



EXECUTIVE SUMMARY • NATIONAL ASSOCIATION OF COLLEGES AND EMPLOYERS

Unpaid Internships: A Survey of the NACE Membership

EXECUTIVE SUMMARY

In Spring 2010, national media, the presidents of 13 universities, the Economic Policy Institute, and private citizens weighed in with their thoughts on paid and unpaid internships, and the U.S. Department of Labor (DOL) released an advisory statement on the subject.

As the professional association representing both employer and college interests regarding the employment of new college graduates, the National Association of Colleges and Employers surveyed its membership to gain member insights into the practice to help the association craft its position on unpaid internships.

Separate surveys, conducted online, were provided to college and employer members. The surveys were open May 17 – May 25, 2010. A total of 955 responses were received, 713 from college members (a 39.5 percent response rate) and 242 from employer/recruiters (a 27.8 percent response rate).

A summary of the surveys' results follows.

Growth of Unpaid Internships

- Overall, there is little evidence from the two surveys of significant growth in the amount of unpaid internships, at least over the past year. In fact, one of the more significant findings from the surveys is that unpaid internships are relatively rare among NACE employer members.
- Results show that college members are relatively open in allowing their students to take unpaid internships. Nearly 95 percent (94.5 percent) allow the posting of unpaid internships. (Note: Some respondents clarified this in their comments, noting that they allowed unpaid internship postings only from nonprofit and government organizations.)
- The majority of college respondents (60.3 percent) did report a slight increase in the number of postings for unpaid internships. The median change in the number of unpaid internship postings is 5.5 percent. (Note: A number of schools commented that they had only recently begun to track the number of unpaid internships. As a result, they were unable to provide any trend data.)
- In contrast, employer members are much less likely to be involved with unpaid internships. Approximately 21 percent (20.8 percent) used unpaid interns during this past academic year. The majority of those using unpaid interns (64.8 percent) reported no change in the number of unpaid internships during this past year.

Academic Credit and Unpaid Internships

- Receiving academic credit or some level of recognition from the college or university is one indicator the DOL uses to “legitimize” unpaid internships in the for-profit sector. The majority of employer respondents who use unpaid interns rely on having this academic link for their interns, but colleges who allow the posting of unpaid internships are much less likely to insist on this level of educational content for their students.
- Nearly 60 percent (57.9 percent) of employer members who use unpaid interns require the intern to obtain academic credit or a certificate from intern’s school as part of the internship.
- Only 29.9 percent of colleges that allow the posting of unpaid internships require their students to obtain academic credit or a certificate as part of the internship.
- Among the schools that do require credit, the most frequently used academic component is faculty supervision of the internship along with written assignments (84.6 percent require faculty supervision and 74.7 percent insist on written assignments). Actual classroom experience associated with the internship is much less common—27.6 percent. Just over 6 percent provide academic credit with no specific requirements that need to be fulfilled by the student/intern.
- Comments indicate considerable sentiment among college respondents that the work experience alone is an educational component and, consequently, there is considerable objection among the college respondents that there be a formal educational or academic credit associated with the internship—paid or unpaid.

DOL Criteria

- Respondents were asked the extent to which they agreed or disagreed with the individual criteria used by the DOL in determining the legitimacy of an unpaid internship at a for-profit company. For five of the six criteria, a majority of both college and employer respondents agreed with the standards applied by DOL.
- The one standard that a majority of the respondents disagreed with was “that an employer receive no immediate advantage from the internship.” Nearly two-thirds (63.4 percent) of college respondents disagreed with this standard (19.8 percent strongly disagreed), and 52.8 percent of employer respondents disagreed (11.3 percent strongly).
- Below are the percentages agreeing with individual DOL criteria:
 - Internship contains significant educational component
 - College – 67.4 percent (26.5 percent strongly)
 - Employer – 52.2 percent (13.3 percent strongly)
 - Internship is for the benefit of the student
 - College – 84.2 percent (41.1 percent strongly)
 - Employer – 70.8 percent (31.6 percent strongly)
 - Intern does not displace regular employees
 - College – 82.8 percent (48.2 percent strongly)
 - Employer – 80.2 percent (43.4 percent strongly)
 - Employer derives no immediate advantage
 - College – 19.3 percent (7.5 percent strongly)
 - Employer – 24.5 percent (9.9 percent strongly)
 - Intern not entitled to a job
 - College – 88.3 percent (42.4 percent strongly)
 - Employer – 83.8 percent (45.7 percent strongly)
 - Employer and intern understand the intern is not entitled to wages
 - College – 71.8 percent (32.3 percent strongly)
 - Employer – 65.7 percent (38.6 percent strongly)

