

2018 SMALL BUSINESS PROFILE

OFFICE OF ADVOCACY

REGULATION • RESEARCH • OUTREACH

KENTUCKY



347,159 Small Businesses
99.3% of Kentucky Businesses

696,183 Small Business Employees
44.1% of Kentucky Employees

EMPLOYMENT
17,194
net new jobs

DIVERSITY
27,227
minority-owned
businesses

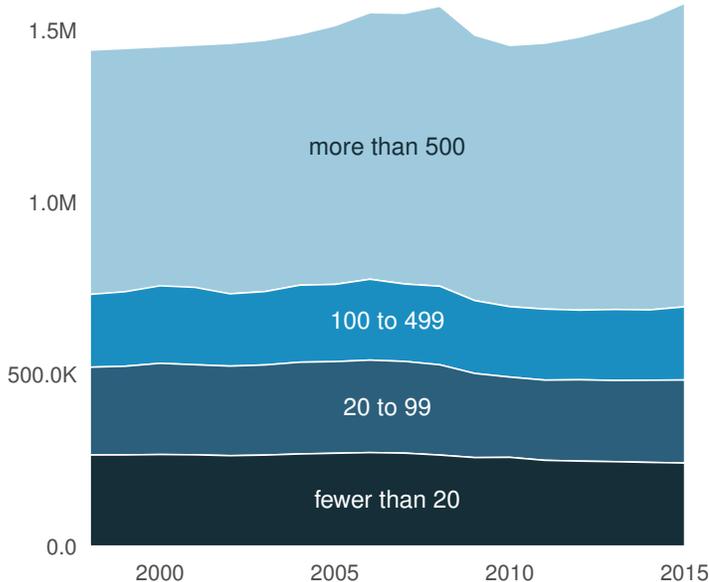
TRADE
3,563
small business
exporters

OVERALL KENTUCKY ECONOMY

- In the third quarter of 2017, Kentucky grew at an annual rate of **2.2%**, which was slower than the overall US growth rate of **3.4%**. Kentucky's 2016 growth rate of **1.2%** was up from the 2015 rate of **1.0%**. (Source: [BEA](#))
- In January 2018, the unemployment rate was **4.3%**, down from **5.2%** in January 2017. This was above the January 2018 national unemployment rate of **4.1%**. (Source: [CPS](#))

EMPLOYMENT

Figure 1: Kentucky Employment by Business Size (Employees)



- Kentucky small businesses employed **696,183** people, or **44.1%** of the private workforce, in 2015. (Source: [SUSB](#))
- Firms with fewer than 100 employees have the largest share of small business employment. Figure 1 provides further details on firms with employees. (Source: [SUSB](#))
- Private-sector employment increased **1.4%** during the 12-month period ending in January 2018. This was below the increase of **2.6%** during the prior 12-month period. (Source: [CPS](#))
- The number of proprietors increased in 2016 by **1.9%** relative to the previous year. (Source: [BEA](#))
- Small businesses created **17,194** net jobs in 2015. Firms employing 20 to 99 employees experienced the largest gains, adding **6,677** net jobs. The smallest gains were in firms employing 100 to 499 employees, which added **4,240** net jobs. (Source: [SUSB](#))

The Small Business Profiles are produced by the US Small Business Administration's Office of Advocacy. Each report incorporates the most up-to-date government data to present a unique snapshot of small businesses. Small businesses are defined for this profile as firms employing fewer than 500 employees. Net small business job change, minority small business ownership, and exporter share statistics are based on the 2015 Statistics of US Businesses (SUSB), 2012 Survey of Business Owners (SBO), and 2015 International Trade Administration (ITA) data, respectively.

INCOME AND FINANCE

- The number of banks decreased by 10 between June 2016 and June 2017 to 155 banks. (Source: FDIC)
- In 2016, 48,665 loans under \$100,000 (valued at \$740.0 million) were issued by Kentucky lending institutions reporting under the Community Reinvestment Act. (Source: FFIEC)
- The median income for individuals self-employed at their own incorporated businesses was \$46,441 in 2016. For individuals self-employed at their own unincorporated firms, this figure was \$20,807. (Source: ACS)

Median income represents earnings from all sources. Unincorporated self-employment income includes unpaid family workers, a very small percent of the unincorporated self-employed.

