



# Legal Education in North Carolina: A Report for Potential Students, Lawmakers, and the Public

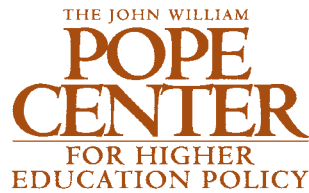


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## TO THE READER

The Pope Center wants educational institutions to become more accountable. One contribution we can make is to provide information for potential students and parents (as well as policy-makers) about the outcomes of attending specific schools and compare those outcomes against other schools' results. This paper does that. It scrutinizes North Carolina law schools from the viewpoint of the student trying to decide which one to attend.

## ABOUT THE AUTHORS

The authors are Andrew P. Morriss and William D. Henderson. This paper is part of a larger research program they are conducting to identify ways of evaluating law schools. Andrew Morriss is the H. Ross & Helen Workman Professor of Law & Business and professor, Institute for Government and Public Affairs, at the University of Illinois. William D. Henderson is associate professor of law, Indiana University School of Law—Bloomington.

Morriss is also a research fellow of the New York University Center for Labor and Employment Law, a senior fellow at the Property & Environment Research Center, Bozeman, Montana; a senior scholar at the Mercatus Center at George Mason University; and a regular visiting professor at Universidad Francisco Marroquín, in Guatemala. He was previously Galen J. Roush Professor of Business Law and Regulation at Case Western Reserve University, where he was also associate dean from 2000 to 2003.

Morriss received his bachelor's degree from Princeton University, has a J.D. and a master's degree in public affairs

It goes further, however. It reveals that legal education in North Carolina is hedged with restrictions. The most damaging restriction is the state's requirement that only those who have graduated from an ABA-accredited law school may take the bar exam. ABA accreditation severely limits the number of schools in the state, driving up tuition prices and keeping down the number of lawyers in the state. Changes in current regulations could make legal education more affordable.

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William Henderson joined the faculty of Indiana University Law School in 2003 following a visiting appointment at Chicago-Kent College of Law. He was a judicial clerk for Judge Richard D. Cudahy of the U.S. Court of Appeals for the Seventh Circuit, and served as an interim associate for the Chicago law firm Sidley Austin Brown and Wood. Henderson's scholarship focuses on empirical analysis of legal education and the legal profession, including market trends.

He received his bachelor's degree from Case Western Reserve University and his J.D. from the University of Chicago, where he was comment editor for the *University of Chicago Law Review*.

# Legal Education in North Carolina: A Report for Potential Students, Lawmakers, and the Public

By Andrew P. Morriss and William D. Henderson

**F**or many students, attending law school is one of their largest investments. Three years of tuition and fees, books, living expenses, and forgone income can easily make the cost of a legal education well over \$100,000. Since many students finance law school with loans, the consequences of this investment decision can affect their lives for decades. State governments also invest considerable resources in operating a network of public law schools (North Carolina has two). States provide law schools as part of their general subsidized program of higher education; despite popular perceptions otherwise, legal education can be an important catalyst for economic development as well as provide access to the legal system.

How well are North Carolina's law schools serving their students and the citizens of North Carolina? This report answers this question by assembling and analyzing a wide range of information. Part I approaches legal education from the perspective of a law student seeking to weigh the costs and benefits of attending one of the seven law schools located in the state. Part II examines the demand for lawyers in North Carolina's growing economy and assesses how these law schools are serving the needs of North Carolinians. It then explores several policy options that could reduce the cost and improve the access and quality of legal education for the people of North Carolina.

Our key findings are:

- North Carolina's law schools are more selective than those in many states, which may be a function of the state's strong job and population growth. Relative to other states, North Carolina has a substantial unmet demand for legal education. Removing barriers to entry for law schools would allow market forces to respond to that demand.
- Despite their dominant market position, the annual *U.S. News & World Report* law school rankings are a poor substitute for the type of information and analysis needed to evaluate costs and benefits of North Carolina law schools. The state already determines who can take the bar exam to become licensed as a lawyer in the state. As long as it retains this oversight power, it should insist that law

schools preparing students for the North Carolina bar exam reveal detailed employment and bar passage data in a format that facilitates comparisons. This would increase competition in the market for legal education and benefit student-consumers.

- Compared to its peer states, North Carolina is under-lawyered. Lawyers, particularly commercial lawyers who handle real estate and contracts, contribute to economic growth by reducing business costs. North Carolina should take steps to remove the barriers to entry in the legal profession. In particular, the current requirement of graduation from an ABA-accredited law school erects a substantial barrier to entry to the legal profession in North Carolina, one that could be removed at low cost.

## Part I: A Student-Centered Analysis of North Carolina Law Schools

**T**o help prospective students make decisions, we begin with an overview of the market for North Carolina law graduates. North Carolina currently has seven law schools. Five of these law schools—Campbell University, Duke University, North Carolina Central, UNC-Chapel Hill School of Law, and Wake Forest University—are fully accredited by the American Bar Association. The Charlotte School of Law received provisional ABA approval in December 2006; thus, its graduates will now be eligible to sit for the bar in any U.S. jurisdiction. The seventh law school, Elon University, is located at the newly created downtown Greensboro campus of Elon University. It opened its doors in the fall of 2006 with an entering class of 115 students. An ABA inspection team visited in the fall of 2007. Because Elon University School of Law appears to enjoy ample institutional and financial support from an established university and the Greensboro legal community, provisional ABA approval is likely before Elon graduates its first class in the spring of 2009.

The market for entry-level attorneys has both a national and regional component. Degrees from national law schools (which we defined earlier as the top 16 in the *U.S. News* ranking)<sup>1</sup> provide students with an entree to

lucrative entry-level corporate law jobs in the nation's largest and most sophisticated legal markets. Not surprisingly, there is intense competition for admission into these national law schools.

Graduates of regional law schools enter a more limited geographic market. The strength of a regional law school's placement record is largely drawn from its alumni and from the network of judges and law firms that have hired or worked with its graduates. While a degree from a regional law school can often open many doors within a local market, outside that market a graduate will have a more difficult time finding employment. Only a few graduates at the top of a regional law school's graduating class typically have access to the most lucrative and prestigious jobs outside the region.

The hallmark of a national law school is its ability to place its graduates in large corporate law firms, prestigious judicial clerkships, and coveted public interest jobs. Law schools at the top of the annual *U.S. News* rankings are all national in their job placement. The continued growth of business law, however, has forced many law firms to expand their recruiting efforts to schools further down the law school hierarchy (Jones 2006c). Because UNC-Chapel Hill and Wake Forest have been ranked as Tier 1 (that is, among the top 50) since the full *U.S. News* rankings began in the early 1990s (see Figure 1), both schools are now arguably on the cusp of the national market—close to national but still regional.

Both Campbell University, which is private, and North Carolina Central, which is public, are perennially ranked in Tier 4 of the annual rankings.<sup>2</sup> Presumably, when Elon and Charlotte are eligible for ranking by *U.S. News*,<sup>3</sup> they will also be part of this non-elite grouping.

To understand the modern legal education marketplace, it is crucial that a prospective student understand the dominant role played by *U.S. News & World Report*. This ranking of law schools is not necessarily an accurate guide to a quality legal education. Nonetheless, within certain limits, it can provide students with valuable information on their eventual employment prospects. Before discussing the *U.S. News* rankings of North Carolina law schools, we will put the benefits and limitations of law school rankings in perspective for prospective law students.

### The Impact and Limitations of *U.S. News* Rankings

*U.S. News & World Report's* annual ranking of law schools, which began in its present format in 1990, is arguably the most important development in legal education in the last twenty years. David Yellin, dean of Chicago's Loyola Law School, recently noted that

"[a]lmost anytime you talk about major changes in law schools, you can't get too far from the impact of the *U.S. News & World Report* ranking" (Jones 2006b). Starting with an initial reputational survey of the top twenty schools, the *U.S. News* ranking has evolved into a list of the top 100 ABA-accredited law schools, comprising Tier 1 and Tier 2 law schools; the remaining accredited schools are divided into alphabetical listings of "third" and "fourth" tier schools (Henderson and Morriss 2006). Students and community members often use the rankings as indicators of the value of particular programs (Morriss & Henderson 2007).

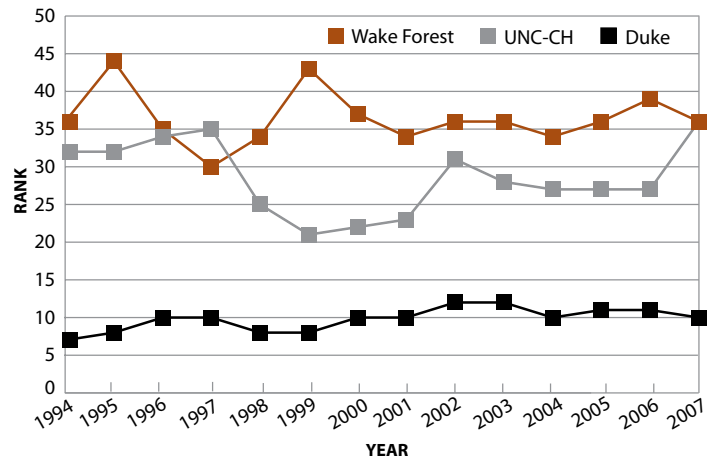


Figure 1: *U.S. News* Rankings of Three North Carolina Law Schools over Time

Law schools themselves have a love/hate relationship with *U.S. News*: Most ABA-accredited law school deans join in an annual letter to all law applicants decrying the rankings and urging students to look at schools individually, but if their schools improve their rankings, many of these same deans tout their schools' rise to their students, alumni, and faculty.

