October 14, 2011

Ms. Kathleen Tighe
Inspector General
U.S. Department of Education
400 Maryland Ave., S.W.
Washington, DC 20202-1500

To help better inform Congress as it prepares to reform the Higher Education Act, we write to request an examination of American law schools that focuses on the confluence of growing enrollments, steadily increasing tuition rates and allegedly sluggish job placement.

Recent media stories reveal concerning challenges for students and graduates of such schools. For example, The New York Times reported on a law school that “increased the size of the class arriving in the fall of 2009 by an astounding 30 percent, even as hiring in the legal profession imploded.” The New York Times found the same school is ranked in the bottom third of all law schools in the country and has tuition and fees set at $47,800 a year but reported to prospective students median starting salaries rivaling graduates of the best schools in the nation “even though most of its graduates, in fact, find work at less than half that amount.”

Other reports question whether or not law schools are properly disclosing their graduation rates to prospective students. Inside Higher Ed recently highlighted several pending lawsuits which “argue that students were essentially robbed of the ability to make good decisions about whether to pay tuition (and to take out student loans) by being forced to rely on incomplete and inaccurate job placement information. Specifically, the suits charge the law schools in question (and many of their peers) mix together different kinds of employment (including jobs for which a J.D. is not needed) to inflate employment rates.”

Media exposes also reveal possible concerns about whether tuition and fees charged by law schools are used directly for legal education, or for purposes unrelated to legal education. For example, The New York Times reports “law schools toss off so much cash they are sometimes required to hand over as much as 30 percent of their revenue to universities, to subsidize less profitable fields.” The Baltimore Sun recently reported on the resignation of the Dean of the University of Baltimore (UB) Law School, who said he resigned, in part, over his frustration that the law school’s revenue was not being retained to serve students at the school. In his resignation letter, UB’s Dean noted: “The financial data [of the school] demonstrates that the amount and percentage of the law school revenue retained by the university has increased, particularly over the last two years. For the most recent academic year (AY 10–11), our tuition

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increase generated $1,455,650 in additional revenue. Of that amount, the School of Law budget increased by only $80,744.”

To better understand trends related to law schools over the most recent ten-year window, we request your office provide the following information:

1. The current enrollments, as well as the historical growth of enrollments, at American law schools – in the aggregate, and also by sector (i.e., private, public, for-profit).

2. Current tuition and fee rates, as well as the historical growth of tuition and fees, at American law schools – in the aggregate, and also by sector (i.e., private, public, for-profit).

3. The percentage of law school revenue generated that is retained to administer legal education, operate law school facilities, and the percentage and dollar amount used for other, non-legal educational purposes by the broader university system. If possible, please provide specific examples of what activities and expenses law school revenues are being used to support if such revenue does not support legal education directly.

4. The amount of federal and private educational loan debt legal students carried upon graduation, again in the aggregate and across sectors.

5. The current bar passage rates and graduation rates of students at American law schools, again in the aggregate and across sectors.

6. The job placement rates of American law school graduates; indicating whether such jobs are full- or part-time positions, whether they require a law degree, and whether they were maintained a year after employment.

In your final analysis, please include a description of the methodology the IG employed to acquire and analyze information for the report. Please also note any obstacles to acquiring pertinent information the agency may encounter.

We thank you in advance for your time and attention to this matter. Please feel free to contact us if you have any questions concerning this request.

Sincerely,

Tom A. Coburn, M.D.          Barbara Boxer
U.S. Senator, Oklahoma       U.S. Senator, California

enclosure

For the last year, the Education Department and Congress have debated measures of "gainful employment" for graduates of for-profit vocational programs. And media outlets have competed for the best stories about unemployed liberal-arts graduates. But the question of whether higher education can be held responsible for failing to warn would-be students about the poor job prospects of graduates may really be taking off with regard to law schools.

On Wednesday, a New York City law firm filed class actions against two law schools -- New York Law School and Thomas M. Cooley Law School -- charging that the job placement information they released to potential students was sufficiently inaccurate as to constitute fraud. Those suits follow a similar one filed in May against Thomas Jefferson School of Law. All of the suits argue that students were essentially robbed of the ability to make good decisions about whether to pay tuition (and to take out student loans) by being forced to rely on incomplete and inaccurate job placement information. Specifically, the suits charge that the law schools in question (and many of their peers) mix together different kinds of employment (including jobs for which a J.D. is not needed) to inflate employment rates.

All three law schools deny the charges. And Cooley has already filed a defamation suit against the lawyers suing it. But the litigation comes amid a broader debate over whether the American Bar Association and others are doing enough to promote the release of accurate information, and whether there are too many law schools for the current job market.

While legal experts were still examining the lawsuits and were generally not ready to weigh in on whether or not they will succeed, several said that the litigation points to longstanding problems with how job placement has been tracked, and that changes currently under consideration are overdue.

"The fact that you have some serious class action law firms filing suit should give anybody pause," said William D. Henderson, a professor of law and director of the Center on the Global Legal Profession at Indiana University, and a frequent author on job placement issues. "The whole industry hasn't released useful numbers for consumers," he said.

Henderson said that he strongly backed current moves by the American Bar Association (likely to then be adopted by U.S. News & World Report for its rankings) to shift from a standard of being employed nine months after graduation to being employed in a job for
which a J.D. is needed. Those suing today (and those in recent years who were
disappointed by their success at finding jobs) relied on statistics that didn't exclude
those whose "jobs" were fellowships paid for by their law schools, who were in part-time
or temporary jobs, or who were in jobs they could have gotten before they went to law
school, he said.

Several years ago, Henderson started noticing and writing about the seeming oddity
that bar passage rates were declining at a time when law schools were reporting
increases in employment of graduates. For this to be true, he speculated, more people
were getting jobs that didn't require them to go to law school. "You are counting people
who are selling insurance," he said. "Anybody can find a job to pay the rent."

**The New Lawsuits**

The new lawsuits are class actions on behalf of three graduates of New York Law
School and four from Thomas Cooley. (Both are freestanding law schools.)

Jesse Strauss, one of the lawyers bringing the suits, said in a briefing for reporters
Wednesday that he was not denigrating the quality of the legal education provided by
the law schools, and that he knew good lawyers who were graduates of each institution.
But he said that the information about job placement rates was deceptive. "This is more
like a false advertising claim than a product liability claim," he said.

