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Unpaid internships unfairly favor the wealthy

BY LIZ WESSEL, OPINION CONTRIBUTOR — 05/14/18 09:00 AM EDT

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Sixty-eight hundred dollars: That's how much it costs one college student to take an unpaid internship over the summer.

How can we expect college students, who are already battling the highest tuition fees in decades, and on average face more than \$37,172 in student debt, to be able to spend that amount of money? The notion that students should have to forgo pay and incur additional debt to gain work experience is ludicrous.

Things started to look brighter over the last several years. Slowly but surely, the country seemed to be moving in the right direction, away from the sentiment that unpaid internships are permissible.

Many of us remember the 2011 lawsuit against Fox Searchlight Pictures. Eric Glatt and Alexander Footman, production interns on "Black Swan," alleged that the company's internship program violated both federal and state minimum wage laws because they were doing the work of employees, and therefore, they should be paid as such.

Other high-profile organizations, including Hearst, Condé Nast

and NBCUniversal, followed suit, facing class-action lawsuits from unpaid interns.

For the first time in a long time, it became taboo to not pay your interns. Laws (including the “six-part test”) were passed to make it difficult to not pay interns at for-profit organizations, and most companies changed their ways. But now, that progress has come to a halt.

On Jan. 5, the Department of Labor issued a [new set of guidelines](#) called the “primary beneficiary test,” which replaced the six-part test. According to this new ruling, companies only need to prove that an intern “benefitted more” than the organization from the internship not to pay them.

Did the intern get trained? Did the intern complement the work of paid employees? Did the intern learn anything? Then you may be able to avoid paying that intern.

This is unacceptable, and we’ve been down this road before. [In 2013, Judge William H. Pauley III, a federal district court judge in Manhattan](#) (the same judge who ruled against Fox Searchlight Pictures) rejected the concept of the “primary benefit test” because he believed such a test would be too “subjective and unpredictable.”

He understood it is outrageous to think that companies can be responsible for determining who gained more out of an internship experience. U.S. lawmakers and the Department of Labor need to realize the potential ramifications of this recent ruling.

The “primary beneficiary test” benefits organizations at the cost

to interns at a time when students need the earnings more than ever.

As the CEO and Co-Founder of WayUp, a career platform for over four million students and recent graduates, I believe this ruling is wrong. Here are three reasons:

First, unpaid internships are barriers to opportunity. Unpaid internships prevent incredible individuals — many first-generation college students, minority students, and any students who don't come from wealth — from accessing valuable work experience.

According to a recent study we conducted of 700 undergraduate students, 69 percent of students claimed that they could not afford to take an unpaid internship.

This means industries more likely to offer unpaid internships (including media, film, and even politics) are less likely to have a diverse force of interns and are more likely to hire young adults whose parents happen to be wealthy. If this isn't unfair, I don't know what is.

Second, unpaid internships are less productive for the intern, and for the company, than paid internships. As a company, you are less likely to delegate essential or complex tasks to an individual who isn't on the payroll.

What's more, companies are likely not going to get the best quality work out of someone whose time isn't valued. As the saying goes: You get what you pay for.

It's impossible to institute accountability and hold an intern to the highest level of work when you aren't compensating them

for their performance. How can companies ever expect someone to feel valued and contribute fully when they are working for free?

Finally, [recent data from the National Association of Colleges and Employers \(NACE\) shows](#) unpaid internships put students at a disadvantage before they even step foot in the real world. The job-offer rate for college graduates who had taken a paid, for-profit internship was 72 percent, compared to just 44 percent for unpaid, for-profit internships.

Additionally, the median graduate who completed an unpaid internship in a for-profit firm received \$19,000 less than the median paid intern in such firms.

We cannot expect to build diverse, innovative workforces if we only provide opportunities to a select, privileged few. Given that having an internship results in a 180-percent higher likelihood of being employed within six months of graduating, it is morally unfair to prevent a majority of the country's young talent from pursuing the opportunities of their dreams.

The best way companies can secure their future is to start at the bottom: with interns. Unpaid internships create systemic inequality while paid internships foster opportunity. It's time that the Department of Labor, and our society as a whole, begin to think about the more significant consequences of unpaid internships.

We need to consider how we can enable the next generation of workers to access opportunity, rather than how we can give companies another loophole to retain their earnings.

Liz Wessel is the co-founder and CEO of WayUp, a platform for early-career professionals to explore opportunities, receive advice and get discovered by employers. Founded in July 2014, WayUp was named by CNN as one of the 30 most innovative companies changing the world. Wessel has been featured as one of Forbes' "30 Under 30," named one of the "18 Coolest Women in Silicon Valley" by Business Insider and one of New York Business Journal's "Most Influential Women."