



August 2020

KENTUCKY

LABOR FORCE UPDATE

600,000 Potential Jobs Retained through Paycheck Protection Program

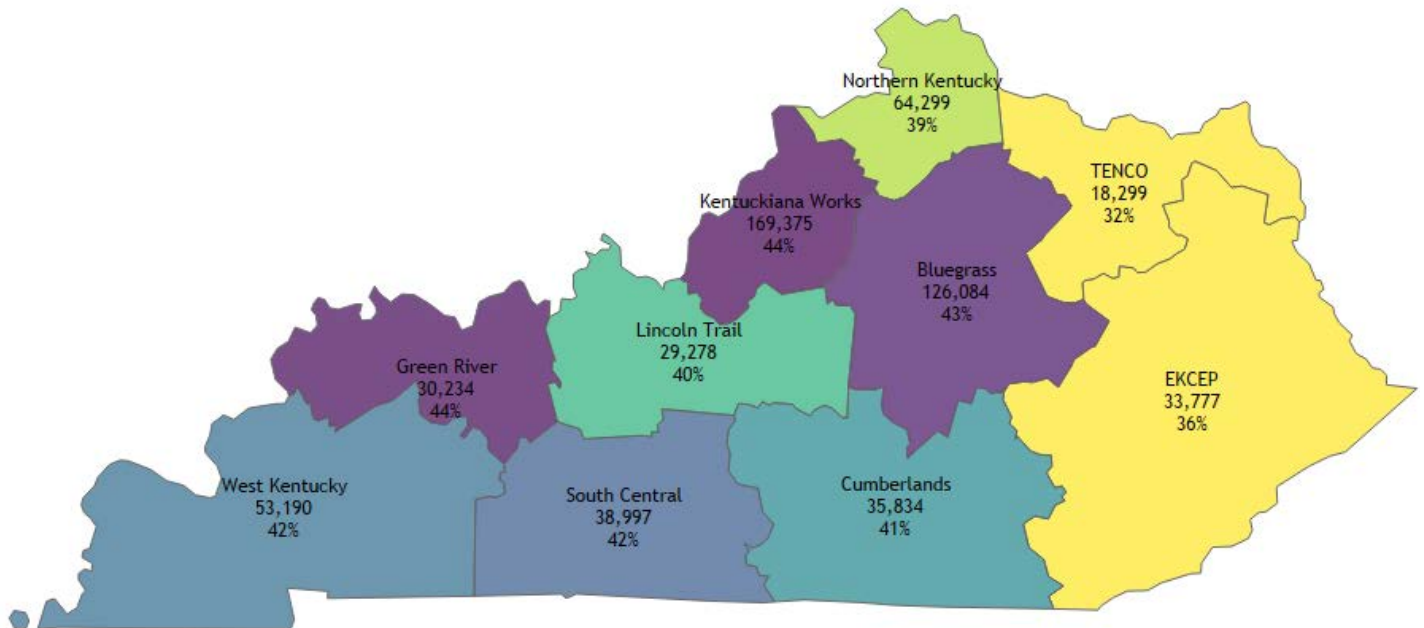
Included in the \$2 trillion Coronavirus Aid, Relief and Economic Security (CARES) Act passed by Congress in March 2020 is the Paycheck Protection Program (PPP) to support small businesses to maintain their payroll and some overhead expenses for up to eight weeks during the pandemic. The program was designed to quickly deliver low-interest loans through private banks to small businesses affected by COVID-19. PPP loans are guaranteed by the federal Small Business Administration (SBA). Loan applications started on April 3, 2020 and were accepted through August 8, 2020. Generally, any establishment with fewer than 500 employees as well as any small business that meets the SBA's size standards was eligible to apply for a PPP loan. In addition, food service and accommodation businesses with less than 500 employees per physical location were eligible.

In Kentucky, there were 123,861 establishments with fewer than 500 employees according to data from the U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW) program. Combined, they had 1.47 million employees. The PPP loans issued to small businesses through June 30th went to 39 percent of these firms (48,368 loans) and supported 41 percent of the employees (599,367 potential jobs retained).

Through June 30, 2020, the SBA reported \$5.2 billion in loans to Kentucky small businesses with the goal of retaining 41 percent of jobs in small businesses.

The map below shows the potential jobs retained from approved PPP loans as well as the share of jobs at firms with fewer than 500 employees. In both Green River and Kentuckiana Works, the PPP loans issued through June 30th have the potential of retaining 44 percent of jobs in small businesses throughout these Local Workforce Areas (LWA).

