

Intern revenue

Why are colleges sending students out to work for free?

BY PATTY LAMBERTI

In graduate school, I was an unpaid intern at *Book Magazine*, a now-defunct publication. For 10 hours a week, I observed how a magazine comes together. I also wrote an article about the Marcel Proust Support Group, whose members would read 10 pages daily and throw a yearly party in honor of the *Swann's Way* author that featured an impersonator and plates of madeleines. That article helped me land a post-graduation job at a major magazine, and eventually led me to my current position as a journalism instructor at a Midwestern university.

Because my unpaid internship paid off, I used to advise my students to take as many internships as possible, even unpaid ones. But over the last few years, like many academics, economists, students, and lawmakers, I've come to view unpaid internships as unethical – and sometimes illegal. Most simply aren't a justifiable use of tuition dollars. They also discriminate against low-income students, violate U.S. labor law, and contribute to the high unemployment rate among recent college grads.

The experience of interning as an undergraduate has become as common as the



“freshman 15.” The National Association of Colleges and Employers (NACE) reports that two-thirds of the class of 2013 interned during their pursuit of a degree. Students are consistently told that internships are the gateway to gainful employment. “There’s been a huge increase in the number of internships since the late 1980s, especially among small employers and nonprofits,” says Phil Gardner, director of the Collegiate Employment Research Institute at Michigan State University.

Intern Bridge, a college recruiting and consulting firm, reports that more than 50

percent of those internships are unpaid. Some industries are particularly notorious for not compensating interns: arts, entertainment, and media (where 68 percent of internships are unpaid), nonprofits (63 percent), health care (62 percent), and government (54 percent). (For the record, *The Rotarian* magazine pays its interns.) “Most companies can afford to pay minimum wage,” says Ross Perlin, author of *Intern Nation: How to Earn Nothing and Learn Little in the Brave New Economy*. “But the unpaid internship has become an industry norm all over, even among companies that are worth millions.”

In fact, many interns must pay to work for free. In a survey of students, Intern Bridge found that 25.5 percent were required to complete an internship to graduate. Often, the internship must fulfill three credit hours, the same as an average class. According to the College Board, a higher education nonprofit, the average cost of 2012-13 tuition and fees – not including living expenses – at a four-year public university was \$8,655 for in-state students. Out-of-state students paid \$21,706, and private nonprofit universities charged \$29,056. Most schools

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require 120 credit hours for graduation. That means if a student took a three-credit unpaid internship, he or she paid an average of \$865.50 at an in-state school, \$2,170.60 at an out-of-state university, or \$2,905.60 at a private nonprofit school. "Kids are paying for internships that cost the school nothing," says Ross Eisenbrey, vice president of the Economic Policy Institute, a nonprofit think tank. "It's a scam, especially when the internship is mandatory."

Some colleges might contend that internships do cost the school, because faculty members oversee and advise student interns. The level of involvement varies, however. Some schools send staff to visit job sites; others require students or their employers to submit weekly reports. But Intern Bridge found that only 41 percent of college students receiving credit for internships are required to give their schools any documentation about their experiences.

Critics argue that unpaid internships discriminate against less-affluent students. "Low-income kids need to be paid for their work in order to pay for college, rent, food, and transportation," Eisenbrey says. "The wealthy have an entry that's denied the working class."

The displacement of paid employees by free student interns is another sore spot. A 2012 Associated Press analysis found that 53.6 percent of recent grads were unemployed or underemployed. "Unpaid internships might lead to jobs in certain fields for some lucky individuals, but in general, they're job killers, not job creators," says Perlin, who estimates that unpaid interns save companies \$600 million a year. Paid internships, on the other hand, do help career prospects. NACE found that 63.1 percent of graduating seniors who had a paid internship received at least one job offer. Only 37 percent of former unpaid interns were offered a single job.

So why must students pay universities for the privilege of working for free? It

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relates to U.S. labor law. In 2010, the Department of Labor issued a fact sheet stating that, among other criteria, unpaid internships at for-profit companies are legal only when the student receives training similar to what would be “given in an educational environment” and produces work that offers “no immediate advantage” to the business. (Government agencies and nonprofits aren’t required to pay interns.) The fact sheet said: “The more an internship program is structured around a classroom or academic experience ... the more likely the internship will be viewed as an extension of the individual’s educational experience (this often occurs where a college or university exercises oversight over the internship program and provides educational credit).”

Employers jumped on the credit clause, believing that it would shield them from litigation. In the United States, interning for free became nearly impossible unless you received school credit for doing so. The Labor Department’s statement continued to cause concern, however. Is faxing something one learns in an educational environment? Don’t businesses usually derive an “immediate advantage” from an employee’s contributions? Furthermore, a Labor Department spokesperson noted that “academic credit alone does not guarantee that an employer is in compliance” with the Fair Labor Standards Act.

Solutions won’t come easy. According to Eisenbrey, there are only 1,100 wage-and-hour investigators to police seven million employers. “The government could also educate employer associations and employment lawyers to take the law more seriously,” he says. “The law could be clarified and applied to most nonprofits. And

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Congress should create a program to fund internships in the government.”

Courts recently have stepped into the fray. In June, a New York federal judge ruled that two unpaid interns who worked on the film *Black Swan* were entitled to wages because their duties – which included fetching lunch and running errands – violated the Labor Department’s criteria. Days later, unpaid interns at Gawker Media LLC filed a lawsuit alleging that the media company disregarded minimum wage laws.

“It might take dozens of suits to reverse the trend because so many employers believe they’re entitled to free labor, and so many universities have discovered that internships are a great way to get tuition without providing anything in return,” Eisenbrey says.

Some experts recommend that universities raise money from donors to provide stipends to unpaid interns. (Northwestern University, the University of Illinois business school, and Smith College have such programs.) Others suggest that they stop listing unpaid internship opportunities on their websites. To comply with the credit requirement, they could stop charging internship students for three credit hours and instead charge them a fraction of a credit hour. And there’s no need to require internships for graduation.

Companies offering internships also must comply with the law. Intern Bridge notes: “It is hard to rationalize why some of the leading investment banks, broadcasting companies, movie production companies, and Congress have elevated the unpaid internship because of the coveted prestige for their positions.”

Perhaps the answer lies with unpaid student interns themselves. “If all of the unpaid interns in Washington went on strike for one day,” Gardner says, “this would be solved real quick.” ■

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