



# IMPACT

Economic

Supporting Alabama's Economy  
Regions Financial Corporation

**Tripp  
Umbach**

 **REGIONS®**



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# EXECUTIVE SUMMARY

## ECONOMIC IMPACT



Regions Bank has a **\$7.6 billion** impact on the Alabama economy through day-to-day operations and through the lending of the institution to both businesses and consumers in the state



## EMPLOYMENT IMPACT



Regions Bank supports, both directly and indirectly through operations, **32,171 jobs** and provides pay and benefits to employees that are on average **46 percent higher** than the average job in Alabama



## GOVERNMENT IMPACT



Generates, both directly and indirectly, more than **\$266.9 million** in state and local tax revenue



Provides **\$11.1 million** annually to Alabama charities through either associate monetary donations, associate volunteerism, or corporate donations



Provides growth to many local organizations through lending to Alabama organizations and provides monies through lending to consumers or businesses in each of the state's 67 counties

# Executive Report

## Introduction

Regions Financial Corporation<sup>1</sup> (NYSE:RF), with \$126 billion in assets, is a member of the S&P 500 Index and is one of the nation's largest full-service providers of consumer and commercial banking, wealth management, and mortgage products and services. Regions serves customers across the South, Midwest, and Texas and, through its subsidiary, Regions Bank, operates approximately 1,500 banking offices and 2,000 ATMs.<sup>2</sup>

Regions is the only Fortune 500 company headquartered in Alabama. As the largest bank based in Alabama, Regions provides high-paying jobs and generates significant business activity through its expenditures. The bank pays taxes and other obligations, advances community and state economic development activities, and facilitates economic growth through lending. In turn, the company has a broad financial impact on the state and the communities it serves.

In addition to the traditional markers of economic significance, such as jobs, spending, revenue, and more, the community agrees that Regions provides the depth of services typically offered by multi-national financial institutions while maintaining the community banking service foundation from which it grew.<sup>3</sup>

Regions' objective is to make life better by providing customers with financial services they need, want, and understand. The bank focuses on understanding customers' needs and ensuring they receive financial advice, guidance, and education to use financial services in a productive and beneficial way. Customers and communities are at the heart of how Regions operates. The organization and its community partners agree Regions and its employees are active participants in the communities where they live and work. The bank is actively involved and supports activities, events, and organizations that embrace children, families, and neighborhoods.<sup>4</sup>

Regions is a driving force in the economic success of local communities as well as the state of Alabama. This report demonstrates that the Greater Birmingham area and communities throughout the state have felt the growing influence of Alabama's largest financial institution.

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<sup>1</sup>Throughout this report Regions Financial Corporation will be referred to as Regions Bank.

<sup>2</sup>[www.regions.com](http://www.regions.com)

<sup>3</sup>[http://www.regions.com/about\\_regions/regions\\_history.rf](http://www.regions.com/about_regions/regions_history.rf)

<sup>4</sup>[https://www.regions.com/about\\_regions/community\\_engagement.rf](https://www.regions.com/about_regions/community_engagement.rf)

## Project Overview

Regions retained the consulting firm Tripp Umbach<sup>5</sup> to measure and quantify the economic impacts and community benefits generated by the bank within the state of Alabama and specifically within its headquarters market of Greater Birmingham.<sup>6</sup> This report serves as an important deliverable for all stakeholders to better understand and identify the significant value, both in quantitative and qualitative terms, of Regions Bank to the state and local economy, while also recognizing the company has broad reach throughout the South, Midwest, and Texas.

This report focuses on the direct and indirect economic impact stemming from Regions Bank operations in Alabama for 2018.<sup>7</sup> These impacts fall within the following categories:

- Business volume impacts (analysis includes collection of information regarding capital expenditures, operational expenditures, salary data, and state and regional business volumes)
- Direct and indirect employment impacts
- Government revenue impact
- Economic benefit of commercial and residential lending by Regions and how it boosts Alabama's economy
- Social and community benefits that result from business operations

Tripp Umbach's operational economic impact analysis measures the direct, indirect, and induced business volume and government revenue impacts of Regions Bank operations. Regions provided Tripp Umbach with the following primary data used to conduct the analysis: capital expenditures, operational expenditures, number of employees, payroll and benefits, and taxes paid to local and state government agencies.

In addition to operational economic impact, the analysis includes estimation of the economic benefits of the bank's loan originations. Loans are provided to both businesses and consumers across the state. Thus, in addition to its own spending and hiring, Regions Bank facilitates economic activity throughout the state with the substantial amount of lending it offers.

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<sup>5</sup> Tripp Umbach is the nation's most experienced provider of economic impact studies for academic health organizations, having completed similar studies in the past 25 years for more than 100 medical schools and more than 400 teaching hospitals.

