



May 2022

KENTUCKY

LABOR FORCE UPDATE

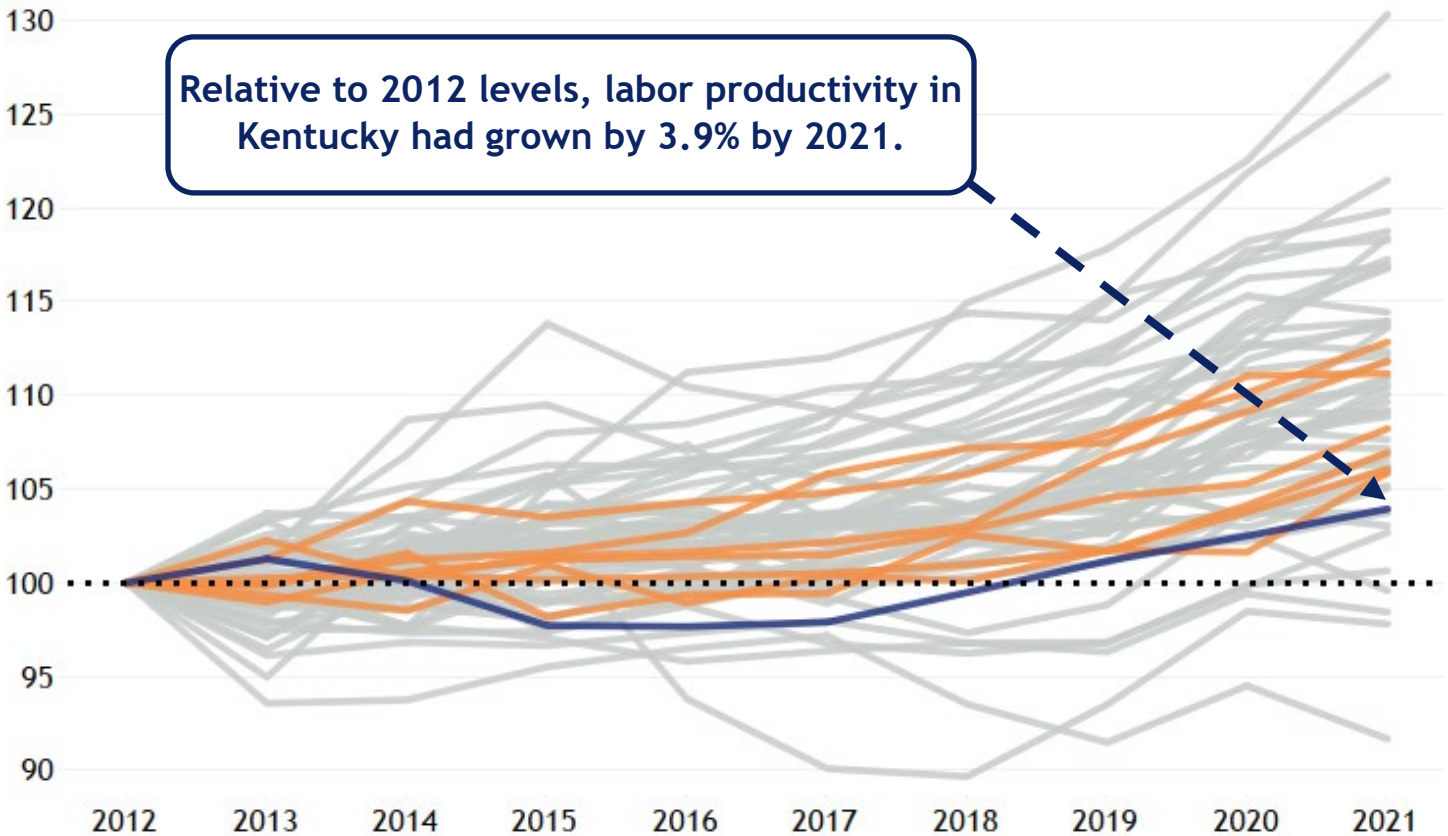
State Labor Productivity Statistics: A Regional Overview

State labor productivity measures, published as an experimental data product for the first time by the U.S. Bureau of Labor Statistics (BLS) in mid-2019, quantify aspects of the relationship between goods or services that have been produced by state economies and the amount of labor that has been performed in the process. Put another way, they speak to whether workers are producing more or less goods and services for the same amount of work over time. Here, these measures and their related concepts will be explored for Kentucky and its neighboring states.

