

Does Paying People to Move Somewhere Pay Off for States and Localities?

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[By Marsha Mercer](#)

For decades, cities and states have tried to create jobs and boost their economies by luring out-of-state employers. Now some areas are trying to attract workers — one worker at a time.

Starting in January, programs in Vermont and Tulsa, Oklahoma, will pay people to relocate to those places if they work remotely. Other resident recruitment strategies in Florida, Kansas, Maine, Michigan, Minnesota and Vermont include weekends that tempt tourists to stay, discounted rent, student loan assistance and free land.

“It’s a departure — very much a sharp departure” from Vermont’s traditional programs, said Joan Goldstein, commissioner of the Vermont Department of Economic Development. “We need people.”

The shift in strategy marks a recognition that as fewer people are tethered to brick-and-mortar offices, state and local officials can reap the benefits of workers’ spending and taxes no matter where their employers are based.

“You need the people to get the businesses to come, and a lot of small places are immediately out of the running because the people aren’t there. It feeds on itself,” said Doug Farquhar, program director for rural development with the National Conference of State Legislatures.

Farquhar sees “pay to move” as “somewhat of a desperate plea: We need educated people to come here and stay here.” He cautions that little research has been done on the effectiveness or sustainability of the strategy. And in Vermont, some advocates for the poor have criticized state officials for “luring tech bros to gentrify our communities.”

But in a state that is desperate for more people — Vermont has about 620,000 residents, with about 45 percent of them retired or about to retire — officials are willing to give it a try.

“The original idea was to give incentives to out-of-state companies to find people who want to live here,” said Democratic state Sen. Michael Sirotkin, chairman of the economic development committee. “We decided to give the money to the workers and let them find their jobs.”

Vermont Gov. Phil Scott, a Republican, signed the Remote Worker Grant Program in May. The legislature provided \$500,000 over three years to reimburse expenses of remote workers from other states who relocate.

Each worker can receive up to \$10,000 in grants over two years. Eligible expenses include computer software and hardware, internet access and membership in a coworking space.

Tulsa also is focusing on remote workers. Tulsa Remote will pay workers who pass a stringent online screening process and live in Tulsa for a year \$10,000 in cash installments. Workers also will receive free membership in a coworking space and housing discounts. The pilot project is funded and administered by the private George Kaiser Family Foundation. No public funds are involved.

Tulsa's population, about 400,000, has been flat for decades. The foundation was looking for ways to attract new talent to the city, said Executive Director Ken Levit. The foundation has already brought 50 artists and writers to Tulsa for a year or more through the Tulsa Artist Fellowship, which pays stipends and provides free rent.

"There's no fixed budget" for Tulsa Remote, Levit said. For now, it's a one-year pilot program, but the overwhelming response means it could be extended, he said. More than 8,000 people have completed lengthy online applications.

Housing Help

Ben Winchester, a rural demographer at the University of Minnesota Extension Center for Community Vitality, said people who leave small towns to attend college often want to return to their hometowns when they reach their 30s and 40s. For many of them, the challenge is finding a house.

Harmony, Minnesota, is an example. The Great Recession led to a years-long halt of construction in Harmony, population 1,080. In 2014, the local economic development authority started offering incentives of \$5,000 to \$12,000 to build houses, depending on the expected taxable value of the building.

Harmony Mayor Steve Donney acknowledged that the program "was very slow to take off." So far, the town has paid out about \$62,750 and has committed to paying out another \$20,000 for eight buildings. This year, for the first time, the town has collected some new property tax revenue — about \$2,200.

"I'm a 100 percent believer in the project. So far, it's working," Donney said. "It has encouraged people to build, and new people are a bonus."

"One of my questions as mayor is, 'When do we stop this?'" Donney said. But, he said, other members of the local economic development authority respond, "Why would we stop this?"

Marquette, in central Kansas, also turned to housing incentives after failing to attract businesses.

"Every town is looking to bring in jobs to their small town. You might as well beat your head against a wall," said Steve Piper, the former longtime mayor. "We took the opposite approach. We thought: Bring the people and tell them to find their own job." Marquette is within commuting distance of the larger cities Salina, McPherson and Hutchinson.

