The Law School Firm

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THE LAW SCHOOL FIRM

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Recently, there has been much dialogue across the academy and the legal profession on reform of legal education. The Carnegie Report has stimulated an old debate anew, and the financial crisis of 2008-2009 and its adverse effects on the legal profession have made the debate more urgent. We do not believe that this debate will die down anytime soon, and in fact it will only intensify due to a number of factors, including: (1) growing tuition rates and alarming student debt levels, (2) growing pressure for increased transparency of employment data and outcome-based assessment, (3) growing reluctance of corporate America to fund the training of junior associates at large law firms, and (4) increased market pressures on large law firms to deliver greater services at cheaper prices. By

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now, most informed readers are well aware of the cacophonous chatter, reaching a crescendo perhaps, regarding these interrelated problems.

Although opinions differ on many aspects of legal education, there is a fair consensus that legal education is too disconnected from law practice. At the heart of the matter is whether law schools are graduating more "practice ready" attorneys or if someone must fund training. There are a number of ways in which legal education and law practice can be brought closer together. Pedagogical changes can lead to greater market-ready attorneys. These changes can be made in curriculum, such as instituting more interdisciplinary training, particularly in fields such as business and business law. They can also be made in teaching methods, such as moving toward the business school case study model rather than focusing all three years of legal study exclusively on case law and other primary legal references with either lecture or the Socratic method being the primary means of teaching. Last, law schools can emphasize experiential learning through mandatory clinics or externships, as is the model at, for example, Northeastern, Drexel, Washington & Lee, and Maryland. All of these strategies of bringing legal education closer to law practice operate within the framework of a traditional three-year legal education as we know it today.

For the purpose of stimulating debate on alternatives to the traditional three-year legal education that sends graduates into the legal market with no additional training, we propose an idea that is a radical break from the current model of the three-year law school, which is clearly disconnected from practice. The idea is a law school firm.

I. THE BASIC IDEA

The basic idea is simple. A law school can establish a law firm that is separate and distinct from the law school. The law school firm will be a professionally-managed, revenue-generating, non-profit law firm. The CEO will be an experienced attorney with proven legal and business-development skills, who is committed to the profession and active in the legal community. The firm

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5. See id. at 313 & n.9 (noting that the American Bar Association, academics, and judges have all recognized this disconnect).

6. See Robert J. Rhee, The Madoff Scandal, Market Regulatory Failure and the Business Education of Lawyers, 35 J. CORP. L. 363, 390 (2009) ("[T]raining and education are not free. They must be funded in some way. Either employers absorb the cost of legal training—obviously undesirable from the law firm’s perspective—or law schools graduate students with more directly applicable skill sets." (citation omitted)).


will hire several senior attorneys, each to manage a different practice group. The senior attorneys will be experienced attorneys with business-development and management skills, a public-service mentality, and a commitment to the profession. As needed, the firm will hire more experienced attorneys to work under the practice group managers, service clients, participate in business development, and train "resident" or "provisional" attorneys.

The law school law firm would operate just as any private law firm does. Although the law school firm would be a non-profit organization, it would be non-profit only as a matter of legal status and end motive. It should generate revenue and be self-funding (after, perhaps, an initial support from the law school and an organization period). This means that the law firm must find clients and source revenue just like a private firm. The law school would be the economic owner of the law firm, and it may have profit allocation arrangements, but there would be a separation of ownership and control. We understand that this may require changes in the rules of professional responsibility regarding the sharing of fees with a non-attorney; there would be issues of accreditation, and, there may be tax implications. We also understand that there may be opposition from certain parts of the professional bar, which may view such a firm as a competitive threat. There may be other entrenched interests, and minds are not easily changed. This essay's purpose is to present the concept as a thought piece, and we acknowledge the many details of implementation and set them aside. Also, we do not propose that law schools should be required to set up a law firm, and thus radically change the entire structure of legal education. Such a suggestion would be bold, and perhaps presumptuous. The appropriate starting point for a law school firm may be a small-scale pilot program to see if the model is feasible.

Law schools may adopt one of several different models. Some law schools can provide the traditional three-year track and offer slots in the law firm to select students. Other law schools may provide an alternative law school firm track. Under the three-year model, the law school could offer practice-focused and advanced substantive courses. Members of the law school firm would help with instruction in the third-year courses. The practice-focused courses would be available to students who intended to continue with the law school firm following graduation as "resident attorneys" and to students who intended to pursue other opportunities. Resident attorneys would commit to several years of work at the law firm.

