



Kentucky Chamber

Uniting Business. Advancing Kentucky.



JOB RECOVERY
IN KENTUCKY

A REPORT BY THE KENTUCKY CHAMBER OF COMMERCE

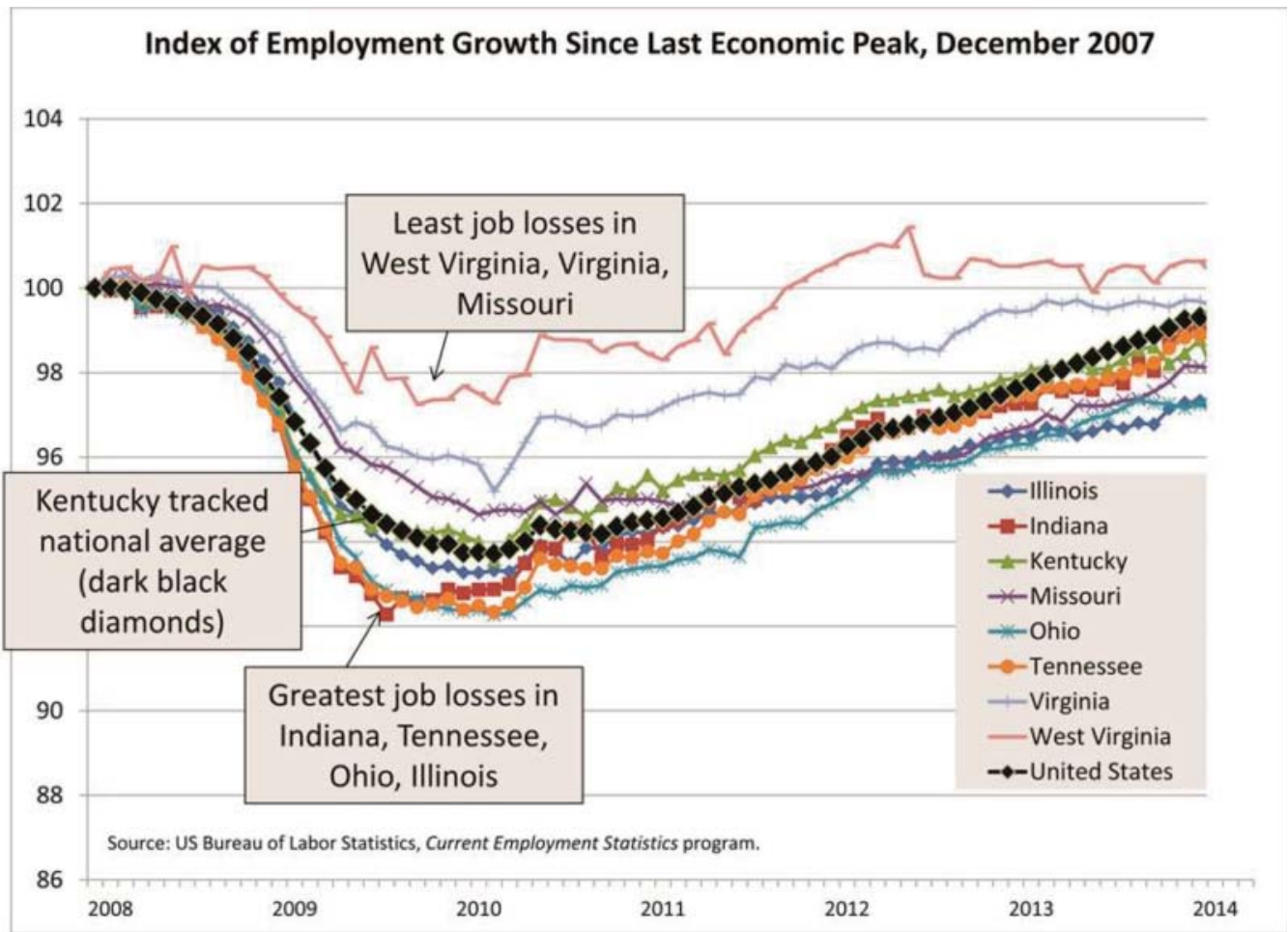
Kentucky tracks U.S. in sluggish job recovery

KENTUCKY HAS BEEN generally tracking the U.S. as a whole in terms of total job growth since the last recession, but has not yet regained the jobs it lost. A recent study by the Kentucky Chamber of Commerce indicates the state recovered from the 2007-2009 recession on pace with the national average. However, some key indicators show the Commonwealth could be doing better.

