

Supplemental Notes on the Role of Law School Grades in Labor Market Outcomes For New Black Lawyers

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In Part VII of *Systemic Analysis*, I argued that law school grades play a much larger role than previously thought in determining the labor market outcomes of lawyers in the early years of their careers. I presented there a series of analyses based on the “After the JD” database, which collected data on over four thousand lawyers who passed the bar in 1999 or 2000 and who were surveyed and studied in 2002 and 2003. These regressions use a variety of controls to assess the effect of law school grades and law school prestige on the self-reported earnings of attorneys in the study. Grades, I found, were a consistently very strong predictor of earnings.

In my *Reply to Critics*, I discuss whether the earnings I reported in *Systemic Analysis* for all lawyers hold equally well when we consider blacks alone. I report that, if anything, grades appear to have even more impact on black lawyer earnings than on those of lawyers generally. To illustrate the point, I present Table 1, below, which reports an identical analysis for all participants in the AJD (whose data includes the relevant variables) and for blacks only. As the reader can see, the “raw” and standardized coefficients for “Law School GPA” are substantially higher for the “blacks only” regression than it is for the “all others” sample. The “blacks only” analysis also has a higher R^2 than the regression for all the other lawyers, suggesting that these variables are at least as powerful in explaining the earnings of blacks as they are for attorneys generally.

Table 2, below, presents the same regression, but includes attorneys working for federal, state, and local governments, and includes a dummy variable for government attorneys. The GPA coefficient for the “blacks only” sample is again larger than the coefficient for all the other lawyers. However, the difference between the “black” and the “all others” GPA coefficient is smaller in this table than in Table 1; GPA seems to play a larger role for black outcomes, but the difference is quite small. Of course, both Table 1 and Table 2 are based on quite simple models; but partly for that reason, they provide a straightforward way to compare the relative importance of GPA for black lawyers compared with lawyers generally.

Tables 3 and 4, below, replicate Table 7.3 and 7.4 from *Systemic Analysis*, but include additional columns showing the results for blacks only. Table 3 improves on Table 2 in a two important ways: more variables are controlled for, and “prestige” is treated as a categorical variable rather than a continuous variable. Table 4 adds one further improvement: GPA is “standardized” for each individual by comparing the GPAs of each respondent to other reported GPAs from the same law school.

In both Table 3 and Table 4, the coefficient for “Law School GPA” is larger for blacks than for the “all others” sample, whether one is looking at raw coefficients (“parameter estimates”) or standardized coefficients. This result is so consistent across all of the analyses that it seems fair to conclude that employers give greater weight to GPA in evaluating black candidates than white candidates – perhaps, as I suggest in my *Reply to Critics*, because racial preferences make school quality a less reliable indicator of student aptitude for blacks than for others who don’t receive preferences.

Note that one difference between the black regressions and those for all other respondents, in Tables 3 and 4, is that no values are reported for Tier 7. This is because the number of black respondents in Tiers 7 and 8 was so small that I had to combine them to have a reasonably-sized comparison group. Indeed, a general weakness in replicating Tables 3 and 4 for the blacks-only sample is that the sample size is too small to get very reliable measures, in terms of standard errors, of the coefficients for individual tiers (for space reasons, I haven't reported standard errors in these tables, but standard errors are correlated with p-values, and the p-values are generally higher in the "blacks only" columns than in the "all others" columns). The general pattern of these coefficients, however, closely tracks the coefficients for the "all others" sample, though the premium for the top tiers seems to be higher for blacks.

In Systemic Analysis, (p. 465), I used the parameter estimates from Table 7.4 to roughly estimate the tradeoff to blacks of foregoing racial preferences. (Readers should refresh their memory of that discussion to easily follow this one.) To duplicate this estimate using the "black only" regression in Table 4, we first focus on the parameter estimate for standardized law school GPA (.149 – the percentage change in earnings resulting from a one standard deviation improvement in GPA). If the median black is currently about two standard deviations below the median white in grades, this would imply that closing the white/black grade gap would raise black earnings by $2 * .149$, or 29.8%. In contrast, the earnings premium of a Tier 1 school versus a Tier 3 school is $(.488 - .261) 22.7\%$, which represents the earnings loss of a black student from going to a moderately elite, rather than highly elite, institution. The net tradeoff favors grades over prestige by a larger margin than in the original paper. Of course, the coefficient measures for blacks are based on a smaller sample, and thus have more measurement error, than the measures for the "all others" sample.¹ If one only had the black sample, one might pause before making broad claims about the grades-prestige tradeoff. But in combination with the highly significant results from the larger sample, one can be highly confident that these patterns are real. Law School GPA plays an enormous role in determining the earnings of lawyers early in their careers, and the implicit tradeoffs involved in racial preferences appear to lower, not raise, black earnings.

