



February 3, 2023

President Joseph R. Biden, Jr.
The White House
1600 Pennsylvania Avenue NW
Washington, D.C. 20500

Dear President Biden,

As the possibility of a recession threatens the U.S. economy and American families, I urge you to use your upcoming State of the Union address to offer a jobs and competitiveness plan for one of the sectors most important to America's economic fortunes: our world-leading tech economy.

Our nation's tech sector has shed nearly 200,000 jobs over the last year, experiencing a 650 percent increase in layoffs.¹ For workers who've lost a job, these layoffs can have a crushing impact on finances, family, and health. For our nation's workforce, tech layoffs may have a harmful ripple effect. As the economy waivers, we urge you to use next week's address to offer a plan to bolster the tech sector and ensure that the United States remains the world's tech leader.

Over the past year, an increase in interest rates, lingering inflation, changes in consumer behavior, and the resulting downturn in advertising have all contributed to economic headwinds for the tech industry. Tech companies - both large and small - have been forced to adjust to market conditions by cutting jobs.

The benefits of maintaining U.S. leadership in the tech sector extend beyond preventing layoffs. It's notable that during the pandemic, the tech sector was a driver of economic growth in areas across the United States.² In 2022, the tech sector was responsible for 8.9 million jobs. In addition to job creation, tech companies have increased access to services to underserved communities, supported entrepreneurship, and provided consumers more access to products.

In industries critical to U.S. economic competitiveness, the federal government has a history of making targeted investments to bolster an industry's stability with the goal of attracting additional private sector capital. Through the recent CHIPS Act, your Administration is investing \$52.7 billion in American semiconductor research, development, manufacturing, and workforce

¹ Feiner, Lauren. "Tech jobs were hit the hardest by layoffs last year." CNBC, January 5, 2023.

² Muro, Mark & You, Yang. Superstars, rising stars, and the rest: Pandemic trends and shifts in the geography of tech. The Brookings Institution.
<https://www.brookings.edu/research/superstars-rising-stars-and-the-rest-pandemic-trends-and-shifts-in-the-geography-of-tech/>

development. Already, that legislation has attracted an additional \$200 billion in private investments across 16 states and 40,000 new high-quality jobs.³

While tech workers have been some of the first to experience the pain of layoffs, the economic impact of these layoffs will by no means be limited to the tech sector. A 2022 report by the Bay Area Council Economic Institute estimates the spending multiplier from high-tech jobs to be roughly 4.4, meaning that **every tech job supports another 4 jobs in the economy.**⁴ Thus the consequences of these layoffs are felt not only by those who lose their jobs, but also by local communities for the period of time it takes displaced workers to find new jobs.

Put simply, laid off tech workers mean less business for local coffee shops, restaurants, and furniture stores.

To help prevent a worsening economic cycle and to maintain U.S. competitiveness in tech during the current downturn, I urge your Administration to put forward a **plan for tech sector recovery, job growth, and competitiveness.**

Such a plan could target investments toward areas of emerging technology, such as autonomous vehicles (AVs). In the AV industry for example, additional funding and quick regulatory action could help create high-quality car-building jobs in the U.S. while also securing America's lead in developing a cutting-edge technology. Similar support for emerging technologies, including AI and biotechnology, could serve the dual purposes of stabilizing employment in the tech sector while also supporting U.S. competitiveness.

As you prepare for this year's State of the Union, please keep in mind that tech workers have lost jobs, many companies are facing lost runway, and communities that support our nation's usually-vibrant tech economy are experiencing a slowdown.

The time for a tech job growth agenda is now.

Sincerely,



Adam Kovacevich
CEO, Chamber of Progress

³ Casanova, Robert. The CHIPS Act Has Already Sparked \$200 Billion in Private Investments for U.S. Semiconductor Production. Semiconductor Industry Association. December 14, 2022.

⁴ Bay Area Council Economic Institute. *Local Multipliers in the High-Technology Sector*. <http://www.bayareaeconomy.org/report/local-multipliers-in-the-high-technology-sector/>