Strauss said that the deceptive information about job placement rates is "distorting the
market." With better information, he said, some students wouldn't go to law school, and
the population of new lawyers would shrink.

The lawsuit charges that the schools' methods of reporting their placement rates gave
would-be students an inaccurate view of their likely outcomes.

"[T]he school during the class period claims that a substantial majority of its graduates --
roughly between 75 and 80 percent -- secure employment within nine months of
graduation. However, the reality of the situation is that these seemingly robust numbers
include any type of employment, including jobs that have absolutely nothing to do with
the legal industry, do not require a J.D. degree or are temporary or part-time in nature," the
suit against Thomas Cooley says. "Rather, if Thomas Cooley was to disclose the
more pertinent employment statistic -- i.e., those graduates who have secured full-time,
permanent positions for which a J.D. degree is required or preferred -- the numbers
would drop dramatically, and could be well below 30 percent, if not even lower."

The suit against New York Law School states that it "blatantly manipulates" its
placement statistics (which suggest that 92 percent of last year's class is employed).
The suit says that the law school engages in numerous efforts to "pretty up" its
statistics, such as including part-time work, and including the 5.6 percent of its
employed graduates who are in temporary fellowships funded by the law school -- not in
real jobs.
The law schools released statements that did not offer point-by-point rebuttals of the suits, but defended the integrity of their statistics. "To the extent the lawsuit challenges our post-graduation employment and salary statistics, we stand by our reporting to the National Association for Law Placement, and any claims that prospective students or our graduates have been misled or legally harmed by our reporting are simply baseless," said the statement from Thomas Cooley. (Even as the law school is being questioned over its job placement record, Thomas Cooley is expanding -- and this week announced plans to open a campus in Florida.)

A statement from New York Law School said: "These claims are without merit and we will vigorously defend against them in court."

**The Broader Debate?**

What's next in the debate over law placement and these legal cases is the subject of much debate. Officials from the ABA, the Association of American Law Schools and NALP: The Association for Legal Career Professionals did not respond to requests for comment on Wednesday. Privately, two law school officials expressed doubts about whether the class actions would succeed in court, but indicated that defending against them might be embarrassing for the law schools involved and for legal education generally.

For an example of the potential public relations challenges, consider the response of Thomas Jefferson to its class action. As reported in the blog Above the Law, Thomas Jefferson defended itself by noting that the U.S. News job placement figures on which the plaintiff relied were adjacent to figures in the magazine for the law school's bar passage rate. The law school's bar passage rate was lower and Thomas Jefferson's rate many years was "significantly lower" than the employment rate, the law school argues in its brief. So "any reasonable reader" would know that meaningful numbers of the law school's graduating classes were not working as lawyers. The blog's headline for the post: "Is the Answer Worse Than the Allegations?"

While the three law schools that have been sued are not among the nation's most prestigious, the lawyers who sued on Wednesday stressed that they saw the issue as going well beyond those institutions. At the news conference, they pointed to a recent article in The New Republic that analyzed data from an unnamed "top 50" law school, suggesting that one-third of graduates reporting themselves employed are in part-time positions -- meaning that well under half of graduates of a recent class are employed in full-time permanent positions, not the healthy majority that the official statistics would suggest.

Kyle McEntee, executive director of Law School Transparency, a group that has critiqued job placement rates at many law schools, said he was not surprised by the lawsuits. "I think we are going to see more of them," he said.
He said that the moves by the ABA are in the right direction, but that his group wants to see even more information. Law School Transparency urges law schools to release, graduate by graduate, exactly what happens to each new lawyer (without their names). That way prospective students won't get deceived by averages that may be skewed by a few well-compensated lawyers, and will be able to distinguish between true stepping-stone positions (judicial clerkships, for example) and volunteer work that doesn't put someone on the fast track.

**Will the ABA Reforms Work?**

The proposed ABA surveys on employment deal with many of the criticisms that have been made of past data. For instance, they would ask specifically about whether positions are funded by the law school, whether positions are long term or short term, etc.

But there is controversy over whether these efforts will work. NALP, which has been the primary source of law school placement data, has expressed fears that law schools will no longer collect data for its surveys, and that it is better able than the ABA to analyze the data. (A limitation of NALP's data is that they are not available institution-by-institution, which is why *U.S. News*’s rankings, which include institutional data, have become so valued by law school applicants and so important to law schools.)

Henderson, of Indiana University, said that the ABA may unintentionally supplant NALP, and leave the law school world without anyone capable of truly analyzing the data. The ABA, he wrote in a recent column for *The National Law Journal*, "has a long track record of releasing mountains of data in a format that makes it very difficult to analyze the industry or make meaningful school-to-school comparisons."

With truly good data, he predicted, the law school market would change, with some law schools forced to improve their programs and with others disappearing.

But Henderson added that he's not certain that -- even with better data -- there won't be disappointed (and impoverished) law school grads in the years ahead. "You've got 22- and 23-year-olds who have an image of lawyers made by popular culture," he said. "They've never bought a house before, and now they can get a loan of over $100,000 to go to law school. This is not a group of people who are going to do rigorous due diligence on the decision to borrow."

— Scott Jaschik
Law School Economics: Ka-Ching!

By DAVID SEGAL

WITH apologies to show business, there’s no business like the business of law school.

The basic rules of a market economy — even golden oldies, like a link between supply and demand — just don’t apply.

Legal diplomas have such allure that law schools have been able to jack up tuition four times faster than the soaring cost of college. And many law schools have added students to their incoming classes — a step that, for them, means almost pure profits — even during the worst recession in the legal profession’s history.

It is one of the academy’s open secrets: law schools toss off so much cash they are sometimes required to hand over as much as 30 percent of their revenue to universities, to subsidize less profitable fields.

In short, law schools have the power to raise prices and expand in ways that would make any company drool. And when a business has that power, it is apparently difficult to resist.

How difficult? For a sense, take a look at the strange case of New York Law School and its dean, Richard A. Matasar. For more than a decade, Mr. Matasar has been one of the legal academy’s most dogged and scolding critics, and he has repeatedly urged professors and fellow deans to rethink the basics of the law school business model and put the interests of students first.

“What I’ve said to people in giving talks like this in the past is, we should be ashamed of ourselves,” Mr. Matasar said at a 2009 meeting of the Association of American Law Schools. He ended with a challenge: If a law school can’t help its students achieve their goals, “we should shut the damn place down.”

