State Economic Development Executives Network
Helping State Economic Development Leaders Thrive

Incentives Roundtable: New Findings on Remote Worker Attraction Programs

April 5, 2022

Moderator: Ellen Harpel, Smart Incentives

Speakers:
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Effectiveness of Vermont Incentive Programs in Attracting New Workers

Summary of Vermont New Worker Incentive Programs

Program	Total Program Budget	Grant Amounts	Eligible Workers
New Remote Worker Grant Program (est. 2018)	$500,000	Up to $10,000	Remote workers relocating to Vermont on or after January 1, 2019
New Worker Relocation Incentive Program (est. 2019)	$670,000	Base: Up to $5,000; Enhanced: Up to $7,500	Relocating workers becoming Vermont residents on or after January 1, 2020
New Relocating Employee Incentive Program (est. 2021)	$480,000 for Relocating; $130,000 for Remote	Base: Up to $5,000; Enhanced: Up to $7,500	Relocating workers becoming Vermont residents on or after July 1, 2021; remote workers relocating to Vermont on or after February 1, 2022

Seven Criteria for Evaluation

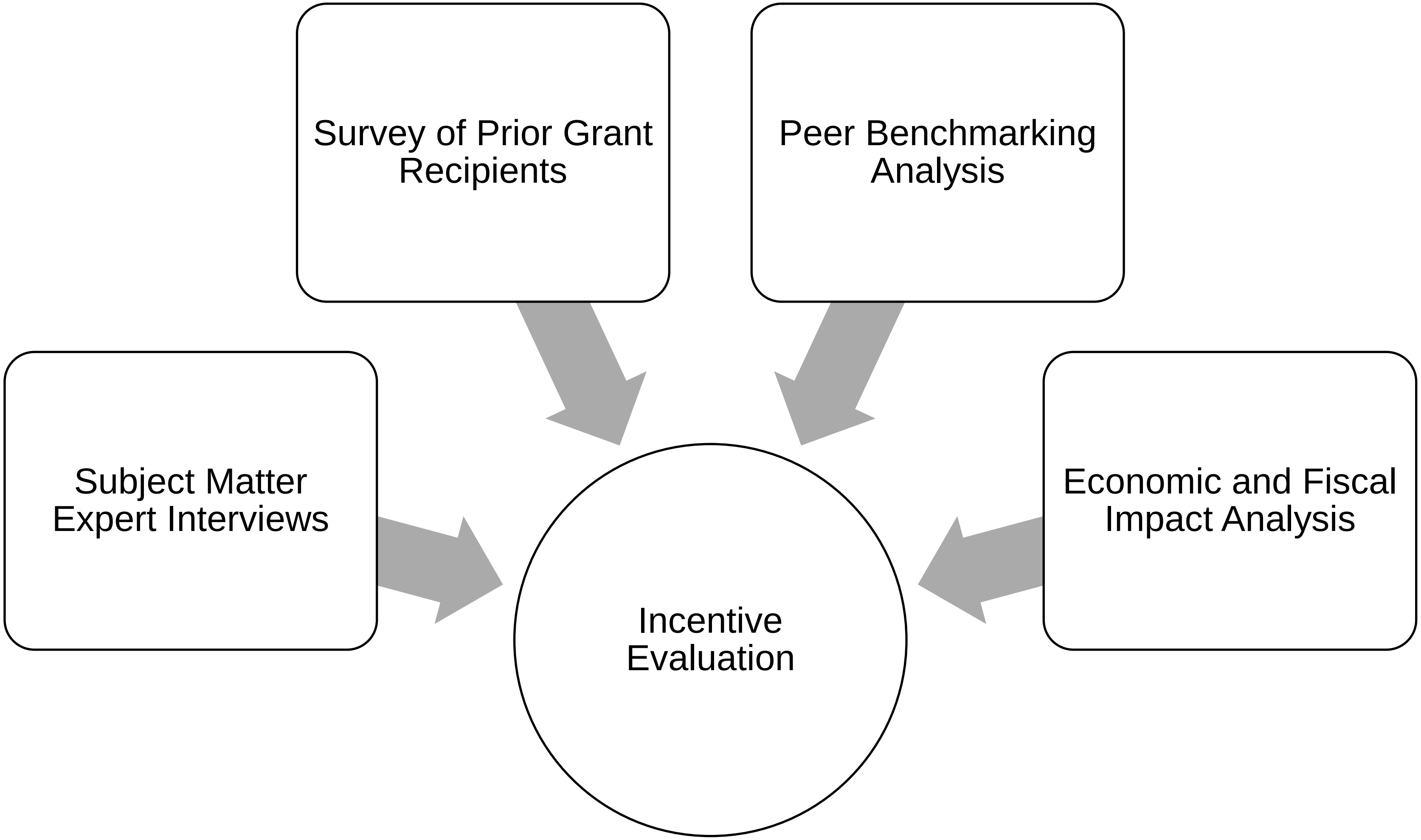
Structural Effectiveness

1. Are particular incentive structures more likely to influence decisions to relocate? If so, which are most cost effective?
2. Can programs be better structured to incentivize relocating individuals to move to economically disadvantaged parts of the state?
3. Should certain compensable expenses be reimbursable to the state? Should grants be contingent upon a particular duration of residence?

Fiscal and Economic Impacts

1. Does credible evidence exist regarding benefits of similar programs in other jurisdictions?
2. Were recipients' decisions to move to Vermont materially influenced or caused by the grant programs?
3. What is the scope of net gains to the Vermont economy?
4. What is the ROI to the state, whether through direct tax payments or other indirect financial benefits?

