

SELF-RELIANCE IS THE AMERICAN WAY

As parents and educators advise the youth of our nation, they should consider the current realities:

- Six in ten juniors (64%) are interested in starting or owning their own business someday.
- 57% of high school graduates did not enroll in a four year college in 2010.
- 66% of those who did not go to college found a job.
- Less than ½ of these graduates feel prepared for their future.

Just what preparation might be needed?

Consider this:

- Twenty-one (21+) million out of over 27 million US businesses had only 1 employee ...themselves.
- These self-employed owners averaged an annual income of \$46,000.
- The USA is a country of small businesses as just 5% of business establishments have more than 50 employees.
- 52 % of small businesses are home-based.
- Greatest self-employment opportunities were reported as services industry including professional, scientific, technical and management services; next came finance, insurance and real estate; wholesale and retail trade; and construction.
- Nine in ten (91%) of the high school juniors said that it is important that students are taught about entrepreneurship and free enterprise, including 41% who said it was essential.
- Over 93% agreed that people starting their own businesses help to create jobs, and the freedom to create your own job contributes to the success of America!

For detailed information:

- High School Views of Free Enterprise and Entrepreneurship: A National Survey, August 29, 2011 - http://www.yealeaders.org/pdf/ja_chamber.pdf
- One Year Out - Survey Among the High School Class of 2010 (done for the College Board) July 29 – August 3, 2011 http://media.collegeboard.com/homeOrg/content/pdf/One_Year_Out_deck_final.pdf
- Frequently Asked Questions: U S Small Business Administration, Office of Advocacy <http://web.sba.gov/faqs/faqindex.cfm?arealD=24>

SELF-RELIANCE IS THE AMERICAN WAY - Research Report

Current Studies of American Youth

In August 2011 the US Chamber Foundation and Junior Achievement released a study done by Harris Interactive titled High School Juniors' Views on Free Enterprise and Entrepreneurship: A National Survey. Surveys were conducted with 2,213 U.S. high school juniors who were 16 -17 years old. There are some key insights available for those who advise and educate youth.

In early August 2011 Hart Research Associates also conducted a national telephone/online survey among 1507 members of the high school graduating class of 2010 for the College Board. They were focusing on the student's reaction to the "high school experience" after being away from high school for one school year in hopes of getting away from the graduation euphoria that clouds many graduate surveys. A Power Point summary presentation of the study can be found at: http://media.collegeboard.com/homeOrg/content/pdf/One_Year_Out_deck_final.pdf

Current Realities Expressed and Demonstrated by Students

As parents and educators advise the youth of our nation, they should consider the current realities revealed by the above studies:

- ▶ Six in ten juniors (64%) are interested in starting or owning their own business someday.
 - Students who are interested in starting or owning their own business are more likely than others to have someone in their family who is an entrepreneur (54% vs. 39%).
 - They are less likely to view starting their own business as risky (69% vs. 79%),
 - But they are more likely to worry "a lot" about being able to find a good job (36% vs. 27%).
 - Two in ten (19%) students who are interested in starting their own business have started their own business at some point.

- ▶ The majority of juniors in high school are interested in starting or owning their own business someday and are also interested in taking classes on entrepreneurship.

- ▶ One in seven of all juniors (15%) surveyed already has experience in starting their own business.

- ▶ High school juniors believe that entrepreneurs play an important role in job creation and American success.
 - 95% agree that people starting their own businesses helps to create jobs.
 - 93% agree that the freedom to start one's own business contributes to the success of America.
 - 89% believe that encouraging people to start their own businesses to produce new products or services in the marketplace is important for creating more jobs in the U.S.
 - 84% agree that people who start their own business are the drivers of growth for the U.S. economy.
 - 77% agree that starting one's own business is the best way to create new ideas or products.

- ▶ 57% of high school graduates did not enroll in a four year college in 2010.
 - High Schools throughout the USA are generally operated as if all students will enroll in 4 year post secondary programs after graduation which is far from the fact. **57% of high school graduates did not enroll in a four year college in 2010.** One-fourth (¼) of the high school graduates did not enroll in post secondary education during the first year after high school graduation. Of those enrolled in college 43% enrolled in a 4-year program and 25% enrolled in a 2-year course of study.

