

SMALL BUSINESS PROFILE

U.S. SMALL BUSINESS ADMINISTRATION

OFFICE OF ADVOCACY

REGULATION • RESEARCH • OUTREACH

KENTUCKY



344,108
99.3%

Small Businesses
of Kentucky Businesses

687,294
44.8%

Small Business Employees
of Kentucky Employees



EMPLOYMENT
20
net jobs lost



DIVERSITY
27,227
minority-owned
businesses



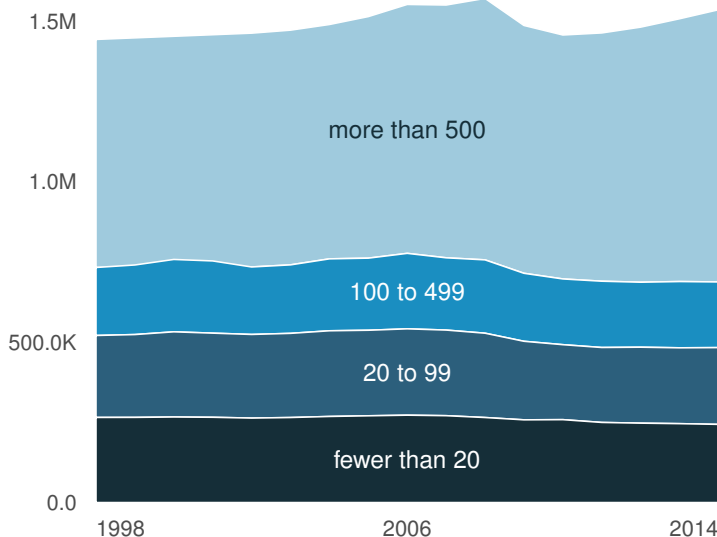
TRADE
79.4%
of Kentucky exporters

OVERALL KENTUCKY ECONOMY

- In the second quarter of 2016, Kentucky grew at an annual rate of **0.7%**, which was slower than the overall US growth rate of **1.2%**. Kentucky's 2015 growth rate of **1.4%** was up from the 2014 rate of **0.6%**. (Source: [BEA](#))
- In November 2016, the unemployment rate was **4.8%**, down from **5.7%** at the close of 2015. This was above the November 2016 national unemployment rate of **4.6%**. (Source: [CPS](#))

EMPLOYMENT

Figure 1: Kentucky Employment by Business Size (Employees)



- Kentucky small businesses employed **687,294** people, or **44.8%** of the private workforce, in 2014. (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](#))
- During the year ending November 2016, private-sector employment increased **3.7%**. This was above the previous year's decrease of **1.0%**. (Source: [CPS](#))
- The number of proprietors increased in 2015 by **2.6%** relative to the previous year. (Source: [BEA](#))
- Small businesses lost **20** net jobs in 2014. Among the seven BDS size-classes, firms employing 250 to 499 employees experienced the largest gains, adding **1,960** net jobs. The largest losses were in firms employing 5 to 9 employees, which lost **1,315** net jobs. (Source: [BDS](#))

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. Net small business job change, minority small business ownership, and exporter share statistics are based on the 2014 Business Dynamics Statistics (BDS), 2012 Survey of Business Owners (SBO), and 2014 International Trade Administration (ITA) data, respectively.

INCOME AND FINANCE

- The number of banks reported in the Call Reports between June 2015 and June 2016 declined. (Source: [FDIC](#))
- In 2014, 46,698 loans under \$100,000 (valued at \$683.1 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 \$44,605 in 2015. For individuals self-employed at their own unincorporated firms, this figure was \$20,396. (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.

