



POLICY FOCUS

NOVEMBER 2023

Remote Work

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HIGHLIGHT

Remote work benefits employees, families, and businesses by boosting productivity, lowering overhead, and fostering better work-life balance. To better support Americans seeking remote work, tax codes should be reformed so that workers are not penalized for working remotely, independent contractors are protected, and state governments should focus on deregulation.

INTRODUCTION

COVID-19 brought widespread lockdowns and policies that stymied business growth and personal freedom and kept children out of school. However, among the many poorly conceived top-down government policies, there was at least one clear positive impact, primarily brought on by the private sector: remote work.

Since the lockdowns, more organizations have implemented remote work policies. As a result, they experience lower overhead and

increased productivity. The employees can live in areas with lower housing costs and achieve better work-life balance. Working mothers and younger workers—groups that frequently express a preference for workplace flexibility—benefit from remote work options. Notably, religious minorities, including Jews and Muslims, whose religious practices sometimes involve special meals and prayers at designated times, benefit from a flexible work arrangement that accommodates their religious practices. And people with disabilities are experiencing their highest employment rates in over a decade. The data is clear: remote work can help all Americans.

Federal and state governments can encourage these positive changes through fundamental policy changes.

- Tax codes ought to be reformed so that workers are not penalized for working remotely.
- State governments should deregulate to allow for more economic freedom for businesses and workers.
- States should ensure that independent contractors are protected.

BACKGROUND AND THE CURRENT STATE OF REMOTE WORK

During the COVID-19 lockdowns, many businesses quickly pivoted to fully remote work. Indeed, many policies that accompanied COVID-19 had negative impacts, including slowing businesses and keeping children away from schools, but one glimmer of hope shined through with remote work.

Businesses quickly pivoted to create an environment that complied with lockdown regulations, and a positive externality was creating a flexible work environment for

individuals, families, and businesses. For clarity, this report uses the term “remote work” to refer to both entirely remote work, Monday-Friday, or hybrid work, where employees are expected to be in the office some days.

In response to the COVID-19 lockdowns, remote work increased drastically. In 2019, remote workers comprised about 5.7 percent of workers in the United States. According to Forbes, “in 2023, 12.7% of full-time employees work from home, while 28.2% work a hybrid model.” In other words, some form of remote work has become more common. As they say, necessity begets invention.

Some jobs, including those in service, agriculture, and manufacturing, cannot be done remotely, and therefore, not everyone reaps the benefits. A 2021 Organisation for Economic Co-operation and Development (OECD) report states, “For instance, amenability to remote working is as high as 70% for managers and professionals but less than 10% for skilled agricultural, forestry and fishery workers, and craft and related tradespeople.” The shift to remote work has created two labor markets.

According to the World Economic Forum, there is now one market for those seeking remote work and one for those seeking on-site jobs: “Several factors are behind this development: many workers moved during the pandemic and aren’t where jobs are available; the economy itself shifted, leading to jobs in industries such as warehousing that aren’t in areas where workers live or suit the skills they have; or many have changed their preferences, for instance by pursuing remote work.” Many people moved during the pandemic to rural areas or suburbs far

away from large urban centers and may be looking for work in those areas. Meanwhile, the economy has fundamentally changed, and there are jobs in manufacturing areas with few workers. Although not everyone can benefit from remote work, and there may be fundamental economic shifts, neither of these ought to deter businesses and governments from creating policies that allow for remote work.

Remote work is here to stay, and research shows that remote work benefits workers, families, and businesses alike.

THE BENEFITS FOR EMPLOYEES

[According](#) to Forbes, “98% of workers want to work remotely at least some of the time.” And with the positive impact on families, this should come as no surprise. A study in the Yale Journal of Marriage and Family explores how remote work impacted families during the COVID-19 lockdowns. The study [showed](#) that remote work benefited parents insofar as they could accommodate school and daycare closures. Mothers took on most childcare responsibilities. But, the study also showed that fathers spent an average of an additional 30 minutes per day on housework. Both of these findings suggest that remote work gives both mothers and fathers the flexibility to participate in household chores and raise a family. Some of these benefits have lasted past the COVID lockdowns.

