



July 2020

KENTUCKY

LABOR FORCE UPDATE

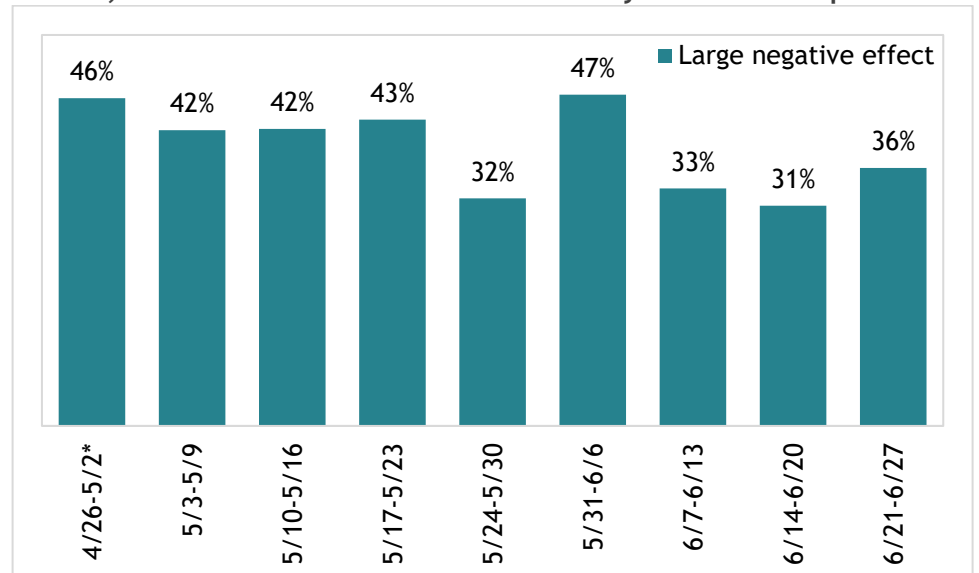
Survey of Kentucky Small Businesses During COVID-19 Crisis

Data estimating the full impact of the COVID-19 pandemic on businesses and employees throughout Kentucky may not be available for months. However, policymakers need information now to help serve the needs of those being negatively impacted. In response, the U.S. Census Bureau developed the Small Business Pulse Survey (SBPS) to learn specifically how small businesses have been affected. In the U.S., businesses with fewer than 500 employees, defined as small businesses, make up 99.8 percent of all establishments and 82.4 percent of all employees in the U.S. according to data from the U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW). Similarly, 99.8 percent of the 117,559 establishments throughout Kentucky would be classified as a small business based on the number of employees (117,335 establishments).

For the SBPS, the Census Bureau defined a small business as a single location, non-farm business with 1 to 499 employees and receipts of at least \$1,000. The sample of nearly 932,000 businesses throughout the U.S. was drawn from businesses with a valid email address that were part of the 2017 Economic Census and were on the Business Register in April 2020. After the first week, the Census removed email addresses linked to three or more businesses from future collections which reduced the sample size to approximately 885,000 businesses, representing 9.5 percent of small businesses in the U.S. Eligible businesses were then divided into nine panels, one for each week. The weekly online survey had a 22.7 percent response rate in the U.S. In Kentucky, 9,778 small businesses were part of the sample with a response rate averaging 20.6 percent across the nine week survey. Although the SBPS is not representative of all small businesses in Kentucky, it provides timely information on the status of small businesses, the challenges they are facing, and the decisions they are making in light of these challenges. The voluntary survey covered the period from April 26 through June 27, 2020.

The share of Kentucky small businesses that responded to the survey and reported a large negative impact diminished during the course of the survey, from 46 percent during the first week to 36 percent by the last week. Compared to the U.S., Kentucky's small businesses were not as negatively affected. Among all respondents in the U.S., 51 percent indicated a large negative effect which fell to 38 percent by the end of June. Among Kentucky respondents, a positive effect was indicated during the last two weeks of the survey when 6 percent of businesses each week indicated a moderate positive effect.