EMPLOYER BUSINESS OWNER DEMOGRAPHICS

Figure 2: Kentucky Employees per Business by Owner's Demographic, 2015

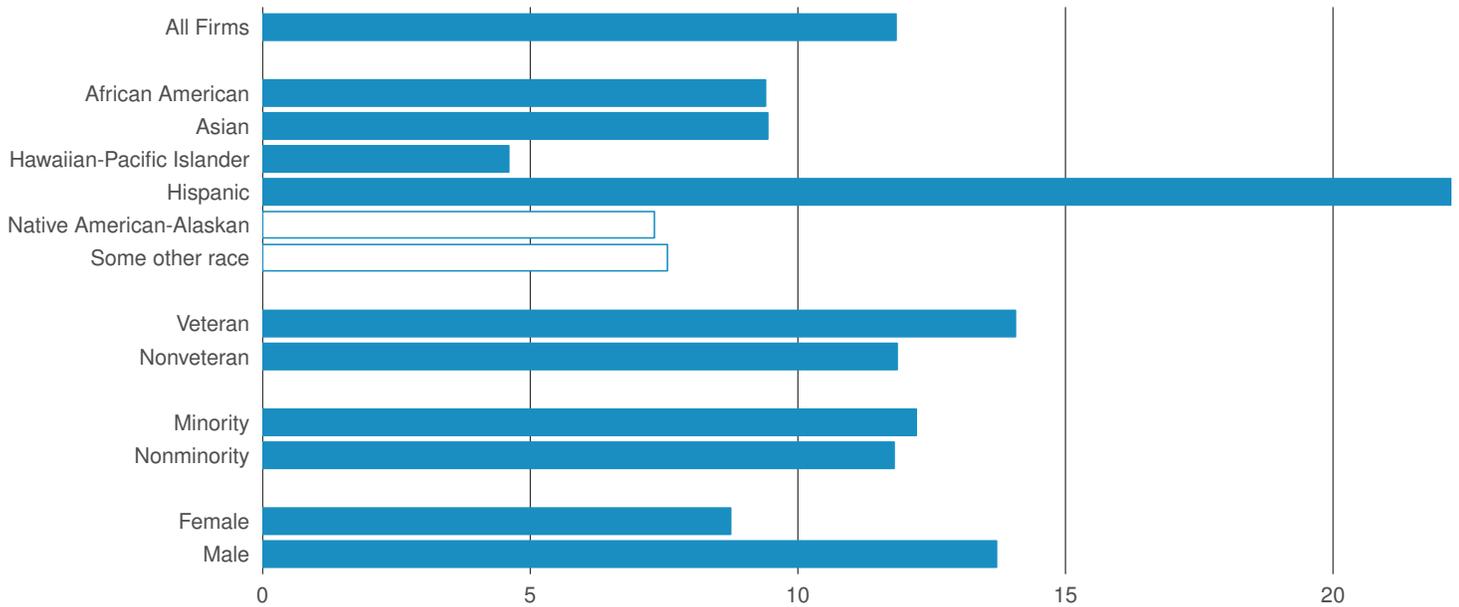
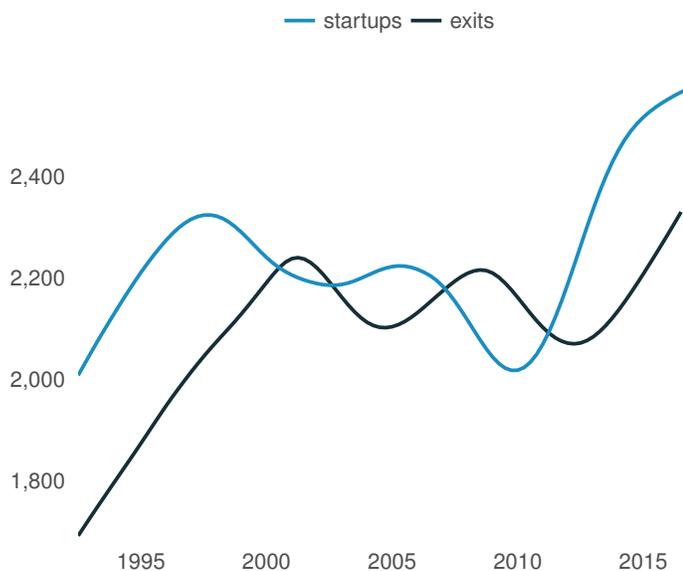


