

Congress of the United States
Washington, DC 20515

February 9, 2023

The Honorable Gina Raimondo
Secretary
U.S. Department of Commerce
1401 Constitution Avenue, NW
Washington, DC 20230

Dear Secretary Raimondo,

We write today to urge the U.S. Department of Commerce to ensure recent historic public investments in the semiconductor industry prioritize companies committed to creating good-paying, union domestic manufacturing jobs. As Members of Congress who stand united with workers, we applaud the Biden Administration's work to spur the greatest expansion of domestic manufacturing in recent history. We are proud to have helped craft a central pillar of this commitment, the Creating Helpful Incentives to Produce Semiconductors (CHIPS) and Science Act, which provides \$39 billion in grants, loans, and loan guarantees to rebuild America's semiconductor manufacturing capacities. The CHIPS Act also allows companies a 25% advanced manufacturing investment tax credit, producing \$24-52 billion in investment tax breaks over the next decade.

Congress carefully designed these incentives to foster resilient domestic supply chains and bolster U.S. competitiveness while creating tens of thousands of good-paying, union construction, high skilled manufacturing, and STEM jobs.¹ In the 1990s, the United States produced 37 percent of the world's semiconductors. Today, only 12 percent of chips are produced domestically, following decades of offshoring and declining manufacturing. As the U.S. government invested less in its industry and workforce, others, including China, Japan, South Korea, and the European Union, outpaced U.S. investment. The large subsidies and lower labor costs companies enjoyed came at the expense of American workers and their wages. President Biden's Executive Order on CHIPS Act implementation directs the Commerce Department to "generate well-paying, high-skilled union jobs for a broad range of stakeholders and communities."²

Given the capital required and the President's directive, a worker-centered focus is critical to delivering on the CHIPS and Science Act's promise of rebuilding the semiconductor industry. The regeneration of this industry must create binding and enforceable agreements based on high road labor practices and establish worker protection benchmarks to ensure the creation of good jobs and to ensure quality, skilled work without disruption. Therefore, we ask that Commerce give priority consideration to applications for the CHIPS for America program and the concurrent Notice of Funding Opportunity that:

1. Guarantee meaningful engagement with labor stakeholders by establishing workforce training and equity programming for semiconductor production through local and regional sector enterprises that utilize recognized labor-management partnerships
2. Ensure the use of Project Labor Agreements (PLA) for each applicant for construction contracts of semiconductor fabrication plants and their inclusion of registered apprenticeship and apprenticeship readiness programs in each PLA, as appropriate.

¹ "The 2022 SIA Factbook: Your Source for Semiconductor Industry Data." Semiconductor Industry Association. 5 May 2022.
<https://www.semiconductors.org/the-2022-sia-factbook-your-source-for-semiconductor-industry-data/>

² "Fact Sheet: President Biden Signs Executive Order to Implement the Chips and Science Act." The White House, United States Government, 25 August 2022. <https://www.whitehouse.gov/briefing-room/statements-releases/2022/08/25/fact-sheet-president-biden-signs-executive-order-to-implement-the-chips-and-science-act-of-2022/>

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3. Require companies to make binding, enforceable commitments to job quality and worker protection for semiconductor manufacturing facilities that establish workplace standards for production, research, and development jobs, build workforce development partnerships with unions, and meaningfully engage with union stakeholders throughout the process.
4. Require funding recipients to permit their workers to create worker-led health-and-safety committees to ensure accountability and safety in the production process.
5. Dedicate sufficient funding to upstream suppliers, including unionized facilities, when possible, in mineral processing, industrial gasses, silicon production, and legacy chips to support domestic manufacturing for automakers, aerospace, and defense, and next generation chip production.
6. Utilize non-recourse loans or flexible lending arrangements to de-risk investment for upstream commodity producers.
7. Prioritize projects that reinforce the domestic manufacturing supply chain by utilizing and partnering with downstream purchasers and create high-quality, good-paying, union jobs.
8. Collect data from applicants to the CHIPS program to prioritize investments in companies that source and purchase domestically and create high-quality, good-paying, union jobs.
9. Include strong accountability language, including prohibitions on CHIPS recipients from investing in or expanding manufacturing in China and prohibitions on using CHIPS investments for stock buybacks or dividends, and call for a claw back of a percentage of grants if job creation, job quality, and worker protection metrics outlined in applications are not met.
10. Commit to provide the Department with robust and reliable data on job creation and job quality directly resulting from federal assistance, including: the total number of jobs created by job category, title, or occupation, including full time and part time new hires, wages (by job category, title, or occupation); efforts by the company to ensure hiring, retention, and pathways into good jobs for individuals underrepresented in manufacturing, design, and R&D; and any other information the Department determines necessary to assess compliance with quality job creation commitments and goals made by the applicant. The Department should share data with Congress to ensure recipients adhere to job quality standards, worker protection plans, and prevent waste, fraud, and abuse of taxpayer funds.

