

SMALL BUSINESS PROFILE

U.S. SMALL BUSINESS ADMINISTRATION

OFFICE OF ADVOCACY

REGULATION • RESEARCH • OUTREACH

KENTUCKY



341,147
96.5% Small Businesses
of Kentucky Businesses

688,540
45.7% Small Business Employees
of Kentucky Employees

688,540
45.7% Small Business Employees
of Kentucky Employees



EMPLOYMENT
3,535
net new jobs¹



DIVERSITY
34.8%
increase in minority
ownership²



TRADE
79.1%
of Kentucky exporters³

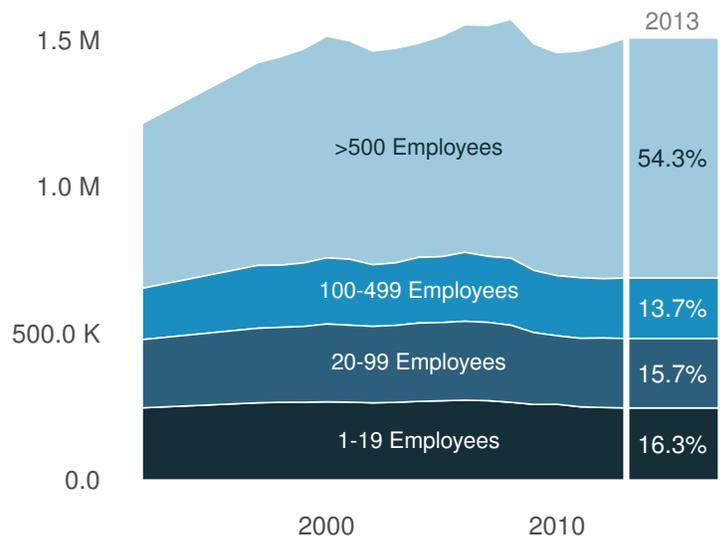
OVERALL KENTUCKY ECONOMY

- In the third quarter of 2015, Kentucky grew at an annual rate of 2.3% which was faster than the overall US growth rate of 1.9%. By comparison, Kentucky's 2014 growth of 3.3% was up from the 2013 level of 2.5%. (Source: BEA)
- At the close of 2015, unemployment was 5.7%, up from 5.4% at the close of 2014. This was above the national unemployment rate of 5.0%. (Source: CPS)

EMPLOYMENT

- Kentucky small businesses employed 688,540 people, or 45.7% of the private workforce, in 2013. (Source: SUSB)
- Firms with fewer than 100 employees have the largest share of small business employment. See Figure 1 for further details on firms with employees. (Source: SUSB)
- Private-sector employment increased 2.5% in 2015. This was above the previous year's increase of 2.4%. (Source: CES)
- The number of proprietors increased in 2014 by 1.2% relative to the previous year. (Source: BEA)
- Small businesses created 3,535 net jobs in 2013. Among the seven BDS size-classes, firms employing 100 to 249 employees experienced the largest gains, adding 2,706 net jobs. The largest losses were in firms employing 5 to 9 employees which lost 1,784 net jobs. (Source: BDS)

Figure 1: Kentucky Employment by Firm Size



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 as firms employing fewer than 500 employees.** Hyperlinks to data sources and report generation information are provided in Table 3.

^{1,3} Net small business jobs change and exporter share are based on newly released 2013 BDS and 2012 ITA data.

² Diversity statistic tracks changes between 2007 and 2012 based on the Survey of Business Owners (SBO) 2015 release.

INCOME AND FINANCE

- The number of banks reported in the Call Reports between June 2014 and June 2015 declined. (Source: FDIC)
- In 2014, 46,698 loans under \$100,000 (and valued at \$683.1 million) were issued by Kentucky lending institutions reporting under the Community Reinvestment Act. (Source: FFIEC)
- The median income⁴ for individuals who were self-employed at their own incorporated businesses was \$43,141 in 2014. For individuals self-employed at their own unincorporated firms, this figure was \$20,148. (Source: ACS)

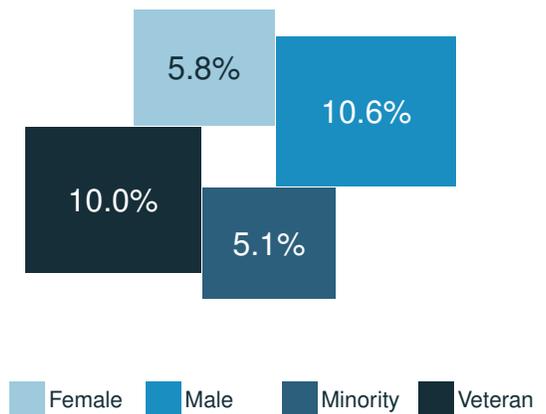
⁴ Median income represents earnings from all sources. Unincorporated self-employment income includes unpaid family workers, a very small percent of the unincorporated self-employed.