There are a variety of critiques of *U.S. News's* methodology, many of which have merit (see, e.g., Stake 2006; Leiter 2006). The most troubling aspect of the *U.S. News* rankings is the use of a single composite index, which has spawned an emphasis on data manipulation and gaming of a handful of key input variables and policies that do not redound to the benefit of students (Henderson and Morriss 2007; Luczycki 2007; Espeland and Sauder 2004).

For example, because the *U.S. News* rankings rely on the numerical credentials (i.e., LSAT and undergraduate GPA) of only full-time students, many schools have created or expanded part-time programs to permit a more selective admissions policy for full-time students. After the first year of law school, the part-time students can transfer into the full-time program. Although this approach produces no independent educational value for students, this strategy is associated with gains over time

in full-time LSAT scores (Henderson and Morriss 2006). Similarly, in an effort to affect bar passage scores, another ranking criterion, a substantial number of schools have increased attrition after the first year of law school (Morriss and Henderson 2007). This policy change affects literally hundreds of aspiring lawyers each year.<sup>4</sup>

In some respects, the *U.S. News* rankings fill an important void. Most importantly, the magazine aggregates useful information for students in an easy-to-compare format. In particular, the rankings provide students with the only hard data they have on employment following law school and bar exam passage outcomes (Morriss and Henderson 2007). Further, although the rankings provide little substantive guidance on the quality of education at specific law schools, over time the *U.S. News* rankings have come to serve an importance coordination function that enables legal employers to locate students with the strongest entering credentials (Korobkin 1998; 2006). Despite the methodological flaws, the *U.S. News* rankings provide a rough guide to a student's future employment prospects as a graduate of various law schools. Unfortunately, because law schools do not generally release sufficiently detailed employment data for a full evaluation of post-J.D. employment prospects, *U.S. News* is often the only means prospective students have of comparing their employment potential if they enroll in different schools.

It is important, however, not to overstate the rankings' impact on student enrollment decisions. Indeed, our research suggests that many students are careful consumers of legal education and make intelligent tradeoffs to choose the school that best meets their needs. For example, using multivariate regression analysis we learned that lower-ranked law schools located in thriving legal markets or with lower tuition and debt loads have increasingly drawn higher LSAT students since the early 1990s (Henderson and Morriss 2006, 188-190).<sup>5</sup> In other words, lower cost or well located law schools probably attract a larger and/or stronger applicant pool than comparably ranked peers.

More and better information would enable all law students, including those in North Carolina, to make better choices when facing an expensive and important life decision. Additional data including the number and type of on-campus job interviews, types of employment, median salaries in particular fields, and bar passage (controlling for indicators such as LSAT and undergraduate GPA) could be provided to students as well.<sup>6</sup> Because North Carolina is a desirable location with a growing legal market, we believe it has the ability to create incentives for many law schools, both in and out of the state, to provide such data. Specific actions that could be taken by North Carolina bar and legislative officials are discussed in Part II of this report.

## Rankings of North Carolina Law Schools

The annual *U.S. News* rankings are based on four principal input categories: (a) 25 percent for students' entering credentials and the school's selectivity; (b) 40 percent for academic and lawyer/judge reputation; (c) 20 percent for employment and bar passage statistics, and (d) 15 percent for per-pupil resources, including student/faculty ratio. The following charts show the major inputs for each of these four categories. The underlying data are drawn primarily from the most recent *U.S. News* ranking, "Best Graduate Schools 2008," which was published in April 2007. Sources for the figures are listed on page 16 following the references.

### *Students' Entering Credentials and School's Selectivity*

Entering credentials and student selectivity comprise 25% of the overall *U.S. News* ranking. As shown in Figures 2 and 3, the LSAT and undergraduate GPA statistics essentially mirror each school's overall *U.S. News* ranking. Reflecting the desirability of North Carolina's legal market, North Carolina law schools tend to be much more selective than their out-of-state competitors. In the recent *U.S. News* rankings, the median acceptance rate at an ABA-accredited law school was 31.5%; all five established law schools have lower rates: UNC-Chapel Hill (15.2%); Duke (23.5%); N.C. Central (24.9%); Campbell (26.4%), and Wake Forest (30.0%).

The low acceptance rates at UNC-Chapel Hill and N.C. Central, the two public law schools, probably reflect the high demand due to the low tuition rates enjoyed by in-state residents. After UNC-Chapel Hill (\$12,948/year) and N.C. Central (\$4,291/year), the next lowest tuition is the state is Campbell University (\$24,700/year). In addition, UNC-Chapel Hill has the best ratio of average debt to median private-sector starting salary of any law school in the state (\$52,566 debt/\$100,000 starting salary), and N.C. Central has the third lowest average debt load of any ABA-accredited law school in the country (\$17,215).

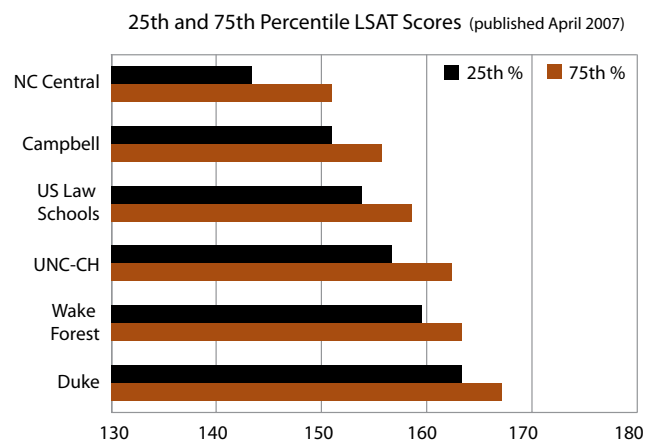


Figure 2

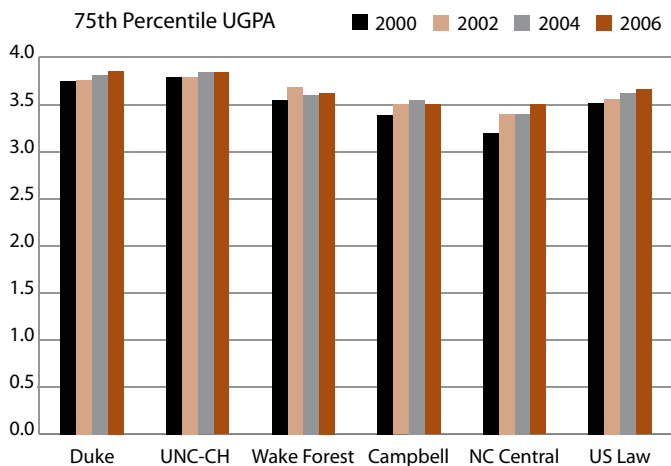


Figure 3

### U.S. News Reputation Scores

Each year, *U.S. News* administers two surveys of law school reputation. One is sent to a small number of law professors and administrators at all ABA-approved law schools (Academic Survey), and the second is sent to a sample of practicing lawyers and judges through the country (Lawyer/Judge Survey). Respondents are asked to rate the reputation of law schools on a scale of 1 (worst) to 5 (best).

Under ideal circumstances, improvements or innovations in teaching, scholarship, or public service would improve a law school's reputation. Unfortunately, research on rankings suggests that the reputational surveys are most heavily influenced by the prior year's *U.S. News* rankings (Stake 2006). This persistent feedback loop has produced a situation in which the two reputational scores ultimately merely mirror each school's overall ranking. As shown in Figure 4, North Carolina's Tier 1 schools, Duke, UNC-Chapel Hill, and Wake Forest, have reputation scores above the national medians, while the state's Tier 4 schools, Campbell and N.C. Central, fall below this benchmark.