The Kentucky Chamber's Senior Economic Advisor Dr. Paul Coomes, Emeritus Professor of Economics at the University of Louisville, recently analyzed data from the U.S. Bureau of Labor and Statistics (BLS) to determine how Kentucky was faring in recovery from the recession.

MAIN FINDINGS

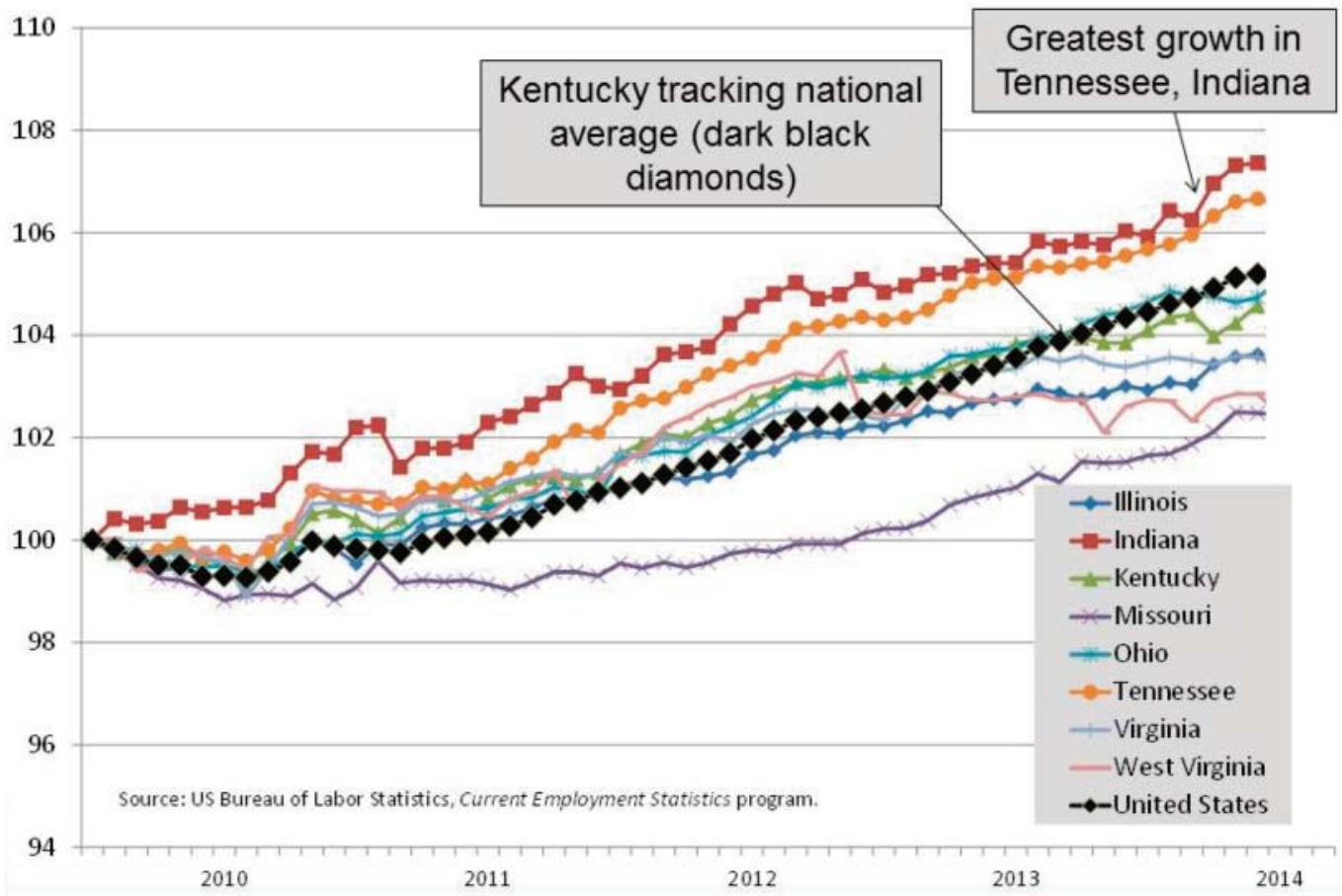
- **Kentucky roughly tracked the U.S.** as a whole in terms of percentage job loss during the 2008-09 recession, as well as the percentage gain in the job recovery through 2013.
- Kentucky shed 104,000 jobs in the last recession, measured from peak to trough. Since the trough in July 2009, **Kentucky has added on net 65,000** jobs through March 2014.
- Among bordering states, **Indiana and Tennessee have posted the strongest job growth** since the recession, though they also had the largest percentage job loss during the recession.
- **Seven industries accounted for almost all of the job growth** in Kentucky since 2009: Employment services (primarily temporary job services); auto equipment manufacturing; state government educational services (primarily public colleges & universities); restaurants; ambulatory health care; nursing and residential care; and transportation and warehousing.
- **Three industries had major decreases** in employment over the last five years: Construction, coal mining, and personal services.
- Largely because of the industrial composition of job growth, however, **Kentucky has had slow growth in average earnings pay per job.** In 2013, Kentucky's average pay was \$46,400, compared to \$55,600 nationally. Kentucky and West Virginia are by far the lowest among the border states. Kentucky has lost ground against the national average since 1979.
- **Only 56 percent of Kentucky working age adults are employed**, the lowest rate of any border state except West Virginia. Moving this rate up three percentage points, to the national average, would be equivalent to adding 100,000 more jobs in Kentucky.



