New Findings on Remote Worker Attraction Programs

Report from the April 5, 2022, SEDE Network Incentives Roundtable

Remote worker attraction programs represent an exciting innovation for state and local economic development. Recent studies examined two of the longest-standing remote worker attraction programs: the Vermont New Remote Workers Grant Program and Tulsa Remote. Panelists at a recent roundtable shared their findings on the effectiveness of worker attraction incentives.

- Evaluations of remote worker incentive programs in Vermont and Tulsa found that they have been effective in attracting new people and are generating net economic gains at relatively low costs.
- While they differed in style and approach, both studies concluded that remote worker incentives have provided a positive return on investment.
- The evaluations also identified other benefits not captured in the impact models, such as attracting above-average income earners and individuals with age, experience, and education profiles that bolster the workforce.
- The long-term effects are still to be determined, but early signs are promising in both places based on retention and home ownership rates.
- Communities considering remote worker programs should know:
  - Incentives are unlikely to be the only reason for an individual’s relocation decision, but they can be an important factor for many and provide an “extra push” to encourage individuals to make the move.
  - Incentives are most effective when they are part of holistic economic development strategies. Places that are considering these incentives should embrace what makes their community great – but also understand/address the factors that may make relocation difficult.
  - Incentives tend to resonate with people who have some connection to or experience in your community already.
  - Relocating remote workers are seeking to make meaningful connections within their new communities. Building community connections is important to helping remote workers put down roots and creating places where people want to be.

Introduction

Economic development leaders and evaluators considered how effective state and local incentives can be in bringing new remote workers to communities during the recent SEDE Network roundtable program, *New Findings on Remote Worker Attraction Programs*.

The roundtable presented findings from recent evaluations of two of the longest-standing remote worker attraction programs: the Vermont New Remote Workers Grant Program and Tulsa Remote, both launched in 2018. Joan Goldstein, Commissioner for the Vermont Agency of Commerce and Community Development, provided a leadership perspective on the economic development benefits of Vermont's remote worker attraction programs. Deanna Kimball from PFM Group Consulting then discussed findings on a series of questions the Vermont legislature posed regarding the effectiveness of Vermont's programs. Kenan Fikri with the Economic Innovation Group reported on takeaways from their study of Tulsa Remote.

This white paper summarizes the major themes from the roundtable presentations. To dive deeper, please see the full slide deck from the roundtable or watch the roundtable video to hear directly from the panelists.

Remote Worker Incentives in Vermont and Tulsa

Vermont's New Remote Worker Grant Program was created by the state legislature in 2018. The $500,000 allocated for the original program was exhausted in 2020. The program was reconstituted under the 2021 New Relocating Employee Incentives Program, and $130,000 was made available for remote workers becoming full-time residents on or after February 1, 2022.

The current program provides grants up to $7,500 to remote workers who relocate to Vermont. Grants are structured as reimbursements for eligible relocation expenses. The program is administered by the Vermont Agency of Commerce and Community Development (ACCD). Individuals must complete a grant application and survey. Grants are then awarded on a first-come, first-served basis, and funds are disbursed in accordance with a grant agreement. In its first iteration, the program provided grants to 140 qualified recipients, with actual grant amounts ranging from $401-$5,0000 and an average of $3,571.

Tulsa Remote was created, funded and administered by the George Kaiser Family Foundation starting in 2018. The program targets people who work from home and incentivizes them to relocate to Tulsa for at least one year. Tulsa Remote offers a $10,000 grant along with resettlement assistance, co-working space membership, and social activities and networking events. Individuals submit an application and are selected by the Tulsa Remote team based on their willingness to relocate within Tulsa city limits and contribute to the community and economy, plus considerations of their potential economic impact, degree of community engagement, and likelihood to stay. Funds are disbursed in phases for relocation expenses, a monthly stipend, and at the end of the first year. Approximately 1,200 remote workers had moved to Tulsa by the end of 2021, though not all stayed beyond their commitment. Kenan Fikri explained that the state of Oklahoma is now starting to reimburse a large part of the incentive.

Both programs received substantial media attention as early examples of remote worker attraction incentives. Joan Goldstein noted that Vermont found the incentive to be “an unbelievable marketing tool– a way to put Vermont on the map nationally and internationally” for economic development in an unprecedented way.

Study Findings: Are They Effective?

While they differ in style and approach to determining effectiveness, both studies chose to use individual or household income (rather than the number of new jobs) to estimate economic impact. Both concluded that remote worker incentives have provided a positive return on investment.