Under the two-year model, law students would complete a two-year curriculum that is largely the required curriculum at most law schools, plus a few electives. It takes two years to develop essential skills: legal research and writing, ability to read case law and statutes, and construct an understanding of legal doctrines. Upon acquisition of these essential skills, a student could transfer to the law school firm to work under contract for a fixed period, perhaps three to six years, after which time a provisional attorney should be prepared to begin a law practice or join another firm. Such an arrangement would be strictly "in and out," meaning that the law school firm would not provide an indefinite career option. In the firm, post-graduate law students, so to speak, would work as "provisional attorneys" supervised by a permanent senior staff member. Because the firm must be profitable and self-funding, we envision a traditional pyramidal structure of junior attorneys working under a small group of senior attorneys.

The two-year model is similar to the U.K. model of legal training with respect to the idea of an apprenticeship. In the United Kingdom, attorney-trainees serve in an apprenticeship under a training contract. The differences are that the two-year U.S. model is still based on the foundation of a graduate school education, and the sponsoring law firm is connected to a law school.

Alternatively, the three-year model is more akin to the American medical school model. In American medical education, medical schools are associated with hospitals. The majority of the first two years of medical school focus on classroom instruction. In later years, medical students ease out of course work and into clinical rotations. After graduating from medical school, physicians spend time as residents, developing professional proficiency. After several years of residency, the physicians are ready to practice medicine. Medical schools and hospitals work in tandem to train residents.

11. See Raymond J. Friel, Special Methods for Educating the Transnational Lawyer, 55 J. LEGAL EDUC. 507, 508 (2005) ("Many educators believe that many of the academic skills gained in law school are achieved within the first two years . . . .").
13. This is opposed to the undergraduate legal education in the United Kingdom. See id. at 80 ("Law in England is an undergraduate rather than graduate education.").
16. Id.
18. See id.
19. See Maxeiner, supra note 14, at 23.
schools engages in sophisticated research and scholarship related to offering medical services. The physicians at teaching hospitals also have opportunities to engage in research. The teaching hospital is a place of learning and a lab for studying the practice of medicine and teaching new physicians.

We see the benefit of having the law’s equivalent of a teaching hospital. Senior attorneys in a law school firm would practice law, model best practices for junior attorneys, help train them, and possibly work in collaboration with full-time law faculty on research problems that arise in the practice of law.

II. OPERATING CONSIDERATIONS

The school’s organization and governance can be modeled after organizations like the ACLU and NAACP, which represent clients and do legal work with neither owners nor profit motive. The law school firm will draw senior practitioners who enjoy the practice of law, including economic rewards, but who seek professional fulfillment beyond the pure profit motive of billable hours. The firm will generate sufficient revenue to adequately compensate its attorneys, but it will not distribute profits to its attorneys. Any excess revenue it generates will go to improving the education of students at the affiliated law school and funding provisional or resident attorneys at the law firm. Compensation paid to the attorneys at the law school firm will not be as high as that paid to attorneys at the largest law firms, but it would be competitive with compensation paid at medium-sized firms. Work at the law school firm will be demanding, but the pressure to bill clients will be less, and attorneys will have time, and be expected, to participate in the community and profession—such as bar associations, commissions, and other law-related activities—and train provisional/resident attorneys.

We envision a law firm with a size that the market would bear. It could become quite large in terms of number of attorneys. The structure will require a critical mass of experienced attorneys to ensure that the firm has the resources to attract sophisticated and assorted work and also assist with training provisional/resident attorneys. The firm could start out with ten to twenty attorneys. It could grow by retaining some provisional/resident attorneys who wish to remain at the firm, but the firm’s purpose with respect to provisional/resident attorneys will be to train them to be productive in their own practices or with other firms. The firm’s mission should include practice areas that are proven and effective sources of revenue, but it should also support publicly-minded practice areas and recognize that while some practice areas may

21. Id.
not generate enough revenue to be self-sustaining, they provide important services and help develop the law in important areas. Areas that generate excess revenue should help support areas that are important to the firm's mission, but incapable of generating sufficient revenue to fund their activities. Such a mission and practice will add to the firm's vibrancy and improve society.

The law school firm need not be geographically tied to the brick-and-mortar of the law school's physical facility, though the natural inclination, and in many cases advantage, would be to have the law school firm be in close proximity. We can envision Brooklyn Law School setting up a firm in Baltimore, and the Francis King Carey School setting up a firm in Brooklyn, but significant benefits would be lost from not having the law firm within a few blocks of the school. A remote location may prove more suited to law schools that are not part of a significant population center. The market forces at work would be the school's student size, student demand for the alternative track, and the capabilities of the senior "rainmaking" attorneys.