Figure 2 shows the average number of employees per employer business by owner's demographic group according to the Annual Survey of Entrepreneurs (ASE). Unshaded bars display US values; data were withheld because they do not meet Census Bureau publication standards or could disclose information regarding individual businesses.

TURNOVER AMONG ESTABLISHMENTS WITH EMPLOYEES

Figure 3: Kentucky Quarterly Startups and Exits



- In the third quarter of 2016, 2,673 establishments started up, generating 12,229 new jobs in Kentucky. Startups are counted when business establishments hire at least one employee for the first time. (Source: BDM)
- In the same period, 2,561 establishments exited resulting in 11,241 jobs lost. Exits occur when establishments go from having at least one employee to having none, and then remain closed for at least one year. (Source: BDM)
- Figure 3 displays quarterly startups and exits from 1992 to 2016. Each series is smoothed across multiple quarters to highlight long-run trends. (Source: BDM)

The BLS data covers only business establishments with employees. BLS refers to startups as births and exits as deaths. These terms are distinct from the BLS openings and closings categories. Openings include seasonal re-openings and closings include seasonal shutterings. Quarterly startup and exit values may not align with Figure 3 due to smoothing.

INTERNATIONAL TRADE

- A total of 4,476 companies exported goods from Kentucky in 2015. Of these, 3,563, or 79.6%, were small firms; they generated 33.9% of Kentucky's \$26.3 billion in total exports. (Source: ITA)

SMALL BUSINESS EMPLOYMENT BY INDUSTRY AND COUNTY

Table 1: Kentucky Employment by Industry, 2015

 Industry	 Small Business Employment	 Total Private Employment	 Small Business Employment Share
Health Care and Social Assistance	103,050	253,185	40.7
Accommodation and Food Services	100,062	170,344	58.7
Retail Trade	75,550	207,315	36.4
Manufacturing	73,404	232,007	31.6
Construction	57,020	65,891	86.5
Other Services (except Public Administration)	52,947	65,799	80.5
Professional, Scientific, and Technical Services	48,554	72,731	66.8
Administrative, Support, and Waste Management	36,531	119,443	30.6
Wholesale Trade	36,431	72,254	50.4
Finance and Insurance	26,124	73,587	35.5
Transportation and Warehousing	20,629	92,858	22.2
Educational Services	14,920	28,599	52.2
Arts, Entertainment, and Recreation	13,818	16,931	81.6
Real Estate and Rental and Leasing	12,084	17,217	70.2
Information	7,853	35,992	21.8
Mining, Quarrying, and Oil and Gas Extraction	6,845	14,068	48.7
Management of Companies and Enterprises	5,205	30,671	17.0
Utilities	3,073	8,413	36.5
Agriculture, Forestry, and Fishing and Hunting	1,224	1,313	93.2
Industries not classified	859	859	100.0
Total	696,183	1,579,477	44.1

