DAYTON Area Chamber of Commerce

VOICE OF BUSINESS

Proposed rule burdens just one Dayton business with $2.2M in new costs

Chris Kershner
Dayton Area Chamber of Commerce

The U.S. Department of Labor is the latest agency to jump on the government overreach bandwagon as they have put their targets on our business community.

In a new rule published by the US Department of Labor is proposing to change the minimum salary threshold for exempt employees from $35,568 to $55,000 annual salary.

If enacted, this rule change will affect thousands of businesses in the Dayton region and force employers to go through the administrative burden of reclassifying 3.4 million employees across the country. The ripple effect would also force some employers to raise wages so that they can accurately classify employees as exempt.

Raising wages alone will cost employers millions of dollars and force them to have to cut staff, not invest their business and not hire open positions. One employer in Dayton estimated that this federal rule change would cost them $2.2 million. This is the impact on just one Dayton employer! Imagine the multiplier effect this will have across our 19,000 businesses in the Dayton region.

In what world does it make sense to continually saddle businesses with the costs and administrative burdens of big government regulations?

The business community has not been immune to the effects of wage increases. This proposal comes on the tales of significant COVID-19 wage increases that the business community has incurred over the past 24 months. In 2022, the average wage increase was over 4% and in 2023, the average wage increase was 4.3%. The lowest paid workers saw an average of a 9% increase between 2019-2022.

In 2017, a federal judge struck down an attempt to change the minimum exempt threshold hold from $23,600 to $47,000. Ultimately, a new $35,568 threshold was put in place in 2020. If this rule is enacted, I would expect a similar legal challenge from the business community and a similar action from the court. It's just bad policy.

The Dayton area business community is at a tipping point. This constant assault on business's freedom to manage their operations has to come to an end. These drastic government regulations will having a devastating impact on the economy, forcing inflation to continue to rise, causing interest rates to increase and ultimately businesses could reduce staffing levels.

We can still get out of a post-pandemic economy without significant damage, but if these types of burdens are enacted, then all bets are off.

Chris Kershner is the CEO and president of the Dayton Area Chamber of Commerce.

DEVELOPMENT

In Silicon Valley, venture capital meets a generational shift

Erin Griffith
©2024 The New York Times

SAN FRANCISCO – Reid Hoffman, a founder of LinkedIn and a longtime venture capitalist, is no longer the public face of the venture firm Greylock. Michael Moritz, a force at Sequoia Capital for 38 years, officially separated from the investment firm last summer. And Jeff Jordan, a top investor at Andreessen Horowitz for 12 years, left in May.

They are among the most recognizable of a generation of Silicon Valley investors who are getting out of venture capital at the end of a lucrative 15-year upswing for the industry.

Many more are leaving. Investors at Tiger Global, Paradigm, Lightspeed Venture Partners, Emergence Capital and Spark Capital have all announced plans to step back. Foundry Group, a venture firm in Boulder, Colorado, that has backed 200 companies since 2006, said in January that it would not raise another fund.

Taken together, the steady thrum of departures has created a sense that venture capital – a $1.1 trillion corner of finance that invests in young, private companies, sometimes spawning enterprises such as Apple, Google and Amazon – is in a moment of transition.

"We're at a tipping point," said Alan Wink, a managing director of capital markets at EisnerAmper, which provides advisory services to venture capital firms. While there have been waves of retirements in the past, he said this one was more pronounced.

The turnover creates an opening for new investors to step up, potentially shifting who the power players are in Silicon Valley. That may also change the calculus for young companies as they decide which venture firms to seek money from.

Yet the latest generation of investors faces a startup investment landscape that has become more challenging. Few venture capital funds are reaping the kinds of enormous windfalls – which come from startups going public or being bought – that can secure an investor's reputation. That also makes it harder for venture firms to raise money, with fundraising by the industry falling 61% last year and some large firms cutting their targets.

The last generation of investors, including Moritz, 69; Hoffman, 56; John Doerr of Kleiner Perkins, 72; Jim Breyer of Accel, 62; and Bill Gurley of Benchmark, 57, rose to prominence by making bets on consumer internet startups such as Google, Facebook, Uber and Airbnb, which turned into behemoths.