Given his scathing critiques, you might expect that during Mr. Matasar’s 11 years as dean, he has reshaped New York Law School to conform with his reformist agenda. But he hasn’t. Instead, the school seems to be benefitting from many of legal education’s assorted perversities.

N.Y.L.S. is ranked in the bottom third of all law schools in the country, but with tuition and fees now set at $47,800 a year, it charges more than Harvard. It increased the size of the class that arrived in the fall of 2009 by an astounding 30 percent, even as hiring in the legal profession imploded. It reported in the most recent US News & World Report rankings that the median starting salary of its graduates was the same as for those of the best schools in the nation — even though most of its graduates, in fact, find work at less than half that amount.

Mr. Matasar declined to be interviewed for this article, though he agreed to answer questions e-mailed through a public relations representative.
Asked if there was a contradiction between his stand against expanding class sizes and the growth of the student population at N.Y.L.S., Mr. Matasar wrote: “The answer is that we exist in a market. When there is demand for education, we, like other law schools, respond.”

This is a story about the law school market, a singular creature of American capitalism, one that is so durable it seems utterly impervious to change. Why? The career of Richard Matasar offers some answers. His long-time and seemingly sincere ambition is to “radically disrupt our traditional approach to legal education,” as it says on his N.Y.L.S. Web page. But even he, it seems, is engaged in the same competition for dollars and students that consumes just about everyone with a financial and reputational stake in this business.

“The broken economic model Matasar describes appears to be his own template,” wrote Brian Z. Tamanaha, a professor at Washington University Law School in St. Louis, in a blog posting about Mr. Matasar last year. “Are his increasingly vocal criticisms of legal academia an unspoken mea culpa?”

A PRIVATE, stand-alone institution located in the TriBeCa neighborhood of downtown Manhattan, New York Law School was founded in 1891 and counts Justice John Marshall Harlan among its most famous graduates. The school — which is not to be confused with New York University School of Law — is housed in a gleaming new 235,000-square-foot building at the corner of West Broadway and Leonard Street.

That building puts N.Y.L.S. in the middle of a nationwide trend: the law school construction boom. As other industries close offices and downsize plants, the manufacturing base behind the doctor of jurisprudence keeps growing. Fordham Law School in New York recently broke ground on a $250 million, 22-story building. The University of Baltimore School of Law and the University of Michigan Law School are both working on buildings that cost more that $100 million. Marquette University Law School in Wisconsin has just finished its own $85 million project. A bunch of other schools have built multimillion dollar additions.

N.Y.L.S. has participated in another national law school trend: the growth in the number of enrollees. Last year, law schools across the country matriculated 49,700 students, according to the Law School Admission Council, the largest number in history, and 7,000 more students than in 2001. N.Y.L.S. grew at an even faster clip. In 2000, the year Mr. Matasar took over, the school had a total of 1,326 full- and part-time students. By 2009, the figure had risen to 1,596.

The jump seems to contradict one of Mr. Matasar’s core tenets.

“What class size be increased without damaging quality?” he asked in a 1996 Florida Law Review article. “Can class size be increased without assurances that jobs will be available for the increased number of graduates? Can class size be increased without also providing more staff, faculty, books and service? Increase class size? No!”

Did Mr. Matasar change his mind? In an e-mail, he cited the unpredictability of yield rates, which is the percent of students who accept an offer of admission. There was more than one year of yield surprises under Mr. Matasar, the largest of which came in 2009, when the incoming class leapt by 171 students.
It was a very profitable surprise, worth about $6.7 million in gross revenue. Mr. Matasar would not discuss the added costs of teaching what became known at the school as “the bulge class.” But faculty members, some of whom were offered the chance to take on additional courses, estimate that, at most, the school had to spend about $500,000 more that year on teaching.

This windfall, it turns out, was perfectly timed. Because as all those students were signing up for their first year at N.Y.L.S., a little-noticed drama was unfolding that involved the financing for that brand-new building.

THREE years earlier, in 2006, the school had floated $135 million worth of bonds to finance construction of the new building, at 185 West Broadway. At the time, Moody’s rated the bonds A3, placing them squarely in the “come and get ’em” category for investors. The rating reflected N.Y.L.S.’s strong balance sheet and the quality of its management, Moody’s said.

Equally important, N.Y.L.S. was — and is — in a very lucrative business. Like business schools and some high-profile athletic programs, law schools subsidize other fields in universities that can’t pay their own way.

“If my president were to say ‘We’ll never take more than 10 percent of your revenue,’ I’d say ‘God bless you,’ and we’d never have to talk again,” says Lawrence E. Mitchell, the incoming dean of the Case Western Reserve University School of Law in Cleveland. “But having just come from a two-day meeting of new and current deans organized by the American Bar Association, I can tell you that some law schools pay 25 or even 30 percent.”

Among deans, the money surrendered to the administration is known informally as “the tax.” Even in the midst of a merciless legal downturn, the tax still pumps huge sums into universities, in part because the price of a law degree continues to climb.

From 1989 to 2009, when college tuition rose by 71 percent, law school tuition shot up 317 percent.

There are many reasons for this ever-climbing sticker price, but the most bizarre comes courtesy of the highly influential US News rankings. Part of the US News algorithm is a figure called expenditures per student, which is essentially the sum that a school spends on teacher salaries, libraries and other education expenses, divided by the number of students.

Though it accounts for just 9.75 percent of the algorithm, it gives law schools a strong incentive to keep prices high. Forget about looking for cost efficiencies. The more that law schools charge their students, and the more they spend to educate them, the better they fare in the US News rankings.

“I once joked with my dean that there is a certain amount of money that we could drag into the middle of the school’s quadrangle and burn,” said John F. Duffy, a George Washington School of Law professor, “and when the flames died down, we’d be a Top 10 school. As long as the point of the bonfire was to teach our students. Perhaps what we could teach them is the idiocy in the US News rankings.”
For years, it made economic sense for smart, ambitious 22-year-olds to pay the escalating price for a legal diploma. Law schools have had a monopolist’s hold on the keys to corporate lawyerdom, which pays graduates six-figure salaries.

But borrowing $150,000 or more is now a vastly riskier proposition given the scarcity of Big Law jobs. Of course, that scarcity hasn’t been priced into the cost of law school. How come? In part, it’s because schools have managed to convey the impression that those jobs aren’t very scarce.

