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Interns: Employee or Volunteer

Interns can be terrific additions to a nonprofit's capacity building journey, and can also contribute to the pipeline of future nonprofit leaders. It's important to treat interns professionally, which starts by clarifying whether they are unpaid volunteers or paid employees.

Must a nonprofit pay its interns?

Interns can be **volunteers**, in which case they are not paid, or they may be classified as employees, in which case they receive compensation. To some extent, the choice is at the discretion of the nonprofit. Know your state's laws governing wages and hours of work, and determine whether your interns fall under the definition of "volunteer" or "employee" in your state. At the National Council of Nonprofits we have decided to compensate our interns in order to more equitably offer interns exposure to what it is like to work in the nonprofit sector. Unpaid internships put women, people of color, and other historically marginalized groups [at a disadvantage](#).

- Be aware that if your nonprofit considers its interns volunteers, but pays them a stipend, that compensation (and the expectation that they will be paid) may cause the Department of Labor to classify interns as [employees](#). Employees must be paid [at least minimum wage](#) and are subject to withholdings and

potentially overtime. On the other hand, interns who are classified as volunteers are not owed minimum wage or overtime.

- The Department of Labor has published guidance in the form of a 7-factor test to help employers properly classify interns: [Fact Sheet #71: Internship Programs Under The Fair Labor Standards Act](#). While written primarily as guidance for for-profit business concerns, the Fact Sheet also applies to nonprofit workplaces that pay interns. Nonprofits that pay interns a stipend below minimum wage should be familiar with this Fact Sheet and document how their internship program satisfies the criteria. The test looks to factors such as compensation, academic credit, and who primarily benefits from the intern's work.

Practice Pointers

- **Think about the future.** Nonprofits that host interns are in essence mentoring a future nonprofit leader. How will the interns' experience shape their perception of working professionally in the nonprofit sector? An interesting assignment, with opportunities for feedback and growth, that is clearly tied to the mission of the nonprofit, will send the signal that the nonprofit community is a meaningful place to work. On the flip side, another type of internship experience could sour a potential leader on considering employment in the nonprofit sector in the future.
- **Document expectations.** While your nonprofit may not have a written job description for an intern, do what you can to document the expectations for the position. It is useful to clarify the intern's status (either unpaid = volunteer, or paid = employee) in writing, whether in the offer letter, or a letter confirming the internship, or through other written materials, such as an orientation manual or position description.
- **Manage the risk of accidents/injuries to the intern:** In some states volunteers are not covered by workers' compensation insurance, so if the intern is injured, volunteer status could prevent them from being compensated for injuries. (But if the nonprofit has a "volunteer accident insurance" policy, the intern's medical expenses could be covered by that policy.) It makes sense to let the intern know whether there is insurance coverage up front instead of delivering the bad news - "You're not covered" - after an accident!

- **Clarify the workplace policies that apply to your interns:** Example: It's common for nonprofits to have a policy that volunteers [may be reimbursed for expenses](#) related to the services they provide the nonprofit - will this policy apply to interns? If so, share the reimbursement policy with the intern.
- [Use our checklist for hiring interns.](#)

Additional Resources

- [Partnerships to Support Nonprofits and Interns](#): Expanding the Pipeline of Diverse Talent for Nonprofits (National Council of Nonprofits, August 2022)
- [The Primary Beneficiary Intern Test: Is There Really an Opportunity for Your Nonprofit to Stop Paying Interns?](#) (Venable LLP, January 2018)
- [Managing Interns & Risk: Let's Dive In\(ternships\)](#) (Nonprofit Risk Management Center)

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