

2020 Small Business Profile

Kentucky

355,998 Small Businesses
99.3% of Kentucky Businesses

712,477 Small Business Employees
43.8% of Kentucky Employees



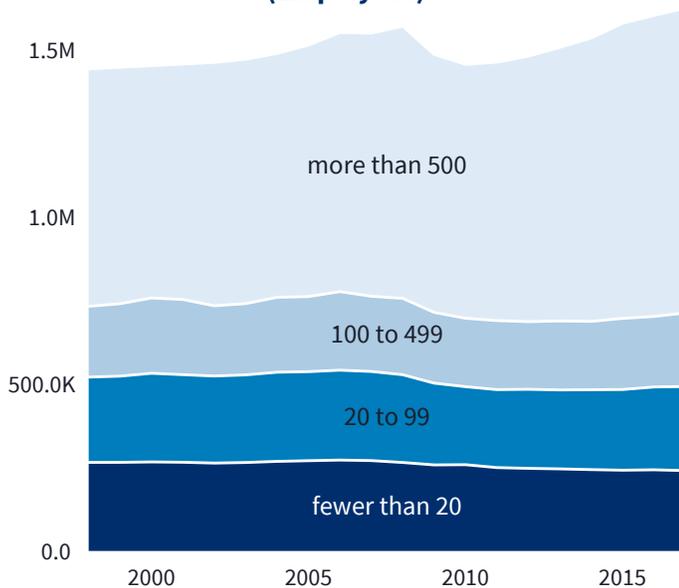
A note on COVID-19: This report uses the most up-to-date government data to present a unique snapshot of small businesses. The BLS employment estimates capture the early stages of the pandemic. All other sources reflect data collected prior to the pandemic.

Overall Economy

- In the fourth quarter of 2019, Kentucky grew at an annual rate of **2.3%**, which was faster than the overall US growth rate of **2.1%**. Kentucky's 2019 overall growth rate of **1.1%** was down from the 2018 rate of **1.4%**. (Source: [BEA](#))
- In April 2020, the unemployment rate was **15.4%**, up from **4.3%** in April 2019. This was above the April 2020 national unemployment rate of **14.7%**. (Source: [CPS](#))

Employment

Figure 1: Kentucky Employment by Business Size (Employees)



- Kentucky small businesses employed **712,477** people, or **43.8%** of the private workforce, in 2017. (Source: [SUSB](#))
- Firms with 20 to 99 employees have the largest share of small business employment. Figure 1 provides further details on firms with employees. (Source: [SUSB](#))
- Private-sector employment decreased **17.5%** during the 12-month period ending in April 2020. This was below the increase of **0.6%** during the prior 12-month period. (Source: [CES](#))
- The number of proprietors increased in 2018 by **2.3%** relative to the previous year. (Source: [BEA](#))
- Small businesses created **23,339** net jobs in 2019. Firms employing fewer than 20 employees experienced the largest gains, adding **12,334** net jobs. The smallest gains were in firms employing 100 to 499 employees, which added **4,617** net jobs. (Source: [BDM](#))

The Small Business Profiles are produced by the US Small Business Administration's Office of Advocacy (<http://advocacy.sba.gov>). These profiles define small businesses as firms with fewer than 500 employees. Net small business job change, self-employed minorities, and exporter share statistics are based on 2019 Business Employment Dynamics (BDM), 2018 American Community Survey (ACS), and 2018 International Trade Administration (ITA) data, respectively.

Income and Finance

- The median income for self-employed individuals at their own incorporated businesses was **\$49,404** in 2018. For self-employed individuals at their own unincorporated firms, median income was **\$21,934**. (Source: [ACS](#))
- The total number of banks decreased by **9** between June 2018 and June 2019 to **146** banks. During the same period, the number of banks with assets under \$1 billion decreased by **8** to **132** banks. (Source: [FDIC](#))
- In 2018, Kentucky lending institutions reporting under the Community Reinvestment Act issued **58,098** loans under \$100,000, a total value of **\$852.2 million**. (Source: [FFIEC](#))

