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### **New EPI/Demos Policy Proposal Calls for New Federally-Funded Public Service Internship Program**

March 24 Event Will Highlight Proposal's Key Objectives

Washington—As Spring 2010 college graduates prepare to search for jobs, many from low-income families will start at a competitive disadvantage because they have had to work rather than take crucial, but often unpaid, professional internships that provide key skills for entering the workforce. A new legislative proposal from the Economic Policy Institute (EPI) and Demos seeks to remedy this inequity by providing funding for low-income students to take high-quality public service internships. The organizations are also hosting an event detailing this proposal on 3/24 at EPI's office in Washington. Media, policy staff and advocates are welcome to attend.

"Considering the importance of internships when it comes to finding a full-time job after graduation, it is startling to see the large number of internships that go unpaid, tilting the scale in favor of students higher on the economic ladder," said researchers Kathryn Edwards and Alexander Hertel-Fernandez, who developed the proposal, entitled *Paving the Way through Paid Internships: A Proposal to Expand Educational Opportunities for Low-Income College Students*.

Internships have become a standard part of the college experience, with 84% of college students at four-year institutions completing at least one internship before graduation, according to a 2006 national survey. Internships carry numerous benefits, providing interns with new skills training, exposure to different industries and occupations, and the opportunity to network with industry professionals. Internships also provide an important foot in the door; 76.3% of employers report internships as the primary factor when deciding whether to hire recent graduates.

Yet low-income students often find their access to high-quality internships severely limited; for example, these students may lack the financial means to spend a summer away from home in order to take an unpaid internship with a company in the industry where they hope to work after graduation.

"With college costs drastically increasing and financial supports decreasing over the past 25 years, it has become more and more difficult for our nation's low-income young adults to access and complete college, perpetuating economic and racial inequalities and threatening our ability to compete with other highly educated nations in the 21<sup>st</sup> century global economy," said Nancy K. Cauthen, Director of the Economic Opportunity Program at Demos, a national policy organization. "Internships are key to

securing meaningful employment, and making them inaccessible to low-income students only further preserves existing inequalities by impeding the ability of these students to obtain a decent job and enter the middle-class. Policymakers need to take action to ensure that all students can access internship experiences.”

In *Paving the Way through Paid Internships*, Edwards and Hertel-Fernandez propose federal financial aid to help fund public service internships for low-income students. In order to minimize administrative costs, the funding would be distributed to colleges through the existing, successful Federal Work-Study Program; colleges would then have discretion to disburse the funds to qualified, eligible students.

The proposal calls for providing qualified students with a uniform grant of \$3,500 for three month full-time internships and \$7,000 for six month full-time internships. The proposal would provide funding to 100,000 low-income students (those with family incomes below 300% of the poverty line) at a first-year cost of \$500 million. The proposal calls for offsetting this cost in two ways: first, by consolidating higher education tax credits, which the CBO estimates could raise \$16.4 billion over the next ten years; and second, by limiting contributions to section 529 college savings accounts.

“The cost of completing an unpaid internship is often too high for students without ample family financial resources, but the cost of not completing one can reduce students’ future employment opportunities,” said Edward and Hertel-Fernandez. “This inequality ultimately reduces diversity in government hiring, making our democracy less vibrant.”

For more information about the policy proposal, visit [www.demos.org](http://www.demos.org) or [www.epi.org](http://www.epi.org). To schedule an interview, or to RSVP for the event, see contact information.

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