Burdened With Debt, Law School Graduates Struggle in Job Market

By ELIZABETH OLSON  APRIL 26, 2015

Jonathan Wang has not practiced law since he graduated from Columbia Law School in 2010, but he did not plan it that way.

When he entered law school, the economy was flourishing, and he had every reason to think that with a prestigious degree he was headed for a secure well-paying career. He convinced his parents, who work in Silicon Valley, that he had a plan. “I would spend three years at school in New York, then work for a big law firm and make $160,000 a year,” said Mr. Wang, 29. “And someday, I would become a partner and live the good life.”

Mr. Wang, who works in Manhattan as a tutor for the law school admissions exam, is living a life far different from the one he envisioned. And he is not alone. About 20 percent of law graduates from 2010 are working at jobs that do not require a law license, according to a new study, and only 40 percent are working in law firms, compared with 60 percent from the class a decade earlier. To pay the bills, the 2010 graduates have taken on a variety of jobs, some that do not require admission to the bar; others have struck out on their own with solo practices. Most of the graduates have substantial student debt.

Even as law school enrollment was peaking in 2010 — reaching 52,488, according to American Bar Association figures — those graduating were not receiving job offers from firms where they were interning. And offers to some students were rescinded.

“None of this was on my radar,” Mr. Wang said, “but it began to be obvious by
the time second-year summer internships were over. We knew things were
depressed, but then the legs were cut out from under us.”

After the economic collapse in the fall of 2008, corporations began to cut
spending on legal matters, and law firms, in turn, began to reduce their hiring and
even laid off employees. The legal profession was undergoing the early wave of
turbulence that left graduates in subsequent classes facing a harsher job market that
has shown few signs of a robust recovery. But the class of 2010 was the first to
experience it full force.

At the time, legal scholars predicted that when the economy turned the corner,
the new graduates would find jobs. But the checkered job outcomes for the 2010 law
graduates could be predicted by their early employment numbers, said Deborah J.
Merritt, a law professor at Ohio State University’s Moritz College of Law.

She wrote “What Happened to the Class of 2010? Empirical Evidence of
Structural Change in the Legal Profession,” a study published in March that
examined the careers of those graduates and the legal marketplace.

Professor Merritt combined public data, including court records and the
employment outcomes of more than 1,200 lawyers who received their law degrees in
2010 and then passed the Ohio bar, with information from the National Association
of Law Placement recorded for the same class nationally. She concluded that the
2010 class had not recovered in the ensuing years.

“Employment has improved only marginally for the class,” she said, “with
unemployment at 6 percent, many fewer lawyers working at law firms and a leap in
the percentage of solo practitioners.

“These outcomes contrast markedly with those from the 2000 graduating class,
which was also shadowed by an economic recession but were later able to better
their positions,” she said. “But that type of progress has not occurred for the Class of
2010.”

With law firms cutting back, she said, most available positions “fall within
modest-paying categories: solo practice, small firms, government work and business
jobs that do not require bar admission.”

And they might be the lucky ones, according to some 2010 graduates who said
they were “too ashamed that I have not found a legal job” to allow their names to be
mentioned. One law school graduate who said he did not want to draw attention to
his lack of permanent employment said he was “doing rote legal temp work on the
side to pay rent.”

“I dare not put it on my résumé because it makes you instantly nonprestigious and unemployable,” he added.

Others, like G. Troy Pickett, 44, of Houston, who worked as a bartender in Austin before going back to school with the intent of becoming a big-firm mergers and acquisitions lawyer, opted to set up their own practices.

“I began to realize that I had set the bar too high, but I kept thinking that if I could get my foot in the door, I could do it,” he said of his decision to attend South Texas College of Law in Houston.

Then he saw that fewer firms were recruiting on campus and job offers were evaporating.

“It was a double whammy. Our class was also competing with third- and fourth-year associates who had been laid off,” he said. He took the Texas bar exam six months early while still in law school to save time and money. The same day he passed, in June 2010, he and a fellow student formed a law practice, which handles family law issues like divorces and child custody.

Another 2010 graduate, Hyatt Shirkey, 30, who received his diploma in May 2010 from Ohio State’s law school, moved to Virginia, where he passed the bar the following July, and decided to open his own practice after juggling several jobs.

“When I started law school, it was still a great era,” he said. “I had some good experiences, including working for a federal judge in Columbus, Ohio. Then, the end of my second year in school, I saw that law firm offers were being pushed back.”

“There was a glut of people in the job market, and the only job I could find did not require a law license,” added Mr. Shirkey, who first ran the paralegal studies program for a private college in Roanoke, Va. He eventually found work at the Roanoke public defender’s office but kept his part-time job at the paralegal program and another as a server at a Cracker Barrel restaurant.

Since then, he found a job teaching contract law at a local community college and opened a solo practice in criminal defense to “build up my experience and reputation” so he could qualify for an opening in the United States attorney’s office. For now, he receives referrals for cases that the public defender cannot take on, but he said practicing on his own was uncertain financially. And, like more than 80 percent of law school graduates, he has substantial student debt.

Over all, nearly 85 percent of law graduates have taken out student loans,
according to the website Law School Transparency, and 2010 law graduates accumulated debt averaging $77,364 at public law schools and $112,007 at private ones.

Many have received financial hardship deferments or, like Mr. Shirkey, who accumulated $328,000 in student debt, including some undergraduate loans, received credits for public interest work. Federal government rules, revised last year, allow student borrowers who work in nonprofit and public sector jobs to have their loans forgiven after 10 years and to pay back their college loans based on their income and expenses.

“Otherwise, I would be very, very much in a pickle,” Mr. Shirkey said. “I anticipate that I will wind up working for the government or a nonprofit because I will need the credits to take care of my loan burden.

“Every time I look at the debt amount,” he said, “my heart beats a little harder.”

After he graduated, Mr. Wang had a yearlong fellowship with a state court judge, but when that ended in 2011, the “market was still awful,” he said. After he was admitted to the New York State bar, he turned to tutoring and law school advising to pay his rent and loans.

“I thought the LSAT tutoring gig was going to be a temporary thing, but five years and one bar admission renewal later, here I am,” he said. His business has greatly expanded and he makes over $100 an hour, but that is far below what he would make at a law firm. “I waffle constantly, but I’m still in the mind-set that I need to find a real job,” he said.

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