<sup>6</sup> The Greater Birmingham area throughout this report contains both Jefferson County and Shelby County for analysis.

<sup>7</sup> For purposes of this report analysis, 2018 refers to January 1 to December 31.

The direct and indirect employment impact generated from the operations of Regions Bank includes people who work directly, as well as indirectly, for the financial institution. Indirect employment represents additional jobs created as a result of Regions Bank operations. Local companies that provide goods and services to Regions Bank hire additional people to support Region's purchasing and the household spending of Regions employees. The tax revenue impact of Regions Bank includes taxes paid by the financial institution such as income, sales, corporate income, and capital stock/franchise taxes as well as taxes paid by vendors and employees due to their business with the institution such as real estate, income, sales, licensing, etc.

Regions Bank's overall impact to the state goes beyond the economic outcomes analysis that is this report's primary focus. The impact of Regions Bank, through its outreach to its communities in Alabama, also extends to the development of human capital, promotion of civic values, and other significant impacts of value to Alabama. Multiple examples were included as spotlight projects to illuminate how Regions Bank participates in job creation and economic development. The broader impact is acknowledged but not comprehensively documented in this report.

## Methodology Employed in the Economic Impact Study

Tripp Umbach analyzed the economic impact of Regions Bank using the IMPLAN input-output model.<sup>8</sup> Economic impact begins when an organization spends money. Studies measuring economic impact capture the direct economic impact of an organization's spending, plus additional indirect and induced spending in the economy as a result of direct spending. Visitor spending in the region is also a substantial component of the economic impact of an organization. Visitors spend money for retail purchases, lodging, restaurants, and other goods and services; these expenditures filter through the economy and support local jobs.<sup>9</sup>



Regions Bank's total economic impact represented here includes the institution's spending on goods and services with a variety of vendors, the spending of Regions employees and visitors, and the business volume generated by organizations within the Greater Birmingham area and state of Alabama. Not all dollars spent by an institution remain in the institution's home state. Dollars that go out of the state through spending with out-of-state organizations or people are not included in the Regions Bank economic impact. The economic impact values presented in this report are generated by direct, indirect, and induced operational spending; capital spending; payroll; visitor spending; and student spending within Greater Birmingham and the state of Alabama.

Regions Bank is an integral part of the state's economic vitality. The operations of Regions Bank not only generate additional economic impact for the state but also for each of the local communities where the bank has operations. The specific steps taken in performance of the research included data collection, project meetings, stakeholder interviews, economic impact modeling, and data verification.

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<sup>8</sup> Minnesota IMPLAN Group Inc. (MIG) is the corporation that is responsible for the production of IMPLAN (Impact analysis for PLANning) data and software. IMPLAN is a micro-computer-based, input-output modeling system. With IMPLAN, one can estimate Input-Output models of up to 528 sectors for any region consisting of one or more counties. IMPLAN includes procedures for generating multipliers and estimating impacts by applying final demand changes to the model.

<sup>9</sup> To remain conservative while calculating visitor spending throughout the state, Tripp Umbach utilized federal per diem rates for Alabama; <https://www.gsa.gov/travel/plan-book/per-diem-rates>

## Visitor Definitions

Impact analysis looks to quantify the impact of the attraction of “fresh” dollars to a region. Therefore, when including visitor spending in the impact analysis of an organization, the analysis will include only those visitors coming to a region from outside of said region. Event visitors who also live in the region would have spent their dollar in that region otherwise; therefore, this dollar was not attracted to the region as a result of the organization being analyzed.

For Regions Bank, the impact analysis looked at the Greater Birmingham area and the state of Alabama.

## Community Benefits

Community benefits provided in this report outline two forms of impact — monetary donations made by employees to local nonprofits as well as volunteer hours that are valued at a monetary rate.

- Tripp Umbach has conducted survey research to estimate the amount of monetary donations an employee will spend in a year. This amount differs per individual but ranges from \$200 to \$700. Tripp Umbach also understands that not all individuals donate; therefore, this is taken into account in the analysis.
- The value of a volunteer hour has been quantified by Independent Sector to be \$26.40 per individual per hour. Tripp Umbach utilized this value with the understanding (also from survey research) of the average number of hours employees engage in volunteer activities.<sup>10</sup>

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<sup>10</sup> Data for volunteer activities was provided by Regions Bank.

## Economic Impact of Business Activity

### Strengthening the Alabama Economy

Regions Bank is an economic engine in both the Greater Birmingham area and the state of Alabama, linked with outreach and engagement with stakeholders and communities across the state. The institution's activities create economic benefits, employment, and government revenue throughout Alabama. Regions' impact is unique to each area and touches the lives of those who live there.

