

Proposition 1. *There exists a cost threshold such that in-person work*

is optimal if $c > \underline{c}_r$, and remote work is $\bar{c}_r = \frac{\alpha(\alpha - \beta)(K + \Delta)}{2[(1 - \rho)\beta^2 + \rho\alpha^2]}$ optimal for $c < \underline{c}_r$.