BUSINESS OWNER DEMOGRAPHICS

Figure 2: Kentucky Small Business Ownership, 2012

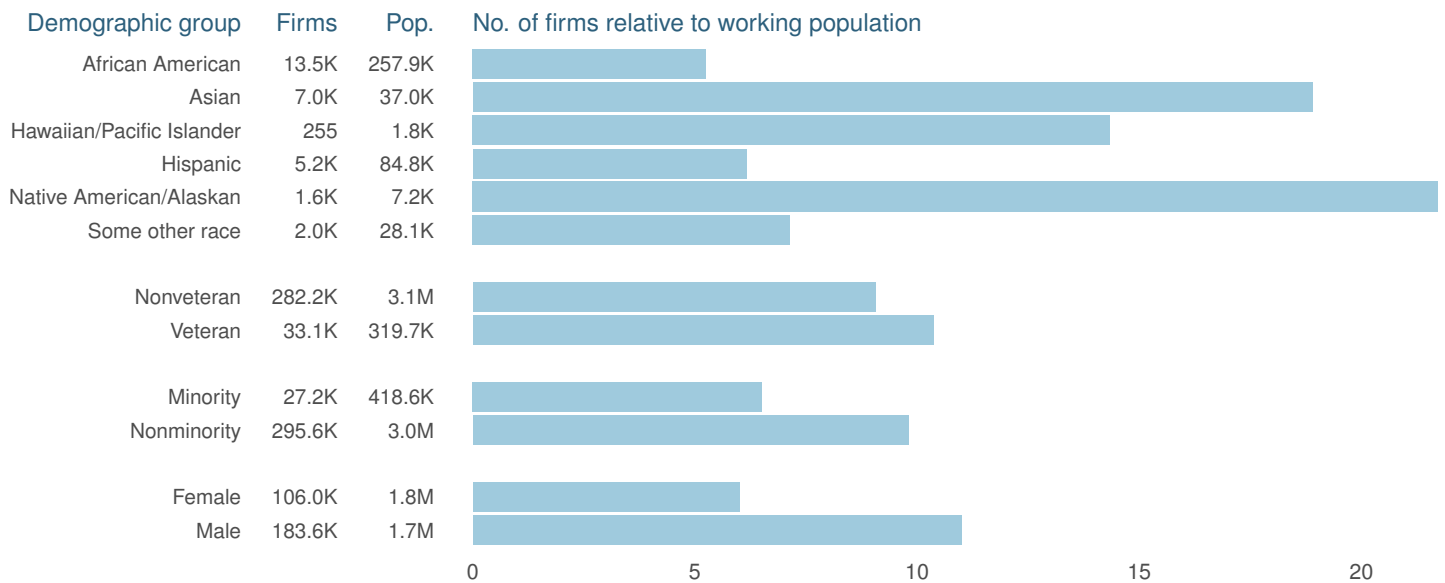
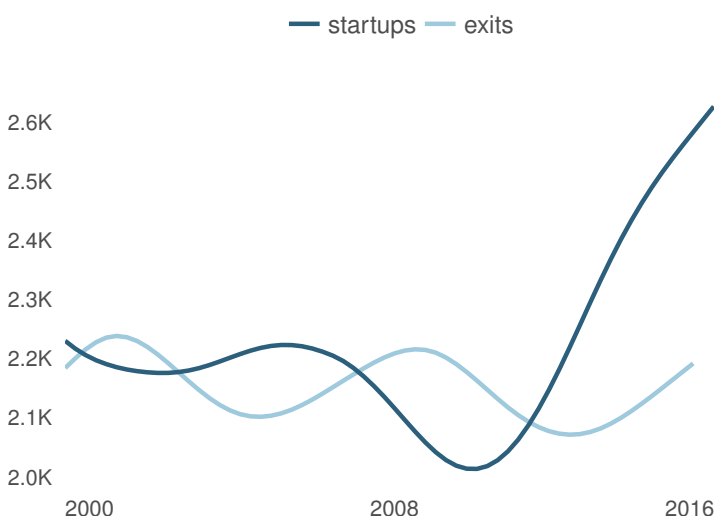


Figure 2 displays the number of small firms (SBO) per 100 people 16 years and over (ACS). For example, there are approximately 6 female-owned firms per 100 working age females or $106.0K \div 1.8M \times 100$. ACS and SBO differ in their classifications of individuals reporting more than one race. ACS provides a distinct category for two or more races while SBO tabulates these businesses into more than one group.

BUSINESS TURNOVER

Figure 3: Kentucky Quarterly Startups and Exits



- In the second quarter of 2015, 2,401 establishments started up, generating 9,133 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, 2,196 establishments exited resulting in 7,302 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 2000 to 2016. Each series is smoothed across multiple quarters to highlight long-run trends.

The 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.

INTERNATIONAL TRADE

- A total of 4,606 companies exported goods from Kentucky in 2014. Among these, 3,655, or 79.4%, were small firms; they generated 30.2% of Kentucky's \$26.4 billion in total known exports. (Source: ITA)

