



Kentucky Chamber
Uniting Business. Advancing Kentucky.

A CITIZEN'S GUIDE TO **KENTUCKY'S ECONOMY** SINCE THE RECESSION SEPTEMBER 2018

POPULATION



WAGES

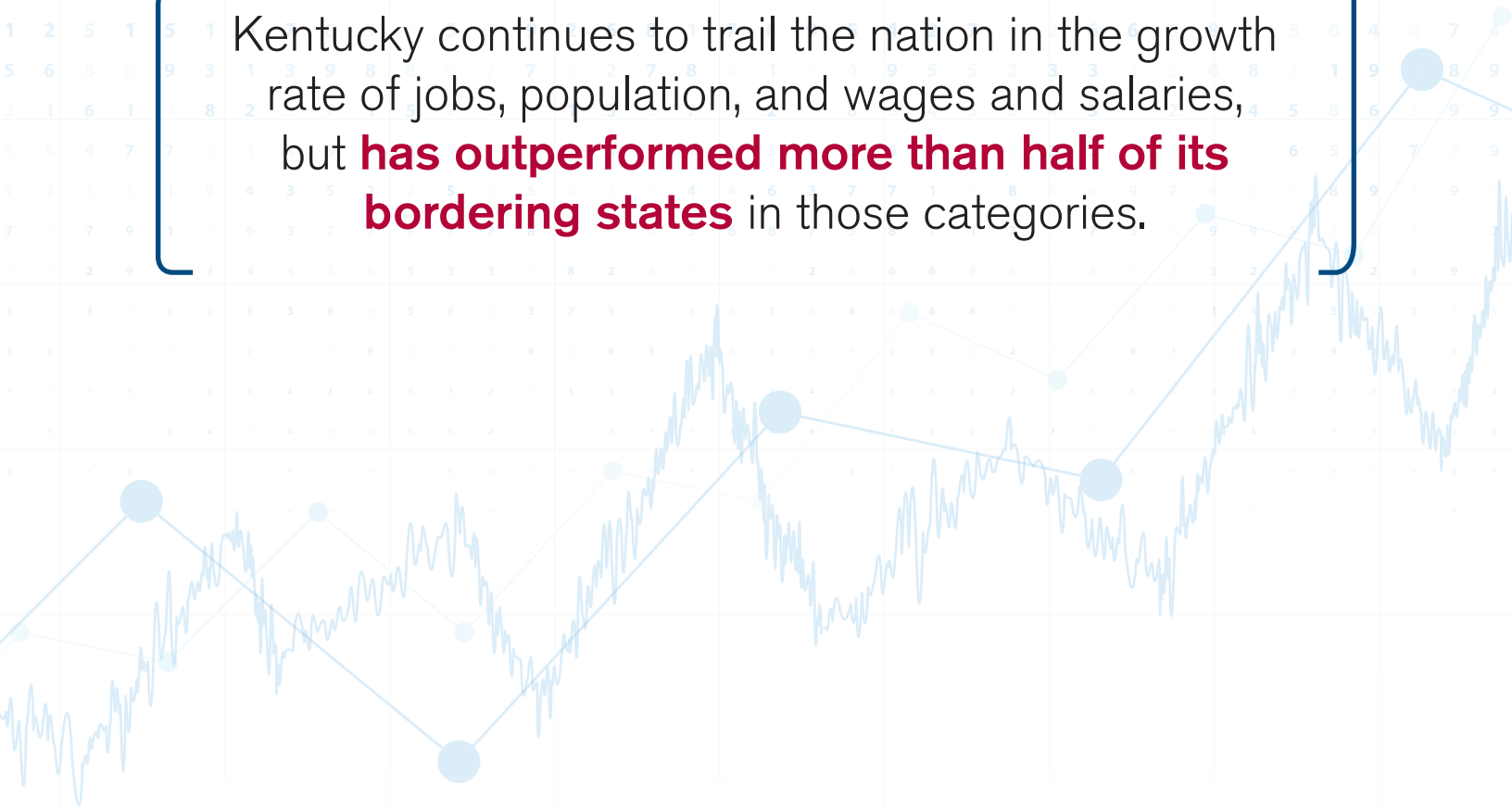


JOBS





Kentucky continues to trail the nation in the growth rate of jobs, population, and wages and salaries, but **has outperformed more than half of its bordering states** in those categories.



KENTUCKY'S ECONOMY

Since the Recession

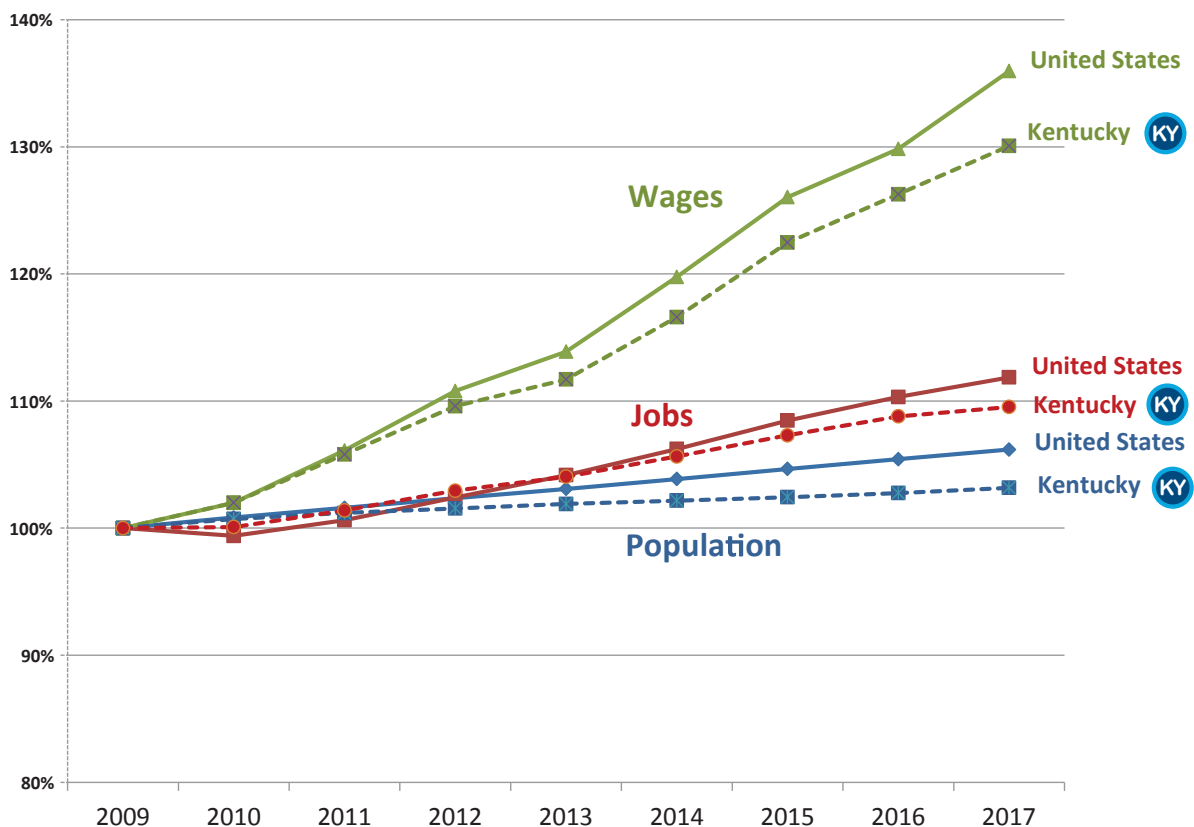
Economic conditions in Kentucky since 2009, the year the national recession ended, reflect a mixed performance. Although the state continues to trail the nation in the growth rate of jobs, population, and wages and salaries, Kentucky has outperformed more than half of its bordering states in those categories.

Kentucky's regions, meanwhile, show a significant variance in performance with the strongest economic growth occurring in the metropolitan areas and the weakest in the eastern part of the state.

This report, prepared by Paul Coomes, Ph.D., Emeritus Professor of Economics at the University of Louisville, provides a detailed look at what has happened in Kentucky and its regions since the end of the national recession.

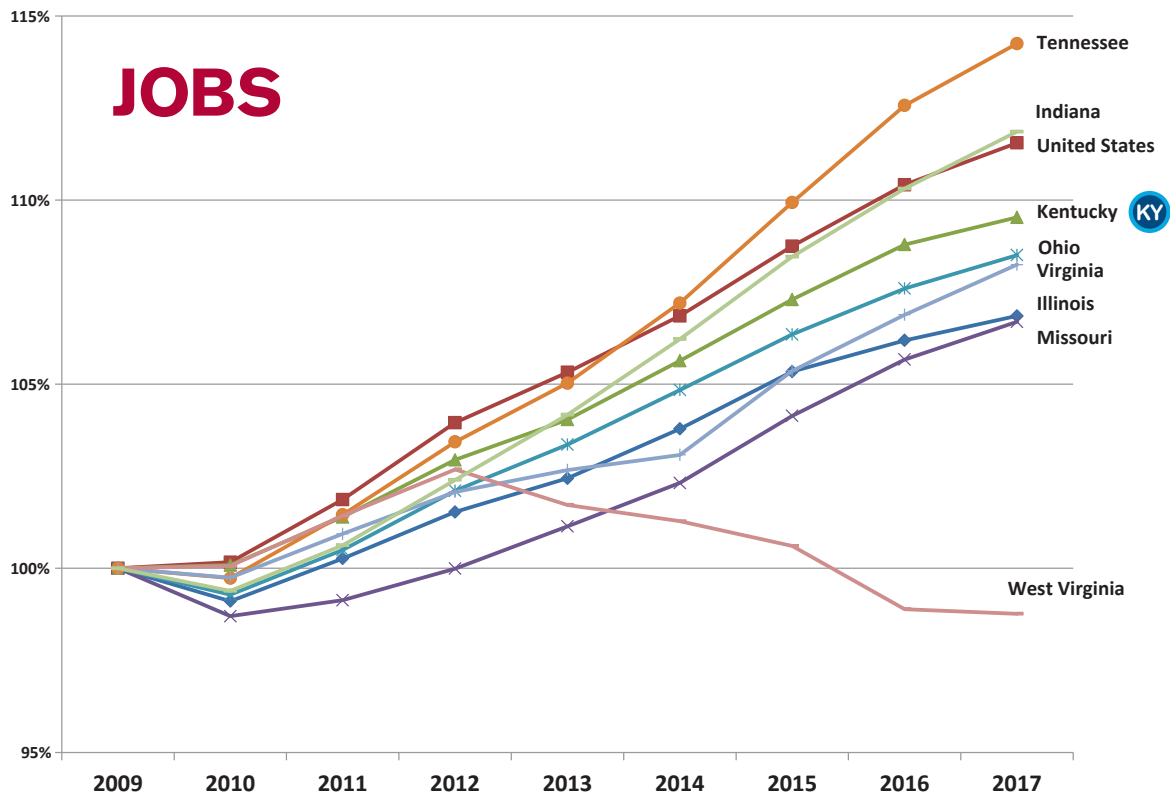
Kentucky's position relative to the nation in the growth of wages, jobs and population is reflected in the following graph.