For instance, although N.Y.L.S. is ranked No. 135 out of the roughly 200 schools in the US News survey, it asserts in figures provided to the publisher that nine months after graduation, the median private-sector salary of alums who graduated in 2009 — which is the class featured in the most recent US News annual law school issue — was $160,000. That is exactly the same figure cited by Yale and Harvard, the top law schools in the country.

Mr. Matasar stood by that number, but acknowledged that it did not give a complete picture of the prospects for N.Y.L.S. grads. He noted that the school takes the over-and-above step of posting more granular salary data on its Web site.

“In these materials and in our conversations with students and applicants,” he wrote, “we explicitly tell them that most graduates find work in small to medium firms at salaries between $35,000 and $75,000.”

Determining exactly how many graduates make even those relatively modest salaries isn’t easy. The information posted online by N.Y.L.S. about the class of 2010 says that only 26 percent of those employed reported their salaries. The nearly 300 students who reported being employed but said nothing about their salaries — who knows?

Like all other law schools, N.Y.L.S. collects this job information without anyone else looking at the raw data or double checking the math. Which gets to another dimension of the law school business that other companies might envy: a lack of independent auditing, at least when it comes to these crucial employment stats. It’s kind of like makers of breakfast cereal reporting the nutrition levels of their products, without worrying that anyone will actually count the calories.

THOUGH astoundingly resilient as businesses, law schools have always had a glaring liability: they generally sell just one product, legal diplomas. This lack of diversification means that if enrollment drops, a school’s balance sheet will suffer.

Like all stand-alone institutions, N.Y.L.S. is even more dependent on student tuition than those attached to universities, and Moody’s highlighted this fact in its 2006 appraisal of the school’s bonds. Under a section about potential “challenges” that could lead to a downgrade, Moody’s cited “significant and sustained deterioration of student market position.”

A downgrade would be expensive for the school because it would mark the bonds as riskier, which would force the school to pay higher interest rates in the future.
In May of 2009, a month before the official end of the recession, Moody’s issued a new report and suddenly, a downgrade seemed like a real possibility. One problem was that applications to the school for the upcoming class of 2009, Moody’s reported, were down 28 percent compared with the volume the year before. The rating agency changed its outlook on the bonds from “stable” to “negative,” which is bond-speak for “If current trends continue, a downgrade is coming.”

But just three months later, the enrollment scare was over. In the fall of 2009, the incoming class was N.Y.L.S.’s largest ever — 736 students. (Only one law school in the country, Thomas M. Cooley in Michigan, matriculated a greater number.)

Some faculty members were happy to enhance their salaries by teaching another course. Others were appalled at what the super-sized class would mean for students.

“At a school like New York Law, which is toward the bottom of the pecking order, it’s long been difficult for our students to find high-paying jobs,” said Randolph N. Jonakait, a professor at N.Y.L.S. and a frequent critic of Mr. Matasar’s. “Adding more than 100 students to an incoming class harms their employments prospects. It’s always been tough for our graduates. Now it’s tougher.”

Was Mr. Matasar more worried about bond ratings than the fortunes of his new students? Several faculty members said, and he confirmed, that the bonds were part of discussions about the financial health of the school in 2009.

“However,” Mr. Matasar wrote, “N.Y.L.S. never promised (nor needed to promise) anyone that it would increase enrollment to meet debt service obligations.” The size of the 2009 class, he went on, was “unplanned,” again referring to a surprise in yield.

But given that interest in graduate school typically spikes during economic slumps, wasn’t a sharp rise in yield foreseeable? It was to N.Y.L.S.’s rivals. There are about 40 other schools in what US News has long categorized as its third tier, and the average increase in class size at those schools in 2009 was just 6 percent. (At 10 of those schools, enrollment declined.) That is dwarfed by the 30 percent uptick at N.Y.L.S.

Whether Mr. Matasar had bond ratings in mind at the time, Moody’s liked what it saw. In August of 2010, the company issued a new report that included news of the 736-student class, which was described, in the classic understated style of bond reporting, as “particularly large.” The Moody’s outlook for the N.Y.L.S. bonds changed once again — this time from negative to stable.

THE incoming class of 2009 won’t hit the job market until next year, but if the experience of recent N.Y.L.S. graduates is an indication, many of them are in for a lengthy hunt. Mr. Matasar offered an inventory of N.Y.L.S.’s career services office, which he says includes 15 employees and provides development and mentoring programs and oversees a series of networking events.

There are those, he wrote, “who rave about the career services office.” But he added that a recent poll of law schools found that a little more than half of third-year students were unsatisfied with the job search help. “We have a similar experience,” he wrote.
Among the unsatisfied is Katherine Greenier, of N.Y.L.S.’s class of 2010. As she neared graduation, she organized an informational meeting for students interested in public-interest law, the kind of get-together she thought the career services office should have offered. To her amazement, a rep from that office showed up, took a seat and asked questions.

“She was asking about the process, like how you go about applying for public-interest fellowships,” Ms. Greenier says. “Things that you would have hoped she already knew.”

Ms. Greenier, who wound up with a job at the American Civil Liberties Union in Richmond, Va., ultimately decided that the school had what she called a “factory feel.”

The size of the incoming class of 2009 only sharpened that conclusion.

“There were people wondering, why did the school take on this many people in a job market this terrible?” she asked. “How many of these folks are going to find jobs? And what does it say about the school?”

IN April, Mr. Matasar stood in a lecture hall on the third floor at N.Y.L.S. and delivered the keynote at Future Ed, the third of three conferences about legal education that he’d helped organize, in partnership with Harvard Law School. A few dozen professors and deans were in attendance as he argued for a more student-centric approach to education.

“The focus shifts from us — we the faculty, we the administration, we the permanent employees of the school — to those we serve, our students,” he said. “Things are seen through a lens that says ‘What will this do for the students?’”

Nearly all the people who have worked with Mr. Matasar say he means what he says about reforming legal education. N.Y.L.S. professors recall meetings where he urged the faculty to be more responsive to students — to return calls faster, meet more often, whatever would help.

“He put a huge, beautiful student dining area in the top floor of that new building,” says Tanina Rostain, a former N.Y.L.S. professor, now at Georgetown University Law Center. “But it doesn’t have a faculty lounge. We were a little nonplussed, but it was clear that the students were Rick’s priority.”

How does one square that priority with the inexorable rise of N.Y.L.S.’s tuition, its population growth, its eyebrow-arching job data?