In 2018, Regions Bank day-to-day operations and lending from the institution to both businesses and consumers in the state generated more than **\$7.6 billion** in economic impact on the Alabama economy. This total represents the direct impact of spending (\$4.1 billion), as well as the indirect spending that occurs as a result of the institution's presence (\$3.5 billion). This is \$1.9 billion in value-added or 1.04 percent of the state's GDP. This impact is felt in a variety of industries and local economies throughout the state because Regions has employees in more than 95 percent of the state's 67 counties and has operations or writes loans in each of the counties, helping businesses and consumers keep the economy thriving through times of economic downturn or boosting businesses in the local area.

### REGIONS BANK ECONOMIC IMPACT ON THE ALABAMA ECONOMY



**Direct: \$4.1 B**



**Indirect/Induced: \$3.5 B**



**Total: \$7.6 B**

The impact of an increase in business done at Regions Bank is felt throughout the local area in a variety of industries outside of banking, such as insurance agencies, real estate, food and drinking establishments, etc. (see Table 1).

**TABLE 1.**

**TOP 10 SECTORS ECONOMICALLY IMPACTED  
BY REGIONS BANK IN 2018**

- 1. Non-depository credit intermediation and related activities**
- 2. Monetary authorities and depository credit intermediation**
- 3. Insurance agencies, brokerages, and related activities**
- 4. Real estate**
- 5. Owner-occupied dwellings**
- 6. Other financial investment activities**
- 7. Insurance carriers**
- 8. Limited-service restaurants**
- 9. Management of companies and enterprises**
- 10. Wholesale trade businesses**

## Impact on the Greater Birmingham Area's Economy

This impact of Regions Bank is felt throughout the state; however, in Greater Birmingham, these affects are even more dramatic. Regions Bank has a total impact in this two-county area (Jefferson and Shelby counties) totaling **\$4.1 billion**. This includes nearly \$2.2 billion in direct expenditures in payroll and non-payroll expenses, as well as an additional \$1.9 billion in indirect or induced spending.

### REGIONS BANK ECONOMIC IMPACT ON THE GREATER BIRMINGHAM ECONOMY



**Direct: \$2.2 B**



**Indirect/Induced: \$1.9 B**



**Total: \$4.1 B**

## Supporting Alabama’s Workforce through Well-Paying Jobs

### Impact on Alabama Employment

In 2018, Regions Bank supported or sustained **32,171 jobs** (full-time and part-time) throughout Alabama. This includes the 8,048 direct employees and an additional 24,123 employees who are all employed due to Regions’ operations throughout Alabama. This employment makes a direct contribution to the overall workforce vitality of the state and bolsters the economy. Those directly employed spend dollars in the state and, therefore, support additional employment. Regions Bank spending on capital projects, development and planning projects, and suppliers supports additional indirect jobs throughout Alabama.

These jobs are well-compensated and important to the community and local economy. In 2018, payroll at Regions Bank was nearly \$800 million. This means the average Alabama-based employee of Regions Bank made 46 percent more than the average working person in the state.

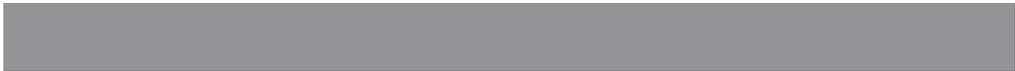
### REGIONS BANK EMPLOYMENT IMPACT ON THE ALABAMA ECONOMY



**Direct: 8,048 Jobs**



**Indirect/Induced: 24,123 Jobs**



**Total: 32,171 Jobs**

The impact of an increase in business done at Regions Bank is felt throughout the state in a variety of industries outside of banking, such as insurance agencies, real estate, food and drinking establishments, etc. (see Table 2).

## **TABLE 2.**

### **TOP 10 SECTORS WHERE REGIONS HAD AN EMPLOYMENT IMPACT IN 2018**

- 1. Monetary authorities and depository credit intermediation activities**
- 2. Insurance agencies, brokerages, and related activities**
- 3. Full-service restaurants**
- 4. Real estate**
- 5. Limited-service restaurants**
- 6. Other financial investment activities**
- 7. Non-depository credit intermediation and related activities**
- 8. Business support services**
- 9. Services to buildings**
- 10. Employment services**

## Impact on the Greater Birmingham Area's Employment

In 2018, more than 36 percent of Regions Bank's employees resided in Greater Birmingham. The total employment impact in the area is **17,643 jobs**. Of those jobs, 5,927 are direct employees of the bank, and 11,716 are indirect or induced jobs.