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

Self-Employment Demographics

Figure 2: Kentucky Self-Employment Rates by Gender & Demographic, 2018

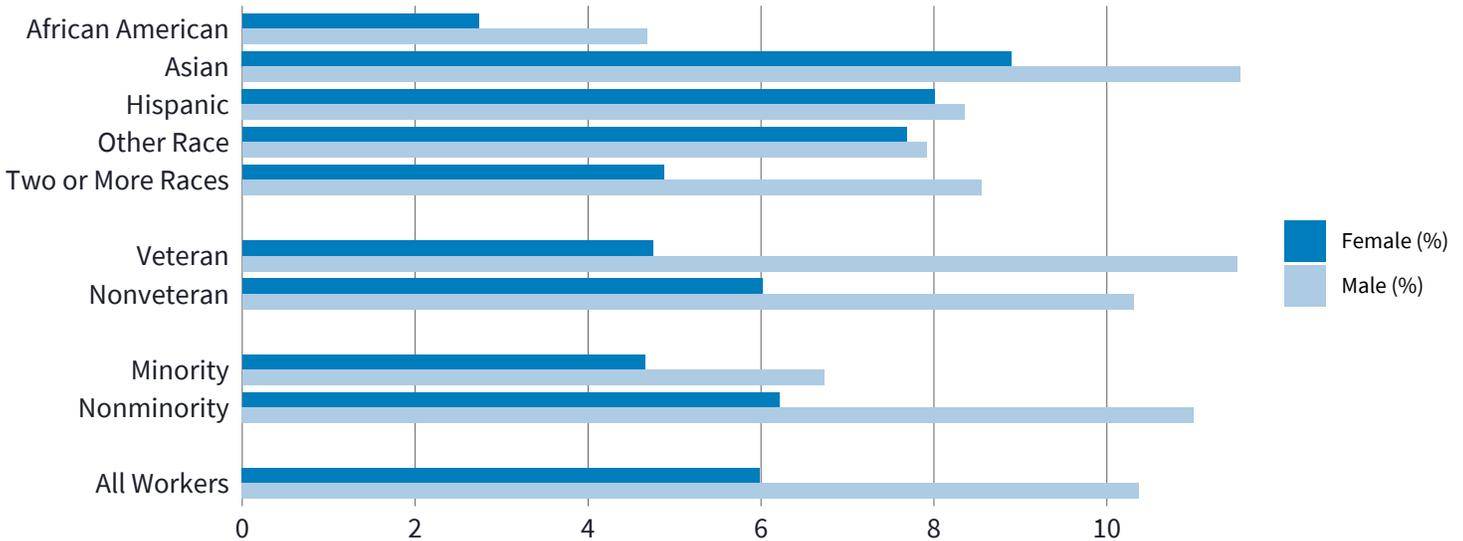
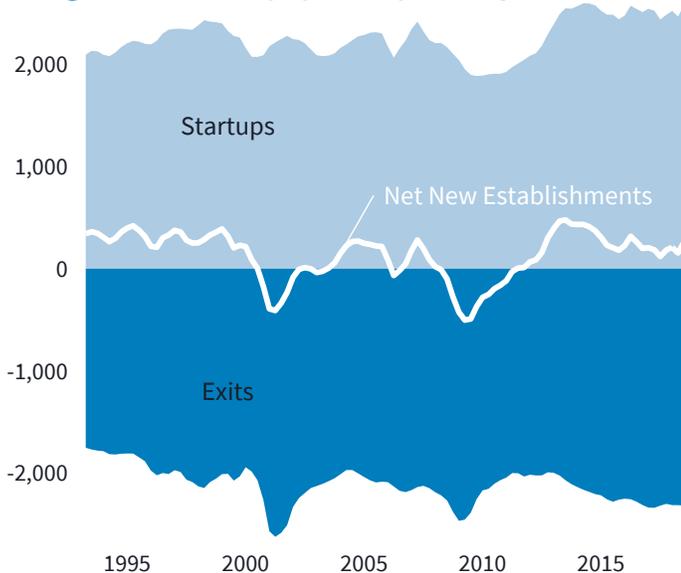


Figure 2 shows the self-employment rate for each demographic group by gender according to the 2018 American Community Survey (ACS). Other Race includes those who selected Alaska Native, American Indian, Native Hawaiian, Pacific Islander, or Some Other Race.

Turnover among Establishments with Employees

Figure 3: Kentucky Quarterly Startups and Exits



- In the fourth quarter of 2018, **2,675** establishments started up, generating **9,610** 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, **2,359** establishments exited, resulting in **7,852** 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 2018. Each series is smoothed across multiple quarters to highlight long-run trends. (Source: [BDM](#))

The BDM data covers only business establishments with employees. BDM refers to startups as births and exits as deaths. These terms are distinct from the BDM 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 4,715 firms exported goods from Kentucky in 2018. Of these, 3,736, or 79.2%, were small firms, which generated 12.1% of Kentucky's \$30.3 billion in total exports. (Source: ITA)