The question has puzzled more than a few academics and has produced a variety of theories. Perhaps the most compelling is that as both a crusader and a dean, Mr. Matasar has conflicting, even incompatible missions. The crusader thinks that law school costs too much. The dean has to raise the price of tuition or get murdered in the US News rankings. The crusader worries about the future of all those unemployed graduates. The dean has interest payments to make on a gorgeous new building.

“I’m 100 percent convinced that Matasar believes in his reformist agenda,” says Paul F. Campos, a professor at the University of Colorado at Boulder School of Law and a Future Ed attendee.
“But all reformers discover that they can’t change a system by themselves. And by trying to survive in the current structure, he has ended up participating in the perpetuation of its most indefensible elements.”

The tale of Mr. Matasar’s career is not primarily about a gap between words and actions. Rather, it is a measure of how all-consuming competition in the legal academy has become, and how unlikely it is that the system will be reformed from within.

To be clear, there is little about the way N.Y.L.S. operates that is drastically different from other American law schools. What’s happened there is, for the most part, standard operating procedure. What sets N.Y.L.S. apart is that it is managed by a man who has criticized many of the standards and much of the procedure.

In fact, Mr. Matasar has been quoted about wanting to upend legal education for so long it is impossible to believe he is doesn’t mean it. But he can’t act unilaterally. And what industry has ever decided that for the good of its customers, it ought to charge less money, or shrink?

“My salary,” Mr. Campos said, “is paid by the current structure, which is in many ways deceptive and unjust to a point that verges on fraud. But as a law professor, I understand that what is good for me is that the structure stay the way it is.”

DECRYING a business and benefitting from it at the same time — it puts you in a tough spot, Mr. Campos said, and one he speculated is even tougher for a dean. But it is not a spot that Mr. Matasar will be in for much longer.

Several weeks ago, Mr. Matasar sent an e-mail to his faculty stating that he would step down in the next academic year. He was considering a few different job options, he explained, all of them “outside of legal education.”
Read the UB dean's letter to the law school community
July 29, 2011

To the School of Law Community:

At a meeting at 4 o'clock on July 28, University President Robert Bogomolny asked for my resignation as Dean of the School of Law. As of today's date, I have resigned my position as Dean. I truly appreciate the support I have received from the faculty, staff, students and alumni of the School of Law. I write this decanal farewell in order to provide a brief explanation of why I am no longer Dean and to express my gratitude to all of you who welcomed me so warmly to Baltimore.

In the last two years, tensions have been increasing between the University administration and me regarding the financial relationship between the University and the School of Law. When I was a candidate for the Deanship, I was aware that, historically, the University retained a high percentage of the revenue generated by the law school. I was assured by the President at that time that he was aware of the problem and would work with me to remedy it over time. As I began my deanship, I realized that the law school did not possess accurate data in many areas, including its financial situation. Obtaining accurate financial data regarding the School of Law has not been an easy task. After much research and discussion, the University Finance Office and the School of Law agreed this past year on the amount of law school revenue generated by tuition, fees and state subsidy. I obviously always knew our School of Law budget. I have not yet received the critical data regarding the amount of direct and indirect University costs properly attributable to the School of Law. My insistence on having accurate data has exacerbated the difficulties between the University and me.

Every seven years, the ABA inspects law schools for renewal of their accreditation. The law faculty drafted a self study in the spring of 2010 as part of our ABA reinspection process. The percentage of law revenue retained by the University was emphasized as a significant concern of the faculty in that document. I believe a law school dean has a continuing responsibility to share accurate data regarding the law school and its operations. In the past year, I distributed the financial data I had to the faculty and the Dean's Advisory Board in order to inform them about the increasing scope of the problem. Both bodies were concerned about the continued ability of the law school to reach its potential without sufficient funding and the inequity of charging law students increasingly high tuition and fees if a significant percentage of those funds were not directly benefitting the law school. Both the faculty and the alumni insisted that I continue in my efforts to obtain more financial data and a University agreement to
decrease its retention percentage over time. I was criticized by the central administration for sharing the financial data with the faculty and my advisory board. University officials also stated that providing funding for the continued improvement of the School of Law was not a high priority for the University.

The financial data demonstrates that the amount and percentage of the law school revenue retained by the University has increased, particularly over the last two years. For the most recent academic year (AY 10-11), our tuition increase generated $1,455,650 in additional revenue. Of that amount, the School of Law budget increased by only $80,774. I do not know of any law school in the country receiving such a small percentage of its generated tuition revenue. A recent article in The New York Times noted that a 25-30% revenue retention by a university was considered high by national standards. As of academic year 2010-11, the University retained approximately 45% of the revenue generated by law tuition, fees and state subsidy. Using any reasonable calculation of the direct and indirect University costs, the University was still diverting millions of dollars in law school revenue to non-law University functions.
Read the letter from the UB president
August 01, 2011

To UB Law Faculty and Staff,

This e-mail is in response to the major issues raised in relation to the resignation of University of Baltimore School of Law Dean Philip Closius. I welcome the opportunity to clarify the misleading and incomplete characterization of the University's relationship to the School of Law that unfortunately resulted from Mr. Closius' public statements.

The decision to seek new leadership for the UB School of Law involved considerable thought around multiple issues during an extended period of time. The ultimate decision was not about financial matters. Although management of University finances was one area of conflict between Mr. Closius and the University, it was not the only area of conflict. I am unable to discuss confidential personnel matters, and unfortunately I cannot provide full details concerning this matter. I can assure you that, based upon many conversations during the past few months, including conversations the provost and I had with approximately a dozen senior law faculty members, select alumni and UB Foundation officials, the overwhelming conclusion was that a change in leadership was in the best interests of the School of Law and the University of Baltimore..

Mr. Closius raised a number of issues in his e-mail to law faculty, staff and students, which he also chose to release to the local and national press. I will address the major, substantive issues below. Please know that I welcome the opportunity to discuss these issues with the law faculty and staff to answer any questions that may remain.

University and Law School Finances

Mr. Closius' central complaint is that the University withheld 45 percent of the School of Law's revenue in the past academic year. In fact, in 2010, the year cited in the recent ABA site visit report, the University retained 13.7 percent of law revenue centrally, after allocating costs related to the law school's regular operation.

