THE QUIET SUCCESS:
Telecommuting's Impact on Transportation and Beyond

By Ted Balaker

The decision to forego the daily commute and work from home might not seem particularly revolutionary. Yet telecommuting has a positive impact on a surprisingly wide range of issues.

Telecommuting may be the most cost-effective way to reduce rush-hour traffic and it can even improve how a weary nation copes with disasters, from hurricanes to terrorist attacks. It helps improve air quality, highway safety, and even health care as new technology allows top-notch physicians to be (virtually) anywhere. Telecommuting expands opportunities for the handicapped, conserves energy, and—when used as a substitute for offshore outsourcing—it can help allay globalization fears. It can even make companies more profitable, which is good news for our nation's managers, many of whom have long been suspicious of telecommuting.

Other than driving alone, telecommuting is the only commute mode to gain market share since 1980. The Census Bureau notes that from 1990 to 2000 the number of those who usually worked at home grew by 23 percent, more than twice the rate of growth of the total labor market. Since 2000, telecommuting has continued to grow in popularity. Roughly 4.5 million Americans telecommute most work days, roughly 20 million telecommute for some period at least once per month, and nearly 45 million telecommute at least once per year.

And telecommuters drive less than office workers. During the days they telecommute, workers reduce their daily trips by 27 to 51 percent and driving (vehicle miles traveled) by 53 to 77 percent. Although they effectively receive no public subsidies, telecommuters actually outnumber transit commuters in a majority (27 out of 50) of major metropolitan areas (those with populations over 1 million). Telecommuters outnumber transit commuters in places like San Diego, Dallas, and Phoenix. They outnumber transit commuters by more than two to one in places

like Raleigh-Durham, Tampa-St. Petersburg, and Nashville. In Oklahoma City telecommuters outnumber transit commuters by nearly five to one.

Telecommuters tend to be highly educated and financially well-off. Most of the top telecommuting metropolitan areas tend to be fast-growing regions with high concentrations of technologically savvy workers who feel comfortable using the Internet and other tools common to remote work. Denver, Portland, and San Diego are the top three telecommuting metropolitan areas (as measured by percentage of workforce that telecommutes). Atlanta and Washington, D.C. lead the nation in telecommuting growth, yet every major metropolitan area has experienced strong growth.

Many strong social trends suggest that telecommuting will become even more prevalent in the future.

SOCIAL TRENDS

1. Our nation is growing wealthier.

Increased wealth and increased driving generally go hand-in-hand. Commuters have shown through their actions that driving alone is the option that offers the most convenience, speed, and comfort. Driving alone is clearly a mode of wealth, and as the only other wealth mode, telecommuting is uniquely suited to compete with solo driving. No matter how fast driving alone might be, it will never be faster than avoiding the trip entirely. Indeed virtual trips are the natural extension of increased mobility. While they are online or on the phone, people can "go" almost anywhere.

2. Telecommuting-enabling technology continues to improve.

From cell phones, to laptops, to high-speed Internet access, the tools of telecommuting continue to improve even as they drop in price. Improved technology has made physical location less important. If you can enjoy all or most of the benefits of conducting a meeting via conference call or teleconference it becomes less necessary for business associates to drive to a central location. Constantly improving technology will continue to give more people more opportunity to telecommute more often.

3. Telecommuting-friendly jobs are becoming more prevalent.

As the "knowledge economy" expands more of us will work in occupations that are better suited to telecommuting.

The Bureau of Labor Statistics expects IT jobs to experience the most rapid growth, accounting for eight of the top ten fastest-growing occupations. For more of us, the product of our labor is not a physical thing, but an idea, and ideas, unlike cars or other manufactured products, are weightless and well-suited to electronic transmission.

4. Employment centers are decentralizing.

Policymakers often fail to appreciate just how powerful the trend toward decentralization is. America's metropolitan areas are decentralizing, but we're not alone—Paris, London, Tokyo—nearly every major metropolitan area in the developed world is decentralizing. And employment has decentralized alongside housing. The term "central business district" grows ever more misleading as CBDs decline in importance and give way to a multitude of employment clusters.

The rise of decentralization does not necessarily aid telecommuting, but since it is so difficult for certain other commute modes to adjust to this demographic shift, at-home work becomes more feasible by comparison. Consider that most (52 percent) commuters do not go directly to and from work, but stop along the way to pick up kids, drop off cleaning, buy a latté or to complete any number of errands. The countless origin and destination points make it even harder to coordinate carpools or design transit systems.

5. People are personalizing more aspects of their lives.

From iPods, to Tivo to blogs, Americans enjoy personalizing their lives. It is only natural that they would want to personalize the activity that accounts for most of their waking hours. Like other versions of the flexible workplace, telecommuting allows workers to personalize their work environment. Telecommuting requires workers to learn about themselves, and to discover the environment that suits them best.

