



# Americans Now Live Farther from Their Employers

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# Executive Summary

# Executive Summary

## What did we learn?

The pandemic catalyzed a big shift to work from home and, for many workers, a large increase in how far they live from their employers.

While much of the public conversation is about return-to-office mandates, we find a sustained pattern of worker migration away from the locations of their employers. We reach this conclusion by examining data from Gusto, which provides payroll processing and other services to mostly smaller and mid-sized employers.

The **mean distance from employee residence to employer location rose from 10 to 27 miles between 2019 and 2023**, and the share of workers living more than 50 miles from their employers jumped more than five-fold, from 0.8% to 5.5%. These developments are especially striking in the Information sector and in Finance & Insurance. They mainly reflect the fact that **employees hired since march 2020 live much farther away than other employees**.

Looking across age groups, the rise in distance to employer is most pronounced for people in their 30s. Distance to employer also rises steeply with earnings. Thus, **the pro-typical employee who lives far away from his or her employer is a high-earning Millennial working in the Information sector or in Finance & Insurance**.

Although some business executives continue to push for a return to pre-pandemic working arrangements, it will be hard to bring many employees back onsite five days a week, because they now live much farther away.



# Key Findings

1

The share of employees who live 50+ miles from their employers rose more than five-fold since 2020.



2

Employees in their 30s tend to live farther away from their employers than younger and older employees.



3

The more workers earn, the more likely they are to live far away from their employer.



4

Employees hired since March 2020 live much farther away from their employers.



# Data Description

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## The Dataset

- Anonymized payroll data from Gusto, a firm that offers payroll processing and HR services.
- The dataset runs from January 2017 to December 2023.
- The Gusto dataset mainly covers smaller and mid-sized employers.
- For the analysis in this report, we focus on a balanced panel of firms that operated throughout the period from January 2018 to December 2023. The balanced panel contains 6,813 firms – 5,793 after restricting attention to firms with an industry classification.
- We measure distance as the haversine (crow flies) distance between the zip-code centroid of the employee's residence and the zip-code centroid of the employer's location. When worker home and employer location are in the same zip code, we use the haversine distance between two randomly selected locations within the zip code.

# Data Description

## Data Cleaning

- We winsorize the individual-level distance data at 500 miles.
- Even before pandemic, some employers have many employees who live far away (50+ miles) from the employer location of record. This may happen because some multi-location employers assign all employees to a single location for payroll purposes. That would cause us to overstate the true distance from the worker's home to the correct employer location – i.e., the one the worker actually travels to when working at the employer's site.
- To address this concern, we proceed as follows: If the measured distance from home to assigned employer location exceeds 50 miles for at least 10% of a firm's workforce in any month before March 2020, we drop that firm and its employees from the balanced panel of firms that we use in our analysis.

# Data Description

## Weighting individual level employee observations

- We weight the individual-level data, so that the re-weighted distribution of employees across cells defined by the cross product of age bin, sex and major industry group in the Gusto data from 2018 to 2023 matches the corresponding distribution in the CPS from 2018 to 2023.
- We winsorize the weights to lie in the interval  $[.05, 20]$ .
- The age bins are 20-29, 30-39, 40-49, 50-65.
- We consider 14 major industry categories (2 digit naics).