¹ If a ".4" coefficient is statistically significant (say, has a $p = .04$), then we have a lot of confidence that even with measurement error, the coefficient really is greater than zero. But we'd be much more confident that the "true" value of the coefficient is, say, between .35 and .45 if we had a lower standard error and a $p = .0001$. Thus, the coefficients in the "all others" are generally more precise than the coefficients in the "blacks only" sample – an important consideration in the types of calculations presented in this paragraph of the text.

Table 1 (Table 5 in “Reply to Critics”, Table 7.1 in “Systemic Analysis) Simple Regression of Earnings for Second-year Associates in Private Firms

Dependent variable: Lawyer earnings

Independent Variables	Blacks					All Others				
	Parameter Estimate	Standard Error	t Value	p-value	Standardized Estimate	Parameter Estimate	Standard Error	t Value	p-value	Standardized Estimate
Tier of Metro Market	0.102	0.025	4.050	<.0001	0.284	0.136	0.006	21.430	<.0001	0.414
School Prestige	0.104	0.028	3.660	0.000	0.251	0.099	0.008	12.260	<.0001	0.237
Raw Law School GPA	0.626	0.090	6.980	<.0001	0.469	0.459	0.026	17.930	<.0001	0.333
Asian	N/A	N/A	N/A	N/A	N/A	0.010	0.030	0.340	0.733	0.006
Hispanic	N/A	N/A	N/A	N/A	N/A	0.005	0.031	0.160	0.870	0.003
Other	N/A	N/A	N/A	N/A	N/A	-0.031	0.043	-0.720	0.469	-0.013
Male	0.049	0.062	0.790	0.433	0.051	0.106	0.017	6.400	<.0001	0.115
Model Statistics	Adj. R ² = 0.51; N=119					Adj. R ² = 0.47; N=1,659				

Source: *After the JD*, *supra* note 237 (national sample and racial oversample, unweighted).

N/A Not applicable for the Black sample.

Table 2 Table 1 with Government Attorneys Added

Dependent variable: Lawyer earnings

Independent Variables	Blacks					All Others				
	Parameter Estimate	Standard Error	t Value	p-value	Standardized Estimate	Parameter Estimate	Standard Error	t Value	p-value	Standardized Estimate
Tier of Metro Market	0.085	0.018	4.620	<.0001	0.240	0.121	0.005	22.160	<.0001	0.354
School Prestige	0.103	0.023	4.520	<.0001	0.235	0.089	0.007	12.390	<.0001	0.198
Government	-0.401	0.053	-7.620	<.0001	-0.389	-0.441	0.018	-24.700	<.0001	-0.370
Raw Law School GPA	0.445	0.071	6.260	<.0001	0.325	0.402	0.022	18.090	<.0001	0.281
Asian	N/A	N/A	N/A	N/A	N/A	0.021	0.026	0.820	0.414	0.012
Hispanic	N/A	N/A	N/A	N/A	N/A	0.017	0.027	0.620	0.537	0.009
Other	N/A	N/A	N/A	N/A	N/A	-0.029	0.036	-0.810	0.417	-0.012
Male	0.084	0.048	1.760	0.080	0.086	0.111	0.014	7.750	<.0001	0.115
Model Statistics	Adj. R ² = 0.58; N=179					Adj. R ² = 0.55; N=2,081				

Source: *After the JD*, *supra* note 237 (national sample and racial oversample, unweighted).

N/A Not applicable for the Black sample.