6. Workers like telecommuting.

And why not? Telecommuting offers potentially big cumulative time savings. In most of our nation's large cities, those who telecommute "usually" (three out of five work days) for a year would save five or more calendar days (roughly 15 8-hour work days). New York City commuters would save the most time—nearly 8 days (23 work days) per year.

Even so, the American workplace often resists telecom-

muting. There are three formidable barriers to increased telecommuting: technology, perception, and public policy.

Slow, complicated, and expensive technology can make telecommuting more trouble than it's worth. Yet technological barriers are becoming less daunting all the time and as they continue to recede, other barriers become more significant by comparison.

Telecommuters are often more productive than office workers. Telecommuting can cut recruitment and training costs, absenteeism costs, as well as real estate and building maintenance costs. Telecommuting is good business and yet managers are slow to embrace the practice. A recent survey found that 80 percent of non-telecommuting employees report that their employers would not give them permission to telecommute. Many managers still regard telecommuters as low-grade slackers, loafing at home when they should be in the office working. But once word spreads that telecommuting boosts bottom lines, there will be little need for arm twisting from government bodies or researchers touting the larger societal benefits. Managers will embrace the practice because they realize it is in their interest to do so.

It is odd that public policy so often hinders telecommuting, particularly since elected officials are some of telecommuting's most enthusiastic supporters. But political barriers to telecommuting can be found at every level of government.

POLTICAL BARRIERS

1. Zoning Ordinances

Zoning codes hamper the growth of telecommuting, by, for example, strictly limiting the types of activities allowed in residential districts. Some provisions limit how many packages may be delivered to a home office. Local officials should relax zoning codes and allow for more home-based work.

2. Minimum Parking Requirements

Free parking is far from free. Minimum parking requirements collectivize the cost of parking by passing the expense onto developers, businesses, customers—nearly everyone besides motorists. Since they do not pay for parking directly, motorists have little incentive to economize. If minimum parking requirements were eliminated, developers would not have to abide by rather arbitrary regulations that often order more parking spaces than necessary. They would have greater flexibility to build only the number of parking spaces that are truly needed. Employers would be more likely to adopt programs that give employees the option to "cash out" the cost of their parking. Employees would be more likely to take the extra money and telecommute instead of driving to work.

3. Tax Law

Tax law can hinder telecommuting in many ways. For example, those who telecommute for a company headquartered in a different state face the possibility of double taxation, since each state may claim the right to tax telecommuters' income. The Internet access tax moratorium may expire and some lawmakers are eager to tax online sales. The Internet access tax moratorium should be made permanent and state and local legislators should work together to make income taxes and other taxes lower and less complex. Tax neutrality among businesses is an important consideration, but it should be achieved by lowering taxes, not raising them. Laws that make online services unnecessarily expensive make the tools of telecommuting unnecessarily expensive, and the result is that fewer people will telecommute.

4. Telemedicine Licensing

Telemedicine gives patients—especially patients in remote areas—access to more and better health care options, but regulations prohibit physicians from practicing medicine across state lines. Medical licensing laws should not restrict interstate competition; instead policy should allow consumers to shop from among many providers. In the United States, medical professionals go through a thorough licensing process, no matter the state. Policy should allow anyone licensed in any U.S. state to practice telemedicine in any other state. Short of that arrangement, states should enter into reciprocal licensing compacts.

5. Workplace Safety and Health Regulations

In 2000, the Occupational Safety and Health Administration (OSHA) attempted to expand its authority into home offices. Although the attempt ultimately failed, it raised suspicions regarding future government efforts to regulate home office environments. Often employers are already suspicious of telecommuting. If they were liable for the conditions of home offices, they would be even less likely to support at-home work. Elected officials should pass legislation that ends the regulatory uncertainty and makes it clear that OSHA-style

regulations will never be allowed to enter the home office.

Technology has done its part to spread it and America's workers have shown they are open to it. Now it's up to our leaders in politics and business to allow telecommuting to reach its full potential. ■

ABOUT THE AUTHOR

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Apart from policy studies and Reason Foundation outlets, Balaker's work has been published by the *Investor's Business Daily, The Washington Times, Orange County Register,* and *Playboy*, among others. He has appeared on many television and radio programs, including The CBS Evening News and various National Public Radio programs.

Prior to joining Reason, Balaker spent five years with ABC Network News producing pieces on issues such as government reform, regulation, addiction, the environment, and transportation policy. Balaker is currently writing (with Samuel Staley) *The Road More Traveled: Improving Mobility and Reducing Congestion in American Cities* (Rowman & Littlefield 2006).

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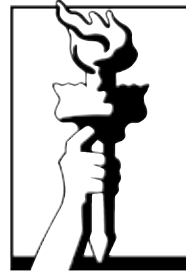
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