



# CAREER SERVICES OFFICE

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## A DEFINITION AND CRITERIA TO ASSESS OPPORTUNITIES AND DETERMINE THE IMPLICATIONS FOR COMPENSATION

*THE NATIONAL ASSOCIATION OF COLLEGES & EMPLOYERS GUIDANCE ON US INTERNSHIPS*

### DEFINITION OF “INTERNSHIP” AND CONSISTENT CRITERIA

Because the parties involved in the internship process—students, colleges and universities, and employers—have differing objectives, it is important to have a definition of “internship” upon which all parties can agree. Currently, the term “internship” is used to describe various experiences. Moreover, there are no guidelines by which employers, educators, and students can consistently define “internships.”

To establish uniformity in the use and application of the term “internship,” NACE recommends the following definition:

*An internship is a form of experiential learning that integrates knowledge and theory learned in the classroom with practical application and skills development in a professional setting. Internships give students the opportunity to gain valuable applied experience and make connections in professional fields they are considering for career paths; and give employers the opportunity to guide and evaluate talent.*

To effectively implement this definition, it is necessary to develop criteria that college career centers and employer recruiters can use to identify workplace experiences that can legitimately be identified as “internships.” The discussion of these criteria is framed by several conditions. These conditions are the legal definitions set by the Fair Labor Standards Act (FLSA); the widely varying guidelines set by individual educational institutions and academic departments within institutions; employer perspectives on and objectives for internships; and the unique experiential learning objectives of students.

Students pursue internships because they want to gain professional experience that links their academic coursework to the disciplines they want to pursue for their careers. To gain this experience, students want to engage in projects and tasks that contribute to the professional work of the organization. This means that the employer *does* benefit from the work of the intern while, at the same time, it provides a meaningful experience that allows for the application of academic knowledge.

To advance this assessment, the ethics must be considered. *At the foundation of such an assessment is the tenet that the internship is a legitimate learning experience benefitting the student and not simply an operational work experience that just happens to be conducted by a student.* The core question then is whether or not work performed by an intern will primarily benefit the employer in a way that does not also advance the education of the student.

In January 2018, the U.S. Department of Labor (DOL) issued a statement essentially replacing the six-part test it had initially issued in 2010 with its new “primary beneficiary” test to determine if an individual can be classified as an unpaid intern.

The primary beneficiary test does not include a rigid set of requirements; instead, it is a non-exhaustive list of factors to determine who is the primary beneficiary of the internship. These factors include:

- the extent to which the intern and the employer clearly understand that there is no expectation of compensation;
- the extent to which the internship provides training that would be similar to that which would be given in an educational environment, including the clinical and other hands-on training provided by an educational institution;
- the extent to which the internship is tied to the intern's formal education program by integrated coursework or the receipt of academic credit;
- the extent to which the internship accommodates the intern's academic commitments by corresponding to the academic calendar;
- the extent to which the internship's duration is limited to the period in which the internship provides the intern with beneficial learning;
- the extent to which the intern's work complements, rather than displaces, the work of paid employees while providing significant educational benefits to the intern; and
- the extent to which the intern and the employer understand that the internship is conducted without entitlement to a paid job at the conclusion of the internship.

The DOL's fact sheet on unpaid internships ([Fact Sheet #71: Internship Programs Under the Fair Labor Standards Act](#)) explains that this test allows courts to examine the “economic reality” of the intern-employer relationship to determine which party is the primary beneficiary of the relationship. The fact sheet also indicates that courts have described the primary beneficiary test as “flexible” with no single factor being determinative. Therefore, whether an intern or student is an employee under the FLSA depends on the unique circumstances of each case.

The DOL says that if examination of these circumstances reveals that an intern or student is an employee, then he or she is entitled to both minimum wage and overtime pay under the FLSA. However, if the analysis of the circumstances confirms that the intern or student is not an employee, then he or she is not entitled to either minimum wage or overtime pay under the FLSA.

## CRITERIA FOR AN EXPERIENCE TO BE DEFINED AS AN INTERNSHIP

To ensure that an experience—whether it is a traditional internship or one conducted remotely or virtually—is educational, and thus eligible to be considered a legitimate internship by the NACE definition, all the following criteria must be met:

1. The experience must be an extension of the classroom: a learning experience that provides for applying the knowledge gained in the classroom. It must not be simply to advance the operations of the employer or be the work that a regular employee would routinely perform.
2. The skills or knowledge learned must be transferable to other employment settings.
3. The experience has a defined beginning and end, and a job description with desired qualifications.
4. There are clearly defined learning objectives/goals related to the professional goals of the student's academic coursework.
5. There is supervision by a professional with expertise and educational and/or professional background in the field of the experience.
6. There is routine feedback by the experienced supervisor.
7. There are resources, equipment, and facilities provided by the host employer that support learning objectives/goals.

If these criteria are followed, it is the opinion of NACE that the experience can be considered a legitimate internship.

### POSTING UNPAID INTERNSHIPS

Career services professionals should monitor positions posted through their career centers to see that they follow the NACE definition and criteria articulated in this paper. This is particularly important for unpaid internships, as allowing an unpaid internship to be posted implies approval of the internship. Therefore, career centers should not post any unpaid internships that do not meet the seven criteria set forth above.

### ACADEMIC CREDIT

While academic credit legitimizes an unpaid experience, in order to be identified as an internship, that experience must fit the criteria. For experiences that employers make available only if academic credit is awarded, the college or university's requirements in combination with the criteria laid out in this paper should be used to determine if the experience is a legitimate internship.

### CONCLUSION

This paper examines how to assess experiences often promoted to students as “internships” with the goal of determining the implications for compensation by exploring three components:

- The experience's legitimacy as an internship must be determined. To do so, the educational value of the experience must be considered of most importance.
- Once the experience can be ethically identified as an internship, the implications for compensation can be determined. An experience that meets all the criteria may be offered unpaid.
- Only an experience that meets the criteria presented in this paper should be labeled an internship.

**It is the considered opinion of NACE that career services professionals and employment professionals can work collaboratively to ensure that an experience meets and adheres to the criteria so that it can be legitimately considered an internship. In this way, valuable experiential learning can be ethically provided for students.**

**July 2011. Revised August 2018 to reflect the replacement of the FLSA six-part test with the "primary beneficiary" test.**

*Source: National Association of Colleges and Employers*