

# INTERNSHIPS: Compensation

The Career & Internship Center **strongly encourages employers to pay their interns**, regardless of whether interns are earning academic credit for the demonstrated learning associated with their internships.

## RATIONALE

1. The United States Department of Labor (DOL) has set forth a **legal framework** compelling for-profit employers to provide minimum wage and overtime provisions to interns except in very rare cases.
2. **Equitable access** to internships and their myriad benefits requires that paid internships be available for students who cannot afford to engage in uncompensated internships.
3. Wages provide compensation for the effort put forth in an internship itself, whereas academic **credit provides compensation for the completion of assignments demonstrating the learning** that takes place in an internship. Furthermore, students pay tuition for internship credits.

## LEGAL FRAMEWORK

In 2010, the United States Department of Labor's Wage and Hour Division published *Fact Sheet #71: Internship Programs Under the Fair Labor Standards Act*. Fact Sheet #71 states that:

**"Internships in the "for-profit" private sector** will most often be viewed as employment, unless the test described here relating to trainees is met. Interns in the "for-profit" private sector who qualify as employees rather than trainees typically **must be paid at least the minimum wage** and overtime compensation for hours worked over forty in a workweek."

The test for unpaid interns involves comparing an experience to the six criteria articulated by the DOL. **Unless all six criteria are met, interns in for-profit environments are considered employees and should be paid.**

The Fact Sheet states that **"Exclusion from the definition of employment is necessarily quite narrow** because the FLSA's definition of 'employ' is very broad." The fourth criteria seems especially difficult to meet, as most employers hire interns to complete projects or perform job functions important to the organization.

Legal Disclaimer - The information presented here should not be considered legal advice. Employers are encouraged to check with their in-house legal team regarding these matters.

### DOL Criteria for Unpaid Interns

1. The internship, even though it includes actual operation of the facilities of the employer, is similar to training which would be given in an educational environment
2. The internship experience is for the benefit of the intern
3. The intern does not displace regular employees, but works under close supervision of existing staff
4. **The employer that provides the training derives no immediate advantage from the activities of the intern;** and on occasion its operations may actually be impeded
5. The intern is not necessarily entitled to a job at the conclusion of the internship
6. The employer and the intern understand that the intern is not entitled to wages for the time spent in the internship

## EQUITABLE ACCESS

Diversity is one of UW's six core values. The Office of Minority Affairs & Diversity works tirelessly to attract students from underrepresented minority, low income, and first generation backgrounds. As a result, **25% of UW Seattle undergrads (around 7,500) are Pell grant eligible**; in most cases, this means their **families make less than \$40,000** a year. Students from less financially advantaged backgrounds often need to work in paid positions to cover their basic expenses and, subsequently, are often not able to accept unpaid internships. When employers commit to paying their interns, they help ensure that students of all economic backgrounds have **equitable access to these pivotal professional development opportunities**.

## ACADEMIC CREDIT

The University of Washington does not award academic credit for participating in an internship. **Credit is awarded for demonstrating the learning that takes place in an internship, typically through structured assignments** such as learning logs, reflective papers, presentations, or portfolios that are completed under the guidance of a UW faculty or staff sponsor and an internship site supervisor. Wages can be seen as compensation for work completed at an internship site and credit can be seen as compensation for the completion of academic assignments tied to an internship course; therefore, **receiving both credit and wages should not be seen as "double-dipping."**

**Students must pay tuition** to earn academic credit for the demonstrated learning that takes place in an internship. The table to the right shows the costs that most students incur to enroll in internship courses.

Because students incur significant costs to earn internship-related credit, **credit should not be seen as a substitute for monetary compensation**.

### TUITION:

	3 credits	5 credits
In-State Students	\$1,157	\$1,931
Other Students	\$3,391	\$5,651

## SUMMARY

Paid internships are a **win-win**.

Providing monetary compensation for internships can help **employers** stay in compliance with federal guidelines, attract a more diverse candidate pool, and experience increased investment on the part of interns and their supervisors.

Paid internships help ensure that all **students** regardless of financial status can access the personal, academic, and professional learning associated with these pivotal experiences, and can help students cover some of the many costs associated with attending college.

### QUESTIONS:

For questions about compensation, contact:

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