Project Team Approach

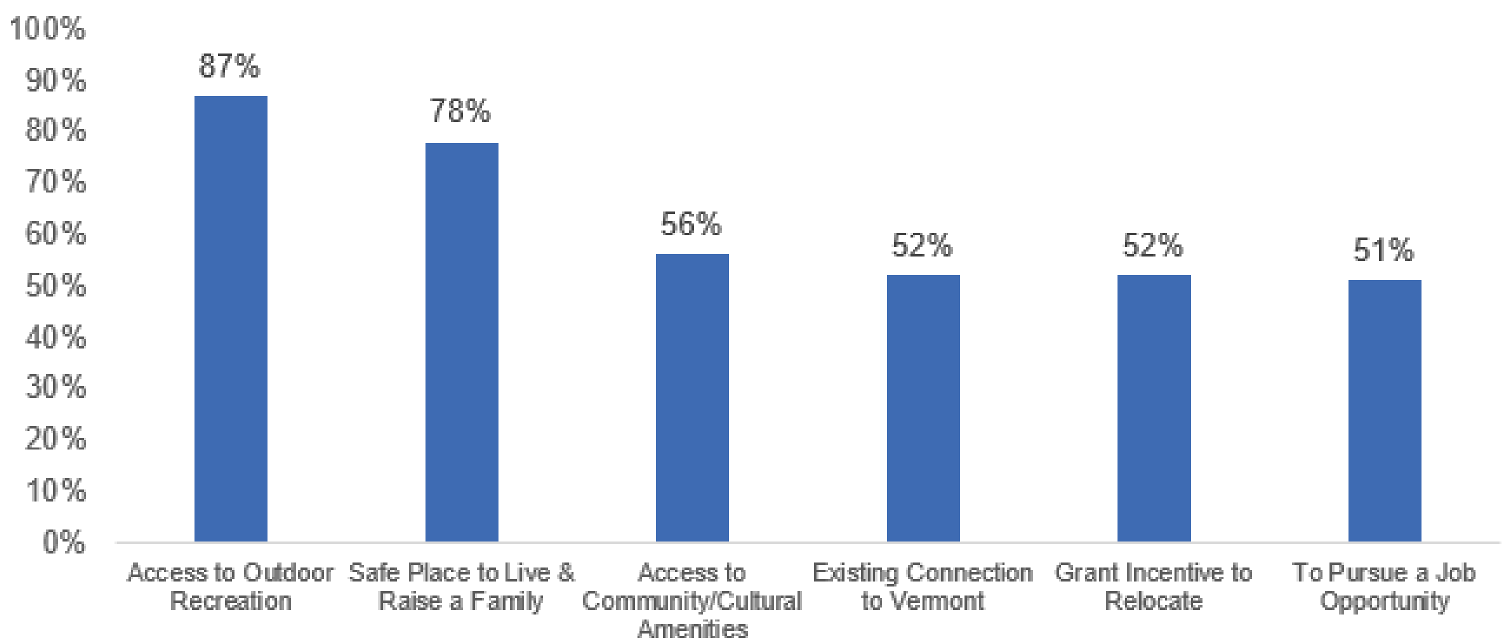


Findings: Structural Effectiveness

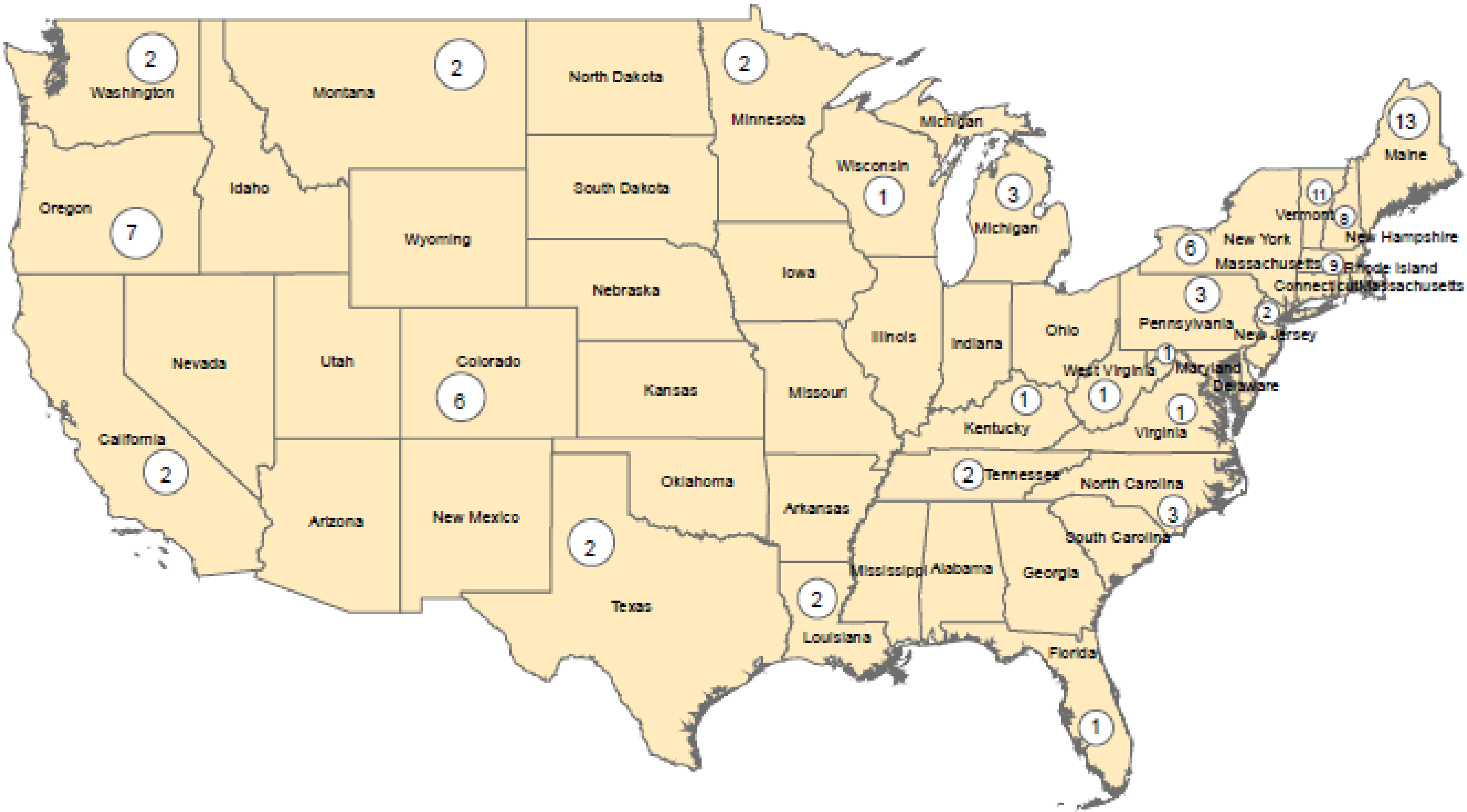
- **Are particular incentive structures more likely to influence decisions to relocate? If so, which are most cost effective?**
  - Incentives are most effective when part of holistic economic development strategies that take multiple factors into account and work with other initiatives to address them.
- **Can programs be better structured to incentivize relocating individuals to move to economically disadvantaged parts of the state?**
  - An incentive may be more successful if structured to work in concert with other efforts to address challenges associated with living and working in economically disadvantaged areas.
- **Should certain compensable expenses be reimbursable to the state? Should grants be contingent upon a particular duration of residence?**
  - The effort/resources required to enforce reimbursement of certain expenses would likely not be worthwhile, given the overall size of the programs.
  - It is common to place contingencies upon duration of residence – but this, too, comes with administrative costs.

