

KENTUCKY

Quantifying the Economic Impact of Social Security Benefit Spending



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Key Findings

Benefits paid by Social Security support a significant amount of economic activity in the state of Kentucky.

Social Security benefits received by retirees and other beneficiaries are spent in the local community. This spending ripples through the economy, as one person's spending becomes another person's income, creating a multiplier effect.

In 2023, expenditures stemming from Social Security supported...

126,642 jobs that paid \$6.9 billion in wages and salaries

\$22.3 billion in total economic output

\$3.1 billion in federal, state, and local tax revenues

... in the state of Kentucky.

Each dollar paid out in Social Security benefits nationally supported \$2 in total economic activity in states like Kentucky.

Overview

Social Security benefits provide crucial income to older adults, survivors, children, and Americans with disabilities. Expenditures made by Social Security beneficiaries also provide a steady economic stimulus to Kentucky communities and the state economy. In 2023, 1,023,276 residents of Kentucky received a total of \$20 billion in Social Security benefits.

The median Social Security retirement benefit received in Kentucky was \$1,748 per month. The median Social Security disability benefit received was \$1,385 per month. These modest benefits provide retirees, surviving spouses, children, and Americans with disabilities income to meet basic needs.

Kentucky	Total OASDI Beneficiaries	Total Retirement Beneficiaries	Total Survivor Beneficiaries	Total Disability Beneficiaries
Number of Beneficiaries	1,023,276	715,312	110,591	197,373
Total Benefit Payments	\$20 billion	\$13.8 billion	\$2.7 billion	\$3.4 billion
Median Monthly Benefit Amount		\$1,748		\$1,385

Median benefit amounts for some beneficiaries are based upon data provided by the Social Security Administration (SSA). No such data is provided for other categories of beneficiaries.

Social Security Benefit Multiplier

Nationally, each \$1 in Social Security benefits paid ultimately supported \$2 in total economic output. This "multiplier" incorporates multiple rounds of impacts of beneficiary spending, as each purchase ripples through the economy of states like Kentucky. Each dollar of benefits spent supports a greater amount of economic activity because that dollar contributes to the earnings of employees at local businesses who then spend their earnings at other businesses, which broadens the impact of the first dollar spent.

Impact on Jobs and Incomes

Expenditures stemming from Social Security benefits supported 126,642 jobs in the state. The total income to state residents supported by Social Security expenditures was \$6.9 billion.

To put these employment impacts in perspective, in 2023 Kentucky's unemployment rate was 4.3%. The fact that Social Security benefit expenditures supported 126,642 jobs is significant, as it represents 6.3 percentage points in Kentucky's labor force.

Economic Impact

Social Security paid a total of \$20 billion in benefits to Kentucky residents in 2023. Expenditures from these benefits supported a total of \$22.3 billion in total economic output in the state, and \$13.4 billion in value added in the state.

Impact on Tax Revenues

Social Security benefit payments made to Kentucky residents supported a total of \$3.1 billion in revenue to federal, state, and local governments.

Federal Tax	\$1.6 billion
State/Local Tax	\$1.5 billion
Total	\$3.1 billion

Economic Impacts by Industry Sector

The economic impact of Social Security benefits was broadly felt across various industry sectors in Kentucky. The ten industry sectors with the largest employment impacts are presented in the table to the side.

Industry	Employment Impact (# Jobs)
Limited-service restaurants	8,168
Hospitals	6,351
Full-service restaurants	6,137
Retail - General merchandise stores	4,964
Offices of physicians	3,949
Retail - Food and beverage stores	3,693
Other real estate	3,236
Individual and family services	3,144
Retail - Miscellaneous store retailers	2,923
Retail - Motor vehicle and parts dealers	2,770

Economic Impacts by Occupation Category

Social Security benefits in Kentucky supported jobs in every civilian job category.

The table below lists the top five occupations by employment impact.

Occupation Category	Wage and Salary Employment	Wage and Salary Income	Supplements to Wages and Salaries	Employee Compensation	Hours Worked
Retail Sales Workers	9,678	\$250,951,416	\$53,061,112	\$304,012,528	13,122,513
Food and Beverage Serving Workers	8,862	\$176,271,559	\$24,633,134	\$200,904,694	9,632,180
Healthcare Diagnosing or Treating Practitioners	5,747	\$696,912,453	\$137,935,868	\$834,848,320	10,655,813
Home Health and Personal Care Aides; and Nursing Assistants, Orderlies, and Psychiatric Aides	4,649	\$145,837,225	\$28,768,079	\$174,605,304	7,422,118
Material Moving Workers	4,493	\$169,736,760	\$32,164,916	\$201,901,676	7,330,099