By establishing robust labor conditions, the Biden Administration can be at the forefront of supporting a new generation of high-paying, skilled union jobs to strengthen local economies. According to the Department of Labor, unions improve pay, conditions, and benefits for both union and non-union workers.³ Nevertheless, non-unionized workers typically earn 17 percent less than workers with union representation. Additionally, young workers, many of them women and people of color, struggle to attain the training and education necessary for these high-skilled jobs. That is why pre-apprenticeship, Career and Technical Education (CTE), registered apprenticeship, nationally recognized training standards, labor-management programs, and union training programs will be critically important to building this diverse and skilled workforce.

A strong labor market in semiconductor production, research, and development is crucial for successful domestic manufacturing. By creating a robust domestic supply chain, The CHIPS Act will improve US competitiveness and our national security needs. Commerce has broad statutory authority and should use this authority to determine appropriate semiconductor fabrication and supply chain investments.

In October 2022, the Biden Administration issued a series of export controls targeting China's capacities to build advanced semiconductors to counter China's weapons development and surveillance capabilities.⁴

³ "The Union Advantage." U.S. Department of Labor. 2023.

<https://www.dol.gov/general/workcenter/union-advantage#:~:text=Unions%20raise%20wages%20for%20all.%241%2C169%2Fweek>

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We applaud the Administration's decision to impose these export restrictions, as a two-pronged approach is necessary to implement the CHIPS Act successfully. One of Commerce's four CHIPS for America Fund goals is to guarantee a "sufficient, sustainable, and secure supply of older and current generation chips for national security purposes and for critical manufacturing industries."⁵ Export controls that restrict China's ability to purchase and manufacture high-end chips support the growth of strong job-creating American industries that reduce the United States' reliance on imports from China.

American scientists and engineers invented the semiconductor. American workers were at the forefront of semiconductor manufacturing. Over the past two years, the US has faced critical supply bottlenecks, creating significant economic and national security concerns.

The Department of Commerce has the opportunity and responsibility to prioritize a rapid return to domestic manufacturing to prevent subsequent shortages and create good jobs, innovation, and robust domestic supply chains.⁶ Companies must also pay the industry standard with benefits. American workers deserve the right to care for their families and retire with dignity and financial security. The CHIPS and Science Act gives America a once-in-a-generation opportunity to live up to that promise.

Thank you for your attention to this critical issue. We look forward to your response.

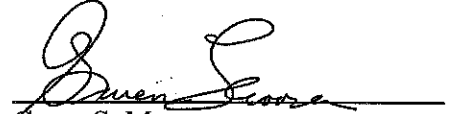
Sincerely,



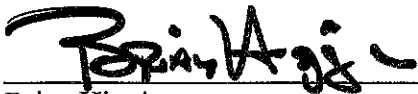
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Member of Congress



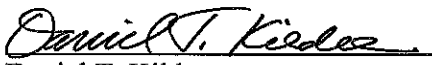
Bill Pascrell, Jr.
Member of Congress



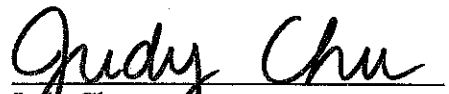
Gwen S. Moore
Member of Congress



Brian Higgins
Member of Congress



Daniel T. Kildee
Member of Congress



Judy Chu
Member of Congress

⁴ "Commerce implements new export controls on advanced computing and semiconductor manufacturing items to the People's Republic of China (PRC)." Bureau of Industry and Security. 7 October 2022.

<https://www.bis.doc.gov/index.php/documents/about-bis/newsroom/press-releases/3158-2022-10-07-bis-press-release-advanced-computing-and-semiconductor-manufacturing-controls-final/file>


⁵ "A Strategy for the CHIPS for America Fund." U.S. Department of Commerce. 6 September 2022.