Potential Jobs Retained from Approved PPP Loans through June 2020



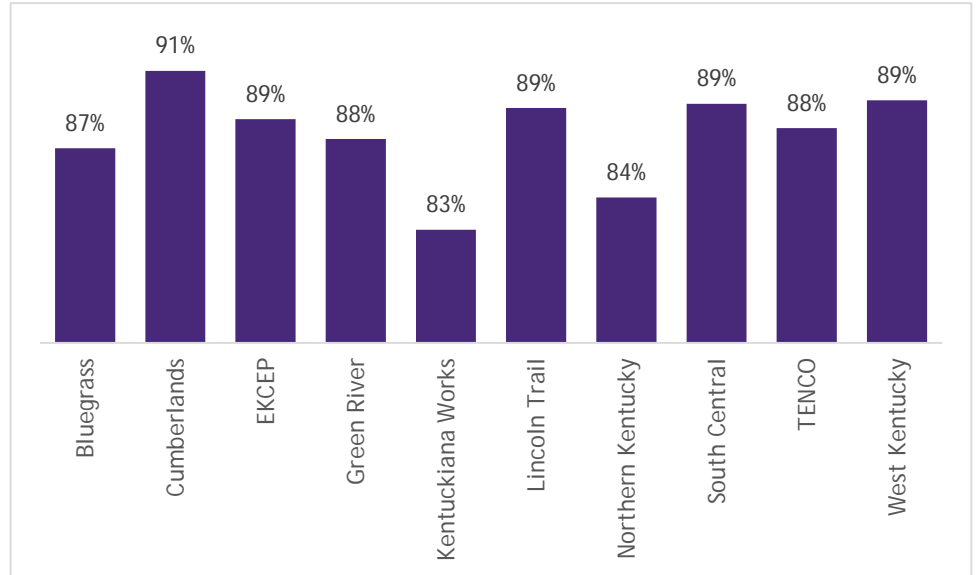
Note: PPP loans provided to businesses in Kentucky from April through June 2020
Source: Small Business Administration, Paycheck Protection Program



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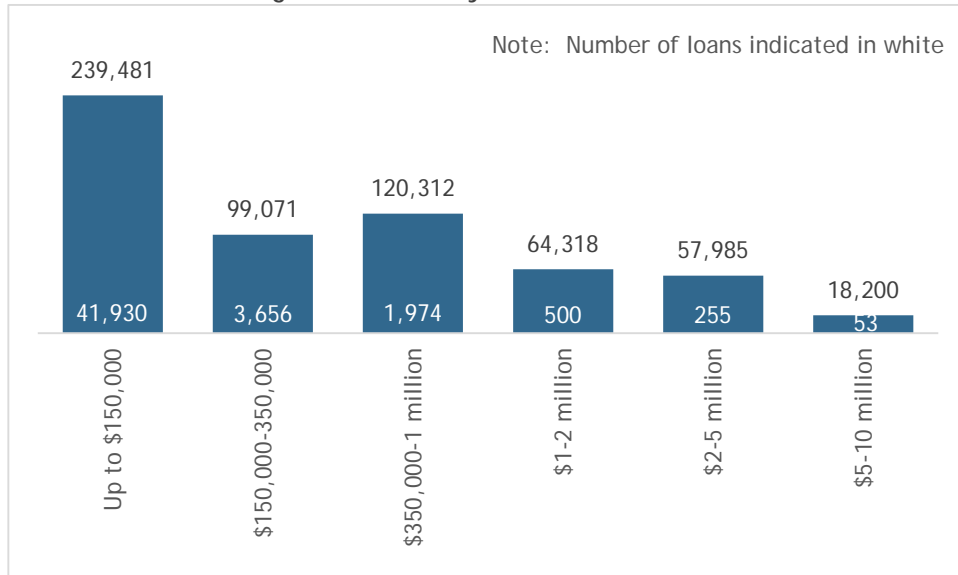
The SBA recently released information on PPP loans approved from April 3 through June 30, 2020. The database includes information on the amount of the loan, industry sector, location of the business (city and zip code), business type, nonprofit status, applicant demographics, jobs retained, and lender. For loans more than \$150,000, the business name and full address are also provided. The majority of PPP loans granted in Kentucky were for less than \$150,000 each, 86.7 percent. Together, these loans are valued at \$1.4 billion, 27.6 percent of the \$5.2 billion loaned in Kentucky.

