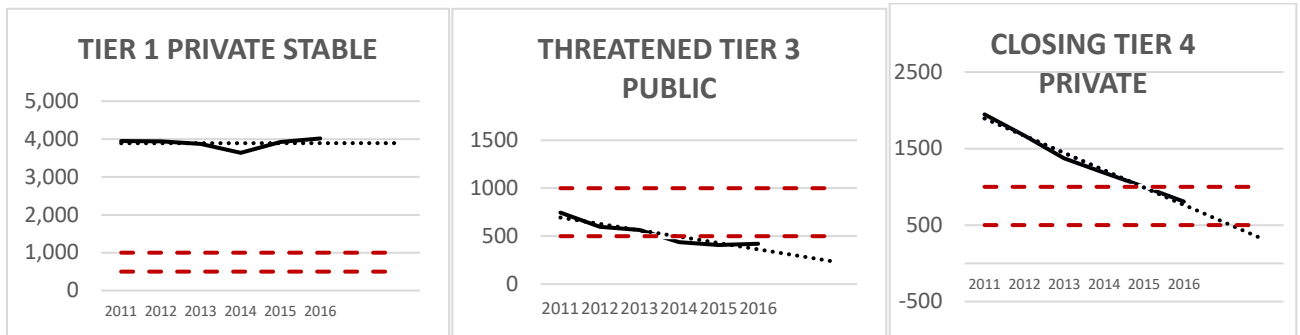
This school's outcome measures—Bar Passage Rate and Long-Term Employment—were, if anything, even more alarming. Despite a recent improvement, the Bar Passage Rate had declined to just 38 percent and the Long Term Employment to 39 percent. This school is no longer admitting new students and will shortly conclude its teach-out of previously enrolled students.

Figure 14: Private Tier 4 Stress Test—Outcome Variables



The purpose of the Stress Test is to alert individual institutions to potential trouble and, in particular, a continued loss in applications. We concluded our analysis by looking at three institutions with different Stress Test results: stability, threatened, and closing. Below we summarize our results.

Figure 15: Projecting Applications



Next Task

Our analytic work for this project is now complete. We have developed the architecture for a structured market model, processed the data from the AccessLex website in accordance with the model's dimensions, a calculated Stress Test for the 171 institutions for which we have complete data. The largest remaining task is to develop a publication making our model and results generally available to the legal education community. This past year the Johns Hopkins University Press published our *The Market Imperative*, which reported on our parallel analysis of the market for undergraduate education in the United States. We will now approach the JHU press to see if it would be interested in publishing our study of the market for legal education in the United States.