



DIGITAL NOMADS

ECONOMIC DEVELOPMENT IMPLICATIONS OF THE RISE IN TELEWORK

INTRODUCTION

One of the transformative trends of the pandemic is the sudden shift to telework. This mass migration moved millions in the workforce, trading cubicles and meeting rooms for kitchen tables and Zoom rooms. The upward trend in remote and teleworking arrangements has been noted for years, as technology, policy, and human resource adaptations made it easier for people to productively do their job from workstations outside of traditional office settings. According to an October 2020 report by Upwork, [14 to 23 million](#) Americans are looking to move in 2021.¹ [Employers](#) with a large workforce, like Salesforce, are exploring ways for their employees to work fully remotely or in a hybrid model after they return to their offices.²

Local governments and/or their designated economic development partner or agency use different kinds of tools to retain current employees and attract new ones. ICMA has tracked the types of programs and policies that local communities use in support of their economic development activities since at least the 1980s. Not surprisingly, the [main motivators](#) for investing resources in economic development are to create jobs, bolster the tax base, and increase or maintain the perceived quality of life.³

A new type of incentive program has emerged in a small but growing number of communities. Places like Tulsa, Oklahoma, and Savannah, Georgia, are using incentives to attract not just corporate headquarters or multi-job enterprises but also individual teleworkers, small start-ups, entrepreneurs, and even recent graduates. Where economic developers used to focus on business attraction, now it's talent attraction. Some of these community programs were started prior to the pandemic, as economic developers recognized opportunities that stem from the stagnating growth of cities, and began efforts to attract talent. Other places have sensed the opportunity, analyzed the evidence, and created or modified programs to appeal to the digitally mobile, who can work from any place that provides high speed internet access.

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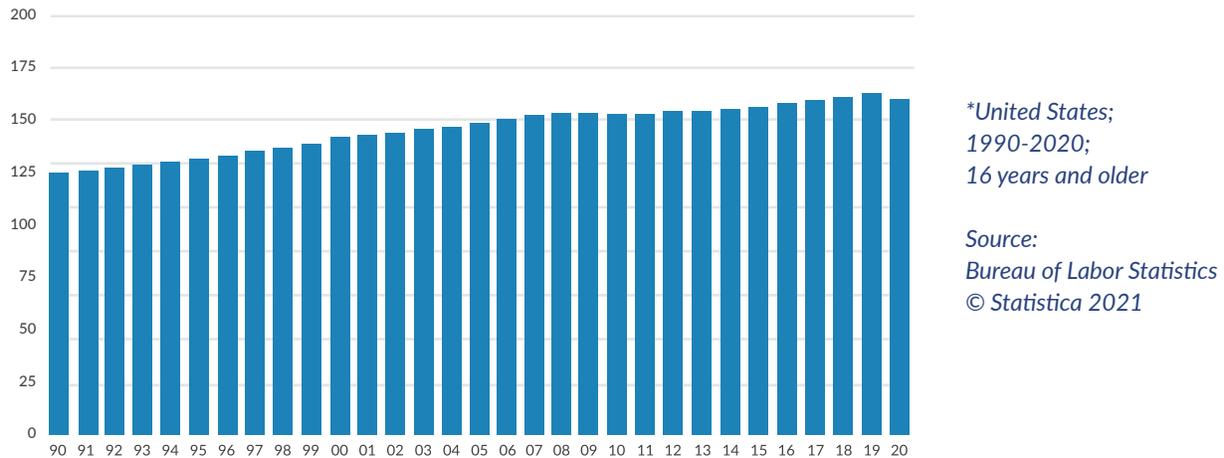
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1 "Upwork Report Finds Up to 23 Million Americans Plan to Relocate Amid Rising Remote Work Trends," *Upwork*, 2020, upwork.com/press/releases/upwork-report-finds-up-to-23-million-americans-plan-to-relocate-amid-rising-remote-work-trends.

2 Kristen Senz, "How Much Will Remote Work Continue After the Pandemic?" Harvard Business School, 2020, hbswk.hbs.edu/item/how-much-will-remote-work-continue-after-the-pandemic.