<https://www.nist.gov/system/files/documents/2022/09/13/CHIPS-for-America-Strategy%20%28Sept%206%2C%202022%29.pdf>

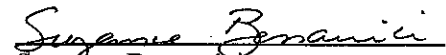
⁶ Williams, Alex. "A Brief History of Semiconductors: How the US cut costs and lost the leading edge." Employ America. 1 June 2022.


<https://www.employamerica.org/researchreports/a-brief-history-of-semiconductors-how-the-us-cut-costs-and-lost-the-leading-edge/>


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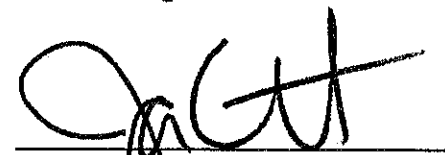

Adam B. Schiff
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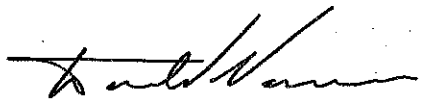

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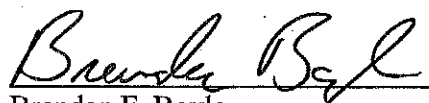

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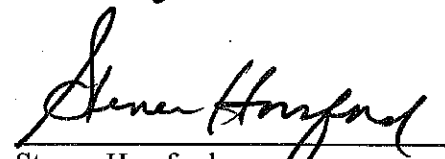

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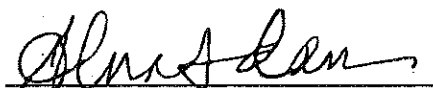

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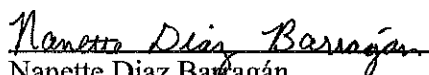

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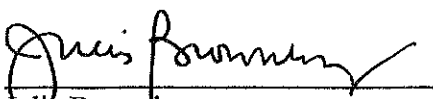

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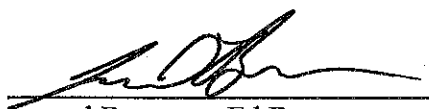

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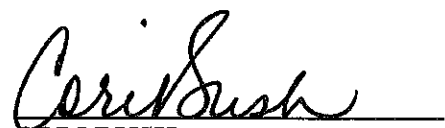

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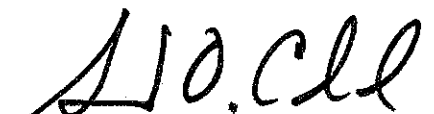

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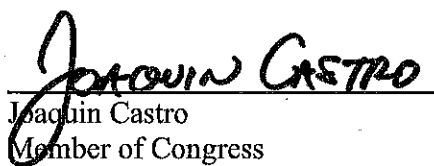
Salud Carbajal
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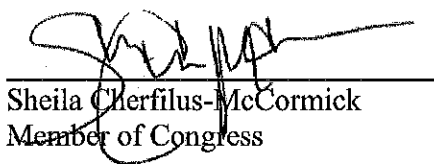
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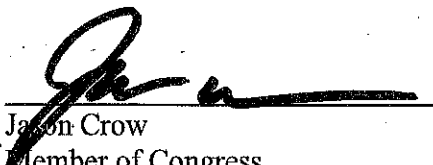
Steve Cohen
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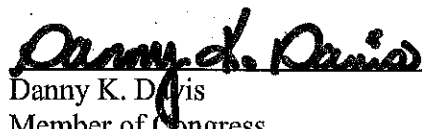
Gerald E. Connolly
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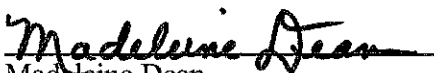
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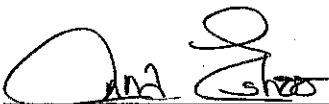
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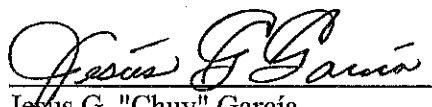
Anna G. Eshoo
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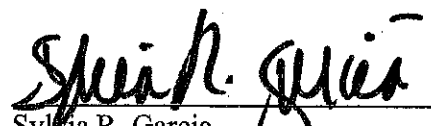