Share of PPP Loans Valued Under \$150,000



Note: PPP loans provided to businesses in Kentucky from April through June 2020
 Source: Small Business Administration, Paycheck Protection Program

Jobs Retained through PPP Loans by Loan Size, as of 6/30/2020



Note: PPP loans provided to businesses in Kentucky from April through June 2020
 Source: Small Business Administration, Paycheck Protection Program

Loans were for up to 2.5 times average monthly pre-COVID payroll, capped at \$10 million. More than 239,000 jobs may be retained in Kentucky among businesses that received a PPP loan valued at up to \$150,000, an average of 5.7 jobs per loan. The 53 businesses that received loans between \$5 and \$10 million have the potential to retain 18,200 jobs, an average of 343 jobs per loan. Loans over \$1 million were concentrated in the Bluegrass, Kentuckiana Works and Northern Kentucky LWAs. In total, these 48,368 loans have the potential to retain 599,367 jobs throughout Kentucky.



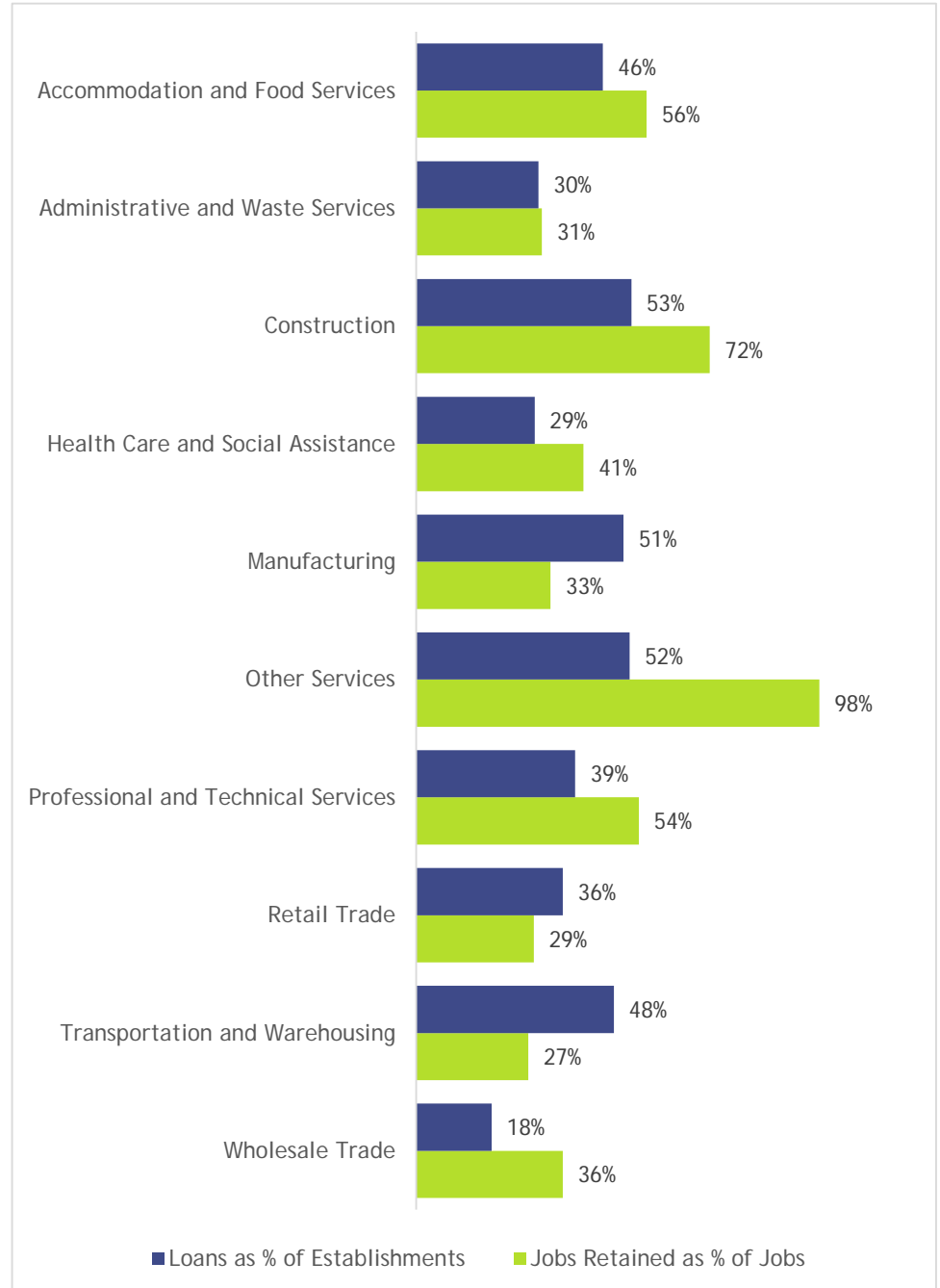
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PPP loans have been issued to businesses in every industry sector through June 30, 2020. The following chart examines loans and employment for the 10 sectors with the highest number of potential jobs retained resulting from PPP loans. It compares the number of PPP loans issued as a share of total establishments with fewer than 500 employees (in blue) as well as the potential jobs retained as a share of all jobs at small establishments (in green). For example, 46 percent of the firms with fewer than 500 employees in the Accommodation and Food Services sector received a PPP loan. In this sector, 56 percent of the jobs will be potentially retained as a result of PPP loans made to establishments in Kentucky. Data from the QCEW indicates that there were 8,635 small businesses in the Accommodation and Food Services. Through June 30, 2020, there were 3,937 loans issued. Combined, these loan have the potential of retaining 97,928 of the 174,061 total jobs at small businesses in this sector.

