

Economic Value of Remote Workers

The IU Public Policy Institute (PPI) built a model to estimate the economic contributions and state and local taxes generated by a remote worker's earning and household spending.

THE WORKER



Occupation:
Software Engineer



Current Location:
San Francisco



Annual Income:
\$150,000



Age:
28



Household Size:
2

THE IMPACT

\$125,711

Annual Economic Output

\$13,335

Annual Tax Contribution

0.86

Local Job Created

\$776,207

Net Present Value (7 years)

THE METHODOLOGY

The U.S. Bureau of Labor Statistics Consumer Expenditure Survey for the Midwest is used to estimate remote worker spending. The estimate of remote worker spending serves as the direct economic contribution and is used to estimate direct taxes.

As the remote worker spends on groceries, entertainment, gasoline etc, those expenditures generate additional state and local economic activity. Input / output modeling can be used to estimate the impacts of those expenditures.

For example, when the remote worker dines at a local restaurant, the restaurant must buy food, hire a cook and waiters to serve it, pay utilities, hire an accountant etc. Every time the remote worker dines out, they contribute towards that economic activity. Then the restaurant owner, cook, waiter all spend their earnings, and on and on. Input-output modeling is the most commonly accepted methodology to estimate this economic activity generated by initial spending. PPI uses IMPLAN one of the two most commonly accepted models.

THE IU PUBLIC POLICY INSTITUTE TEAM



Drew Klacik is a Senior Policy Analyst with PPI. His principal areas of work have included economic development, state and local taxation, and affordable housing and neighborhood development policy. He has been with Indiana University for 23 years.



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