### REGIONS BANK EMPLOYMENT IMPACT ON THE GREATER BIRMINGHAM ECONOMY



**Direct: 5,927 Jobs**



**Indirect/Induced: 11,716 Jobs**



**Total: 17,643 Jobs**

## State and Local Government Revenue Impact

In addition, the substantial spending with local businesses by Regions Bank generates large-scale revenues for the state and federal coffers in the form of sales tax, corporate net income tax, and capital stock/franchise taxes. The Tripp Umbach model calculates the indirect revenue benefits accruing to the federal government from these sources.

In 2018, more than **\$266.9 million** in state government revenue was generated by Regions. This includes approximately \$59.6 million attributed to sales tax, property tax, payroll tax, and other state and local taxes paid directly by Regions Bank.

**REGIONS BANK GOVERNMENT REVENUE  
IMPACT ON THE ALABAMA ECONOMY**

**\$266.9 M**

## Regions Bank is the Employer of Choice

A premier financial services company known for its dedication to quality, strength, and integrity, Regions Bank is the employer of choice for performance-oriented associates in each community it serves. Regions offers a fantastic work culture and workplace environment that attract and retain superior employees.

At the core of Regions' success is its commitment to diversity and inclusion. Regions has integrated the concepts and values of diversity and inclusion into its daily business. Regions Bank embraces diversity as a source of innovation, creativity, and competitive advantage.

The benefits of diversity and inclusion are manifest, and they feed one another. Regions prides itself on its path to make its employees happier and more productive. This movement and commitment to diversity provide opportunities for Regions Bank to become more innovative and successful, as well as attract the best talent to work there.

Regions regularly identifies opportunities to incorporate best practices of diversity and inclusion across all aspects of the company's work cycle. In 2018, Regions launched a series of candid forums open to all its associates to discuss topics related to diversity and inclusion. Ongoing dialogue within the forums will consistently foster a culture that celebrates the contributions, skills, and experiences of people from all walks of life.

## Supporting the Local Economy through Lending

In addition to operational economic impact, the current analysis includes estimation of the economic benefits of Regions Bank's loan originations. Loans are provided to both businesses and consumers across the state. Thus, in addition to its own spending and hiring, Regions Bank facilitates economic activity throughout the state with the substantial amount of lending it offers as a service to the community and its citizens.

The bank's loan originations to Alabama businesses and consumers in 2018 totaled a little more than **\$3.3 billion**. With such a large amount of lending activities in the market, Regions spurred economic activity statewide. This is an economic benefit separate from the bank's operational or day-to-day business impact. Put simply, lending activities from Regions are a key component of the state's economic health and vitality.

## Community Engagement

Regions Bank's total impact on the state of Alabama cannot be measured simply in financial terms, consequential as they are. Economic impact studies often capture only the impact that can be assigned a quantitative number, but the qualitative value and impact of Regions Bank goes far beyond its annual multi-billion-dollar economic impact.

Regions is recognized throughout Alabama for its comprehensive and strategic approach to community engagement. In 2018, the bank refined its strategy toward community investments to increase its focus on areas where, as a financial services organization, it is most qualified to make a valuable difference for people and communities. This strategy is built around three key priorities:

### 1.) Economic and Community Development:

This priority is focused on fostering more inclusive prosperity through making investments in strategic programs, initiatives, and new developments. Regions is focused on ideas that have measurable, long-term impacts. For example, the bank invests in new housing developments that provide safe, affordable places to live for people who are working to break the cycle of poverty.

### 2.) Financial Wellness:

Regions actively supports, organizes, and promotes programs that teach people how to save more, spend wisely, and manage credit in a productive way. Bank associates are in schools sharing financial fundamentals to students of all ages. Regions representatives are in community centers helping adults learn budgeting skills. Examples continue across Alabama and beyond. The bank also makes a wide range of financial education available online to anyone – at no cost – regardless of whether the recipient is a Regions customer. As more people become financially secure, the benefits are tremendous for them personally, for their families, and for Alabama's communities.

### 3.) Education and Workforce Readiness:

Often, the difference between those who succeed, and those who do not, is whether they had access to the right opportunities. Did they receive a quality education? Could they access the training they needed to launch a career? If they're a small-business owner, do they have the expertise they need to manage their growth over time? Regions recognizes its resources, including its Alabama-based associates, can help. Regions associates have a skillset that helps them share valuable financial insights as they volunteer their time and talents in support of a wide range of nonprofit organizations and activities. Company-wide, the bank supports school systems, community groups, workforce training programs, and other initiatives that empower people with tools they need to succeed.