Small Business Employment by Industry and Self-Employment by County

Table 1: Kentucky Employment by Industry, 2017

Industry	Small Business Employment	Total Private Employment	Small Business Employment Share
Accommodation and Food Services	105,825	178,475	59.3
Health Care and Social Assistance	104,847	260,461	40.3
Retail Trade	76,398	216,977	35.2
Manufacturing	74,318	245,475	30.3
Construction	63,213	71,951	87.9
Other Services (except Public Administration)	53,676	65,585	81.8
Professional, Scientific, and Technical Services	49,811	72,077	69.1
Administrative, Support, and Waste Management	37,746	118,339	31.9
Wholesale Trade	35,984	71,509	50.3
Finance and Insurance	25,300	75,712	33.4
Transportation and Warehousing	21,268	93,337	22.8
Arts, Entertainment, and Recreation	15,032	18,477	81.4
Educational Services	14,230	28,893	49.3
Real Estate and Rental and Leasing	12,757	18,217	70.0
Information	8,693	32,110	27.1
Mining, Quarrying, and Oil and Gas Extraction	4,833	9,663	50.0
Management of Companies and Enterprises	4,807	37,537	12.8
Utilities	2,232	8,629	25.9
Agriculture, Forestry, and Fishing and Hunting	1,362	1,437	94.8
Industries Not Classified	145	145	100.0
Total	712,477	1,625,006	43.8

Figure 4: Kentucky Self-Employment Rates by County, 2018

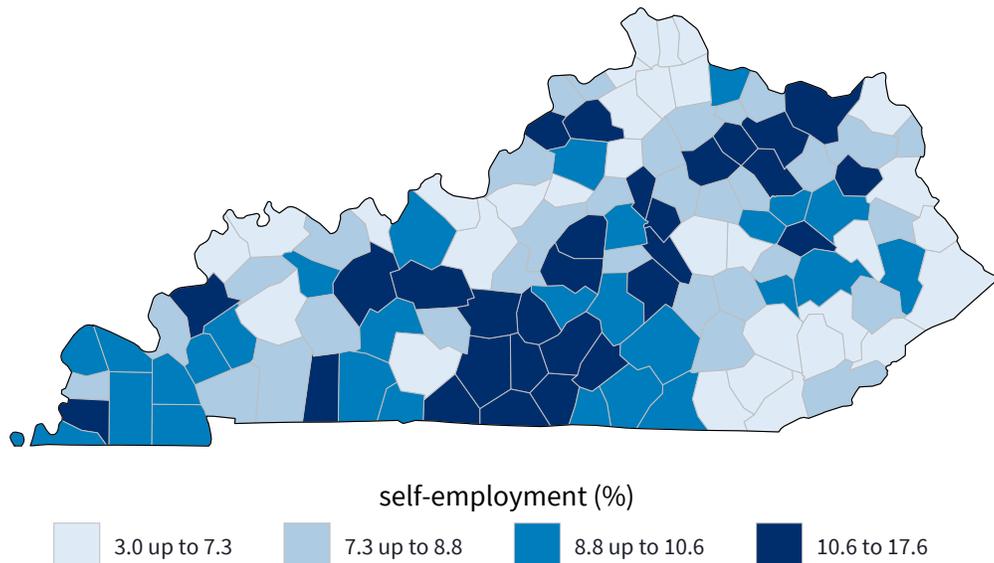


Table 2: Kentucky Small Businesses by Industry and Firm Size, 2017

Industry	1-19 Employees	1-499 Employees	Nonemployer Firms	Total Small Firms
Other Services (except Public Administration)	7,986	8,567	49,898	58,465
Construction	6,443	7,161	39,085	46,246
Retail Trade	7,692	8,679	29,182	37,861
Professional, Scientific, and Technical Services	6,644	7,248	29,912	37,160
Real Estate and Rental and Leasing	2,686	2,881	29,740	32,621
Administrative, Support, and Waste Management	2,807	3,249	28,124	31,373
Health Care and Social Assistance	6,642	7,751	18,349	26,100
Transportation and Warehousing	1,738	2,072	18,417	20,489
Arts, Entertainment, and Recreation	1,031	1,241	13,438	14,679
Finance and Insurance	2,529	2,815	7,249	10,064
Accommodation and Food Services	3,947	5,575	3,538	9,113
Educational Services	607	758	7,008	7,766
Wholesale Trade	2,171	2,866	4,097	6,963
Manufacturing	1,920	2,811	3,943	6,754
Agriculture, Forestry, and Fishing and Hunting	222	232	4,849	5,081
Information	534	677	2,796	3,473
Mining, Quarrying, and Oil and Gas Extraction	206	280	1,461	1,741
Utilities	43	69	144	213
Total	55,955	64,768	291,230	355,998

Tables 1 and 2 display data from the 2017 Statistics of U.S. Businesses (SUSB). Table 2 includes additional data from the 2017 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 2018 American Community Survey (ACS).

References

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

- ACS American Community Survey, 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
- CES Current Employment Statistics, BLS
- CPS Current Population Survey, BLS
- FDIC 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