U.S. News Reputation Scores (published April 2007)

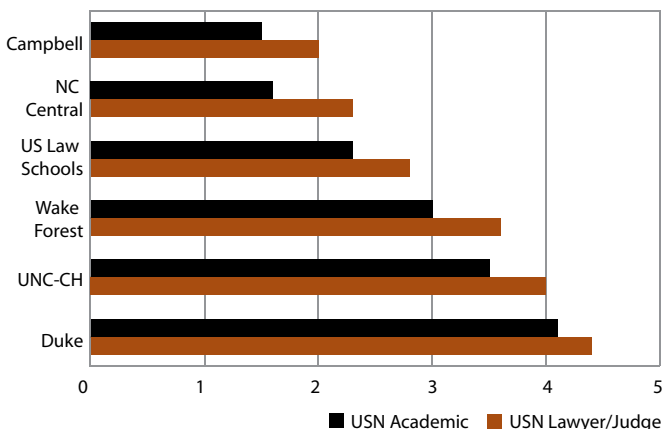


Figure 4

### U.S. News Employment Statistics and Bar Passage

Employment placement statistics account for 18 percent of the *U.S. News* ranking methodology. The employment data for individual North Carolina law schools are largely consistent with the schools' overall rankings.<sup>7</sup> However, as shown in Figure 5, the employment statistics for the Class of 2005 suggest a sub-par performance for UNC-Chapel Hill. Despite its longstanding status as a Tier 1 law school, UNC-Chapel Hill reported employed-at-graduation and employed-at-9-months data below the national medians. Moreover, the employed-at-graduation percentage (63.8%) was a substantial drop from the previous year (72.0%). Not surprisingly, the school's overall rank tumbled from number 27 in 2006 to number 36 in 2007.<sup>8</sup>

U.S. News Employment Statistics, Class of 2005

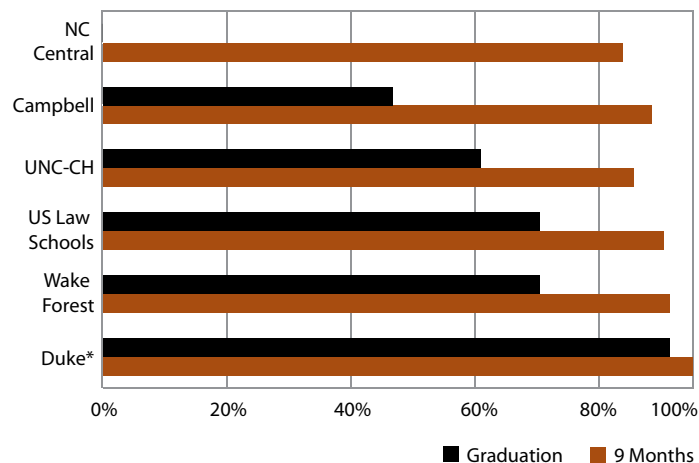


Figure 5

Bar passage scores comprise 2 percent of the overall *U.S. News* rankings. This score is calculated by dividing a school's first-time bar passage rate for the state where the largest number of a school's graduates took the bar by the overall first-time bar passage rate for that state. (With the exception of national law schools such as Duke, the bar jurisdiction is usually the state in which the school is located.)<sup>9</sup> By weighting the bar passage rate in this manner, the magazine attempts to correct for the differences in difficulty among bar exams. A ratio greater than 1.00 indicates that a school performed above the relevant state average; a ratio less than 1.00 reflects a below-average performance, and a ratio of 1.00 equals a performance at the state average.

The scores for North Carolina law schools are presented in Figure 6 but they need to be interpreted with caution, as the method of calculation limits their comparability. For example, in the *U.S. News* rankings published in 2007, Duke University had the highest bar passage rate of 94.0% (for New York), but Wake Forest, with a bar passage

rate of 92.6% (for North Carolina), received the highest *U.S. News* bar passage score because the denominator in the ratio was lower in North Carolina (71%) than in New York (74%). In general, this formula benefits schools located in states such as Alabama, California, and Massachusetts, which permit test-takers from non-ABA accredited law schools to take the state bar exam (Morriss and Henderson 2007).<sup>10</sup> It may seem strange that all five law schools have above-average passage rates; that is presumably because graduates of out-of-state law schools and out-of-state attorneys taking the exam are less successful.

Notwithstanding these limitations, which preclude meaningful school-to-school comparisons across jurisdictions, Figure 6 shows that all of the North Carolina law schools recently posted above-average bar passage statistics. This outcome may be partially explained by the high degree of selectivity enjoyed by North Carolina law schools. Greater selectivity would, in general, mean that schools are enrolling stronger students who will eventually sit for the bar.

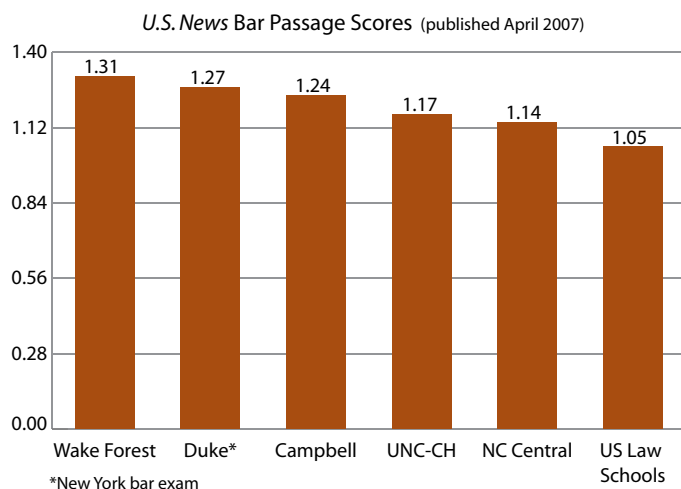


Figure 6

### Student Resources

The final 15 percent of the *U.S. News* ranking methodology is based on “student resources,” a quantitative evaluation of educational inputs. Three-quarters of this category is based on various breakdowns of per-pupil expenditures, which are not publicly available data. The remaining one-fourth is derived from the student-faculty ratio and the number of volumes and titles available in the law school’s library. As shown in Figure 7, the student-faculty ratio at North Carolina’s two public law schools lags behind Duke, Wake Forest, and Campbell as well as medians for other U.S. law schools. Moreover, as reflected in Figure 8, at the same time that most U.S. law schools are decreasing student-faculty ratios, the figures for UNC-Chapel Hill and Campbell University have remained relatively flat.

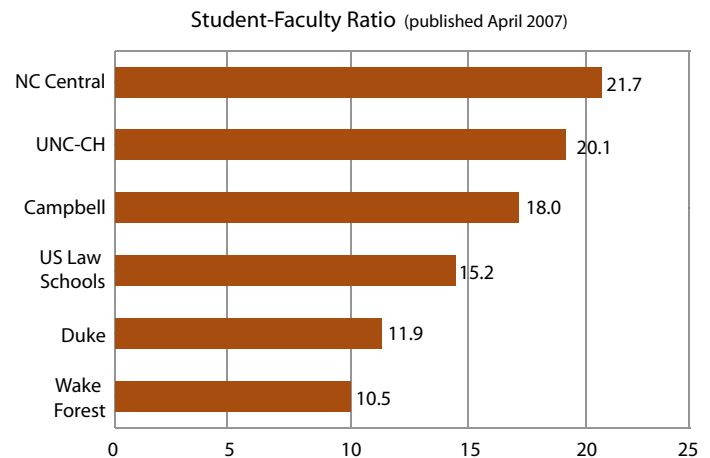


Figure 7

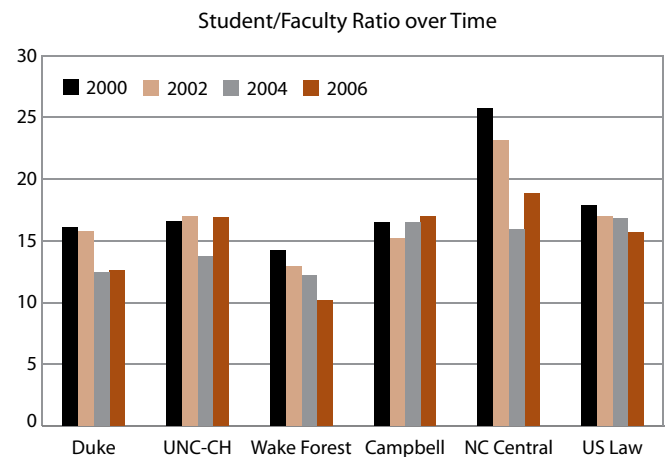


Figure 8

Finally, under the student resource category, the *U.S. News* rankings include an input score for a law school’s total holdings of books and journals. As shown in Figure 9, this input score is closely correlated with each school’s overall *U.S. News* ranking.

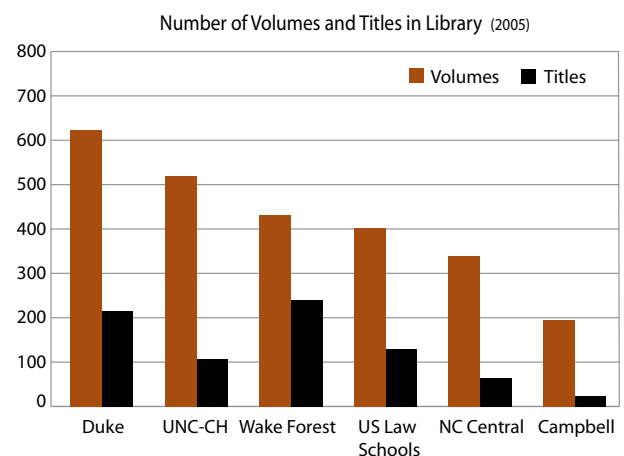


Figure 9

## Expenditure and Employment Data for North Carolina Law Schools

For a student choosing among law schools, the ranking is only part of the story. *U.S. News* may provide a rough guide on the LSAT and undergraduate credentials of entering students and, at the top of the rankings, the ability of a school to place its graduates in large national law firms. The ordinal ranking of *U.S. News*, by itself, does not, however, provide sufficient information to permit a law school applicant to calculate whether that rank justifies a price premium over a lower ranked school.

