

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 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 is earned for the completion of assignments demonstrating the learning** that takes place in an internship. Furthermore, students pay tuition for the credits in internship courses.

LEGAL FRAMEWORK

In January 2018, the U.S. Department of Labor's Wage and Hour Division published a revision to their 2010 *Fact Sheet #71: Internship Programs Under the Fair Labor Standards Act (FLSA)*. It states that:

"The FLSA requires **"for-profit"** employers to pay employees for their work. Courts have used the **"primary beneficiary test"** to determine whether an intern/student is, in fact, an employee under the FLSA.

Courts have described the "primary beneficiary test" as a flexible test, and **no single factor is determinative**.

If analysis of these circumstances reveals that an intern or student is actually an employee, then he or she is entitled to both **minimum wage and overtime pay** under the FLSA."

Generally, the presumption is that interns are employees so the burden is on the employer to prove otherwise if they want to offer an unpaid internship.

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 Test for Unpaid Interns & Students ("The extent to which the...")

1. Intern and employer **clearly understand that there is no expectation of compensation**. Any promise of compensation, express or implied, suggests that the intern is an employee—and vice versa.
2. Internship provides **training that would be similar to that which would be given in an educational environment**, including the clinical and other hands-on training provided by educational institutions.
3. Internship is tied to the intern's formal education program by **integrated coursework or the receipt of academic credit**.
4. Internship accommodates the intern's academic commitments by **corresponding to the academic calendar**.
5. Internship's **duration is limited** to the period in which the internship provides the intern with **beneficial learning**.
6. Intern's work **complements, rather than displaces, the work of paid employees** while providing **significant educational benefits** to the intern.
7. Intern and employer **understand that the internship is conducted without entitlement to a paid job at the conclusion** of 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, **21% of UW Seattle undergrads (around 6,400) 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 simply 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 are earned for work completed at an internship site and credit is earned 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 & FEES:

	3 credits	5 credits
In-State Students	\$1,275	\$2,061
Nonresidents	\$4,055	\$6,697

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:

Dan Herb
Internship Success Manager

Career & Internship Center
University of Washington

dherb@uw.edu
(206) 543-9106