BY MATTHEW WELLS

PAID TO RELOCATE

States and communities are looking for remote workers as sources of economic growth. Is offering them cash and other perks a promising model of economic development?

"I'm a flatlander from the Midwest," says Maggie Blume, a member of Ascend West Virginia's second cohort, "so seeing mountains and being able to kayak and things like that have been so much fun."

IMAGE: COURTESY OF MAGGIE BLUME

Maggie Blume first learned about Ascend West Virginia on Instagram, where she saw a list of cities and states around the country promising money and other benefits to attract workers. A small business marketing executive from Chicago and a remote worker herself, Blume had already been considering applying for some of the other programs on the list. She says, however, "I really was waiting for something that caught my eye." Drawn by the outdoors and her fond memories of visiting West Virginia as a child, Blume applied for Ascend's second cohort, which would be centered in rural Lewisburg (population roughly 3,900) and the Greenbrier Valley, not far from the Virginia border.

After a review of her online application and two interviews over Zoom, Blume was notified she had been accepted, one of 33 out of over 3,600 applicants. Within weeks, she had found an apartment and was ready to move and enjoy all that West Virginia has to offer. "I'm a flatlander from the Midwest," says Blume, who moved to Lewisburg in March, "so seeing mountains and being able to kayak and things like that have been so much fun."

West Virginia is one of a growing number of states and communities across the country looking to revive their economies after years of declining populations by enticing people who are looking for a change of pace in their own lives. MakeMyMove.com, an online clearinghouse for such programs, currently lists more than 70 different locations of varying sizes around the country offering a number of incentives, including cash, aimed at encouraging people to start anew in smaller, less high-profile communities that they otherwise might not have considered.

Ascend, for example, offers $12,000 paid across two years, one year of free access to all of West Virginia's outdoor activities, including whitewater rafting and downhill skiing, and coworking space, among other things. In addition to Blume's 33-person cohort in Lewisburg and the Greenbrier Valley, the first cohort of 53 newcomers is centered in Morgantown, a city of almost 31,000 and the home of West Virginia University. Ascend, which is funded through the philanthropy of businessman and West Virginia native Brad Smith and his wife, Alys, is currently accepting applications for new cohorts in these areas, as well as the Eastern Panhandle, with the ultimate goal of bringing 1,000 remote workers to five regions throughout the state.

Most of the programs like Ascend are focusing their efforts on remote workers — workers who can do all their work outside of an office. The notion of remote work predates the COVID-19 pandemic, but it has spread to the point where over two-fifths of all paid full workdays in the United States were worked at home over the past two years. It is difficult to tell just how many workers will remain fully remote as time goes on, but they are considered desirable targets: In addition to being able to work from anywhere, remote workers also tend to be more educated and work in higher-earning sectors such as finance, management, and information technology.

This combination of geographic flexibility, advanced education, and higher earnings leads Smith, who is also the president of Marshall University in Huntington, to suggest that these workers will "help us get our community stronger, do their jobs, spend in our local small businesses, come up with new ideas, and strengthen our state and our economy." Once settled, Smith notes, the new residents "will share their experiences with their friends and fellow employees and that often attracts companies to say, 'I want to go where the talent is or where the talent wants to live.'"

Given the rising popularity of remote work and these initiatives to attract them, are we witnessing a new model of economic development?

A LEGACY OF ENCOURAGING MOVEMENT

The United States has a long history of offering people incentives to relocate to areas deemed in need of growth. Perhaps the most ambitious and sweeping of these efforts was the Homestead Act, which President Abraham Lincoln signed into law in 1862. To encourage the settlement of the American West with U.S. citizens, the federal government gave 160 acres to any adult at least 21 years old willing to pay a small filing fee, build a house on the property, and develop and farm it for at least five years. Because any adult or head

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of household who could pay the fee qualified for the program, many immigrants, single women, former slaves, and farmers without any previous land of their own would participate. Almost four million settlers claimed 270 million acres across 30 states in the 123 years when the law was in effect.

More recently, since the 1970s, the federal National Health Service Corps and state programs have used scholarships and repayment of student loans to encourage doctors and other health care workers to work in designated areas, many of them rural.

While the new generation of relocation incentive programs are far more modest and local in scope, they share the Homestead Act's goal of encouraging growth. For example, to boost their declining populations, several small communities throughout Midwestern states such as Iowa, Nebraska, and Kansas offer much smaller plots of land in both suburban and rural areas to qualified applicants who are then required to build a new home on the property.