Overall, how has this business been affected by the COVID-19 pandemic?



* Change in sampling methodology after first week.

Note: Responses from Kentucky businesses only, averaging 200 to 260 each week.

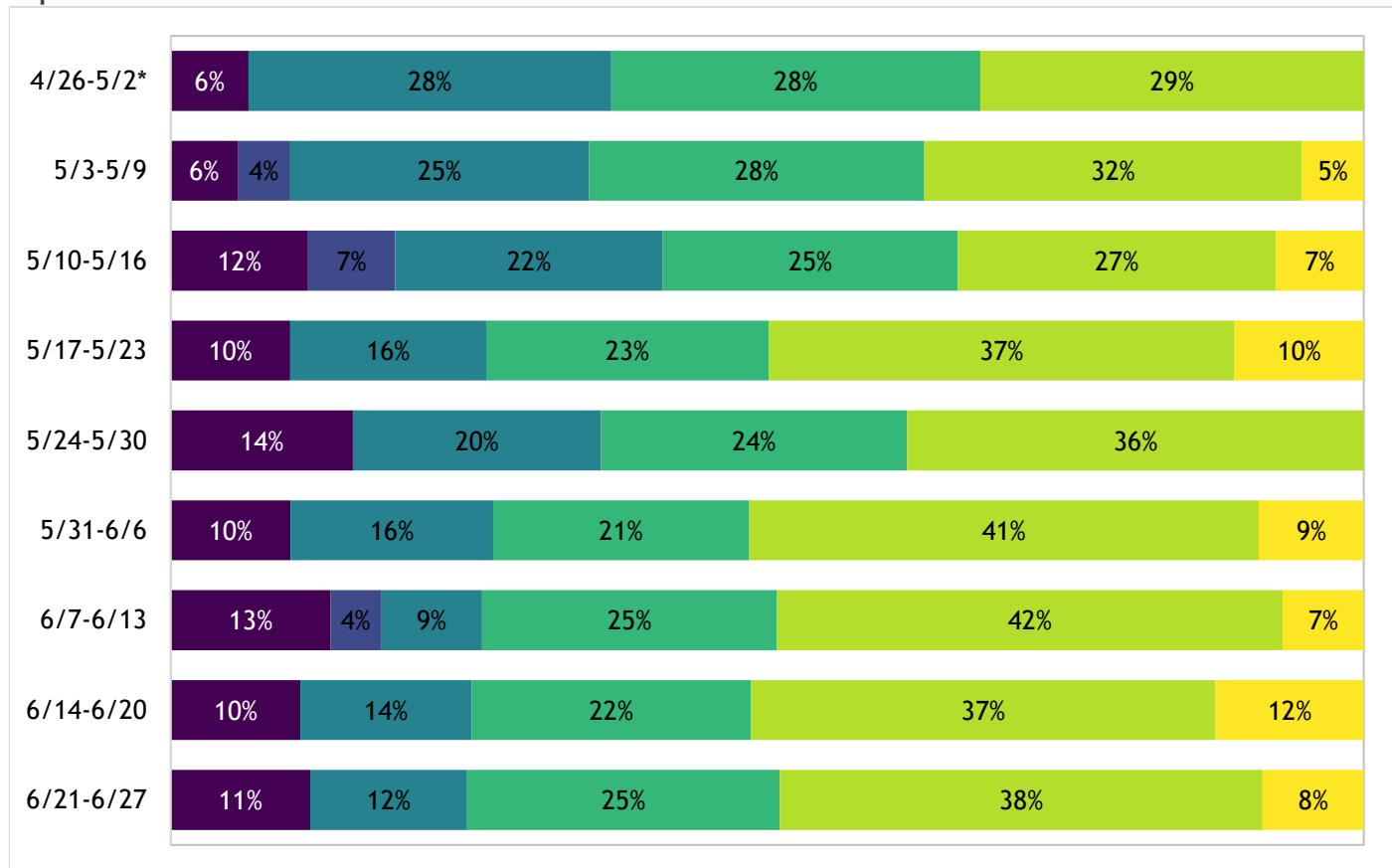
Source: U.S. Census Bureau, Small Business Pulse Survey



