

Ep #138: The Lawyer Shortage: New Data and What Law Firms Need to Know



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John E. Grant

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Something that makes me really fun at parties is that I tend to tell just about anyone who will listen that we have a severe lawyer shortage in the United States. Usually, that elicits one of several lawyer jokes or a Shakespeare quote, a quote that is totally misunderstood, by the way, but I won't go there today.

But at least here in Oregon, we have a well-documented and widely reported public defender shortage. And I can often bring people around to my point of view by pointing to that shortage and suggesting that it is only the most visible manifestation of the overall lawyer shortage that I talk about across just about every area of law.

Today, I'm going to revisit one of my older episodes where I first explained the roots of that lawyer shortage. And I'll look at what's changed since I did that episode, including a little bit of good news. Then I'm going to give you my thoughts about what it means for you and your law practice.

You're listening to *The Agile Attorney Podcast*, powered by GreenLine. I'm John Grant, and it is my mission to help legal professionals of all kinds build practices that are profitable, sustainable, and scalable for themselves and the communities they serve. Ready to become a more Agile Attorney? Let's go.

Hey everyone, welcome back. So I'm going to pick up this episode where I left off at the end of the last one with these friends of mine who came to me looking for referrals for a pretty simple legal question. I gave them five referrals to people that I know and said, "Hey, you can name-drop me." And maybe this is an indication that my name doesn't go very far. I don't think that's what's happening.

But the upshot is that they weren't able to get help from any of those lawyers because those lawyers didn't have capacity to take on new work, even new work from someone that they knew or that was a referral from someone that they knew. And like I said last time, right, as an ops guy, as a

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consultant for law practices, I applaud that. Knowing your capacity, not taking on more work if you're full, that is smart practice. But for these friends of mine, it was super frustrating.

Now, the coda is they did eventually find another acquaintance through a connection who was a lawyer who was able to help answer their questions. So they're good, but it still sent me down this rabbit hole where I wanted to go back to one of my earlier episodes, number 23, where I talked about the roots of the lawyer shortage, and I wanted to see where we are a couple of years later. Are there any signs of that shortage breaking?

And whether you're like me and you know people who are looking for legal help and you can't find it, or you're like a lot of my law firm clients and you're trying to hire legal talent, associates, in their first several years of practice, they're really hard to find right now. So I think you're going to find that what I've learned from this revisit interesting and at least moderately helpful. Although I'll tell you up front that just creating more new lawyers probably isn't going to be enough.

So since it's been a while since I did that last episode, let me give you a quick recap. So we started with some of the incredible work of Professor Bill Henderson at Indiana Law School. And many years ago, he wrote a post called "The Decline of the People Law Sector." And the key finding for me, at least, is that in 1972, over half of the money that was made in the U.S. legal industry came from lawyers who were serving what Bill calls the "people law sector." The needs of individuals, criminal defense, immigration, family law, estate planning, you know the drill.

Then, when he looked at that revenue share in 2007, the people law sector had dropped to just 29% of the legal industry's economic output. So this massive drop, right? 50%, just over 50% in 1972, down to just under 30% in 2007. And then when he went back and looked at it again for the

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economic census that was published in 2012, it had fallen all the way to just 24%.

And again, this is economic output. This is not necessarily, right, the number of lawyers or anything else. But what that tells us is that the legal industry today is largely powered by business law. We went from about 50/50 in the 1970s to about 70% of the economic output of the legal sector coming from business and corporate clients. And there's a sliver that goes to government and non-profits, but the big shift has been from people law to corporate law.

Now, one thing that I've learned since I recorded that last episode, there's newer data from the U.S. Census Bureau's economic census, and it tells us that in 2022, the people law sector accounted for 25% of the economic output of the legal market. So up ever so slightly from that 2012 bottom, but not anything I would necessarily call a recovery. It's probably just a little bit of noise in the data, like within the margin of error.

So number one, what this tells me is that the shift from people law to business law in terms of the economic importance has clearly happened. And number two, that shift is persisting, right? It's been stable for at least 10 years now. Actually, closer to 15.

Now, the other thing I talked about in that episode is that after the 2008 financial crisis, law schools started enrolling dramatically fewer students in their 1L law school classes. So enrollment of first-year law students peaked in 2010 at a little under 52,500, according to the ABA. By 2015, it had fallen to just over 37,000. That's a 30% decline in just five years.

And then between 2014 and 2024, law school class sizes hovered at roughly 25 to 30% below that 2010 peak. That's a decade-long, really, almost 15-year suppression in the number of new lawyers coming into the system, with one little asterisk, which was there was a bump in 2021, probably due to the pandemic, but that bump did not persist.

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And of course, the unfortunate thing is that sort of lack of new lawyers coming into the system, right, to support the needs of everyday people or of businesses, right, the entire legal economy happens to coincide with sort of this gray wave of the baby boomer generation beginning to exit the legal profession. So we've had sort of this perfect storm of accelerating exits from the profession with a drought in terms of the new lawyers coming in to replace them. The replacement rate has been really poor.

