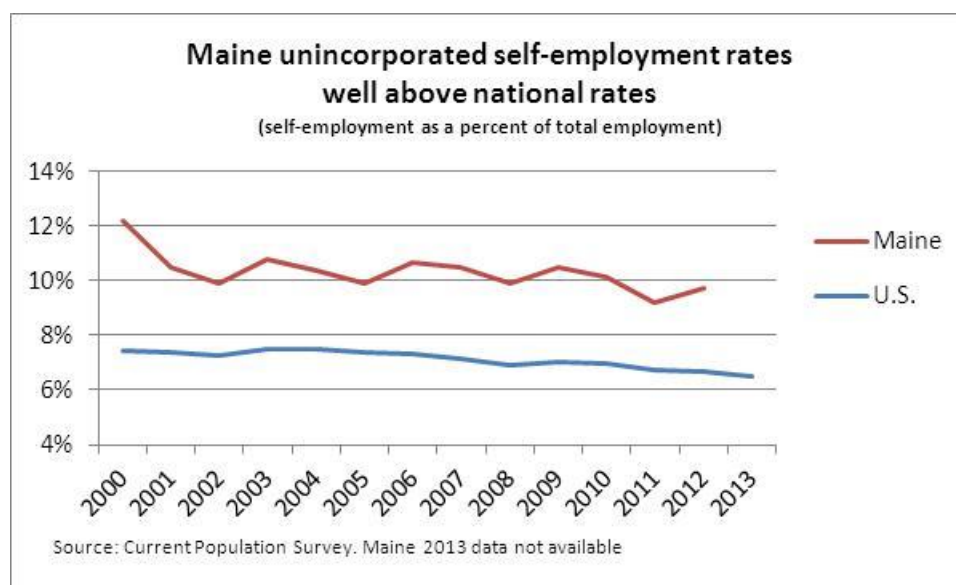


Is self-employment really declining?

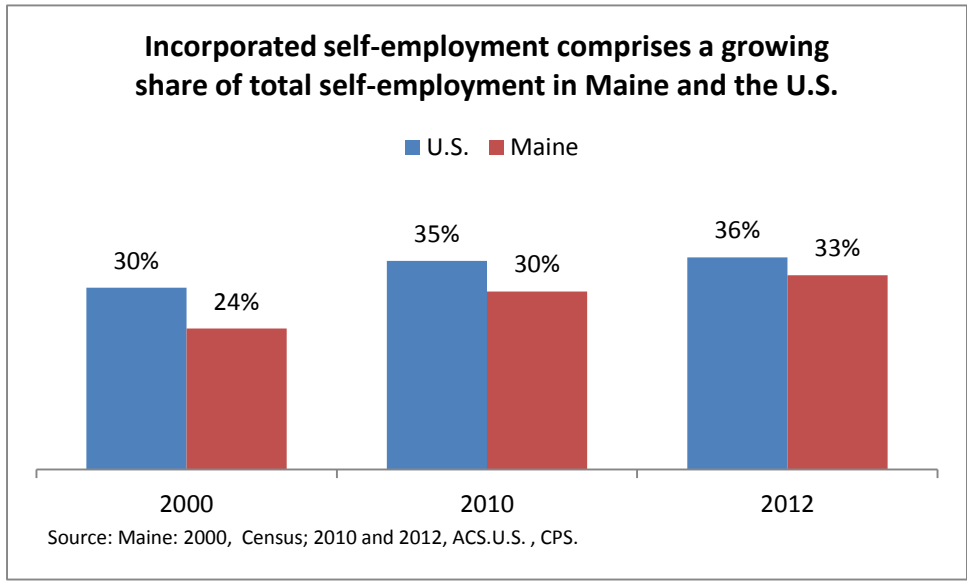
Figures from the U.S. Census Bureau's Current Population Survey (CPS) indicate the number of self-employed in Maine declined slightly from 2000 to 2012 to about 64,000. Self-employed accounted for about 10 percent of total employment in 2012, well above the U.S. average of just under 7 percent. A decline in such an important source of work should be a concern, but as is so often the case with statistics, there is more to the story than meets the eye.



CPS data on self-employment counts those who are not incorporated. Self-employed who incorporate are counted along with most of us who work for an employer as wage and salary workers, because, by incorporating their business, a person legally becomes an employee of their corporation. Tax, liability protection, and other advantages provide an incentive for many self-employed to incorporate, and a rising share has done so since 2000.