Findings: Fiscal and Economic Impacts

- **Were recipients' decisions to move to Vermont materially influenced or caused by the grant programs?**
  - While incentives are unlikely to be the only reason for relocation to Vermont, data suggests they are an important factor for a substantial share of workers and may be the "tipping point" for some considering multiple locations.



Other Locations Considered by Grantees



Findings: Fiscal and Economic Impact Estimates

- **What is the scope of net gains to the Vermont economy?**
- **What is the ROI to the state, whether through direct tax payments or other indirect financial benefits?**

  - It is not possible to **definitively** determine how influential programs are on individual relocation decisions, and survey findings were limited to being able to draw some inferences about the relative influence of the incentive and the impact on desired policy outcomes.
  - Based on a **representative scenario** for reflecting likely impacts, cumulative 2018 program revenues would exceed grant costs in year 1, and cumulative 2019 program revenues would exceed grant costs by year 2.

	Permanent Employment Impact	Annual Economic Output	Annual State Tax Revenue
2018 Program	65	$9.5	$0.5
2019 Program	49	$7.4	$0.4
Total	**114**	**$16.9**	**$0.9**

Key Takeaways for State and Local Governments

- **The new "work from home environment" is here to stay in some form or another – and the prevalence of worker-focused incentives is likely to continue growing.**
- **For state and local governments considering worker-focused incentives:**
  - Embrace what makes your community great – and understand/address the factors that may make relocation difficult.
  - Incorporate worker-focused incentive program(s) as part of your larger economic development portfolio – and strive to make it a collaborative effort with interested partners.
  - To allow for meaningful evaluation later, clearly define the goals of your incentive program(s) from the start.
  - Regarding program design, strive for consistency and simplicity where possible.
- **Analysis indicates that worker-focused incentive programs provide a strong return on investment for communities choosing to implement them.**

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HOW TULSA REMOTE IS HARNESSING THE REMOTE WORK REVOLUTION TO SPUR LOCAL ECONOMIC GROWTH

Lessons from a Leading Remote Work Incentive in Tulsa, Oklahoma

Kenan Fikri

Research Director, Economic Innovation Group

SEDE Network Incentives Roundtable

April 5, 2022

Tulsa Remote: A new remote worker attraction incentive

Key characteristics of Tulsa Remote:

- Sponsored by the local George Kaiser Family Foundation
- Highly-selective program offering:
  - $10k grant dispersed over the one year commitment, or as a lump sum upon purchase of a home
  - Local resettlement assistance
  - Membership to local co-working space
  - Regular social activities and networking events
- By the end of 2021, approximately 1,200 “Remoters” had moved since 2018, with sights set on 5,000 by 2025.

