



Issue Brief: Semiconductor Manufacturing

Background

Semiconductors, also known as chips, are a critical part of the manufacturing supply chain. Every product with electronics requires them, but most semiconductor manufacturing has moved overseas and is vulnerable to disruption by China. Interruptions in the supply chain over the past year have highlighted this vulnerability.

Semiconductors are produced in massive foundries which require skilled labor to build. Government support to kickstart the U.S. semiconductor industry would create good union jobs in manufacturing and construction of the foundries themselves and would enable more domestic manufacturing further down the supply chain. Prevailing wage coverage on this support would help ensure these strategically important projects are completed on time and under budget.

Legislation in the U.S.

The CHIPS Act includes \$50 billion for semiconductor research, design and manufacturing. Construction funds in the bill are covered by Davis-Bacon prevailing wage. The U.S. Senate in 2021 passed the U.S. Innovation and Competition Act (USICA) (S.1260), which included the CHIPS Act, with a bipartisan majority of senators voting to protect the prevailing wage coverage in the bill.

The CHIPS Act is under consideration as part of a larger China Competitiveness bill in the U.S. House of Representatives. The House would need to agree to its inclusion, and we expect special interest groups would try to strip the prevailing wage language during negotiations.

Action Items

- Our union asks Congress to include the CHIPS Act in the final version of the China Competitiveness bill.
- We urge Congress to protect the prevailing wage coverage in the CHIPS Act.