The Internship Supply–Demand Crisis: Time for a Solution Is Now

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This article reviews the ongoing supply–demand crisis in internship availability and the models that have been proposed as solutions. “Restraint of trade” has been the chief argument used by regulating agencies to dampen solutions aimed at the demand side of the supply–demand crisis. We offer a legal analysis of the restraint of trade argument and offer a solution to the crisis through utilization of the Association of Psychology Postdoctoral and Internship Centers (APPIC) match program, accreditation of programs by the American Psychological Association, and/or development of internship programs by doctoral programs.

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The word “crisis” is overused in our culture; yet, the term seems appropriate when applied to the fact that there are insufficient internship positions for clinical, counseling, and school doctoral students seeking to complete the internship phase of their degree requirements. This has become known as the “supply demand” problem. Perhaps it should be renamed the supply–demand crisis.

In fact, the journal of Training and Education in Professional Psychology (2007) recently saw fit to devote an entire issue to this dilemma, indicating that the profession is appropriately becoming alarmed over the situation.

This crisis is not new. Stedman (2007) documented the history of the “supply–demand” problem in a recent review, noting that significant imbalances started to emerge in the late 1990s. Baker, McCutcheon, and Keilin (2007) described the current shortfall in stark detail, noting that “during the past 5 years, positions have grown by 5%, while the applicant pool has grown by 20% and the number of unmatched students has exploded by 95%” (p. 288). They stated that among unplaced applicants, 949 in the 2007 match, 530 found a placement but often in unaccredited sites. A large number, 419 in all, failed to find anything and will no doubt apply again next year, adding to shortfall (Association of Psychology Postdoctoral and Internship Centers (APPIC) match for 2008 reported that 743 applicants were not matched, whereas 309 positions were unfilled). Finally and rather alarmingly, these authors reported that 15% of the unplaced applicants said that their graduate programs had reduced requirements and standards to allow the student to obtain an internship site. In summary, there is no doubt that a shortfall of internship sites exists. This situation is negatively impacting clinical education and training and there is no reasonable expectation that current policies and practices will solve the crisis.

Proposed Solutions

As the supply–demand crisis has become undeniably apparent in the last 12 years, various solutions have been proposed, roughly aligned in three camps: (a) those advocating development of additional internship positions; (b) those suggesting that graduate training be curtailed to levels commensurate with available internship positions; and (c) those believing that the internship can be dispensed with altogether.

Additional Positions

In 1998, the American Psychological Association (APA)/APPIC convened the Supply and Demand Conference (APA, 1998), which promoted the development of additional internship positions as the solution to the perceived imbalance between applicants and positions. Naturally, this was a popular solution because it required no curtailment of the demand side. As the problem worsened, however, concerned observers were forced to consider actual mechanisms for achieving increased internship
positions. Humphreys (2000) agreed that a supply–demand prob-
lem existed but proposed a supply side solution, specifically that
the supply of positions could be expanded if internships could be
developed in novel areas such as prevention, public policy, and
community action. Unfortunately, a study of actual internship
training by Stedman, Hatch, Schoenfeld, and Keelim (2005) 5 years
later showed no sign of the expansion Humphreys hoped for. The
expansion theme emerged again in the recent special edition of this
journal. Hutchings, Mangione, Dobbins, and Wechler (2007) again
agreed that a supply–demand problem existed and advocated
expansion of internship positions. Specifically, they noted how
member programs of the National Council of Schools and Pro-
grams of Professional Psychology (NCSPPP) have been active in
internship development during the last 10 years, citing many
examples of position development facilitated by member pro-
grams. Although these efforts have been successful, the data
presented by Baker et al. (2007) demonstrated that these efforts
have not been successful enough.

A variation of the more positions theme suggests that half-time
internships might help with the imbalance problem by making
creation of additional positions easier and by enabling applicants
to seek slots closer to their graduate programs (Peterson & Ober,
2006). Perhaps legitimizing half-time positions would help the
supply side of the equation; however; Collins, Callahan, and
Klonoff (2007) reviewed major drawbacks often associated with
half-time internships, including frequent lack of stipends and lack
of program sequence and regulation.