tulsa remote

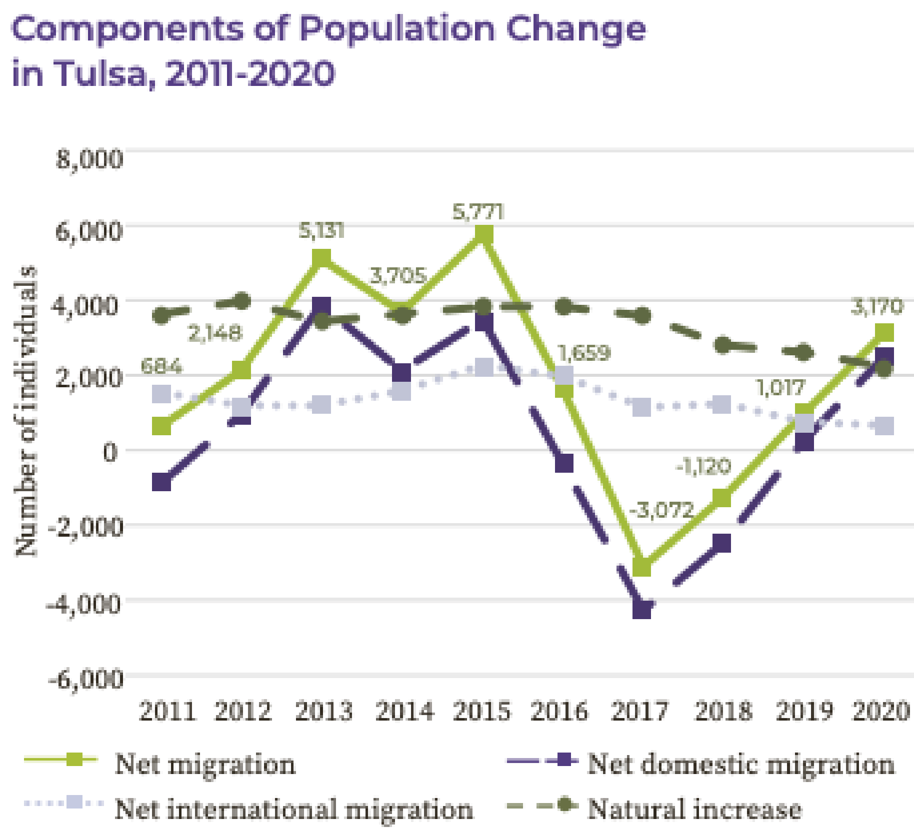
Tulsa Remote's local economic impact

Outsized economic impact stems from the highly-educated, high-earning nature of Remoters:

- The median income of a Remoter stood at $85k in 2021; average $104,600. Fully 88% held at least a Bachelor's degree.
- In 2021, the program was responsible for **592 full-time equivalent jobs and $62m in new labor income** in the county. Of that, Remoters themselves accounted for 394 jobs and $51.3m in income.
  - Approximately **one local job was induced for every two** Remoters.
- Every dollar spent on the incentive produced an estimated **$13.77 in new labor income** in the county.

Tulsa Remote addresses three core challenges facing the region.

- Inconsistent population growth slower than many peers
- Difficulty retaining and attracting highly-educated workers
- Lagging growth in high-tech, high-wage industries and occupations



