

Kentucky

341,110 Small Businesses

66,051 Small Businesses with Employees

275,059 Small Businesses without Employees (Nonemployers)

689,662 Workers Employed by Small Businesses

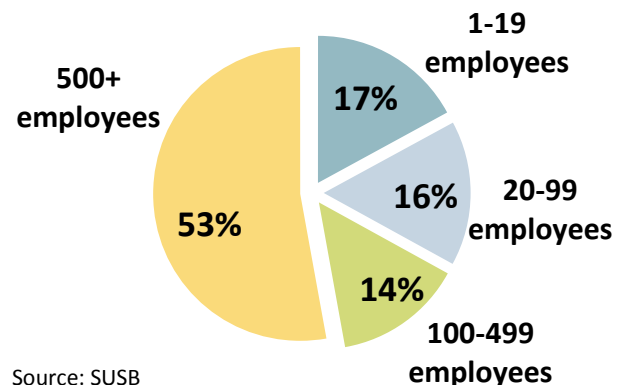
State Economy Overall

- Kentucky's economy grew at a slower rate than the United States in 2012. Kentucky's real gross state product increased by **1.4 percent** compared to **2.5 percent** for U.S. gross domestic product. (Source: BEA)
- The employment situation in Kentucky has improved. The unemployment rate in Kentucky modestly declined from **8.1 percent** in December 2012 to **8 percent** in December 2013. This is above the national average of **6.7 percent**. (Source: BLS)

Employment

- Kentucky's small businesses employed about half or **689,662** of the state's private workforce in 2011.
- Almost all firms with employees are small. They make up **96.5 percent** of all employers in the state. **Table 3** offers further industry detail on small firms.
- Firms with fewer than 100 employees have the largest share of small business employment. **Figure 1** offers further detail.
- The three industries with the most small business employment were: health care & social assistance, accommodation & food services, and retail trade (**Table 4**).
- In Kentucky, small businesses created **2,552** net new jobs in 2011. The biggest gain was in the smallest firm size category of 1-4 employees. (Source: BDS)
- The number of people who were primarily self-employed decreased in 2012. For demographic detail on the state's self-employment, see **Figure 2**.
- The state's private-sector employment increased in 2013 by **1.0 percent**, which was below the national average growth rate of **2.1 percent**. (Source: BEA, BLS)

Figure 1: Kentucky Employment by Size of Firm, 2011



The *Small Business State and Territory Profiles* report on the economic status of small business from 2010 to 2013. They include information on the number of firms, employment, demographics and other topics using the most recently available government data. They are a reference tool for researchers, policymakers, and small entities who are interested in how small firms are performing regionally or nationally. *Note that this report defines small businesses as firms with fewer than 500 employees.*

Income and Finance

- Most small businesses are sole proprietors. Annual income from sole proprietorships increased **6.6 percent** in the 3rd quarter of 2013 and totaled **\$11.5 billion**. (Source: BEA)
- The Federal Deposit Insurance Corporation tracks banks and bank branches and publishes annual data for each state. For more detailed information see www2.fdic.gov/sod/sodSummary.asp?barItem=3.
- In 2012, **53,491** loans under \$100,000 (and valued at **\$664.7 million**) were issued by Community Reinvestment Act lending institutions in Kentucky. (Source: FFIEC)

Business Owner Demographics

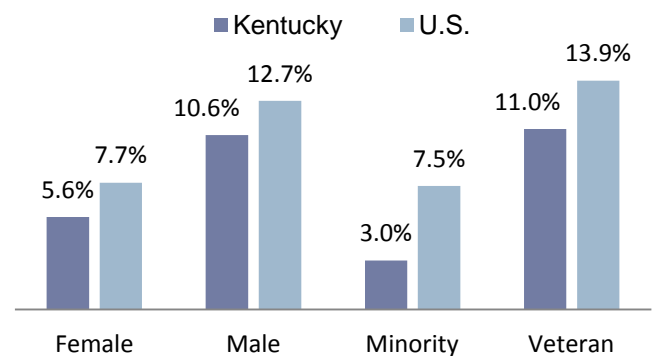
- In 2011, there were an estimated **88,000** woman-owned businesses and **21,000** minority-owned businesses. For additional business demographic information, see **Table 1** and **Figure 2**.

Table 1. Demographics of All Kentucky Businesses, 2011

	Number of All Businesses ^e	Share of All Businesses (%) [*]
Male Owned	177,000	51.6
Woman Owned	88,000	25.6
Equally Male and Female Owned	67,000	19.6
Minority Owned	21,000	6.0
Veteran Owned	32,000	9.3

e = Advocacy estimate. *2007 SBO. Note: This estimate is based on the share of business owners in the 2007 SBO. This share is multiplied by the total number of businesses in 2011 (employer + nonemployer firms). These shares will not be updated to 2012 until fall 2015. Thus, the 2011 estimates assume the 2011 shares are the same as 2007. For more information, visit www.sba.gov/sites/default/files/files/ky10.pdf.

