

A low-angle photograph of a modern glass skyscraper, showing the grid-like structure of the windows and the building's facade. The image is partially covered by a large blue overlay that contains the text. The blue overlay has a diagonal split, with a darker blue on the left and a lighter blue on the right.

KENTUCKY REMOTE

An Innovative Approach to
Economic Development

WHO WE ARE



Lincoln Brown

**Social Impact Investor & Advisor;
Serial Entrepreneur**



Brian Raney

**Co-Founder / CEO
Awesome Inc & APAX Software**



Hannah Conover, CPA

**VP of Operations
Kentucky 2030 Project**

PROBLEM

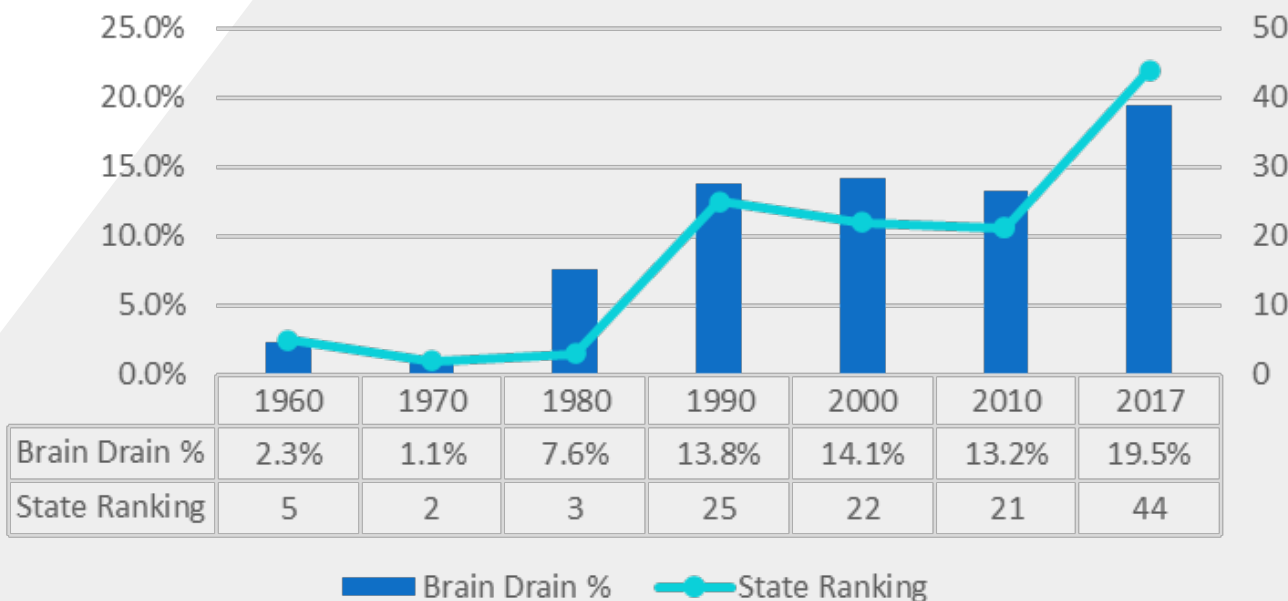
A study by the US Joint Economic Committee found that Kentucky ranks 44th in the nation for **losing our most highly-educated citizens**.

In 1970, we were the 2nd best at retaining talent, giving KY the **worst trend-line change in the nation** over the past 50 years.

This lack of robust labor supply pool creates a **barrier for new businesses and economic opportunities**.

Kentucky Outmigration Trends

(% Highly Educated among Leavers minus % among Stayers)





OPPORTUNITIES

Remote Work & Migration

- 1 in 4 Americans now work remotely full-time
- By 2025, the number of fully remote workers is expected to double from pre-pandemic levels [\(Source\)](#)
- 14-23 million Americans are planning to move as a result, with 21% choosing to abandon high-priced, urban metro areas [\(Source\)](#)

Quality of Life vs Cost of Living

- Kentucky cities, such as Lexington and Louisville, are consistently ranked highly for affordability and quality of life measures
- Vast migration of workers gives Lexington an opportunity to capture this talent

“WORK FROM ANYWHERE IS HERE TO STAY...POLICY MAKERS AND POLITICIANS SHOULD VIEW THIS AS AN OPPORTUNITY FOR ATTRACTING TECH WORKERS AND FUTURE ENTREPRENEURS.”

- Prithwiraj Choudhury, Harvard Business School Professor specializing in the study of Remote Work

EMERGING SOLUTION: REMOTE WORKER TALENT RECRUITMENT

WHAT IS IT?