Reduce Applicants

As early as the late 1990s, when the supply–demand imbalance
was relatively small, a number of investigators and commentators
were advocating for reduction on the demand side (Oehlert &
debate with their study of the supply of graduating applied psy-
chologists versus the demand for psychological services, arguing
that data pointed toward the need for cuts in graduate training.
Although they did not comment directly on the supply–demand
issue regarding internships, it is obvious that cuts in graduate
training would reduce the demand for internship positions. This
same theme emerged later (Robiner, Ax, Stamm, & Harowski,
2002) in findings that internship directors and interns endorsed the
need for cuts in graduate training.

In this journal’s recent special issue, Collins et al. (2007) were
highly critical of the current situation. They reported that a review
of APPIC match data from 2000 to 2006 revealed that 96 graduate
programs had at least some components matching at rates below
70%, and 38 training institutions had match rates below 50%.
Though they reflected appropriate alarm, in the end they stopped
short of calling for student reductions, instead stating that these
programs should be required to “develop clear remediation plans,
with explicit goals and procedures to improve the program’s match
rate” (p. 275). Baker et al. (2007) were more assertive, calling for
graduate programs voluntarily to cut back on entering students by
10% per year over the next 3 to 5 years. The problem with this
approach is its voluntary nature. It is unlikely that graduate pro-
grams, which receive funding primarily from student tuition,
would volunteer to decrease their revenue as long as applicants,
apparently not understanding or appreciating the consequences of
large class sizes, continue to be interested in perusing psychology
doc toral degrees. One wonders when the economics of the current
imbalance would force a correction in the direction of reduction of
graduate admissions.

No Internship Requirement

The debate about the need for postinternship training prior to
licensure (Clay, 2000; DeVaney Olvey, Hogg, & Counts, 2002)
has spilled over into questioning the need for the internship itself.
Thorp, O’Donohue, and Gregg (2005) presented the strongest
argument so far, arguing that the predoctoral internship model is
outdated. Their argument rested on the fact that applied psychol-
ogy students typically complete a large number of practica hours
prior to internship, and, therefore, are no longer in need of the
internship experience. They also asserted that there is little empir-
ical evidence demonstrating that the internship experience en-
hances clinical knowledge and skills beyond that obtained during
graduate training. They recommend that the internship be made
optional.

Countering the claim made by Thorp et al. (2005) is the older
literature demonstrating practicing psychologists’ assertions that
the internship experience was crucial in their professional develop-
ment (see Stedman, 1997). However, pre-internship practica
were not as extensive then. Two more recent studies (Pietz,
DeMier, Dienst, Green, & Scully, 1998; Wulf & Nelson, 2000),
though narrow in focus, supported the positive impact of current
internship experience. Additional recent evidence regarding the
importance of the predoctoral internship was found in a study by
Rodolfa, Ko, & Petersen (2004). These investigators surveyed
academic training directors, internship training directors, and post-
doctoral directors regarding psychology trainee readiness for li-
censure and practice. Only academic training directors believed
that, prior to internship, students were sufficiently prepared for
licensure and practice. A more recent study by Rodolfa, Owen,
and Clark (2007) questioned whether increased practicum hours actu-
ally have provided what Thorp et al. claimed. They found large
variations in practica reported by students, evidence of confusion
about what constitutes practica versus work experience, and a lack
of professional standards to deal with these problems. With regard
to the claim by Thorp et al. that there is little evidence that
internship enhances clinical knowledge and skill, the counter claim
is simply that there is no evidence to the contrary. Hence, it would
be unwise to discontinue internships before the evidence is in.

A Proposed Solution

None of the solutions proposed above appears able to solve the
supply–demand crisis. In our view, only the requirements for APA
accreditation and for APPIC membership are powerful enough to
move the profession into a more practical and ethical position. We
believe that it is ethically untenable for programs to continue to
enroll students knowing that large proportions of them will be
seriously delayed in finishing or, perhaps, will not finish at all
simply because there are not sufficient internship slots for quali-
fied students. In addition to the ethics issue, we believe that
accreditation accountability in clinical education implies that stu-
dents will be able to fulfill all requirements for their degrees in a
timely manner. The supply–demand crisis makes that a hardship for many students.