Regions Bank's total impact on the Alabama and Birmingham community goes beyond resources and manpower donated directly by the bank. Its associates provide significant levels of personal support to their communities as well. Through Tripp Umbach's proprietary models on community benefits and through data collected from Regions Bank on employee volunteerism and charitable giving, Tripp Umbach estimates the employees of Regions Bank provided nearly **\$5.3 million** in 2018. This total includes the **\$4.7 million** employees donated in charitable contributions within Alabama, as well as **\$600,000 in the in-kind donations** of time spent volunteering in local charitable organizations. Regions Bank itself donated **\$5.8 million** to charitable organizations in Alabama alone in 2018, bringing the total amount of charitable contributions and in-kind donations due to Regions Bank and Regions Bank employees to **\$11.1 million**.

Regions Bank provides the larger community with access to financial experts and adds richness and diversity to the region's activities. It is challenging to assign an exact dollar amount to the outreach and community activities of Regions Bank, but on a daily basis, the lives of those in the surrounding communities are significantly enhanced by its presence in a multitude of ways. (Please refer to Spotlight Projects)

## Spotlight Projects

The following is a snapshot of ways Regions makes a meaningful difference in Alabama through service initiatives, financial activity, and more.

### What A Difference A Day Makes <sup>11</sup>

Regions Bank associates reflect their community commitment by volunteering through nonprofit organizations as well as Regions-supported charitable events. As part of the company's ongoing What A Difference A Day Makes program, associates are granted one day off per year, with pay, to volunteer in support of a wide range of initiatives. Further, Regions is committed to community investments that make a real and tangible difference in the lives of others. These investments can be made financially, through volunteer work – or both.

Among the organizations Regions supports in Alabama:

- Habitat for Humanity
- NeighborWorks America
- National Urban League
- Volunteers of America
- Seedco
- Junior Achievement

As an example of What a Difference a Day Makes in action, several Regions associates in Birmingham volunteered with Junior Achievement, an organization dedicated to educating students about entrepreneurship, work readiness and financial literacy.

Regions associates taught practical lessons on how business and entrepreneurship affect the economy, key aspects of the global economy, what makes world trade work, and how trade affects the students' daily lives. Teams also raised nearly \$34,000 in 2018 to support Junior Achievement financial education for students. Additionally, Regions associates work with schools to deliver financial education to K-12 students – as well as college students and community groups of all ages. In 2017-2018 Regions was a recipient of the President's Volunteer Service Awards (PVSA).<sup>12</sup>

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<sup>11</sup> [https://www.regions.com/about\\_regions/what\\_a\\_difference\\_a\\_day\\_makes.rf](https://www.regions.com/about_regions/what_a_difference_a_day_makes.rf)

<sup>12</sup> <https://www.juniorachievement.org/web/ja-norflor/ja-in-the-news/-/blogs/presidential-volunteer-service-award>

## Customer Assistance Program<sup>13</sup>

Regions Bank is dedicated to helping as many mortgage customers as possible keep their homes through any financial hardships, emergencies, or related issues. Regions' mortgage payment assistance team provides guidance to help customers determine which solution is best, whether it's temporary or long-term circumstances. These mortgage payment assistance options may include repayment plans, special forbearances, loan modifications, or reinstatements. Since inception of the Customer Assistance Program, Regions has restructured more than \$1.03 billion of mortgages to help homeowners in Alabama.

## Operation HOPE<sup>14,15,16</sup>

Operation HOPE, a global financial dignity nonprofit organization, created the "HOPE Inside" partnership model to share financial education literally "inside" retail locations, such as banks or grocery stores. Regions' role is to provide financial support and workspace facilities within the company's branch network. As a result, Operation HOPE has fewer expenses and less overhead, allowing HOPE to reach more people in more places through financial education and training.

Operation HOPE works with people one-on-one to help them take charge of their finances, improve their credit scores and reach long-term financial goals. Through the HOPE Inside program, Regions provides workspace facilities within bank branches, along with additional support, to enable a certified financial wellbeing coach from Operation HOPE to meet with clients during Regions' regular business hours. Coaches work with clients to help them build their credit scores; understand and use credit wisely; strengthen their overall financial management skills; and become better prepared to achieve homeownership, avoid foreclosure, or accomplish other financial goals. Financial counseling is available to anyone through HOPE Inside, regardless of whether the recipient is a Regions customer.

Within Alabama, HOPE Inside services are available at Regions branches in Birmingham, Fairfield, and Selma. Regions also announced plans to expand its partnership with Operation HOPE to support a total of 100 HOPE Inside financial empowerment centers in Regions branches throughout the Southeast, Midwest, and Texas over the next few years.