A March 2023 New York Times article also [reported](#) that the flexibility of remote work allows fathers, including lower-earning men, to help more with household chores and child-rearing. The article quotes Richard Weissbourd, director of Harvard University’s Making Caring Common project, “For a lot of

dads, this was a profound experience... It was really getting what a wonderful relationship with your kids could be like, and it was gratifying.” Remote work can offer mothers and fathers more time with their children.

For those concerned with gender bias or workplace harassment, [according](#) to Psychology Today, one mid-sized I.T. firm saw fewer harassment and discrimination complaints after implementing remote work. Of course, companies should address the underlying issue of harassment, which is illegal. Still, remote work can offer employees a chance to focus on their work product with less concern about potential negative interactions or traditional office politics.

Another benefit is for those from religious groups whose traditions and religious practices may require special preparation. For example, one woman in a group for Jewish women business owners, who spoke on background, said, “I’m an observant Jew, so I don’t use electricity from Friday night through Saturday or on major holidays. Working from home before Shabbat [the Jewish sabbath] gives me time to run my business and prepare the house and food.” [Another example](#) is observant Muslims, for whom working remotely may be beneficial during [Ramadan](#), when Muslims refrain from food or drink from sunrise to sunset. Affording employees the flexibility to work remotely, at least part of the time, gives them the freedom to embrace their religion and family traditions and costs businesses nothing.

For people with chronic illness or a disability, remote work can be highly beneficial. It allows them to be at home and have medical treatment, medications, or a calm, flexible work environment that meets their

needs. After all, the initial impetus for the pandemic-era shift to remote work was a concern for workers' health. Remote work exposes everyone to fewer germs and viral infections, and this holds particular benefit for anyone with underlying health issues.

People with disabilities have benefited a lot from the flexibility of remote work. A study by the Economic Innovation Group think tank [shows](#) that in 2022, the employment rate for people with disabilities was the highest in over a decade. Although this may be attributed to a tight labor market, remote work's flexibility has positively impacted workforce participation for those with disabilities.

States should remain vigilant in protecting independent contracting. Independent workers often work from home and enjoy a high level of flexibility. Gig work, freelancing, or independent contracting is attractive to many workers because of these benefits. Sadly, some states—like California—have made it much harder for independent contractors. This arrangement should be an option for workers who prefer it.

DRAWBACKS

However, remote work has drawbacks, primarily with employees' struggle to "disconnect" from work or draw boundaries between home and work life. A *Forbes* article [highlights](#), "[One study](#) found that 41% of remote workers felt stressed compared to only 25% of those who continued to work in the office. Of the same group, 42% had trouble sleeping, while only 29% of office workers reported the same." Leaving work in your home office or living room may be difficult, but employees can create routines and boundaries between work and home life.

Remote work may also contribute to a feeling of social isolation for some workers. Traditionally, Americans experienced many casual social

interactions around the office "water cooler," or after work at a company "happy hour." But remote work reduces or eliminates these interactions. Just as workers may benefit from avoiding negative social interactions in the workplace, they may miss out on positive social interactions. Remote workplaces—and remote workers—may have to think creatively about how to foster strong office social cohesion when there is no real "office."

BUSINESSES

Just as the shift to remote work has an effect on workers, it also affects businesses.

The obvious benefit for businesses is the low overhead (overhead [refers](#) to ongoing expenses unrelated to creating products) that comes with having either no physical office space or less physical office space. Start-ups, for example, can save as much as [\\$10,600 per employee annually](#) with remote work by having fewer or no offices, and therefore desks, utilities, and snacks. And the benefits can also be seen with non-profits. By way of example, the highly effective and respected [Hamilton Lincoln Law Institute](#), which receives regular mentions in *Reuters* and *Forbes*, has a fully remote team. They have a per-attorney operating cost of \$177,285; the average for similar organizations is \$611,217. Independent Women's Forum, publishing this report, has a fully remote team and regularly

publishes quality research that drives policy change. Non-profit boards and CEOs alike would serve donors and employees well by embracing the benefits of remote work. And the benefits extend into productivity.

Government employers experienced increased productivity as well. For example, Prithwiraj (Raj) Choudhury, a professor at Harvard Business School, [researched](#) the U.S. Patent and Trade Office's switch from working from home to "working from anywhere" in 2019, and the results were impressive. His study found that "WFA [work from anywhere] boosted individual productivity by 4.4%, as measured by the number of patents examined each month. The switch also led examiners to exert greater effort." Patent examiners are employed by the government to review patent applications submitted by inventors and determine if an invention meets the legal requirements for a patent. The USPTO has an annual budget of \$4,286 million, paid for by taxpayers. An increased output of 4.4 percent per employee is *a better use of taxpayer money*.