Economic Growth in Kentucky & United States Since End of National Recession

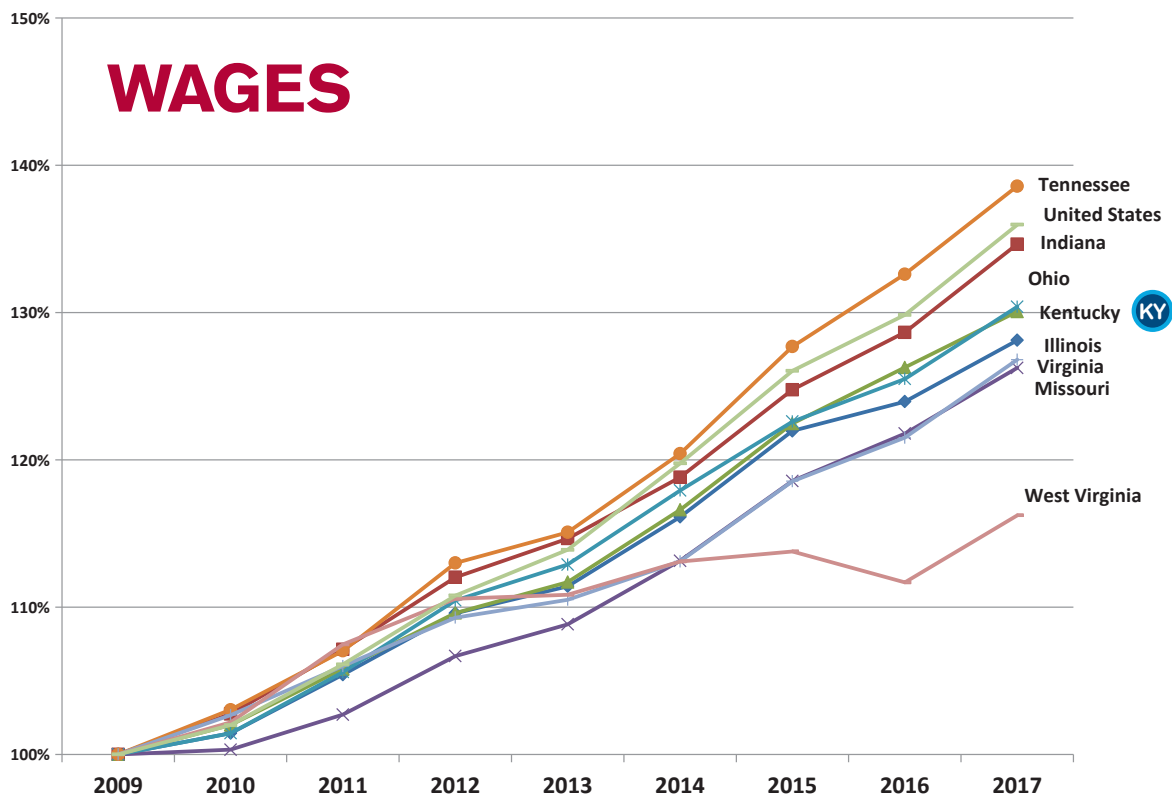


The following graphs show Kentucky's position relative to its neighboring states.

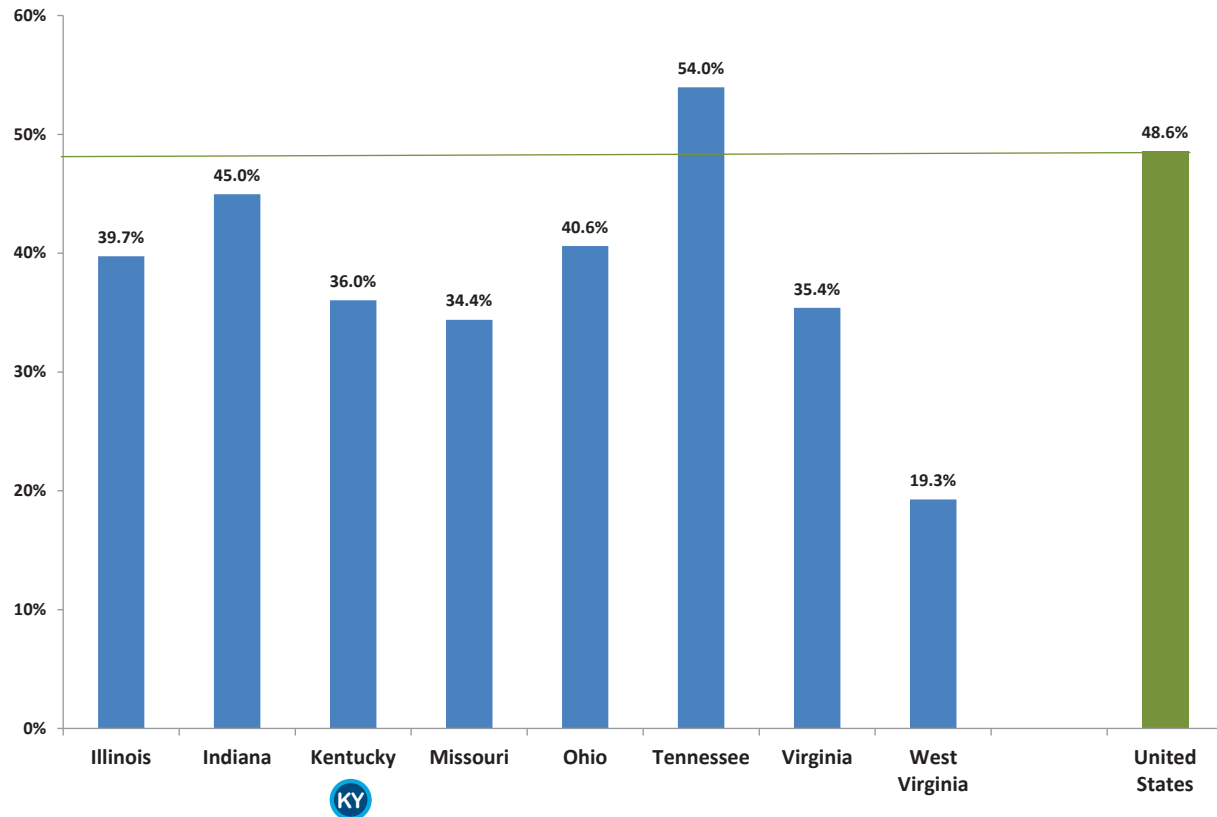
Job Growth in Kentucky & Bordering States Since 2009



Wage & Salary Growth in Kentucky & Bordering States Since 2009

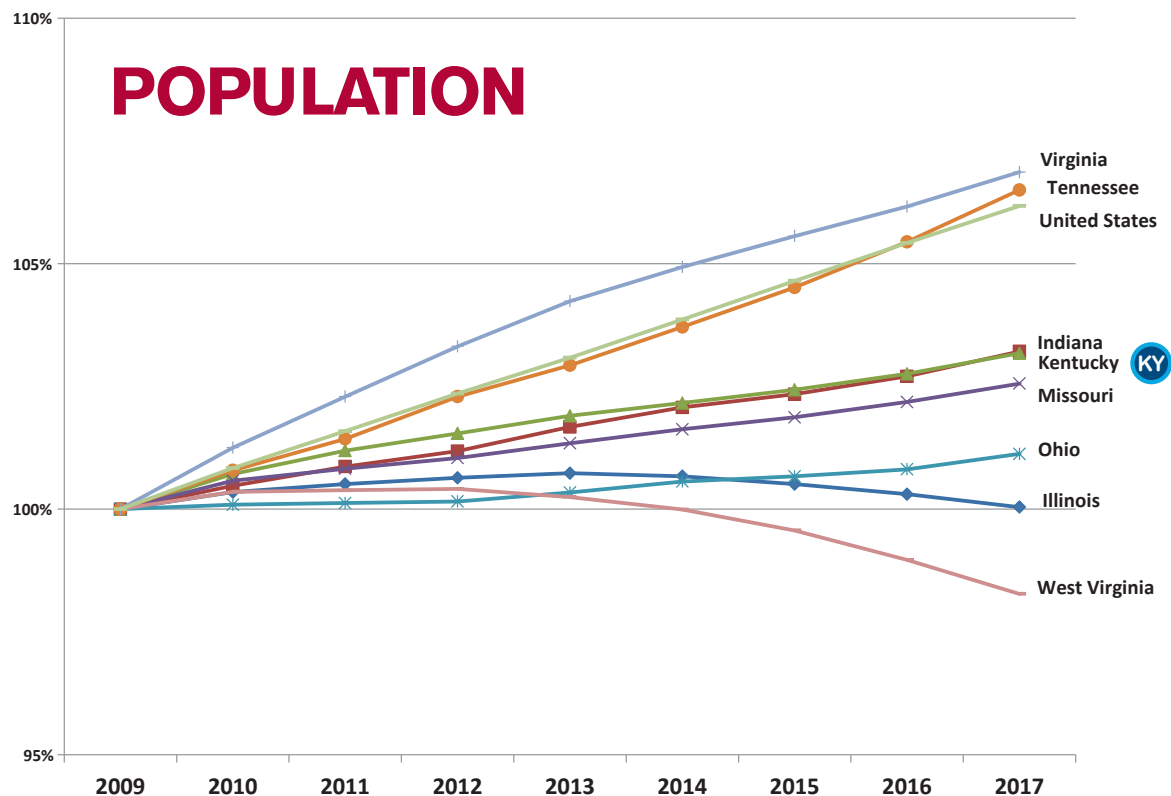


Wage & Salary Growth Since End of Last Recession — All Industries

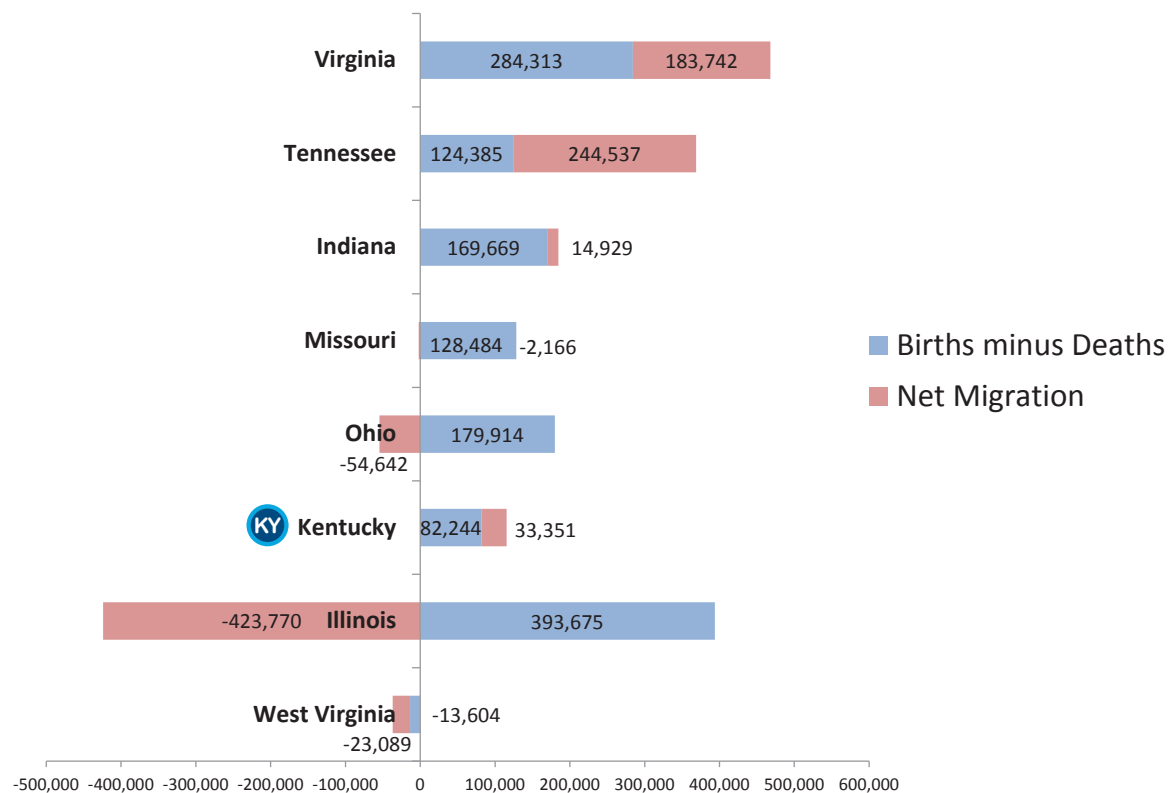


Source: US Bureau of Labor Statistics, Quarterly Census of Employment and Wages. Growth is from 2009 II to 2017 IV.