BUSINESS OWNER DEMOGRAPHICS

Figure 2: Kentucky Changes in Business Ownership by Demographic Group

African American-owned	•	30.2%
Asian-owned	•	26.3%
Hawaiian/Pacific Islander-owned	●	200.0%
Hispanic-owned	•	42.9%
Native American/Alaskan-owned	•	55.0%
Minority-owned	•	34.8%
Nonminority-owned	•	-2.7%

Figure 3: Kentucky Self-Employment within Demographic Group

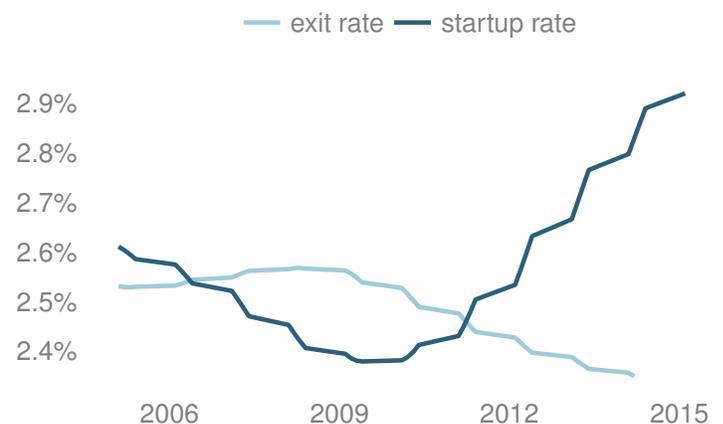


- Figure 2 displays the change in overall firm ownership for each demographic group from 2007 to 2012 based on the Survey of Business Owners (SBO) for Kentucky, released in December 2015.
- Figure 3 displays the percent of each demographic group identified as self-employed according to the 2014 American Community Survey (ACS) 5-year estimates.

BUSINESS TURNOVER

- In the second quarter of 2014, 2,680 establishments started up⁵ in Kentucky and 2,163 exited.⁶ Startups generated 9,386 new jobs while exits caused 7,969 job losses. (Source: BDM)
- Figure 4 displays startup and exit rates from 2005 to 2015. Each series is smoothed across multiple quarters to highlight long-run trends. (Source: BDM)

Figure 4: Kentucky Private Startup and Exit Rates



⁵ **STARTUPS** are counted when business establishments hire at least one employee for the first time. The BLS terms these **births**, as distinct from the BLS **openings** category which includes seasonal re-openings.

⁶ **EXITS** occur when establishments go from having at least one employee to having none, and then remain closed for at least a year. The BLS terms these events **deaths**, as distinct from the **closings** category which includes seasonal shutterings.

INTERNATIONAL TRADE

- A total of 4,420 companies exported goods from Kentucky in 2013. Among these, 3,495, or 79.1%, were small firms; they generated 26.8% of Kentucky's total known export value. (Source: ITA)

SMALL BUSINESSES BY INDUSTRY

Table 1: Kentucky Small Firms by Industry, 2013
(sorted by small employer firms)

