LEGAL RAMIFICATIONS OF STUDENT INTERNSHIPS

When hiring interns it is essential to keep in mind legal ramifications. Below, we have provided some sample questions to consider before hiring an intern.

When can the internships be unpaid?
The U.S. Department of Labor (U.S. DOL) specifies that an internship can legally be unpaid ONLY if:
- 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;
- The training is for the benefit of the trainees or students;
- The trainees or students do not displace regular employees, but work under close supervision;
- The employer who provides the training receives no immediate advantage from the activities of the trainees or students and, on occasion, the employer’s operations may even be impeded;
- The trainees or students are not necessarily entitled to a job at the conclusion of the training period; and
- The employer and the trainees or students understand that the trainees or students are not entitled to wages for the time spent in training.

How much, if anything, does an intern get paid?
The employer and intern will agree that the intern will receive either college credit, a small stipend in place of minimum wage, or both if applicable;
- If any of the above six criteria are not upheld, the intern must be paid the minimum wage or a higher hourly rate if qualified; the intern will then technically be considered an employee, according to the U.S. DOL.

What are the steps that need to be taken when paying an intern?
- If the intern is to receive a stipend, the amount will be paid upon completion of the internship. The stipend amount and date of pay should be stated in a written contract or agreement;
- If payments will be made at regular intervals or on a pay period, the employer should check with the internal human resources professional or payroll professional to verify payment methods.

Does the company have to provide workers’ compensation?
- Workers’ compensation is provided to replace wages and medical care programs for an employee whose injuries or illnesses are work-related.

Does the company have to provide unemployment compensation?
- Typically, interns are not eligible to receive unemployment compensation because they are hired for an end-date position.
- The Department of Labor’s Unemployment Insurance (UI) programs provide unemployment benefits to eligible workers who become unemployed through no fault of their own and meet certain other eligibility requirements.

What is the sexual harassment policy, and how do interns report an incident?
- The sexual harassment policy should follow the same guidelines as the policy provided for permanent employees. The policy and steps for reporting an incident should be shared with the intern during the orientation and explained in the company’s manual.

What is the policy for international students? What is the insurance policy?
- The insurance policy will vary depending on the insurance company. Employers should consult with their insurance companies to determine if they need to be notified when an intern is hired.