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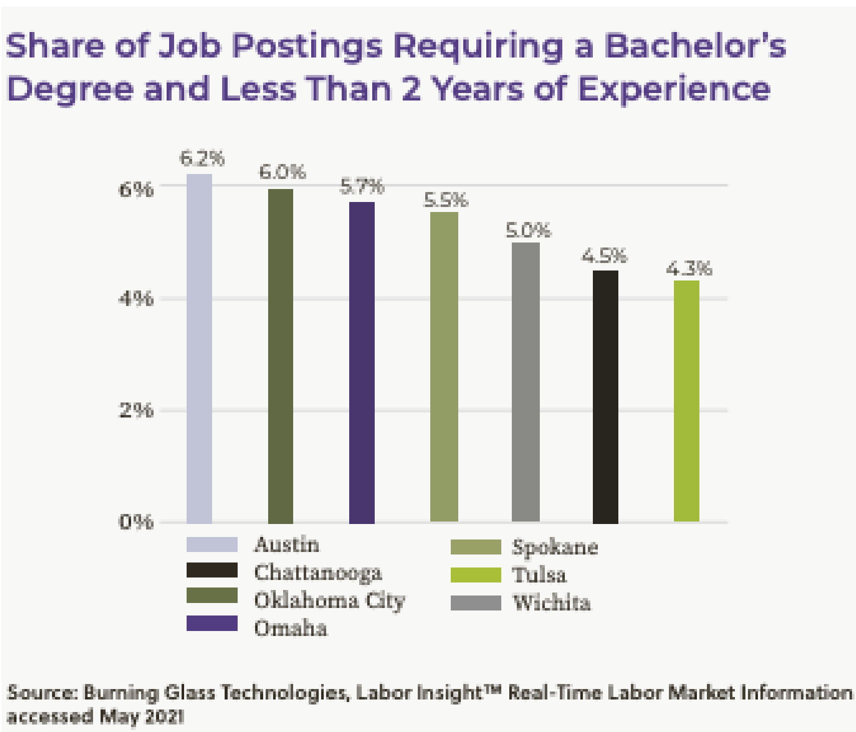
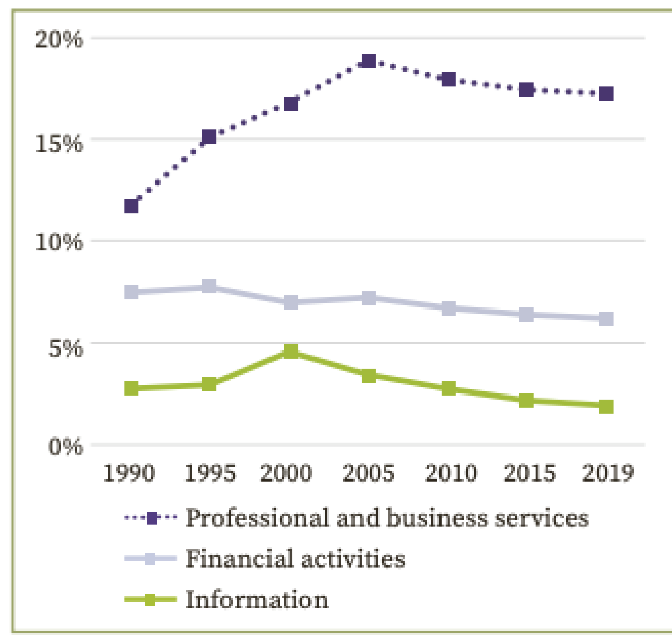
The chicken and the egg

- Targeting remote workers has helped Tulsa circumvent the “chicken and egg” dilemma in which many mid-sized metros have too few knowledge workers to attract digital and knowledge economy employers, and too few employers to attract such workers.



Share of Employment in Tulsa's Information, Financial, and Professional Services Industries, 1990-2019



Source: U.S. Bureau of Labor Statistics Quarterly Census of Employment and Wages, 1990-2019

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Tulsa’s Remoters by the numbers: Survey results

Industry:

- 31% employed in professional services and 14% in information (compared to 17% and 2% locally, respectively).

Entrepreneurship:

- 19% are self-employed and 27% report actively managing a business.
- 37% are thinking about starting a business in the near future.

Roots:

- 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.
- 39% report having a family connection to Tulsa before moving; 37% have friends; 21% are “boomerangs.”
- *The incentive may be especially effective in bringing the diaspora ”back home.”*

The program is drawing talent from new places.

