KPMG

Unlocking the future of higher education

Insights from our higher education remote work survey

August 2024
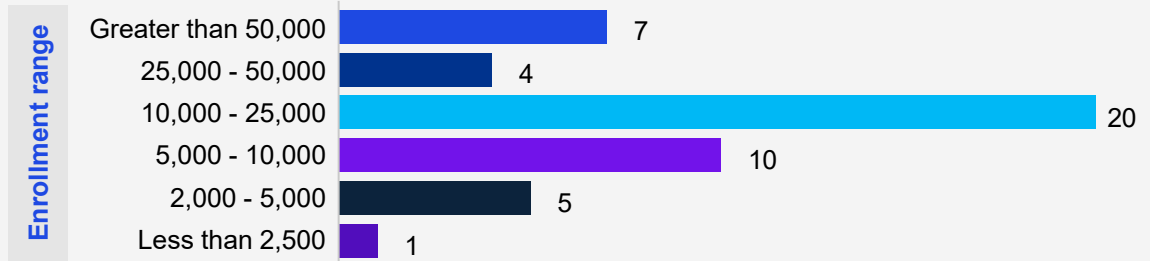
Remote work considerations and trends

In the rapidly evolving world of work, remote work has become a significant area of interest for both employers and employees. To gain a deeper understanding of this trend, particularly in the Higher Education sector, we conducted a wide-ranging survey focusing on the policy and processes that institutions have implemented.

More than 45 institutions participated from across the United States to share their current remote work framework, future plans, and areas of concern to the institution. Participants included both Academic (Vice Provosts, Assistant Deans, Professors) and Administrative (CFO's, Controllers, Payroll Directors and Tax Directors) leaders, providing a 360 degree view.

The results will give you insights into higher education trends, as well as actions for improving your institutions policies and processes.

Participant demographics

What is the enrollment (inclusive of undergraduate and graduate) of your university?

Enrollment range / No. of colleges

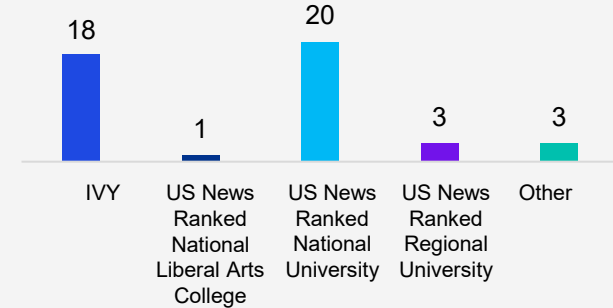| Enrollment range	No. of colleges
Greater than 50,000	7
25,000 - 50,000	4
10,000 - 25,000	20
5,000 - 10,000	10
2,000 - 5,000	5
Less than 2,500	1

20 out of 47 respondents i.e., 42.6 percent of the colleges have an enrollment count in the range of 10,000 to 25,000 students, 21.3 percent of the colleges have enrollment between 5,000 to 10,000 and 14.9 percent have an enrollment of more than 50,000.

Is your campus an urban or rural campus?

Rural	Urban
14	33
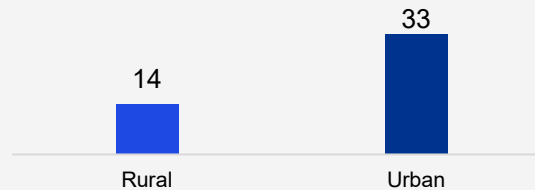
No. of institutions/universities 33 out of the 47 respondents i.e., 70.2 percent of the respondents' universities are located in urban areas, whereas 29.8 percent are located in rural areas.

In what category does your higher education institution fall under?

| IVY	US News Ranked National Liberal Arts College	US News Ranked National University	US News Ranked Regional University	Other
18	1	20	3	3

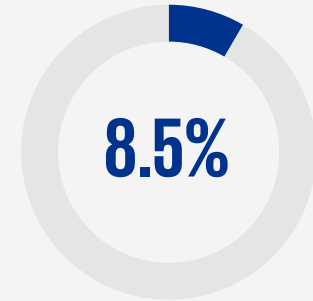# Perceptions of remote work: Insights into policies and preferences

The survey findings shed light that a significant majority, 85% of the surveyed institutions, already have a remote work policy in place. This indicates a growing recognition of the importance and relevance of remote work in the rapidly evolving world of work. Additionally, 8.5% of institutions are actively considering or in the process of implementing such policies, showcasing a willingness to adapt to the changing landscape.