The **Vermont Remote Worker** program yielded positive employment, output, and fiscal benefits under a primary scenario and several alternatives that were modeled based on estimates of household income associated with the new remote workers gleaned from surveys of grant recipients. The evaluation estimated the 140 remote workers had aggregate household income of $16.5 million, indicating incomes that exceed the state average. The primary scenario then adjusted the total economic and fiscal impact to reflect the percentage of survey respondents who said the grant was important or very important to their decision (52%). This adjustment, which essentially discounted the maximum potential impact, yielded a total employment impact of 65 jobs (not counting the remote workers themselves) from household spending and annual economic output of $9.5 million. The PFM team found that, “in the aggregate, these are significantly positive programs with substantial return per tax dollar spent,” further noting that “economic and fiscal impacts are ongoing.”

The **Tulsa Remote** impact analysis also found positive employment and income effects, drawing on data from a survey of grant recipients. The analysis is based on the 394 remote workers present for the whole year in 2021. These workers directly accounted for $51.3 million in income in 2021, with a total impact of 592 full-time equivalent jobs and $62 million in new local earnings. This means that every dollar spent on the incentive produced $13.77 in new labor income in the county. Estimated impacts were not adjusted to reflect the importance of the incentive to relocation decisions. As in Vermont, remote worker incomes exceeded the local average. The median income of the remote workers was $85,000 in 2021, while Tulsa’s median income is approximately $58,000. EIG also concluded that Tulsa would see additional impacts from the remote workers in the years ahead.

The evaluations also identified other economic development benefits not captured in the impact models. In addition to the above-average income findings in both places, Vermont learned that the remote workers were younger than many of the state's in-migrants, a positive workforce indicator. Tulsa reported that 31% of remote workers are employed in professional services and 14% in the information sector, compared to 17% and 2% locally, and nearly 90% of incentivized remote workers hold a bachelor's degree, supporting the goals to attract and retain highly educated workers in high-wage fields.

The long-term effects are still to be determined, but early signs are promising in both places.

- In Tulsa 4 in 10 are homeowners, and of those who are not, another 4 in 10 are at least slightly likely to purchase a home w/in a year
- 74% of Vermont remote worker grant survey respondents own their residence
- Tulsa has seen an 87.5% retention rate to date, while 97% of Vermont remote worker grant survey respondents still live in the state

Topics for Communities Considering Remote Worker Programs

1. Communities should acknowledge that incentives are unlikely to be the only reason for an individual's relocation decision, but they can be an important factor for many.

    - 52% of survey respondents in Vermont said the grant was important or very important to their decision.
    - Joan Goldstein pointed out that in today's workers' market, places are competing on amenities – not just tax breaks or incentives. In Vermont, access to outdoor recreation and nature, the perception of Vermont as a safe place to live and raise a family, and access to community/cultural amenities were the top factors influencing the decision to move to Vermont.
    - Across the country, individuals who are relocating (not just relocating remote workers) also say being closer to family and friends and more affordable living are their top reasons for making a move.

2. Incentives are most effective when they are part of holistic economic development strategies. As Deanna Kimball explained, places that are considering these incentives should embrace what makes their community great – but also understand/address the factors that may make relocation difficult.

    - Strategies need to address the factors that might impede relocation decisions. Depending on the community, these might include available and affordable housing options, access to quality childcare at a reasonable cost, and high-quality and reliable broadband.

- Outreach and promotion for remote worker incentives should complement tourism and other community marketing efforts.
- Incentives should be approached as a collaborative effort with economic development partners to maintain buy-in and make sure interested neighborhoods and communities are "relocation ready" and in a position to benefit.

3. The incentives tend to resonate with people who have some connection to or experience in your community already. Kenan Fikri noted that going forward differentiation and careful targeting (to your local diaspora, for example) may become the key to success as remote worker incentives become more common.

    - In Tulsa, 39% reported having a family connection to the area before moving. 21% are "boomerangs" who previously lived in Tulsa
    - In Vermont, 50% of remote worker recipient survey respondents have family in Vermont, and 24% had been a resident previously
    - Panelists noted that the incentive can provide that "extra push" to encourage individuals to make the move back.

4. Relocating remote workers are seeking to make meaningful connections within their new communities.

    - Tulsa offers programming to remote workers directed at community building that includes networking events and social activities as well as a website for sharing experiences.
    - Memberships to local cultural organizations, business and community networking opportunities, and free access to co-working spaces are common approaches to building connections.
    - Community connections are important to helping remote workers put down roots and "make the places sticky" so people want to be there.

Conclusion

Remote worker incentive programs represent an exciting innovation for state and local economic development. The remote worker attraction programs considered here have been small but impactful, creating a new set of economic development opportunities for both Vermont and Tulsa. They have been effective in bringing people to new locations and are generating net economic gains. The long-term benefits are yet to be determined, but early indicators around home ownership and retention rates are positive. Remote worker incentives that are integrated with other economic development and marketing strategies, engage partners and stakeholders, and that help remote workers build connections with their new communities are most likely to be successful.