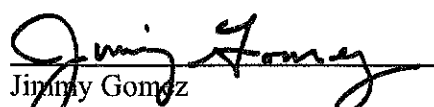
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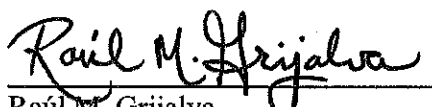
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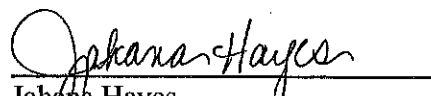

John Garamendi
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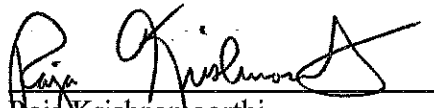

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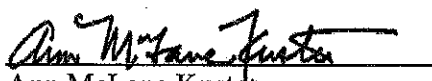

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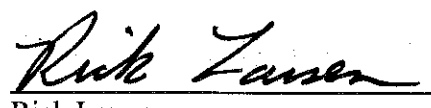

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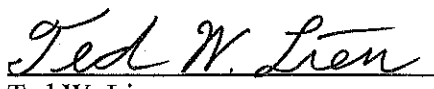

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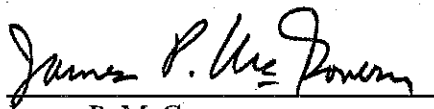

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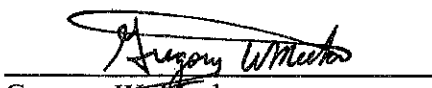

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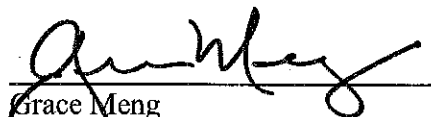

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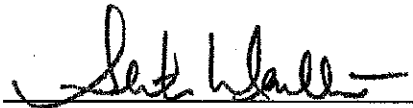

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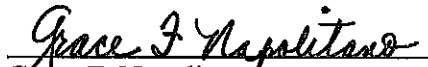

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Grace Meng
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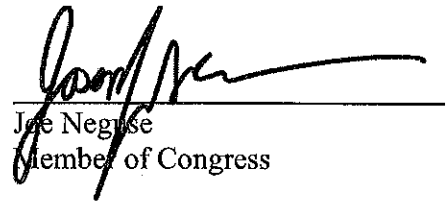
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Seth Moulton
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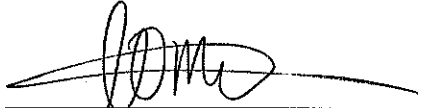
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Joe Neguse
Member of Congress



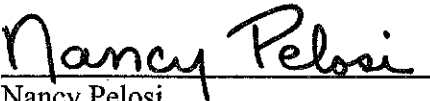
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Ilhan Omar
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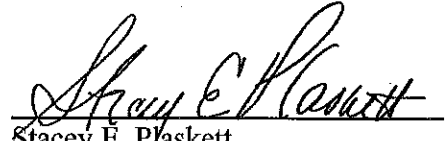
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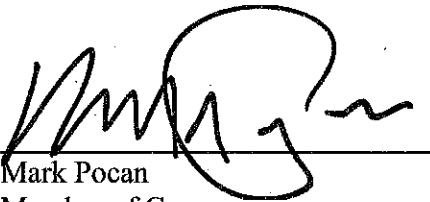
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Chellie Pingree
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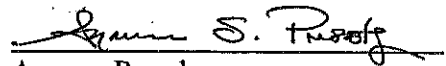
Stacey E. Plaskett
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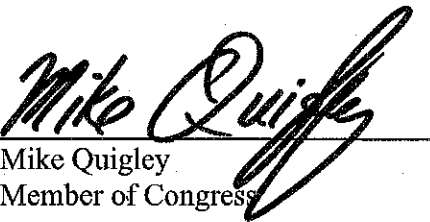
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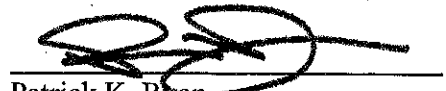
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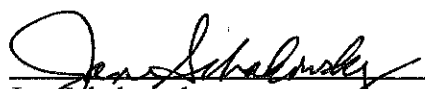
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Member of Congress