Responsibility for Evaluating Internships

- Respondents were asked if the DOL should be more active in evaluating the benefit of an unpaid internship or if schools should take on the role of gatekeeper. Generally, both employer and college respondents favored the college or university acting as the gatekeeper.
 - 66.9 percent (34 percent strongly) of college respondents felt the schools should act as the gatekeeper rather than the federal government.
 - 54.4 percent (19.2 percent strongly) of employer respondents preferred having the schools serve in this capacity.
- There was some ambivalence among respondents as to having the DOL be more active in updating and clarifying the regulations relative to unpaid interns.
 - 46 percent of college respondents favored the DOL becoming more active compared with 30.4 percent who opposed increased activity from the DOL.
 - 44.2 percent of employer respondents favored a more active DOL compared with 16.8 percent who did not.
- Comments, particularly from college members, suggest several caveats about interpreting these particular responses. A number of college respondents questioned whether most schools have the infrastructure in place to act effectively as gatekeeper. Others questioned what it might mean DOL for be more active: The implication was that any increase in government activity in this area might have an intimidating effect on employers and might limit internship opportunities for students.

Comments – College

The most frequently expressed sentiments by college respondents can be placed into three categories.

1. All internships, even those that are unpaid, provide valuable experience to the student and should not be restricted. As one respondent noted, “Any internship is better than no internship.” This sentiment was the most frequently expressed opinion (42 expressions) among college respondents offering comments.
2. Interestingly, the second most frequently cited sentiment (34 expressions) was that *all* internships should be paid internships. Commentators in this category suggested that unpaid internships were a poor idea for several reasons:
 - a. unpaid internships were essentially vehicles for corporations to exploit student labor;

- b. unpaid internships were discriminatory in that poor students could not afford to take on these internships; and
 - c. unpaid internships were not taken as serious work experiences by either the student or the employer.
- 3. The third category of sentiments (with 32 expressions) was that the DOL should update the standards that apply to evaluating the legality of an unpaid internship. Many of these comments noted that the DOL regulations were outdated and designed more for training programs than for modern day internships. While a few respondents expressed the sentiment that the regulations should be redesigned from the ground up, most commentators focused on two of the six standards.
 - a. A number of respondents thought that the regulation that “unpaid internships provide no immediate benefit to the employer” was, in the words of one respondent, “ludicrous.” These respondents felt that this regulation needed immediate revision to recognize the reality of what makes the internship experience valuable for both the student and the employer.
 - b. The other regulation that college respondents felt needed updating—or at least significant clarification—was that the “internship contain a significant educational component.” Many respondents felt that employers relied on college credit for the internship as a tool for making the internship “legitimate” in the eyes of DOL. As a result, an undue burden is placed on the university to provide an academic connection for activities that do not have any academic value.
- Other sentiments that received multiple responses were:
 - Universities should be the primary “gatekeeper” rather than the federal government in evaluating an internship.
 - Conversely, a somewhat smaller group of respondents felt strongly that universities, particularly career services, did not have the resources to adequately police internships and that relying on schools to gauge the quality of internships would result in an uneven system.
 - As an extension of who should be responsible for “evaluating” the internship, there was a significant number of respondents that felt the responsibility lay with the student. These respondents felt that students should be capable of judging the internship on their own and that if the student and employer agreed to the terms (unpaid or not) it was not the business of either the university or the federal government to interfere.
 - Requiring paid internships discriminated against smaller communities because employers in those locations could not afford to pay their interns.
 - The “new” DOL regulations or scrutiny had a chilling effect on all internships because employers were frightened by the increased scrutiny.

- The controversy over unpaid internships was a “tempest in a teapot” as the respondent noted that he or she has not seen any increase in the amount of unpaid internships or any abuse connected with unpaid internships.

Comments – Employer

There were far fewer comments from employer respondents than from their college counterparts. Three sets of comments received more than three expressions from employer respondents. They were:

1. A reiteration that the employer did not hire or use unpaid interns. (18 responses)
2. There should not be any unpaid internships. (8 responses)
3. The DOL should scrutinize internships because employers could not be trusted—employers would take advantage of economic conditions to exploit the interns. (5 responses)

Only two other comments could be classed as having multiple responses.

- Even unpaid internships have value for the student (3 responses), and
- Let the market determine the compensation for the internship (2 responses). 