But Marquette, population 650, had no buildable lots, so the local economic development commission bought 50 acres in 2002 and started giving lots away. The modern-day homesteading story made national news, and hundreds of people contacted the town.

"It helped. A lot of people are looking for a little Mayberry," Piper said, referring to the fictional town that was the setting for "the Andy Griffith Show."

About 30 homes have been built in the Westridge Addition area, almost all by people from out of state, and two newcomers started small businesses in town, Piper said. "We still have land to give away, so that's good."

Student Loan Help

Student loan assistance programs, modeled on incentives for medical personnel, teachers and lawyers, may be a more promising strategy for rural areas to grow population, NCSL's Farquhar said.

Two years ago, Maine expanded the opportunity tax credit, which had been limited to graduates of in-state schools, to graduates of out-of-state schools who live and work in Maine.

Maine Gov.-elect Janet Mills, a Democrat, promised in her campaign to simplify the complicated tax credit system and to invest in a "Rural Return Scholarship" to give young people from rural Maine incentive to return to their hometowns.

In Michigan, the Community Foundation in St. Clair County, about an hour north of Detroit, joined nearby counties to start the Come Home Award, a "reverse scholarship" that pays up to \$15,000 in student loans over three years.

The foundation gives out about \$300,000 a year in traditional scholarships. But donors said, "We're just paying young people to leave," said Randy Maiers, the foundation's executive director. "We wanted to do something different."

Since 2016, only 13 of the more than 50 applicants have been approved, almost all with recent STEAM degrees — science, technology, engineering, the arts and math. The ideal candidate is someone who has "met someone and wants to settle down and move back home," Maiers said.

About \$45,000 is currently available for the awards, but Maiers warned, "Don't tell us you're going to live with mom and dad or 'I really don't know what I want to do.' This is not for everybody."

Visitors to Residents

States and localities also are looking to turn visitors into residents. Vermont hopes more young professionals and working families among its 13 million tourists a year will relocate, while Tallahassee is reaching out to baby boomers nearing retirement.

Announcing the Stay-to-Stay initiative in March, Vermont's governor said, "We have about 16,000 fewer workers than we did in 2009. That's why expanding our workforce is one of the top priorities of my administration."

Four Vermont communities have sponsored Stay-to-Stay weekends. After a Friday night welcome reception with local leaders, tourists explore the area on their own before meeting Monday morning with entrepreneurs, realtors and potential employers. The Vermont tourism and marketing department is collaborating with local chambers of commerce and young professionals groups on the initiative.

"We literally put on white-glove service," Tourism and Marketing Commissioner Wendy Knight said. So far, four people have relocated.

One is Jacqueline Posley, a 23-year-old from Mississippi. A recent graduate of Mississippi State University, Posley was working in an office in Starkville when she decided she wanted to live "somewhere cold and liberal."

Posley and her then-fiance came to a Stay-to-Stay weekend. Her first day back at work in Starkville, she gave notice, and moved to Vermont in September. Her ex-fiance moved to New Hampshire.

But Posley's story also illustrates some of the challenges that Vermont faces. She is African-American, and Vermont is 93 percent white.

Vermont and other New England states are scrambling to find ways to attract more people of color and help them feel at home. The Vermont tourism department highlights the state's status as the first to abolish slavery and promotes a trail of African-American historic sites. And the website iamavermonter.org helps people of color connect and tell their stories about moving to and living in Vermont.

Posley found a job as a night auditor working the overnight shift at a ski resort, where she balances the day's income and expenses and handles the front desk. But she hasn't settled in yet. She finds Vermont's housing costs higher than Mississippi's, and her job pays less than what she made there. She loves seeing the stars at night — but not the 40-minute drive to the laundromat.

And Vermonters are less welcoming than she expected. Someone in a Walmart parking lot yelled at her to go back to where she came from, making her realize that Vermont "is not the liberal utopia it's portrayed as."

"I know Vermont wants new people," Posley said. "They say they want millennials — but I'm a millennial and I'm not willing to commit long term."

These days, she's thinking about San Diego.

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