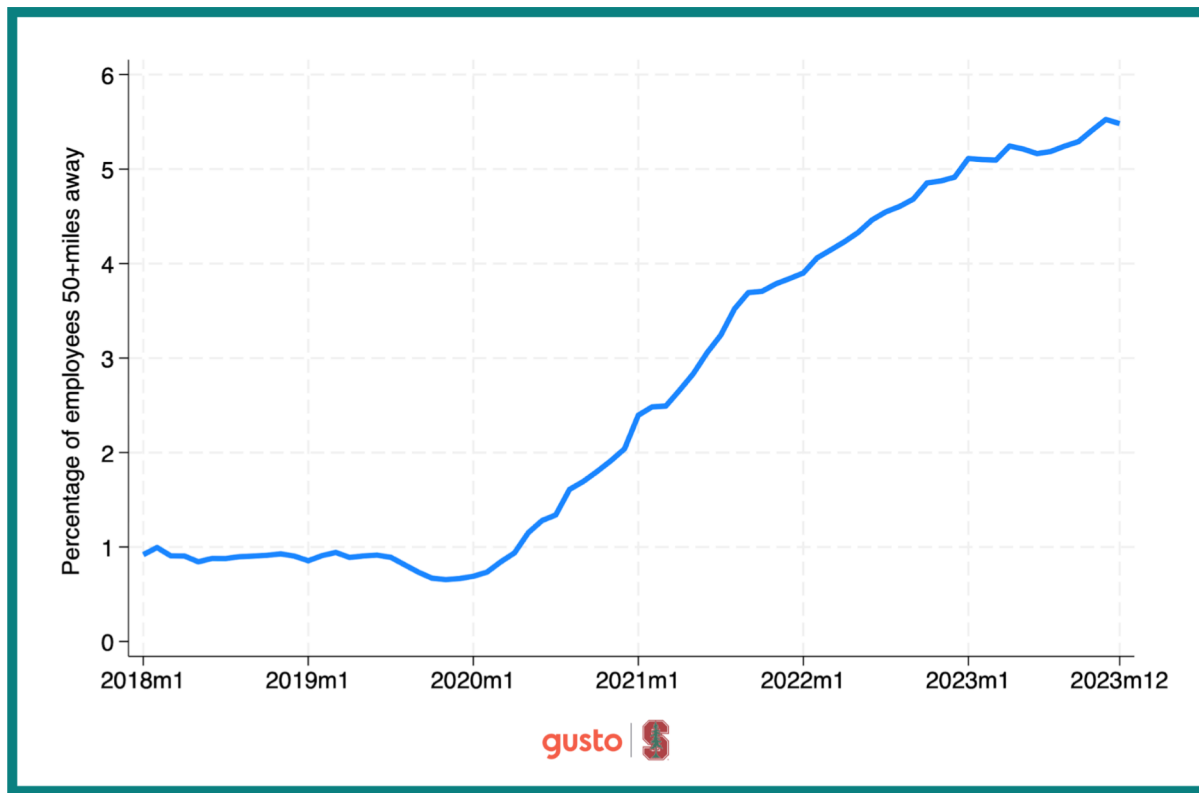
# Main Results

# Mean distance to employer's location rose from 10 miles in 2019 to 27 miles in 2023



**Notes:** The sample contains employees of 5,793 firms in a balanced panel of firms. Employee-level data are reweighted to match the CPS distribution by (age bin) X sex X major industry. Distance from home to employer location is winsorized at 500 miles. **Source:** Authors' calculations using Gusto data.

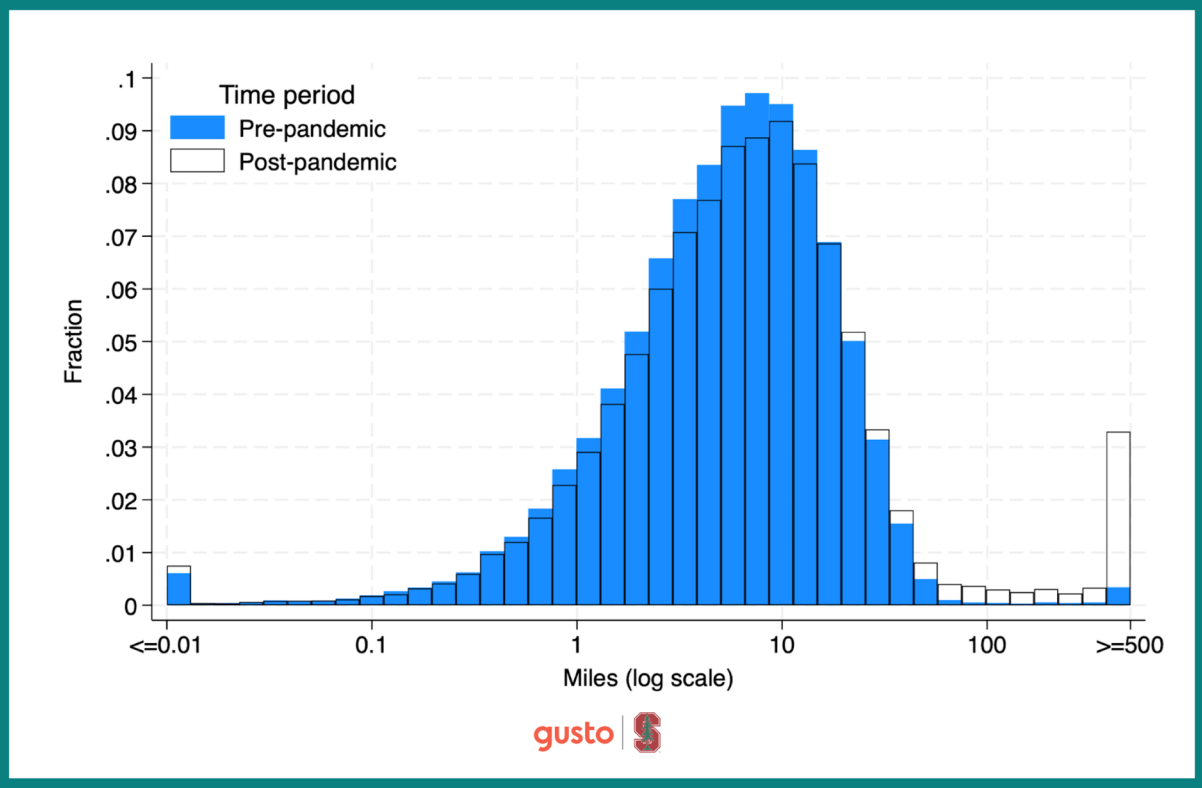
## The share of employees living 50+ miles away rose more than five-fold after the pandemic struck