Population Growth in Kentucky & Bordering States Since 2009



Components of Population Change, 2010-2017, Kentucky & Bordering States



Source: US Census Bureau

A CLOSER LOOK

This report provides detail on the performance of Kentucky and its regions on personal income, job growth and demographic changes. The nine regions, outlined in the map on **page 12**, were developed based on television market areas supplemented by information on county-to-county worker flows.

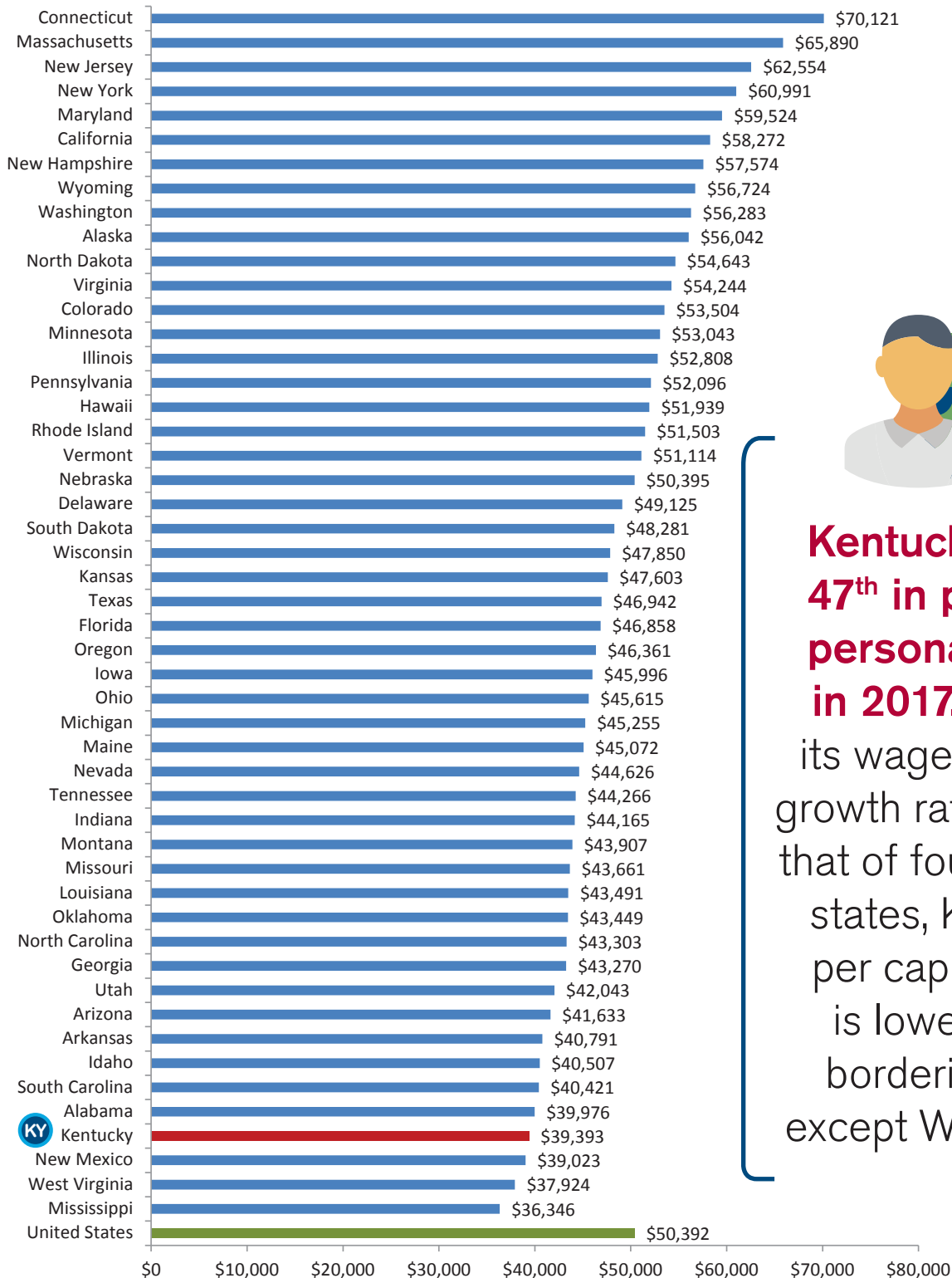
As the charts on **pages 9-11** show, economic growth has varied by region with decline in some areas and significant improvement in others.

PERSONAL INCOME

Kentucky residents received \$175 billion in personal income in 2017, or \$39,400 per person. Of this, \$133 billion was earned through wages, salaries, proprietor's income, and investment income. The other \$42 billion was in the form of transfer payments.

Transfer payments are those made by government agencies to individuals or, in some cases, to providers of the services they receive. Social Security benefits, for example, are transfer payments made directly to individuals while Medicare and Medicaid benefits are transfer payments paid to entities that provide services to individuals.

Per Capita Personal Income, 2017



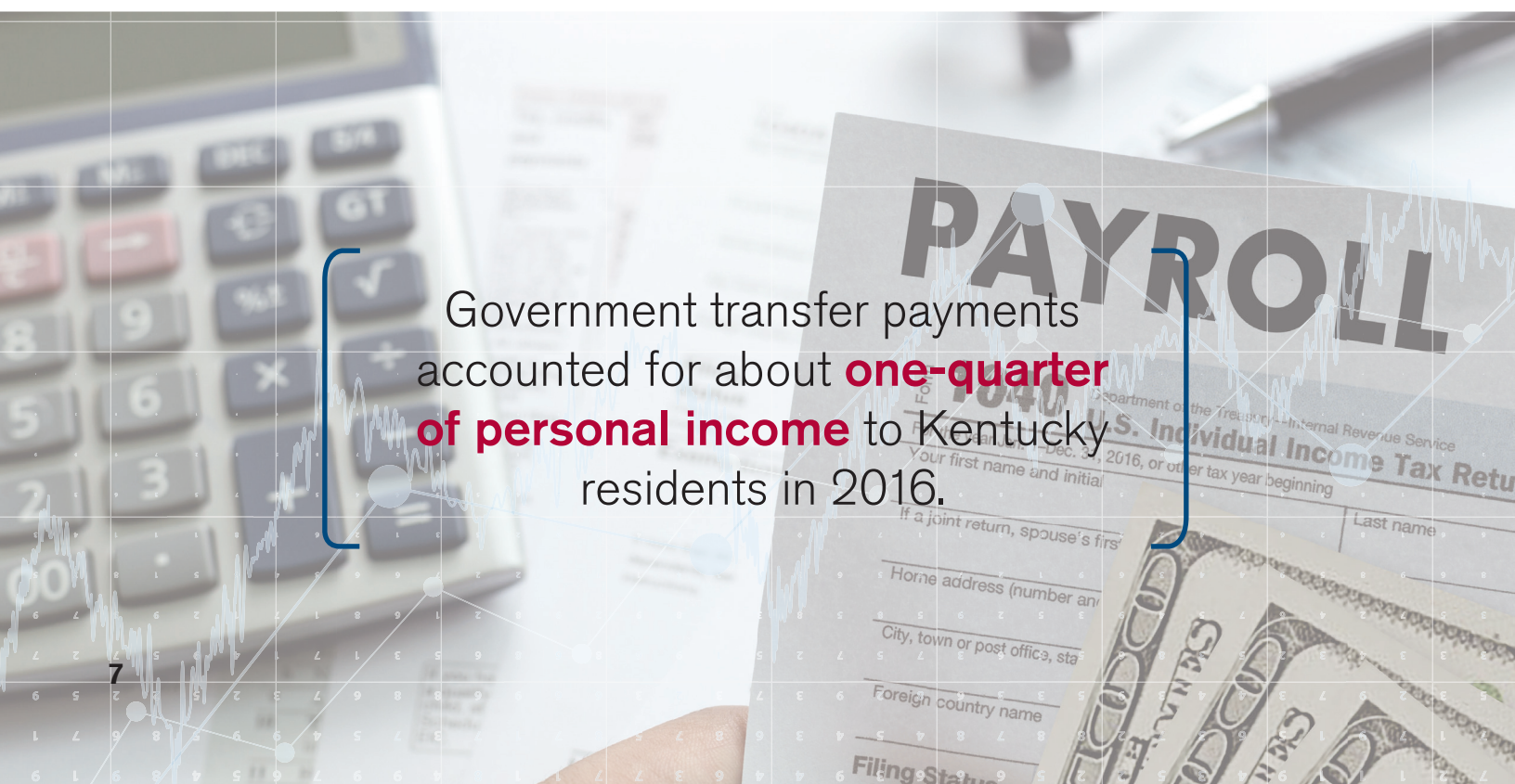
Kentucky ranked 47th in per capita personal income in 2017. Although its wage and salary growth rate exceeded that of four bordering states, Kentucky's per capita income is lower than all bordering states except West Virginia.

Transfer Payments

Detailed Transfer Payments Made to Kentuckians, 2016

Transfer Payments from Governments to Kentucky Residents, 2016		Share of Total
Social Security benefits	\$13,863,816,000	33.6%
Medicare benefits	\$9,820,171,000	23.8%
Medicaid benefits	\$9,307,455,000	22.6%
Veterans benefits	\$1,422,467,000	3.5%
Education and training assistance	\$1,264,325,000	3.1%
Supplemental security income (SSI) benefits	\$1,193,906,000	2.9%
Earned Income Tax Credit (EITC)	\$1,022,025,000	2.5%
Supplemental Nutrition Assistance Program (SNAP)	\$972,249,000	2.4%
Other income maintenance programs	\$788,974,000	1.9%
Unemployment insurance compensation	\$368,406,000	0.9%
Other programs	\$1,196,600,000	2.9%
Current transfer receipts of individuals from governments	\$41,220,394,000	100.0%

Source: US Bureau of Economic Analysis. Transfer payments account for 24% of Kentucky Personal Income.



