

2019 Small Business Profile

Kentucky



351,260 Small Businesses
99.3% of Kentucky Businesses

702,054 Small Business Employees
43.8% of Kentucky Employees



EMPLOYMENT
16,824
net new jobs



DIVERSITY
50,401
minority-owned
business employees



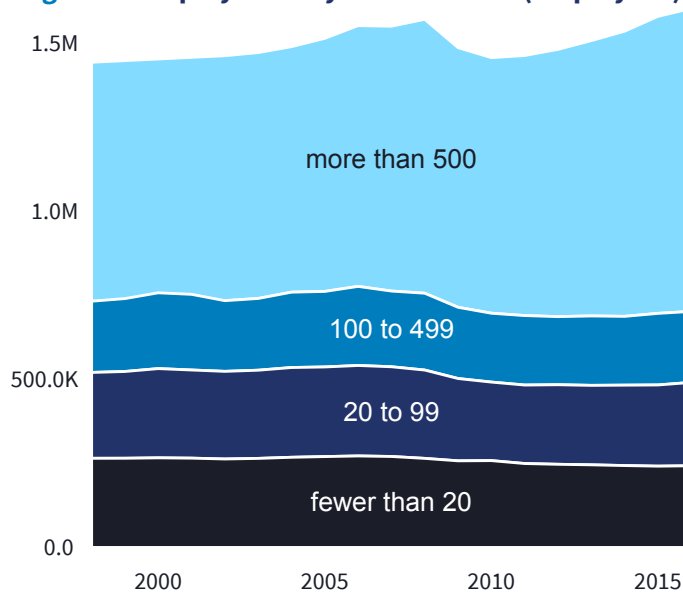
TRADE
3,479
small business
exporters

Overall Kentucky Economy

- In the third quarter of 2018, Kentucky grew at an annual rate of **2.1%**, which was slower than the overall US growth rate of **3.4%**. Kentucky's 2017 growth rate of **1.7%** was up from the 2016 rate of less than **0.1%**. (Source: [BEA](#))
- In February 2019, the unemployment rate was **4.1%**, down from **4.3%** in February 2018. This was above the February 2019 national unemployment rate of **3.8%**. (Source: [CPS](#))

Employment

Figure 1: Employment by Business Size (Employees)



- Kentucky small businesses employed **702,054** people, or **43.8%** of the private workforce, in 2016. (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 **0.6%** during the 12-month period ending in February 2019. This was below the increase of **1.4%** during the prior 12-month period. (Source: [CPS](#))
- The number of proprietors increased in 2017 by **1.6%** relative to the previous year. (Source: [BEA](#))
- Small businesses created **16,824** net jobs in 2016. Firms employing fewer than 20 employees experienced the largest gains, adding **11,367** net jobs. The largest losses were in firms employing 100 to 499 employees, which lost **1,398** net jobs. (Source: [SUSB](#))

The Small Business Profiles are produced by the US Small Business Administration's Office of Advocacy (<http://advocacy.sba.gov>). 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, employees of minority-owned businesses, and exporter share statistics are based on the 2016 Statistics of US Businesses (SUSB), 2016 Annual Survey of Entrepreneurs (ASE), and 2016 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 2017, **53,601** loans under \$100,000 (valued at **\$818.1 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 **\$48,527** in 2017. For individuals self-employed at their own unincorporated firms, this figure was **\$21,749**. (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, 2016