Because law schools tend to feed into either national or regional markets for entry-level lawyers, we divide our analysis into two groups: (1) Duke, UNC-Chapel Hill, and Wake Forest, which are national and quasi-national law schools; and (2) Campbell, Charlotte, Elon, and N.C. Central, which serve (or will likely serve) the regional market.

### The National Market

As noted earlier, Duke, UNC-Chapel Hill, and Wake Forest have all been ranked as Tier 1 law schools since the inception of the full *U.S. News* rankings in the early 1990s (see Figure 1). Nonetheless, there are significant differences among the schools in terms of cost, access to legal employers, and their track records of placement outside the state.

One of the significant differences among the three schools is the cost for in-state students. As shown in Figure 10, North Carolina residents attending UNC-Chapel Hill incur substantially lower tuition expenses, not only lower than Duke and Wake Forest, but even lower than the median for Tier 1 public law schools. This reflects a substantial subsidy by the taxpayers of North Carolina. In contrast, Duke's tuition is higher than the median private Tier 1 law school, while Wake Forest's is lower.

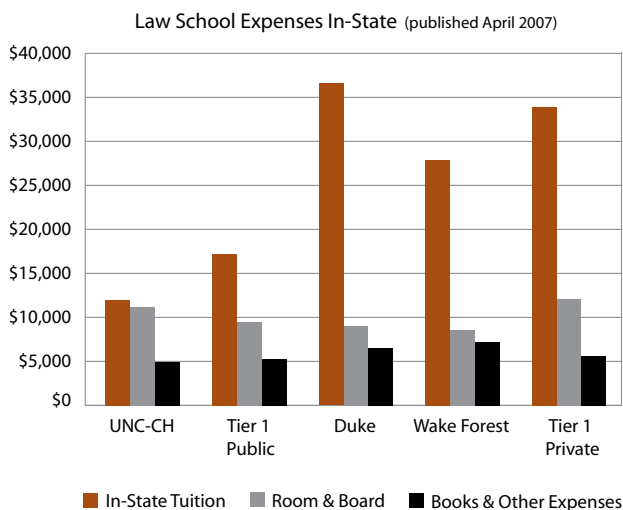


Figure 10

The financial information summarized in Figure 10 suggests that each school's relative costs of attendance translate into average law-student indebtedness. When these numbers are compared to the median private-sector starting salaries of each school's recent graduates (Figure 11), UNC-Chapel Hill emerges as an extremely attractive option. Thus, as prospective students evaluate UNC's recent fall in the *U.S. News* rankings, they should not lose sight of the larger financial picture.

Graduates of UNC-Chapel Hill generally have debt loads well below the median Tier 1 public law school, yet they enjoy impressive earning power that compares favorably to these same schools. While routinely classified as a Top 10 law school, Duke Law School has debt and starting private-sector salary figures that are virtually identical to the median Tier 1 private law school. For Wake Forest, the data suggest that the school's lower average debt load is also accompanied by a relatively low average private-sector starting salary.

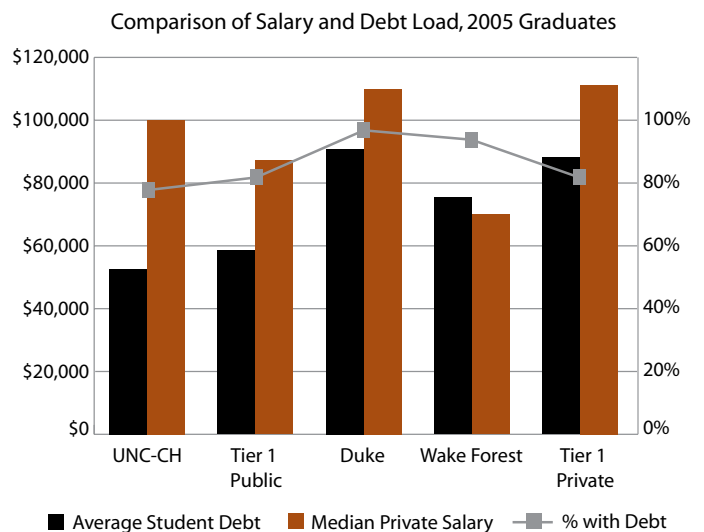
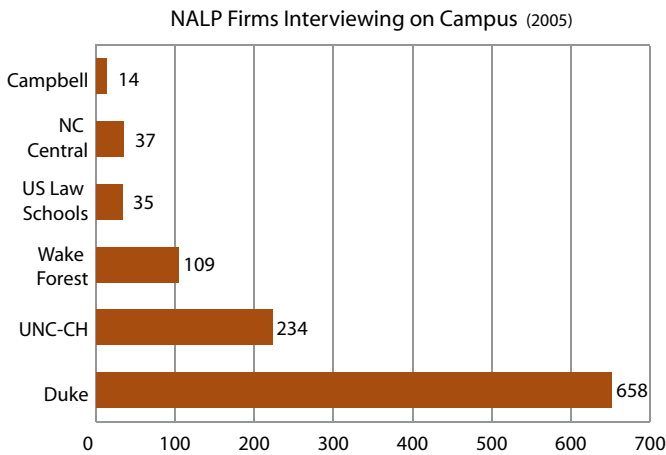


Figure 11

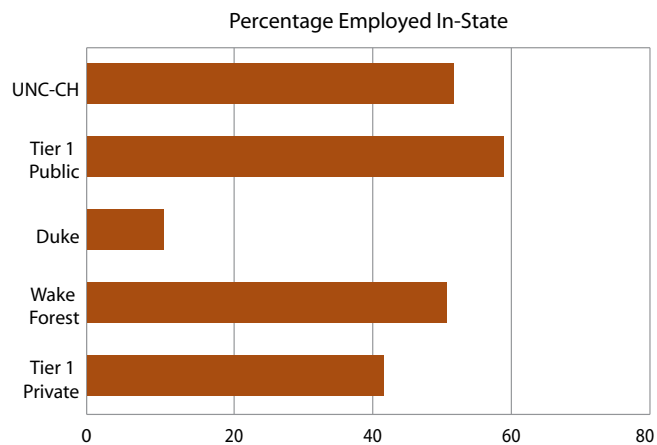
Large disparities in median private-sector starting salaries are another factor that distinguishes the three North Carolina Tier 1 law schools. Not surprisingly, Duke has the highest median starting salary (\$110,000). UNC-Chapel Hill and Wake Forest have similar student bodies and *U.S. News* rankings, but UNC-Chapel Hill has a significantly higher median salary than Wake Forest—\$100,000 versus \$70,000. This disparity is almost certainly a function of the more established network of national employers that UNC-Chapel Hill brings to the campus for fall interviews. As shown in Figure 12, UNC-Chapel Hill has well over twice as many NALP (National Association for Law Placement) employers visit the campus. This pattern may be partially explained by the larger class at UNC-Chapel Hill, which has a total

enrollment (715 in 2005) that is roughly 47% larger than Wake Forest (488 in 2005).



**Figure 12**

Further, as set forth in Figure 13, students at UNC-Chapel Hill are much more likely than their counterparts at the median Tier 1 public law schools<sup>11</sup> to obtain employment outside the state where the school is located. In contrast, the employment patterns at Wake Forest appear to be more regionally focused than the median Tier 1 private law school. On a per capita basis, privately funded Wake Forest appears to be supplying North Carolina with roughly the same number of lawyers as publicly subsidized UNC-Chapel Hill, although Wake Forest graduates have higher tuition costs, higher debt loads, and lower salaries. Finally, Duke University Law School has few graduates who are employed in-state upon graduation. This statistic is useful to students who are seeking to maximize their future geographic mobility.



**Figure 13**

In summary, even among law schools ranked in Tier 1 of the *U.S. News* rankings, prospective students would be well advised to look beyond a law school's most recent

ranking and carefully review data on average debt-load, interview opportunities, starting private sector salaries, and percentage of a school's graduates who work in-state upon graduation. In many instances, it is possible to find a law school that has a comparable track record of employment opportunities but at a lower overall price.<sup>12</sup>

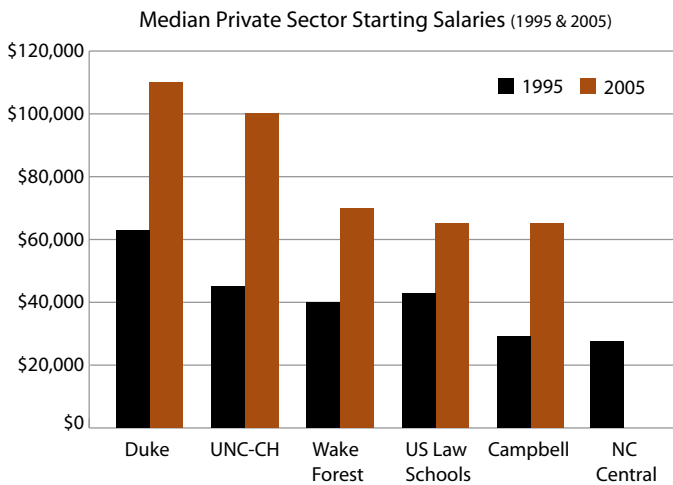
### *The Regional Market*

In contrast to the continued rapid growth of corporate legal work in major metropolitan areas, the personal legal services sector is primarily driven by overall population change within a local or regional economy (Henderson 2006). The burden of progressively higher student debt loads may present a long-term obstacle to adequate legal services and representation for ordinary citizens. This is because regional law school graduates are less likely to obtain jobs in large law firms that serve large corporate clients, and more likely to enter practice settings that serve individual clients and small business (Jonakait 2007).