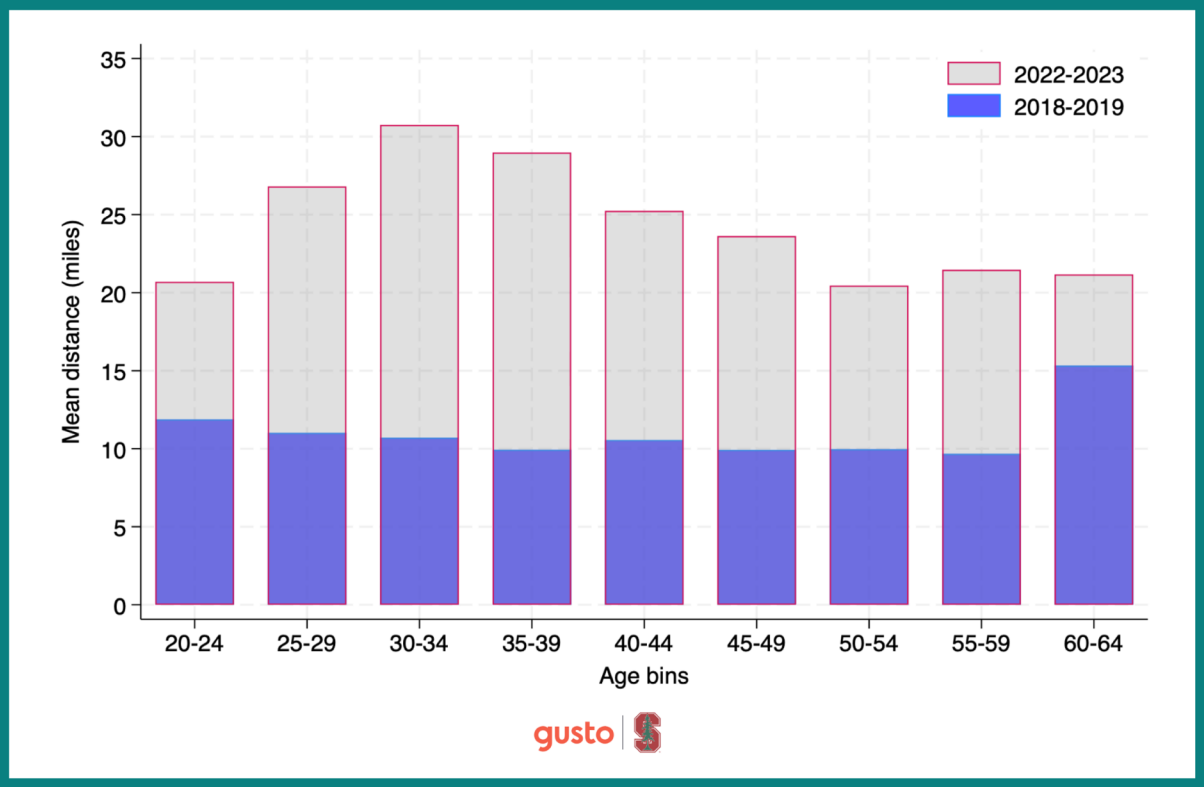
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# Distribution of the distance from residence to employer shifted rightward after the pandemic