 - Less than ½ of these graduates feel prepared for their future

 - Of the juniors surveyed they expressed the belief that having a college education is not seen as being an essential tool for becoming a successful entrepreneur. They enumerated 11 skill areas and personal traits that they believed were more important than the college degree.

- ▶ 66% of those who did not go to college found a job.

- 56% of those students who didn't go to college were more interested in having a job than they were in going to post secondary education. **Two-thirds of those who did not go to college found a job.** 33% of those reported having a good job. 36% reported that the job they had was a job but not necessarily a good one in their opinion. 10% of the 2010 graduates who did not go to college reported that they did not look for a job.

Findings Related to Business Size in the USA

A study done by the Office of Advocacy of the US Small Business Administration in 2009 titled *Effective Federal Income Tax Rates Faced By Small Businesses in the United States* reveals some interesting facts about the small business environment in which the students who are now in the schools of America will find them selves when they enter the workplaces of the nation. **Our nation is becoming more of a small business/entrepreneurial economy all the time.**

According to the Office of Advocacy of the US Small Business Administration (www.sba.gov/advo) small businesses constitute an essential element of the U.S. economy. As of the latest national data available which is the 2008-2009 fiscal year, approximately **21 million small businesses operate in the United States**, making up the vast majority of employer firms in the country. Collectively, these small businesses employ nearly 80 million workers or approximately half of all private sector employees.

► Twenty-one (21+) million out of over 27 million US businesses had only 1 employee ...themselves. Many adults who visualize the large corporate buildings in urban areas as typical businesses are often shocked by this reality.

- Seventy-two percent (72%) of the establishments with employees have fewer than 10 employees. 86% of all business establishments with employees had less than 20 employees.
- 52 percent of small business are home-based.
- These self-employed owners averaged an annual income of more than \$46,000. In 2005 these small business operators had receipts of over \$970 billion dollars. (Latest data available)

► 26.8 million of the total 28.7 million business income tax returns filed in 2004 constituted nonfarm small business returns. Thus, for 2004, **small business returns represented more than 93 percent of all business tax returns.** Of these 26.8 million returns, 19.2 million were sole proprietorships, 2.3 million were partnerships (including LLCs), 3.3 million were S corporations, and 2.0 million were C corporations.

The analysis in the study - *Effective Federal Income Tax Rates Faced By Small Businesses in the United States* found that, of the entities subject to federal income tax at the business owner level, **small business sole proprietorships face the lowest average effective tax rate at 13.3 percent.** Small business partnerships face an average effective tax rate of 23.6 percent, and small business S corporations face an average effective tax rate of 26.9 percent.

Thus career choices that place a person in a position to own their business may mean that they will have some tax advantages that a person who works for another person or organization may not have. Being able to expense business related vehicles and mileage as well depreciate business related equipment and buildings provide some advantages that employees do not have.

► The USA is a country of small businesses as just 5% of business establishments have more than 50 employees.

- The largest concentration of small businesses is in the services industry (with 3.7 million in professional, scientific, technical and management services and 9.2 million in other services), which accounts for almost half of all small businesses. The service sector is generally more localized and better suited to the small business model. After services, the next largest concentrations of small businesses are in finance, insurance and real estate; wholesale and retail trade; and construction.

What Preparation Do Students Think Is Needed?

► Nine in ten (91%) of the high school juniors said that it is important that students are taught about entrepreneurship and free enterprise, including 41% who said it was essential.

► Over 93% of all junior surveyed agreed that people starting their own business helps to create jobs, and the freedom to create your own job contributes to the success if America

► Most juniors believe that people who start their own businesses help to create jobs and are drivers of growth for the U.S. economy. The majority also agree that the best economic system for creating jobs is the free enterprise system.

Lessons for Parents and Educators:

Parents need to be sure that they help young people in their families consider how they could use their talents as an independent contractor or as a business person in their community to ensure that they are enjoying a satisfying career and are able to be self sufficient as an adult. In an economy that has fewer jobs available for graduates from colleges the students must develop an entrepreneurial mind set in order to ensure that they have the self sufficient future they desire for themselves. Parents can nurture this throughout the young years of their lives by cultivating creative thinking and allowing them to find ways to earn their ways to the opportunities they desire to have during their teen years.

