

The Economic, Fiscal, and Community Benefits of altafiber

altafiber

 ECONOMICS CENTER
RESEARCH AND CONSULTING



Introduction

In September 2021, Cincinnati Bell Inc. was acquired by Macquarie Infrastructure Partners and became altafiber. This strategic acquisition has enabled altafiber to continue to make investments to build out its fiber optic network in Greater Cincinnati as well as in other markets. altafiber continues to transform its legacy copper network into a state-of-the-art technology company connecting the community through providing data, video, voice, and IT solutions. This report analyzes the economic, fiscal, and community benefits of altafiber in the Cincinnati Metropolitan Statistical Area (MSA)(Region) between 2018 and 2022.¹ All dollars reported in this analysis reflect 2022 dollars unless otherwise stated.

An economic impact analysis measures the effect of an organization's expenditures on its surrounding community. The total economic impact is the sum of the direct and indirect impact. The direct impact is the amount spent directly by the organization that is retained within the local economy after accounting for economic leakage. Economic leakage refers to the percentage of purchases for products and services that cannot be met immediately within the local economy, and thus must be imported from outside the local economy. These expenditures in turn stimulate additional economic activity for other businesses and industries. The indirect impact is the additional economic impact resulting from the increased demand, income, and jobs within other industries, or the inter-industry linkages. Direct impacts also have ripple effects known as induced impacts as a result of the increases in household income and spending, which are reported within the indirect impacts.



¹ A Metropolitan Statistical Area (MSA) is comprised of different communities with close economic ties to one another. The Cincinnati MSA encompasses five counties in Ohio: Brown, Butler, Clermont, Hamilton, and Warren; seven counties in Kentucky: Boone, Bracken, Campbell, Gallatin, Grant, Kenton, and Pendleton; and three counties in Indiana: Dearborn, Franklin, and Ohio

Economic Impact of Capital and Operations Expenditures

The economic impact of altafiber includes the economic output, jobs, and wages supported in the Cincinnati MSA by the capital and operations expenditures of altafiber. Capital expenditures refer to expenses for construction, installation, equipment, and/or information technology. These expenditures are associated with a specific project and are generally a one-time expenditure as opposed to ongoing. Operations expenditures represent the day-to-day expenses such as salaries, benefits, and administrative expenses, among other spending categories. The economic impact of the philanthropic and sponsorship support provided to the local community by altafiber is detailed separately in the following sections. Between 2018 and 2022, the capital and operations expenditures of altafiber supported **\$6.7 billion** in economic output, **40,779 jobs**, and **\$2.8 billion** in wages in the Cincinnati MSA.

Capital Expenditures, 2018-2022

Economic Output
\$1,073,639,112
 Direct: \$555,655,966
 Indirect: \$517,983,146



Jobs
5,835
 Direct: 2,568
 Indirect: 3,267

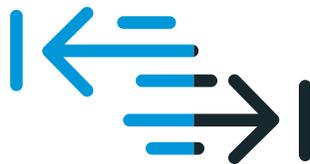


Wages
\$315,615,393
 Direct: \$165,494,163
 Indirect: \$150,121,230



Operations Expenditures, 2018-2022

Economic Output
\$5,596,390,204
 Direct: \$3,430,376,095
 Indirect: \$2,166,014,109



Jobs
34,944
 Direct: 12,649
 Indirect: 22,295



Wages
\$2,443,907,310
 Direct: \$1,101,756,668
 Indirect: \$1,342,150,642



"The families that live at our House are all so far from home. Keeping them connected to their friends, family, and community is a critical way we can support them while they are on this medical journey. Whether that's kids connecting with teachers remotely to keep up with school, or families enjoying our game room and playing games online with their loved ones, we love to see our guest families supported and connected. altafiber is one of our partners that really makes that so tangible because our families have community that they need to be close to and that may not be under our roof."