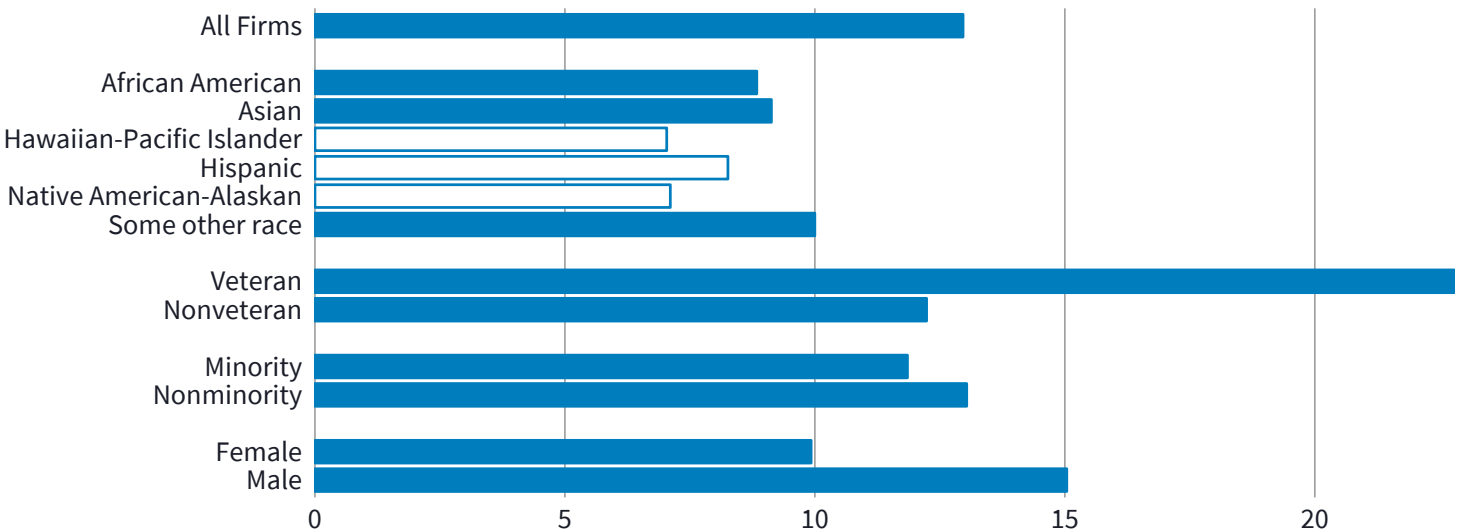
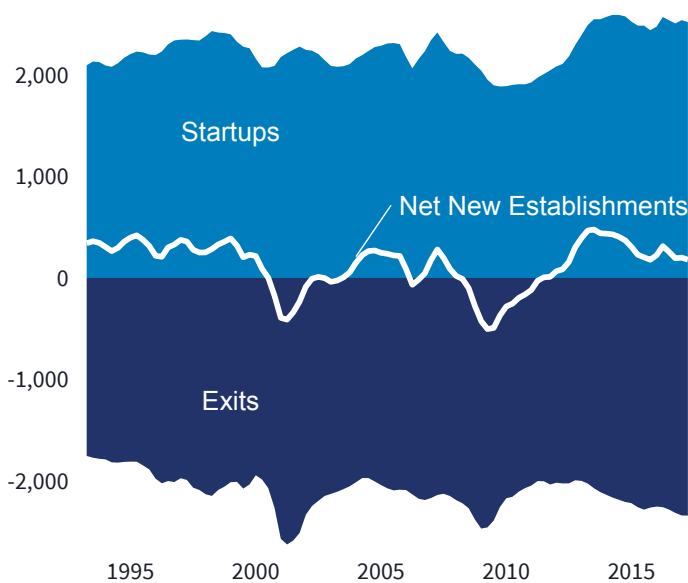


Figure 2 shows the average number of employees per employer business by owner's demographic group according to the 2016 Annual Survey of Entrepreneurs (ASE). Unshaded bars display US values; data were withheld because they do not meet Census Bureau publication standards or could disclose information regarding individual businesses.

Turnover among Establishments with Employees

Figure 3: Kentucky Quarterly Startups and Exits



- In the third quarter of 2017, **2,389** establishments started up, generating **9,070** 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, **2,492** establishments exited resulting in **8,551** 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 1993 to 2017. 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 4,471 companies exported goods from Kentucky in 2016. Of these, 3,479, or 77.8%, were small firms; they generated 43.7% of Kentucky's \$27.8 billion in total exports. (Source: ITA)

Small Business Employment by Industry and Self-Employment by County

Table 1: Kentucky Employment by Industry, 2016

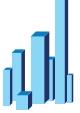



 Industry	 Small Business Employment	 Total Private Employment	 Small Business Employment Share
Health Care and Social Assistance	103,440	255,345	40.5
Accommodation and Food Services	102,946	173,991	59.2
Retail Trade	77,228	214,356	36.0
Manufacturing	72,076	235,487	30.6
Construction	62,004	69,808	88.8
Other Services (except Public Administration)	53,711	66,783	80.4
Professional, Scientific, and Technical Services	48,279	74,749	64.6
Administrative, Support, and Waste Management	36,935	121,236	30.5
Wholesale Trade	35,702	71,545	49.9
Finance and Insurance	24,981	74,742	33.4
Transportation and Warehousing	21,245	96,476	22.0
Arts, Entertainment, and Recreation	14,924	17,667	84.5
Educational Services	14,546	28,807	50.5
Real Estate and Rental and Leasing	12,488	18,186	68.7
Information	7,933	32,140	24.7
Mining, Quarrying, and Oil and Gas Extraction	4,904	10,134	48.4
Management of Companies and Enterprises	4,310	31,161	13.8
Utilities	2,450	8,530	28.7
Agriculture, Forestry, and Fishing and Hunting	1,411	1,489	94.8
Industries not classified	541	541	100.0
Total	702,054	1,603,173	43.8