While corporate lawyers are enjoying higher incomes due to their expertise in highly specialized transactions and practice areas, the income potential of many solo and small-firm practitioners is constrained by the financial resources of their middle-class clientele. As a result of the combination of a heavy debt load from their education and the modest income prospects for many law graduates, many law students are graduating with a grim economic future (Efrati 2007). A more competitive market for legal education would likely offer these students both better information to assess the value of the education and alternative, less expensive means of entering the profession.

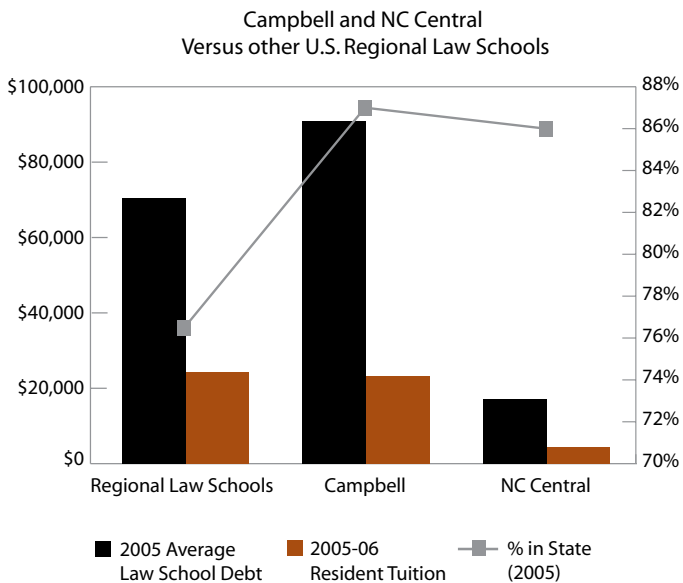
Over the last several years, salaries for graduates of regional law schools have lagged significantly behind those for graduates of national law schools. These trends are visible in Figure 14, which compares the 1995 and 2005 median private-sector salaries for the five established North Carolina law schools, plus the median private-sector salary for graduates of non-North Carolina law schools. In comparison to the median change figures of all U.S. law schools (\$22,150, 51.7%), graduates of Duke and UNC-Chapel Hill have enjoyed significant increases in their median private-sector starting salaries in both actual dollar and percentage terms (Duke \$47,000, 74.6%; UNC-Chapel Hill \$55,000, 122.2%). Wake Forest also outperformed the median for all U.S. law schools (\$30,000, 75.0%).

When we examine law schools outside Tier 1 of the *U.S. News* rankings, the figures for starting private-sector salaries are significantly lower. Over the last decade, increases in starting private-sector salaries at Tier 4 Campbell have been much more modest (\$16,000, 55.5%). N.C. Central failed to report salary data in 2005.<sup>13</sup>



**Figure 14**

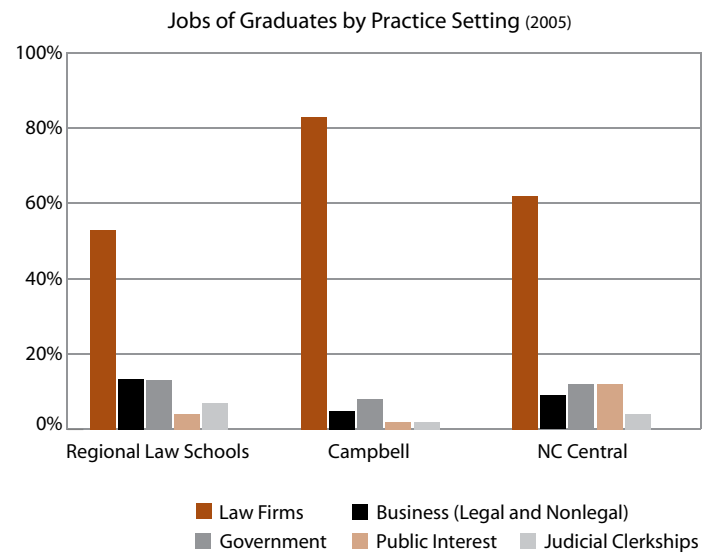
The two regional law schools provide quite different financial outcomes for their students. As shown in Figure 15, the average debt load of an N.C. Central graduate in 2005 was a manageable \$17,215, attributable to the school's low tuition<sup>14</sup> and large part-time enrollment (approximately 30 students, or 15% per year). In contrast, Campbell has tuition that is comparable with other regional law schools, but its students graduate with a relatively high debt load (\$90,929), presumably because the school lacks the resources to provide substantial grant-based financial aid.



**Figure 15**

These large cost differentials can significantly affect the trajectory of a young lawyer's career. Although the vast majority of both Campbell and N.C. Central students

are employed in the state following graduation (Campbell 87%; N.C. Central 86%), the relatively low average debt load of N.C. Central students (\$17,215) gives them the financial flexibility to work in a practice setting that will provide them with the best long-term work experience rather than a job chosen to service their debt. Indeed, Figure 16 shows that N.C. Central graduates tend to enter a wider range of practice settings than their counterparts at Campbell. This doesn't mean, however, that they will continue in the government or public interest sector. Data from the After the JD Project shows that a large proportion of law school graduates who are initially employed in public interest or government work leave within 1 to 2 years to enter private employment (Dinovitzer et al. 2005). Arguably, by this point, their work experience and contacts within the legal community have become more important than their law school pedigree.



**Figure 16**

N.C. Central is distinctive in its status as a historically black law school that enrolls a substantial non-black population. In 2005, N.C. Central's student body had nearly identical proportions of white and black students (47.3% versus 45.6%). In addition to its affordable tuition, one of the attractions of N.C. Central is the school's Performance-Based Admissions Program (PBAP), which provides students who have relatively low numerical credentials the opportunity to show that they can successfully study law through a rigorous two-week, noncredit program. Because low entering credentials are a significant bar to law school admissions for large number of applicants of all races,<sup>15</sup> N.C. Central has a broad appeal. Moreover, despite the relatively low credentials of its student body, as a group graduates of N.C. Central perform very well on the North Carolina

bar exam.<sup>16</sup> Thus, on several dimensions, N.C. Central is serving a valuable role as a state-supported law school.

The regional schools also have relatively high attrition rates. All regional law schools compete vigorously for highly qualified students. Having an entering class with higher LSAT and undergraduate GPA credentials either improves or sustains a law school's *U.S. News* ranking, which is important to faculty, alumni, and current and prospective students. High LSAT scores, along with law school grades, are also important predictors of bar passage (Wightman 1998). Because students with high LSAT scores are in short supply, but bar passage rates also have a role in the *U.S. News* rankings and ABA accreditation, in recent years many law schools have tried to improve their low bar rates by failing low-performing students during the first year of law school and having these students withdraw before graduation (Morriss and Henderson 2007).

Our inspection of the data suggests that both Campbell and N.C. Central fit this profile. As shown in Figure 17, both schools report higher first-year attrition rates than is typical for a regional law school. In many respects, this practice of weeding out students harkens back to the early 20th century, before the adoption of the LSAT exam. Without an efficient tool for screening applicants, law schools determined a student's aptitude for law by rigorously curved law school exams; quite a few students started law school but did not finish (Wigmore 1929). The widespread adoption of the LSAT in the early 1950s was heralded at the time as a significant advance because it eliminated this trial-and-error approach. This approach might have been acceptable when annual tuition costs were less than \$5,000, but it is less defensible when the students incur substantial debt during even a single year of law school.

### Summary of Student-centered Analysis

At present, North Carolina has five ABA-accredited law schools plus an additional two (Elon and Charlotte) likely to be fully accredited within the next few years. Although the state has schools at both the top and bottom of the *U.S. News* rankings, all five of the fully accredited law schools are fairly selective. Because the majority of North Carolina law school graduates will practice law within the state, current applicant trends suggest that North Carolina is an attractive state in which to begin one's legal career.