Top 15 Metro Areas of Previous Residence for Tulsa Remote Program Members

Metro Area	Share of all Movers
New York-Newark-Jersey City, NY-NJ-PA	9.9%
Los Angeles-Long Beach-Anaheim, CA	9.6%
Dallas-Fort Worth-Arlington, TX	7.2%
San Francissco-Oakland-Haward, CA	4.9%
Washington-Arlington-Alexandria, DC-MD-VA	4.9%
Denver-Aurora-Lakewood, CO	4.1%
Atlanta, Sandy Springs-Roswell, GA	2.9%
Austin-Round Rock, TX	2.9%
Houston-The Woodlands-Sugar Land, TX	2.7%
San Diego-Carlsbad, CA	2.6%
Chicago-Naperville-Elgin, IL-IN-WI	2.4%
Boston-Cambridge-Newton, MA-NH	2.1%
Kansas City, MO, KS	1.9%
Portland-Vancouver-Hillsboro, OR-WA	1.8%
Phoneix-Mesa-Scottsdale, AZ	1.3%

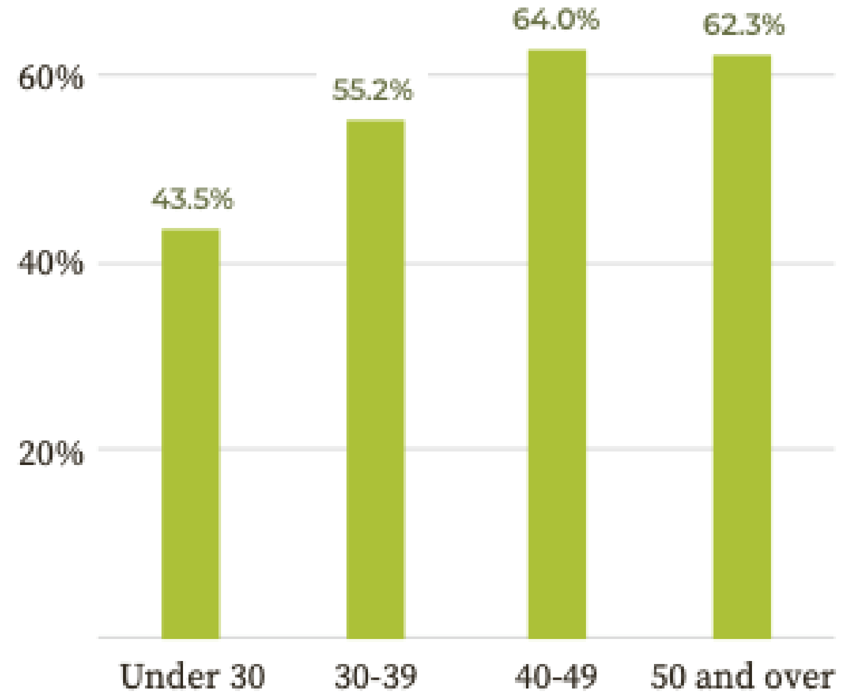
Source: Analysis of EIG-HBS survey data

- More than half of all Remoters moved from just 15 of the country's largest metro areas, representing significant departures from established patterns.

The big question: Retention

- Older Remoters are more likely to see themselves in Tulsa over the long-term.
- More than half believe it is extremely likely they will still be working remotely in 5 years.
- Currently Tulsa Remote enjoys an 87.5% retention rate. It can fall pretty significantly and still deliver a large local economic impact.

Share of Tulsa Remote Program Members Likely to Remain in Tulsa for 5 Years by Age Cohort



Source: Analysis of EIG-HBS survey data

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Lessons for other places

- Tulsa Remote reflects an approach to economic development that embraces, rather than fights, technological change.
- This particular program directly responds to several local economic challenges—some of which are unique to Tulsa, some of which are common (e.g. chicken/egg).
- Tulsa Remote was piloted by a foundation (although it now receives state support); the local politics may be different when the public sector is the public face.
- Affordability and local competition or crowd out are less of a concern than may be the case in other parts of the country—for now.
- As the market for these incentives becomes more competitive, differentiation—and targeting (e.g. your local diaspora)—may become key.
- Questions remain around how integrated into the local economy Remoters will truly become.