3 "Economic Development 2014 Survey Results," International City/County Management Association, 2014, icma.org/documents/icma-survey-research-economic-development-survey-results-2014.

CIVILIAN LABOR FORCE IN THE UNITED STATES FROM 1990 TO 2020* (IN MILLIONS)



THE ECONOMIC DEVELOPMENT OPPORTUNITY

According to the U.S. Bureau of Labor Statistics, there were about 160 million people in the U.S. workforce as of 2020. Figure 1 shows the level of the workforce over the past 30 years.

A [recent article](#), also published by the U.S. Bureau of Labor Statistics, suggests that about 45 percent of the American workforce could feasibly work from home or other remote setting.⁴

According to other surveys, there are millions of American workers who would strongly consider remote work if the opportunity was available to them. A July 2020 [Gartner survey](#) found that more than 80% of surveyed CEOs suggested that they will permit their workforce to telework some of the time, while almost half suggested that they will allow it full time as the world emerges from the pandemic.⁵ Moreover, 59% of adults who have worked remotely during the pandemic said they would prefer to continue remote work as much as possible, according to a 2020 [Gallup poll](#).⁶ In this swirl of data and evidence, localities are testing incentives to attract this increasingly mobile workforce to live, work, and play in their communities.

INCENTIVES AND PROGRAMS FOR DIGITAL NOMADS

While new programs have been developed or modified over the past year, [Tulsa Remote](#) got its start in 2018 with funding from the George Kaiser Family Foundation. In the first year, the program received more than 10,000 applications.

Incentives to attract remote workers include a potential \$10,000 grant as well as other community building and business support benefits. The program targets remote workers that live outside of Oklahoma.

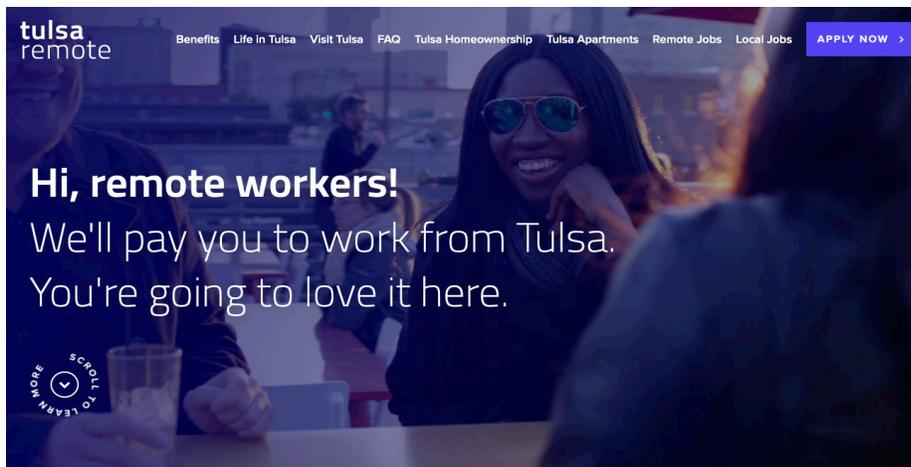
Now entering its third year, the program has attracted several hundred “digital nomads” to live and work in Tulsa.

[Choose Topeka’s “relocation incentive”](#) matches local incentives with an employer’s contribution to attract remote workers to Topeka, Kansas. The program can offer up to \$15,000 toward the purchase of a home within Shawnee County. Jimmy Johns fast food restaurants will kick in an additional \$1,000 if the successful applicant relocates within one of the restaurant’s delivery zones.

4 Matthew Dey, Harley Frazis, Mark A. Loewenstein, and Hugette Sun, “Ability to work from home: evidence from two surveys and implications for the labor market in the COVID-19 pandemic,” *Monthly Labor Review*, U.S. Bureau of Labor Statistics, 2020, doi.org/10.21916/mlr.2020.14.

5 Ryan Golden, “Gartner: Over 80% of company leaders plan to permit remote work after pandemic,” HR Dive, 2020, hrdive.com/news/gartner-over-80-of-company-leaders-plan-to-permit-remote-work-after-pande/581744.