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At the onset of the survey, respondents in Kentucky were evenly dispersed between three time periods when estimating how long it could take for their business operations to return to normal levels - 2-3 months, 4-6 months, and longer than 6 months. All businesses that responded felt it would take longer than a month to recover from the effects of the pandemic. As weeks passed, the anticipated amount of time to recover increased, with some employers most recently reporting that they did not expect to ever return to normal levels of operations (8 percent of Kentucky respondents compared to a national average of 10 percent). At the same time, the share of responding small businesses that indicated that they had little or no effect resulting from the pandemic increased from 6 percent in the first week of the survey, up to 14 percent the last week of May to 11 percent most recently, lower than the U.S. average of 12 percent.

In your opinion, how much time do you think will pass before this business returns to its usual level of operations?



- There has been little or no effect on this business's usual level of operations
- 1 month or less ■ 4-6 months
- 2-3 months ■ More than 6 months
- I do not believe this business will return to its usual level of operations

* Change in sampling methodology after first week.

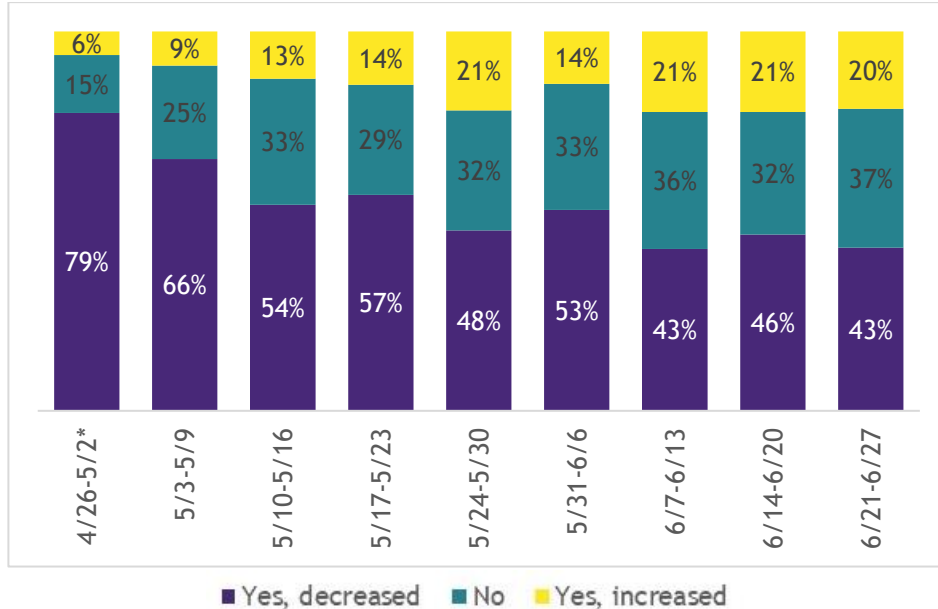
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In the last week, did this business experience a change in operating revenues?