Table 3: Regression of Earnings of Attorneys Completing Second Year of Practice from the AJD Sample Using Raw GPAs

Independent Variables	Blacks					All Others				
	Parameter Estimate	Standard Error	t Value	p-value	Standardized Estimate	Parameter Estimate	Standard Error	t Value	p-value	Standardized Estimate
Tier of Metro Market	0.069	0.022	3.17	0.002	0.189	0.118	0.006	20.78	<.0001	0.348
Private Sector	0.274	0.068	4.01	0.000	0.261	0.370	0.021	17.63	<.0001	0.292
Raw Law School GPA	0.472	0.075	6.3	<.0001	0.352	0.353	0.023	15.52	<.0001	0.250
School Prestige Tier 1	0.451	0.106	4.25	<.0001	0.296	0.297	0.052	5.73	<.0001	0.179
School Prestige Tier 2	0.252	0.104	2.43	0.017	0.161	0.170	0.050	3.41	0.001	0.120
School Prestige Tier 3	0.267	0.090	2.97	0.004	0.207	0.117	0.048	2.41	0.016	0.088
School Prestige Tier 4	0.029	0.081	0.36	0.721	0.024	0.038	0.047	0.79	0.427	0.031
School Prestige Tier 5	0.164	0.088	1.86	0.065	0.113	-0.052	0.047	-1.09	0.275	-0.042
School Prestige Tier 6	0.138	0.102	1.36	0.177	0.084	-0.021	0.050	-0.42	0.675	-0.013
School Prestige Tier 7	*	*	*	*	*	-0.064	0.048	-1.33	0.183	-0.046
Asian	N/A	N/A	N/A	N/A	N/A	0.035	0.027	1.31	0.189	0.020
Hispanic	N/A	N/A	N/A	N/A	N/A	0.005	0.027	0.19	0.851	0.003
Other	N/A	N/A	N/A	N/A	N/A	0.006	0.036	0.16	0.872	0.002
Male	0.065	0.053	1.22	0.224	0.066	0.047	0.015	3.13	0.002	0.049
Has Children	-0.099	0.078	-1.27	0.207	-0.084	0.031	0.020	1.57	0.117	0.028
Bar Year of Admission	-0.007	0.098	-0.07	0.941	-0.004	0.007	0.021	0.32	0.747	0.005
Moot Court Participation	-0.087	0.040	-2.15	0.033	-0.116	0.001	0.011	0.12	0.906	0.002
School Govt. Participant/Leader	0.046	0.036	1.26	0.210	0.066	0.019	0.013	1.53	0.125	0.023
Earnings Important as a Goal	0.102	0.030	3.42	0.001	0.191	0.047	0.009	4.95	<.0001	0.076
Working Full-time	-0.284	0.325	-0.87	0.384	-0.047	0.367	0.057	6.49	<.0001	0.100
Has Other Job	-0.066	0.149	-0.44	0.660	-0.024	-0.006	0.043	-0.14	0.891	-0.002
Associate or Staff Attorney	-0.031	0.070	-0.44	0.657	-0.032	-0.172	0.022	-7.85	<.0001	-0.180
General Clerkship	0.396	0.334	1.19	0.238	0.065	-0.041	0.072	-0.57	0.568	-0.009
Hours Billed	0.120	0.086	1.4	0.164	0.116	0.149	0.022	6.66	<.0001	0.152
Hours Worked	-0.001	0.002	-0.78	0.436	-0.042	0.002	0.001	3.79	0.000	0.058
Eng/Phys Sci/Math Undergraduate Major	0.154	0.092	1.68	0.095	0.091	0.213	0.028	7.63	<.0001	0.116
Has MBA	0.109	0.166	0.66	0.512	0.035	0.015	0.056	0.28	0.781	0.004
Roman Catholic	-0.163	0.099	-1.64	0.103	-0.095	0.021	0.021	1.03	0.303	0.017
Jewish						0.067	0.037	1.78	0.075	0.028
Married Currently	0.046	0.064	0.72	0.471	0.045	0.021	0.016	1.3	0.195	0.022
Law in Family	-0.050	0.044	-1.13	0.259	-0.058	0.021	0.010	2.05	0.040	0.031
Age	-0.087	0.035	-2.46	0.015	-0.147	-0.025	0.011	-2.31	0.021	-0.038
Model Statistics	Adj. R ² = 0.636; N=157					Adj. R ² = 0.594; N=1,857				

Source: *After the JD, supra* note 237 (national sample and racial oversample, unweighted). For definitions of key variables, see text. Median income of respondents is \$80,000.

*Used as part of the comparison group.

N/A Not applicable for the Black sample.

