



Opening Statement of Space and Aeronautics Subcommittee Chairman Brian Babin

As Submitted for the Record

Full Committee Hearing

Chips on the Table: A one year review of the CHIPS and Science Act

September 19, 2023

Good morning, and welcome to the Science, Space, and Technology Committee's first oversight hearing on the CHIPS for America program.

It has been just over a year since the CHIPS and Science Act was signed into law. This law, while much larger, more expansive, and more expensive than many could have predicted or may have wanted, was meant to ensure economic stability and prosperity for the United States long into the future. Whether that intent becomes reality, however, depends largely on efficient implementation.

The U.S. Department of Commerce is responsible for carrying out much of the CHIPS and Science Act, including the CHIPS for America program. This program, which will be the focus of today's hearing, will receive a combined \$50 billion in taxpayer funding to be distributed over five years.

Congress appropriated these funds to bolster national security and ensure semiconductors can be produced here in the United States in a cost-competitive way. But the policies advanced by this administration during implementation have been repeatedly criticized for doing nothing but driving up the cost of doing business.

Make no mistake, this is a zero-sum game. The mandatory spending for CHIPS was not a down payment. More expensive projects means fewer projects funded.

If we do this right, the global semiconductor supply will be insulated from market volatility and geopolitical conflict, and it will prevent many of the disruptions that occurred during the COVID pandemic. It would also ensure the U.S. reaps the economic benefit of leading the field.

However, if we burden state and local governments and industry partners with regulatory requirements, long review timelines, and unrelated paperwork, we risk wasting billions in taxpayer funding and weakening our competitive advantage over our adversaries.

Secretary Raimondo, we appreciate your willingness to testify today, but your last-minute notice that you are only able to dedicate two hours of your time to discussing a fifty-billion dollar program of such importance is frustrating to the members of this Committee who have a responsibility to oversee your use of these taxpayer dollars and ensure they are used effectively.

As Secretary, you carry the weight of ensuring the CHIPS program is a success, so I hope you will at least commit to meeting in-person with any members of this Committee, whether Republican or Democrat, who are not able to ask the questions they have prepared for this hearing.

Secretary Raimondo, you are a leading advocate for the program and have championed the administration's semiconductor and workforce policies – both those included in the statute and those not – since it was signed into law. I am sure you will field many questions – though not as many as we thought given your time constraints – on those policies over the course of this hearing.

So far, the Commerce Department has launched the CHIPS office, released several vision and opinion papers, and issued two funding opportunity notices for “fabs” and supply chain projects. The Department has also launched efforts to begin the process of standing up the National Semiconductor Technology Center. These are all notable milestones, but much more remains to be done.

There are fundamental challenges that must be overcome for the CHIPS programs to be a success. Despite billions in government funding, it remains much more expensive to build and operate a manufacturing facility in the United States than in other parts of the world.

We don't know what the global semiconductor market will look like in the long term. And our own analysis has shown that the current advanced manufacturing workforce supply and demand structure could leave tens of thousands of high-paying domestic jobs in the industry unfilled.

We must also ensure the record investments made through the CHIPS programs benefit the United States and our allies – not our adversaries abroad.

The CHIPS and Science Act includes “guardrails” for protecting investments in semiconductor manufacturing, new research security measures, and other provisions that, once fully implemented, will make it harder for adversarial governments to strong arm American companies.

America cannot profit from trade and international collaboration if China and other nations are allowed to steal intellectual property or cutting-edge research. We cannot afford to settle for business as usual.

Secretary Raimondo, you said repeatedly that passing CHIPS and Science and building our semiconductor industry was a matter of national security. Allowing partisan politics or political gamesmanship to influence the way these funds are distributed or who reaps the most benefit will jeopardize the entire enterprise. Efficiency, effectiveness, and objective evaluation must be core tenants of this program if it is to succeed.

I look forward to the dialogue we will have today, and I look forward to hearing more about the near-term future of the chips program directly from the Secretary. Thank you, Secretary Raimondo, for taking the time to join us today.