Government transfer payments accounted for about **one-quarter of personal income** to Kentucky residents in 2016.

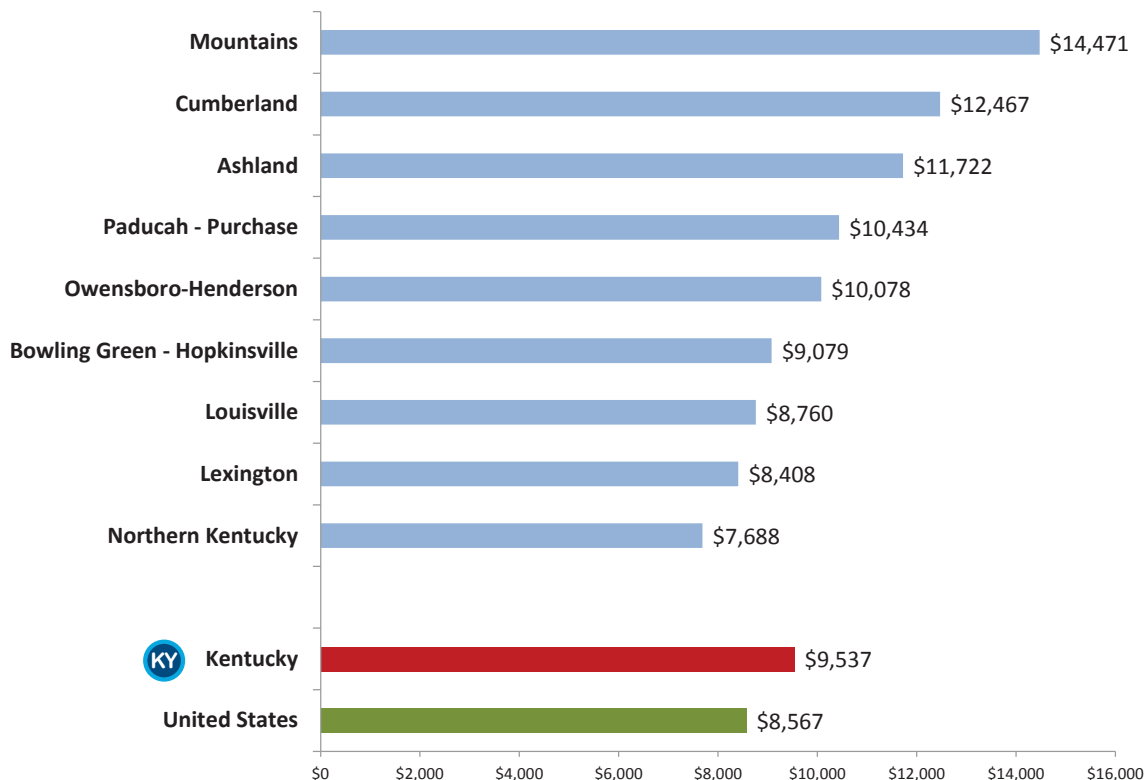


Six of Kentucky's 120 counties were **less dependent on transfer payments** than the national average of 17.4%.

Removing the transfer payments from personal income totals causes the differences between the regions to be even greater. In the Northern Kentucky and Louisville regions, earned income per capita was more than \$35,000. In the Mountain region, earned income per capita was less than \$16,000, and in the Cumberland region it was about \$18,000.

Government transfer payments accounted for about one-quarter of personal income to Kentucky residents in 2016, but there was a wide variation among counties. Six of Kentucky's 120 counties were less dependent on transfer payments than the national average of 17.4% — Oldham, Boone, Kenton, Fayette, Scott and Shelby. Transfer payments accounted for more than 60% of personal income in two counties, Owsley and Magoffin, and for more than 40% in another 30 counties.

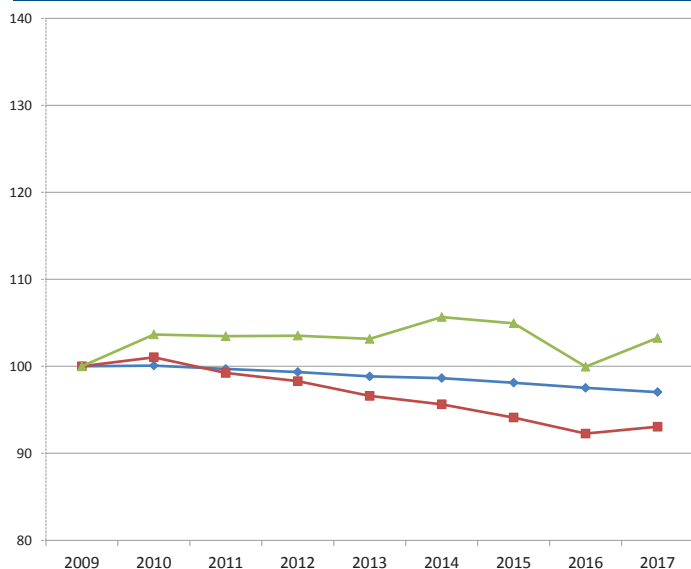
Transfer Payments Per Capita, 2016, by Region



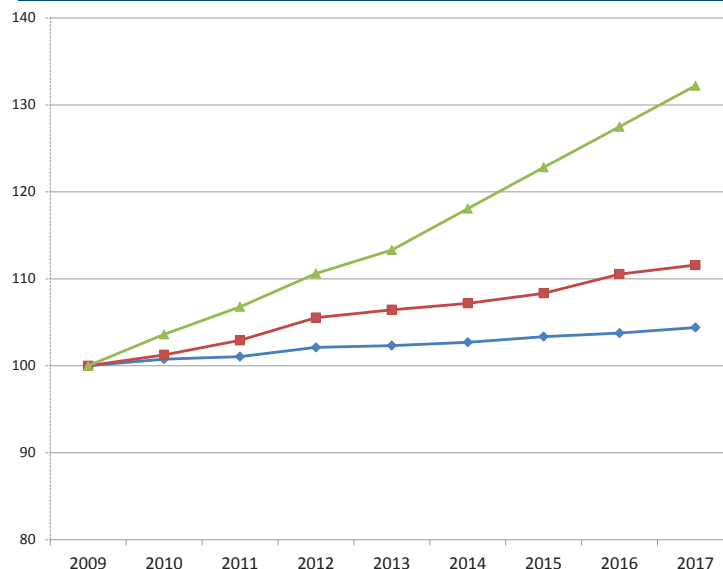
Source: US Bureau of Economic Analysis

ECONOMIC GROWTH IN KENTUCKY REGIONS SINCE END OF NATIONAL RECESSION

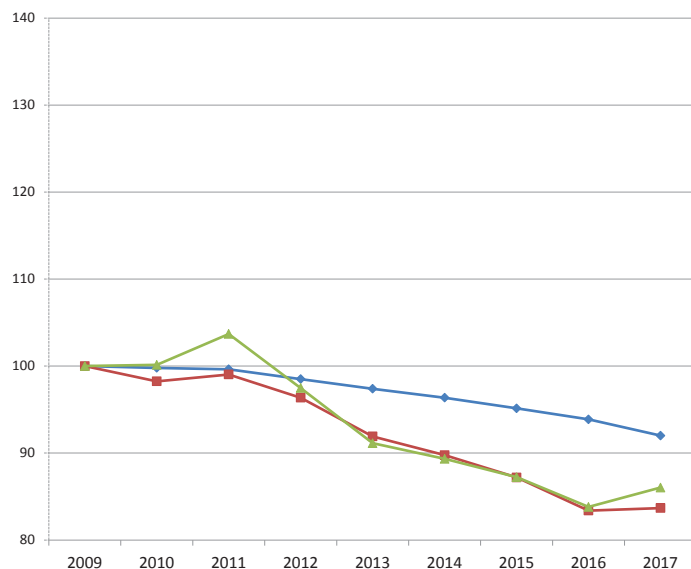
Ashland



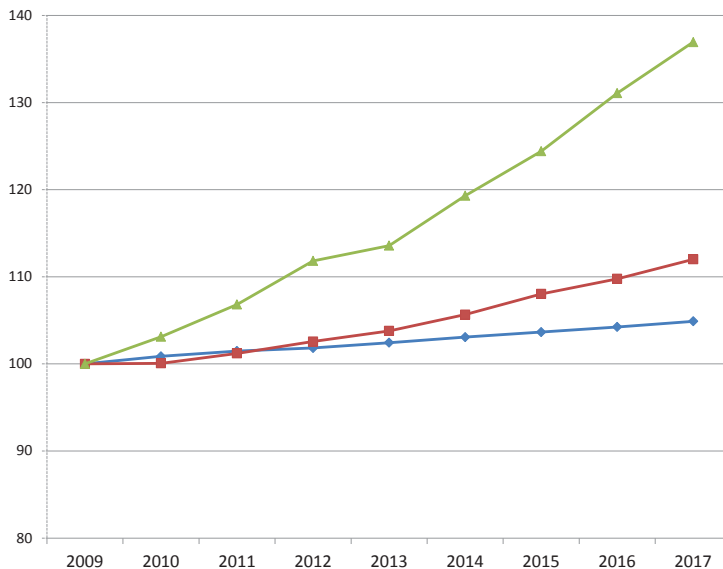
Bowling Green-Hopkinsville



Mountain



Northern Kentucky

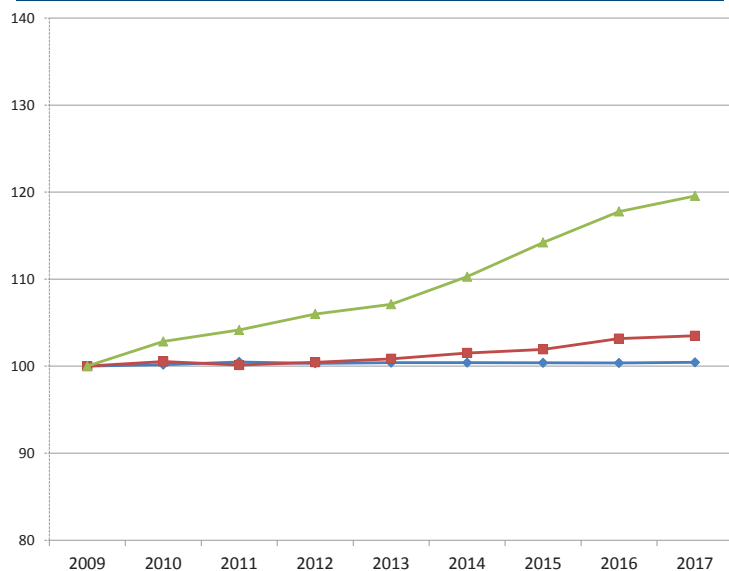


- Population
- Jobs
- Wages

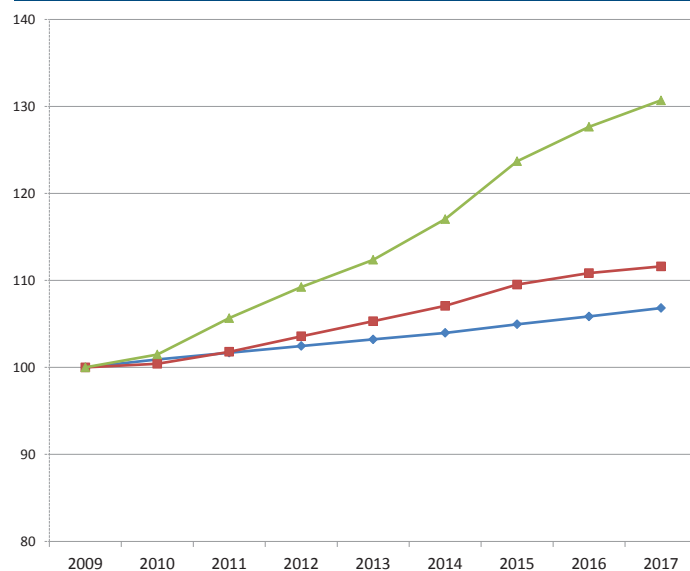
Sources: Jobs and wages from US Bureau of Labor Statistics, Quarterly Census of Employment and Wages program, nonagricultural wage and salary jobs only; population data from US Census Bureau.