Today's up-and-coming venture capitalists are waiting for their version of those winners. Some of the most highly valued startups – such as OpenAI, the artificial intelligence company valued at $86 billion – are in no hurry to go public or sell. And the frenzy around generative AI could take years to translate into big wins.

"We're in this period of reset, based on where the technology is and where it's going," said David York, an investor at Top Tier Capital, which invests in other venture capital firms. "These stars will emerge."

HEALTH CARE

Health care systems see benefits of good housing

Patrick Sisson
©2024 The New York Times

Ce'Yann Irving, a mother of a 1-year-old daughter, pays $990 a month for a two-bedroom apartment on the site of a former dairy processing plant in the Central City neighborhood of New Orleans. She has amenities, like a 24-hour gym and an on-site community clinic.

"I'm a first-time mom, so if my daughter coughs too long, I'm trying to take her to a doctor," said Irving, 30, who is a disaster case manager for Catholic Charities. "Here, I can literally walk to the clinic, and if there's a wait, I just wait in my own apartment."

The affordable housing complex, which has 192 apartments and opened in January, is a joint project of Alembic Community Development and the Gulf Coast Housing Partnership, an affordable housing developer formed in the wake of Hurricane Katrina, in hopes of rebuilding the Gulf Coast region. The complex seeks to be a model for communities nationwide by linking stable housing to better health.

Aetna, a managed care organization that operates in the region, invested $26.7 million in the $80 million project, called H3C, whose "H" stands for health and "3C" represents commerce, culture and community. Tenants and others in the community will have access to a medical clinic operated by DePaul Community Health Centers on the ground floor. Researchers at the Louisiana Public Health Institute will study patients' health outcomes, and consultants at Health Management Associates will use the anonymized data to determine more effective ways that health systems can work with developers.

The HC3 development (right) in New Orleans is one of many examples showing that health care systems are increasingly starting to see benefits in building affordable and safe housing. ANNIE FLANAGAN / THE NEW YORK TIMES

H3C is just one of many examples showing that health care systems are increasingly starting to see benefits in building affordable and safe housing, from the improved health of local communities to how much managed care groups benefit financially from those healthier populations. Those factors and others, including a shortage of housing for their own workers, have pushed health systems to become partners and investors in affordable housing.

Partnerships like this are "necessary," said Peggy Bailey, vice president for housing policy at the Center on Budget and Policy Priorities, a think tank. "It takes so many investors and so many types of funding to deliver an affordable housing development."

Hospitals "reinvesting in the places they serve is important," she said, especially if they're in underserved communities.

Kaiser Permanente, a managed care giant in Oakland, California, has committed $400 million to fund affordable housing through its Thriving Communities fund, which aims to build or preserve 30,000 units by 2030. And the Healthcare Anchor Network, a national coalition formed in 2017 with more than 70 health care systems focused on investing in local economies, has put more of its capital into housing, neighborhoods and commercial projects like grocery stores.

This type of long-term capital, usually in the form of low-cost loans, has become even more valuable during a period of higher interest rates, financial uncertainty and rising costs for builders. The costs of these developments is a huge undertaking. H3C, which was funded through government and private sources, was estimated to be $60 million before supply and inflation increased the budget by one-third.

Health systems are, however, not acting as banks, said David Zuckerman, Healthcare Anchor Network's president and founder. "They're filling the gap that has been created by the financial sector not properly investing in affordable housing and the public sector not providing the necessary subsidy to make it all work," he said.

Affordable housing has become a way for hospitals and health care systems to meet their nonprofit community benefits requirements and invest capital from cash reserves, which nonprofit health care organizations rely on to cover operating costs and unexpected expenses.

A recently expanded pilot program through Medicaid, called the 1115 waiver, allows certain health care providers to use Medicaid money to provide temporary housing. Washington state has used this model, with federal funding for rental support and $141 million in state funding, to build new homes as a means of targeting populations with the most needs.