Like any start-up, the business plan must be carefully constructed and the business may start small. Because the law school firm cannot provide a supermarket of legal services, each law school that ventures into this alternative will have different kinds of firms. By virtue of geography, localized legal markets, and senior attorney specialization, each law school firm will be different, just as many private firms provide different specializations and strengths.

The law school firm most likely would not rival the largest private law firms. The Skadden Arps, Sidley Austins, and Cravaths of the world are safe from the likes of Brooklyn Law School and the Francis King Carey School of Law (or even Harvard Law School and Yale Law School). Indeed, there are potential partnership arrangements. Large law firms can partner with schools to provide resources, training, and referrals. Accomplished practicing attorneys often give back to legal education by teaching as adjuncts and otherwise contributing their knowledge to law students.23 The law school firm provides an opportunity for private law firms to contribute on an entity basis. By providing essential resources, law firms could advance the cause of legal education and professional development. The cause would not be entirely selfless. The law school firm would be a training ground for potential recruits and, to the extent clients demand it, law firms could outsource certain work to the law school firm, which can provide lower cost services.24

In addition to doing client work, the law school firm's attorneys will be involved in community and bar endeavors. At its heart, the practice of law is a

24. See Heather Timmons, Due Diligence from Afar: Cost-Conscious Companies Are Outsourcing Legal Work, N.Y. TIMES, Aug. 5, 2010, at B1 (noting the increasing trend toward outsourcing and unbundling legal work, such as document review and due diligence, in order to reduce costs).
profession. Participating in the work of the bar to affect the development of the law is a responsibility that attorneys must shoulder. The current legal environment, with emphasis on profit maximization, often makes that difficult. The law school firm will provide its attorneys enough respite from the requirement to generate revenue that they will be able to participate in relevant bar activities. Its mission will also recognize that the viability of the firm and legal profession requires its members to participate in and support legal institutions.

A major failing of the legal profession is the lack of training for new attorneys. A primary part of the law school firm's mission will be to train recent law graduates in the best law practices. They will join the firm at compensation levels similar to what someone in public service would make. Notably, the lower compensation will allow the firm to devote more time to training attorneys and to other aspects of its mission. In exchange for the lower compensation, provisional/resident attorneys will not have unbearable billing requirements, even though they will service clients and help the firm generate revenue. Accordingly, they will be expected not only to do client work, but also to learn how to be a successful attorney. They will learn how to develop a book of business and make contacts in the community that will benefit them as practicing attorneys. They will participate in bar and other relevant activities to serve the profession and others.

In addition to receiving training from attorneys at the firm, provisional/resident attorneys will benefit from the association with the law school. The law school faculty can provide additional legal training to provisional attorneys at the law firm. The faculty can focus on helping new attorneys obtain the technical knowledge necessary to adequately serve clients. The attorneys at the firm can assist with that effort and help new attorneys learn how to develop business, manage clients and files, and develop other skills needed to be a successful attorney.

III. ECONOMIC CONSIDERATIONS

Economic considerations are an important facet of any legal education reform, and they cannot be underestimated. Although there is some debate on whether the third year of law school is useful or not, particularly when viewed
from the perspective of opportunity cost, economic reality will not support a radical change. Some commentators argue that “[e]liminating the third year outright would reduce law school revenues by one-third and, presumably, would reduce faculty sizes by nearly that amount.” Law schools and their faculties have a deeply entrenched self-interest in not losing revenue. Under either the three- or two-year model, schools and students stand to gain economically. The law school firm should be self-funding and should strive to generate profit, which can flow into the law school, legal education, or professional development. We do not know whether there can be a precise one-for-one matching of lost tuition revenue with profit flow-back under the two-year model, but that would be the minimum goal. Greater profit can flow back to the law school for its uses, or be plowed back into the law school firm for business or professional development.

Obvious economic considerations are myriad for law students as well. Under the two-year model, students do not pay tuition during their third year of training. Instead, they work as provisional attorneys earning a trainee’s salary commensurate with their level of knowledge (very low) and skill level (beginner). The low compensation cost structure is a major contributor to economic sustainability. A profitable law practice that delivers legal training and legal services should optimally offset some of the law schools’ lost tuition revenue and law students’ opportunity costs. Under the three-year model, resident attorneys would start at salaries that are higher than those paid to provisional attorneys, but below those paid at traditional firms. The law school firm would be attractive to students who recognize that several years at the law school firm will enhance their professional competency, and outfit them with practice skills that will provide them with independence in the future. For example, resident and provisional attorneys will learn to develop business and manage a legal practice. These skills will enable them to practice law successfully at a sustainable, profitable level throughout their lives.

