Summer Internship Must Not Just Be 'Free Help' in Office

By Holly Culhane, Contributing Columnist

While I was standing in the lobby of a local business, a young woman entered and approached the receptionist. She explained she was seeking a summer internship and was willing to do "anything" without the expectation of pay.

The receptionist instructed her to submit a letter of interest and her resume. From the response, it was obvious that the receptionist had received many internship requests.

Springtime is "peak time" for arranging summer jobs and internships. And with the market tight, college students need the extra edge of having "experience" when they compete for a job after graduation.

Still struggling in a soft economy, businesses may be tempted to add "unpaid interns" to save payroll costs.

But unpaid internships can present numerous legal hazards for businesses. That's not to say that businesses should "just say no" to unpaid internships. Federal and state laws do allow them in very limited situations.

While non-profit and government agencies have more leeway, they too must take great care in using unpaid interns.

As a rule, "for profit" businesses pay their workers. Wages are part of the cost of making a "profit." You usually don't see unpaid "volunteers" on a manufacturing company's assembly line, or cleaning up Dodger Stadium after a game, for example.

The federal Fair Labor Standards Act allows unpaid internships generally under six conditions:

- The internship, even though it includes actual operations in the employer's facilities, is similar to training given in an educational environment.
- The internship is for the benefit of the intern.
- The intern does not displace a regular employee, but works under the close supervision of existing staff.
- 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.
- The intern is not necessarily entitled to a job at the conclusion of the internship.
- The employer and the intern understand that the student is not entitled to wages for the time spent in the internship.

California has its own requirements for a lawful unpaid intern program: The training must be an essential part of an established course of an accredited school or of an institution approved by a public

agency to provide training for licensure or to qualify for a skilled vocation or profession. The program may not be for the benefit of any one employer; a regular employee may not be displaced by the trainee; and the training must be supervised by the school or a disinterested agency.

Students desperate for work experience generally will not be the ones who complain to regulators. Violations will be discovered when a paid employee complains, or when an on-the-job accident occurs.

The safer course is for a company to pay its interns. Establish a part-time or temporary pay scale, which ensures required payroll taxes are paid. Paid internships can be a win-win: students receive work experience and money for school, and companies can still save on payroll expenses, while "test driving" potential future employees.

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