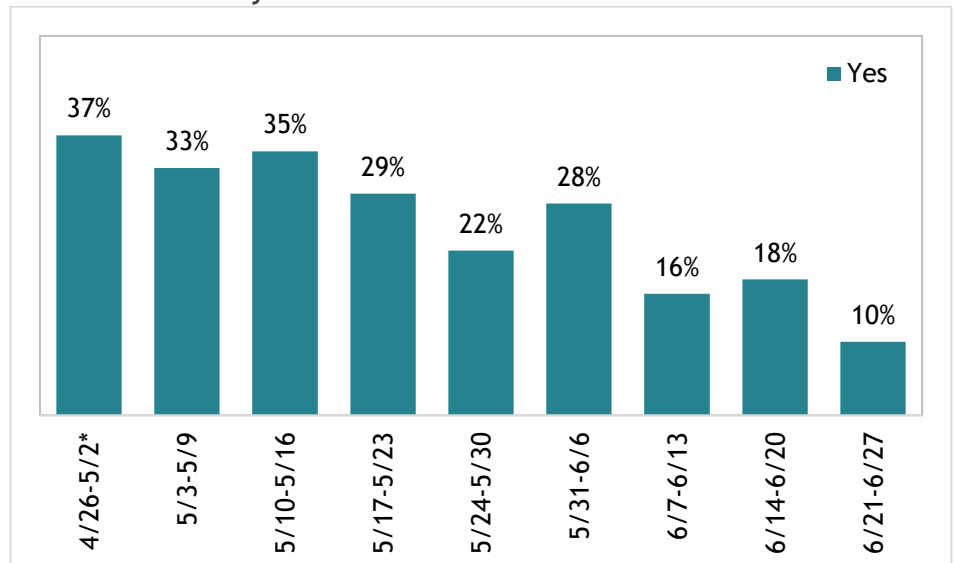
Early in the pandemic, the majority of respondents were reporting a loss of operating revenues - 79 percent indicated declining operating revenues, 15 percent saw no change and 6 percent saw an increase. The week of Memorial Day saw an increase in the share of businesses with increased operating revenues, up to 21 percent. By the end of June, the share of respondents experiencing decreased revenues had fallen by 36 percentage points to 43 percent. This compares to a U.S. average of 43 percent, down from 74 percent in late April.

The SBPS included several questions to determine how staffing needs changed at small

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Source: U.S. Census Bureau, Small Business Pulse Survey

businesses through temporary closures, reducing staff or reducing hours. During the first weeks of the SBPS, at least one-third of respondents indicated that they had temporarily closed a location for at least one day during the prior week. As restrictions have been lifted, businesses throughout Kentucky have begun to re-open and this share has declined. During the week of June 21-27, 10 percent of small business respondents indicated that they were closed for one day during that week. For the most part, a smaller share of Kentucky small businesses experienced temporary closures than the U.S. average. During the first week of the survey, 41 percent of U.S. businesses that responded to the survey indicated a temporary closure falling to 18 percent by the ninth week.

In the last week, did this business temporarily close any of its locations for at least one day?*



* Change in sampling methodology after first week.
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Source: U.S. Census Bureau, Small Business Pulse Survey