IV. COLLABORATION BETWEEN SCHOOL AND FIRM

The law school firm model would bridge the gap between law school and law practice. Law students would connect more with the practitioners and recent graduates, and continue to learn important skills and obtain requisite knowledge of the law. Clinics are one answer to bridging legal education and law practice, but they have well-recognized limitations. First, clinics are very expensive to

27. See Gulati et al., supra note 15, at 235–36, 262 (describing recent proposals to eliminate the third year and speculating that “a majority of law students would support abolishing the third year”).
28. Id. at 262.
29. See id.
operate owing to the fact that they require a low faculty–student ratio. In an era of increasing tuition and debt levels, we question whether the inherent cost structure is cost effective. Clinics cost tuition dollars and most bring in zero revenues, thereby limiting the number of students who can benefit from clinical offerings. Since faculty salaries are the largest component of the operating costs of a law school, clinical education is the most expensive way to deliver educational instruction. Second, in important ways, clinics do not mimic the practice of law because of the substantial supervision of students and the fact that clinics are only a “part-time” job for law students who also must juggle other courses. On the other hand, practice is a full-time immersion experience, and it is this immersion into the work that is the single most important factor in practical learning and training experience. “Deficiencies in educational training are inevitable because the classroom cannot wholly substitute for an immersion experience of independent practice, whether the schooling is in law, medicine, or business.”

Clinics provide some experience in the practice of law, which will be helpful for a law student who is about to enter the practice of law, or who wants a scaled back, highly structured experiential learning course. On the other hand, the law school firm is the practice of law in the sense that it is an immersion experience into a full-time, professional practice. There would be no grades, formal ending to a semester, or set times for classroom instruction; instead, the evaluation process is based on how well the provisional attorney and the law school firm represent their clients.

30. See Marjorie Anne McDiarmid, What’s Going on Down There in the Basement: In-House Clinics Expand Their Beachhead, 35 N.Y.L. SCH. L. REV. 239, 286 (1990) (stating that “live-client, in-house clinics probably are still more expensive than most other teaching methodologies” despite rising costs in alternative teaching methods); Rhee, supra note 4, at 335 (“[Clinical education] is limited by budgetary and other resource constraints, suggesting that it is ultimately financed by student tuition. An important economic consideration is the need for a low student to faculty ratio in clinical teaching, given that faculty salary is the largest expense in a law school’s operating budget.” (citation omitted)).

31. McDiarmid, supra note 30, at 280 (“Cost has always been cited as the reason for limited availability of clinical opportunities.”).

32. Rhee, supra note 4, at 335 (“Moreover, while clinics enable students to practice law, they are not a substitute for immersion in the practice of law, which is the steepest part of the learning curve for new lawyers.” (citation omitted)).

33. Id. at 314 (citation omitted).
Figure 1 illustrates the relationship between the law school and the law school firm.

**FIGURE 1**
Law School Firm

The close association between the law school and the law school firm will provide unique opportunities for law faculty and attorneys to collaborate on numerous types of projects. In addition to practicing law, the attorneys at the law school firm will engage in practical scholarship, contribute to continuing legal education programs, and jointly sponsor programs at the law school. The attorneys can collaborate with faculty at the law school on their projects and recruit students to help with research and other aspects of such projects. Provisional and resident attorneys will develop expertise and professional prominence as they write articles and speak at conferences. They will benefit from the ability to consult with law faculty as they develop articles and other projects.

The law school firm can also look to the law faculty for help with general problems. Many faculty members are not qualified to practice law, so they would not give advice with respect to specific clients. Nonetheless, as the members of the law firm see problems with the law that warrant greater research

34. They may not be active members of the bar; they may have been detached from practice for many years; and they may be too busy with teaching and scholarship to practice law effectively. See Bard, supra note 20, at 844 (noting that as compared to medical school faculty, the majority of law professors devote their time to scholarship rather than the practice of their trade).
and thought, they can turn to faculty members who are experts in the area warranting additional consideration. The problems that the attorneys face could become material for future theoretical work that the faculty will do. Attorneys and faculty can of course co-author such work.

