WHAT IS THE CHIPS ACT?

The CHIPS and Science Act of 2022 (CHIPS Act) provides federal funding to promote U.S. semiconductor manufacturing and research. The law followed a global semiconductor shortage during the COVID-19 pandemic due to supply chain disruptions and increased demand for devices like laptops, which require semiconductors to operate. Common household appliances like washing machines and cars also rely on semiconductors.

WHAT DOES THE CHIPS ACT HAVE TO DO WITH CHILD CARE?

The federal government is awarding CHIPS Act funding for companies to build, expand, and modernize U.S. semiconductor manufacturing facilities. Companies that apply for more than $150 million must “provide a plan for access to child care” for workers at their facility, including construction workers. Companies applying for smaller amounts are also encouraged—but not required—to formulate such plans.

This requirement is broad: companies may choose a model or multiple models of child care provision, such as housing a child care center on-site, offering subsidies for employees to spend on child care elsewhere, or partnering with off-site providers in the community, including home-based providers.
Child care programs that meet the Commerce Department’s standards for affordability, accessibility, reliability, and quality can help manufacturing companies diversify their growing workforce. Currently, that workforce is 70 percent male and nearly 65 percent white. The semiconductor industry is even less diverse: just 24 percent of workers are women, 8 percent are Hispanic, and 5 percent are Black. Women, Black, and Hispanic workers are more likely to have care responsibilities. So, the CHIPS Act’s child care provision could help semiconductor manufacturing companies recruit and retain needed workers. Building this diverse workforce will be essential to filling the jobs the CHIPS Act creates.

Companies could exacerbate inequities in the child care sector if they implement plans poorly. Manufacturing companies must build child care supply. If demand for child care outpaces supply, there may be insufficient child care slots available for local families who need them. New and expanded facilities in Arizona, Colorado, Idaho, New York, Ohio, Oregon, and Texas could have this effect.

Furthermore, in light of private equity’s expansion into the child care sector, policy experts have expressed concerns that semiconductor companies may partner exclusively with corporate providers to meet the CHIPS Act’s requirements. This risks providing a new opening for private equity to expand its footprint. This expansion risks extracting wealth from families, undermining children’s safety and early educators’ wages, higher tuition for families, and community- and home-based child care provider closures.

If competition from private equity-backed providers in communities impacted by the CHIPS Act forces community- and home-based providers to shutter, those closures will have harmful ripple effects. Smaller community and home-based care providers, which are mostly owned by Black and brown women, tend to be less expensive and offer more flexible hours for families. As such, some families may no longer be able to afford child care or find a provider available during the hours they need.

Community- and home-based provider closures will harm people of color disproportionately. Most community- and home-based child care providers are Black and Latina women. At the same time, families of color are more likely to rely on this source of child care. Those closures could therefore worsen racial inequities in terms of wealth and child care access.
WHAT ARE THE RISKS FOR MY COMMUNITY?

FOR WORKERS AND THE ENVIRONMENT

The absence of robust labor protections in the CHIPS Act and the semiconductor industry’s record create huge risks for workers and the environment. The same semiconductor companies the CHIPS Act will fund—including Intel, TSMC, and Samsung—have a history of violating the right to organize, paying low wages, and allowing workplace inequality to fester. These companies also expose workers and communities to dangerous chemicals, use tremendous amounts of water, and pollute natural resources with harmful toxins. For more information on these risks, visit CHIPS Communities United.

HOW CAN MY COMMUNITY GET INVOLVED?

This fact sheet includes suggested questions that you, your neighbors, elected officials, and others can pose to companies seeking to expand semiconductor manufacturing in your community. You can adapt these questions to use during town hall meetings, in letters to the editor and op-eds, and in other fora where companies’ plans are being discussed. You may also reframe these questions for elected officials who are encouraging or incentivizing semiconductor manufacturers to locate near you.

KEY QUESTIONS

The remainder of this fact sheet includes questions stakeholders can use to assess what CHIPS awards could mean for child care in their communities—and to decide their next steps to maximize the law’s benefits.

These steps might include:

- Working with community partners to negotiate a Community Benefits Agreement;
- Seeking greater child care investments from local and state legislators to meet growing demands;
- Encouraging elected officials to extract commitments that companies respect the right to organize;
- And more.
QUESTIONS ON CHILD CARE MODELS

- Which child care model(s) does your plan employ (e.g., on-site care, subsidies/vouchers, existing provider partnership/sponsorship, etc.)?
- Have you assessed the community’s needs and preferences around child care models? If yes, what did you find?
- Are you involving local child care stakeholders and experts in your plan’s development?
- Do you plan to partner with existing providers in the community? Which ones?
- If you plan to provide subsidies or vouchers, how will you ensure an adequate supply of workers and centers to meet their demand?
- If you plan to provide subsidies or vouchers, will they be usable at the provider of employees’ choice (e.g., for home-based care, family or friend care, etc.)?

QUESTIONS ON CHILD CARE ACCESS

- Have you assessed the current availability of child care in the community? If so, what did you find?
- Have you assessed the unique child care needs of historically marginalized populations in the community? How does your plan account for those needs?
- Have you evaluated your plan’s potential impact on child care access in the community broadly—not just for your employees? If so, what did you find?
- Will your plan ensure child care is accessible to construction and manufacturing workers and to support staff at your facilities (e.g., security, food service workers, janitorial staff, etc.)?
- How does your plan ensure child care access for workers at all income levels?
- How does your plan ensure child care access for apprentices?
- How will you ensure parents/guardians working nontraditional hours can access child care?
- Has your company ever shut down an on-site child care facility? If so, what circumstances led to that closure? What accommodations were made to ensure continuity of care for impacted families? What support was provided for impacted child care workers?
QUESTIONS ON CHILD CARE QUALITY

- How will you ensure child care is high-quality for this community, considering cultural competency, languages spoken, dietary requirements, religious accommodations, primary modes of transportation, compensation for child care workers, and other considerations?

QUESTIONS ON CHILD CARE WORKERS

- Will you commit to respecting child care workers' right to organize and bargain collectively and avoid tactics that discourage union activity—both for workers you employ directly and workers at facilities you partner with?
- How will you protect child care workers from discrimination on the job—both for workers you employ directly and workers at facilities you partner with?
- What compensation will you offer child care workers?
- Will child care workers you employ have access to the same benefits as other employees at your company?

WHERE CAN I LEARN MORE?

These resources may help identify opportunities and risks relevant to your community:

- Industrial Policy Requires Care Infrastructure Investments, The Century Foundation
- CHIPS Act Child Care Requirements Already Showing Promise, The Century Foundation
- Effective & Inclusive Child Care Solutions: Toolkit for Implementing CHIPS & Science Act Investments, Child Care for Every Family Network
- Questioning the Promise of Employer-Sponsored Child Care Benefits, New America
- CHIPS Child Care Requirement, Center for the Study of Child Care Employment
- CHIPS and Child Care in America’s Silicon Heartland, Action for Children
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