Figure 4: Kentucky Small Business Employment by County, 2015

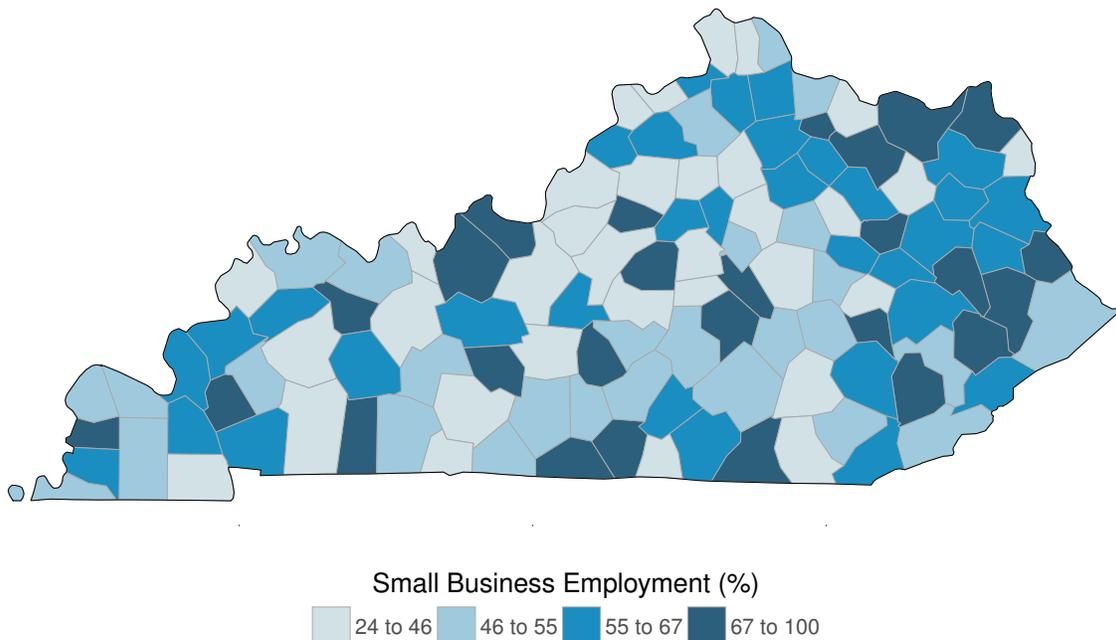


Table 2: Kentucky Small Businesses by Industry and Firm Size, 2015

Industry	1-499 Employees	1-20 Employees	Nonemployer Firms	Total Small Firms
Health Care and Social Assistance	9,048	8,013	18,476	27,524
Retail Trade	8,804	7,850	27,728	36,532
Other Services (except Public Administration)	8,476	7,922	49,224	57,700
Professional, Scientific, and Technical Services	7,413	6,842	29,153	36,566
Construction	6,938	6,267	38,466	45,404
Accommodation and Food Services	5,414	3,922	3,204	8,618
Administrative, Support, and Waste Management	3,143	2,720	27,604	30,747
Wholesale Trade	2,945	2,264	4,287	7,232
Manufacturing	2,852	1,927	3,966	6,818
Finance and Insurance	2,814	2,511	7,206	10,020
Real Estate and Rental and Leasing	2,762	2,586	28,371	31,133
Transportation and Warehousing	2,108	1,804	14,824	16,932
Arts, Entertainment, and Recreation	1,231	1,053	12,622	13,853
Educational Services	743	584	6,595	7,338
Information	654	532	2,679	3,333
Mining, Quarrying, and Oil and Gas Extraction	359	263	1,614	1,973
Agriculture, Forestry, and Fishing and Hunting	221	207	4,618	4,839
Utilities	74	45	198	272
Total	66,324	57,864	280,835	347,159

Figure 4 and Tables 1 and 2 display data from the 2015 SUSB. Table 2 includes additional data from the 2015 Nonemployer Statistics (NES).

REFERENCES

The Small Business Profiles, source data, and methodology are available at <https://go.usa.gov/xQT4w>.

- ASE Annual Survey of Entrepreneurs, US Census Bureau
- BEA Bureau of Economic Analysis, US Department of Commerce
- BDM Business Employment Dynamics, BLS
- BLS Bureau of Labor Statistics, US Department of Labor
- CPS Current Population Survey, BLS
- FDIC Call Reports, Federal Deposit Insurance Corporation
- FFIEC Federal Financial Institutions Examination Council
- ITA International Trade Administration, US Department of Commerce
- NES Nonemployer Statistics, US Census Bureau
- SBO Survey of Business Owners, US Census Bureau
- SUSB Statistics of US Businesses, US Census Bureau