Our comparison of each school's *U.S. News* ranking with data on employment, student debt load, starting salary, and geographic mobility gives a modest start to enabling prospective students to compare the relative costs

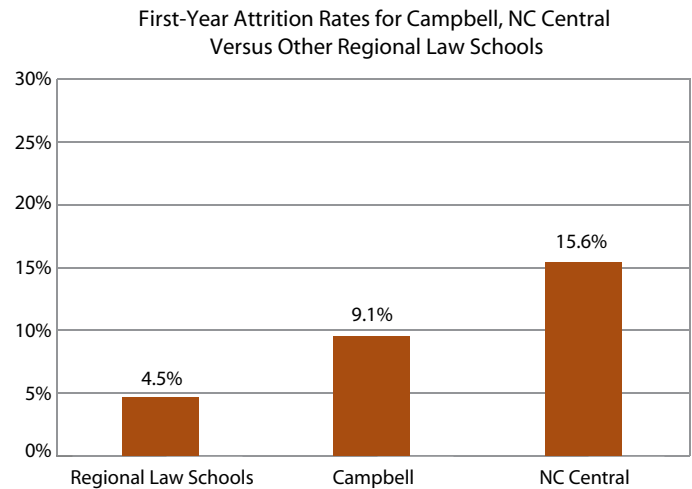


Figure 17

and benefits of attending each school. In many cases, over-reliance on rankings can cause students to incur unnecessary expenses or reduce the potential range of future employment options. Each year, a large number of national law firms recruit at Duke. In exchange for relatively high tuition and debt load, Duke graduates enjoy high starting salaries and tremendous geographic mobility. Although Wake Forest and UNC-Chapel Hill have identical *U.S. News* rankings (#36), UNC-Chapel Hill students typically enjoy lower tuition, a larger number of firms visiting for on-campus interviews, higher starting salaries, and greater geographic mobility.

Finally, despite their Tier 4 rankings and low starting salaries, Campbell and N.C. Central offer very different price profiles. The strength of N.C. Central is its ability to provide an extremely low-cost legal education to students with relatively low entering credentials. Moreover, it has one of the most racially diverse student bodies of any law school in the country. Although both Campbell and N.C. Central have above-average first-year attrition rates for the typical regional law school (see Figure 17), the costs associated with a sub-par academic performance leading to expulsion are higher at Campbell due to its higher tuition and debt load.

## Part II: The Market for Lawyers and the Role of Government Policy

Certainly, the information in Part I helps potential students select the appropriate school, if any, for them. In addition to providing such information for potential students, however, our review also seeks to determine whether the law schools, as currently operating, serve the needs of the broader population. If not, are there ways that state government could improve their service to North Carolinians?

### North Carolina's Shortage of Lawyers

North Carolina's legal needs are derived from its demography and economy. The state is growing rapidly in terms of population and industry. The region's total population is projected to grow by over 50 percent during the first three decades of the 21st century. Among the eight states and District of Columbia that comprise the South Atlantic Corridor, North Carolina is ranked second (behind Florida and ahead of Georgia), with a projected gain of over 4.2 million residents. This represents a 51.8% increase. Nationwide, only four states—Florida, Texas, California, and Arizona—are expected to add more residents than North Carolina, and only six states—Arizona, Florida, Nevada, Texas, Utah, and Idaho—are projected to grow at a faster rate.

In addition to population growth, over the last two decades North Carolina has experienced a substantial net gain in the number of Fortune 500 companies headquartered in the state, increasing from 5 in 1983 to 14 in 2005.<sup>17</sup> All of these companies are located in the state's three largest metropolitan areas: Charlotte-Gastonia-Salisbury (9), Greensboro-Winston-Salem-High Point (4), and Raleigh-Durham-Cary (1).

Despite a rapidly growing population and vibrant private industry, North Carolina has fewer private-sector lawyers per capita (758/1) than any other state in the nation (Carson 2004, Table IV.4). By comparison, neighboring Virginia and Georgia were ranked 31st (558/1) and 32nd (565/1) respectively. As of 2005, approximately 23,000 workers were employed in the North Carolina legal services industry (U.S. Census Bureau 2005). Of these workers, approximately 11,000 are attorneys working in law firms or as solo practitioners (Carson 2004).

The private practice of law can be divided into major sectors based on clientele: lawyers that provide personal services to individuals and small businesses and lawyers that service primarily corporations and organizational clients (Heinz & Laumann 1982; Heinz et al. 2005). The relatively low number of lawyers in North Carolina has two implications for the state. First, individual and

small businesses are likely to pay higher prices for legal services than citizens of other states. Second, law firms within the state are less likely to develop the expertise and sophistication necessary to service the legal needs of high-end corporate clients. As a result, the state exports lucrative legal work to law firms in Atlanta, New York, and Washington, DC. Further, the state's most talented law graduates are more likely to migrate to major legal centers outside North Carolina.<sup>18</sup>

As North Carolina's prominence in the national economy has continued to grow, the number of corporate lawyers and prominent national law firms with offices in the state has also increased. For example, between 1993 and 2003, ten "Am Law 200" law firms<sup>19</sup> opened offices in the Charlotte metropolitan area. These offices employed an additional 481 lawyers over 1993 levels. The Research Triangle and Greensboro-Winston-Salem-High Point regions also gained.<sup>20</sup> Yet, as shown in Table 1, other metropolitan areas in the South Atlantic Region, such as Washington, DC, and Atlanta, are garnering a much larger share of the total new employment.

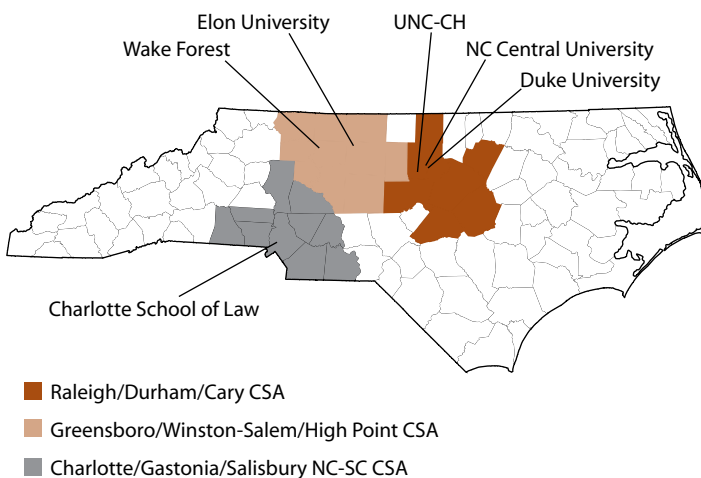
Metropolitan Area	Change in Offices	Change in Lawyers
Washington, DC	35	4916
Atlanta, GA	10	1487
Charlotte/Gastonia/Rock Hill	10	481
Miami	8	546
Raleigh/Durham/Chapel Hill	3	164
Tampa/St. Petersburg/Clearwater, FL	3	110
Richmond, VA	2	140
Jacksonville, FL	2	94
Greensboro/Winston-Salem/High Point	2	75

Table 1: Law Firm Changes, 1993-2003

The combination of the influx of national law firms and the relative paucity of lawyers within the state has arguably increased the compensation of law partners in North Carolina who work for corporate clientele. In 2005, the 90th percentile income for a New Carolina law firm partner was the fourth highest in the South Atlantic region (\$786,299), trailing only Delaware (\$946,472), Maryland (\$936,884), and Washington, D.C (\$981,035) (Altman Weil 2006). The benefits of scarcity do not appear to have trickled down to attorney employees, however. The 90th percentile compensation for associates and staff attorneys was the third lowest in the region (\$169,313), ahead of only South Carolina (\$133,815) and West Virginia (\$93,820). The 90th percentile figure

for Washington, D.C., associates and staff attorneys (\$268,800) suggests that many of the state's most promising law school graduates have an ample incentive to seek employment outside the state or region.

In addition to larger volumes of corporate legal work generated by North Carolina-based industries, the large surge in the state's population will inevitably increase the demand for personal services attorneys. Until recently, the state had only five law schools. Three are "national" or "quasi-national" law schools (UNC-Chapel Hill, Wake Forest, and Duke); a large proportion of their graduates have employment opportunities outside North Carolina. (See, e.g., Figure 13, which shows out-of-state employment between 46% and 90% for these three schools.) In contrast, over 80 percent of the students who attend the two established regional law schools, N.C. Central and Campbell University, are employed within the state following graduation. As shown in Map 1, with the addition of Elon University and Charlotte School of Law, North Carolina will have at least one regional law school in each of its largest metropolitan areas. Further, the projected growth patterns of North Carolina population suggest that both Elon and Charlotte are well situated to serve the legal needs of large and growing regional centers.



**Map 1**

### Opening the Market for Legal Education

As discussed in the last section, North Carolina has the lowest proportion of lawyers of any state in the nation.<sup>21</sup> With the state's heavy emphasis on high technology, particularly in the Research Triangle region, a paucity of lawyers with transactional expertise may be hindering rapid development of nascent North Carolina businesses.

A comparison to another high-tech corridor, Austin, Texas, illustrates this point. Ten years ago, as high-tech

companies were beginning to proliferate throughout the region, companies began to complain about the lack of transactional sophistication among Austin law firms. As reported in a 1997 story in the *Texas Lawyer*, "It has long been the rap that Austin lacks the legal infrastructure to meet the needs of a growing technology center" (Elliott 1997). One general counsel of a major semi-conductor manufacturer told leaders of the top Dallas and Houston law firms that they needed to "beef up" their Austin offices with more experienced transactional lawyers, observing, "They may not get those billings the first or second year, but the third year they would more than start to pay back their investment" (Elliott 1997). Indeed, between 1994 and 2006, the Fortune 500 list of the nation's largest corporations has added three Austin-based companies.<sup>22</sup> During this same period, the number of Am Law 200 law firms with offices in Austin increased from six to eleven; the total number of Am Law 200 lawyers increased from 161 to 438—an increase greater than the Am Law 200 growth of Cleveland, Milwaukee, Pittsburgh, and Detroit combined.

