SHOULD EMPLOYERS PAY STUDENT INTERNS?

In considering whether or not to pay student interns, it is important to consider the legal aspects, as well as, the non-legal aspects. While unpaid internships may attract students desperately seeking on-the-job experience, paid internships are much more likely to attract a wider pool of enthusiastic, willing and motivated applicants.

Although the idea of enslaving student interns for free labor may be tempting, from the legal standpoint, employers should be aware of certain provisions set forth under the Fair Labor Standards Act. In accordance with the FLSA the U.S. Department of Labor has established six criteria for which an intern may be classified as an unpaid “trainee”. The criteria for a trainee include:

1. The training, even though it includes actual operation of the facilities of the employer, is similar to that which would be given in a vocational school.
2. The training is for the benefit of the trainee.
3. The trainees do not displace regular employees, but work under close observation.
4. The employer that provides the training derives no immediate advantage from the activities of the trainees and on occasion the employer’s operations may actually be impeded.
5. The trainees are not necessarily entitled to a job at the completion of the training period.
6. The employer and the trainee understand that the trainees are not entitled to wages for the time spent in training.

Under the Fair Labor Standards Act, employers are required to pay student workers at least minimum wage unless they meet all six criteria. The criterion that raises the most concern among employers considering unpaid internships is the fourth criterion. This condition states that if a company derives a direct benefit from a student’s work, then the company must compensate the student for their work. This becomes particularly relevant when companies hire business students for internships. For instance, when a company hires a junior or senior from the College of Business and Economics at West Virginia University, they are hiring an individual that already has the necessary skill sets to perform in a professional business environment, therefore making these students more than capable of contributing to the company’s operations.

Furthermore, within the past four years, 84% of all student interns from the College of Business and Economics at WVU received an overall rating of above average when evaluated by their employers. With this high level of achievement among our business and economics students, companies that choose to hire paid interns from the College of B&E truly create a win-win situation for both themselves and our students.