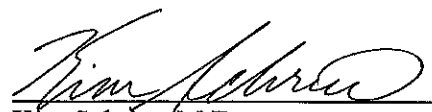



Patrick K. Ryan
Member of Congress

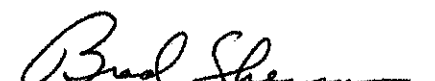
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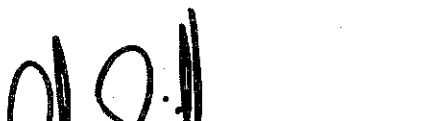

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Member of Congress


Brad Sherman
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Member of Congress



Adam Smith
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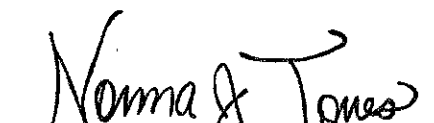

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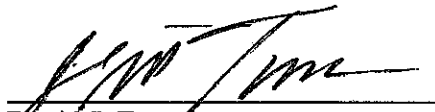

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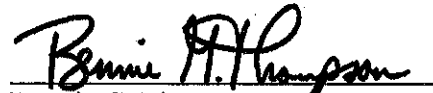

Norma J. Torres
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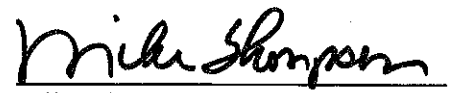

Ritchie Torres
Member of Congress



Lori Trahan
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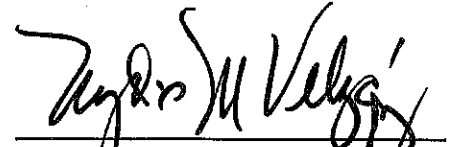

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Bennie G. Thompson
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Mike Thompson
Member of Congress