In addition to lower overhead and potential increases in productivity, when businesses have remote jobs, they create the possibility to draw from a wider talent pool. As an organization's talent needs change, they may need to hire for specific skill sets that are uncommon in the organization's physical location. Remote work allows an organization to draw from a wider talent pool and recruit employees with specific skill sets. Stegmeier Consulting Group, a firm specializing in business behavioral change and data [says](#), "With remote work, you open the doors to a talent pool outside of your business location and in some cases, reduce the need to train new hires for specific skills, as there is a greater

chance to recruit someone already proficient in the skill set required for that job role."

Potential Downsides for Businesses

But, like for employees, remote work has its tradeoffs, and there is disagreement in the research about remote work and productivity. In fact, some studies attribute fully remote work to lower productivity.

Researchers at the Stanford Institute for Economic Policy Research (SIEPR) [researched](#) remote work policies and found that fully remote work results in 10 percent lower productivity than fully in-person. The study attributes the lower productivity to "communicating remotely, barriers to mentoring, building culture and issues with self-motivation." It nonetheless concluded, "But fully remote work can generate even larger cost reductions from space savings and global hiring, making it a popular option for firms." Private businesses and organizations must decide what works best for their goals. However, the research shows that remote work, or at least hybrid work, can save money and positively impact productivity.

Just as there are potential downsides for businesses in terms of productivity, so too, there can be negative economic impacts for commercial spaces and businesses that depend on office workers as their customers. A 2021 CNN Business article [explains](#) that Starbucks's in-store transactions were down, likely due to the decrease in office worker foot traffic. The article went on to explain, "As a global coffee behemoth, Starbucks has a staying power that smaller, local coffee shops don't have." Small businesses that cater to office workers may not be able to handle the decrease in customers. Just as businesses may be impacted by a decrease in office workers, so too, may commercial real estate.

Many Americans may notice an increase in “For Lease” signs in and around office buildings, and these observations are supported by data. In May 2023, National Public Radio (NPR) published an article about empty office buildings that [said](#), “Nearly [20% of office spaces](#) are currently empty across the United States. ... [A]nd it’s worse in places like San Francisco and downtown Los Angeles, where more than a quarter of offices are sitting empty.” The article continues, “If companies continue to give up their leases and if demand for office space remains sluggish, office landlords won’t be able to collect the rents needed to keep up with mortgage payments to pay off commercial loans, according to analysts.” As offices remain empty, landlords aren’t collecting rent, and their revenue decreases—opening the possibility for serious impact on commercial real estate.

ENVIRONMENTAL AND HOUSING IMPACTS

Housing

Remote work may have potential positive impacts on housing prices. Over the past several decades, cities have become hubs for businesses and workers, mainly due to what the Organisation for Economic Cooperation and Development (OECD) [calls](#) the “economics of agglomeration” or how industries and organizations can grow in groups in specific locations. By way of example, Silicon Valley is [known](#) for tech, and New York City [for](#) finance. But, as more organizations embrace remote work, employees can live outside these “hubs” in places with a lower cost of living and more affordable housing. And, as a result, housing prices may drop in areas with high housing prices. But there are always tradeoffs.

Housing prices could very well rise in areas within proximity to major urban areas, and this is [supported](#) by a 2022 Brookings report, which says, “The housing market inflations in previously stagnant urban areas in Midwest and suburban regions in the West and East imply that employees may have migrated to these areas during the pandemic as an environment of more flexible work arrangements took hold.” While remote work has offered flexibility and the opportunity for families to move to more affordable areas, the affordability of such areas may change with increased housing demand. Nevertheless, remote work can bring new economic opportunities to previously overlooked geographic areas.

[According](#) to the World Economic Forum, “Remote work also has great potential in helping spread productivity across different geographies, rather than hoarding economic opportunity into a handful of geographies with costly housing markets.” Companies can hire people in places like Iowa and South Dakota, where housing is cheaper, providing more economic opportunity to less densely populated parts of the country.