Schools need to rethink the guidance model of encouraging college (especially in competitive colleges) for all as it has proven not to be cost effective in recent years. Helping students find the ways that they enjoy using their talents may be one of the best ways to help students engage in the courses they take in school. If students can determine how they will be living as adults they will then take more interest in preparing themselves for their chosen future. Offering courses such as Entrepreneurship as well as having courses that have the entrepreneurial mindset built into them will allow students to determine how they can innovate and create opportunities for themselves by serving and meeting the needs of customers. Having opportunities to see the Free Enterprise system work will encourage students to understand that they must contribute their resources in order for the system to allow them to be self sufficient.

With the recent death of Steve Jobs the creator of the Apple Computer, the iPhone, the iPod, and many other things we have been reminded that he did all the creation of the products that have impacted the world without benefit of government funding. As a creator and an innovator he was able to determine what products would benefit the masses and through his work and the work of those with whom he surrounded himself he created and delivered products with benefits for which customers were willing to pay. His company benefited and he certainly became a self-sufficient man who became a benefactor to many causes.

Not all entrepreneurs impact the entire world as Steve Jobs did, but they must impact enough people who are willing to pay for the benefits they offer to allow them to become self sufficient. Sometimes it is a person who cleans another person's home and because of good recommendations they grow into a company or franchise such as "Molly Maids". Often an attorney or accountant just does the work for enough clients to allow them to be the self sufficient attorney they desire to be and enjoy their profession and provide leadership in their local community.

Parents and schools must embrace the culture of small business and not just look to students being employees of huge corporations as the success models they share with students as they are seeking their career direction. The USA is a country of small business and that continues to allow many people to be successful. Helping students to become "their best" in what ever way they choose to do it should be the model of success in a career that we use as the beacon for self sufficiency for students.

For detailed information:

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Nonemployer Statistics ([Microsoft Excel file](#) of PDF files)

A nonemployer firm is defined as one that has no paid employees, has annual business receipts of \$1,000 or more (\$1 or more in the construction industries), and is subject to federal income taxes. The Census Bureau provides nonemployer business data. According to Census, "Nonemployers account for roughly 3 percent of business activity [in terms of sales or receipts]. At the same time nonemployers account for nearly three-quarters of all businesses. Most nonemployer businesses are very small, and many are not the primary source of income for their owners." See the U.S. Census Bureau's [Nonemployer Statistics](#) for more detailed information and to have the data presented in html format. The nonemployer section also contains capital expenditure data for both employers and nonemployers. See the U.S. Census Bureau's [Annual Capital Expenditures Survey](#) for more details. Nonemployer Statistics originate from tax return information of the Internal Revenue Service. The data are subject to nonsampling error such as errors of self-classification by industry on tax forms, as well as errors of response, nonreporting and coverage. Values provided by each firm are slightly modified to protect the respondent's confidentiality. For further information about methodology and data limitations, see [Survey Methodology](#). For descriptions of column headings and rows (industries), click on the appropriate underlined element in the table.

			Nonemployers	
More Data	NAICS code	Description	Firms	Receipts (\$1,000)
Detail	00	Total for all sectors	21,090,761	837,794,439
Detail	11	Agriculture, forestry, fishing and hunting	225,977	8,686,623
Detail	21	Mining, quarrying, and oil and gas extraction	96,699	5,391,375
Detail	22	Utilities	16,423	632,321
Detail	23	Construction	2,429,121	116,814,722
Detail	31-33	Manufacturing	306,021	13,064,086
Detail	42	Wholesale trade	381,278	31,471,616
Detail	44-45	Retail trade	1,802,400	71,673,873
Detail	48-49	Transportation and warehousing	994,694	53,482,388

Detail	51	Information	299,582	9,539,922
Detail	52	Finance and insurance	697,952	48,353,780
Detail	53	Real estate and rental and leasing	1,979,546	149,958,280
Detail	54	Professional, scientific, and technical services	3,031,068	118,310,310
Detail	56	Administrative and support and waste management and remediation services	1,855,992	36,493,290
Detail	61	Educational services	558,620	7,182,852
Detail	62	Health care and social assistance	1,863,430	54,497,159
Detail	71	Arts, entertainment, and recreation	1,114,132	24,685,366
Detail	72	Accommodation and food services	307,654	13,049,884
Detail	81	Other services (except public administration)	3,130,172	74,506,592