And a shortage of available housing for hospital employees has also pushed for more developments. Housing shortages can be acute in rural areas. They can lead to longer commutes, significant costs in overtime and staff burnout.

Rivian

continued from B1

back and build the facility here in Georgia."

Rivian made waves in 2021 when it announced its planned $5 billion EV factory near Rutledge, what was at that time the biggest economic development project by jobs and investment in state history. The initial opening date had been scheduled for this year, but the timeline slipped.

In March, the company said it would put on hold vertical construction of the factory and instead shift production of the smaller R2 crossover it had planned to launch in Georgia to its existing factory in Illinois. The move should cut more than $2.2 billion in costs, the company has said.

Rivian CEO RJ Scaringe has said Georgia remains important to the company's expansion plans and that the EV maker would move forward with the factory along I-20 near Rutledge to help scale production of the R2, which is expected to be a volume seller for the company.

On Saturday, Rivian officials at Ponce City Market showed off the two-row R2 crossover and compact R3 and R3X models that the company debuted at a March launch event in Laguna Beach, Calif.

"Since the launch, we've seen an overwhelming amount of excitement for the vehicles, particularly the R2," said Tony Caravano, Rivian's senior director of customer engagement. "That's the reason we're here today, showcasing them and allowing folks to get up close and personal with them and with our team. We've seen thousands of orders already with the R2."

Customers will be able to pre-order the R3 and R3x at a future date that has yet to be determined, Caravano said.

Since it put the Georgia project on hold, the state has pushed the EV maker to divulge how it will comply with terms of its land lease and incentive agreement amid the stoppage. These issues include site security, stabilizing graded land with vegetation and stormwater management.

Runoff from the graded site has been a persistent source of frustration from neighbors of the property along I-20 in southern Walton and Morgan counties. In the wake of the pause, a number of Georgia lawmakers have sought to punish the company, though Gov. Brian Kemp has said Georgia will honor its commitments to the state's second-largest economic development project, and he expects Rivian to honor its promises.

On Saturday, Sanger said the automaker will meet its obligations in Georgia to have 7,500 workers at the Rutledge site by 2030. "Our internal timing says that's not a problem and we'll hit those deadlines."

As for the site itself, he said, it is not dormant.

"We actually have people out there that are currently working on that site doing grading and those kind of operations to keep that site moving so that when we do pivot back, we're able to go vertical much faster," Sanger said.

Rivian has yet to turn a profit, though company officials have said they believe Rivian will be in the black for the first time before the end of the year.

The EV sector has grappled with softening demand in recent quarters and a number of major players, including Rivian and rival Tesla, have cut jobs and made other strategic shifts to weather the storm.

State and local leaders provided Rivian with an incentive package of land, tax breaks, credits and other inducements valued at $1.5 billion in exchange for the company building the factory and hiring 7,500 workers. Most of the incentives, however, only accrue to Rivian if it meets its obligations.

Rivian's economic development agreement requires the company to collectively meet 80% of its promised jobs and investment by the end of 2030 and maintain those metrics through 2049. Otherwise, they'd be subject to claw back measures.

Henny

continued from B1

Buchler joins Henny Penny after more than two decades at Hillenbrand, Inc., where he led operations across the U.S., Europe, the Middle East, and Asia. He most recently served as president of the Food, Health, and Nutrition Division at Coperion, a global industry and technology company in equipment for the food and health industries.

"I knew of Henny Penny's reputation for having great employees, quality products, long-standing customer relationships, and a long-term vision," Buchler said. "After having the opportunity to experience firsthand the culture, the profound reverence for its history and values, and the collective devotion to continuing its legacy through transformation and innovation, I truly understood what sets it apart from most other companies, and knew it was the right place for me.

An Ohio native, Buchler earned a bachelor's degree in applied science and engineering management from Miami University in Oxford and an MBA from Xavier University.

Founded in 1957, Henny Penny became an employee-owned company in 2014. Henny Penny has around 970 employees in Eaton and 1,150 company-wide.

Contact this reporter at 937-681-5610 or email tom.gnau@coxinc.com.