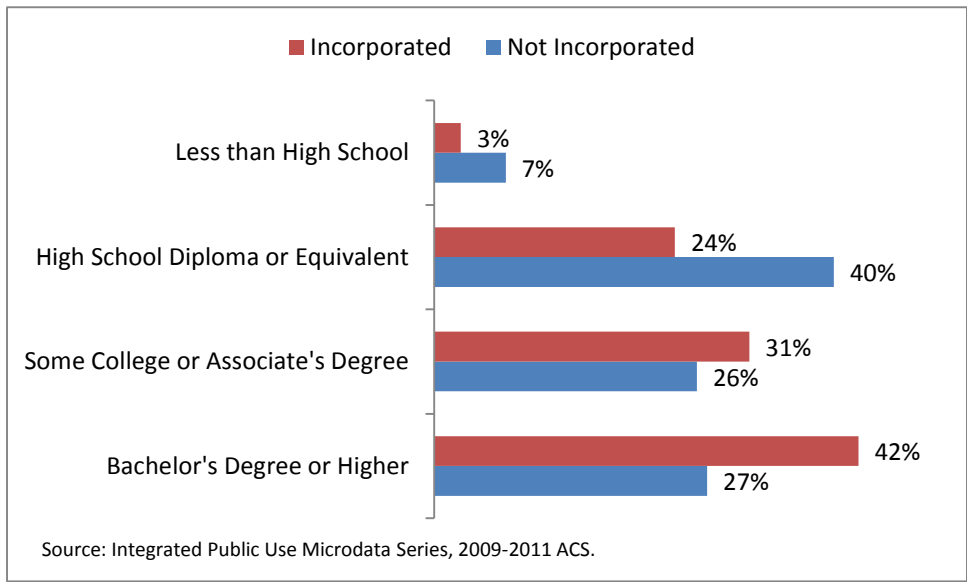
The CPS does not provide incorporated self-employed estimates for states, though the Decennial Census and American Community Survey do. They indicate that, between 2000 and 2012, when both incorporated and unincorporated are combined, there was little change in self-employment's share of total employment. A declining share of those not incorporated was offset by a rising share of incorporated self-employed. Nationally, the trend was similar.

Besides a rising share of those choosing to incorporate, other factors, including the 2008 and 2009 recession, negatively affected the demand for services of many of the unincorporated self-employed, countering any rise there might have been from wage and salary workers who lost their job and then started a new business.

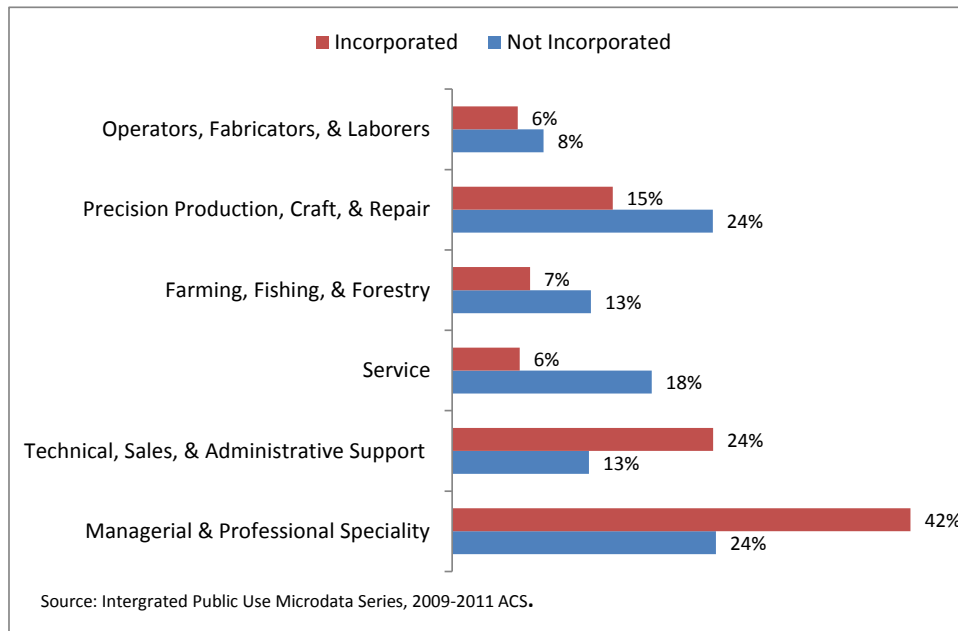


Who are the incorporated self-employed?

On average, the incorporated self-employed have higher levels of education.



They are more likely to have managerial, professional, and technical jobs.



Much of future job growth is expected to be in professional, technical, and sales occupations, so it seems likely that the share of self-employment that is incorporated will continue to increase.