Environment

There is evidence of some positive environmental impacts from remote work, primarily due to people commuting to work less in their cars. [According](#) to Forbes, data processing from Zoom calls emits “just 0.6% of the carbon emissions generated on a typical commute.” But not so fast. Cato Institute research [shows](#) that “passenger vehicles account for roughly 16.4% of U.S. greenhouse gas emissions.” Keep in mind “that the [U.S. accounts for only 15%](#) of global greenhouse gas emissions (compared with 30% for China).” Indeed, not commuting to and from work may

positively impact the environment, but the impact is relatively small in terms of global greenhouse gas emissions.

SOLUTIONS

Remote work's familial, business, and social impact is, by and large, positive. What policy solutions can be implemented that allow organizations to pursue remote work policies that advance their business?

Federal

Congress should **embrace policy ideas like** the “Multi-State Worker Tax Fairness Act,” originally introduced by two Democratic Senators from Connecticut. The act **is designed to** “restrict states’ ability to tax nonresident telecommuters, stipulating that an individual cannot be deemed to be present or working in a state for tax purposes when they are working from their home in another state.” Essentially, whatever state an employee works in is where they are taxed—irrespective of where their employer is.

The federal government should **repeal** the State and Local Tax SALT deduction. The SALT deduction allows taxpayers who itemize their taxes to deduct the income and property taxes paid to state and local governments from the amount owed in federal taxes. As such, it unfairly benefits high-income earners in states with high taxes, thereby further incentivizing companies to keep their businesses in already-densely populated states (for example, California and New York). Repealing SALT could motivate states to lower their income taxes, and as a result, high-income, highly skilled workers may work remotely in less populated areas. In turn, companies will need to offer remote policies to retain the talent.

State

Currently, seven states have a “convenience of the employer” rule, which is exactly what it sounds like. When a person lives in one state but works in another, they may have a **tax** liability in both states but typically receive a **tax credit** to eliminate **double taxation** of that income. However, six states—Arkansas, Connecticut, Delaware, Nebraska, New York, and Pennsylvania—do not have this rule. These states tax employees based on the location of an office, even if the employee does not actually work in the state. As a result, these employees can be denied their home state’s credit for taxes paid to another state.

This aims to make taxes convenient for the employer or business rather than the employee. However, it results in a taxation situation that can disincentivize remote work. States should repeal their “convenience of the employer” rules to allow businesses and employees to benefit from remote work should they so choose.

States **with** onerous family leave, unemployment, or licensure laws would be well-served to reassess those laws to be more business and employee-friendly. This would foster remote work as well as business growth in general.

Finally, states should remain vigilant in protecting independent contracting. Independent workers often work from home and enjoy a high level of flexibility. Gig work, freelancing, or independent contracting is attractive to many workers because of these benefits. Sadly, some states—like California—have made it much harder for independent contractors. This arrangement should be an option for workers who prefer it.

WHAT YOU CAN DO

Get Informed

Learn more about remote work:

- [Hear Real Stories of Workers Impacted by Job-Killing Regulations](#)
- [Learn How You Are Affected by Taxes](#)
- [Learn the Truth About Childcare Subsidies](#)

Talk to Your Friends

Help your friends and family understand these important issues. Share this information, tell them about what's going on and encourage them to join you in getting involved.

Become a Leader in the Community

Start an Independent Women's Network chapter group so you can get together with friends each month to talk about a political/policy issue (it will be fun!). Write a letter to the editor. Show up at local government meetings and make your opinions known. Go to rallies. Better yet, organize rallies! A few motivated people can change the world.

Remain Engaged Politically

Too many good citizens see election time as the only time they need to pay attention to politics. We need everyone to pay attention and hold elected officials accountable. Let your Representatives know your opinions. After all, they are supposed to work for you!

Connect with IWF! Follow us on:

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ABOUT INDEPENDENT WOMEN'S FORUM

Independent Women's Forum (IWF) is dedicated to building support for free markets, limited government, and individual responsibility. IWF, a non-partisan, 501(c)(3) research and educational institution, seeks to combat the too-common presumption that women want and benefit from big government, and build awareness of the ways that women are better served by greater economic freedom. By aggressively seeking earned media, providing easy-to-read, timely publications and commentary, and reaching out to the public, we seek to cultivate support for these important principles and encourage women to join us in working to return the country to limited, Constitutional government.