We propose a possible solution based on the data generated by Collins et al. (2007) and reported earlier in this paper. Recall that these investigators documented that between 2000 and 2006, 96 programs had elements with match rates below 70%, and 38 programs had match rates below 50%. We believe that these findings can serve as a basis for the approach outlined below.

With regard to APA accreditation, we propose that graduate programs that are unable to place 50% of their eligible students during a given year, either through creation of an internship program or utilization of accredited/established internships, be placed on probation. Probation would require that the program reduce its entering class by 20%. If the program continues to be unable to place at least 50% of its eligible students for a second year, it would lose APA accreditation.

To maintain APA accreditation, programs that place less than 70% of their eligible students would be required to reduce their entering classes by 10% for each year they failed to achieve greater than 70% placement.

With regard to APPIC, we propose that graduate programs placing less than 50% of eligible students during a given year would have to certify to APPIC that they have reduced their entering class by 20% for their students to be eligible to participate in the APPIC match. If the program continues not to place at least 50% of eligible students for a second year, the program would have to reduce the entering class by an additional 20% to be eligible to participate in the match. This process would continue until the program succeeds in placing at least 50% of eligible students.

To maintain APPIC match eligibility, programs placing less than 70% of students would have to reduce entering classes by 10% each year until they achieved a placement rate of at least 70%.

Counting a graduate program’s match rate would occur post-match according to data collected yearly by APPIC. Currently, students placed postmatch through the APPIC Clearinghouse are not reported, so, to be fair, students matched through the clearinghouse would need to be counted as “placed” for particular graduate programs and reported to APPIC by those graduate programs. Hence, a program’s total match rate for the year would consist of students placed through the match and students placed later through the clearinghouse or other means.

The consequence of this plan would quickly bring back an appropriate balance between supply and demand. The plan also shifts responsibility to the graduate programs to manage enrollment in an ethical manner. Note that the proposal is neutral regarding type of graduate program and is based solely on placement results.

Although implementation of the plan by the APA Commission on Accreditation would be time consuming and lengthy, we believe that serious consideration of our proposal might result in moving the crisis off “dead center,” either by implementation of our proposal or by serving as an impetus for the educational community to devise alternatives, such as serious attempts to develop many more “fully affiliated internships” to make up for the shortfall in internship positions. Hence, our plan could be implemented as is or could spur effective action in other directions.

Restraint of Trade?

Some readers will, no doubt, object that these proposals are extreme, even draconian. In our view, the ethical and practical issues of this crisis call for extreme measures. The next objection will surely be that antitrust laws prevent the APA and APPIC from enacting procedures that restrain trade. What follows is a legal consideration of that proposition. It should be noted that the authors of the material presented below are practicing antitrust attorneys.

Despite the obvious common sense of a proposal like that outlined above, some observers have expressed concern that such an approach would violate the antitrust laws (Hutchings et al., 2007; Thorn & Dixon, 1999). Most have not been very specific in expressing such concerns; however, perhaps wary of wading into the quagmire that antitrust law is generally perceived to be. But a brief look “behind the curtain” at federal antitrust law suggests that liability seems unlikely.

Although mind-numbingly complex in its finer points, the nation’s antitrust law is anchored in one very simple purpose: protecting competition. The principal federal antitrust statute, to which almost every other federal and state antitrust statute is in some way related, is the Sherman Antitrust Act. Section 1 of the Act, 15 U.S.C. § 1, prohibits “[e]very contract, combination, or conspiracy, in restraint of trade or commerce.” An agreement to mandate a reduction in the enrollment of psychology doctoral students, and in turn, one might argue, in the number of graduates and therefore potential competitors in the field, could constitute a “barrier to entry” for those prospective students not gaining admission to doctoral programs who otherwise would have been admitted, and therefore literally a “restraint of trade.” Happily, Section 1 of the Sherman Act is not construed or applied literally. Since shortly after its enactment, Section 1 has been deemed to

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1 Some concerns may have their roots, at least in part, in the antitrust litigation that embroiled the medical “match” program a few years ago. See *Jung v. Ass’n of Am. Med. Coll.*, *Jung v. Ass’n of Am. Med. Coll.*, 300 F. Supp 2d 119 (D. D. C., 2004). However the central issue there—the allegation that the match program operated to fix and depress salaries paid to interns—was arguably an automatic or “per se” antitrust violation (see discussion of per se and rule of reason analysis, below). A similar issue, allegations of fixing compensation levels and working conditions for law school faculty and others, was the driving force in a Justice Department lawsuit against the American Bar Association (ABA) (United States vs. American Bar Association, 1995), regarding certain elements of the ABA’s accreditation process for law schools. That “hot-button” price- or compensation-fixing issue, however, should not have a role in any lawsuit challenging a proposal to predicate continued accreditation in part on an institution’s success in placing its students in internships.