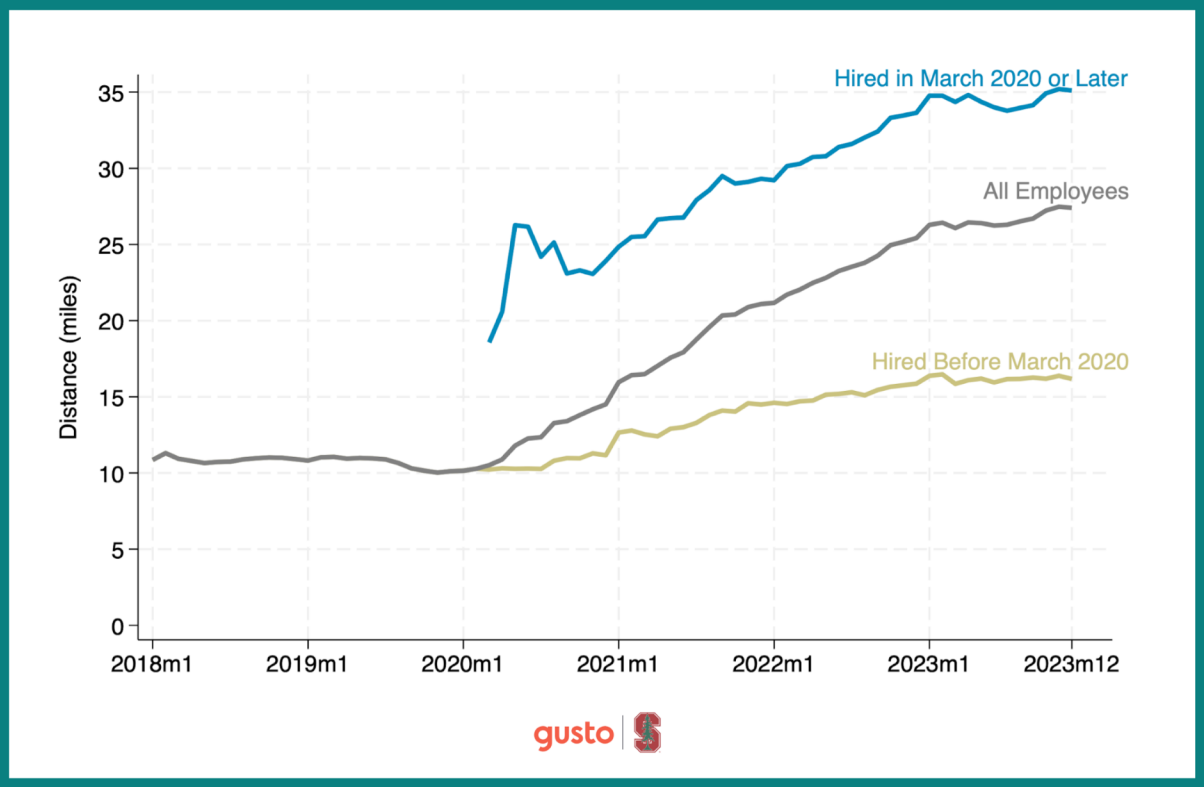


# Employees in their 30s live farthest away from their employers after the pandemic



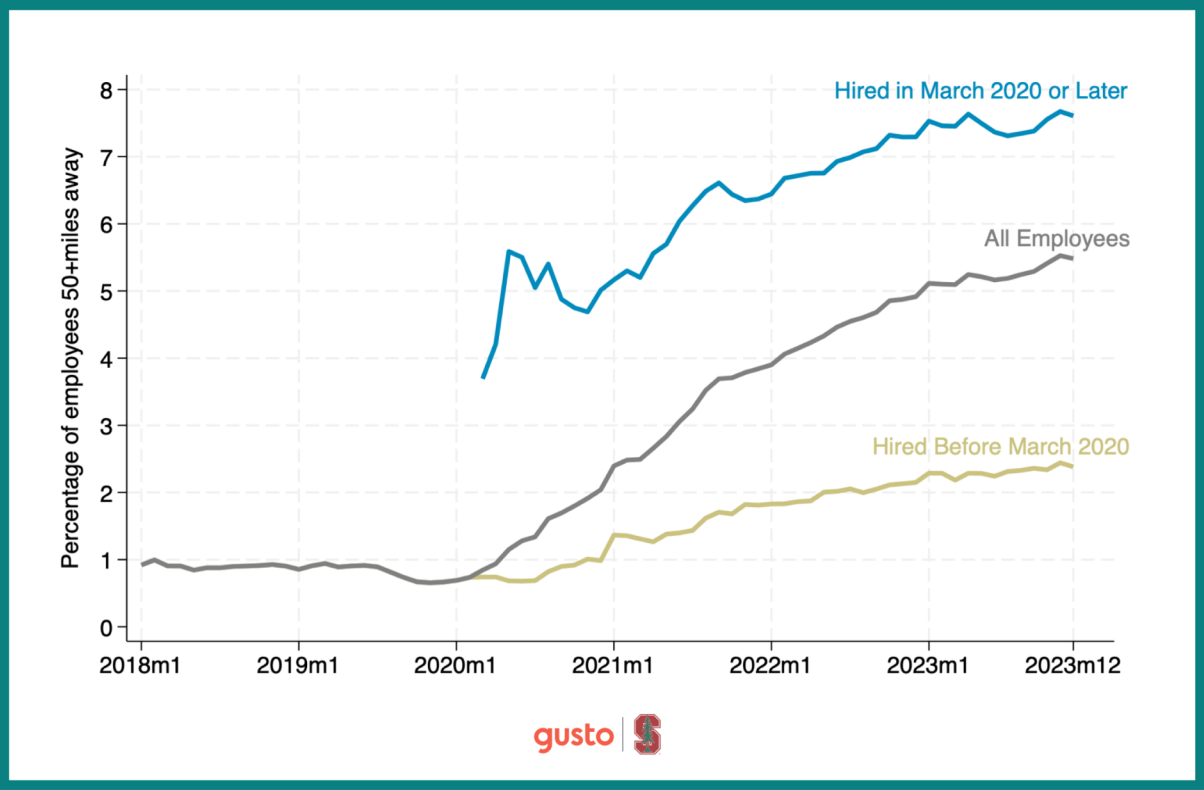
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# The rise in mean distance mainly reflects persons hired since March 2020



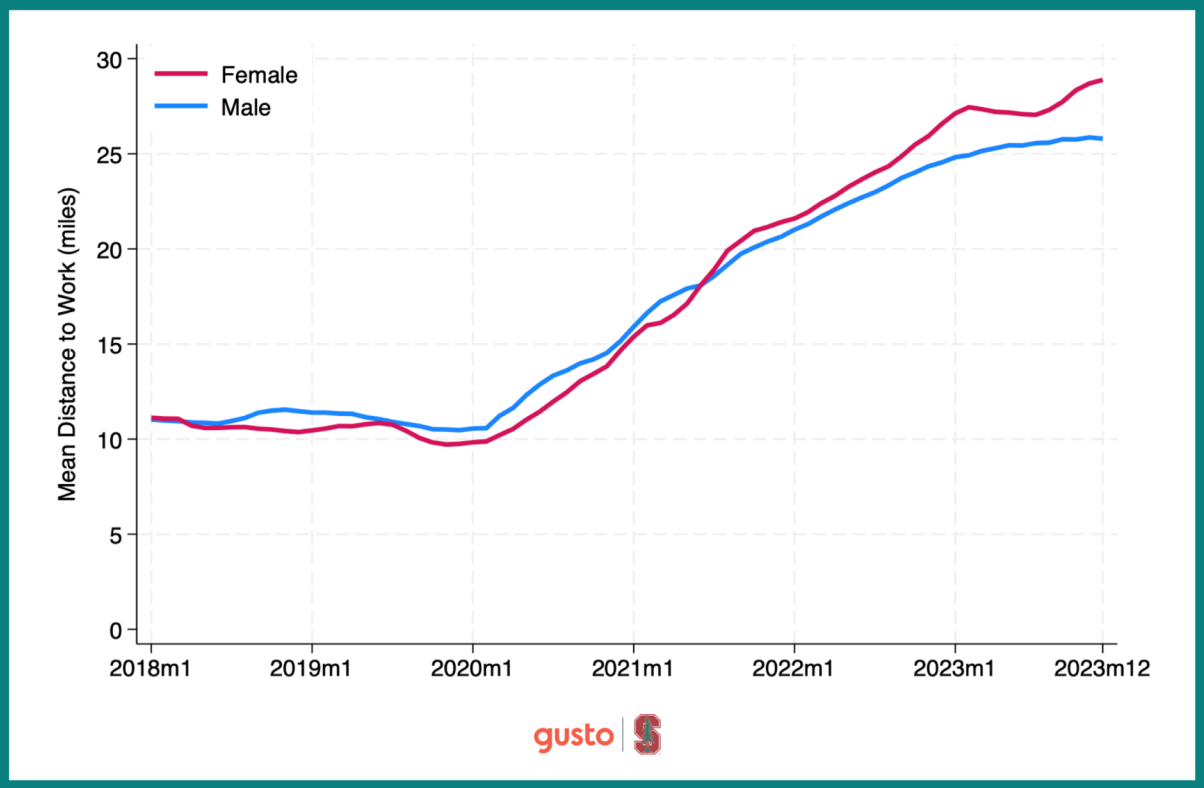
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# The increasing share of employees living 50+ miles away is mainly driven by new hires



