

# How to handle pay for interns

## Q. Must a Texas employer pay its interns?

**A.** In general, interns are workers involved in a training program and not on the employer's payroll. Whether interns must be paid for their time depends on whether they are considered to be "employees."

According to the Wage and Hour Division of the U.S. Labor Department, interns will *not* be considered employees if all of the following criteria are met:

1. **The training is similar** to that provided at a vocational school.
2. **The training is provided** for the benefit of the intern.
3. **The intern does not** displace a regular employee.
4. **The employer providing** the training derives no immediate advantage from the intern's work.
5. **The intern is not** necessarily entitled to a job at the end of the training period.
6. **The intern understands** that he or she is not entitled to compensation for the time spent in training.

The Wage and Hour Division also has found that payment of a stipend to an intern does not automatically create an employer/employee relationship as long as the stipend does not exceed a reasonable approximation of the expenses incurred by the intern.

**Bottom line:** Use interns as a way to help them learn new skills and to experience what it is like to be in the work force, not as free labor to stretch your budget. The more you treat them like employees (setting strict hours, requiring certain production levels or using them instead of paid temporary workers), the more likely you will owe them minimum wage and have to comply with other employer mandates.