

## ECONOMIC UPDATE

September 9, 2022

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### Economic Issue in Focus: Investments in the Domestic Semiconductor Industry Lay the Groundwork for Future Economic Growth and New Manufacturing Jobs

On Tuesday, the Biden administration [released](#) its strategy outlining how the Department of Commerce will invest \$50 billion in the domestic semiconductor industry from the bipartisan CHIPS and Science Act of 2022, signed by President Biden last month. Approximately \$28 billion of the CHIPS for America Fund is expected to go toward grants and loans to help build facilities for making, fabricating and packaging some of the world's leading-edge semiconductors. Another \$10 billion is expected to go towards expanding the manufacturing of legacy semiconductors used in cars and communications technology, and an additional \$11 billion will go toward research and development initiatives related to the industry. These investments will strengthen domestic supply chains, [protect](#) American consumers from costly supply shortages, and create better-paying [opportunities](#) for more Americans.

Investing in the semiconductor industry is critical to restoring the United States as a manufacturing powerhouse and will build on progress in the manufacturing sector under President Biden. Notably, since President Biden came into office the U.S. has added 668,000 manufacturing jobs, including 22,000 jobs added in August.

The Semiconductor Industry Association [projects](#) that investments in domestic semiconductor manufacturing will create around 1.1 million temporary jobs over the next six years as new semiconductor plants are built, including about 247,200 manufacturing jobs. Such investments are projected to create 280,000 permanent jobs in the long run.

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### Key Economic Indicators To Track

- **Fed Survey Shows Continued Job and Wage Growth:** The most recent [release](#) of the Federal Reserve's Beige Book, which provides qualitative information from each of the Fed's 12 regional reserve bank districts, indicates that economic activity has remained stable since July. Employment also rose at a moderate pace across the majority of districts, and wage growth has continued to rise steadily, underscoring the strength of the labor market.
- **Initial Unemployment Insurance Claims Fell to the Lowest Level Since May:** The [number](#) of Americans who filed new claims for unemployment insurance was 222,000 for the week ending September 3. Over the last four weeks, the average number of Americans receiving unemployment insurance benefits is down by 72% since President Biden took office, reaching its lowest level in 53 years.

## Indicators This Coming Week

- **Tuesday 9/13–The Bureau of Labor Statistics Will Publish Consumer Price Index Inflation Data:** On Tuesday, BLS will release new CPI inflation data for the month of August. According to July data, inflation decreased significantly last month, and overall prices were flat at 0.0%—down from the 1.3% increase in June. Although inflation remains elevated, there are early indications that it is easing.
- **Tuesday 9/13–Census Bureau Scheduled To Report National Poverty Data:** The Census Bureau is [expected](#) to report the 2021 official poverty and Supplemental Poverty Measure (SPM) estimates, which provides insight into the economic health of households, families and individuals.
- **Friday 9/16–States Labor Market Data Will Be Released:** The Bureau of Labor Statistics will release state-level employment data for the month of August. Data from July [showed](#) unemployment rates decreased in 14 states and the District of Columbia and remained stable in 33 states.

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### JEC Spotlight: People of Color and Low-Income Communities Are Disproportionately Excluded from Access to Banking and Financial Services, Harming Economic Opportunity and Mobility

Access to banking and financial services is essential to economic mobility and opportunity. While most American adults are fully banked, barriers to inclusion in banking and financial services disproportionately [harm](#) underrepresented and low-income communities. A new [report](#) from the JEC examines the extent of this financial exclusion, its harmful effects and the policy changes that are needed to address these disparities.

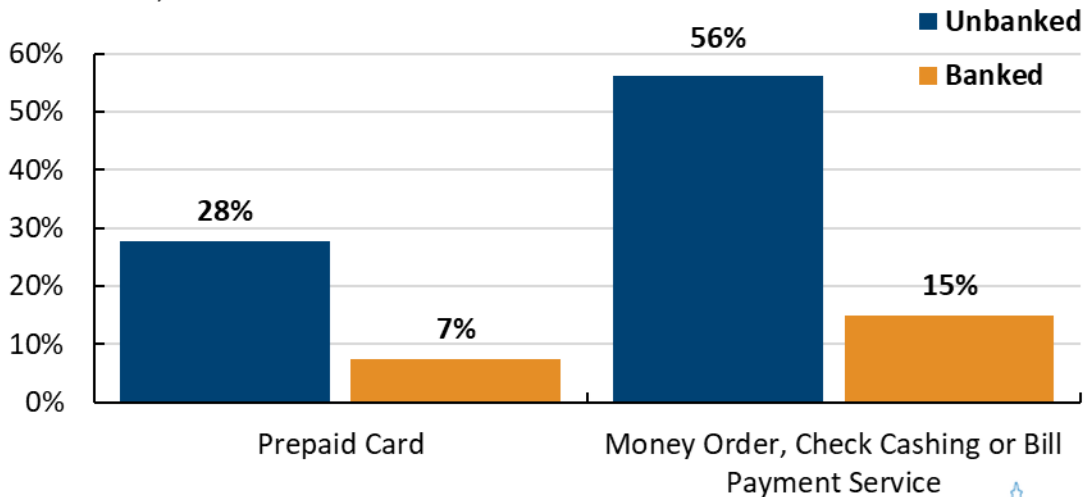
An [estimated](#) 40% of Black Americans, 29% of Hispanic Americans and more than one-third of families earning less than \$25,000 annually are either unbanked or underbanked compared to 13% of white families. Marginalized communities pay a high price for this exclusion by having to rely on costly alternatives, like [predatory](#) forms of lending, which typically come with steep financial costs and trap consumers in a cycle of debt.

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## Unbanked Households Rely on Nonbank Financial Transaction Services

Share of nonbank financial transaction services used by banked and unbanked households, 2019



Source: 2019 FDIC Survey



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### Selected JEC Resources

- [\*The Economic Impact of the Inflation Reduction Act\*](#)
- [\*The Inflation Reduction Act Will Make the Tax System Fairer and Strengthen the Economy\*](#)
- [\*The National Labor Relations Board is Supporting Workers During an Upsurge in Union Organizing after the Coronavirus Pandemic\*](#)
- [\*LGBTQ+ Americans Make Important Contributions to the Economy Despite Facing Unique Challenges\*](#)

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