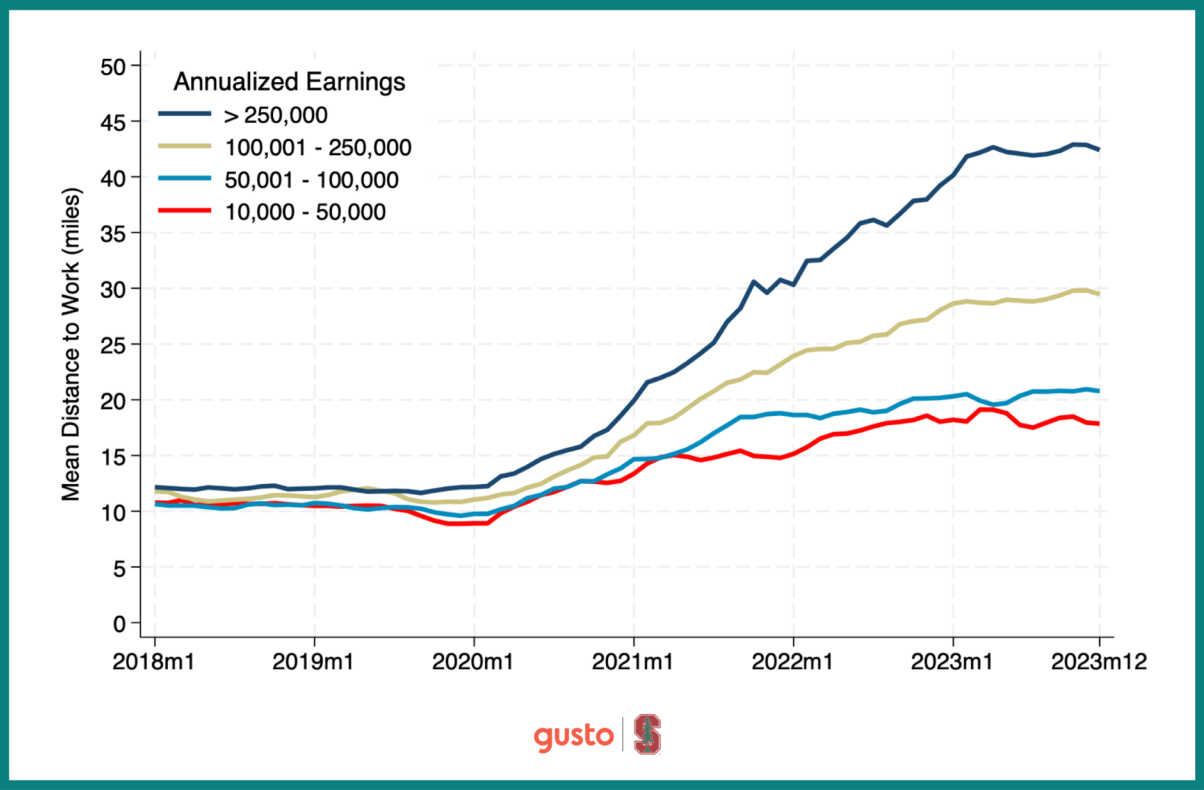
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# The distance to employer's location rose somewhat more for women



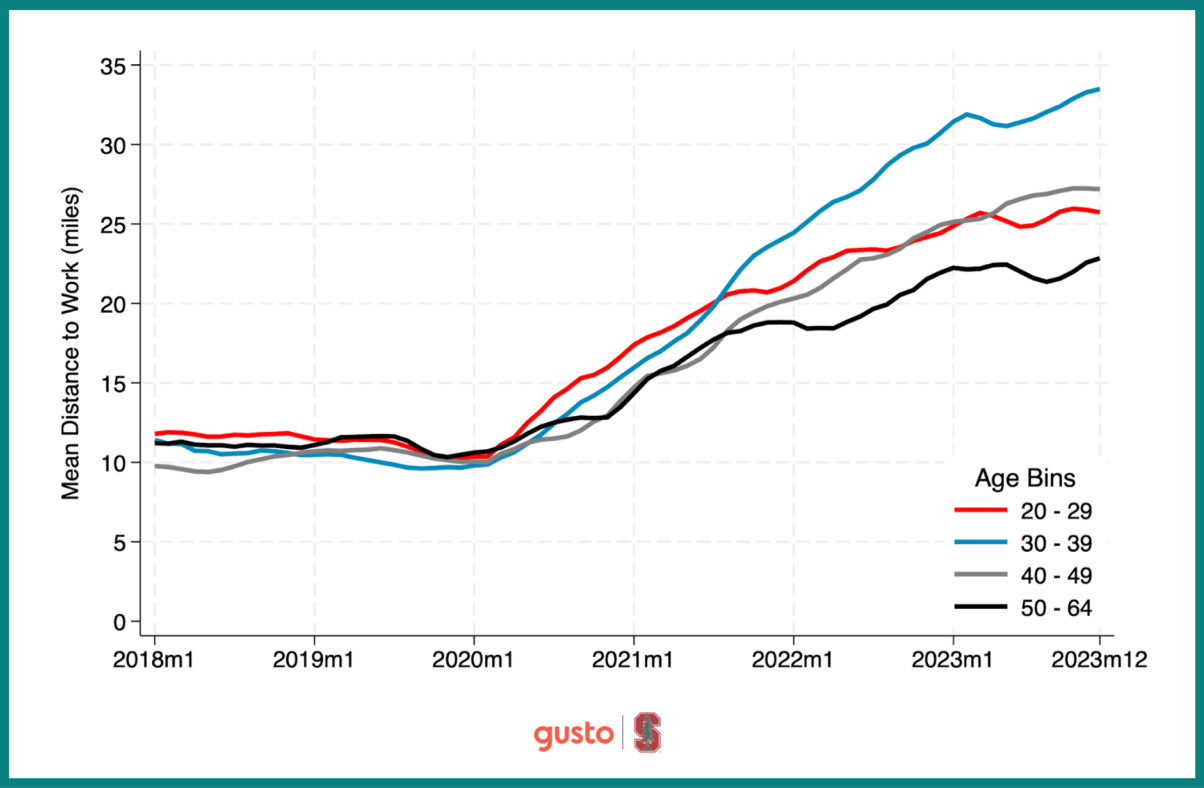
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# Mean distance rose more for workers with greater earnings



