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How Valuable Is a Tax LLM? It Depends

by **David van den Berg**

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James H. Lokey Jr., a partner with King & Spalding in Atlanta in charge of the firm's tax practice group, said the tax LLM degree is helpful for three types of people: the unemployed who don't know what to do, lawyers going to small firms without as many people to talk to, and people who prefer having an overview of a subject before jumping into it. People who don't fit into one of those groups may be wasting money if they pursue an LLM degree, he said.

"In addition to the out-of-pocket cost, there's a huge opportunity cost if you would otherwise have a job," Lokey said. "I would prefer to have somebody who's had four or five tax courses in law school, who is very smart and ready to get to work, than somebody who's got more mediocre credentials with an LLM."

Samuel Weiner, partner and head of the transactional tax group at Latham & Watkins LLP in Los Angeles, views the tax LLM degree more favorably. "We don't require our young attorneys who want to join the tax department to have an LLM, but we're happy to see it when we do," he said. "To me, as part of our hiring team, it indicates that the attorney is going to have a lot more than just your basic knowledge of tax in general."

Tax LLM degrees are important for a job candidate's prospects, said Mark A. Vogel, an associate professor and head of the University of Denver Sturm College of Law Graduate Tax Program. "When more attorneys are in the job pool and are competing for fewer jobs, the tax LLM becomes even more important as a distinguishing factor for more junior attorneys as they search for jobs," Vogel said.

### **High Costs for an Unstable Job Market**

About 30 law schools nationwide offer tax LLM programs that provide intensive training in tax law. Annual tuition for the top programs -- a group that includes New York University School of Law, Georgetown University Law Center, the University of Florida Levin College of Law, and Northwestern University School of Law -- ranges from more than \$18,000 for in-state residents at Florida to more than \$40,000 at NYU and Georgetown.

In the wake of the financial crisis and recession, Latham & Watkins is seeing more job candidates with a tax LLM degree, Weiner said.

But the job market for those candidates remains unstable, and the debt needed to get the degree cannot be discharged in bankruptcy, making an LLM a risky investment for some.

The tax LLM job market is "getting better, but it's still not anywhere close to where it was four or five years ago," said Albert G. Lauber, head of Georgetown's graduate tax program and a nominee to the U.S. Tax Court. "I would say tax is holding up as well as anything in part because tax LLM students have two possible sets of employers." (For prior coverage, see [Doc 2011-11283](#) or [2011 TNT 102-6](#).)

Graduate tax students may find jobs with accounting firms as well as at law firms, while most law school graduates

will appeal only to law firms. Tax LLM degree holders can also apply for government and in-house positions, Lauber said.

But not all parts of the tax lawyer labor market are faring well. The mergers and acquisitions field "is not particularly strong," Lauber said. "Securitization is not terribly strong. International tax is quite strong, and tax controversy is quite strong."

NYU Law students also had to adapt to market conditions, said John Stephens, director of the graduate tax program there. In 2008 and 2009, students were more likely to find work in government, small law firms, or accounting firms that specialize in corporate, international, and state and local tax planning, he said. The picture has changed since May 2009, as some larger law firms have resumed hiring, while government, small firms, and accounting firms have continued to hire, Stephens told Tax Analysts.

"We've advised students to diversify their course load, for example, by not taking exclusively corporate or mergers and acquisitions tax classes," Stephens said. "We advise students to be flexible on geography and not exclusively focus on one city or a small number of firms."

Students also need to temper expectations about the salary they'll receive upon graduation, said Jennifer M. Kowal, director of the tax LLM program at Loyola Law School Los Angeles. When it comes to starting salaries, "people always want to believe that they'll be at the top of the class," Kowal said. That, combined with the difficulty of obtaining information about what realistic salary expectations are for other types of legal employers, can lead to people having the wrong expectations about how much they'll earn, she said.

### **Prestige Matters**

Where those students seek their degree is important, both Lokey and Weiner said. When asked how he would evaluate job candidates with LLM degrees from schools other than NYU, Georgetown, or Florida, Lokey said, "To tell you the truth, I never see tax LLMs from other schools." Weiner said Latham & Watkins sees some candidates with LLM degrees from Loyola, but that those are generally Los Angeles natives who are committed to working there. He said that other than Loyola, his firm's LLM holders come from NYU, Georgetown, or Florida.

"Those, I would say, would travel more nationally," he said about degrees from those three institutions.

Samuel Donaldson, associate dean and professor of law at the University of Washington School of Law, said that if he were advising a student on where to go and if the student wanted to be an academic, he should attend one of the top three ranked schools, because academic hiring committees prefer the elite programs. He would also tell students who want to work in the New York or Washington areas to consider either NYU or Georgetown.

For some students, there is a "price-value perception," Donaldson said. "Anybody who wants to work in the Pacific Northwest is going to get the very same education here that they're going to get at any of those programs. The only thing is that if you're going to go to one of the designer label schools -- and here the attention is primarily on NYU and Georgetown -- you're paying for that designer label."

For some students, the designer label is important. Prospective students who want prestige are likely to focus on rankings, said Brandon Smith, who practices wills, trusts, and estates law at Williams Coulson in his hometown of Pittsburgh and received his tax LLM at Northwestern. At some top law firms, students won't get a look if they don't have a specific diploma hanging on their wall. But Smith said that applying to several schools showed him that they "seem very similar" functionally.

The connection between the tax LLM program's prestige and job prospects may matter for another reason. Caroline Justice, who now works as an assistant district attorney in the Bronx County district attorney's office in New York, earned a tax LLM at Georgetown after receiving a law degree from Pace University and her undergraduate degree at the University of Florida.

"I went to a third-tier law school for my JD, and as far as trying to balance out, having a Georgetown LLM I think balances out a third-tier more so than, say, Boston University does," Justice said. "So for me, when I got my LLM, I wanted to make sure that I got it from a school that was not going to have geographic limitations."

### **Who Gets a Tax LLM, and How**

Lokey and Weiner said their firms have not paid for employees to get a tax LLM, regardless of the program's prestige. Weiner said the view at Latham & Watkins is that once someone is hired, their primary education will come through on-the-job experience. "The experienced practitioner will I think have already passed by a lot of what you would learn in an LLM program," he said.

However, employed tax lawyers now have the option -- if they choose -- of earning a tax LLM online. The University of Alabama School of Law and the University of Denver offer full degree programs over the Internet, and NYU offers an "executive" tax LLM online.

"The graduate tax program at the University of Denver has always catered to nontraditional students, with about half of the program's on-campus students working full time while pursuing their tax degrees on a part-time basis in the evening," said Vogel. "The graduate tax program continually hears from working attorneys and accountants located outside the Denver area who want to pursue the degree to gain a stronger background in taxation, but who are unable to relocate to Denver for work or family reasons."

When asked about NYU's decision to offer the executive LLM online, Stephens said, "The need for a top-notch online program existed in the bar, and we had seen distance learning work in our nationwide training program for the IRS chief counsel's office."

Don't count on Georgetown offering its entire degree program online anytime soon, Lauber said. The university may offer niche programs on the Internet, like a certificate in a specific topic area such as state and local taxation, to complement the LLM, he said. People all over America, often in smaller markets, work in those specialized areas, so there is "social value" in offering those programs online, Lauber said.

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