Using the 2010 data referenced in the ABA report, 42 percent of law school revenue was retained centrally in 2010 prior to the allocation of general operating costs. The law school's operating costs for 2010 — all expenses attributable to the School's operation that are routinely absorbed centrally, including those related to basic functions such as human resources, technology, heat, light, security, etc. — amounted to approximately $9.97 million. After these costs are allocated for 2010, the School of Law had 13.7 percent of its revenues retained centrally. UB's 13.7 percentage is well below the 20–25 percent national law school average cited in the School of Law's 2010 self-study report, is considerably below the 25–30 percent
referenced by Mr. Closius from a recent New York Times article, and represents the lowest percentage among UB's schools and colleges.

Mr. Closius asserts that the UB administration did not provide accurate, transparent financial data regarding central University budgets and the law school allocation. All University budgets are matters of public record and are reported in the state's budget book. The University's internal budget process is open and participatory, with allocations published on the community's Web portal.

To address Mr. Closius' continued requests for budget clarification, I held an open meeting for law faculty early in the spring 2011 semester, accompanied by the provost and the senior vice president of Administration and Finance. At this meeting, I specifically stated that Mr. Closius' assertion that the University withheld more than 40 percent of the law school's revenue was incomplete and misleading because it did not take into account the School's indirect costs, expenses necessary to operate a law school.
University of Baltimore president responds to ousted law dean
Bogomolny says change of leadership will serve best interest of law school, disputes Closius' budget facts
August 01, 2011 | By Childs Walker, The Baltimore Sun

The University of Baltimore's president issued a sharp response Monday to allegations aired by the university's former law dean after he was forced to resign last week.

In an e-mail to faculty and staff, President Robert L. Bogomolny disputed financial arguments used by former dean Phillip Closius to portray a university taking advantage of its law school to support other programs. Bogomolny said he had met with key alumni and faculty members and that "the overwhelming conclusion was that a change in leadership was in the best interests of the School of Law and the University of Baltimore."

That message ran counter to an outpouring of criticism last week from students and alumni who praised Closius as a dynamic and caring leader. Students have planned an all-day rally on Tuesday to protest the dean's removal.

The president's e-mail continued an unusual bout of public sparring that has laid bare internal disputes at a university known for producing some of Baltimore's top attorneys. The debate touches on a broader issue in legal education, with law deans around the country claiming that their schools are exploited to support less popular programs.

In his e-mail, Bogomolny rejected the notion that that is occurring at UB and argued that Closius, whom he hired, was off base in saying the law school was not a funding priority.

"This stands in stark contrast to the facts of the School of Law's recent growth and development," Bogomolny wrote. "During my presidency, faculty has grown by more than 30 percent, while scholarships for law students have increased by more than 325 percent in the last five years alone."

He defended recent tuition increases, saying they were necessary to support "transformative growth."

The president disputed Closius' claim that the university seized 45 percent of law school revenues in 2010-2011. Instead, Bogomolny used figures from 2009-2010 to show that of the 42 percent of law school revenues taken by the university, all but 13.7 percent was used to pay for law school operations. The president said the figure represented the "lowest percentage among UB's schools and colleges."

Bogomolny said he held an open meeting with law faculty during the spring semester to dispute Closius' interpretation of the numbers.
"After this presentation, Mr. Closius continued to assert that there has been no rationale or explanation of internal allocations," the president wrote.

He said Closius' complaints led an accreditation panel from the American Bar Association to request a report on the university's budget rationale. "I look forward to submitting that report, as I am confident that it will address this issue definitively and satisfactorily," Bogomolny wrote.

Closius said Monday afternoon that he did not want to continue the back-and-forth with Bogomolny, but he defended his presentation of the numbers as consistent with the way the figures are discussed nationally. "I disagree," he said of Bogomolny's interpretation, "and I'm pretty sure I'm right."

Bogomolny's words did not allay the concerns of law professor Garrett Epps, who said he was "gob smacked" by Closius' forced resignation.

"We all know that every law school is something of a cash cow," Epps said. "As near as we can tell, the University of Baltimore is the biggest cash cow in the country."

Epps credited Closius with improving the quality of the school's students and junior faculty members during his four years as dean. "He had very deep support in the faculty," Epps said. "I am completely mystified by the abruptness of his resignation."

Asked about Bogomolny's statement that he had vetted the leadership change with select faculty leaders, Epps said, "He certainly didn't talk to me."

In his e-mail, Bogomolny also disputed Closius' version of a blow-up regarding naming rights for the law school. Closius said he had negotiated a deal for $10 million with local litigator and alumnus Stephen L. Snyder, only for Bogomolny to reject the deal and raise the price to $20 million. Snyder then declined to meet that price.

The president said he decided $10 million was "substantially inadequate" after reviewing the market for naming rights with university system officials and an outside consultant. He said his judgment was recently validated when the University of Maryland received $30 million from the W.P. Carey Foundation for naming rights at its law school.

Bogomolny concluded that the law school "continues to make considerable progress in terms of faculty quality and student success. ... As we strengthen our leadership moving forward, I am confident that this momentum will continue."

According to the university and Closius, the former dean will be part of that future; he said Monday that he still plans to return as a regular faculty member after a yearlong sabbatical.

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Suing Over Jobs
August 11, 2011

For the last year, the Education Department and Congress have debated measures of "gainful employment" for graduates of for-profit vocational programs. And media outlets have competed for the best stories about unemployed liberal-arts graduates. But the question of whether higher education can be held responsible for failing to warn would-be students about the poor job prospects of graduates may really be taking off with regard to law schools.

On Wednesday, a New York City law firm filed class actions against two law schools -- New York Law School and Thomas M. Cooley Law School -- charging that the job placement information they released to potential students was sufficiently inaccurate as to constitute fraud. Those suits follow a similar one filed in May against Thomas Jefferson School of Law. All of the suits argue that students were essentially robbed of the ability to make good decisions about whether to pay tuition (and to take out student loans) by being forced to rely on incomplete and inaccurate job placement information. Specifically, the suits charge that the law schools in question (and many of their peers) mix together different kinds of employment (including jobs for which a J.D. is not needed) to inflate employment rates.

All three law schools deny the charges. And Cooley has already filed a defamation suit against the lawyers suing it. But the litigation comes amid a broader debate over whether the American Bar Association and others are doing enough to promote the release of accurate information, and whether there are too many law schools for the current job market.

While legal experts were still examining the lawsuits and were generally not ready to weigh in on whether or not they will succeed, several said that the litigation points to longstanding problems with how job placement has been tracked, and that changes currently under consideration are overdue.