6 Megan Brenan, “U.S. Workers Discovering Affinity for Remote Work,” *Gallup*, 2020, news.gallup.com/poll/306695/workers-discovering-affinity-remote-work.aspx.



Tulsa Remote was an early program to garner national attention, appealing to remote workers in major cities from Los Angeles to New York. Its website helps urbanites picture life and work in Tulsa and compares the local cost of living to that of major metropolitan areas.

With funding for only 10 slots, [Remote Tucson's](#) remote worker incentive program received more than 500 applications in the first month of the program.⁷ Various perks were made available during the program, including reimbursement for relocation expenses.

One element of the Savannah Economic Development Authority's [Creative Technologies Incentives](#) is a program established in May 2020 to attract remote technology workers. The Savannah Technology Workforce Incentive reimburses moving expenses up to \$2,000 for qualified technology workers who relocated from outside of Chatham County, Georgia. Various conditions for the incentive include verifiable experience, housing requirements for purchasing or leasing a place to live, and a waiting period after moving to Savannah.

Similarly, looking to diversify their workforce with technology workers in Colbert and Lauderdale counties, Alabama, the Shoals Chamber of Commerce and the Shoals Economic Development Authority jointly created the [Remote Shoals program](#). Technology workers who relocate to the Shoals region receive up to \$10,000 for relocating, provided they meet certain timing, income, age, and other requirements.

The Move to Michigan program is run by the Cornerstone Alliance—a partnership supporting economic development in Berrien County. The Move to Michigan incentives include up to a \$15,000 forgivable grant toward the purchase of a new home of \$200,000 or more. To qualify for the full incentive, a beneficiary must not be a current resident upon application but become one by obtaining a driver's license and claim the Michigan home as a primary residence. Applicants must also provide full-time employment and work remotely for a company outside of southwest Michigan.

An initiative run by the [Northwest Arkansas Council](#), an economic development agency for three counties and five cities, offers up to \$10,000 for relocating teleworkers and, in some instances, a choice between a road or mountain bike or cultural memberships to local museums.

The Hamilton Community Foundation, which offers programs in the city of Hamilton and Butler County, Ohio, runs a [Talent Attraction Program \(TAP\)](#). This program is structured as a reverse scholarship, where recent graduates with degrees in certain disciplines receive assistance for their student loan debt if they graduated within the past seven years and do not currently live in the region but plan to relocate with full-time employment in a professional position. A similar effort—the [Come Home Award](#)—is run by several community foundations in St. Clair County, Michigan.

Several states have recently launched programs. Vermont created a [Remote Worker Grant Program](#) in 2019 that provided reimbursement for teleworkers moving to Vermont. The initial pot of money, which was supposed to last through 2021, was exhausted in 2020. The [Movers and Shakas](#) program touts temporary and full-time remote work in Hawaii, offering limited incentives such as airfare, but also asks applicants to sign a pledge to respect local culture and contribute to civic and community life by volunteering for local causes and nonprofits.

⁷ Sophia Gonzalez, "Remote Tucson by the Numbers," *Startup Tucson*, 2021, startuptucson.com/post/remote-tucson-by-the-numbers.

