

SundayReview | EDITORIAL

The Law School Debt Crisis

By **THE EDITORIAL BOARD** OCT. 24, 2015

In 2013, the median LSAT score of students admitted to Florida Coastal School of Law was in the bottom quarter of all test-takers nationwide. According to the test's administrators, students with scores this low are unlikely to ever pass the bar exam.

Despite this bleak outlook, Florida Coastal charges nearly \$45,000 a year in tuition, which, with living expenses, can lead to crushing amounts of debt for its students. Ninety-three percent of the school's 2014 graduating class of 484 had debts and the average was almost \$163,000 — a higher average than all but three law schools in the country. In short, most of Florida Coastal's students are leaving law school with a degree they can't use, bought with a debt they can't repay.

If this sounds like a scam, that's because it is. Florida Coastal, in Jacksonville, is one of six for-profit law schools in the country that have been vacuuming up hordes of young people, charging them outrageously high tuition and, after many of the students fail to become lawyers, sticking taxpayers with the tab for their loan defaults.

Yet for-profit schools are not the only offenders. A majority of American law schools, which have nonprofit status, are increasingly engaging in such behavior, and in the process threatening the future of legal education.

Why? The most significant explanation is also the simplest — free money.

In 2006, Congress extended the federal Direct PLUS Loan program to allow a graduate or professional student to borrow the full amount of tuition, no matter how high, and living expenses. The idea was to give more people access to higher education and thus, in theory, higher lifetime earnings. But broader access doesn't mean much if degrees lead not to well-paying jobs but to heavy debt burdens. That is all too often the result with PLUS loans.

The consequences of this free flow of federal loans have been entirely predictable: Law schools jacked up tuition and accepted more students, even after the legal job market stalled and shrank in the wake of the recession. For years, law schools were able to obscure the poor market by refusing to publish meaningful employment information about their graduates. But in response to pressure from skeptical lawmakers and unhappy graduates, the schools began sharing the data — and it wasn't a pretty picture. Forty-three percent of all 2013 law school graduates did not have long-term full-time legal jobs nine months after graduation, and the numbers are only getting worse. In 2012, the average law graduate's debt was \$140,000, 59 percent higher than eight years earlier.

This reality has contributed to the drastic drop in law school applications since 2011, which has in turn exacerbated the problem — to maintain enrollment numbers, law schools have had to lower their admissions standards and take even more unqualified students. These students then fail to pass the bar in alarmingly high numbers — in 2014, the average score on the common portion of the test was the lowest in more than 25 years.

How can this death spiral be stopped? For starters, the government must require accountability from the law schools that live off student loans. This

year, the Obama administration extended the so-called **gainful employment rule**, which ties a school's eligibility to receive federal student loans to its success in preparing graduates for jobs that will enable them to repay their debt. The rule currently applies only to for-profit law schools, all of which, given their track records, would fail to qualify for federal loans.

This rule should also apply to nonprofit schools. If it did, as many as 50 nonprofit schools could fail as well, based on **one measure that considers students' debt-to-income ratio**. Another good idea would be to **cap the amount of federal loans** available to individual schools or to students. This could drive down tuition costs, and reduce the debt loads students carry when they leave school.

Perhaps the most galling part of this crisis is the misallocation of resources. Even as law schools are churning out unqualified graduates stuck under hopeless mountains of debt, millions of poor and lower-income Americans remain desperate for quality legal representation. Public defenders around the country rely on minuscule budgets to handle overwhelming caseloads. In many cases, the lawyers are so overworked that they cannot provide constitutionally adequate representation for criminal defendants. Civil legal services that help people with housing, immigration and workplace issues are even more scarce, with hardly any public support.

If fewer federal dollars were streaming into law schools' coffers and more were directed to fund legal services organizations, the legal profession — and the American legal system as a whole — would be better for it.

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