"The fact that you have some serious class action law firms filing suit should give anybody pause," said William D. Henderson, a professor of law and director of the Center on the Global Legal Profession at Indiana University, and a frequent author on job placement issues. "The whole industry hasn't released useful numbers for consumers," he said.

Henderson said that he strongly backed current moves by the American Bar Association (likely to then be adopted by U.S. News & World Report for its rankings) to shift from a standard of being employed nine months after graduation to being employed in a job for which a J.D. is needed. Those suing today (and those in recent years who were disappointed by their success at finding jobs) relied on statistics that didn't exclude those whose "jobs" were fellowships paid for by their law schools, who were in part-time or temporary jobs, or who were in jobs they could have gotten before they went to law school, he said.
Several years ago, Henderson started noticing and writing about the seeming oddity that bar passage rates were declining at a time when law schools were reporting increases in employment of graduates. For this to be true, he speculated, more people were getting jobs that didn't require them to go to law school. "You are counting people who are selling insurance," he said. "Anybody can find a job to pay the rent."

**The New Lawsuits**

The new lawsuits are class actions on behalf of three graduates of New York Law School and four from Thomas Cooley. (Both are freestanding law schools.)

Jesse Strauss, one of the lawyers bringing the suits, said in a briefing for reporters Wednesday that he was not denigrating the quality of the legal education provided by the law schools, and that he knew good lawyers who were graduates of each institution. But he said that the information about job placement rates was deceptive. "This is more like a false advertising claim than a product liability claim," he said.

Strauss said that the deceptive information about job placement rates is "distorting the market." With better information, he said, some students wouldn't go to law school, and the population of new lawyers would shrink.

The lawsuit charges that the schools' methods of reporting their placement rates gave would-be students an inaccurate view of their likely outcomes.

"[T]he school during the class period claims that a substantial majority of its graduates -- roughly between 75 and 80 percent -- secure employment within nine months of graduation. However, the reality of the situation is that these seemingly robust numbers include any type of employment, including jobs that have absolutely nothing to do with the legal industry, do not require a J.D. degree or are temporary or part-time in nature," the suit against Thomas Cooley says. "Rather, if Thomas Cooley was to disclose the more pertinent employment statistic -- i.e., those graduates who have secured full-time, permanent positions for which a J.D. degree is required or preferred -- the numbers would drop dramatically, and could be well below 30 percent, if not even lower."

The suit against New York Law School states that it "blatantly manipulates" its placement statistics (which suggest that 92 percent of last year's class is employed). The suit says that the law school engages in numerous efforts to "pretty up" its statistics, such as including part-time work, and including the 5.6 percent of its employed graduates who are in temporary fellowships funded by the law school -- not in real jobs.

The law schools released statements that did not offer point-by-point rebuttals of the suits, but defended the integrity of their statistics. "To the extent the lawsuit challenges our post-graduation employment and salary statistics, we stand by our reporting to the National Association for Law Placement, and any claims that prospective students or our graduates have been misled or legally harmed by our reporting are simply baseless," said the statement from
Thomas Cooley. (Even as the law school is being questioned over its job placement record, Thomas Cooley is expanding -- and this week announced plans to open a campus in Florida.)

A statement from New York Law School said: "These claims are without merit and we will vigorously defend against them in court."

The Broader Debate?

What's next in the debate over law placement and these legal cases is the subject of much debate. Officials from the ABA, the Association of American Law Schools and NALP: The Association for Legal Career Professionals did not respond to requests for comment on Wednesday. Privately, two law school officials expressed doubts about whether the class actions would succeed in court, but indicated that defending against them might be embarrassing for the law schools involved and for legal education generally.

For an example of the potential public relations challenges, consider the response of Thomas Jefferson to its class action. As reported in the blog Above the Law, Thomas Jefferson defended itself by noting that the U.S. News job placement figures on which the plaintiff relied were adjacent to figures in the magazine for the law school's bar passage rate. The law school's bar passage rate was lower and Thomas Jefferson's rate many years was "significantly lower" than the employment rate, the law school argues in its brief. So "any reasonable reader" would know that meaningful numbers of the law school's graduating classes were not working as lawyers. The blog's headline for the post: "Is the Answer Worse Than the Allegations?"

While the three law schools that have been sued are not among the nation's most prestigious, the lawyers who sued on Wednesday stressed that they saw the issue as going well beyond those institutions. At the news conference, they pointed to a recent article in The New Republic that analyzed data from an unnamed "top 50" law school, suggesting that one-third of graduates reporting themselves employed are in part-time positions -- meaning that well under half of graduates of a recent class are employed in full-time permanent positions, not the healthy majority that the official statistics would suggest.

Kyle McEntee, executive director of Law School Transparency, a group that has critiqued job placement rates at many law schools, said he was not surprised by the lawsuits. "I think we are going to see more of them," he said.

He said that the moves by the ABA are in the right direction, but that his group wants to see even more information. Law School Transparency urges law schools to release, graduate by graduate, exactly what happens to each new lawyer (without their names). That way prospective students won't get deceived by averages that may be skewed by a few well-compensated lawyers, and will be able to distinguish between true stepping-stone positions (judicial clerkships, for example) and volunteer work that doesn't put someone on the fast track.

Will the ABA Reforms Work?
The proposed ABA surveys on employment deal with many of the criticisms that have been made of past data. For instance, they would ask specifically about whether positions are funded by the law school, whether positions are long term or short term, etc.

But there is controversy over whether these efforts will work. NALP, which has been the primary source of law school placement data, has expressed fears that law schools will no longer collect data for its surveys, and that it is better able than the ABA to analyze the data. (A limitation of NALP's data is that they are not available institution-by-institution, which is why U.S. News's rankings, which include institutional data, have become so valued by law school applicants and so important to law schools.)

Henderson, of Indiana University, said that the ABA may unintentionally supplant NALP, and leave the law school world without anyone capable of truly analyzing the data. The ABA, he wrote in a recent column for The National Law Journal, "has a long track record of releasing mountains of data in a format that makes it very difficult to analyze the industry or make meaningful school-to-school comparisons."

With truly good data, he predicted, the law school market would change, with some law schools forced to improve their programs and with others disappearing.