Figure 4: Kentucky Self-Employment Rates by County, 2017

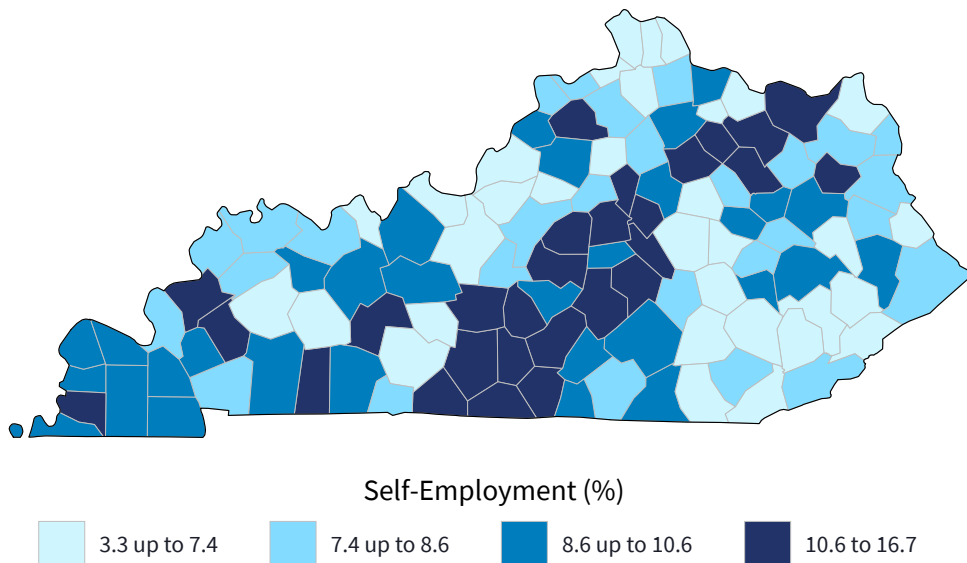


Table 2: Kentucky Small Businesses by Industry and Firm Size, 2016

Industry	1-499 Employees	1-19 Employees	Nonemployer Firms	Total Small Firms
Other Services (except Public Administration)	8,556	8,000	49,353	57,909
Construction	7,068	6,370	38,907	45,975
Professional, Scientific, and Technical Services	7,343	6,759	29,684	37,027
Retail Trade	8,757	7,771	28,197	36,954
Real Estate and Rental and Leasing	2,855	2,668	29,042	31,897
Administrative, Support, and Waste Management	3,155	2,718	27,644	30,799
Health Care and Social Assistance	8,951	7,909	18,596	27,547
Transportation and Warehousing	2,059	1,752	16,403	18,462
Arts, Entertainment, and Recreation	1,229	1,030	12,941	14,170
Finance and Insurance	2,813	2,521	7,185	9,998
Accommodation and Food Services	5,493	3,891	3,334	8,827
Educational Services	744	590	6,688	7,432
Wholesale Trade	2,898	2,240	4,254	7,152
Manufacturing	2,839	1,924	3,861	6,700
Agriculture, Forestry, and Fishing and Hunting	229	214	4,594	4,823
Information	655	529	2,676	3,331
Mining, Quarrying, and Oil and Gas Extraction	311	231	1,477	1,788
Utilities	72	45	217	289
Total	66,207	57,586	285,053	351,260

Tables 1 and 2 display data from the 2016 SUSB. Table 2 includes additional data from the 2016 Nonemployer Statistics (NES). Figure 4 provides estimates of the rate of self-employment among employed civilians, 16 years and over, including both incorporated and unincorporated businesses, from the 2017 American Community Survey (ACS).

References

The Small Business Profiles, source data, and methodology are available at <https://go.usa.gov/xmb5R>.

- ACS American Community Survey, US Census Bureau
- 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
- SUSB Statistics of US Businesses, US Census Bureau