				
Industry	1 – 499 Employees	1 – 19 Employees	Nonemployer Firms	Total Small Firms
Retail Trade	8,981	8,044	27,591	36,572
Health Care and Social Assistance	8,863	7,757	17,996	26,859
Other Services (except Public Administration)	8,541	7,975	48,608	57,149
Professional, Scientific, and Technical Services	7,327	6,782	28,194	35,521
Construction	7,028	6,409	38,574	45,602
Accommodation and Food Services	5,315	3,886	3,131	8,446
Administrative, Support, and Waste Management	3,120	2,689	28,335	31,455
Wholesale Trade	3,021	2,344	4,300	7,321
Manufacturing	2,884	2,003	3,840	6,724
Finance and Insurance	2,833	2,522	7,342	10,175
Real Estate and Rental and Leasing	2,724	2,539	26,978	29,702
Transportation and Warehousing	2,105	1,803	12,976	15,081
Arts, Entertainment, and Recreation	1,183	1,000	12,003	13,186
Educational Services	724	572	5,649	6,373
Information	658	528	2,680	3,338
Mining, Quarrying, and Oil and Gas Extraction	391	285	1,793	2,184
Agriculture, Forestry, Fishing and Hunting	218	203	4,829	5,047
Utilities	77	49	168	245
Total	65,993	57,390	274,987	340,980

Totals for Tables 1 and 2 differ from SUSB's statewide tallies due to firms with establishments in more than one industry and the omission of industry classifications not reported by NES. (Source: NES and SUSB)

s Indicates samples deemed too small to represent the population according to SUSB.

Table 2: Kentucky Employment by Industry and Firm Size, 2013
(sorted by small firm employment)

Industry	Small Business Employment	Total Private Employment	Small Business Employment Share
Health Care and Social Assistance	107,900	255,846	42.2%
Accommodation and Food Services	97,171	161,738	60.1%
Retail Trade	76,002	202,387	37.6%
Manufacturing	69,814	218,734	31.9%
Construction	54,257	60,412	89.8%
Other Services (except Public Administration)	52,790	66,633	79.2%
Professional, Scientific, and Technical Services	46,405	68,412	67.8%
Wholesale Trade	35,979	69,635	51.7%
Administrative, Support, and Waste Management	35,535	96,582	36.8%
Finance and Insurance	26,476	67,665	39.1%
Transportation and Warehousing	20,252	83,574	24.2%
Educational Services	15,053	29,411	51.2%
Arts, Entertainment, and Recreation	13,460	17,283	77.9%
Real Estate and Rental and Leasing	12,881	19,777	65.1%
Information	8,539	32,838	26.0%
Mining, Quarrying, and Oil and Gas Extraction	7,147	18,369	38.9%
Utilities	2,547	8,240	30.9%
Agriculture, Forestry, Fishing and Hunting	1,247	1,313	95.0%
Total	683,455	1,478,849	46.2%

Figure 5: Kentucky County-Level Job Changes, 2015 (CEW)

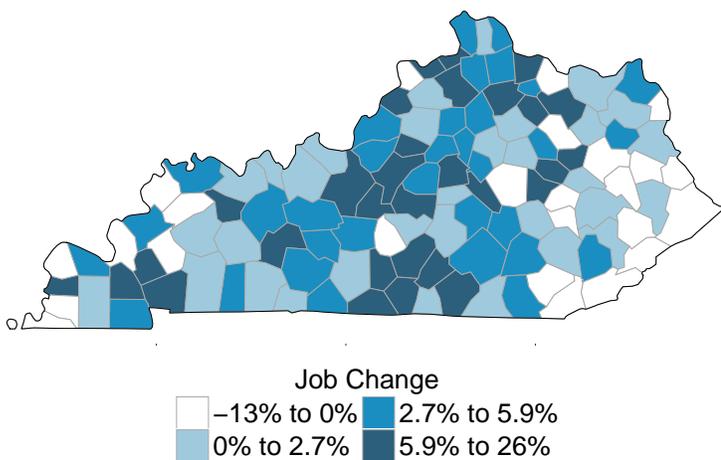


Table 3: Abbreviations and Resources

ACS	American Community Survey, US Census Bureau
BEA	Bureau of Economic Analysis
BDM	Business Employment Dynamics, BLS
BDS	Business Dynamics Statistics, US Census Bureau
BLS	Bureau of Labor Statistics, US Department of Labor
CES	Current Employment Statistics, BLS
CEW	Census of Employment and Wages, BLS
CPS	Current Population Survey, BLS
FDIC	Federal Deposit Insurance Corporation
FFIEC	Federal Financial Institutions Examination Council
ITA	International Trade Administration
NES	Nonemployer Statistics, US Census Bureau
SBO	Survey of Business Owners, US Census Bureau
SUSB	Statistics of US Businesses, US Census Bureau

All profiles, source data, methodology notes, and county-level employment statistics are available at <http://go.usa.gov/cfKMd>