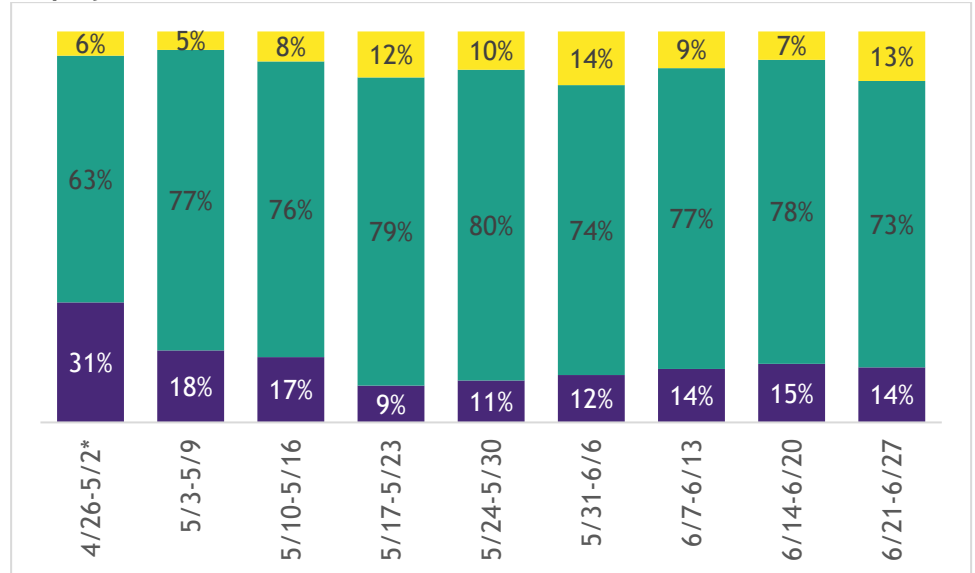


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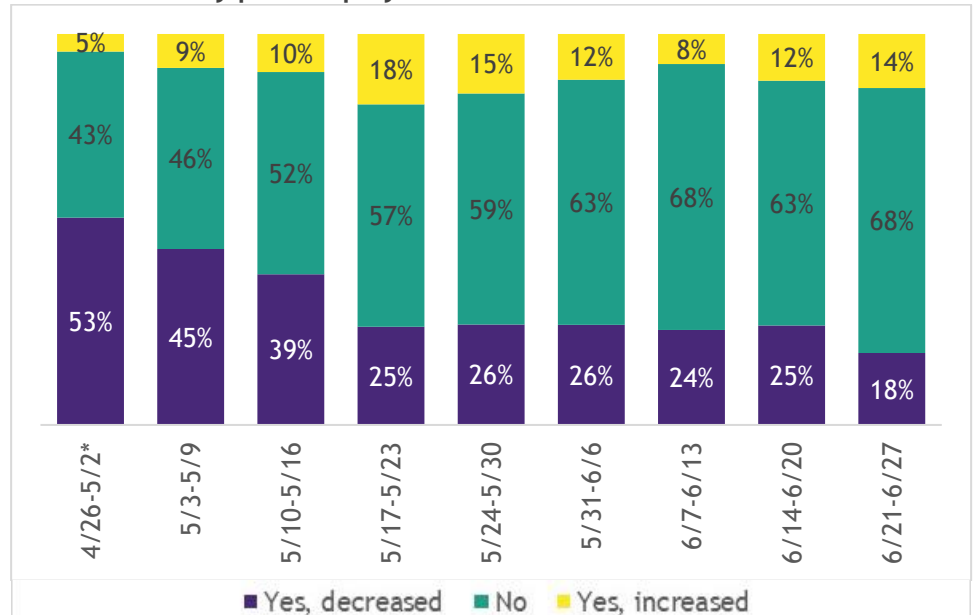
Throughout the span of this survey, more than 60 percent of Kentucky respondents consistently indicated that they did not change the number of paid employees. Instead, the data reveal that more respondents reduced the hours of their paid staff. During the week of April 26 to May 2, 31 percent of survey responders indicated that they had decreased the number of paid staff, and 53 percent indicated that they decreased the number of hours worked by paid employees. A small share actually increased staffing and paid hours during this same week. Nationally, 28 percent of small businesses reduced staff the first week of the survey, 4 percent increased staff and 68 percent had no change.

Over time, a larger share of survey respondents in Kentucky began increasing the number of paid employees as well as hours worked. By the end of June, 73 percent had no change in employment levels and more than two-thirds had no change in the paid hours, similar to national trends (80 percent had no change in staffing and 67 percent had no change in hours worked).

In the last week, did this business have a change in the number of paid employees?



In the last week, did this business have a change in the total number of hours worked by paid employees?



* Change in sampling methodology after first week.