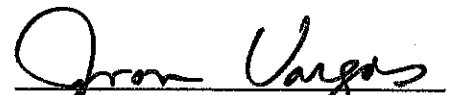

Lauren Underwood
Member of Congress

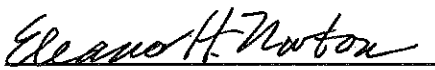

Marc A. Veasey
Member of Congress

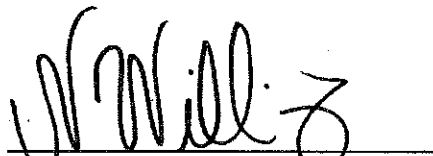

Nydia M. Velázquez
Member of Congress


Bonnie Watson Coleman
Member of Congress

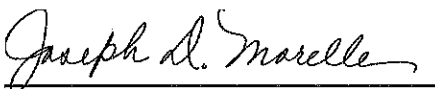

Debbie Wasserman Schultz
Member of Congress

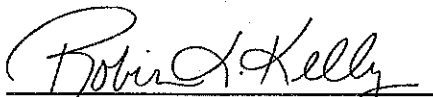

Juan Vargas
Member of Congress



Eleanor Holmes Norton
Member of Congress



Nikema Williams
Member of Congress



Robert Garcia
Member of Congress



Joseph D. Morelle
Member of Congress


Robin L. Kelly
Member of Congress

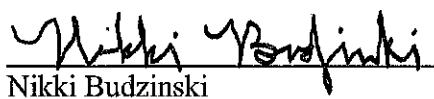

Morgan McGarvey
Member of Congress

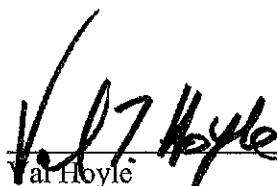

Marcy Kaptur
Member of Congress

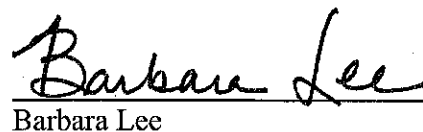

Darren Soto
Member of Congress


Susan Wild
Member of Congress

Congress of the United States
Washington, DC 20515

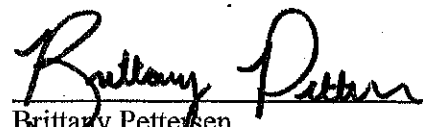

Nikki Budzinski



Val Hoyle
Member of Congress



Barbara Lee
Member of Congress



Jim Tokuda
Member of Congress

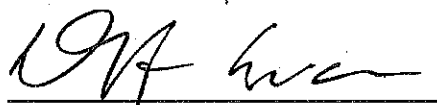

Christopher Deluzio
Member of Congress



Brittany Pettersen
Member of Congress

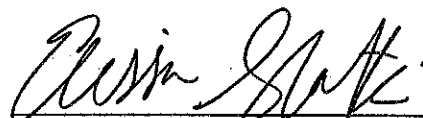

Eric Swalwell
Member of Congress


Tony Cardenas
Member of Congress



Stephen F. Lynch
Member of Congress



Dwight Evans
Member of Congress



Emanuel Cleaver, II
Member of Congress



Elissa Slotkin
Member of Congress



Angie Craig
Member of Congress


Colin Z. Allred
Member of Congress

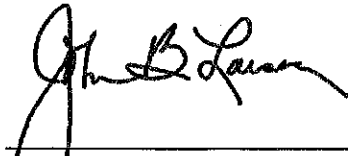

Derek Kilmer
Member of Congress

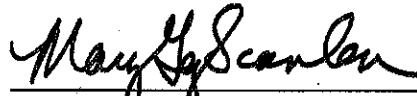

Donald S. Beyer Jr.
Member of Congress



Sharice L. Davids
Member of Congress


Ruben Gallego
Member of Congress


Congress of the United States
Washington, DC 20515



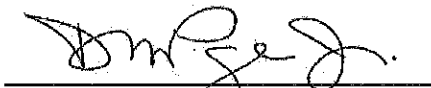
John B. Larson
Member of Congress

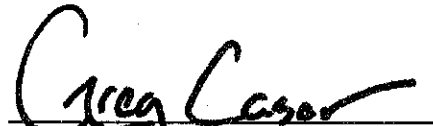
Mary Gay Scanlon
Member of Congress

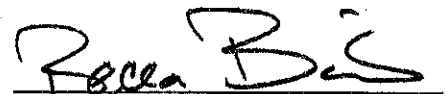
Andrea Salinas
Member of Congress

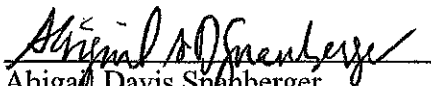
Mark DeSaulnier
Member of Congress


Seth Magaziner
Member of Congress


Bradley Scott Schneider
Member of Congress

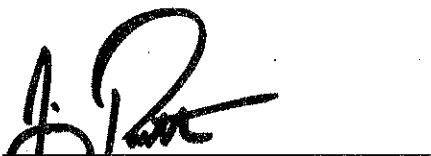
Donald M. Payne, Jr.
Member of Congress

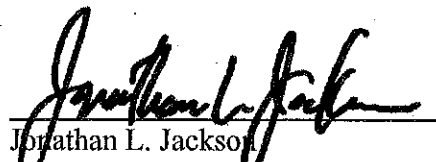
Greg Casar
Member of Congress


Becca Balint
Member of Congress


Abigail Davis Spanberger
Member of Congress

Doris Matsui
Member of Congress

Kathy Castor
Member of Congress

Jimmy Panetta
Member of Congress

Jonathan L. Jackson
Member of Congress

Al Green
Member of Congress

Greg Lindeman
Member of Congress

Mike Levin
Member of Congress

Brian K. Fitzpatrick
Member of Congress

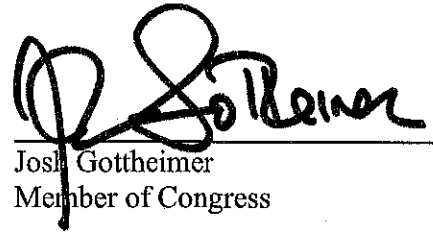
Congress of the United States
Washington, DC 20515