Interestingly, a small percentage (6%) of institutions have not yet made a decision or do not plan to introduce a remote work policy. This highlights the diversity of perspectives and approaches within the higher education space.
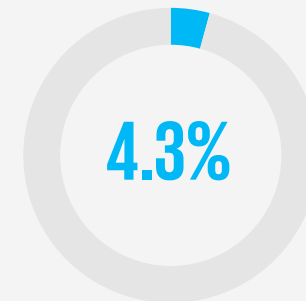
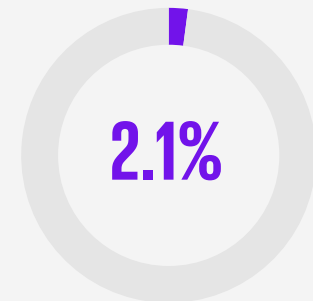**Is your institution considering a remote work/policy framework?**
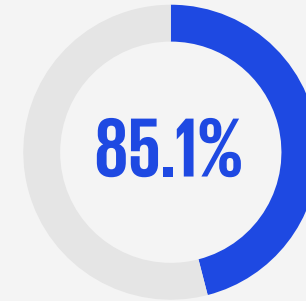
85.1%
Yes, already introduced a policy/framework

8.5%
Yes, in the process of considering or implementing a policy/framework

4.3%
No, we do not plan to introduce a policy/framework

2.1%
Undecided

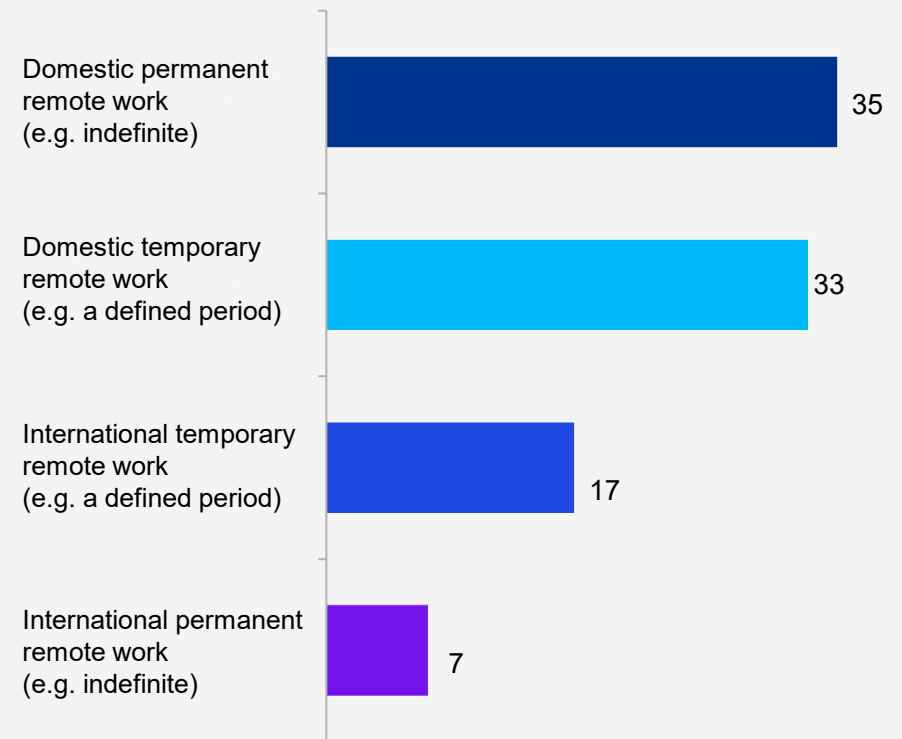# Perceptions of remote work: Insights into policies and preferences (Cont.)