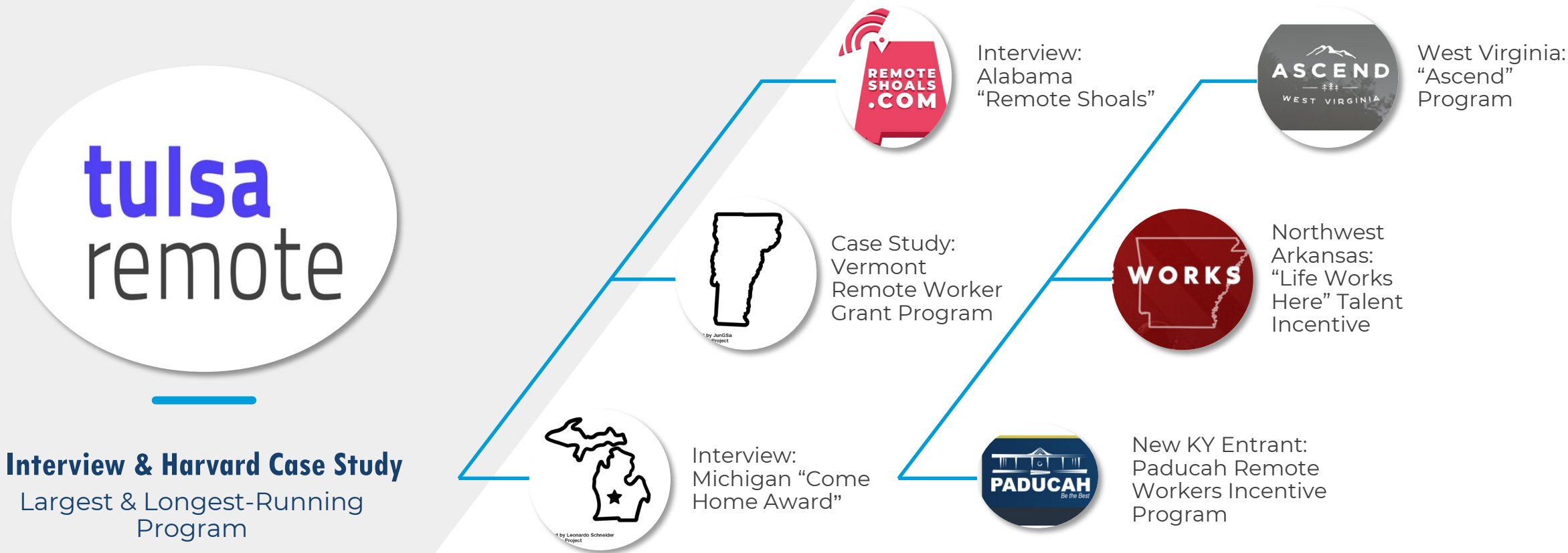


AN ECONOMIC DEVELOPMENT PROGRAM AIMED AT ATTRACTING **INDIVIDUALS** RATHER THAN COMPANIES, WHICH YIELDS ECONOMIC IMPACT SIMILAR TO ATTRACTING A **TOP-10** PRIVATE-SECTOR EMPLOYER TO THE CITY.

PRIMARY BENEFITS:

1. Increase pool of talented workers needed to attract Tier 1 companies (chicken/egg)
2. Add high-income citizens to the tax base

RESEARCH & INTERVIEWS OF COMPARABLE PROGRAMS



TYPICAL PROGRAM OPERATION



APPLICATION & SELECTION

Committee chooses diverse, talented, and community-minded applicants



FINANCIAL INCENTIVE

\$10,000 relocation grant paid to each participant over 1 year



COMMUNITY & RETENTION

Coworking and regular community-building events ensure retention

“THE TULSA REMOTE PROGRAM...HAS SHOWN
PAYOFF IN BOTH **INCOME TAX REVENUE**,
PROJECTING A BOOST OF \$1.4 MILLION IN 2020,
AND IN COMMUNITY ENGAGEMENT; MANY
OF THE 300-SOME PARTICIPANTS CONTINUE TO
VOLUNTEER LOCALLY.”