The Retail Trade sector received the most loans with 5,593 followed by Other Services with 5,377 loans. The most jobs retained resulting from PPP loans were found in the

Accommodation and Food Services sector followed by the Health Care and Social Assistance sector which has the potential to retain 81,546 jobs (41 percent of jobs in small businesses in that sector). There were 801 PPP loans with missing or unknown industry sector information. In addition, there were 3,757 PPP loans that did not provide information on the jobs retained.

Sectors with Most Potential Jobs Retained from PPP Loans, as of 6/30/2020



Note: PPP loans provided to businesses in Kentucky from April through June 2020
 Source: Small Business Administration, Paycheck Protection Program



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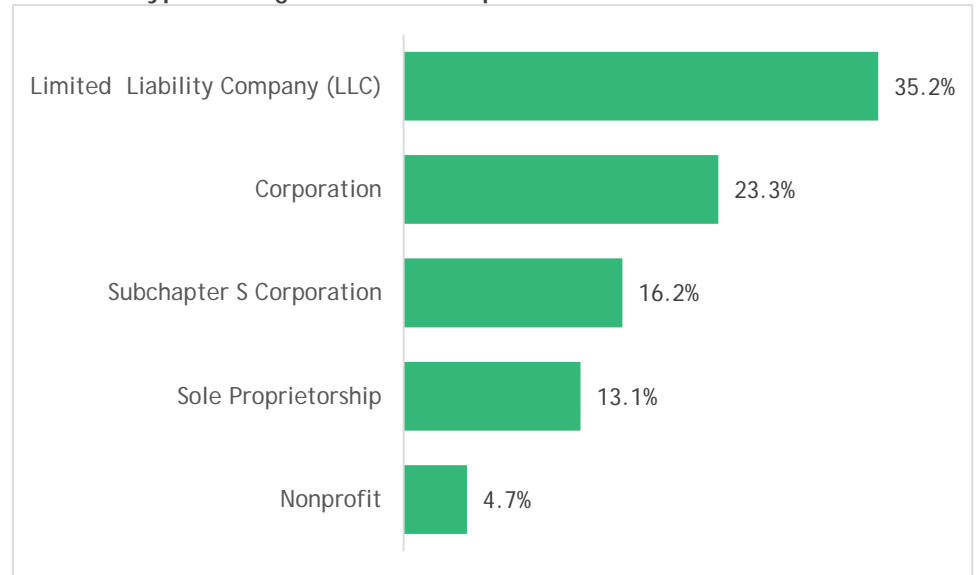
Information on business type and some demographics of PPP loan applicants was also provided in the SBA database. Among recipients that provided this information, 35.2 percent of the loans were to limited liability companies (LLCs), 23.3 percent went to corporations and 13.1 percent were granted to sole proprietorships.

In Kentucky, 2,277 nonprofit organizations received a PPP loan through June 30, 2020, retaining 52,549 jobs. Nonprofits received 4.7 percent of the loans and retained 8.8 percent of the jobs, averaging 23.1 jobs retained per loan compared to

11.9 jobs retained by other organizations. It should be noted that many businesses did not provide complete information on their loan application including 60 missing business type. There were not enough applications with complete information to provide summary demographics on applicants based on gender, race or ethnicity, and veteran status.

PPP loans can be used to cover payroll, benefits, and salaries, as well as mortgage interest payments, rent, and utilities. The principal of the loan can be forgiven if the majority was used for payroll costs and the number of workers was not reduced for the 8 week period. If payroll or the headcount was reduced, the amount forgiven can be reduced proportionally. The PPP loans issued to small businesses throughout Kentucky through June 30, 2020 have the potential to retain 41 percent of jobs at small businesses.

Business Type among PPP Loan Recipients as of 6/30/2020



Note: PPP loans provided to businesses in Kentucky from April through June 2020
Source: Small Business Administration, Paycheck Protection Program



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https://kystats.ky.gov/Reports/Tableau/2020_ICEE



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https://kystats.ky.gov/Reports/Tableau/2020_TPF



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Kentucky Labor Force Update

A monthly publication of the
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Published 8/27/2020