Among the institutions with remote work policies, it was found that the majority (35 out of 45) allow for domestic permanent remote work. This suggests a strong preference for enabling employees to work remotely on a long-term basis within the country. On the other hand, international remote work, whether temporary or permanent, is less common among the respondent institutions.

When it comes to the specifics of remote work policies, the survey revealed that for domestic remote work, most institutions allow employees to work from any state in the United States. However, there are also institutions that limit remote work to a certain number of states, indicating a more localized approach.

In terms of international remote work, it was found that 50% of institutions do not impose any defined limitations on the location. This suggests a more flexible approach to international remote work. However, for those institutions that do impose restrictions, the primary concern appears to be data or physical security.

By understanding the prevailing perceptions and practices, institutions can make informed decisions to improve their policies and accommodate the evolving needs of their employees in the realm of remote work.
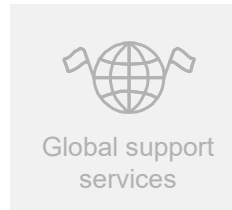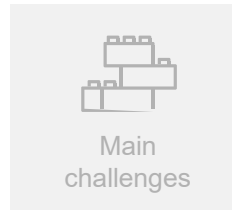
What types of remote work arrangement does your institution allow?

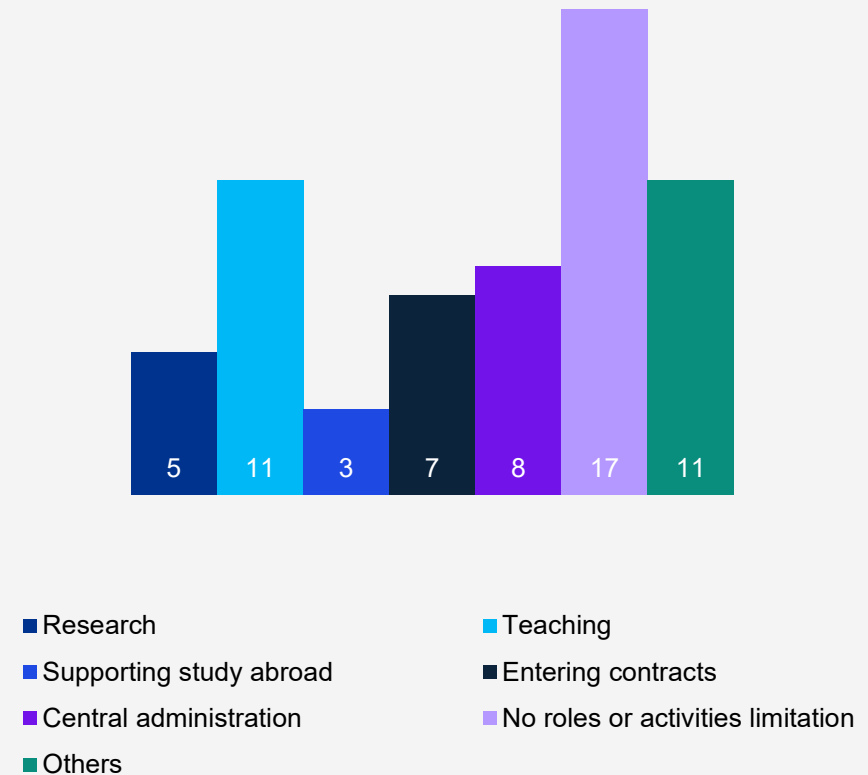| Arrangement	Count
Domestic permanent remote work (e.g. indefinite)	35
Domestic temporary remote work (e.g. a defined period)	33
International temporary remote work (e.g. a defined period)	17
International permanent remote work (e.g. indefinite)	7

Unveiling the details of remote work policies

In the next section of the survey, we delve into the intricate details of remote work policies in higher education institutions, revealing valuable insights. It was discovered that a significant number of respondents (17) reported no restrictions or limitations on activities outside the principal employment location. This highlights a level of flexibility and trust in allowing employees to work remotely without constraints.