- Article in reference to [Harvard's case study](#) on the Tulsa Remote program



TULSA REMOTE METRICS

- **10,000** applications at launch in 2018
- **95%** retention for first cohort; **88%** of all cohorts intend to stay per latest polls
- Average annual salary of recruits **>\$100,000**
- Quick recruit growth: 25 in 2018; **>300 recruits by 2020; nearly 1,000 now**
 - 40% of first cohort also brought family members and other employable adults
- Consistently recruiting **cohorts of 400+** participants on a rolling basis

KEY BENEFIT SUMMARY

Piloted and Proven Elsewhere



Oklahoma: Tulsa Remote
West Virginia: Ascend
Alabama: Remote Shoals
Newest: City of Paducah, Kentucky

Guaranteed Tax Base Increase



Average salary of participants: \$100,000
Tulsa added \$1.4mm income tax revenue in 2020

Talent Pool Increase



1,000s of applicants, majority highly-educated STEM
West Virginia just had 7,500 applications at launch in 2021

PILOT RETURN ON INVESTMENT FOR LEXINGTON & KENTUCKY

Recruits in Pilot	Initial Investment	Long-term Retention Assumption	Direct NPV (Tax Revenue)	Total Lifetime NPV (w/ local spend multipliers)
200	(\$3.4 MM)	85%	\$8.6 MM	\$62 MM
Direct impact of tax base increase alone create significant value above cost, but the added “induced” value of participants spending new dollars in the local economy yields a long-term NPV of over 10X the cost.				

OVER 10X RETURN TO THE CITY & STATE PER \$1 INVESTED

PILOT BENEFITS SPECIFIC TO LEXINGTON

TANGIBLE

- A 200-recruit pilot could yield \$450k in annual occupational tax revenue for Lexington
 - 2.25% of \$20MM tax base, assuming \$100k salary
- Recruits also tend to bring other employable adults with them (40-60% in comp programs)
- If recruits spend 35% of their wages locally, this could inject \$7MM annually into the Lexington economy, supporting small businesses and inducing further jobs / tax revenue

INTANGIBLE

- Rigorous selection criteria would target new citizens that are diverse, talented, and community-minded:
 - Improve the talent pool for in-demand skills
 - Invigorate the local STEM and Entrepreneurial community
 - Entice graduates to boomerang back
 - Benefit from agglomeration effects

POTENTIAL GROWTH OF LEXINGTON PROGRAM

Example 5 Year Growth

Year:	1	2	3	4	5
Cohort 1	50	43	38	36	35
Cohort 2		150	128	115	109
Cohort 3			300	255	230
Cohort 4				400	340
Cohort 5					500

Total Recruits	50	193	466	806	1,213
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Pilot