2 We know what you are thinking: Psychology is not a “trade”; it’s a professional calling, and that should take it outside the scope of the Sherman Act. For a time, that argument was embraced by common wisdom. About 30 years ago, however, in *Goldfarb v. Virginia State Bar* (421 U.S. 773, 1975), the United States Supreme Court rejected a “learned professions” defense or exception to the antitrust laws. Since then, the government and private plaintiffs have been vigorously enforcing the antitrust laws against the “learned professions” in a variety of settings. (See generally, e.g., *Improving Health Care: A Dose of Competition*, Joint Report of the Federal Trade Commission and the Department of Justice, 2004.)
prohibit only “unreasonable” restraints of trade (Standard Oil Co. v. United States, 1911; J. von Kalinowski, 339 F. Supp. 2d 26 C.D.D.C. 2004, affirmed, 184 Fed. Appx. 9 (D.C. Cir. 2006), p. 12–2, 2003), and the proposal outlined above, we submit, is not an “unreasonable” restraint.

Broadly speaking, courts evaluate alleged antitrust violations under one of two legal tests. Hardcore, plainly anticompetitive arrangements—the best examples are naked price-fixing agreements and horizontal market divisions between competitors—are judged under a “per se” standard. That is, if the alleged conduct is proved, it is “game over”: proving the conduct automatically proves an antitrust violation (J. von Kalinowski, et al Antitrust Laws and Trade Regulation, 12–3, 2003). An unreasonable restraint of trade is deemed to have occurred, per se, no matter what sort of mitigating explanation the defendant might like to interpose. All other allegedly anticompetitive conduct, however, is judged under the second test, the “rule of reason.” Under this test, “the courts assess the purpose and effect of the restraint. The parties are permitted to place the restraint in context, explain it, and show that its procompetitive effects outweigh any anticompetitive impact” (J. von Kalinowski, et al Antitrust Laws and Trade Regulation, 12–2, 2003). The proposal to implement and enforce internship matching requirements in the accreditation process would almost certainly be judged under a “rule of reason” analysis.3

Now, the rule of reason is not quite as free wheeling as its title might imply. Only pro-competitive or market efficiency factors, and not other arguably beneficial societal effects, may be weighed in the defendant’s favor (Nat’l Soc. of Prof. Eng’rs v. United States, 435 U.S. 679, 691, 1978). Even with that limitation, however, the proposal advanced here should pass muster.

To begin with, if one assumes very broadly that the relevant competitive market (the starting point in most antitrust analysis) is licensed, practicing psychologists (of all stripes); it is questionable whether this proposal represents a restraint of trade at all. Its goal is not to reduce the number of incoming practitioners, but merely to better match the number of academically qualified students to the available number of internships. As numerous commentators have shown, the number of qualified students now exceeds the number of available internships. Because completion of an internship is required for licensure in most jurisdictions, it is the internship stage that represents the true bottleneck or restraint on market entry, and not any potential reduction in the number of students waiting in queue for those internships.

Moreover, the proposal does not require reduction in enrollment in all cases. Institutions can meet their percentage goals under the proposal not only by trimming admissions, but also by locating or creating new internships, a step that would actually enhance competition by increasing the number of available internships each year. Further, the process is intended to (and should) increase efficiencies in the training of licensed psychologists by eliminating or at least ameliorating the negative effects (chronicled elsewhere) from the current system’s numerous annual failures to meet the internship needs of all academically qualified students.4 Of course, some individual prospective students will be disappointed and restrained from entering the market—for example, those who might have been admitted to doctoral programs (perhaps only to wait impatiently for internships to become available), but who may not be admitted if enrollments are reduced. However a consistent mantra of antitrust law is that it is designed “to protect competition, not competitors.”5 So, if the arrangement promotes market efficiency and competition as a whole, the fact that certain individuals may suffer some disadvantage should not render it an unlawful, unreasonable restraint.6