Teaching, central administration, and entering contracts emerged as the top three activities permitted for remote work, showcasing the importance of these functions in the higher education setting. However, the survey also revealed that certain activities, such as campus operations and roles deemed mission-critical, were not permitted outside the principal employment location in some institutions. This suggests a need for on-site presence in specific areas of operation.

Employment location

Main challenges

Global support services

What activities do you allow outside the employment location (i.e. assigned work location)?

Activity	Value
Research	5
Teaching	11
Supporting study abroad	3
Entering contracts	7
Central administration	8
No roles or activities limitation	17
Others	11

Legend:
- Research
- Teaching
- Supporting study abroad
- Entering contracts
- Central administration
- No roles or activities limitation
- Others

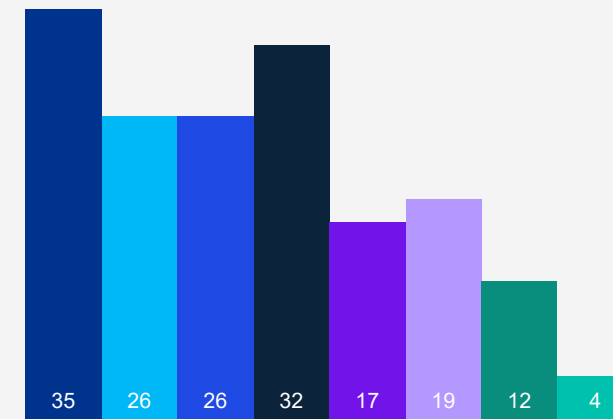# Unveiling the details of remote work policies

It is clear from the data the survey respondents view compliance, whether tax or legal as a mission-critical, top challenge when introducing a remote work policy. Not surprising, employee tracking comes in as the next critical challenge in an environment where any actual or perceived restriction on mobility or top-down oversight is viewed as unwelcome.

The results also indicate:

- An appreciation for the need to operationalize remote work policy by leveraging existing, or introducing new, technology to facilitate remote work,

- The need for a robust communication plan and accessibility of resources to remote workers to keep them connected to the rest of the institution, and

- Dedicated human capital to manage the process.

Employment location

Main challenges

Global support services
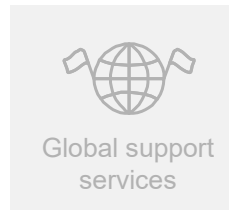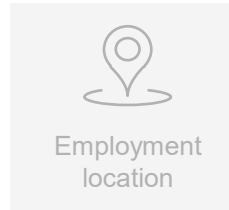
What are the main challenges for your institution in introducing remote working (select all that apply)?

| Value	Category
35	Ensuring tax compliance
26	Ensuring legal compliance
26	Establishing efficient process and support for remote working
32	Employee tracking
17	Technology to operationalize the process (e.g., intake, evaluate, and monitor requests)
19	Communication
12	Headcount to manage workload
4	Other

- ■ Ensuring tax compliance
- ■ Ensuring legal compliance
- ■ Establishing efficient process and support for remote working
- ■ Employee tracking
- ■ Technology to operationalize the process (e.g., intake, evaluate, and monitor requests)
- ■ Communication
- ■ Headcount to manage workload
- ■ Other

Unveiling the details of remote work policies

While the main challenges of remote work clearly indicated an appreciation of the need to understand where employees are at any given time, the tax and legal compliance obligations that may attach with remote work, and the steps required to properly operationalize a remote work policy, the actual implementation is lacking.

7 out of 10 institutions have either no existing internal function to manage international operations or have only an informal approach to meeting the institutions needs.

Employment location

Main challenges

Global support services
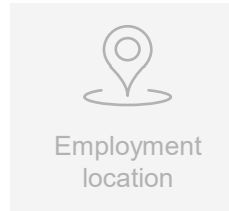
Do you currently have a global support services function to assist your organization with managing international operations?