What exactly does the BLS' primary, state-level, total nonfarm labor productivity statistic measure? In a 2019 Monthly Labor Review [article](#), BLS researchers defined labor productivity as a measure of "the difference between the percentage growth in output and the percentage growth in hours worked." Using values indexed to 2012 levels as the unit of analysis, Kentucky exhibited the tenth lowest increase (3.9%) in state labor productivity among all states by 2021. This was also the lowest increase in the region- two percentage points lower than the next lowest-growth state (Tennessee)- while Ohio experienced the fastest growth (+12.8%). From 2012-2021, Kentucky's largest over-the-year gains in labor productivity occurred in 2019 (+1.7%) and 2018 (+1.6%).

State Labor Productivity, Indexed to 2012 Levels

■ Kentucky ■ Border States ■ Other States



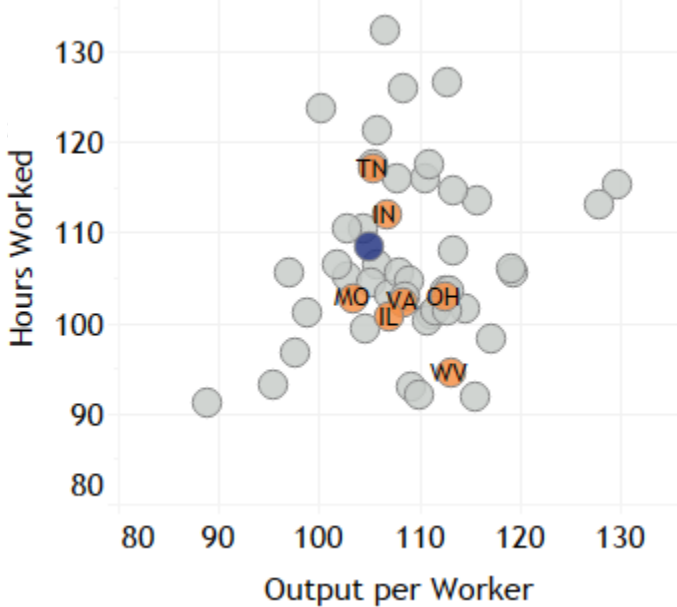
Source: U.S. Bureau of Labor Statistics, State and Regional Labor Productivity. Accessed 5/26/22



State Labor Productivity Statistics: A Regional Overview

Total Hours Worked vs. Output per Worker,
2021 Levels Indexed to 2012 Levels

■ Kentucky ■ Border States ■ Other



Source: U.S. Bureau of Labor Statistics,
State and Regional Labor Productivity
Accessed 5/26/22

Given that labor productivity measures speak to the growth in output that is not directly attributable to growth in hours worked, it is worthwhile to independently examine these two measures. The BLS derives state-level output measures from Gross Domestic Product and price data from the Bureau of Economic Analysis, and hours worked measures are derived from data from BLS’ Current Employment Statistics program, National Compensation Survey, and Current Population Survey.

From 2012 to 2021, Kentucky’s volume of output per worker had grown by 5.0%, the second lowest such increase in the region (ahead of Missouri, +3.5%). In the same time period, there was a relatively higher increase in the volume of hours worked in Kentucky (+8.5%). Only Tennessee and Indiana exhibited greater increases in the number of hours worked (+17.0% and +11.9%, respectively).

To round out a basic understanding of labor productivity statistics, it is worth considering the factors that account for the change in output that is not attributable to increased hours worked. In the [press release](#) for 2021 data, the BLS explained: “Although the labor productivity measures relate output in a state to hours worked of all persons in that state, they do not measure the specific contribution of labor to growth in output. Rather, they reflect the joint effects of many influences, including: changes in technology; capital investment; utilization of capacity, energy, and materials; the use of purchased services inputs, including contract employment services; the organization of production; the characteristics and effort of the workforce; and managerial skill.”

To summarize: as measured by the BLS’ experimental labor productivity measure, Kentucky lags in productivity growth compared to its neighbors in the region. Although overall output in the state has increased in the last decade, there has been an even greater relative increase in the number of hours worked, and the difference in the growth of these measures reflects a wide range of economic factors.

Pablonia, S., Jadoo, M., Khandrika, B., Price, J., & Mildenerger, J. (2019). *BLS publishes experimental state-level labor productivity measures*. *Monthly Labor Review*. Accessed 5/26/22.

[2022 State Labor Productivity Release Technical Note](#), U.S. Bureau of Labor Statistics. Accessed 5/26/22.

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