

## FINANCIAL ASPECTS

### Paying for a law degree: trends in student borrowing and the ability to repay debt

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There is a dire threat to professional education arising from the cumulative effects of developments indicated by recent data on cost trends in legal education, including interest costs, repayment mechanisms, the issue of forgone wages; an examination of placement data and the ability to repay and refinance college indebtedness and the development of a relationship between college costs, credit cards, and consumer finance. Financing postgraduate studies will become just as substantial a transaction for many students as purchasing their first home. This certainly does not bode well for higher education's traditional inequity-reducing powers.

The tuition costs for legal education have increased by a factor of at least seven since 1975 and across all sectors. Debt loads will only get worse, especially when combined with undergraduate loan obligations that were postponed during subsequent schooling but come due after the six or nine month forbearance period. In 1995 nineteen law schools had tuition costs of \$20,000 or more; by 1997 seventy had passed this mark (nearly a third of the 180 law schools). Also in 1997, fifty law schools reported total estimated costs of attendance (tuition plus living expenses) in excess of \$30,000 for the school year.

Then there is the interest due on borrowed money. For federally subsidised loans repayment is deferred while the recipient is in school, which means that students can keep adding to their indebtedness by additional borrowing. Income-contingent options, while an important tool in some instances, similarly run up a huge total repayment.

In 1995-96, the median law first-year salary was \$40,000. Of law graduates responding to placement surveys, 87 percent had found full-time employment within six months of graduation, down from

the 1990 level of 92 percent. Another 6.4 percent found part-time work. Of those in full-time work, 11 percent held nonlegal jobs (this includes persons previously employed who attended part-time law programs). Thus 70.7 percent found full-time legal positions. All of this is cyclic and today's stronger economy has improved job prospects. Even so, it is a complex system of borrowing/debt/repayment that is premised upon eventual employment as an end result of completing law school or other professional programs.

Many applicants to law school and other professional schools have credit profiles that are not promising – what with enormous loan indebtedness, lack of collateral traditionally required for borrowing large sums of money, small earnings from part-time or summer work in low-paying jobs, and, increasingly, substantial credit card debt. Not only are credit cards easily available to college students; increasingly colleges and universities allow students to pay tuition bills with approved credit cards. Student loans were originally designed to be less commercial alternatives for student consumers, who often had no legal recourse to credit, collateral, or the other commercial prerequisites for borrowing large sums of money. Now, however, credit cards have become, in a sense, less commercial, and are freely hawked and aggressively pitched to college students.

This increasing complexity of higher education finance raises serious questions about the continued availability of credit for students, particularly postgraduate professional students. Increasing legislative attention to default rates may preclude some professional schools from participating in government or private-sector programs.

Professional schools, which in the past have had only modest due-diligence obligations, may discover that a number of their students or potential students are unable to secure student loans and probably cannot meet their tuition payments and enrol in school. Schools may start using creditworthiness as a criterion for admission. The need-blind admission wall

carefully erected over the last two decades has begun to show cracks. If such drastic admissions practices expand, they will preclude further schooling for a number of academically qualified candidates whose earlier economic behaviour was imprudent.

It is clear that at no previous time has the entire range of college financing options been so extensive or yeasty. The funny thing is that, despite all the problems identified, and all the unknowns, this may be the golden age of financial aid. Most of the governmental tools are in place, and the private sector has reached out to fill the remaining need. If students can gear their lifestyles to more modest means and develop good savings and debt management habits, this might very well prove to be the high-water mark for professional school financing.

## GENDER ISSUES

### The glass ceiling for women in legal education: contract positions and the death of tenure

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On the surface, it appears that the status of women in legal education is gradually improving. A more careful examination proves otherwise. Women got in the door of legal education, but many have found themselves in the basement of a redesigned building. A new bottom level composed of non-tenure-track contract teachers has been added. It is disproportionately occupied by women faculty.

Librarians, clinicians and legal writing teachers are now well-established categories in legal education. All three, regardless of their importance to the educational mission of law schools, are at the bottom of the legal education hierarchy. And all three groups are predominantly female. Similar patterns exist in all three fields. Men, a minority in each field, are over-represented in the higher-status tenured or tenure-track positions within these fields. Women occupy the less desirable non-tenure-track contract positions.