-Sarah Jordan
 Director of Development
 Ronald McDonald House

Fiscal Impact of Capital and Operations Expenditures

The fiscal impact analysis estimates the subsequent impacts on state and local tax revenue of the capital and operations expenditures of altafiber.² The wages directly and indirectly supported by the expenditures of altafiber generate earnings tax revenue for the State of Ohio, Commonwealth of Kentucky, State of Indiana, and municipalities in the Cincinnati MSA. The spending of these wages results in sales tax revenue for the State of Ohio, Commonwealth of Kentucky, State of Indiana, and Ohio counties in the Cincinnati MSA.

The capital and operations expenditures of altafiber created **\$171.9 million** in state and local tax revenue between 2018 and 2022. The total fiscal impact is comprised of **\$85.5 million** in state earnings tax revenue, **\$51.5 million** in local earnings tax revenue, and **\$35.0 million** in sales tax revenue.

Capital Expenditures, 2018-2022: \$19,118,561

State Earnings
Tax Revenue
\$8,760,831

Direct	Indirect
\$4,686,928	\$4,073,903



Local Earnings
Tax Revenue
\$5,847,908

Direct	Indirect
\$3,195,794	\$2,652,114



Sales
Tax Revenue
\$4,509,822

Direct	Indirect
\$2,134,871	\$2,374,951



Operations Expenditures, 2018-2022: \$152,819,161

State Earnings
Tax Revenue
\$76,698,765

Direct	Indirect
\$37,338,050	\$39,360,715



Local Earnings
Tax Revenue
\$45,633,797

Direct	Indirect
\$21,757,883	\$23,875,914



Sales
Tax Revenue
\$30,486,599

Direct	Indirect
\$12,564,759	\$17,921,840



"There is such an authenticity to how altafiber approaches its partnership with the Anthony Muñoz Foundation. Their support goes beyond a monetary contribution, altafiber has helped with our strategic growth, provided career exploration opportunities for students in our Scholarship Program, and their employees give their time to help with our Hall of Fame Golf Classic and our Youth Leadership Seminar. They have been a great partner from the very beginning."

-Caleigh Willis
Executive Director
Anthony Muñoz Foundation

Philanthropic and Sponsorship Support

"altafiber has allowed us to lean in to their organization in a very different way because it is not just about writing the check for them. Because of their involvement on our board, altafiber has provided access to individuals within their company to help us solve organizational challenges. I feel like Cancer Free Kids is one of the nonprofits in town that has been adopted by altafiber, and it's so very heartfelt."

-Jill Brinck
Executive Director
Cancer Free Kids

Between 2018 and 2022, altafiber provided **\$32.0 million** in philanthropic and sponsorship support to local organizations. The philanthropic and sponsorship support provided by altafiber directly and indirectly supported **\$64.3 million** in economic output and **542 jobs** with wages of **\$24.0 million** in the Cincinnati MSA. altafiber has an Employee Volunteer Program, which encourages employees to participate in volunteer opportunities during the work day. From 2018 through 2022, altafiber employees that participated in the Employee Volunteer Program volunteered a total of **43,171 hours** during this five-year period. On average, employees volunteered **8,634 hours** annually, which equates to approximately **1,079 days** of service, each year, assuming eight hours in a typical day of service.

Philanthropic and Sponsorship Support, 2018-2022

Economic Output
\$64,333,257

Direct	Indirect
\$32,014,165	\$32,319,092



Jobs
542

Direct	Indirect
306	236



Wages

\$24,008,391

Direct	Indirect
\$13,932,432	\$10,075,959



Annual Volunteering Time



"altafiber is working alongside Brighton Center to provide transformational programs and services as families work to achieve their hopes and dreams. They have been intentional about how they give back to the community. altafiber has invested time to understand the needs of the community and how they can best respond to those needs."

