

Unpaid Summer Internships Are A Bad Deal - For Employers

Working Together

05.23.2014

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With summer fast approaching, it seems a good time to brush up on the topic of summer internships. Plenty of high school and college students – even recent college graduates – would be grateful for the opportunity to learn some skills, enhance their resumes, and perhaps make some useful connections; plenty of employers could use some extra help, particularly if it’s free. Everybody benefits, so what could be wrong?

What could be wrong is that most unpaid internships in the private sector violate federal and state minimum wage laws. In general, an employer who “suffers or permits” a person to work must pay the person for his or her labor, and must pay at least the minimum hourly wage, which in Connecticut is currently \$8.70. An employer who violates the law is subject to fines, penalties, and damages, including, potentially, punitive damages and attorney fees.

The U.S. Department of Labor has clarified the limited circumstances in which a private sector intern need not be paid. All of the following criteria must be satisfied:

- the internship is similar to training which would be given in an educational environment;
- the experience is for the intern’s benefit;
- the intern doesn’t displace regular employees, but works under close supervision;
- the employer derives no immediate advantage from the intern’s activities, and on occasion its operations may actually be impeded;
- the intern isn’t entitled to a job at the end of the internship;
- the employer and the intern understand that the intern isn’t entitled to wages for the time spent in the internship.

These criteria are not easy to meet, as a number of prominent companies have recently learned to their dismay. NBC Universal, Conde Nast, Hearst Corporation, Fox Searchlight, and others have all faced class action litigation brought by former interns. Some cases have settled, while others remain pending.

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Nonprofits and government agencies can have volunteer interns, but private, for-profit businesses generally can't. If you can't demonstrate that you satisfy the Department of Labor's six criteria, you had better pay at least the minimum wage.

The DoL fact sheet on "Internship Programs Under the Fair Labor Standards Act" can be downloaded here: <http://www.dol.gov/whd/regs/compliance/whdfs71.htm>.

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