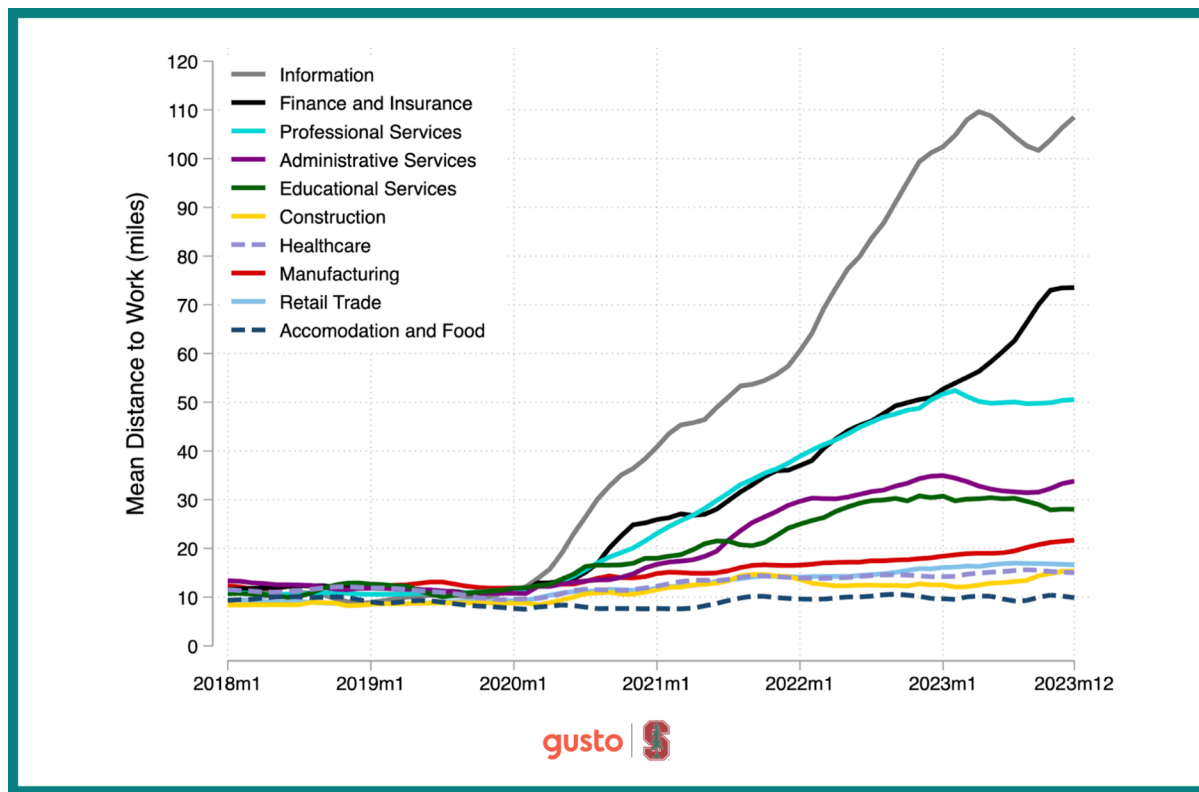
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# Mean distance rises more for workers in their 30s



**Notes:** The sample contains employees of 5,793 firms in a balanced panel of firms. Employee-level data are reweighted to match the CPS distribution by (age bin) X sex X major industry. Distance from home to employer location is winsorized at 500 miles. **Source:** Authors' calculations using Gusto data.

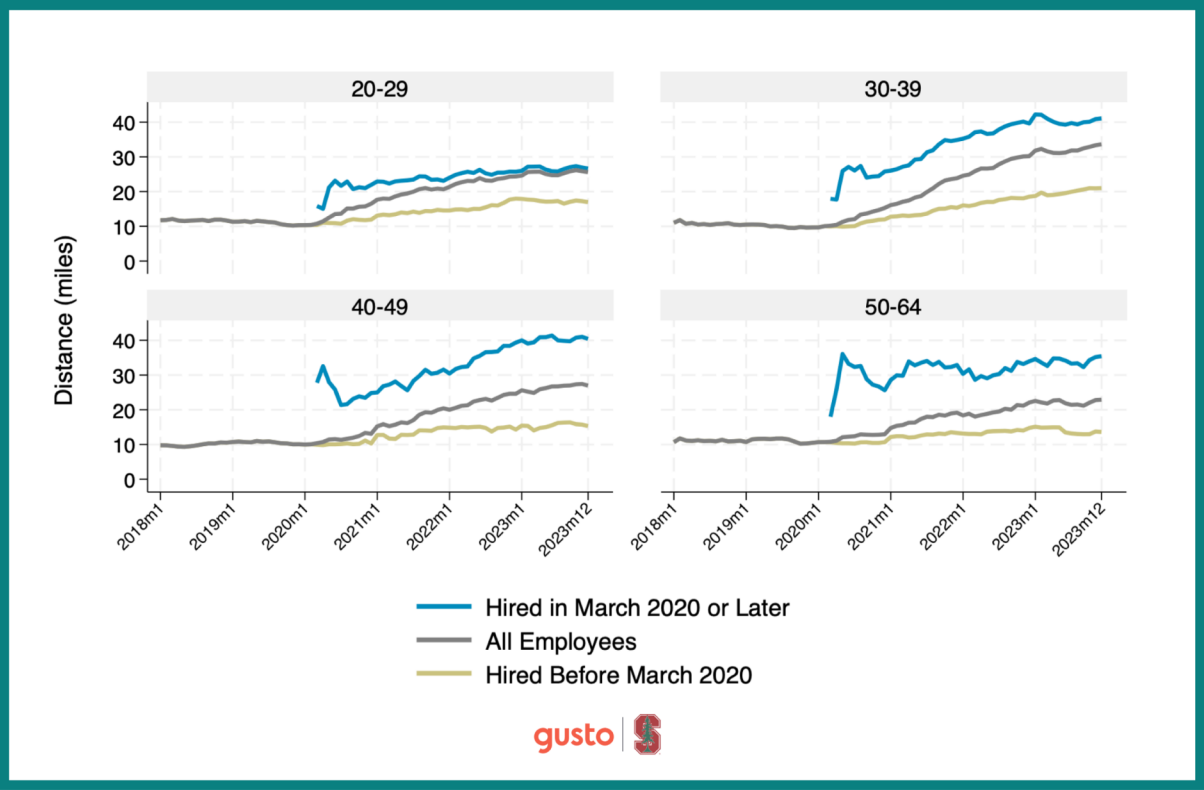
# Mean distance rises more for Information, Finance & Insurance, and Professional Services