SMALL BUSINESS EMPLOYMENT BY INDUSTRY AND COUNTY

Table 1: Kentucky Employment by Industry, 2014





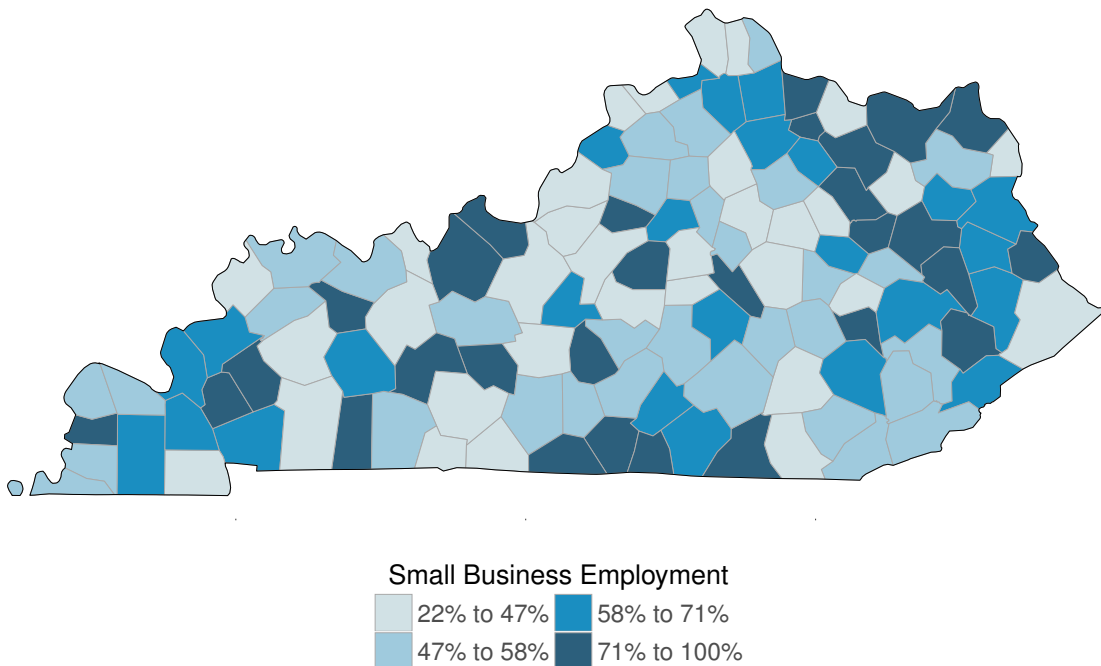





 Industry	 Small Business Employment	 Total Private Employment	 Small Business Employment Share
Health Care and Social Assistance	102,347	247,078	41%
Accommodation and Food Services	98,699	165,482	60%
Retail Trade	75,227	203,584	37%
Manufacturing	70,804	226,808	31%
Construction	55,115	63,470	87%
Other Services (Except Public Administration)	52,894	65,840	80%
Professional, Scientific, and Technical Services	47,893	71,029	67%
Wholesale Trade	35,727	69,522	51%
Administrative, Support, and Waste Management	35,169	108,726	32%
Finance and Insurance	27,028	71,574	38%
Transportation and Warehousing	20,292	87,263	23%
Educational Services	14,690	29,317	50%
Arts, Entertainment, and Recreation	13,698	17,009	81%
Real Estate and Rental and Leasing	12,431	17,747	70%
Information	8,092	36,085	22%
Mining, Quarrying, and Oil and Gas Extraction	7,782	15,950	49%
Utilities	2,563	8,301	31%
Agriculture, Forestry, and Fishing and Hunting	1,305	1,362	96%
Total	687,294	1,535,417	45%

Figure 4: Kentucky Small Business Percent of Employment by County



SMALL BUSINESSES BY INDUSTRY

Table 2: Kentucky Small Businesses by Industry and Firm Size, 2014

				
Industry	1-499 Employees	1-20 Employees	Nonemployer Firms	Total Small Firms
Other Services (Except Public Administration)	8,497	7,942	49,372	57,869
Construction	6,976	6,334	38,450	45,426
Retail Trade	8,876	7,943	27,384	36,260
Professional, Scientific, and Technical Services	7,387	6,817	28,846	36,233
Administrative, Support, and Waste Management	3,127	2,695	27,803	30,930
Real Estate and Rental and Leasing	2,722	2,534	27,562	30,284
Health Care and Social Assistance	9,096	8,064	18,097	27,193
Transportation and Warehousing	2,074	1,772	13,765	15,839
Arts, Entertainment, and Recreation	1,189	1,010	12,366	13,555
Finance and Insurance	2,839	2,528	7,304	10,143
Accommodation and Food Services	5,353	3,883	3,134	8,487
Wholesale Trade	2,956	2,272	4,392	7,348
Educational Services	736	584	6,201	6,937
Manufacturing	2,910	2,012	3,792	6,702
Agriculture, Forestry, and Fishing and Hunting	221	204	4,638	4,859
Information	670	537	2,673	3,343
Mining, Quarrying, and Oil and Gas Extraction	386	279	1,779	2,165
Utilities	75	46	173	248
Total	66,377	57,980	277,731	344,108

Data for counties shown in white in Figure 4 and values labeled "s" in Tables 1 and 2 were withheld by the Census Bureau because they do not meet publication standards or could disclose information regarding individual businesses. (Source: SUSB, NES)

REFERENCES

The Small Business Profiles, source data, and methodology are available at <http://go.usa.gov/x9yxK>.

ACS	American Community Survey, 5-year estimates, U.S. Census Bureau
BEA	Bureau of Economic Analysis
BDM	Business Employment Dynamics, BLS
BDS	Business Dynamics Statistics, U.S. Census Bureau
BLS	Bureau of Labor Statistics, U.S. 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, U.S. Census Bureau
SBO	Survey of Business Owners, U.S. Census Bureau
SUSB	Statistics of U.S. Businesses, U.S. Census Bureau