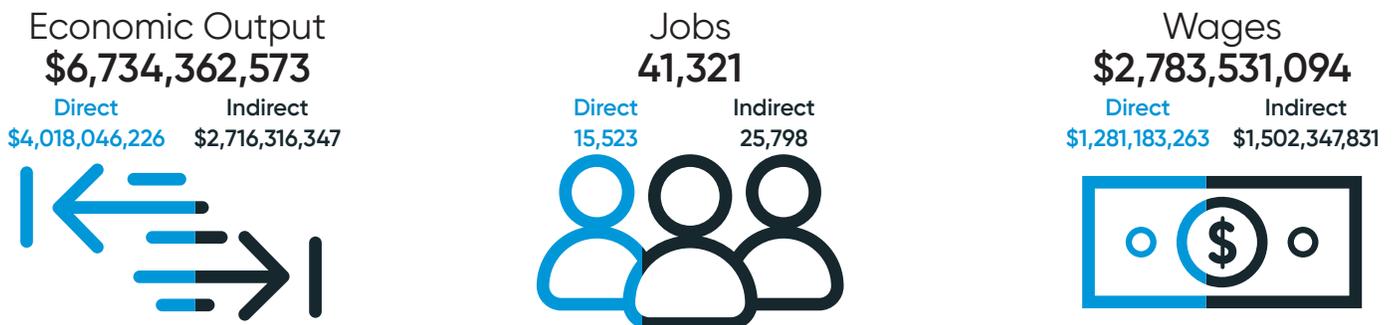
-Lauren Copeland
Director
Brighton Center

Summary



The economic benefits include the economic output, jobs, and wages supported in the Cincinnati MSA by the expenditures of altafiber and the philanthropic and sponsorship support provided to the local community. The fiscal benefits represent the subsequent impacts on earnings and sales tax revenue for state and local governments. Additionally, the community benefits of altafiber include the philanthropic and sponsorship support provided to local organizations in the Cincinnati Region. Between 2018 and 2022, altafiber supported **\$6.7 billion** in economic output, **41,321 jobs**, and **\$2.8 billion** in wages in the Cincinnati MSA.

Total Economic Impact of altafiber's Capital and Operations Expenditures and Philanthropic and Sponsorship Support, 2018-2022



"altafiber has been involved with 3CDC since its inception and has always shown an understanding of the importance of programming downtown's civic spaces. The vibrancy we've been able to create in the city's premier civic spaces is due in large part to altafiber's sponsorship of various events, which has supplemented their generous contributions to 3CDC's annual operating budget and capital funds. altafiber's considerable financial support, combined with the expertise they provide on our board and committees, truly makes 3CDC's work possible. We view them as a key ally and crucial partner in our work to revitalize Cincinnati's urban core."