Figure 2: Kentucky Self-Employment Demographics, 2012



Source: CPS

Note: Share of self-employed workers within a demographic group.

Business Turnover

- **Table 2** gives Kentucky's establishment survival rates over an eight-year period, 2002-2010.
- In the 2nd quarter of 2013, **4,393** establishments opened and **3,871** closed in the state of Kentucky. (Source: BED)
- Business bankruptcies declined in net from 2010 to 2013, signaling a stronger state economy. (Source: U.S. Courts)

Table 2. Survival Rates of Establishments in Kentucky

	Establishments Opened*	Share Surviving Until 2012 (%)
2002	6,715	35.2
2007	6,925	48.8
2010	5,460	67.6

Source: BLS, BED. *Data year ending in March.

International Trade

- A total of **4,569** companies exported goods from the state in 2012. Of these, **3,634** or **79.5 percent** were small firms; they generated over one-quarter (**26.3 percent**) of the state's total known export value. (Source: ITA)

Table 3: Number of Kentucky Small Firms by Industry, 2011
(ranked by number of small employer firms)

Industry	Employer Firms With 1-499 Employees	Employer Firms With 1-19 Employees	Nonemployer Firms	Total Small Firms
Retail trade	9,265	8,260	27,188	36,453
Other services (except public admin.)	8,790	8,215	48,817	57,607
Health care & social assistance	7,892	6,791	18,297	26,189
Professional, scientific, & tech. svcs.	7,289	6,779	28,005	35,294
Construction	7,256	6,619	40,461	47,717
Accommodation & food services	5,199	3,858	3,245	8,444
Admin., supp., waste mgt., remed. svcs.	3,150	2,745	28,374	31,524
Wholesale trade	3,051	2,388	4,303	7,354
Manufacturing	2,917	2,027	3,649	6,566
Finance & insurance	2,790	2,481	7,302	10,092
Real estate & rental & leasing	2,641	2,458	26,297	28,938
Transportation & warehousing	2,220	1,934	12,770	14,990
Arts, entertainment, & recreation	1,165	981	11,516	12,681
Educational services	716	563	5,388	6,104
Information	659	527	2,627	3,286
Unclassified	601	601	0	601
Mining	441	318	1,830	2,271
Management of comp. & enterprises	246	49	0	246
Forestry, etc. & agriculture support	210	195	4,811	5,021
Utilities	76	49	179	255
Total	66,051	57,776	275,059	341,110

Table 4: Employment in Kentucky by Industry and Firm Size, 2011
(ranked by small firm employment)

Industry	Employment		Small Firm Share of Industry Employment (%)
	Small Firms	Total Firms	
Health care & social assistance	111,059	243,151	46
Accommodation & food services	91,063	153,236	59
Retail trade	79,153	216,132	37
Manufacturing	70,652	205,978	34
Construction	56,707	62,146	91
Other services (except public admin.)	53,244	64,218	83
Professional, scientific, & tech. svcs.	45,235	63,721	71
Wholesale trade	35,092	67,615	52
Admin., supp., waste mgt., remed. svcs.	34,901	84,763	41
Finance & insurance	26,381	64,484	41
Transportation & warehousing	19,549	83,628	23
Educational services	15,352	28,291	54
Arts, entertainment, & recreation	13,529	16,880	80
Real estate & rental & leasing	12,070	17,316	70
Information	8,532	31,880	27
Mining	8,509	21,816	39
Management of comp. & enterprises	3,779	27,317	14
Utilities	2,576	8,274	31
Forestry, etc. & agriculture support	1,663	1,711	97
Unclassified	616	616	100
Total	689,662	1,463,173	47

Source, Tables 3 and 4: SUSB

See www.sba.gov/advocacy/847/841921 for more detailed data.

Note: Small firms are defined as nonfarm firms having fewer than 500 employees.

Abbreviations and Resources

BEA	Bureau of Economic Analysis, U.S. Department of Commerce, www.bea.gov .
BED	Business Employment Dynamics, U.S. Department of Labor, Bureau of Labor Statistics, www.bls.gov/bdm .
BDS	Business Dynamics Statistics, U.S. Census Bureau, www.census.gov/ces/dataproducts/bds .
BLS	Bureau of Labor Statistics, U.S. Department of Labor, www.bls.gov .
CPS	Current Population Survey, U.S. Census Bureau, and U.S. Department of Labor, Bureau of Labor Statistics, www.census.gov/cps .
FDIC	Federal Deposit Insurance Corporation, www.fdic.gov .
FFIEC	Federal Financial Institutions Examination Council, www.ffiec.gov .
ITA	International Trade Administration, U.S. Department of Commerce, www.trade.gov .
SBO	Survey of Business Owners, U.S. Census Bureau, www.census.gov/econ/sbo .
SUSB	Statistics of U.S. Businesses, U.S. Census Bureau, www.census.gov/econ/susb .
U.S. Courts	Administrative Office of the U.S. Courts, www.uscourts.gov .