



May 1, 2023

The Honorable Gina M. Raimondo
Secretary
U.S. Department of Commerce

Dear Secretary Raimondo:

Thank you for your leadership in the implementation of the CHIPS and Science Act, a historic opportunity for the U.S. to strengthen our national security by rebuilding manufacturing and supply chains.

We write to **applaud and encourage your work to steer the CHIPS Act's investment in a way that supports a world-class workforce and the transparent, accountable use of taxpayer dollars.** As prospective recipients of taxpayer funds and political commentators lobby to remove guardrails on the distribution of federal funds, we urge you to continue championing the strong accountability measures described in the CHIPS Incentives Program Notice of Funding Opportunity (NOFO).

In order to build a globally competitive chips manufacturing sector over the next five years, the industry will need to attract and retain skilled and committed workers from all backgrounds in every stage of work. The process of constructing chips manufacturing infrastructure will require an estimated 100,000 U.S. workers¹ to build plants that are some of the largest the world has ever seen.² To make these historic facilities operational, chip plants will require another 42,000 workers on a permanent basis.³

To achieve the grand scope of the CHIPS Act on time and on budget, participating employers will need to 1) overcome obstacles that have historically excluded women and minority communities from workforce opportunities; 2) offer competitive benefits and rely on fair labor practices; and 3) guarantee the transparent and targeted use of taxpayer dollars. These conditions for success are made even more relevant by today's tight labor market and economic climate.

¹<https://www.wgbh.org/news/national-news/2022/08/22/commerce-sec-raimondo-says-chips-act-will-create-jobs-for-women>

²<https://www.cnet.com/tech/computing/intels-100b-ohio-megafab-could-become-worlds-largest-chip-plant/>

³https://www.semiconductors.org/wp-content/uploads/2021/05/SIA-Impact_May2021-FINAL-May-19-2021_2.pdf

Investing in a Diverse Workforce

The CHIPS Act will only be successful if the federal government and participating companies expand the labor force, in part by opening opportunities to more women and minority workers.

According to the U.S. Bureau of Labor Statistics, our nation's construction workforce is nearly 89 percent male.⁴ Because of the massive construction demands tied to implementation of the CHIPS Act, it is critical that participating companies proactively work to attract and train women to participate in the construction of chip fabs and other needed facilities.

To encourage the development of a more diverse workforce that attracts working parents and employees from all backgrounds, the Department of Commerce has correctly pinpointed the importance of work-sponsored childcare. Childcare represents a "concrete barrier" for women interested in joining the construction trades as daycare and school hours often do not align with construction's early-morning or late-night shifts.

The same holds true for manufacturing jobs. While women's participation in the manufacturing workforce has increased over the past decade, men still represent more than 70 percent of all workers in manufacturing.⁵ Encouraging companies to offer access to childcare is a critical step towards closing this gender gap and building the semiconductor manufacturing workforce – and construction workforce – our nation needs to build and operate new plants.

Likewise, implementation of the CHIPS Act must encourage the training, hiring, and retention of a racially diverse workforce that benefits communities across the country. We support the Department of Commerce's incentives to create inclusive opportunities for both businesses and workers in its NOFO. Encouraging CHIPS funding recipients to partner with minority serving institutions and historically black colleges and universities (HBCUs) and to contract with minority-owned and women-owned businesses will help engage the whole of America in making the CHIPS Act a success.

Competitive Benefits and Fair Labor Practices

Studies show that the use of project labor agreements (PLAs), which give union and nonunion workers a fair chance to bid for contracts, are effective mechanisms for controlling construction costs and ensuring efficient completion of projects.⁶ These agreements, which guarantee the best work for the cost, are used successfully by the private and public sectors alike. The Department of Commerce's inclusion of PLA requirements in its NOFO will help ensure the work gets done on time.

Likewise, stipulations requiring companies to pay prevailing wages are critical to ensuring the retention of a robust workforce that can complete the buildout of our nation's chips infrastructure on time and on budget.

Both the encouraged use of PLAs and prevailing wage requirements are standard practice for government projects. The Davis-Bacon and Related Acts require that all contractors and

⁴<https://www.bls.gov/spotlight/2022/the-construction-industry-labor-force-2003-to-2020/home.htm>

⁵<https://www.bls.gov/cps/cpsaat18.htm>

⁶<https://www.epi.org/blog/project-labor-agreements-on-federal-construction-projects-will-benefit-nearly-200000-workers/>

subcontractors on federal projects pay laborers and mechanics locally prevailing wages and benefits.⁷ Similarly, PLAs have been used for completion of federal, state, and municipal government projects since the 1930s. Public works projects such as the Denver International Airport,⁸ the Kennedy Space Center, and the Trans-Alaska Pipeline were all completed with PLAs.⁹

Transparency and the Targeted Use of Taxpayer Dollars

The CHIPS Act represents a historic taxpayer investment that our nation cannot afford to waste on stock buybacks or other perks for executives and shareholders. Congress passed the CHIPS Act with the express intention of rebuilding our nation's chips manufacturing industry so it can compete globally in the long-term. Short-sighted payouts to shareholders fail to meet that goal and represent a misuse of taxpayer dollars.

To that end, we also applaud the Department of Commerce's work encouraging companies to refrain from stock buybacks for a period of five years should they accept CHIPS Act funding. Additionally, we support Commerce's policy allowing taxpayers to benefit from the success of the CHIPS Act by requiring companies which earn more than their projected profits to share a portion of the returns with the U.S. government.

As the Department of Commerce sets out to disburse a historic \$39 billion in subsidies to U.S. companies to rebuild our nation's supply chain and bolster our national security, scrutiny of Commerce's CHIPS Act program will be intense. To ensure continued political and public support for the program, implementing strong transparency measures and safeguards now is the best path forward.

A Historic Opportunity

Thank you for your hard work to further America's national security in launching one of the largest public works investments of this century. The thoughtful provisions detailed by the Department of Commerce for companies receiving CHIPS Act funds provide important guidance that will help the whole industry complete work on time and on budget.

The success of the CHIPS Act will be a win, for consumers who've struggled to find and afford products during the global chip shortage, for workers looking for good jobs, for entrepreneurs building new products, and for America's national and economic security.

Sincerely,

Chamber of Progress

National Asian/Pacific Islander American Chamber of Commerce and Entrepreneurship (National ACE)

⁷<https://www.dol.gov/agencies/whd/government-contracts/construction>

⁸<https://www.gao.gov/assets/ggd-98-82.pdf>

⁹app.agilitypr.com/app/login?returnUrl=https://agility.agilitypr.com/dashboard