But Henderson added that he's not certain that -- even with better data -- there won't be disappointed (and impoverished) law school grads in the years ahead. "You've got 22- and 23-year-olds who have an image of lawyers made by popular culture," he said. "They've never bought a house before, and now they can get a loan of over $100,000 to go to law school. This is not a group of people who are going to do rigorous due diligence on the decision to borrow."

— Scott Jaschik
These days there are enough blogs on the theme that law school is a scam that there are multiple blogrolls on the subject, where readers can pick among First Tier Toilet!, Fluster Cucked, Subprime JD, Tales of a Fourth-Tier Nothing and more. Most of these blogs are run by law students or recent graduates frustrated by a lousy job market, student loan debt and a feeling that they were ripped off by their law schools.

Another unemployed lawyer blog probably wouldn't attract much attention, but these "scam" bloggers have been abuzz about the latest arrival on their blogrolls: a blog sharing many of their points of view, but written by a tenured law professor.

"I can no longer ignore that, for a very large proportion of my students, law school has become something very much like a scam," says the introductory post of the blog, Inside the Law School Scam. "Yet there is no such thing as a 'law school' that scams its students -- law schools are abstract social institutions, not concrete moral agents. When people say 'law school is a scam,' what that really means, at the level of actual moral responsibility, is that law professors are scamming their students."

The professor has gone on in subsequent posts to describe his law faculty colleagues as overpaid, and as inadequate teachers. "The typical professor teaches the same classes year after year. Not only that -- he uses the same materials year after year. I'm not going to bother to count -- this is law school after all, and we don't do empirical research -- but I bet that more than half the cases I teach in my required first-year course were cases I first read as a 1L 25 years ago. After all I use the same casebook my professor used. I even repeat some of his better jokes (thanks Bill)," says one post.

And that was followed by another criticizing the gradual decline in teaching loads of professors at law schools (a trend that has been documented elsewhere), and arguing that students are paying quite a bit for minimal teaching time and effort. Of his fellow law professors, he writes: "They are like the most burnt out teachers at your high school, if you went, as I did, to a middling-quality public school. But with this difference: the most burnt-out teachers at your high school still had to show up for work for seven hours a day. Also, they didn't get paid $200,000 (or even quite a bit more) per year. And you didn't pay $50,000 a year for the benefit of their talents."

And LawProf says he's just getting started.

The author identifies himself only as "a tenured mid-career faculty member at a Tier One school." He agreed to reveal his identity to Inside Higher Ed, and his description is accurate. He teaches at a law school that doesn't make the "top 10" lists, but that is generally considered the
best in its state and is well regarded nationally. His C.V. shows plenty of scholarship and professional involvement. And while "LawProf" (as he calls himself) is disdainful of the prestige hierarchy of American law schools, he said in the interview that it was important for the law school world to hear from someone "at a better law school," because so many law professors write off the current complaints from new graduates "as the concerns of third-tier law schools, which don't matter."

The reality, LawProf said, is that while students at top law schools fare much better, the issues are present everywhere. "Students are unable to get the kinds of jobs they want, and they are having to go for jobs they didn't envision before, and they are feeling ripped off," he said.

"A lot of people are going to get mad at me," especially if they ever figure out who he is, which he expects will happen, LawProf said. And while he has tenure, he said he believed there would be repercussions for speaking out as he is. "It's breaking a wall of silence," LawProf said. And he said that he believes he will be more frank by writing anonymously.

In terms of reforming legal education, LawProf said it could be much less expensive, which in turn would result in less of a need for students to borrow, and change the current dynamic in which new graduates face massive debts without good jobs.

A plan for change, he said, would be to ignore the rankings (which encourage the wrong kinds of behavior), to stop spending so much on "luxury" facilities for law schools "that have nothing to do with education," to cut the number of administrators, and to offer fewer legal clinics (which he said are expensive and hide the poor job law schools do of training people to be lawyers).

And in a reflection of how unpopular he would be with his colleagues if he went public, LawProf called for law professors to be paid much, much less. Law professors (along with those in fields such as medicine and business) typically earn much more than their faculty colleagues in other disciplines. LawProf said he earned about $170,000 last year -- nowhere near the top of the heap at his law school, but double what most tenured professors outside the law school earn at his institution.

The traditional argument made in defense of such salary levels is that law schools would lose their best talent to law firms. But LawProf said that was "a bunch of bullshit." He said that law schools regularly employ a limited number of top lawyers (at a fraction of their billable hour rates) to teach single courses, and could do more of this and thereby bring more real-world experience into law schools.

And as for the full-time academics, LawProf said that they enjoy benefits of not working in law firms: shorter hours, less pressure, the ability to pick their areas of interest -- all of which should make typical academic salaries appropriate. Law professors, he said, do things they like 95 percent of the time, and law firm lawyers do that 5 percent of the time. That is a choice of value, he said. "Why are we paying these academics twice as much as other academics?" he asked.
Michael A. Olivas, a law professor at the University of Houston who is president of the Association of American Law Schools (but who stressed that he was speaking for himself, not the organization), said that LawProf is welcome to return half of his salary if he is guilt-ridden.

Olivas said that "there is a small grain of truth in most of what he says," but that his portrayal of law professors is unfair and inaccurate. Olivas said that good law professors prepare for every meeting of every course, paying attention to changes in the law. He said that they routinely help not only current students, but alumni. And he said legal scholarship is valuable to academe and society. "It's unprincipled to walk into class unprepared," he said. "I would never do that. Most people would never do that."

The vision of law school presented by LawProf neglects the extent to which American legal education is seen as a model in the rest of the world, Olivas said. Models that are based on maximum efficiency in other countries lead to large classes, minimal professor-student contact, and no scholarship, he added, wondering whether LawProf would like such a set-up in the United States.

Olivas also criticized LawProf for writing anonymously. "To hide behind an anonymous blog is to create hearsay that doesn't even round up to gossip," he said. Making such criticisms in public, Olivas said, would create an opportunity for meaningful debate, including exploring whether LawProf's experiences at his law school are typical of the faculty members there, or of law professors in general.

LawProf said that the realities of legal education today require a "whistle-blowing approach" such as the one he is taking. Other professions -- such as medicine -- may be guilty of restricting entry and making training quite expensive, but they tend to produce solid careers for those who graduate from medical school. "The cartel of legal education is not good at all at protecting law graduates, but it's very good at protecting the economic privileges of legal academia," he said. The reason he has joined the "scam bloggers" is that "they have figured out that we have a cartel that screws them and the public."

— Scott Jaschik