ECONOMIC GROWTH IN KENTUCKY REGIONS SINCE END OF NATIONAL RECESSION

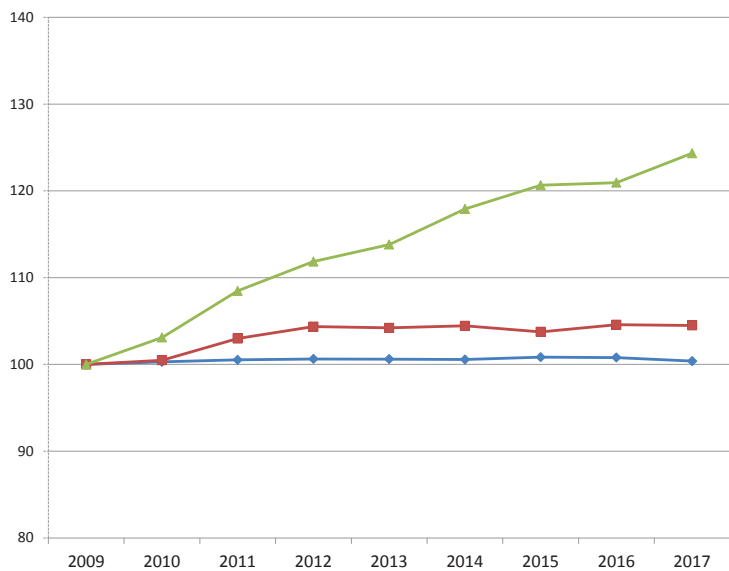
Cumberland



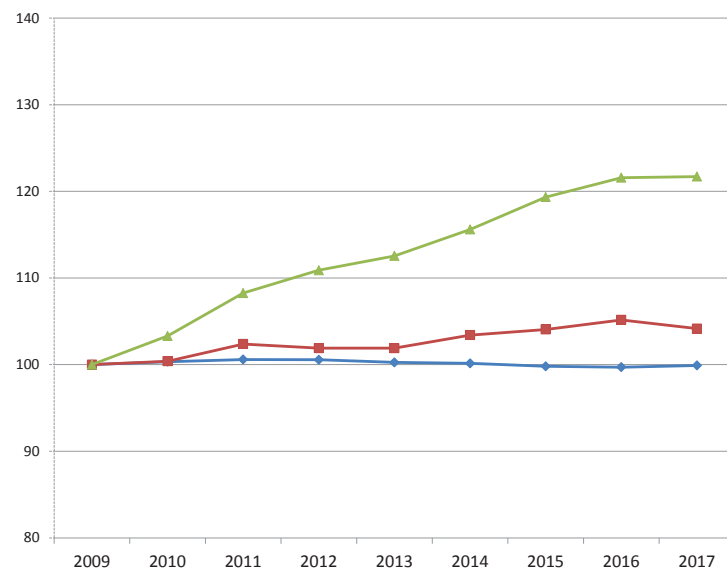
Lexington



Owensboro-Henderson



Paducah-Purchase

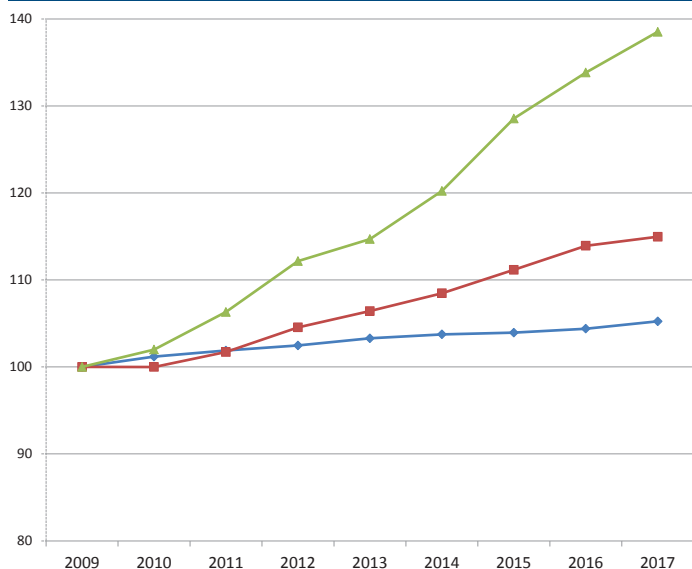


- ◆ Population
- Jobs
- ▲ Wages

Sources: Jobs and wages from US Bureau of Labor Statistics, Quarterly Census of Employment and Wages program, nonagricultural wage and salary jobs only; population data from US Census Bureau.

ECONOMIC GROWTH IN KENTUCKY REGIONS SINCE END OF NATIONAL RECESSION

Louisville



Population

Jobs

Wages

Sources: Jobs and wages from US Bureau of Labor Statistics, Quarterly Census of Employment and Wages program, nonagricultural wage and salary jobs only; population data from US Census Bureau.

NINE ECONOMIC REGIONS

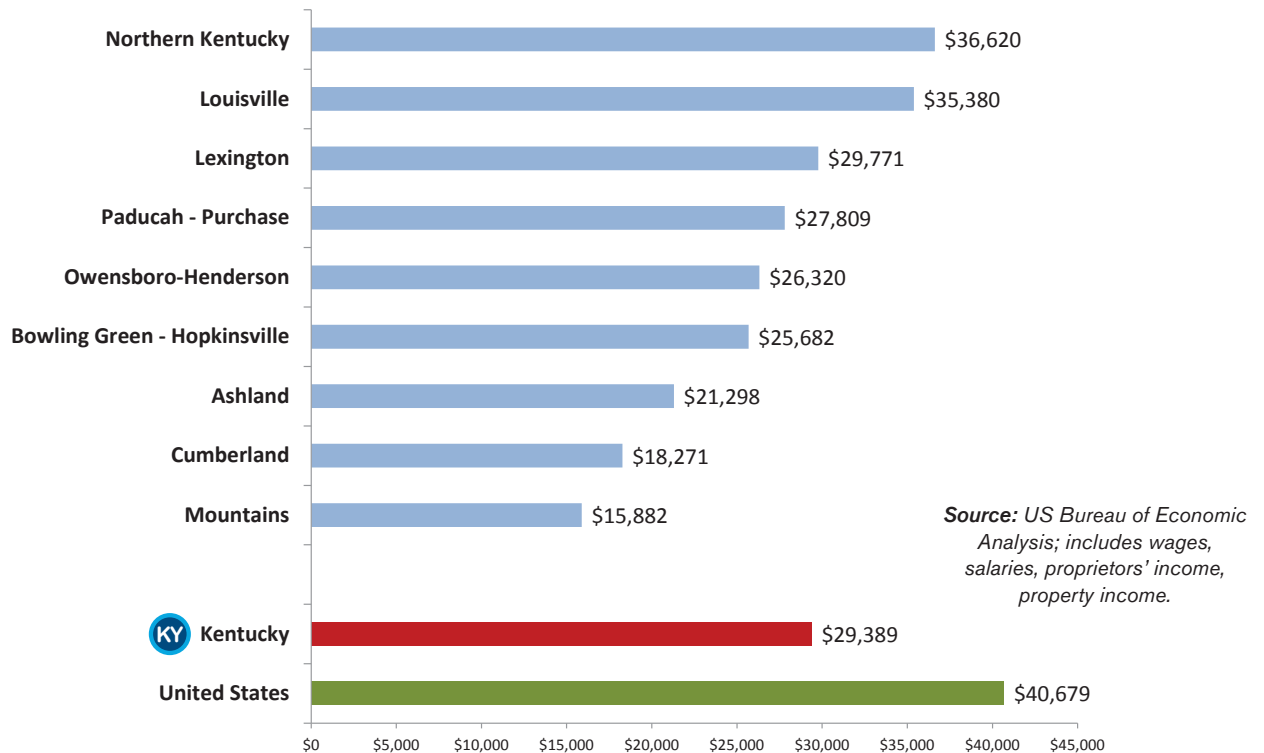
Around Kentucky



Income Growth

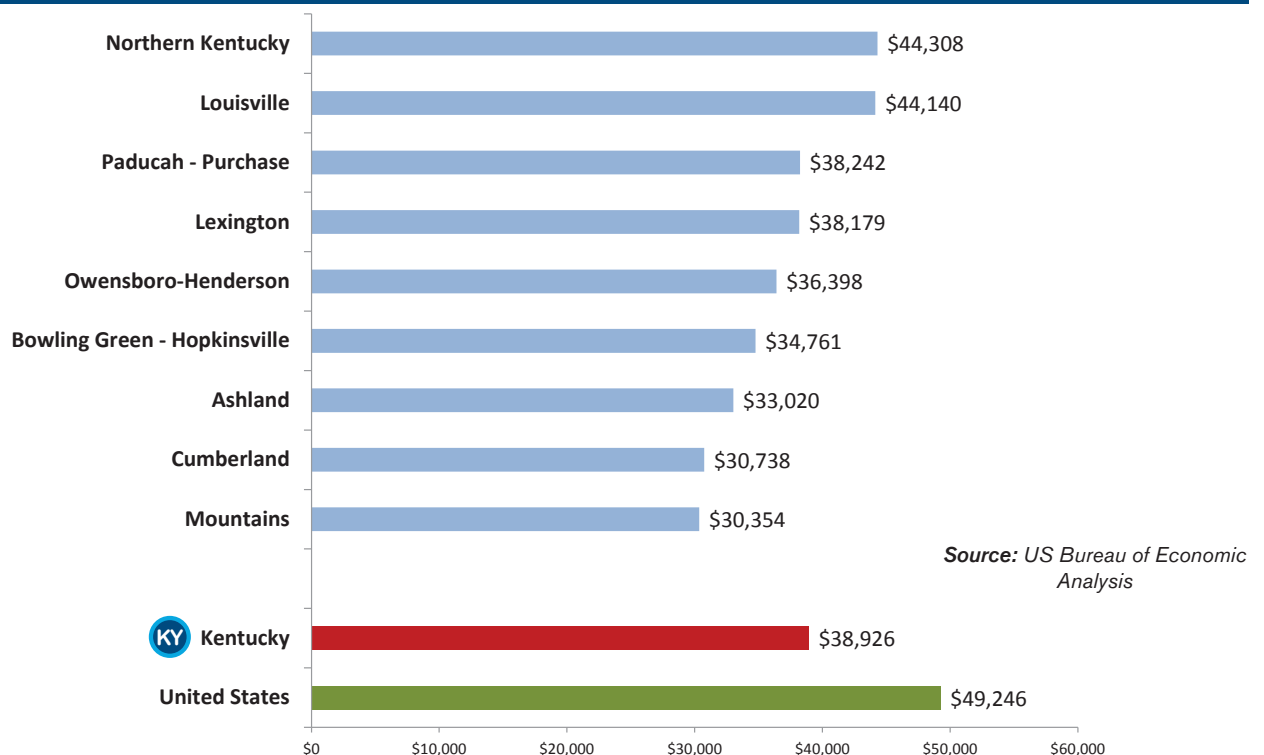
Breaking the data down further, the report includes information on transfer payments per capita (as shown in the chart on **page 8**) and earned income per capita (shown below), which combine to make up total personal income.