In other words, the number of lawyers in a jurisdiction—in particular, corporate transactional attorneys—is an indicator of a vibrant and growing economy. Table 1 (above) suggests that corporate law firms are increasing their presence in North Carolina. Could this process be expedited by changes in public policy? Unlike other high-tech and new economy corridors, such as San Diego, Austin, or northern Virginia, North Carolina lacks a city with a strong base of national law firms; and the largest market, Charlotte, is heavily focused on banking and financial services. As a result, there is likely a shortage of licensed North Carolina lawyers with the requisite skills to aid local high-growth businesses. The citizens of North Carolina, therefore, have a strong interest in reducing any artificial barriers to entry for transactional lawyers with expertise in business formation and growth.

At present, a number of factors contribute to this situation. For example, the state government makes it difficult for lawyers from other states to enter North Carolina's legal market.<sup>23</sup> One simple way to encourage prospective lawyers to consider locating in North Carolina would be to expand the pool of eligible candidates for admission to the bar.

Currently, the government of North Carolina allows only graduates of ABA-approved law schools to take the state bar exam.<sup>24</sup> Instead, the state could allow anyone who is qualified to take the bar exam in any U.S. jurisdiction to take the North Carolina bar exam. This would open the exam to graduates of California's extensive unaccredited and state-accredited law schools as well as graduates of unaccredited schools in other states, such as the Massachusetts College of Law.

It is important to keep in mind that American Bar Association accreditation of a law school is not a guarantee of the quality of education. As Shepherd (2003) and First (1978) note, many of the ABA standards have little relationship to educational objectives. Indeed, the bar exam could be opened to any person wishing to take the exam regardless of whether he or she has a law degree, a step that would provide the greatest pool of potential attorneys.

A second barrier to entry that could be easily removed is the requirement that lawyers seeking admission without taking the North Carolina bar exam have extensive practice experience.<sup>25</sup> Currently, North Carolina requires lawyers licensed elsewhere who seek to “waive in” to the North Carolina bar to have been licensed elsewhere for four of the past six years.<sup>26</sup> Eliminating this requirement would encourage lawyers newly licensed elsewhere to move to North Carolina by reducing the cost of relocation.

Frustrating these favorable changes is the control of access to the legal profession in North Carolina, as elsewhere, by bodies dominated by lawyers. These bodies may not have the needs of the entire state at heart but, rather, those of their legal colleagues. The North Carolina Board of Law Examiners, which administers the bar exam, consists of eleven members of the North Carolina bar chosen by the council of the State Bar. Even the initial appointments to the North Carolina Equal Access to Justice Commission, a group charged with examining access to legal services, made by state Supreme Court Chief Justice Parker, unfortunately reflect a heavy bias toward interests associated with the status quo.

### Improving Legal Education

A number of steps could be taken to more efficiently use taxpayer dollars and enable law students to more efficiently use their own dollars.

#### *1: Expand low-cost options for legal education in the state.*

Only one of North Carolina’s seven law schools—N. C. Central University—is a low-cost option. (UNC-Chapel Hill is substantially cheaper than the other five for state residents, but it still has a list price of over \$38,000 in total tuition over three years, in addition to the cost of the forgone income from attending school full-time for three years.) Both are substantially supported by state taxpayers. Neither of the two new law schools in the state offers a low-cost program either, with both charging over \$75,000 in total list-price tuition for three years. And all the state’s accredited law schools are selective,

suggesting that there is substantial unmet demand for legal education in North Carolina.

School	2007-2008 Full-Time Tuition
Campbell University	\$24,700
Charlotte School of Law	\$25,720
Duke University	\$37,985
Elon University	\$26,000
North Central Carolina University	\$14,530 (out-of-state) \$ 4,291 (in-state)
University of North Carolina	\$25,366 (out-of-state) \$12,948 (in-state)
Wake Forest	\$31,500
All figures taken from law school Web sites or ABA-LSAC Web sites and do not include additional fees.	

**Table 2: Tuition at North Carolina Law Schools**

The state can expand opportunities for North Carolinians to attend law school by removing barriers to entry to the legal education market. Currently, as indicated above, the state government of North Carolina determines which schools’ graduates can take the state bar exam, and current rules limit that opportunity to graduates of ABA-approved schools.

The state could encourage new entrants into the legal education marketplace by announcing its own criteria for accrediting law schools and permitting graduates of such schools to take the bar exam. As noted earlier, the ABA accreditation standards focus on costly investments that are not linked to a quality legal education (e.g., expensive library requirements when most legal research is conducted through electronic databases and the requirement of a substantial full-time faculty rather than adjunct-taught courses when accomplished practicing attorneys could be excellent teachers). Because they would not have to meet ABA criteria, state-accredited schools could innovate and reduce the cost of legal education. For example, such schools might offer a two-year curriculum rather than the ABA-mandated three-year course, cutting the opportunity cost of a legal education by a third.

California has shown the viability of a state-accredited system of legal education, and California’s non-ABA-accredited schools offer many residents opportunity for a legal career that would otherwise be unavailable to them. These steps would encourage entrepreneurs to consider entering the legal education market in the state. Because North Carolina combines a growing legal market with other desirable lifestyle characteristics, reducing such barriers to entry would be likely to spark the

appearance of alternative law schools such as those that exist in California.

## *2. Refocus state subsidies for legal education on North Carolina's specific needs.*

By supporting two state law schools, North Carolina puts substantial resources into legal education. Assuming that North Carolina continues to subsidize legal education, is North Carolina getting sufficient “bang for its buck” from its investment in legal education?

There are three potential goals for state spending on legal education, and North Carolina's spending may be evaluated against each of these. First, the government of North Carolina may be attempting to increase the number of lawyers in the state to boost the state's economy, increase access to the legal system, or serve other goals. Second, the government of North Carolina may be attempting to produce legal scholarship that leads to improvements in North Carolina law. Third, the goal may be to offer North Carolina residents access to an affordable legal education simply because they are North Carolina residents.

How does the general subsidy to two of the state's seven law schools advance each of these goals?

If the goal is to increase the number of lawyers practicing in North Carolina, the state has adopted a remarkably inefficient means of doing so. According to data collected for this study, only 57% of graduates from the UNC-Chapel Hill Class of 2005 are employed inside the state of North Carolina. For N.C. Central, however, the figure is substantial—86%. Subsidizing the education of the 43% of the UNC-Chapel Hill students in the Class of 2005 who went out-of-state for employment to help the 57% who did not is an inefficient way to increase the number of lawyers in North Carolina.

Medical education offers a model for targeting state assistance to students who will practice in North Carolina. Students could be offered the in-state tuition rate (the difference is currently over \$12,000/year at UNC-Chapel Hill and just under \$12,000 at N.C. Central) as a loan. For each year after graduation that the student practices law in North Carolina, a portion of the loan could then be forgiven. Students who opt to leave the state after graduation would repay the in-state discount. Moreover, this support could be offered to anyone attending any law school in North Carolina, not just the two public schools.

If the goal is the production of legal scholarship on issues of concern to North Carolina, providing a general subsidy to the two public law schools is also an inefficient

method of delivering scholarship focused on North Carolina. Our review of the recent issues of the law reviews published by North Carolina law schools reveals that North Carolina topics are rarely the focus of scholarly attention in most of these journals. Rather than pay for a law school generally, in hopes of producing scholarship about North Carolina issues, the state government could purchase legal scholarship directly. For example, the state could create a law journal explicitly devoted to North Carolina legal issues. The state of Alaska, which has no law school, has taken this approach through the *Alaska Law Review*, ironically produced and edited at Duke University under contract to the Alaska Bar Association. Comparing the *Alaska Law Review* and the *North Carolina Law Review*, for example, reveals a much greater focus on state issues in the former.

If the goal is making a legal education affordable to North Carolina residents, the state has done half its job. Both UNC-Chapel Hill and N.C. Central offer education to North Carolina residents at a substantial discount. But both schools are also highly selective, meaning that many North Carolinians are denied the chance to benefit from this subsidy. Providing North Carolina residents with vouchers that could be used at any law school in any state would be a more equitable means of distributing a state subsidy to residents interested in pursuing a legal education.

## *3. Use the state's regulatory authority to require law schools to become more transparent.*

As noted earlier, competition for an enhanced position in the *U.S. News* rankings is a fact of life for American law schools, particularly those in the top tier. Unfortunately, this competition has often taken the form of gaming the rankings rather than competing on measures of student quality. Because North Carolina is a desirable location with a growing legal market, the state could play a constructive role in transforming this competition into a form that would benefit students. Through its control of access to the North Carolina bar exam, the state could require law schools to provide it with audited data on employment outcomes as a condition of allowing the school's students to take the bar exam. The state itself has data on bar passage outcomes.