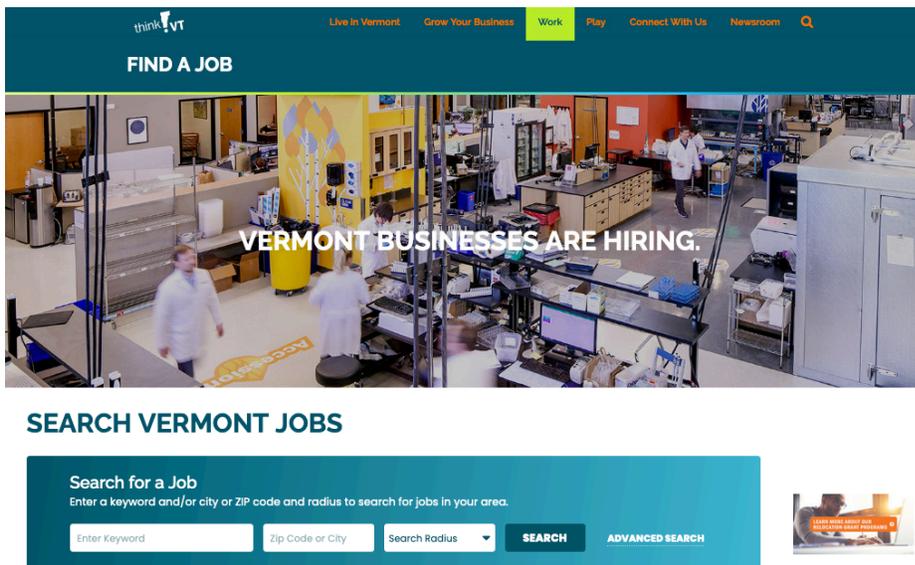


Move to Michigan is one of several campaigns emphasizing the ability to work remotely amongst recreation and cultural amenities more akin to a vacation destination.

Many places may not commit (yet) to financial incentives but are clearly tapping into the anecdotal evidence that remote worker migrations are a trend worthy of some investment. For example, in Chattanooga, Tennessee, the chamber’s website—[Chattanooga Calling](#)—features information for working remotely in the area, highlighting such key amenities as the city’s ultra-fast internet speeds.

The [Boomerang](#) program encourages those who were born in Maine or spent some time there to return and live or work in Maine. The Department of Economic and Community Development is promoting the campaign broadcasting its message and distributing Maine-branded swag via distribution methods including television spots, in-person events with local partners, and social media.

Some organizations and entrepreneurs are leveraging the remote working trends, including [Makemymove.com](#), which is an emerging platform to connect remote workers looking for a new scene with potential incentive programs offered by states, communities, and organizations. [Remote.co](#) provides job seekers with information about openings, as well as other coaching and FAQ information on teleworking opportunities and options.



The Think Vermont website provides a range of tools to assist those considering relocation, including a jobs board; matchmaking with Vermont employers, realtors, and community members; and searchable community and business dashboards.



The Live and Work in Maine initiative website features video testimonials of individuals and families from across the U.S. that successfully relocated to new Maine-based employment opportunities.

A 2021 editorial in the [Harvard Business Review](#) makes a bold prediction about the future of remote work and incentives to attract clusters of individual workers.

“States and cities have historically offered incentives to get companies to relocate to their jurisdictions. The belief being that if you can incentivize companies to come, they will bring jobs with them. The new era of hybrid and remote work will evolve this strategy—where an employee lives will be less tied to where their employer is located than ever before.”⁸

States, localities, and regional economic development partnerships are testing that premise with new policies and programs as the pandemic continues to define local, regional, national, and global workforce trends.

Increasingly demanded by workers and approved by employers, enabled by technology and hastened by the COVID-19 pandemic, remote work is part of the new normal for many sectors. Incentives for talent attraction are likewise becoming a new normal in economic development. As you manage your expectations for the program you develop, there are some things to be mindful of:

- **Remote workers come with a cost.** The influx of new workers, and their trailing partners and families, puts pressure on public services, including infrastructure and schools. This may in turn lead to the need for higher taxes, which locals will bear, to accommodate an increased population. New workers may also drive up the housing market and make housing less affordable for locals. In [Montana](#), buyers have spent millions in cash on homes they have only seen on the internet without even visiting the state.⁹
- **We are still in a period of uncertainty.** Some employers will call their workers back to the office post-COVID or institute a local pay policy that makes it less attractive for workers to move to a low-cost location. Other migration patterns could buck current conventional wisdom: in [New York City](#), some workers are moving closer to the office in order to avoid public transportation.¹⁰ Housing in major MSAs could become more affordable if the outmigration is significant.
- **Know your new workforce.** The workers you are attracting may trend younger—for example, millennials who are either single or married with young kids—and may be renters looking to buy or owners looking to upgrade. The workers may also not be as diverse as the general population. Digital nomads belong

8 Brian Kropp, “9 Trends That Will Shape Work in 2021 and Beyond,” *Harvard Business Review*, 2021, hbr.org/2021/01/9-trends-that-will-shape-work-in-2021-and-beyond.