We have employees providing global support services, but not a formal function
25.5%

Yes, we have a formal function
29.8%

No
44.7%

Overseas employment management insights

When it comes to overseas employment management, we found that a majority of organizations surveyed (24) do not currently have any plans or frameworks in place to manage overseas employment. However, some organizations have adopted alternative approaches such as utilizing Professional Employer Organizations (PEO) or establishing new entities in critical markets. Additionally, a few organizations allow their risk teams to accept home country employment while working abroad, showcasing a flexible approach to overseas employment.

Interestingly, the survey also highlighted the pre-existing trend of utilizing PEO/Employer of Record (EOR) services. Out of the surveyed institutions, 7 out of 15 had already started using these services before the pandemic, indicating a recognition of the benefits and effectiveness of such arrangements.

When it comes to the perceived effectiveness of PEO/EOR services in mitigating tax and regulatory risks, the majority of respondents (73%) believed that these services were sufficient. However, a notable portion (20%) expressed uncertainty regarding the effectiveness of these services in mitigating regulatory risks.

Regarding the longevity of the PEO/EOR arrangement, opinions were divided. While 40% of respondents considered it a long-term solution, 33% did not view it as a long-term arrangement. This suggests a need for further evaluation and consideration of the suitability and sustainability of these employment management approaches.

While many organizations have yet to establish specific frameworks, the utilization of PEO/EOR services indicates a recognition of the need for compliant and efficient management of overseas employment. Understanding the effectiveness and longevity of these arrangements can guide organizations in making informed decisions and developing strategies to effectively manage overseas employment while mitigating risks.

Does your organization have any of the following in place to mange overseas employment? (Select all that apply)

- ■ PEO (Professional employer organization)/ EOR (Employer of Record Services)
- ■ Set up of a new entity in critical markets
- ■ Risk accepted to continue home country employment while working abroad
- ■ GWC (Global Workforce Company) – a legal entity controlled by the University to employ individuals outside the main campus country
- ■ Secondment agreements with local partners
- ■ None

If you do use a PEO/EOR, is the arrangement considered long-term by you and your university stakeholders?

Unsure 26.7%
Yes 40.0%
No 33.3%
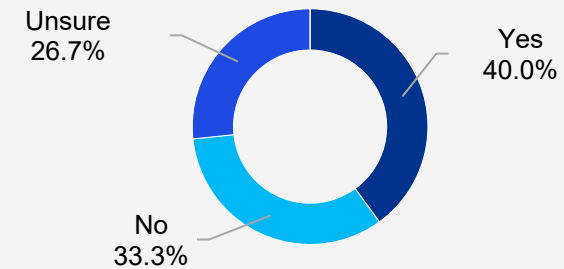
Discoveries and implementable recommendations

To ensure alignment between institutional leadership's global mission and ambitions, it is crucial to assess and address potential tax and legal risks. The following insights from the survey highlight key areas of focus, along with our recommended actions.

| Key areas of focus	Insights	Actions
Flexibility with limited governance	94% of respondents have introduced remote working at the institution, while 70% of organizations either had no internal operating infrastructure or an informal process to manage international operations.	Be deliberate on a governance model and review the existing technology ecosystem to determine the most effective, streamlined way to intake, monitor, and approve requests on a consistent, centralized basis.
Review of roles for 'remotability'	38% of respondents stated that there were no restrictions or limitations pertaining to the activities outside the employment location.	A detailed review by department and/or function to develop an institutional point of view on which roles can work remotely based on both the nature of work (e.g., can the individual perform their job duties while being off campus) and the amount of risk their role drives (e.g., tax risk, data security risk, employment law risk, etc.)
Material US domestic location flexibility	Out of the respondent institutions that have a remote work policy for domestic temporary or permanent work from home (45), majority allow for domestic remote work within any state in US.	Institutions have an obligation to report and withhold tax based on where their employees are physically working. Using demographic data, perform an assessment of your US domestic footprint to ensure compliance (e.g., payroll reporting and withholding compliance).
Third party employers on the rise	Of the institutions currently engaged with a third-party employer (e.g., employer of record or professional employer organization), less than half leveraged the model pre-pandemic.	Create a deliberate strategy on the use of third party employers to ringfence risk, manage cost, and enhance the employee experience.