Some members of the faculty will choose to engage in purely theoretical work with no association with the law firm, and of course such a research agenda would be a vital contribution to the research mission of a law school. We emphasize the collaborative possibilities. The notion of collaboration between study and practice of law is not a new idea. Many of the leading academic institutions understand the importance of collaborating with people in industry or practice. For example, schools of applied science recognize the importance of collaboration and invite people from industry to teach students and work to establish employment opportunities for their graduates.\(^\text{35}\) The relationship should be symbiotic, but law schools have gotten away from symbiotic models. The lack of symbiosis has hurt both the academy and the profession.

The interaction between law students and attorneys, and faculty and attorneys, will help blur the lines between law school and practice. This blurring of the lines will help students better prepare for practice. It will help the profession better train recent graduates. It will help law faculties produce significant, relevant theoretical work. It will help improve the practice of law. It will do many good things.

A significant component of the law school firm's mission must include teaching and research. The law school firm will be a lab for the practice of law. It will study the best practices. It will promote the highest level of professional ethics. It will examine practices to improve the quality of work it produces. It will focus on providing world-class training to its attorneys at all levels of practice. It will study its billing practices to determine whether other billing arrangements work better for clients and affect the quality and effectiveness of work.\(^\text{36}\) Billing by the hour may encourage attorneys to do work that may not be necessary for a particular engagement. Without the profit motive, the law school firm can study the effectiveness of other billing arrangements, such as fixed-fee arrangements in transactional practices. It can also study other practices and modify them as needed to accomplish its mission.

The law school firm will also be a lab for teaching new attorneys. Working with the law school, it can develop and implement training programs for provisional attorneys. The law school and law firm could also develop teaching methods for students. Members of the law firm, including provisional and resident attorneys, will mentor and teach law students. They will be particularly

\text{35. See Gulati et al., \textit{supra} note 15, at 263 (stating that practicing physicians often have faculty appointments at medical schools).}

\text{36. Legal fees and billing practices have become a significant issue for consumers of legal services, as demonstrated by the Association of Corporate Counsel's focus on fee arrangements. \textit{See ACC Value Challenge, ASSOCIATION OF CORPORATE COUNSEL}, http://www.acc.com/value challenge/index.cmf (last visited Oct. 1, 2011).}
suited for teaching practice skills. For example, they may help students understand the real estate closing process, the formation of a limited liability company, or how to negotiate a contract. They can use case studies from practice to help students see the application of the law. Such interaction will help the provisional and resident attorneys better understand the work they do, and energize law students who witness the application of things they learn in the classroom.

The law school and the law school firm could market techniques they develop to attorneys in conventional law firms. Those firms may not have the resources to develop and implement training programs. Instead, they could pay to obtain access to training materials prepared for the law school firm. Surely, publishers will work with the authors of the training material to prepare it for distribution to industry professionals. This collaboration—between the law school, law school firm, and conventional law firms—could revolutionize the way law students and attorneys learn.

V. CONCLUSION

Law school education and law practice are too disconnected. Unfortunately, the legal academy cannot match the medical and business academies in providing practice-ready professionals. Newly-minted attorneys typically receive their “practical” training on their first jobs. However, that training must be funded. The business sector, the professional bar, the legal academy, or a combination, must bear the cost of training. At the same time, the cost of legal education is skyrocketing and law students today face a large debt load. There is a confluence of adverse economic factors.

Our idea for a law school firm addresses the totality of these problems. From a training and educational perspective, it makes sense. Economically, it makes sense for law students who would earn a small wage early in their careers but prepare for more promising careers. If the economic arrangement between the law school and the school firm can be crafted to the law school’s satisfaction, everyone wins. Moreover, the training program that would be available through a law school firm could make for an important distinction in a world of largely homogenous curricula and teaching methods; a world where the primary meaningful distinction among law schools—like it or not—comes from the annual rankings in the U.S. News & World Report.37

37. See Patricia A. Wilson, Recreating the Law School to Increase Minority Participation: The Conceptual Law School, 16 TEX. WESLEYAN L. REV. 577, 580 (2010) (“As much as law school administrators lament the rankings and would prefer to be unaffected by them, the fact of the matter is that the importance that alumni, legal employers, and prospective students ascribe to those rankings compels schools to study what measures they can take to maintain their ranking, at a minimum, and ideally to improve their rankings.”); Best Law Schools, U.S. NEWS & WORLD REPORT (2011), http://grad-schools.usnews.rankingsandreviews.com/best-graduate-schools/top-law-schools/law-rankings.