American legal education is facing its most serious challenge in recent memory. The problems begin with the weak job market our graduates are facing. Data from the American Bar Association (ABA) and the National Association of Law Placement reveals that only 55 percent of 2011 graduates found full-time, permanent, law degree-required jobs within nine months of graduation. There is compelling evidence that this reflects not only a cyclical downturn, but long-term structural changes in the practice of law. Globalization and technology have had a big impact on the work done by lawyers. Law jobs were declining for several years before the recession and the Bureau of Labor Statistics projects only modest growth in the coming decade.

Law schools’ public image has taken quite a hit. Recent graduates have sued 14 schools, alleging that the schools fraudulently misled them about their employment prospects. Two excellent law schools, Villanova and the University of Illinois, were sanctioned after admitting that they inflated the Law School Admission Test scores of their students in an effort to prop up their U.S. News & World Report rankings. Journalists, scholars and bloggers have written critically of legal education, liberally using terms like “failing,” “scam” and “bubble.” Substantively, these critics argue that legal education is too expensive and inadequately focused on preparing students for the practice of law. Law school applications have fallen about 25 percent in the past two years, leading to predictions that some schools may close and most schools will downsize.

Although the problems are real, the news is not all bad. Law schools are engaging in serious reflection and many have begun implementing important reforms. Given the nature of our institutions, change tends to be incremental, not revolutionary. Slowly, but surely, however, legal education is responding to changing circumstances in ways that are likely to benefit our students in years to come.

First, law schools have taken a big step toward transparency. Although I believe that the lawsuits against the 14 schools are largely without merit and am glad to see that several of the cases have recently been dismissed (I should note that the lawyers who have brought these suits have threatened to sue Loyola University Chicago School of Law and many other additional schools, but have not yet followed through against us), there was a real problem with the extent and form of employment data available to prospective law students. As a member of the ABA’s Standards Review Committee, I helped draft a newly adopted rule requiring schools to publicize accurate and detailed data about the employment outcomes of their graduates. Students can now much more easily consider whether the significant investment in a legal education is right for them and compare schools. I wish the ABA accepted my committee’s recommendation to require school specific salary data, but even without that piece, law schools are now a model for higher education in employment data transparency.

Second, law schools are moving more toward experiential learning. A recent ABA survey of law school curricula reveals the rich and growing diversity of live client clinics, externships, simulation courses and other approaches to developing more practice-ready graduates. Schools are developing small practice incubators and exploring innovative ways to help students learn the competencies necessary for success. If the ABA adopts the Standards Review Committee’s proposals requiring each student to take at least one full-fledged experiential course, and each school to more systematically define and assess student learning goals and outcomes, this trend will accelerate. Paying for these approaches will be challenging, but law schools are more committed than ever to meeting students’ needs.

Third, law schools are exploring ways to control costs. The two decades prior to the recent recession were a period of rapid growth in legal education. The number of schools, students, faculty and staff and the range of program offerings all went up dramatically. So, too, did tuition, which more than doubled, relative to inflation. Law schools became much more businesslike and market-oriented. Spurred on by the influential U.S. News & World Report rankings, schools began to compete aggressively. With easy access to federal student loans and a strong job market, students chose schools that offered them more, at a higher price.

Schools are scaling back on some of the “bells and whistles” added in recent years. Faculty may be asked to teach more. Increased use of distance learning may play a role in cost control. Schools can find ways to cooperate; as an example, Loyola and IIT Chicago-Kent College of Law now allow some students to enroll in courses at the other school. Tuition increases, at least at private schools, are now generally much lower (public schools, which are rapidly losing state support, are raising tuition at a faster rate). To assist in cost control, the ABA should delete some overly restrictive accreditation standards.

Time will tell whether these reforms will enable law schools to transition smoothly, or whether disruptive change is coming. But legal education is not standing still.

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