EMPLOYMENT GROWTH SINCE ECONOMIC PEAK

Nationally, employment last peaked in December 2007. By indexing to that month, one can see the magnitude of the job losses in the United States, Kentucky, and surrounding states. Kentucky (green triangles) generally tracked the US in terms of percentage job losses, as well as the subsequent recovery. Note that the greatest percentage job losses were in Indiana, Tennessee, Ohio and Illinois, while West Virginia, Virginia and Missouri suffered less than average job losses.

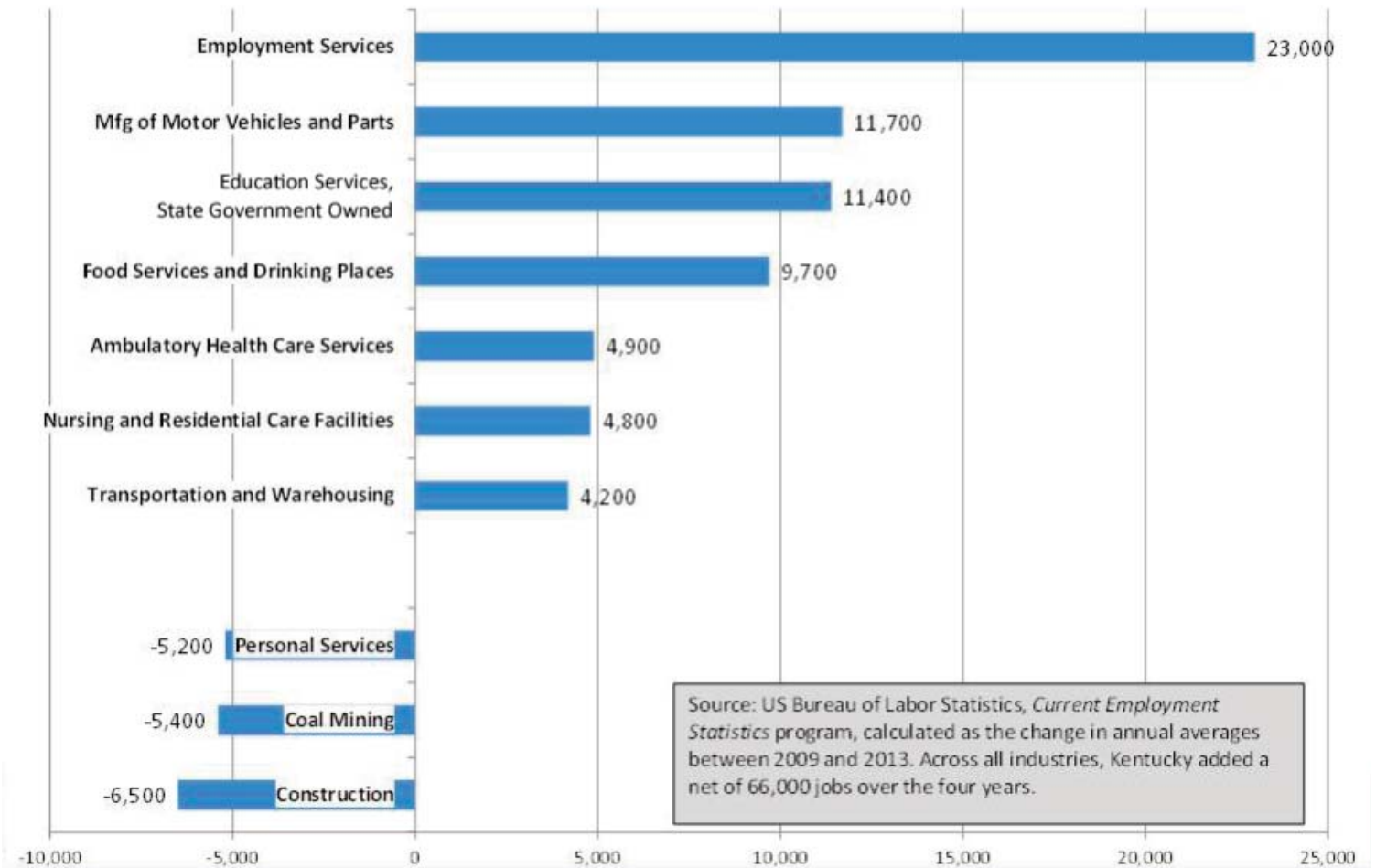
Index of Employment Growth Since Trough of Last Recession, July 2009



EMPLOYMENT GROWTH SINCE ECONOMIC TROUGH

Now looking at the same job data, but indexed to the bottom of the last recession (July 2009), one can see the recovery. Again, Kentucky is tracking the United States. The two states with the strongest job growth, Tennessee and Indiana, were also the two states with the largest percentage job losses during the recession.