Equivalent to large regional employer

Assumptions

Year	Size	Retention Curve
1	50	85%
2	150	90%
3	250	95%
4	350	95%
5	500	95%

“BLUE SKY” 5 YEAR GOAL FOR LEXINGTON

1,200 Retained Recruits

\$120 MM New Wages

\$100k Average Salary

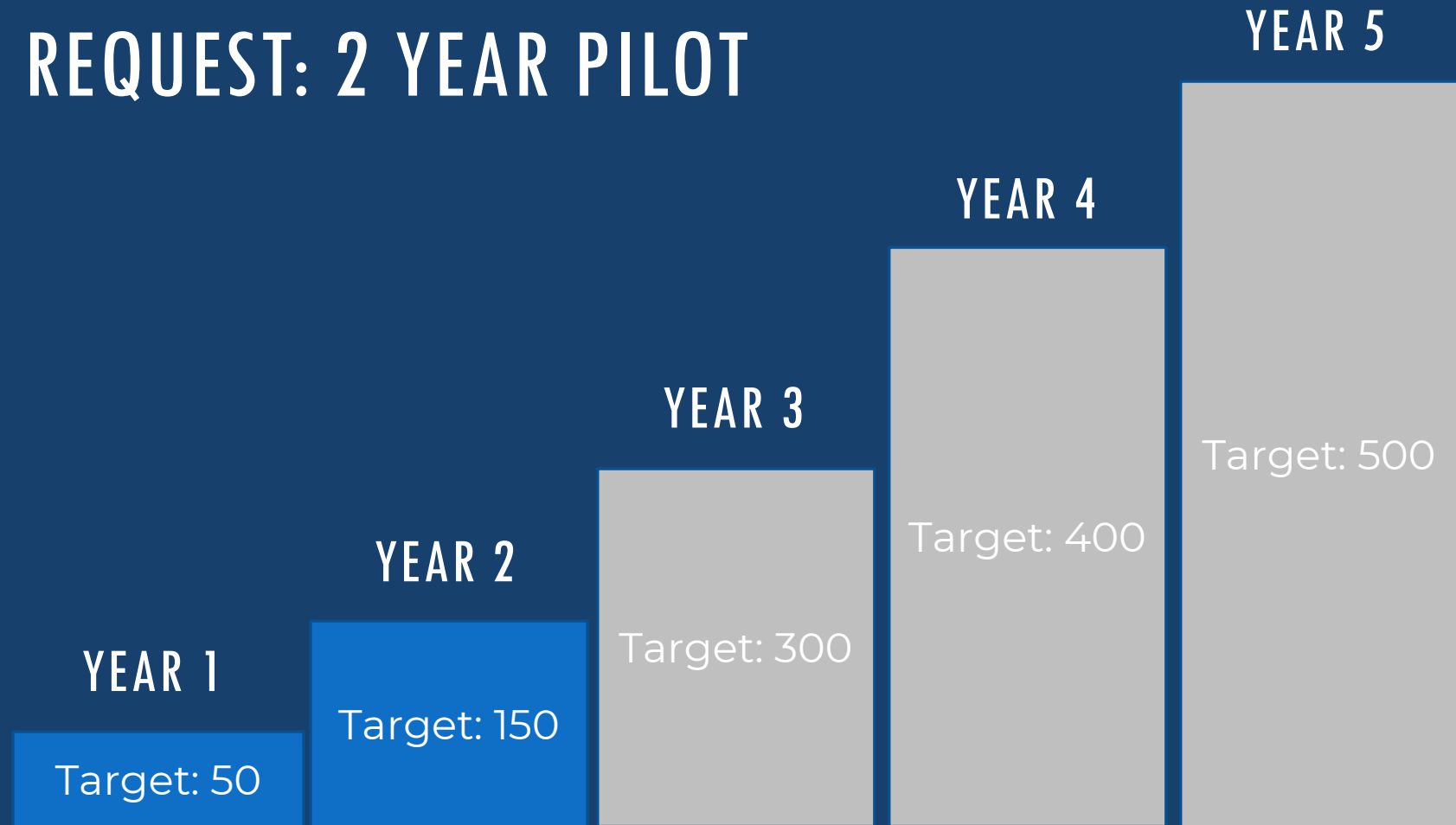
\$2.7 MM New Revenue

Annually, occupational tax at 2.25%

\$42 MM Local Spending

Annually, if 35% of wages spent

FUNDING REQUEST: 2 YEAR PILOT



LEVEL OF SUPPORT:

INITIAL COSTS

\$3.4MM

SWITCH TO TRAILING REVENUE %

EXAMPLE: 1% OF PAYROLL TAX

FUNDING SUSTAINABILITY: PUBLIC-PRIVATE PARTNERSHIP

- Philanthropic support and/or matching likely available upon launch
- Annual cohorts mean no long-term commitments are necessary
- A large, successful pilot in Lexington would provide metrics necessary to garner support at the state level

QUESTIONS



APPENDIX: OPERATING PLAN EXECUTED BY AWESOME INC

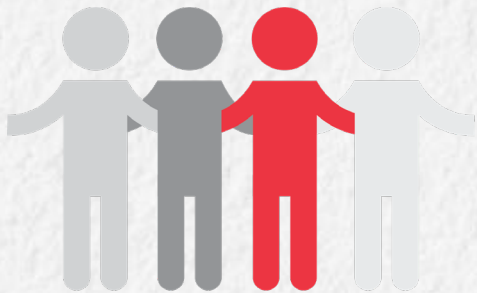
AWESOME INC CORE VALUES



Core Value #1
be: Good



Core Value #2
be: Excellent



Core Value #3
be: A Friend



Core Value #4
be: You

WHY AWESOME INC

- Mission: Build community around entrepreneurship and technology (12 years of experience)
- Infrastructure is in place
- Ties into other initiatives
 - Coding School
 - Fellowship Program
 - Community Space
 - Events
- Create more Kentucky Entrepreneur Hall of Fame Inductees



EXECUTION → Suggested Timeline



EXECUTION → Key Partners

- VisitLex
- Governor's Scholars Program
- Governor's School for Entrepreneurs
- BaseHere
- CLEX
- LFUCG
- Downtown Lex
- Real Estate Agent
- Other Awesome Inc Programs (ie. discounts to coding classes, access to events)



EXECUTION → Budget

- \$10K Stipend for 200 recruits = \$2MM
- Startup Costs + Overhead @ 200 recruits = \$7K / recruit = \$1.4MM
 - Staff Salaries
 - Coworking Space
 - Website
 - Marketing / Recruiting
 - Application Management Software
 - Programming / Event Cost

Note: Larger cohorts realize economies of scale on costs