Earned Income Per Capita, 2016, by Region

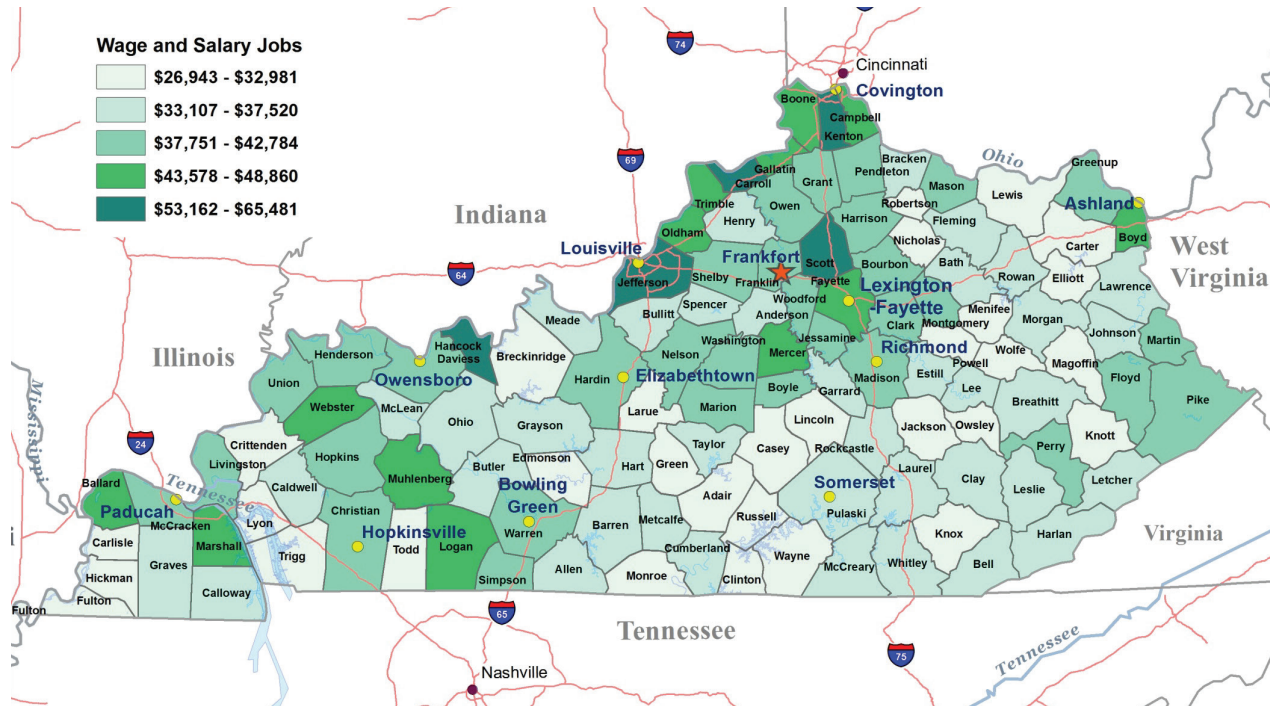


The Northern Kentucky and Louisville economic regions posted the highest per capita incomes, at approximately \$44,000, although no Kentucky region was above the national average. The Mountain and Cumberland economic regions had per capita incomes of less than \$31,000.

Personal Income Per Capita, 2016, by Region



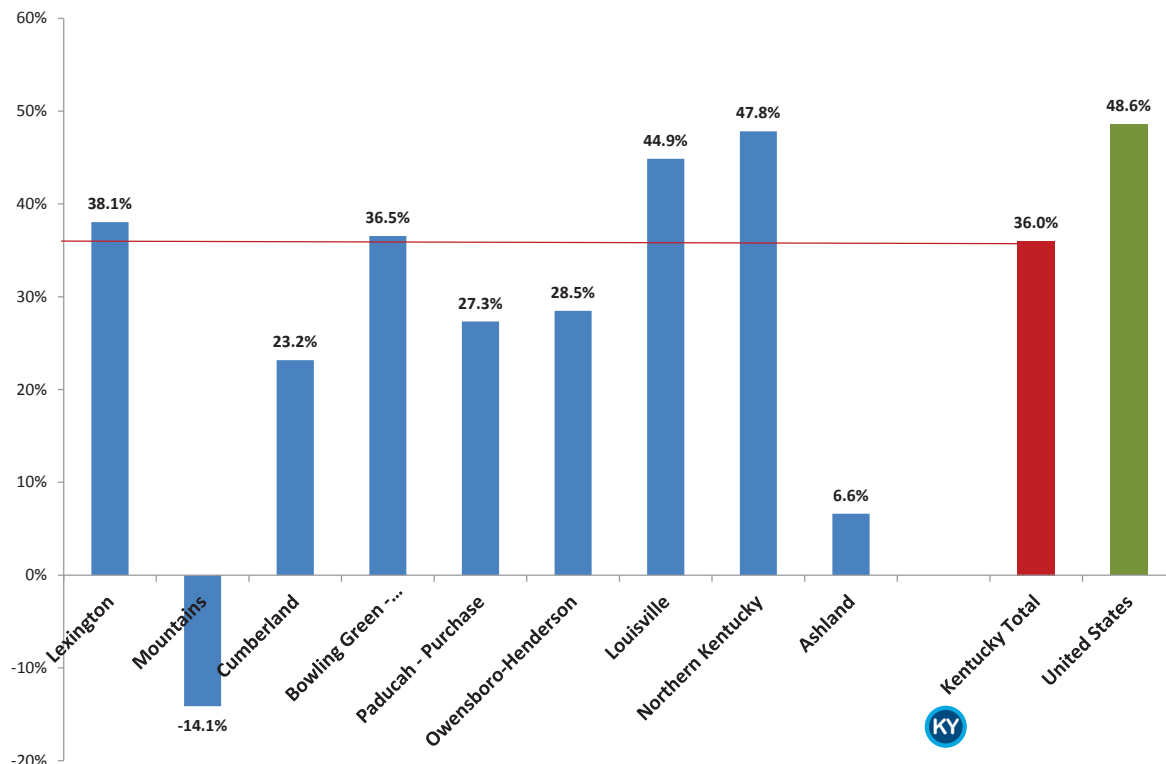
Average Annual Pay by County Per Wage & Salary Job, 2017



Source: US Bureau of Labor Statistics, Quarterly Census of Employment and Wages

At the regional level, wage and salary growth since the end of the last recession has varied. The following graph shows regional changes.

Wage & Salary Growth Since End of Last Recession, Nine Kentucky Regions — All Industries



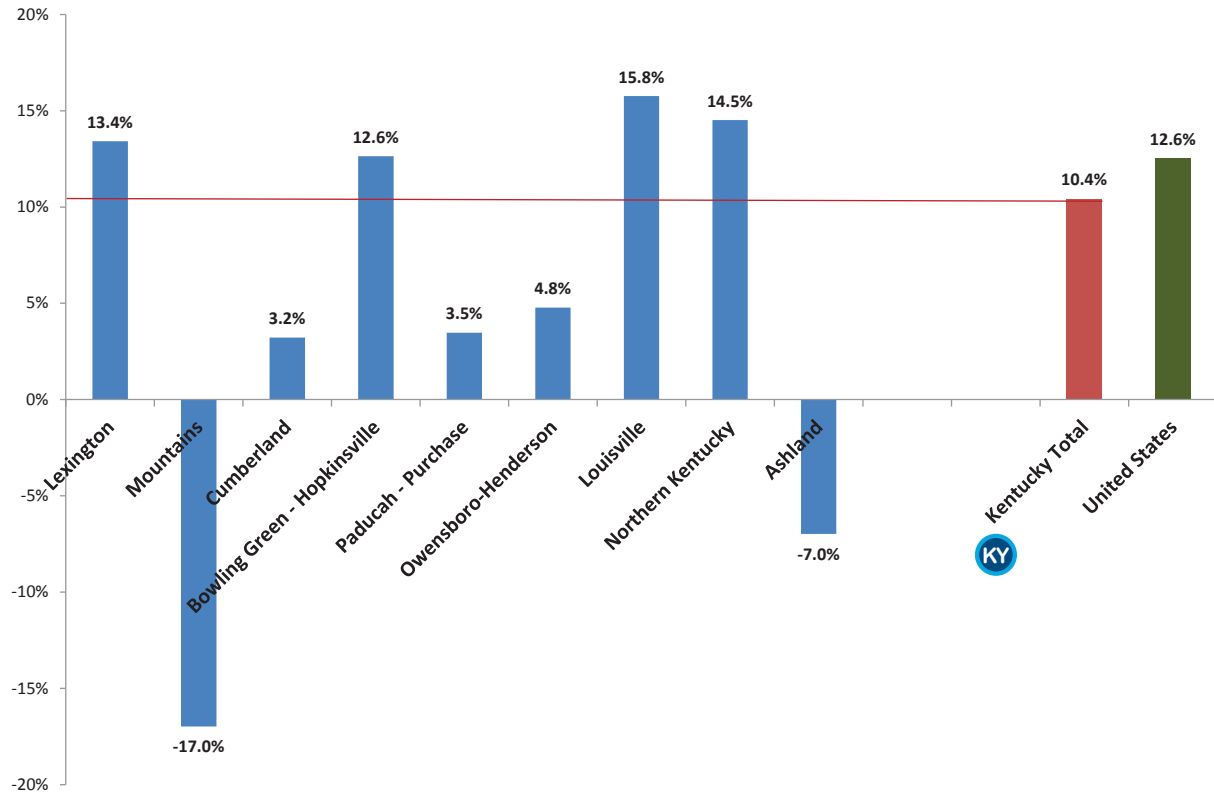
Source: US Bureau of Labor Statistics, Quarterly Census of Employment and Wages, compiled from county details. Payroll refers to wages and salaries for nonagricultural wage and salary jobs only. Growth is from 2009 II to 2017 IV.