Industries in Kentucky with Greatest Employment Change Over Last Four Years

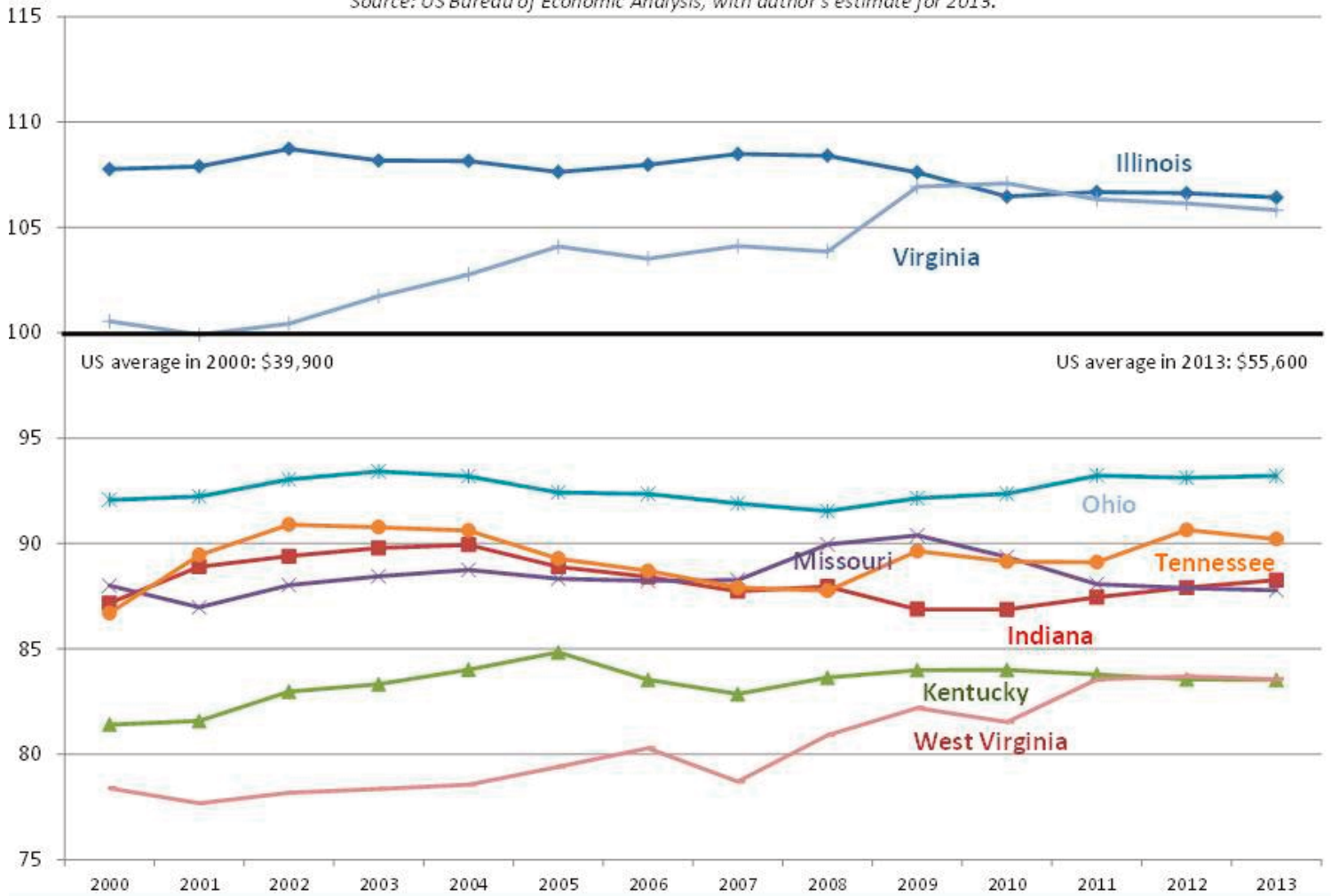


INDUSTRIAL HIGHLIGHTS

We now have annual data through 2013, and can use it to see which industries in Kentucky have been adding jobs and which have been losing jobs. Employment Services is by far the fastest growing category, and is made up of temporary job filling firms. The job growth in the Motor Vehicles industry is the best news, since these firms drive growth in other industries, and they tend to pay above average wages. Most of the other growth sectors are local service industries that ebb and flow with the population. Construction and Coal Mining have taken the biggest job hit the last four years.