Instead of offering land, however, most current programs offer cash and other professional and personal incentives such as mortgage assistance, coworking space, and tickets to museums and concerts. The value of the incentive package can vary: Jasper, Indiana's offer totals about $5,500, for example, while Greater Rochester, New York's comes to $19,000.

Two such efforts that predate the pandemic are Tulsa Remote and Vermont's New Relocating Employee Incentives Program, originally called the New Remote Worker Grant Program. Founded in 2018 and funded by the George Kaiser Family Foundation, Tulsa Remote has recruited nearly 1,700 remote workers from outside Oklahoma to make Tulsa their home. It shares many of the same goals as Ascend West Virginia: attract skilled workers to provide a stronger economic base for the community and raise the profile of Tulsa as a prime destination to live and work. The program offers selected participants $10,000, as well as coworking space and networking and housing assistance. Along with these incentives, Tulsa Remote highlights to potential applicants the city's tightknit community feel, as well as its extensive outdoor activities, nightlife, and nationally recognized restaurants.

Vermont also began its efforts in 2018, establishing a $500,000 grant program funded through the state budget. In the first year, the initiative provided $10,000 to remote workers who chose to relocate to the Green Mountain State. The overall budget for the program in 2021 was $610,000 and provided grants of up to $5,000, although grants for individuals choosing to relocate to economically distressed areas of the state

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went up to $7,500. In addition to the financial incentives, the state has set up 30 coworking and makerspace (that is, space for making products) locations for these remote workers. Vermont's program, however, is not just restricted to remote workers. To address the shortage of workers available for the state's existing industries, it invites those looking for traditional work opportunities to apply for these grants, as well, and gives them access to a statewide employment database that allows them to search jobs by industry, desired location, and education level, among other things. Beyond the financial incentives, Vermont's marketing campaign touts the state's peaceful, bucolic reputation, safe communities, and friendly small towns, targeting those who might wish for a slower pace of life than what they might experience in larger cities.

DEFINING SUCCESS

Danny Twilley is the assistant vice president of economic, community and asset development for the Brad and Alys Smith Outdoor Economic Development Collaborative at West Virginia University and one of the primary architects of the Ascend program. When asked how he would define success, Twilley says that the initiative has focused on retention — that participants will stay in West Virginia beyond their initial two-year commitment to the program. The current hope is that 50 percent of Ascenders will remain for a third year, although Twilley adds that because "we're building this program around community purpose and the outdoors," he's optimistic that number will be closer to 75 percent.

By providing intensive outdoor recreation experiences such as river rafting and skiing excursions, as well as more casual events like happy hours and backyard barbecues, Ascenders will have ample opportunities to create both friendships and an attachment to their new environment that will lead them to remain in West Virginia. Life changes can force people to move, however, so Twilley also anticipates that even if participants ultimately leave the state, they will become vocal ambassadors committed to "that positive branding of West Virginia, putting it in a different light than what it has been historically," convincing others to visit and possibly even consider making West Virginia home as well.

In addition to changing West Virginia's reputation and keeping people in the communities they have come to call home, the program also tracks a more traditional metric of success, namely, the program's contributions to the economies of their communities. According to Twilley, Ascend projects that in the program's first two years, participants will directly and indirectly create a total of $124 million in economic activity and 404 new jobs in the Morgantown area, the Greenbrier Valley, and the Eastern Panhandle. If it meets its 50 percent retention goal in its third year, those numbers are projected to grow to a total of $182 million and 594 jobs.

The Tulsa and Vermont programs also report significant positive economic effects. A November 2021 impact assessment estimated that in that year, Tulsa Remote participants added $62 million in new local earnings statewide, $51.3 million of which is attributable to the participants themselves. The study also claims that the program led to the creation of 592 new jobs in 2021, which translates to about one new job in Tulsa for every two remote workers who moved to the city.

Similarly, a December 2021 report on Vermont's program also identified gains to that state's economy. It estimated that the 307 participants across the 2018 and 2019 budget cycles helped create 115 new jobs, $5.6 million in wages, and $17.1 million in economic impact. It also estimated that these new Vermonters paid approximately $946,000 in taxes to the state, and that every tax dollar appropriated to the program in 2018 and 2019 generated $93.88 and $66.26, respectively, in economic activity.

SKEPTICAL OF SUCCESS

Program participants make economic contributions to their new communities, whether through dining out, engaging in recreational opportunities, or buying and maintaining a home. Questions remain, however, as skeptics argue that not only is it difficult to accurately measure these contributions, but also there is evidence that at least some participants would have moved to these areas even without being a part of any incentive program. Additionally, it is unclear whether such place-based initiatives are suited only to particular types of communities, or if they can be successfully replicated across a range of places.