Kentucky supported 1.9 million wage and salary jobs as of December 2017. This reflects a growth of about 180,000 jobs statewide since the end of the last recession. Kentucky now has about 73,000 more jobs than it had at the peak of the last national expansion in 2007. As a whole, Kentucky added jobs more slowly (10.4%) than the nation (12.6%), but at a higher rate than all bordering states except Tennessee and Indiana.

Net Job Growth by County, June 2009-December 2017



Employment Growth Since End of Last Recession, Nine Kentucky Regions — All Industries



Source: US Bureau of Labor Statistics, Quarterly Census of Employment and Wages, compiled from county details. Nonagricultural wage and salary jobs only; excludes self-employed. Growth is from June 2009 to December 2017.

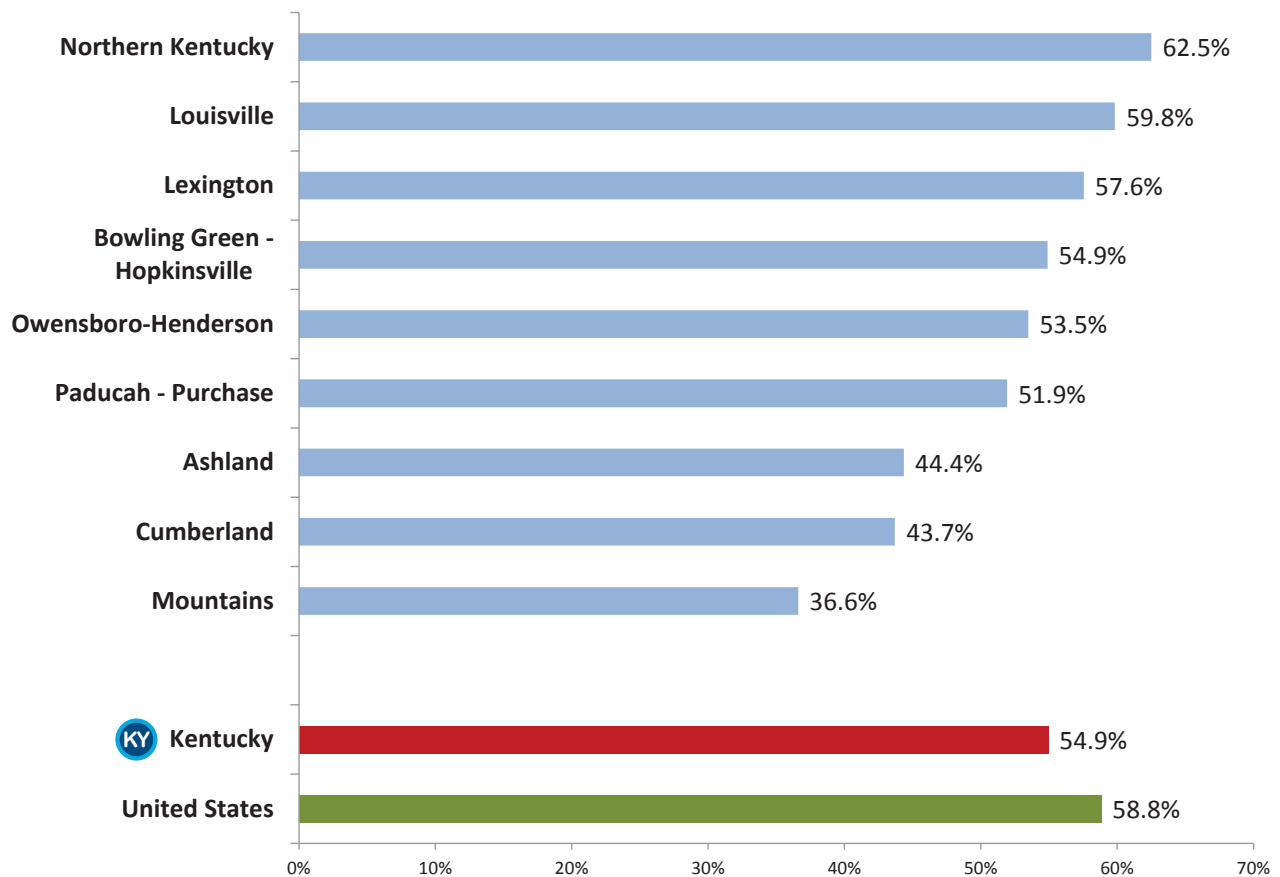
Additional county-level data can be found online at kychamber.com.

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Census Bureau data shows the percentage of adults employed in Kentucky continues to lag the national average. Only the Northern Kentucky (62.5%) and Louisville (59.8%) regions have a higher employment-to-population ratio than the United States (58.8%). In the Mountain region, 37% of adults are employed.

Employment-to-Population Ratio, by Region



Source: US Census Bureau, American Community Survey, 2012-16; calculated by adding employed civilians and armed forces, then dividing by population aged 16+.

Disability

Of the 3.5 million people aged 16 or older in Kentucky, 1.9 million are employed. That gives the state an employment rate of 54.9%, compared to the national average of 58.5%. One reason Kentucky's employment rate is so low is the state's high rate of disabilities. Among those aged 18 to 64, 15.8% of Kentuckians report a disability, compared to 10.3% nationally.

The highest rates of disability are found in the eastern regions of Kentucky – Mountain, Cumberland and Ashland – with rates two to three times the national average. There is a distinct negative relationship between disabilities and employment; the 20 counties with the highest disability rates have employment rates well below the Kentucky average.

DEMOGRAPHICS

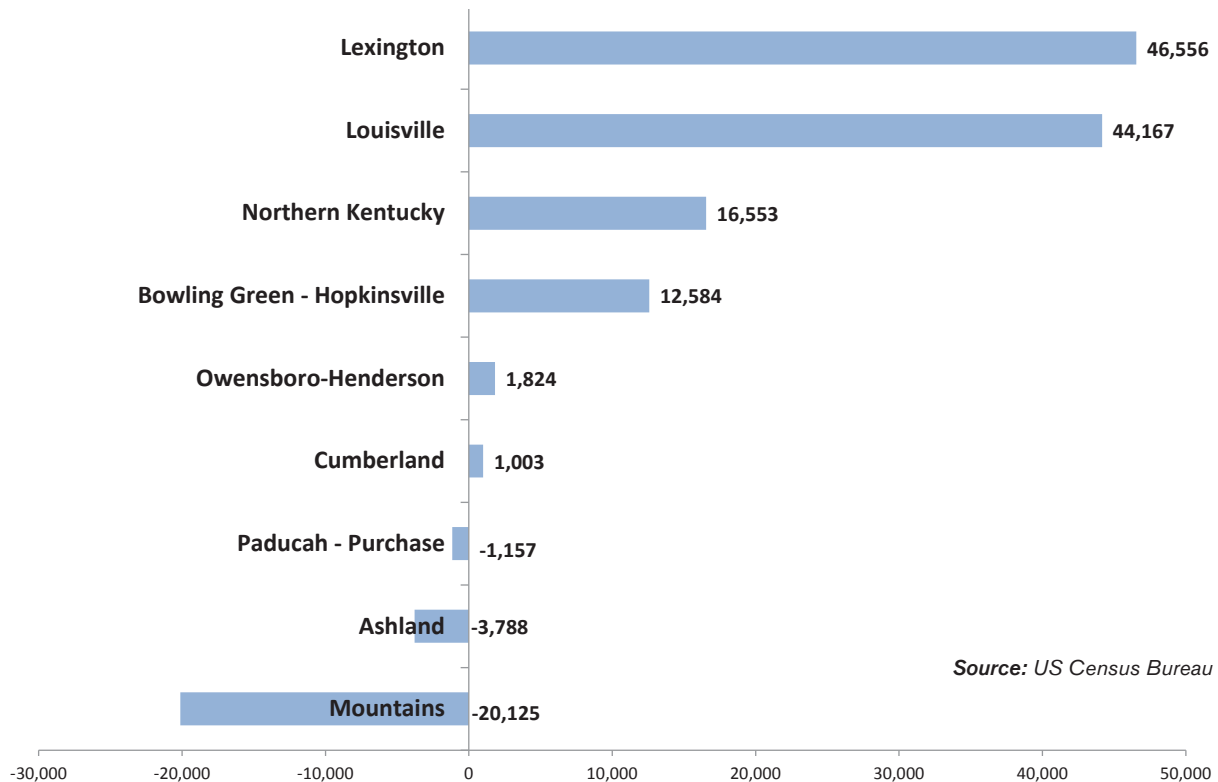
Kentucky's population grew by about 115,000 people between the 2010 Census and July 2017, a growth rate of 2.6%; the national growth rate was 5.5%. The last estimate is that Kentucky has 4,454,000 residents.

Demographers break population growth into two categories – natural increase (births minus deaths) and net migration – both state-to-state and internationally. Kentucky had 82,000 more births than deaths this decade and, on net, gained 33,000 residents from migration. Although Kentucky lost population through migration to other states, it gained 46,000 new residents from outside the United States.

The Lexington and Louisville regions accounted for 79% of Kentucky's population growth; three regions lost population: Paducah-Purchase, Ashland and Mountain. As a whole, the state added population by natural events, but there was wide variation among the regions. The Louisville region had 28,000 more births than deaths while the Mountain, Paducah-Purchase and Ashland regions had more deaths than births.

