



# Benefits of Internships

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## What we will cover

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- What is an internship?
- Benefits to the employer partner
- Benefits to the student(s)
- Examples of best practices
- Q&A

# What is an internship?

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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 workplace setting.

*– National Association of Colleges and Employers*

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Internships provide students the opportunity to gain valuable applied experience, develop social capital, explore career fields, and make connections in professional fields. In addition, internships serve as a [significant recruiting mechanism for employers](#), providing them with the opportunity to guide and evaluate potential candidates.

# What is an Internship?

- Internships can be in-person, remote, or hybrid experiences
- Should be treated as employees at the organization and should be Paid
- Must follow Federal and State employment laws

## Fair Labor Standards Act (FLSA)

- Courts have used the “**primary beneficiary test**” to determine whether an intern or student is, in fact, an employee under the FLSA.<sup>2</sup> In short, 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. Courts have identified the following seven factors as part of the test:
  - The extent to which the intern and the employer clearly understand that there is no expectation of compensation. Any promise of compensation, express or implied, suggests that the intern is an employee—and vice versa.
  - 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 educational institutions.
  - 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.
  - 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.
- <https://www.dol.gov/agencies/whd/fact-sheets/71-flsa-internships>

# What is an Internship – NY has some thoughts too?

<https://dol.ny.gov/system/files/documents/2023/09/p725-6-22-23.pdf>

The New York State Minimum Wage Act and Wage Orders contain the state's rules for pay and overtime. These rules are in addition to those required by federal law, including the Fair Labor Standards Act. This is a guideline to help decide if a for-profit business that has interns must pay them according to the state minimum wage and overtime rules. This only applies to the State Minimum Wage Act and Orders. It does not apply to Unemployment Insurance, Workers' Compensation, and/or any other law. \*Note: There is no prohibition on being paid while also receiving academic credit so long as the employer follows all applicable minimum wage and overtime laws. \* Not-for-profit organizations and institutions of any type also may have unpaid interns, if they meet all the criteria for an intern who is not in an employment relationship. **IN GENERAL, AN INTERN IS ONLY EXEMPT FROM THE REQUIREMENTS OF THE MINIMUM WAGE ACT AND ORDERS IF THE SITUATION MEETS ALL OF THESE CRITERIA:** 1. The internship program is similar to training provided in an educational institution, such as a college, university, secondary school, specialist, or trade school. 2. The training is for the benefit of the intern. The intern must be the primary beneficiary of the training. Any benefit to the employer must be merely incidental. If the academic institution gives credit for the internship, it is considered some evidence of the beneficial nature of the program. 3. The intern does not displace regular employees, and works under close supervision. Interns do not function in ways that replace or augment regular staff. If interns do job shadowing to learn certain functions under the close and constant supervision of regular employees (but perform no or minimal work), then this is likely to be considered a true educational experience. However, if interns receive the same level of supervision as the employer's regular workers, it suggests an employment relationship, rather than training. Interns are considered employees if they substitute for regular workers or add to an existing workforce during specific time periods.

## Just Pay Them!

4. The activities of trainees or students do not provide an immediate advantage to the employer. On occasion, operations may actually be impeded. The essence of a traineeship is that an employer provides a benefit to the trainees by developing their work skills or knowledge; the trainees do not benefit the employer. In a true traineeship, the employer cannot gain an immediate advantage from the intern's presence. In fact, in most circumstances, interns will require employers to dedicate resources (in the form of training, supervision, etc.) that may actually detract from the productivity of the worksite for some period. 5. The trainees or students are not necessarily entitled to a job at the conclusion of the training period and are free to take jobs elsewhere in the same field. The internship runs for a fixed period, set before the internship begins. It has no connection with any offer of employment or promise to stay with the employer. Employers should not use unpaid internships as a trial period for those seeking employment. Interns who are placed with the employer for a trial period, with the expectation that afterwards they will be hired as permanent employees, would generally be considered employees. The longer an internship lasts, the more likely it will be considered an employment relationship. 6. The trainees or students are notified, in writing, that they will not receive any wages and are not considered employees for minimum wage purposes. Such written notice must be clear and be given to the trainees or students before the internship or traineeship starts. 7. Any clinical training is performed under the supervision and direction of people who are knowledgeable and experienced in the activity. The persons who supervise or direct any clinical, hands-on work performed by the trainees must have sufficient experience and knowledge in that industry. Persons have "sufficient" experience and knowledge in the industry if they are proficient in the area and in all activities performed by the trainee. They must have adequate background, education, and experience to fulfill the educational goals and requirements of the training program. In addition, the persons must be competent to provide such training, with previous experience training employees or students. 8. The trainees or students do not receive employee benefits. Examples of such benefits include, but are not limited to: • Health and dental insurance • Pension or retirement credit • Discounted or free goods and services from the employer. 9. The training is general, and qualifies trainees or students to work in any similar business. It is not designed specifically for a job with the employer that offers the program. Skills offered through the training must be: • Useful • Transferable to any employer in the field and • Not specific to the for-profit employer offering the training. Any training that is specific to the employer and its operations is conclusive evidence that an employment relationship exists. 10. The screening process for the internship program is not the same as for employment, and does not appear to be for that purpose. The screening only uses criteria relevant for admission to an independent educational program. This helps to ensure that employers do not mix recruiting of employees and interns. These searches must run independently from one another. Educational institutions or other organizations should not consider employment-related factors when they place students with for-profit employers. They should only consider the needs of the student and the educational program. 11. Advertisements, postings, or solicitations for the program clearly discuss education or training, rather than employment, although employers may indicate that qualified graduates may be considered for employment. This relates to the requirement that the employer tell trainees, in writing, that they are not entitled to wages for the training. This is to avoid a trainee's misunderstanding of the nature of the program, and/or an employer's misrepresentation of its nature, purposes and entitlements.

# Benefits of an internship to the Employer and Student(s)

## ■ Employer Benefits:

Here are six benefits that prove internships are a strategic initiative and competitive advantage for you:

- [Internships improve your hiring efficiency](#)
- [Internships engage talent early in their college-to-career journey](#)
- [Internships build your early talent pipeline](#)
- [Internships generate brand awareness and affinity](#)
- [Internships support your DEI efforts](#)
- [Internships upskill your pipeline](#)

<https://joinhandshake.com/blog/employers/why-is-an-internship-program-important-reasons/>

## ■ Student Benefits:

- Gain valuable work experience
- Explore a career path
- Give yourself an edge in the job market
- Develop and refine skills
- Receive financial compensation
- Network with professionals in the field
- Gain confidence
- Transition into a job

<https://fremont.edu/8-benefits-of-an-internship/>

# Best Practices

## Before

- Identify a project or organization need
- Identify an appropriate manager or supervisor
- Reach out to local universities and community colleges to understand recruitment opportunities
- Develop an appealing and informative job description

## During

- Create a robust onboarding plan
- Involve the intern(s) in meetings and create intentional interactions for them across your organization
- Provide regular feedback on production and behavior
- Coordinate with the University or college on their particular learning outcomes

## After

- Know what your hiring needs are and start the return offer process early
- Consider working with the intern(s) to serve as campus ambassadors for your program after they leave
- Stay in touch through LinkedIn and other appropriate social media sites



# Q&A