Brett Theodos, a senior fellow at the Urban Institute, suggests that accurately capturing the contributions of these remote workers is possible, but it requires comparing the communities where incentives are present with demographically, economically, and geographically similar communities where they are not. What are needed, Theodos argues, are empirical studies comparing "how communities do economically that have these incentives versus those that don't." The assessments of the Tulsa and Vermont programs rely on analyses that capture projected changes in those regions' economies over time, but it is difficult to attribute those changes specifically to the economic activity of the programs' participants, rather than some other unaccounted-for factor. By comparing across a range of similar communities, however, those other factors can be taken into account, allowing for better, although still imperfect, identification of the incentive program's effect.

Relatedly, these contributions need to be large enough to be detected. "If we pour a teaspoon of boiling water into a large pot, does it affect the temperature of the pot in a way that we can measure and detect? No," says Theodos. "But if we pour a gallon of boiling water into that pot, yes, we know we've affected that temperature."

Vermont's economic impact assessment acknowledged this constraint, stating that because its programs have fewer than 500 participants, they have "limited ability to 'move the needle'" on some of the state's major policy objectives, including improving economically distressed areas of the state.

Richmond Fed economist Santiago Pinto suggests that for these programs to really succeed in jump-starting the kinds of economic revitalization their planners envision, they need to attract enough participants to the point where the incentives are no longer necessary. "From that point onwards," Pinto notes, "they would simply benefit from the local benefits generated by more people residing in the area," known as agglomeration effects. Unfortunately, it is difficult for states like Vermont and West Virginia to know just how large the program needs to be to capture those benefits. For Tulsa Remote, the problem is potentially the opposite, as it is already a city of over 400,000 residents, raising the possibility that it already has reached that level, making the program inefficient and ineffective.

Local programs competing for remote workers may also be subject to an additional hazard that confronts state and local development programs competing to attract businesses. When these communities compete for a mobile factor of production — in this case, labor — they may tend to offer excessively high levels of incentives compared to situations in which they could coordinate and make decisions in a centralized fashion.

Another complication in the effort to determine the effect of these programs is the possibility that participants are moving not because of the incentives, but for some other reason. If potential participants are drawn to apply for the program because they are originally from the state and want to return home, they have family there, or spent significant time there previously, it becomes difficult to isolate the role of the incentive program in their decisionmaking. Of the 53 members of Ascend's first cohort who moved to the Morgantown area, 23 percent are native West Virginians, and in the Greenbrier Valley cohort of 33 members, 15 percent were born in the state. Others, like Blume, who as a child used to attend the annual Clifftop Music Festival (now known as the Appalachian String Band Music Festival) not far from her new home in Lewisburg, have some other preexisting attachment to the state. Vermont's impact assessment noted this difficulty as well, stating that about half of the program's participants were motivated by the financial incentives that averaged less than $5,000, with multiple people describing it as the "icing on the cake." Still, even if the incentives are not the primary drivers of the decision to move, the programs may be important because they may tip the balance for someone or simply signal that the locations would be welcoming to newcomers.

MORE TO IT THAN MONEY?

The developers of these initiatives are seeking to leverage whatever endowments either already exist or can be developed in their states and cities to build those communities and ultimately drive growth. Twilley, the Ascend architect, notes that this model is quite different than efforts to lure large employers with tax breaks. "We're doing it in a much different way," he says. Instead, he is aiming to foster communities with shared values. In the Morgantown area, for example, the focus is on developing a community that values access to the outdoors. "We have a goal to have a trail within a mile of every house within the city limits. Who can say that? Very few places," states Twilley. "That sort of thing differentiates us over the long term from other areas and states."

These nonmonetary attractions are what potential residents of West Virginia, Vermont, and Tulsa find so enticing, perhaps as much or more than the financial incentives. Most of them are higher-income earners for whom several thousand dollars spread out over a year or two is not enough to drive the decision to move. Instead, most are looking for an opportunity to pursue interests, whether it be plentiful outdoor activities or an active food and music scene. When asked if she would have moved to West Virginia even if she hadn't been selected, Blume thinks she probably would have. "A big part of me moving was to find a community of like-minded people," Blume says.

Will communities of remote workers like Maggie Blume help bring these cities and towns in need of revitalization back to life? If the groups of people that move to these areas are committed to maintaining an active and thriving music or food scene, or continuously demand outdoor experiences, will that be enough to revitalize these communities that have suffered from decades of disinvestment? There is a lot riding on the success of these initiatives, as the contributions of their participants could make a difference in everything from school funding to voting power in state and national legislatures to the economic survival of the communities that have welcomed them. **EF**

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