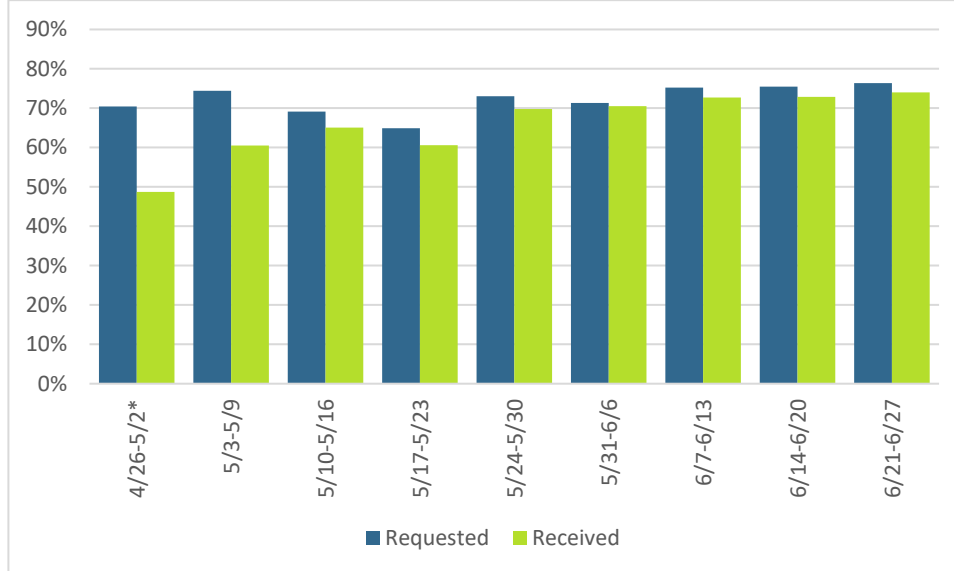
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Source: U.S. Census Bureau, Small Business Pulse Survey



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Since March 13, 2020, has this business requested or received financial assistance from the federal Paycheck Protection Program (PPP)?



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Source: U.S. Census Bureau, Small Business Pulse Survey

The SBPS had two questions related to financial assistance from any source - if it was requested and if it had been received. Federal programs include the Paycheck Protection Program (PPP), Economic Injury Disaster Loans (EIDL), and Small Business Administration (SBA) loan forgiveness. In addition, respondents indicated if they requested financial assistance from a bank, state or local government, from their own savings, or from friends and family. The most common response was PPP. Nationally, 75 percent of respondents had applied for funds through PPP during the first week of the survey compared to 70 percent

of Kentucky's respondents. By the end of the survey, that had increased to 76 percent among Kentucky responses. As the survey progressed, an increasing share of respondents indicated that they had also received funds from the PPP, 74 percent up from 49 percent during the first survey week. This is higher than the national average which went from 38 percent to 72 percent over the same time period.

While many of Kentucky's small businesses that answered the survey indicated that they had requested financial assistance from multiple sources, between 14 and 25 percent responded over the span of the survey that they had not sought financial assistance from any source (about 18 percent nationally over the course of the survey).

In total, more than 2,000 small businesses in Kentucky replied to the SBPS over the nine weeks. Although not representative of all small businesses, their responses can help policymakers understand the challenges small businesses are facing in their communities - and how they are adapting to them - in a timely way. While many businesses that responded to the survey indicated a negative effect from the pandemic, the majority expect a return to normal operations within six months.

Additional responses from small business owners about their operations, finances, challenges and expectations as well as industry breakouts can be found here: <https://www.census.gov/data/experimental-data-products/small-business-pulse-survey.html>.



KYSTATS NEWS

Visit the KYSTATS website (<https://kystats.ky.gov/>) to see new and updated reports including:



Family Resource Simulator

The Family Resource Simulator illustrates the impact of "work supports" – such as earned income tax credits and child care assistance – on the budget of a hypothetical family. It helps families identify where 'cliff effects' occur as their income increases. This work was completed in collaboration with the National Center for Children in Poverty.

<http://www.nccp.org/tools/frs/index.php>



Better Workplaces, Better World

The Louisville Society for Human Resource Management (LSHRM), in partnership with the University of Louisville and other community partners, surveyed workers in Louisville to learn what matters most to them in terms of benefits, perks, workplace culture, etc. so that employers can create the best workplaces possible.

https://kystats.ky.gov/Reports/Tableau/B2W_2020



Civilian Labor Force Report

This interactive report allows users to explore estimates from the U.S. Bureau of Labor Statistics' Local Area Unemployment Statistics (LAUS) program and the Current Population Survey (CPS).

https://kystats.ky.gov/Reports/Tableau/CLFR_2019



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Kentucky Labor Force Update

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