9 Lisa Rein, “New homes on the range: Weary city dwellers escape to Montana, creating a property gold rush,” *The Washington Post*, 2020, [washingtonpost.com/national/coronavirus-montana-escape-property-gold-rush/2020/10/20/9e36e858-0340-11eb-a2db-417cddf4816a_story.html](https://www.washingtonpost.com/national/coronavirus-montana-escape-property-gold-rush/2020/10/20/9e36e858-0340-11eb-a2db-417cddf4816a_story.html).

10 Joyce Cohen, “As Some New Yorkers Flee, Others Move Closer to the Office,” *The New York Times*, 2020, [nytimes.com/2020/09/04/realestate/nyc-office-move-closer.html](https://www.nytimes.com/2020/09/04/realestate/nyc-office-move-closer.html).

to technology, financial, and other sectors where it is possible to work from home. Minorities who more often work in front-line jobs are underrepresented in the remote workforce.

- **A zero-sum game?** The explosion in telework is an opportunity for many local governments, but there are winners and losers. When each community draws new workers, another community—usually a larger, higher-cost city—loses them. There will be pain felt by the businesses and local governments in these larger cities, at least temporarily, until they restructure their economies. However, it could be said that telework is a good leveling mechanism, spreading growth around the country.

FINDINGS FOR LOCAL GOVERNMENTS AND THEIR COMMUNITY PARTNERS

Knowing when to aggressively pursue opportunity with incentives is a delicate dance of economics, politics, and data. There is decent data pointing to remote work as an ongoing trend that is accelerating during the pandemic. For those communities that may be considering new incentives, policies, programs, or partnerships to attract remote workers, there are a few things to consider before launching:

- **Cash is king but not the only thing.** Almost all of the programs identified in this article wrapped their incentives and benefits around the amenities of the local community. While trends suggest that many workers would consider working in rural America, that does not necessarily mean everywhere outside of a Metropolitan Statistical Area. Many of the programs summarized in this article meld monetary incentives within a package of benefits that also includes community, cultural, educational, and environmental variables that people and families care about.
- **Pilot projects.** Several of the programs summarized in this article were launched as pilot projects to better see the potential challenges and possible pitfalls, and to measure expected benefits.
- **Partnerships pay off.** Not every community has access to a community foundation, family foundation, or other local or regional philanthropic entity willing to shoulder a portion of the costs for an economic development program. However, Tulsa Remote, the program in northwest Arkansas, and others are benefiting from supportive foundations. And, as the partnership with Jimmy John's in Topeka demonstrates, innovative engagement with the private sector can pay off.
- **Broadband.** Remote workers—particularly technology, knowledge, and data workers—produce, or don't produce, based on the availability of broadband speed. Only 36% of U.S. counties meet or exceed the Federal Communication Commission's definition of high speed internet for a typical user, according to BLS Job Flexibility and Work Schedule data from 2018. Addressing broadband accessibility and speed is imperative when hoping to attract remote workers.
- **Live and Live-work.** Remote workers need good rental and housing stock. Discounts on rent, which have a history in talent retention programs, such as in [Grady County, Ohio](#), and contributions toward home purchase, provide such incentives. Live-work or co-housing spaces, especially in the longer term, may also prove important according to [Main Street America](#), which highlights the need for meeting space, social interaction, and office infrastructure, especially in rural communities.¹¹ [Common](#), a co-living company, is currently working with five finalists' communities across the United States to develop live/work remote work hubs. Many of the programs listed previously also include housing tabs on their websites in order to make finding affordable housing easy for potential talent.
- **Measure success.** According to [ICMA data](#), a surprisingly small number of communities measure and report on the effectiveness of their traditional business recruitment incentives.¹² Some state and local economic development programs measure success by the number of jobs created, so attracting remote workers has the potential to meet performance indicators that are based on that kind of metric.

11 Matthew Wagner, "Main Spotlight: How Rural Economies Can Leverage the Rise in Remote Work," *Main Street America*, 2020, mainstreet.org/blogs/national-main-street-center/2020/06/18/covid-19-trend-series-rural-economies-great-opport.

12 "Economic Development 2014 Survey Results," International City/County Management Association, 2014, icma.org/documents/icma-survey-research-economic-development-survey-results-2014.