The state could then make the aggregated employment and bar passage data public, providing prospective law students with a means of evaluating the value of a legal education at the various law schools. Encouraging additional transparency in this fashion, particularly if coupled with other measures, could substantially shift competition in legal education in the state toward competition over improving student outcomes and away

from competition over less relevant aspects of the *U.S. News* rankings. As Richard Matasar, who has served as dean at both a public and private law school, noted, business and legal education “are inextricably linked. Simply put: [the dean’s] job is running a business” (Matasar 2001, 103; see also Matasar 1996). North Carolina should therefore be approaching the regulation of legal education as it does the regulation of other businesses, seeking to ensure that competitive forces improve the provision of services for the consumers of legal education.

## Conclusion

North Carolina has fewer lawyers relative to its population and economy than its peer states. The reason is that the barriers to entry to the legal profession, including the availability of legal education, are high. In this report we analyzed the legal education market in North Carolina and found evidence that the market is not sufficiently competitive. Law schools in North Carolina fail to provide sufficient data for prospective students to use to evaluate the costs and benefits of a legal education, and they demonstrate little price competition. Despite considerable expenditures by the state on legal education, it does not appear that North Carolina is spending its money cost-effectively to benefit the state. By reducing barriers to entry to legal education and by making it easier for out-of-state lawyers to relocate to North Carolina, the state could improve its legal system at virtually no cost. By targeting expenditures at specific goals, the state could increase the benefits of its legal education spending without increasing the level of spending. In short, by adopting competition-enhancing policies in legal education regulation and funding, North Carolina could improve the state’s population’s access to legal services, create conditions that would improve economic development, and benefit the population generally.

## ENDNOTES

<sup>1</sup> In our prior work, we observed that the top 16 law schools in *U.S. News & World Report* rankings were remarkably stable over time and thus could be categorized as national law schools. See Henderson & Morriss (2006).

<sup>2</sup> N.C. Central is also a historically black institution. Four other law schools nationwide are included in this category: Howard University (Washington, DC); Southern University Law Center (Louisiana); Texas Southern University–Thurgood Marshall School of Law (Texas); and Florida A&M.

<sup>3</sup> *U.S. News* has historically limited its rankings to law schools fully accredited by the ABA.

<sup>4</sup> Another gaming strategy is for a law school to constrict its entering class in order to be more selective and to make up the revenue shortfall by admitting more transfer students, whose credentials are not included in *U.S. News* rankings calculations. The ABA recently began collecting and publishing these data. According to our calculations, there was a net inflow of 917 students into Tiers 1 and 2 from schools in Tiers 3 and 4 or provisionally approved. The largest in-flow was to schools at the top of the *U.S. News* hierarchy. None of the North Carolina schools had large inflow or outflows of transfer students.

<sup>5</sup> We controlled for a wide range of factors, including relative starting position in the early 1990s, when the first comprehensive *U.S. News* rankings were published.

<sup>6</sup> We have previously called for more extensive, transparent data availability on a national basis (Morriss & Henderson 2007).

<sup>7</sup> Like approximately 50 other law schools nationwide (virtually all of them in Tiers 3 and 4) N.C. Central did not supply figures for employed-at-graduation.

<sup>8</sup> *U.S. News* rankings can swing erratically from year-to-year. Prospective students are strongly advised to look beyond the current year’s rankings to consider information that bears more directly and reliably on a relative costs and benefits.

<sup>9</sup> Duke has more graduates taking the New York bar exam than taking the North Carolina bar exam, so the New York numbers are used by the magazine in calculating Duke’s ratio.

<sup>10</sup> This can be seen by comparing the bar passage score that would result if a school had a 100% passage score. A law school where the largest number of graduates take the California bar exam, which has a very low 62% first-time passage rate, would have a ratio of 1.61, while a school where the majority of graduates took the Utah bar, which has an overall passage rate of 90%, would have a ratio of only 1.11.

<sup>11</sup> This calculation is limited to the public law schools rated in the Top 50 (Tier 1) in the April 2007 *U.S. News* rankings.

<sup>12</sup> The high degree of selectivity enjoyed by North Carolina’s two public law schools suggests that many prospective students are in fact looking beyond rankings to consider overall cost.

<sup>13</sup> As a Tier 4 law school with relatively low starting salary figures from 1995, N.C. Central seems unlikely to have significantly outperformed the median for all U.S. law schools.

<sup>14</sup> It is noteworthy that the in-state tuition at N.C. Central (\$4,291) is significantly lower than the in-state tuition at UNC-Chapel Hill (\$11,981).

<sup>15</sup> For example, during the 1998-99 application cycle, of the 74,380 applicants who applied to one or more ABA-accredited law schools, 22.6% of all white applicants and 46.7% of all minority candidates failed to receive at least one offer of admission (Law School Admission Council 2002, tbl. V-4).

<sup>16</sup> For first-time test-takers in summer 2005 and winter 2006 exams, N.C. Central had an 81% passage rate versus 71% for the entire applicant pool. During this same time period, UNC-Chapel Hill had a passage rate of 83% for North Carolina.

<sup>17</sup> In addition to data analyzed for this monograph, another study using the Dunn & Bradstreet database has documented the large number of companies that have relocated to North Carolina. For example, between 1996 and 2001 the Charlotte–Gastonia–Rock Hill MSA netted nine additional headquarters; during this same period, the Greensboro–Winston–Salem–High Point CSA added 14 (Strauss-Kahn & Vives 2005).

<sup>18</sup> The relatively large proportion of UNC-Chapel Hill graduates who leave the state (see Figure 13) corroborates this trend.

<sup>19</sup> “Am Law 200” firms are the 200 largest law firms nationally, based on annual revenues and listed each year in the *American Lawyer* magazine.

<sup>20</sup> To place these gains into context, other established legal markets, such as Cleveland, Detroit, and Milwaukee, added no new Am Law 200 offices and fewer than 100 new attorneys.

<sup>21</sup> The recent Carnegie Foundation report on legal education concluded that “in important respects, American society has become more dependent on the legal profession for its functioning than ever before” (Sullivan et al. 2007, 1). Similarly, Laurent Cohen-Tanugi, a highly accomplished French partner with the New York-based law firm Cleary Gottlieb, pondered why lawyers and law are so important in the United States and so marginal in France. He concluded that it was the centralization of government in France that produced this outcome, observing, “If you really want to reduce the role of the state, then you have to increase the role of law and lawyers” (Caplan 1993, quoting Laurent Cohen-Tanugi, *Le Droit sans l’Etat* [The Law without the State]).

<sup>22</sup> The Research Triangle region added only one Fortune 500 company during the same period. In 2006, this company had one-seventh of the revenue of the combined Austin-based Fortune 500 companies.

<sup>23</sup> Of course, the state could simply abolish the requirement for a law license entirely, making the market for legal services completely free. We regard this as an unlikely outcome, however.

<sup>24</sup> See Rule .0701, Rules Governing the Admission to Practice Law in North Carolina Board of Law Examiners § .0701 at [www.ncble.org](http://www.ncble.org) and *Bring v. North Carolina State Bar*, 501 S.E.2d 907 (N.C. 1998).

<sup>25</sup> Rules Governing the Admission to Practice Law in North Carolina § .0502 at [www.ncble.org](http://www.ncble.org).

<sup>26</sup> Rules Governing the Admission to Practice Law in North Carolina § .0502 at [www.ncble.org](http://www.ncble.org).

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Figure 15. Debt from: *U.S. News Ultimate Guide to Law Schools*, tuition and percentage of graduates employed in state from *2007 ABA-LSAC Official Guide to Law Schools*

Figure 16. *2007 ABA-LSAC Official Guide to Law Schools*

Figure 17. Calculated from academic attrition figures reported in *2008 ABA-LSAC Official Guide for Law Schools* and first-year class size reported in *2007 ABA-LSAC Official Guide to Law Schools*

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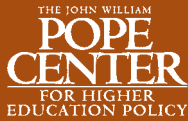
## ABOUT THE POPE CENTER

The John William Pope Center for Higher Education Policy is a nonprofit institute dedicated to improving higher education in North Carolina and the nation. Located in Raleigh, North Carolina, it is named for the late John William Pope, who served on the Board of Trustees of the University of North Carolina at Chapel Hill.

The center aims to increase the diversity of ideas taught, debated, and discussed on campus, and especially to include respect for the institutions that underlie economic prosperity and freedom of action and conscience. A key goal is increasing the quality of teaching, so that students will graduate with strong literacy, good knowledge of the nation's history and institutions, and the fundamentals of mathematics and science. We also want to increase students' commitment to learning and to encourage cost-effective administration and governance of higher education institutions.

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## Legal Education in North Carolina: A Report for Potential Students, Lawmakers, and the Public

The Pope Center is issuing this paper to increase the accountability of law schools. This report provides, in an easily accessible format, a great deal of information about the outcomes of attending specific law schools in North Carolina. Thus, it scrutinizes North Carolina law schools from the perspective of a student trying to decide which one to attend.

“Legal Education in North Carolina” goes further, however. It reveals that regulatory restrictions drive up the cost of legal education in North Carolina. The most damaging restriction is the state’s requirement that only those who have graduated from an ABA-accredited law school may take the bar exam. The paper recommends changes that could make legal education more affordable.

This paper, by Andrew P. Morriss and William D. Henderson, is part of a larger research program the authors are conducting on outcome-based measurement of legal education and the influence of law school rankings.



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