



City of La Quinta

TO: The Honorable Mayor and Members of the City Council

FROM: Frank J. Spevacek, City Manager

DATE: June 16, 2015

SUBJECT: CITY INTERNS AND VOLUNTEERS

The City utilizes interns to provide students with practical working experience, which complements their academic coursework. The program allows for individuals enrolled in a verified school to intern with the City for an academic quarter or semester for approximately 20 hours per week. Interns received educational credit as a part of their experience with the City; they are not paid and do not perform on-going work assignments. The City enters into an agreement with the educational institution identifying the requirements on both parties. Partnerships exist with California State University, San Bernardino and College of the Desert. The City will be adding the University of California Riverside and University of Redlands to its partnership list.

At the May 15, 2015 Council Meeting, Council Member Lee Osborne raised a concern over Internal Revenue Service (I.R.S.) requirements on unpaid interns. The IRS has a six factors test, as shown in Attachment 1, to justify the non-payment of interns. The City meets all of these factors as a part of its existing internships.

In addition, an individual can also volunteer with the City if they do not have the affiliation of their educational institution. Often, students seeking an internship (with educational credit) will have to work with the university well in advance of the beginning of the academic quarter or semester. Volunteering with the City is unpaid, compliant with the requirements, and allows the City to swiftly bring someone on as a volunteer.

Lastly, staff surveyed Coachella Valley cities on a paid internship program (Attachment 2). Five of the cities have a paid program ranging anywhere from

\$9 per hour to \$15.48 per hour. While staff believes the unpaid arrangements are adequate, should the City Council wish to explore a paid internship program it would cost approximately \$2,400 per intern at \$12.00 per hour for a 10-week internship. This would be the fully loaded cost per intern. In addition, staff would require a two-week turnaround time to set up and advertise for paid interns. Still, affiliation with an educational institution would be required.

Staff is seeking Council direction on whether or not to establish a paid internship program. Since funds for an internship program have not been included in the proposed 2015/2016 budget, funding would come from unassigned General Fund reserves.

Attachments: 1. IRS Fact Sheet on Interns
 2. Survey

U.S. Department of Labor Wage and Hour Division



(April 2010)

Fact Sheet #71: Internship Programs Under The Fair Labor Standards Act

This fact sheet provides general information to help determine whether interns must be paid the minimum wage and overtime under the Fair Labor Standards Act for the services that they provide to “for-profit” private sector employers.

Background

The Fair Labor Standards Act (FLSA) defines the term “employ” very broadly as including to “suffer or permit to work.” Covered and non-exempt individuals who are “suffered or permitted” to work must be compensated under the law for the services they perform for an employer. Internships in the “for-profit” private sector will most often be viewed as employment, unless the test described below relating to trainees is met. Interns in the “for-profit” private sector who qualify as employees rather than trainees typically must be paid at least the minimum wage and overtime compensation for hours worked over forty in a workweek.*

The Test For Unpaid Interns

There are some circumstances under which individuals who participate in “for-profit” private sector internships or training programs may do so without compensation. The Supreme Court has held that the term “suffer or permit to work” cannot be interpreted so as to make a person whose work serves only his or her own interest an employee of another who provides aid or instruction. This may apply to interns who receive training for their own educational benefit if the training meets certain criteria. The determination of whether an internship or training program meets this exclusion depends upon all of the facts and circumstances of each such program.

The following six criteria must be applied when making this determination:

1. The internship, even though it includes actual operation of the facilities of the employer, is similar to training which would be given in an educational environment;
2. The internship experience is for the benefit of the intern;
3. The intern does not displace regular employees, but works under close supervision of existing staff;
4. The employer that provides the training derives no immediate advantage from the activities of the intern; and on occasion its operations may actually be impeded;
5. The intern is not necessarily entitled to a job at the conclusion of the internship; and
6. The employer and the intern understand that the intern is not entitled to wages for the time spent in the internship.

If all of the factors listed above are met, an employment relationship does not exist under the FLSA, and the Act’s minimum wage and overtime provisions do not apply to the intern. This exclusion from the definition of employment is necessarily quite narrow because the FLSA’s definition of “employ” is very broad. Some of the most commonly discussed factors for “for-profit” private sector internship programs are considered below.

Similar To An Education Environment And The Primary Beneficiary Of The Activity

In general, the more an internship program is structured around a classroom or academic experience as opposed to the employer's actual operations, 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). The more the internship provides the individual with skills that can be used in multiple employment settings, as opposed to skills particular to one employer's operation, the more likely the intern would be viewed as receiving training. Under these circumstances the intern does not perform the routine work of the business on a regular and recurring basis, and the business is not dependent upon the work of the intern. On the other hand, if the interns are engaged in the operations of the employer or are performing productive work (for example, filing, performing other clerical work, or assisting customers), then the fact that they may be receiving some benefits in the form of a new skill or improved work habits will not exclude them from the FLSA's minimum wage and overtime requirements because the employer benefits from the interns' work.

Displacement And Supervision Issues

If an employer uses interns as substitutes for regular workers or to augment its existing workforce during specific time periods, these interns should be paid at least the minimum wage and overtime compensation for hours worked over forty in a workweek. If the employer would have hired additional employees or required existing staff to work additional hours had the interns not performed the work, then the interns will be viewed as employees and entitled compensation under the FLSA. Conversely, if the employer is providing job shadowing opportunities that allow an intern to learn certain functions under the close and constant supervision of regular employees, but the intern performs no or minimal work, the activity is more likely to be viewed as a bona fide education experience. On the other hand, if the intern receives the same level of supervision as the employer's regular workforce, this would suggest an employment relationship, rather than training.

Job Entitlement

The internship should be of a fixed duration, established prior to the outset of the internship. Further, unpaid internships generally should not be used by the employer as a trial period for individuals seeking employment at the conclusion of the internship period. If an intern is placed with the employer for a trial period with the expectation that he or she will then be hired on a permanent basis, that individual generally would be considered an employee under the FLSA.

Where to Obtain Additional Information

This publication is for general information and is not to be considered in the same light as official statements of position contained in the regulations.

For additional information, visit our Wage and Hour Division Website: <http://www.wagehour.dol.gov> and/or call our toll-free information and helpline, available 8 a.m. to 5 p.m. in your time zone, 1-866-4USWAGE (1-866-487-9243).

U.S. Department of Labor
Frances Perkins Building
200 Constitution Avenue, NW
Washington, DC 20210

1-866-4-USWAGE
TTY: 1-866-487-9243
[Contact Us](#)

* The FLSA makes a special exception under certain circumstances for individuals who volunteer to perform services for a state or local government agency and for individuals who volunteer for humanitarian purposes for private non-profit food banks. WHD also recognizes an exception for individuals who volunteer their time, freely and without anticipation of compensation for religious, charitable, civic, or humanitarian purposes to non-profit organizations. Unpaid internships in the public sector and for non-profit charitable organizations, where the intern volunteers without expectation of compensation, are generally permissible. WHD is reviewing the need for additional guidance on internships in the public and non-profit sectors.

CITY INTERN SURVEY

City	Intern Program (Y/N)	# of Interns	Paid (Y/N)	Pay Rate
Rancho Mirage	Y	4	Y	\$12-\$14
Indian Wells	Y	1	Y	\$10 for undergraduate student
				\$13 for graduate student
Indio	Y	NA	Y	\$15.48
Cathedral City	Y	NA	Y	\$9 or Step 1 of range for regular position
Palm Desert	Y	NA	Y	\$12-\$14