Key risks
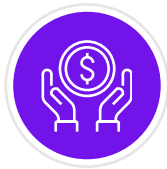
Income and social security tax

Income tax

- The employee may have income tax obligations in multiple jurisdictions including country of employment and where they are actually working.

- Need to consider US tax law, local country tax law, and income tax treaties

Social security tax

- Social security may be due in more than one jurisdiction

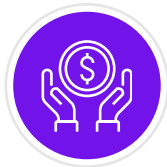- There may be conflict between where social security contributions are due and where the benefit may be ultimately claimed
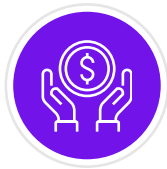
Income and social security tax

International corporate tax

State and local tax

Employment tax

Enterprise-wide

Program shaping and management

Key risks

Income and social security tax

International corporate tax

State and local tax

Employment tax

Enterprise-wide

Program shaping and management

International institutional corporate tax

Transfer pricing
(applicable to institutions with overseas subsidiaries)

- Reevaluate inter-company transfer pricing methodology for appropriate revenue and cost allocation

Permanent establishment

- An employee performing services in a country outside their country of employment could be deemed to have an ongoing presence, thus triggering tax obligations. Some factors include:
  - Number of employees the institution has performing services in the work country
  - Services performed in the work country
  - Where the employee performs the services in the work country (i.e. client site, company provided office, home office, etc.)
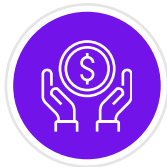
Key risks

Income and social security tax

International corporate tax

State and local tax

Employment tax

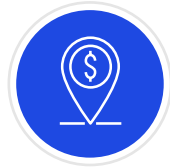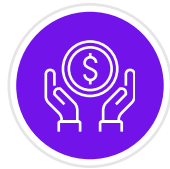Enterprise-wide

Program shaping and management

State and local tax

State nexus

- A nexus, or a connection to a state through sale or by physical presence of an institution may be created and trigger an income tax filing obligation in a state where the business is not currently operating in. Having employees working remotely may create an unintended nexus even if the institution does not have existing operations in the state where employee is working remotely.

Local registrations

- A remote worker may create a registration requirement or institutional tax filing based on where a remote employee is performing the service

Key risks

Income and social security tax

International corporate tax

State and local tax

Employment tax

Enterprise-wide

Program shaping and management

Employment tax

Remote employees may create a registration requirement based on where a remote employee is performing the service. Different approaches are taken by states when imposing withholding obligations:

- The employee may have income tax obligations in multiple jurisdictions including country of employment and where they are actually working.

Key risks

Income and social security tax

International corporate tax

State and local tax

Employment tax

Enterprise-wide

Program shaping and management

Enterprise-wide

- Immigration and employment law
- Regulatory and licensing consideration
- Health & safety
- Human capital
- Cyber/technology
- Cost
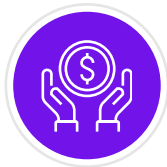- Indirect tax/VAT claims
- Insurance

Key risks

Income and social security tax

International corporate tax

State and local tax

Employment tax

Enterprise-wide

Program shaping and management

Program shaping and management

To manage the enterprise-wide considerations across various stakeholders, a strong program management component should be considered to effectively connect the dots. Key stakeholders include:

- Employee
- Corporate tax
- Global Mobility
- HR & Legal
- Payroll & Finance
- Provost
- Academic priorities

Contact us

Thomas Donnelly

Principal, Tax
KPMG LLP

T: +267-256-1695
E: tdonnelly@kpmg.com

Joel Goodsell

Senior Manager, Tax
KPMG LLP

T: +617-988-1618
E: joelgoodsell@kpmg.com

Sara Pellnat

Senior Manager, Tax
KPMG LLP

T: +716-796-6060
E: sarapellnat@kpmg.com

Some or all of the services described herein may not be permissible for KPMG audit clients and their affiliates or related entities.

Learn about us: in | **kpmg.com**