Earnings per Job by State Relative to United States Average

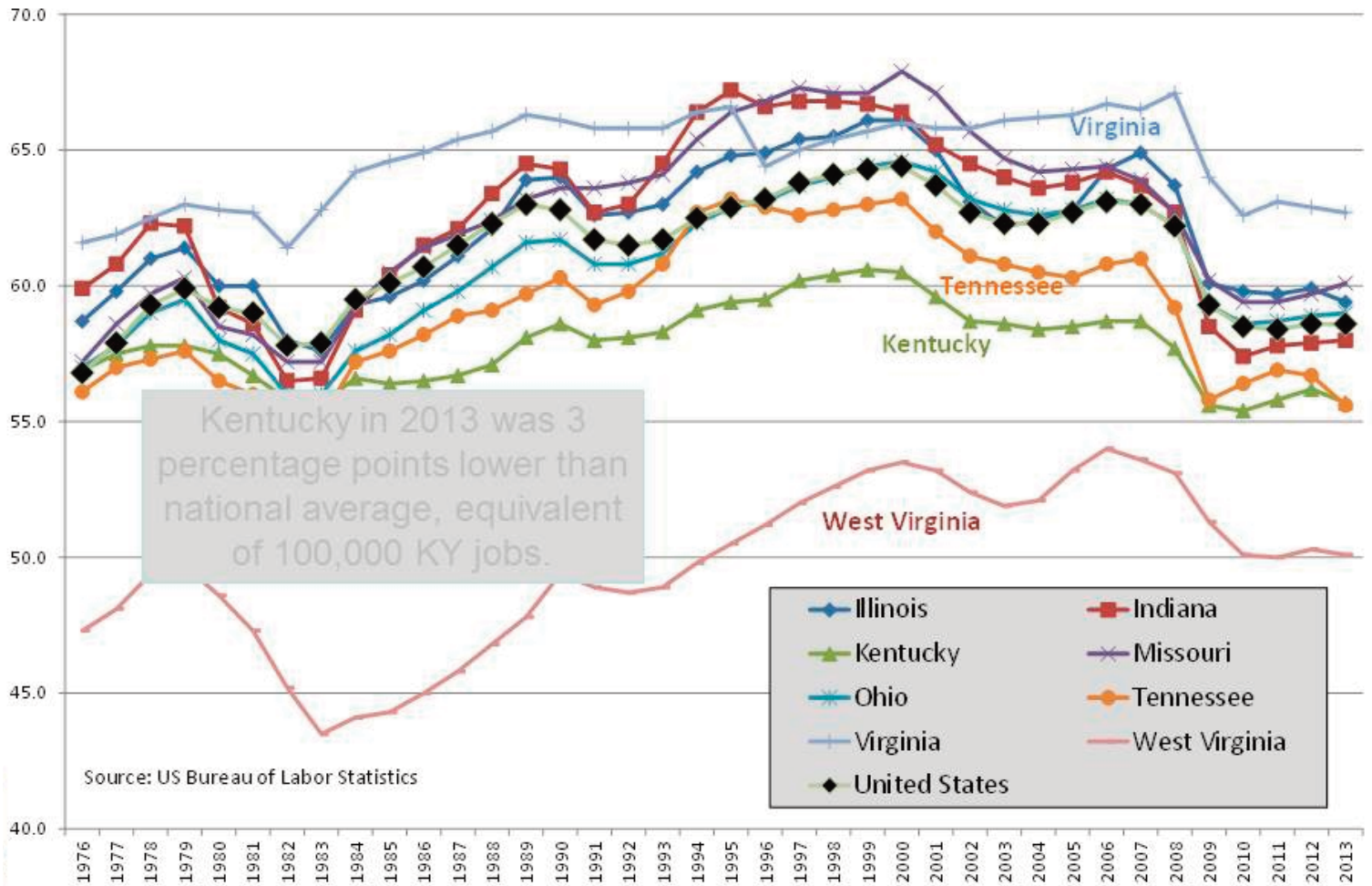
Source: US Bureau of Economic Analysis, with author's estimate for 2013.



AVERAGE PAY

This chart shows average earnings per job in Kentucky and surrounding states, as a ratio to the US average. Note that Kentucky has not made up any ground in average pay over the last eight years, and is now tied with West Virginia for lowest pay per job. This reflects the industrial composition of jobs in Kentucky, with most of the growth in lower-paying industries and occupations.

Ratio of Employed Persons to Population Ages 16+ Kentucky and Border States



EMPLOYMENT RATES

In this chart, we divide the number of employed persons by the adult population in each state. This is a more revealing labor force measure than the unemployment rate. One can clearly see the decline in employment beginning in 2008 as the recession began. All states posted a sharp decline in the employment rate. Kentucky has been lagging most other states for two decades, and remains near the bottom, with only 56 percent of adults holding a job.



Kentucky Chamber

Uniting Business. Advancing Kentucky.

The Kentucky Chamber represents the interests of more than 90,000 employers across the Commonwealth. From family-owned shops to Fortune 500 companies in virtually every industry in the state, our business community shares a vested interest in enhancing Kentucky's ability to compete on a national and global scale.

phone **502-695-4700** | *web* **kychamber.com** | *twitter* **@kychamber**



Research and writing by Paul Coomes, Ph.D., Emeritus Professor of Economics at the University of Louisville, and consulting economist to the Kentucky Chamber. Dr. Coomes can be reached at paul.coomes@louisville.edu.