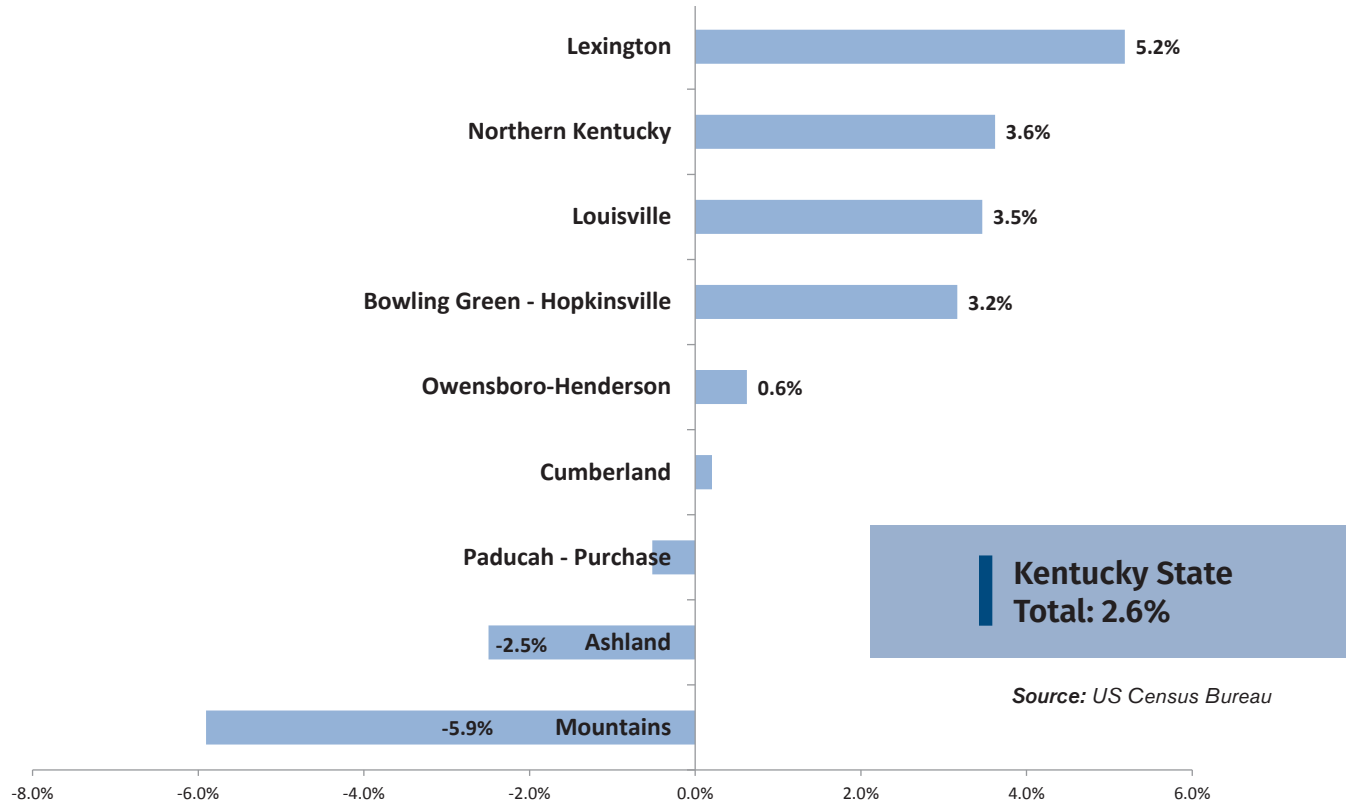
All nine regions gained population from international migration but only three – Louisville, Lexington and Bowling Green-Hopkinsville – had a net gain from domestic migration.

Total Population Change, 2010 to 2017

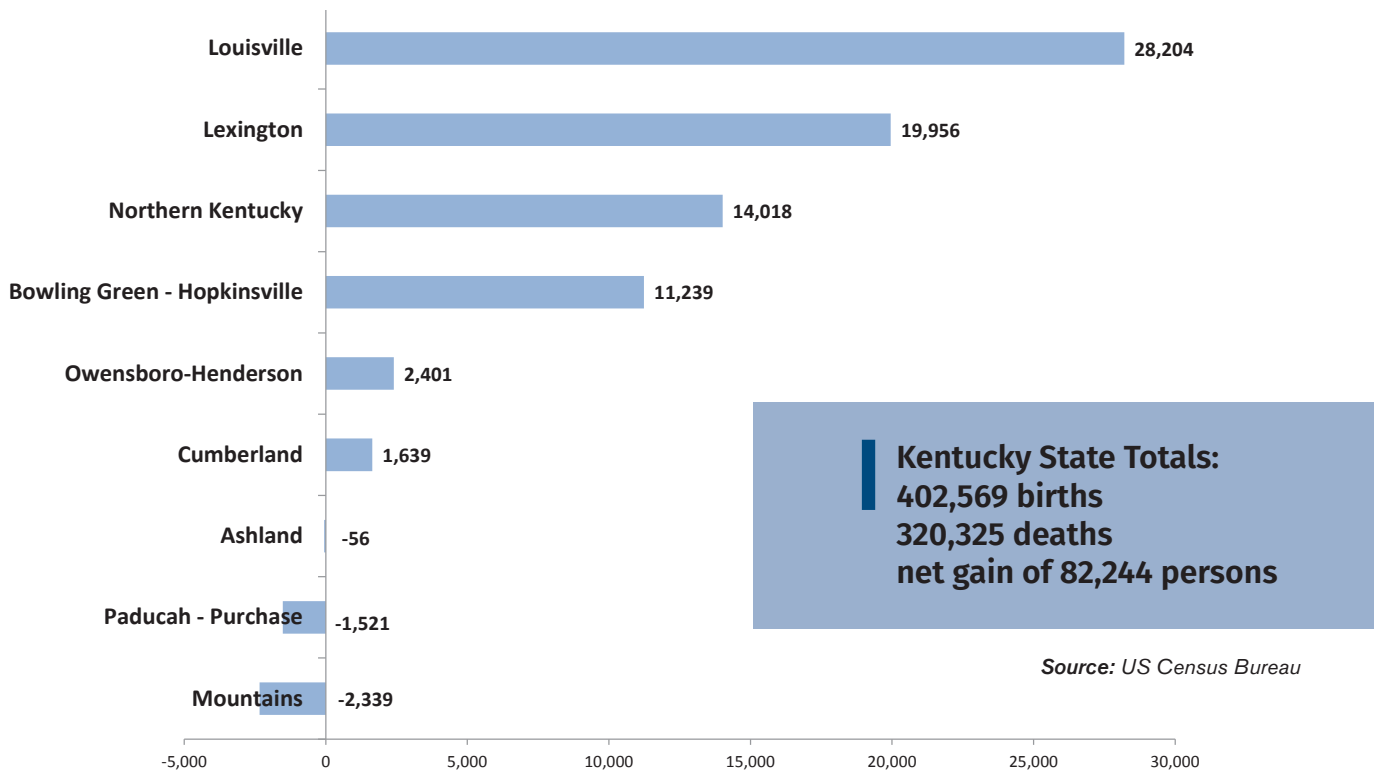


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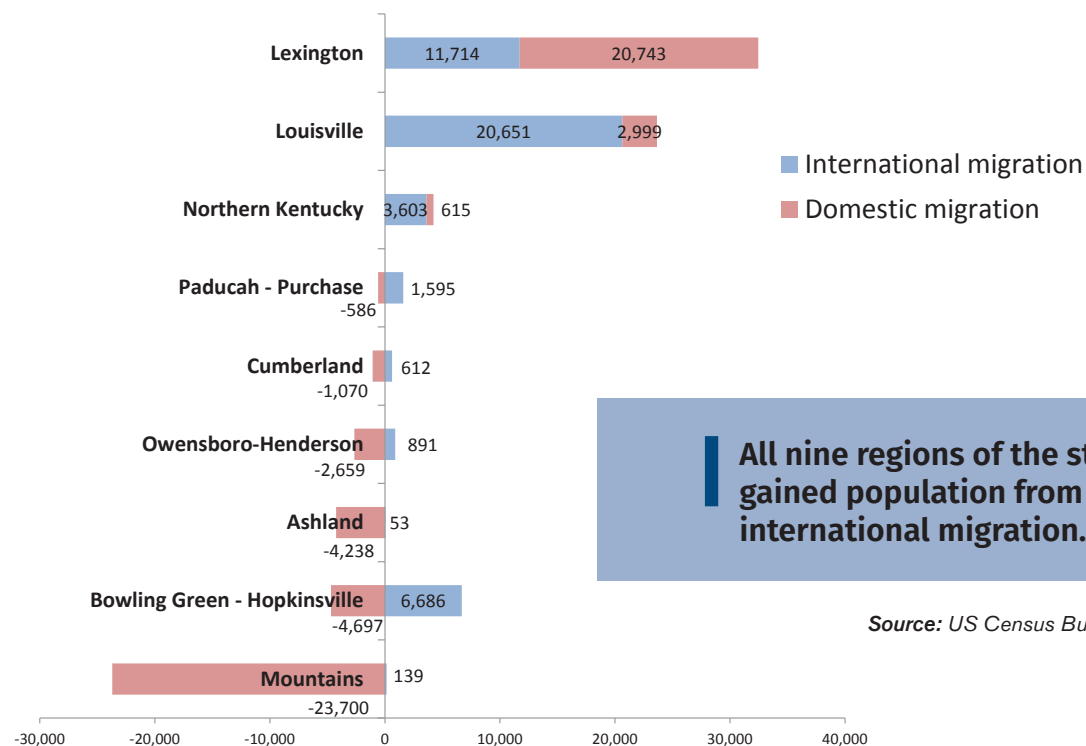
Percent Population Change, 2010 to 2017



Natural Population Increase, 2010 to 2017, Births minus Deaths

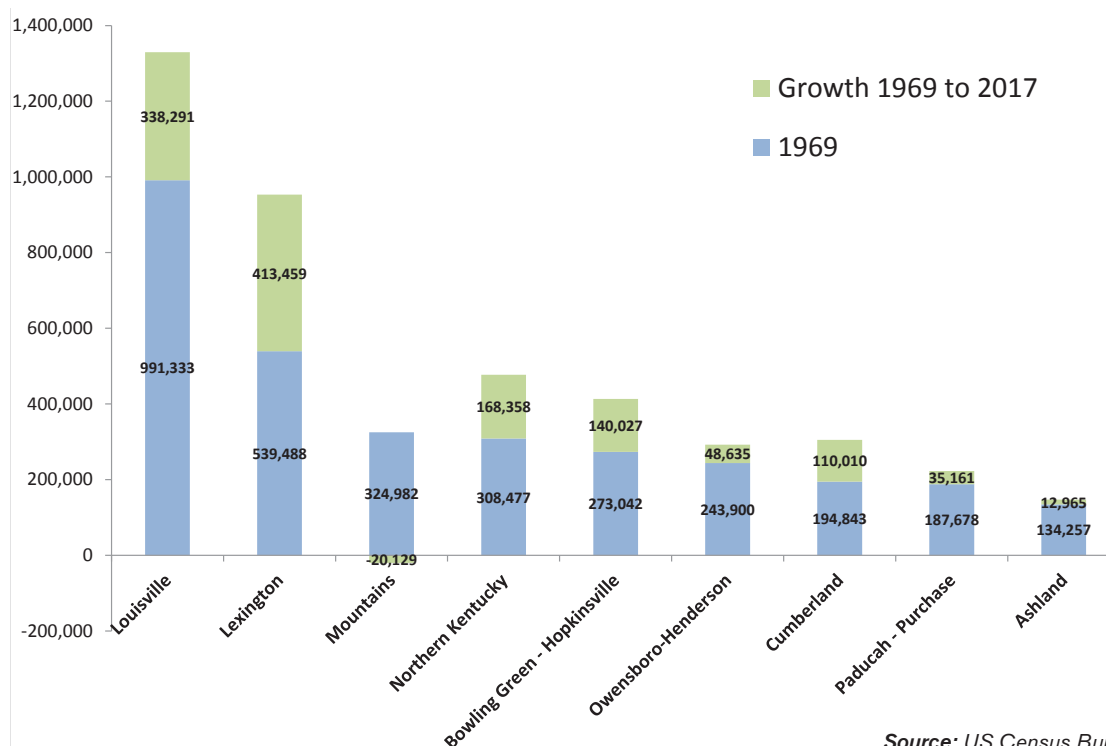


Net Migration to Kentucky's Economic Regions, 2010 to 2017



All nine regions of the state gained population from international migration.

A Half Century of Population Growth, Economic Regions



Additional information on state and regional employment, wage and salary growth and pay can be found online at kychamber.com.