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<sup>13</sup> <https://www.regions.com/personal-banking/mortgages/existing-loan/payment-assistance>

<sup>14</sup> <https://www.doingmoretoday.com/free-financial-counseling-offices-now-open-at-regions-bank-branches-in-roebuck-fairfield/>

<sup>15</sup> <https://www.doingmoretoday.com/a-dream-fulfilled-financial-empowerment-through-hope-inside-regions/>

<sup>16</sup> <https://www.doingmoretoday.com/regions-bank-announces-major-expansion-financial-education-partnership-operation-hope-include-100-hope-inside-locations/>

## Inner City Capital Connections (ICCC)<sup>17,18</sup>

The focus of ICCC is to create more inclusive growth and support new jobs by nurturing locally owned businesses – and helping them thrive. Since 2014, ICCC has teamed with Regions Bank to organize tuition-free, high-impact training sessions for business owners. These sessions provide a “mini MBA in a day” by connecting business owners from urban or underserved areas with nationally recognized business experts. The all-day event is custom-tailored for entrepreneurs wanting to take their businesses to the next level.

Back-to-back, in-person teaching sessions are just one component of ICCC. The program also connects business owners with one-on-one coaching provided by Regions bankers and other experts who lend their expertise to help entrepreneurs refine their business plans. Virtual webinars, follow-up coaching, and even a national conference in Boston help companies that are ready to take the next step and access investors who can support their growth.

## Railroad Park

Regions has been an important supporter of Birmingham’s Railroad Park from concept to completion and beyond. The bank has provided leadership on the Railroad Park Foundation’s board and significant financial contributions. Early on, Regions recognized the impact this community asset could have on the surrounding area and the city as a whole.

Simply put, the park has transformed the central part of the city. Where abandoned industrial buildings once stood, local businesses now thrive. On a block that few people visited only 10 years ago, the modern Regions Field baseball park (across from Railroad Park) now welcomes thousands to take in a game with a stunning view of the city’s skyline and the University of Alabama at Birmingham’s campus. People are moving into the heart of the city. Railroad Park, supported by Regions, in many ways has been a catalyst for this renaissance.

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<sup>17</sup> <https://www.doingmoretoday.com/hands-on-learning-instant-results-welcome-to-iccc-atlanta/>

<sup>18</sup> <https://www.doingmoretoday.com/entrepreneurs-looking-to-take-businesses-to-the-next-level-participate-in-iccc-birmingham/>

## **Children's of Alabama Hospital**

As both its banker and a major benefactor, Regions Bank has contributed to the growth of Children's of Alabama over a long relationship. The two organizations share a common heritage. Like Children's, Regions grew up in Alabama, from modest beginnings over a century ago to become the only Fortune 500 company headquartered in the state. Both are also significant contributors to the city's economy and quality of life.

Children's of Alabama is the primary beneficiary of the Regions Tradition, the first Champions Tour golf major championship to be hosted in Alabama. Since 2011, the Regions Tradition has raised more than \$4.5 million for Birmingham-area charitable organizations.

## **Jefferson County School System**

The Jefferson County Board of Education is in the beginning stages of a \$200 million capital improvement initiative. The Regions private placement loan plays a huge part in the initiative. Regions offers an excellent interest rate on the loans provided to community partners, which will enable the partners to do even more with these funds (i.e., provide new or updated facilities to help meet the needs of students within the community).

In 2017, Regions Bank provided \$99.5 million in private placement loans for the Jefferson County School System to expand, renovate, update, or replace properties, many of which were built in the 1950s and 1960s.

## **Rex Lumber Company – New Sawmill in Troy**

In July 2018, Rex Lumber began construction of a state-of-the-art sawmill on a 214-acre site in Pike County near Troy. The sawmill will create more than 110 new jobs and is expected to inject more than \$100 million into the local economy. Expected completion of the project is June 2019.

## Appendix A: Methodology

### A. Study Methodology

To fully quantify the impact of Regions Financial Corporation within the various geographical areas throughout this study, it was necessary for Tripp Umbach to establish a study methodology. It was critically important that the methodology used would ensure a comprehensive, yet conservative, estimate of the operation's impact, based on information compiled using uniform and consistent techniques. In addition, the study team sought to develop a reproducible methodology, assuring that subsequent studies could build upon the information and knowledge gained through this effort.

Tripp Umbach determined that the use of the IMPLAN Pro economic impact model software was most appropriate for this analysis. The IMPLAN econometric model operates by estimating the direct impact, indirect impacts, and induced impacts of specific economic activity. Direct economic impacts are those attributable to the initial economic activity. For example, an operation with 10 full-time employees creates 10 direct jobs. Indirect economic impacts are those economic activities undertaken by vendors and suppliers within the supply chain of the direct activity because of the initial economic activity. For example, suppliers of goods, materials, and services used in the direct activities produce indirect economic impacts. Induced economic impacts result from the spending of wages paid to employees in local industries involved in direct and indirect activities. Tripp Umbach selected the IMPLAN model due to its frequent use in economic impact in addition to its development independent of local influences.

Tripp Umbach collected employment information concerning the economic activity of Regions Bank operations and followed up in person to ensure the data was the most current available.