**Notes:** The sample contains employees of 5,793 firms in a balanced panel of firms. Employee-level data are reweighted to match the CPS distribution by (age bin) X sex X major industry. Distance from home to employer location is winsorized at 500 miles. **Source:** Authors' calculations using Gusto data.

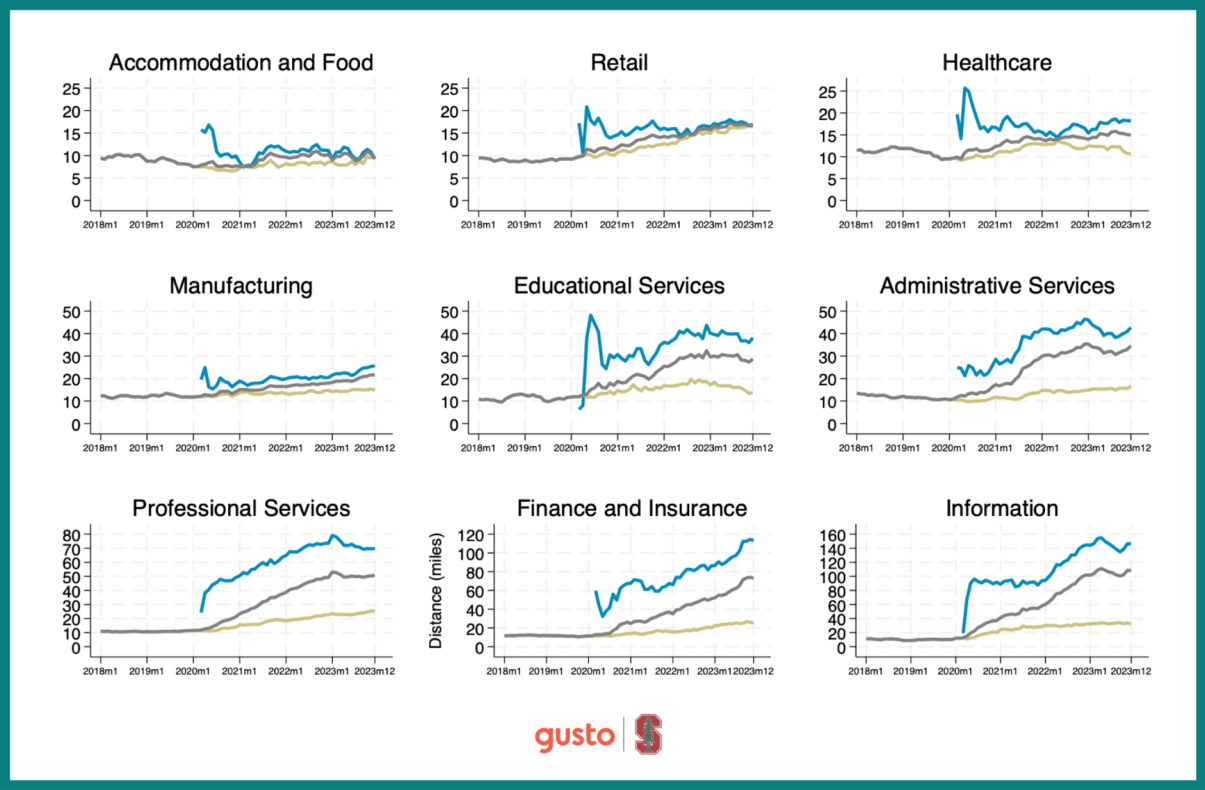


# New hires aged 30 to 49 are living over 40 miles away on average



**Notes:** The sample contains employees of 5,793 firms in a balanced panel of firms. Employee-level data are reweighted to match the CPS distribution by (age bin) X sex X major industry. Distance from home to employer location is winsorized at 500 miles. **Source:** Authors' calculations using Gusto data.

# New hires in finance and tech are living over 100 miles away on average



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## Share of employees by year and distance cutoffs

	Share $\geq$ 50 miles		Share $\geq$ 100 miles		Share $\geq$ 500 miles	
	2019	2023	2019	2023	2019	2023
Annualized earnings > 250K	0.86	8.82	0.68	7.66	0.42	5.20
Annualized earnings in (100K, 250K)	0.85	5.64	0.61	4.64	0.24	3.20
Information	0.70	23.46	0.47	21.58	0.18	16.08
Finance and Insurance	0.87	13.75	0.63	11.84	0.41	9.20
Professional Services	0.72	11.10	0.50	9.80	0.27	6.50
Employees hired before March 2020	0.82	2.28	0.58	1.90	0.26	1.21
Employees hired in March 2020 or later	.	7.20	.	5.81	.	3.80



**Notes:** The sample contains employees of 5,793 firms in a balanced panel of firms. Employee-level data are reweighted to match the CPS distribution by (age bin) X sex X major industry. Distance from home to employer location is winsorized at 500 miles. **Source:** Authors' calculations using Gusto data.