Table 4: Regression of Earnings of Attorneys Completing Second Year of Practice from the AJD Sample Using Standardized GPAs

Independent Variables	Blacks					All Others				
	Parameter Estimate	Standard Error	t Value	p-value	Standardized Estimate	Parameter Estimate	Standard Error	t Value	p-value	Standardized Estimate
Tier of Metro Market	0.107	0.025	4.29	<.0001	0.295	0.123	0.006	20.63	<.0001	0.365
Private Sector	0.330	0.076	4.35	<.0001	0.309	0.384	0.022	17.39	<.0001	0.301
Standardized Law School GPA	0.149	0.032	4.71	<.0001	0.290	0.122	0.008	15.1	<.0001	0.244
School Prestige Tier 1	0.488	0.129	3.79	0.000	0.343	0.429	0.075	5.73	<.0001	0.272
School Prestige Tier 2	0.309	0.122	2.54	0.013	0.212	0.297	0.073	4.05	<.0001	0.222
School Prestige Tier 3	0.261	0.112	2.34	0.021	0.216	0.228	0.072	3.15	0.002	0.172
School Prestige Tier 4	0.083	0.108	0.77	0.441	0.067	0.117	0.072	1.63	0.103	0.096
School Prestige Tier 5	0.164	0.109	1.5	0.136	0.118	0.036	0.072	0.5	0.617	0.029
School Prestige Tier 6	0.096	0.122	0.79	0.433	0.062	0.046	0.074	0.62	0.537	0.025
School Prestige Tier 7	*	*	*	*	*	-0.018	0.072	-0.24	0.809	-0.012
Asian	N/A	N/A	N/A	N/A	N/A	0.042	0.028	1.52	0.128	0.025
Hispanic	N/A	N/A	N/A	N/A	N/A	0.007	0.028	0.24	0.813	0.004
Other	N/A	N/A	N/A	N/A	N/A	0.041	0.038	1.07	0.285	0.017
Male	0.049	0.060	0.81	0.419	0.050	0.038	0.016	2.44	0.015	0.040
Has Children	-0.142	0.087	-1.64	0.105	-0.121	0.033	0.021	1.6	0.109	0.030
Bar Year of Admission	-0.041	0.105	-0.39	0.699	-0.024	0.007	0.023	0.29	0.776	0.004
Moot Court Participation	-0.092	0.045	-2.02	0.046	-0.124	0.002	0.012	0.18	0.855	0.003
School Govt. Participant/Leader	0.074	0.043	1.72	0.088	0.103	0.024	0.014	1.71	0.087	0.027
Earnings Important as a Goal	0.112	0.033	3.37	0.001	0.211	0.048	0.010	4.87	<.0001	0.078
Working Full-time	-0.319	0.337	-0.95	0.347	-0.057	0.413	0.058	7.11	<.0001	0.115
Has Other Job	-0.015	0.168	-0.09	0.927	-0.005	-0.016	0.046	-0.36	0.721	-0.006
Associate or Staff Attorney	-0.096	0.082	-1.17	0.243	-0.099	-0.161	0.023	-6.96	<.0001	-0.167
General Clerkship	0.427	0.348	1.23	0.222	0.076	-0.021	0.072	-0.29	0.775	-0.005
Hours Billed	0.107	0.096	1.11	0.268	0.105	0.146	0.024	6.19	<.0001	0.149
Hours Worked	-0.002	0.002	-0.85	0.397	-0.052	0.002	0.001	3.47	0.001	0.056
Eng/Phys Sci/Math Undergraduate Major	0.164	0.099	1.66	0.100	0.100	0.211	0.029	7.16	<.0001	0.114
Has MBA	0.206	0.173	1.19	0.235	0.072	0.016	0.062	0.26	0.795	0.004
Roman Catholic	-0.200	0.112	-1.78	0.078	-0.118	0.032	0.022	1.47	0.143	0.025
Jewish						0.068	0.038	1.78	0.075	0.029
Married Currently	0.101	0.071	1.42	0.159	0.099	0.017	0.017	1	0.318	0.017
Law in Family	-0.050	0.048	-1.04	0.300	-0.059	0.009	0.011	0.86	0.392	0.014
Age	-0.074	0.039	-1.9	0.060	-0.126	-0.028	0.011	-2.44	0.015	-0.042
Model Statistics	Adj. R ² = 0.617; N=135					Adj. R ² = 0.617; N=1,607				

Source: *After the JD*, *supra* note 237 (national sample and racial oversample, unweighted). For definitions of key variables, see text. Median income of respondents is \$80,000.

*Used as part of the comparison group.

N/A Not applicable for the Black sample.