In this report, the impact was measured using IMPLAN datasets. The IMPLAN<sup>19</sup> data files include information for 536 different industries (generally three- or four-digit SIC<sup>20</sup> code breakdown) and 21 different economic variables. IMPLAN sources its employment data from ES202 employment security data supplemented by county business patterns and REIS data. Employment data utilized in the analysis includes full-time and part-time positions.

It should be noted that, at the time of performing the Regions Bank assessment, the most recent IMPLAN data files for each of the ZIP codes measured in the state of Alabama and at the state level were for 2017. IMPLAN data and accounts closely follow the accounting conventions used in the "Input/Output Study of the U.S. Economy" by the U.S. Bureau of Economic Analysis and the rectangular format recommended by the United Nations.

By deriving the direct and actual employment numbers from IMPLAN for each county, Tripp Umbach was able to conduct input-output modeling to analyze the current impact of the industry in each county. Tripp Umbach supplied additional information as required to supplement the data supplied by Regions Bank.

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<sup>19</sup> IMPLAN 16905 Northcross Drive, Suite 120 Huntersville, NC 28078.

<sup>20</sup> Standard Industrial Classification.

## Appendix B: Definition of Terms

Study Year	Fiscal Year 2018 (FY '18)
<b>Multiplier Effect</b>	The multiplier effect is the additional economic impact created as a result of the organization's direct economic impact. Local companies that provide goods and services to an organization increase their purchasing by creating a multiplier.
<b>Direct Impact</b>	Direct impact includes all direct effects the company has on the regional area due to the company operations. These items include direct employees, company spending, employee spending, and spending by visitors to the company.
<b>Indirect Impact</b>	The impact of local industries buying goods and services from other local industries. The cycle of spending works its way backward through the supply chain until all money leaks from the local economy, either through imports or by payments to value added. The impacts are calculated by applying direct effects to the Type I Multipliers.
<b>Induced Impact</b>	The response by an economy to an initial change (direct effect) that occurs through re-spending of income received by a component of value added. IMPLAN's default multiplier recognizes that labor income (employee-compensation and proprietor-income components of value added) is not leakage to the regional economy. This money is recirculated through the household spending patterns, causing further local economic activity.
<b>Indirect Tax Payments</b>	Government revenue that is collected by governmental units in addition to those paid directly by an organization, including taxes paid directly by employees of the organization, visitors to the organization, and vendors who sell products to the organization.
<b>Indirect Employment</b>	Indirect employment is the additional jobs created, as a result of the organization's economic impact. Local companies that provide goods and services to an organization increase their number of employees as purchasing increases, thus creating an employment multiplier.
<b>Total Economic Impact</b>	The total economic impact of an organization includes both the direct impact and the indirect impact generated in the economy, as a result of the organization. Direct impact includes items such as organizational spending, employee spending, and spending by visitors to the organization. Indirect impact, also known as the multiplier effect, includes the re-spending of dollars within the local economy.

## Appendix C: Tripp Umbach Qualifications

Founded in 1990, Tripp Umbach is among the most established and respected private consulting firms in the United States. Tripp Umbach has a rich history rooted in advanced quantitative methods, community assessment, economic impact assessment, and economic development. Tripp Umbach is a pioneer in the field of economic design.

Tripp Umbach's early clients were clustered in downtown Pittsburgh and included the Greater Pittsburgh Convention and Visitors Bureau, the Pittsburgh Symphony, and the Pittsburgh Cultural Trust. The firm is credited with pioneering economic impact assessment for colleges and universities and was the first private consulting firm to complete Community Health Needs Assessments for hospitals and health systems.

Beginning with the completion of the nation's first higher education economic impact study for Washington & Jefferson College in the late 1980s, Tripp Umbach has grown to be the gold standard for college and college impact studies and has completed studies for hundreds of leading universities throughout the United States and globally.

In 1991, the firm completed the nation's first community health needs assessment (CHNA) for Butler Memorial Hospital. This project, a pilot program for VHA, led to Tripp Umbach's leadership of more than 500 community assessments in nearly every state in the nation, as well as in Trinidad and Tobago.

In 1995, Tripp Umbach completed the first national economic impact study of all U.S. allopathic medical schools for the Association of American Medical Colleges (AAMC). Since then, Tripp Umbach completed more than 1,000 economic impact studies for organizations such as the American Hospital Association (AHA), the Association of Public Land Grant Universities, and the National Park Service.

During the early 2000s, Tripp Umbach conducted feasibility studies and implementation plans for a new generation of U.S. medical schools. Today, Tripp Umbach has completed projects for the majority of newly established or expanded medical schools and health science centers and is the national leader in consulting for academic medical centers.