And there's actually another data set that reflects this, right? So the ABA also does this national lawyer population survey, and during that same time period, 2014 to 2024, 39 of 50 states saw the number of lawyers per capita fall over that 10-year period. And half of them, 24 out of 50, actually have fewer lawyers in absolute terms in 2024 than they did in 2014. So the number of lawyers in those states has peaked, at least for now. And again, even without the peak lawyer, the lawyers as a percentage of population hasn't really kept up. And there are very few states; I think Texas and New York are maybe the only two that have kind of kept up with population growth and lawyer growth. Almost every place else is really struggling in terms of lawyers per capita.

I'm not 100% sure that I've got the right two states, so I will put the correct answer in the show notes.

But regardless of how you look at it, which data set you use, it brings me back to the conclusion that I made in that episode, which is we very clearly have a lawyer shortage. And a lot of everyday people look at me sideways when I say this, but most of them eventually- obviously, I've got the data to support it- but I think people also feel it in their lives, right? They know that getting legal help is number one, not very easy at all, and number two, when you do find it, it's reflective of the seller's market that we live in, right? The legal rates are up there. People really feel the pinch.

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All that said, there is some initial indication that the pipeline of new lawyers is starting to rebound. And I'll give you the data. The fall 2025 first-year class size across all law schools in the U.S. was about 42,800 students, which was up 8% from 2024, although it still is about 18% below that 2010 peak.

Early indications, I know I've got data from only one so far of the Oregon law schools, but their class size is up another, I think, 8 to 10% over 2025. So they've already announced their 2026 1L numbers, and they are continuing to add more law students and bring more law students into their program. So good for them in terms of tuition fees, but also good for the profession. We need more lawyers.

So there's this indication that we're starting to get more people. Another data point is that total JD enrollment in 2025 was a little over 120,000, and that's up 4% from 2024. So again, a modest increase, but at least it's going in the right direction, right? We seem to have come up off of that post-Great Recession floor.

And actually coming back to 2026, there is another data set there too. The Law School Admission Council, LSAC, has reported that the total number of applicants to law school in 2026 was up 8% over 2025 and was up over 25% versus 2024. So that doesn't mean that all of those applicants are going to get admitted, but what it does tell us is that demand for law school and for legal careers seems to be getting stronger.

There is one policy change that threatens to maybe dampen that number going forward, which is in July of 2024, the federal GRAD PLUS loan program ended for new borrowers. So it remains to be seen whether that has a suppressing effect on people seeking graduate and professional education, especially lower-income people who are more dependent on loans for post-secondary education. But at least for now, at least in the 2026 application numbers, the impact of that change seems to be muted.

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Maybe that's people applying for law school without really thinking about the economics of paying for the whole dang thing, but we'll see how that plays out as we get more data over the years.

And of course, the one other thing is that 1Ls in 2026 and 2027 aren't going to enter the legal marketplace anytime soon. So we're going to have to wait a while for this increase in enrollment, which hopefully produces an increase in graduates and also an increase in bar passers.

So we've got these signs that the pipeline's rebounding, but I'm not going to get fired up about the impact on the profession for several years.

So is the lawyer shortage getting worse? Well, maybe not. It might actually be starting to get a little better. On the supply side, we seem to be in a position where more people want to be lawyers again, law schools are accepting more people, but also know that there's going to be a lot of those people are going to get hoovered up into Big Law. They're going to maybe go straight in-house. That's a more viable career path than it used to be. So I think that the impact that law firm owners feel, and also that the general population feels, is going to be pretty modest for a while.

Which leads me to my takeaway around all this, which is if you're trying to grow your law firm, it's going to be hard for you to do it through hiring alone, right? You're going to keep facing challenges for the foreseeable future. And for me at least, that means even more of a need to invest in other ways of improving the capacity and the throughput of your firm.

As I often say that I think means working on people, process, and tools roughly in that order. On the people side, it means you need to make sure that you are training and empowering your existing team to get better at the work that they do. And it also means that you need to make sure you're engaging them in a positive way, frankly, so that you don't lose them because for a while, replacing people you've lost is going to continue to be a pretty expensive proposition, especially attorneys.

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On the process and operation side, and obviously, I'm an ops guy, but it means getting your processes right, making sure that work is flowing, that you don't have so much work in process that your delivery slows down under the Kingman's equation that I talked about a couple of episodes ago. And then obviously, making sure that you're not doing a lot of busy work or rework that isn't truly productive along your particular value stream. We want to make sure the work we're doing is actually adding to the value that we're delivering to our clients and then are able to return back to the firm in terms of economic benefit.

And then, of course, it means making sure that you have the right technology tools in place to support the people and processes that you've built inside of your firm. That doesn't always mean new technology, right? A lot of improvement can come from making better use of the tools that you already have.

I'm going to go ahead and give a quick plug for GreenLine, which is new technology, and it does sort of sit on top of your existing tech stack. But the users that we have and the early returns are helping us see that it really does add a layer of sensemaking, of flow, of visibility that is dramatically helping these firms improve the throughput and the communication and the speed and the flow of the work inside of their practice.

All right, that is it for this week. As always, be sure to subscribe or follow this podcast in whatever app you use. It really does help me out if you go and leave me a rating and a review in those apps, especially Apple Podcasts or Spotify or YouTube, because it really helps other people discover the show and get these hopefully interesting data deep dives every so often.

And then, of course, if you have specific questions about what this means for your law practice or how you can begin a journey of some of this

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people, process, and tools optimization, please don't hesitate to reach out to me. You can reach me at john.grant@greenline.legal.

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