All the foregoing notwithstanding, there can be no guarantee that if the proposal set forth here were implemented, it would not be challenged in an antitrust lawsuit. As the imposing figure of Professor Kingsfield reminded us in the classic movie, The Paper Chase, Thompson & Paul (1973), anyone can sue anyone else for just about anything, with little or no concern for adverse consequences, even if the claims border on the frivolous. And enduring even a frivolous antitrust lawsuit would hardly be a picnic. In the end, however, we believe that the proposal, which makes so much sense in the training of those who will enter our profession, would not be found by the courts to violate the antitrust laws.

3 “[C]ourts almost never apply the per se standard if the restriction involves medical judgments, accreditation, or professional standards.” F. Miller & T. Greenspan. See generally, Havighurst & Brody (1994); DM Research, Inc. v. Coll. of Am. Pathologists (in challenges to standards, “something else or more extreme,” such as bribes or intentional distortions of standards to injure another party or class, is required for liability).

4 The proposal may, in fact, benefit somewhat from the legislation enacted by Congress to immunize the medical match system from the antitrust challenge discussed in note 1, above (15 U.S.C. § 37b). That legislation, tethered as it is to “medical” programs, likely would not apply directly to the psychology internship match program generally or to the specific proposal here. However, the congressional findings recited in the statute, that a match program overall is pro-competitive and brings efficiencies to the market, logically would be true here, as well (15 U.S.C. 376 (a) (1)).


6 We acknowledge that the broad market assumption and the brief rule of reason analysis above are simplistic and hardly replicate the painstaking (and painful) evaluation that would be endured if actual litigation ensued. It does, however, provide an overview of the approach and principal issues. What is more, there are defenses, not discussed in text that might play a role. For example, licensing is traditionally a matter for state government, and accreditation authority proceeds, at least to a degree, from certification by the United States Department of Education (DOE). Suppose the initiative to implement the proposal described here took the form of an effort to influence state officials to license only those who graduated from programs meeting the internship-placement goals, or to persuade the DOE to approve accreditation authority only for entities that will require satisfaction of such goals as part of the accreditation criteria. Attempts to persuade the state or federal government to adopt those measures could well be immune from antitrust liability under what is known as the Noerr-Pennington doctrine, which protects efforts to petition the government (even when the petitioner seeks overtly anticompetitive results from the government). See United Mine Workers v Pennington , 381 U.S. 657, 1965; Eastern R.R. Presidents Conf. v. Noerr Motor Freight, 381 U.S. 657, 1965. If the states or DOE actually adopted measures requiring such match or placement success, as a condition of licensure or accreditation, that requirement would be protected under the Parker state-action doctrine, which grants immunity to otherwise anticompetitive conduct directed by the government. See Parker v. Brown, 317 U.S. 341, 1943; Cal Retail Liquor Dealers Ass’n v. Midcal Aluminum, 445 U.S. 127, 1961.
Conclusions

The material presented in the special issue of *Training and Education in Professional Psychology* (Rodolfa, 2007) initiated a more focused supply demand debate. Our effort simply expands that debate by offering a data guided solution, based on supply-demand economics if you will. Other solutions, such as a truly effective expansion of internship positions by graduate programs’ development of “fully affiliated internships,” would also solve the crisis. Hence, our point is that the supply—demand crisis must be addressed for what it is—a crisis. It is a crisis with ethical consequences.

Ethics and professionalism: We talk the talk but, do we walk the walk? The number of graduate students that are delayed or prevented from entering the profession reflects accreditation neglect, at best. It is time to remedy the problem by bringing the supply and demand of internships slots back into balance by holding graduate education systems responsible for creating internships or requiring that they reduce the number of matriculating students. We have suggested a plan that would correct the problem rapidly; however, we welcome any alternate effective ideas that offer the possibility of solution to the crisis. It is our opinion that an ethical and professional approach is necessary now; and, as discussed above, antitrust law does not present an absolute obstacle to the approach we have outlined.

References


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