Working in partnership with healthcare, education, government, and corporate clients to improve the economic, social, and physical well-being in communities throughout the world, Tripp Umbach is a force in economic and community development. With more than 1,000 clients throughout the United States and Canada, Tripp Umbach is a leading provider of community health needs assessments, economic impact studies, feasibility studies, economic development, and strategic planning, all with the philosophy of turning ideas into action to make the world a better place.

## Appendix D: Frequently Asked Questions

### What is economic Impact?

This is a common analysis used by the Bureau of Economic Analysis, the Federal Reserve, state agencies, universities, and private sector firms. Economic impact begins when a company spends money. Economic impact studies measure the direct economic impact of a company's spending, plus additional indirect spending in the economy that is generated by or results from direct spending. Economic impact has nothing to do with dollars collected by companies, their profitability, or even their sustainability, since all operating organizations have a positive economic impact when they spend money and attract spending from outside sources.

Direct economic impact measures the dollars that are generated within Alabama due to the presence of Regions Bank. This includes not only spending on goods and services with a variety of vendors within the state and the spending of its staff and visitors, but also the business volume generated by businesses within Alabama that benefit from Regions Bank's spending. It is important to remember that not all dollars spent by a company remain in the state. Dollars that "leak" out of the state in the form of purchases from vendors not located in Alabama are not included in the company's economic impact on the state.

The total economic impact reflects the "multiplier" of spending by employees and by companies that do business with Regions Bank. Support businesses may include lodging establishments, restaurants, construction firms, vendors, and temporary agencies, etc. Spending multipliers attempt to estimate the ripple effect that every dollar of direct spending generates throughout the Alabama economy.

### What is the multiplier effect?

Multipliers are a numeric way of describing the secondary economic activity that results from a company's direct operations. For example, an employment multiplier of 1.8 would suggest that for every 10 employees hired in the given industry, eight additional jobs would be created in other industries, such that 18 total jobs would be added to the given economic region for every 10 direct hires. The multipliers used in this study are Type SAM (Social Accounting Matrix), which capture the direct, indirect (Type I), and induced effects of economic activity (the induced effects are based on information in the social account matrix). Theoretically, one could internalize any of the institutions (households, state and local government, federal government, capital). When one internalizes an institution, one builds into the SAM multipliers the activities of that institution. It is assumed that every dollar collected by that institution will be re-spent for that institution's operations. Any inter-institution transfers are also internalized.

The multipliers used in this study are decidedly conservative and at the low end of the scale of what are typically observed in studies of this nature. In addition, the study considers only the spending that occurs within Alabama, and employee compensation includes only dollars available for spending; deferred compensation was not included in the analysis.

The multiplier model is derived mathematically using the input-output model and social accounting format described above. The multipliers are applied to the value of purchases for final use to calculate the total economic impact of each dollar spent. Industries that produce goods and services for consumer consumption must purchase products, raw materials, and services from other companies to create their product. These vendors must also procure goods and services. This cycle continues until all the money is leaked from the region's economy. There are three types of effects measured with a multiplier: the direct, the indirect, and the induced effects. The direct effect is the known or predicted change in the Alabama economy that is to be studied. The indirect effect is the business-to-business transactions required to satisfy the direct effect. Finally, the induced effect is derived from spending on goods and services by people working to satisfy the direct and indirect effects. For example, industries that produce goods and services for consumer consumption must employ people and purchase products, raw materials, and services from other companies to create their product; this is the direct economic impact. These vendors must procure goods and services; this is the indirect effect. The employees of Regions Bank and the companies receiving money from the organization spend their income with retailers, restaurants, and other businesses; this is the induced economic impact.

- Direct effects take place only in the industry immediately being studied.
- Indirect effects concern inter-industry transactions. Because Regions Bank is in business, it has a demand for Alabama-produced materials needed to operate.
- Induced effects measure the effects of the changes in household income. Employees of Regions Bank and suppliers purchase from Alabama retailers and restaurants.
- Total economic impacts are the total changes to the original economy as a result of Regions Bank's operations (i.e., direct effects + indirect effects + induced effects = total economic impact).

### **What is employment impact?**

Employment impact measures the direct employment, plus additional employment, created in the economy as a result of the operations of Regions Bank. Indirect and induced employment impact refers to other jobs throughout the region that exist because of Regions Bank's economic impact. In other words, jobs related to the population, such as city services (police, fire), employees at local hotels and restaurants, clerks at local retail establishments, and residents employed by vendors used by Regions Bank.

### **Is this a one-time impact or does the impact repeat each year?**

The results presented in the Regions Bank economic impact study are generated on an annual basis. The economic impact in future years can either be higher or lower, based on the number of employees, capital expenditures, and operating expenditures.





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