# Conclusion & Next Steps

# Additional

## Additional questions to look into

- How does the propensity to hire distant employees since March 2020 vary with employer characteristics – size, growth rate, local population density (near the employer), pay level, and more?
- What percentage of distant employees live in the same state as the employer's location, an adjacent state, another state?
- Do we see a concentration of distant employees who live in states with no income tax or a very low tax rate?
- Can we identify particular localities that have become havens for employees who live far from their employers?
- How does turnover differ between more and less distant employees?
- How do pay levels and growth rates vary by distance to employer?

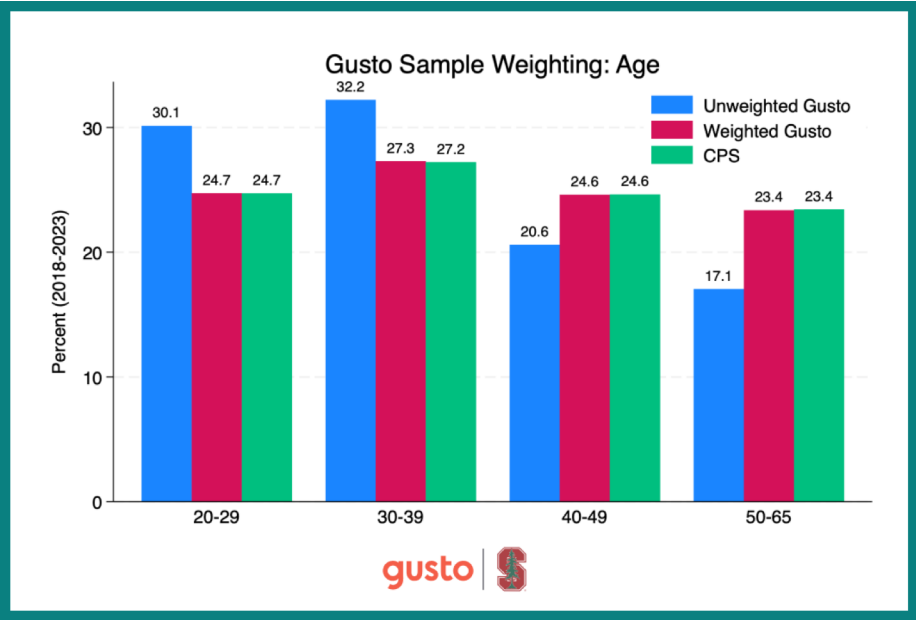
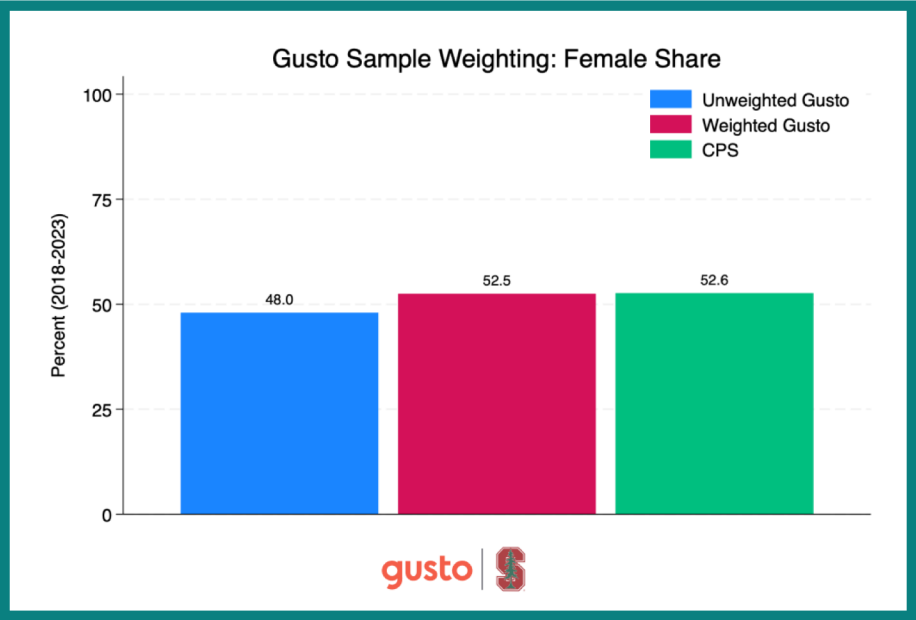
# Appendix

# Number of employees



**Notes:** Sample is employees of the balanced panel of 6813 firms from January 2018 to December 2023 after the firm level data cleaning for long pre-pandemic work-home distances.

# We reweighted the Gusto data to match the Current Population Survey data at the level of cells defined by the cross produce of age groups, sex, and 14 industry sectors.



**Notes:** Gusto sample is employees of the balanced panel of 5793 firms with non-missing age, gender, and industry codes from January 2018 to December 2023 after the firm level data cleaning for long pre-pandemic work-home distances. The CPS sample is from January 2018 to December 2023. The weights to match the gender-age bin-industry sector cell densities in Gusto to CPS cell densities are capped so that cells are not weighted less than 0.05x or more than 20x.



# Questions.

Please reach out to the Gustonomics team at [research@gusto.com](mailto:research@gusto.com) or the Stanford WFH Group at [nbloom@stanford.edu](mailto:nbloom@stanford.edu)