—Christy Samad
Senior Vice President of Event Management
3CDC

Summary

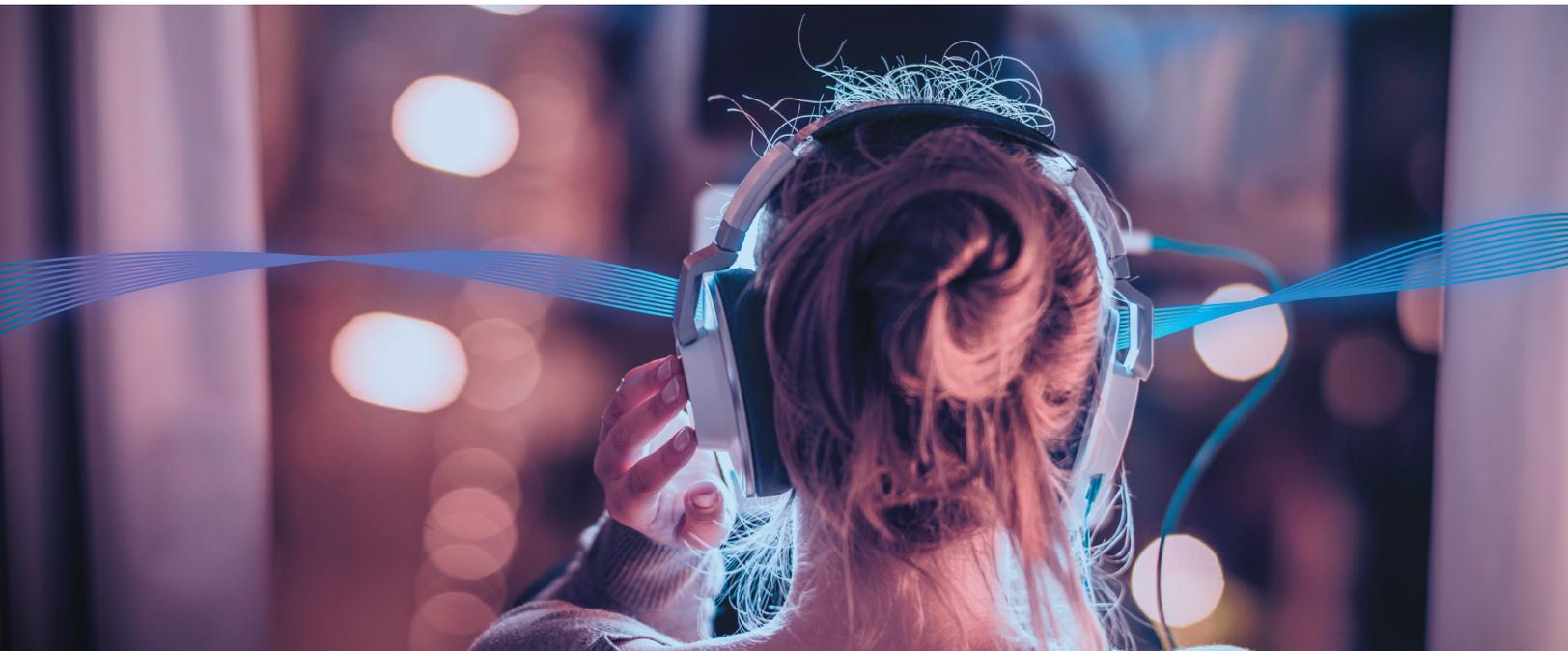
The fiscal benefits of altafiber represent the earnings and sales tax revenue generated for state and local governments as a result of the expenditures made by altafiber. Between 2018 and 2022, the direct capital and operations expenditures of altafiber and the resulting indirect output created **\$171.9 million** in tax revenue for state and local governments.

From 2018 through 2022, altafiber employees participating in the Employee Volunteer Program volunteered a total of **43,171 hours**. On average, employees volunteered **8,634 hours** annually, which equates to approximately **1,079 days** of service, each year, assuming eight hours in a typical day of service.

Fiscal Impacts

Total Tax Revenue
\$171,937,722

- State Earnings Tax Revenue: **\$85,459,596**
- Local Earnings Tax Revenue: **\$51,481,705**
- Sales Tax Revenue: **\$34,996,421**



"ArtsWave and Cincinnati Bell have a long history and the company has supported the arts in Cincinnati and ArtsWave for decades. There has been philanthropic and sponsorship investment but also real leadership that continues today with Leigh Fox chairing the ArtsWave board of directors; he also chaired the ArtsWave Community Campaign in 2019. Recently, altafiber gifted us the most amazing and whimsical partnership by letting ArtsWave wrap all five street cars with ArtsWave graphics. There is no better way to bring awareness to the arts and ArtsWave than with art-covered streetcars going around town."

-Alecia Kintner
President and CEO
ArtsWave



Formerly known as Cincinnati Bell Inc., altafiber was incorporated in 1873 and became the first company in Cincinnati to provide direct communication between the City's homes and businesses. altafiber continues to make strategic investments to build out its fiberoptic network in Greater Cincinnati as well as in other markets served. Additionally, altafiber continues to transform its legacy copper network into a state-of-the-art technology company connecting the community through providing data, video, voice, and IT solutions.



The Research and Consulting division of the Alpaugh Family Economics Center provides tools to help clients make better financial, policy, and economic and workforce development decisions. Our dynamic approach and critical data analyses empower business and civic leaders to respond to changing economic conditions, strengthen local economies, and improve the quality of life for their communities.