Matt Cartwright
Member of Congress



Troy Carter
Member of Congress



Josh Gottheimer
Member of Congress




Frederica S. Wilson
Member of Congress



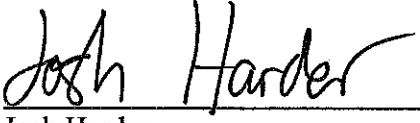
Susie Lee
Member of Congress



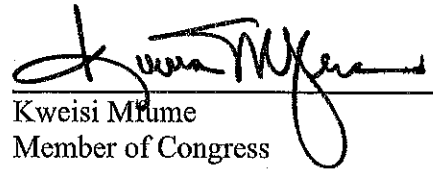
Sydney Kamlager-Bove
Member of Congress



Jared Huffman
Member of Congress



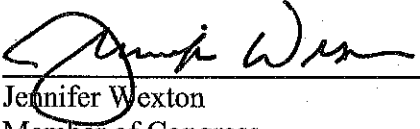
Josh Harder
Member of Congress



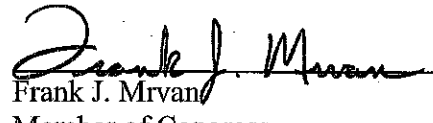
Kweisi Mfume
Member of Congress



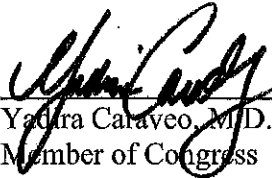
Dan Goldman
Member of Congress



Jennifer Wexton
Member of Congress



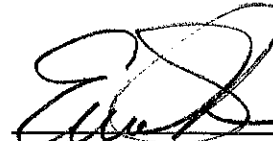
Frank J. Mrvan
Member of Congress



Yadira Caraveo, M.D.
Member of Congress



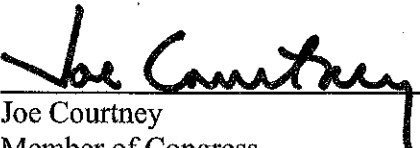
Robert J. Menendez Jr.
Member of Congress



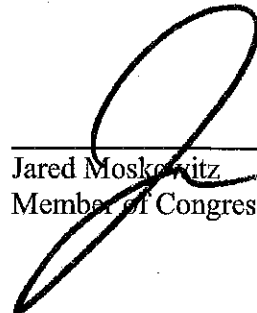
Emilia Strong Sykes
Member of Congress



Shri Thanedar
Member of Congress

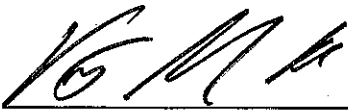


Joe Courtney
Member of Congress



Jared Moskowitz
Member of Congress

Congress of the United States
Washington, DC 20515



Vicente Gonzalez
Member of Congress



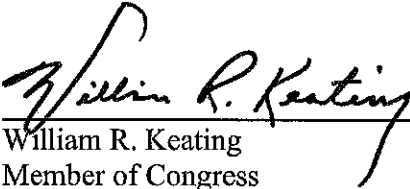
Donald G. Davis
Member of Congress



Scott H. Peters
Member of Congress



David Scott
Member of Congress



William R. Keating
Member of Congress



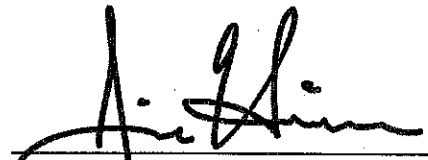
Diana DeGette
Member of Congress



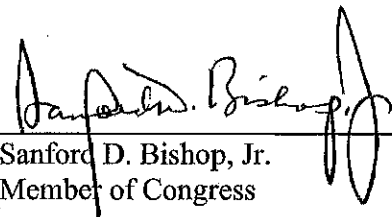
Kevin Mullin
Member of Congress



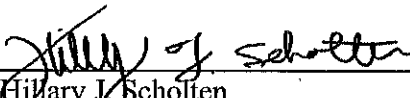
Teresa Leger Fernandez
Member of Congress



Jim Himes
Member of Congress



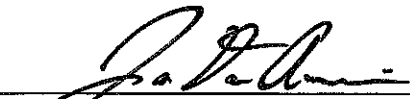
Sanford D. Bishop, Jr.
Member of Congress



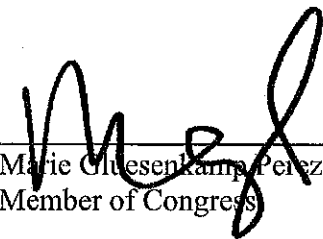
Hillary J. Scholten
Member of Congress



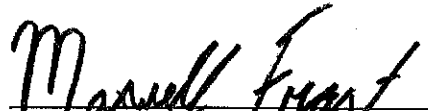
Lucy McBath
Member of Congress



Jake Auchincloss
Member of Congress



Marie Gutesenkamp Perez
Member of Congress



Maxwell Frost
Member of Congress

cc: Mr. Michael Schmidt, Director, CHIPS Program Office, National Institute for Standards and Technology
Mr. Jake Sullivan, Assistant to the President for National Security Affairs, The White House
Mr. Ronnie Chatterji, White House Coordinator for CHIPS Implementation, The White House