

Fashioning Accountability and Building Real Institutional Change (FABRIC) Act

The FABRIC Act proposes major incentives to accelerate domestic apparel manufacturing and new workplace protections to cement the US as the global leader in responsible apparel production.

What we wear matters. And where and how it's made matters. The United States garment sector is a \$9 billion industry employing 95,000 people, a fraction of its heyday, but Made in USA clothing is on the rise. As such, on May 13, 2022, US Sen. Kirsten Gillibrand (D-NY) will introduce the Fashioning Accountability and Building Real Institutional Change (FABRIC) Act, which proposes major incentives to accelerate domestic apparel manufacturing and new workplace protections to cement the US as the global leader in responsible apparel production.

THE PROBLEM

Exploitation of an Essential Workforce

Fashion is a \$1.5 trillion global industry, but its manufacturing supply chains around the world are often rife with abuses, including forced labor and extreme poverty pay. The US took two historic steps towards ending this exploitation in 2021, by passing the Uyghur Forced Labor Prevention Act and California's Garment Worker Protection Act. But more remains to be done.

While many American garment workers earn a middle class living, as a group they still suffer the second-highest rate of wage theft of all workers, with some earning as little as \$2.68 an hour, far below the federal minimum wage.^[2] Some factories abuse the piece rate system of pay, by which workers earn pennies per garment sewn rather than the minimum wage. These abuses are systemic, as layers of contracting separate brands from their garment workers, creating opaque supply chains with no oversight.

Offshoring

There are apparel manufacturers concentrated from coast to coast from California, New York, the Carolinas, and Texas that craft everything from high-end denim and luxury handbags to fast fashion and swimwear. But since peak employment of 1.4 million garment in 1973, offshoring and outsourcing have hollowed out the US garment manufacturing sector.

Further, the US imports \$28.8 billion in apparel from China—up from \$2.8 billion 30 years ago. Many of these overseas garment manufacturing jobs lack adequate labor protections.

An Aging Workforce and Disinvestments

The US is in a unique position to accelerate domestic manufacturing coming out of the Covid-19 pandemic and lead the world in the booming \$5 billion^[1] global market for responsibly produced apparel. But many highly-skilled American garment workers are aging out of the industry and many manufacturers are seeking investments for workforce development and modern, high-tech machinery.

THE SOLUTION

The Key Provisions of the FABRIC Act of 2022:

To incentivize domestic manufacturing, the bill introduces:

- *The establishment of a \$40 million **Domestic Garment Manufacturing Support Program** to supply grants to manufacturers for equipment costs, safety improvements, and training and workforce development. Nonprofits focused on manufacturing workplace development may apply as well.*
- *A **30 % reshoring tax credit** for garment manufacturers who move manufacturing operations to the US. This credit will be applicable to costs associated with reshoring production.*

To create world-leading worker protections in apparel production, the bill also amends the Fair Labor Standards Act of 1938 to include:

- *The establishment of a **nationwide garment industry registry** through the Department of Labor to promote transparency, hold bad actors accountable, and level the playing field.*
- ***New requirements which hold fashion brands and retailers alongside manufacturing partners jointly accountable** for workplace wage violations to incentivize fair workplaces, starting at the top.*
- ***Setting hourly pay in the garment industry** and eliminating piece rate pay until the minimum wage is met to ensure jobs with dignity. Productivity incentives on top remain protected.*

[1]<https://www.prnewswire.com/news-releases/insights-on-the-ethical-fashion-global-market-to-2030---identify-growth-segments-for-investment-301298786.html>

[2] <https://docs.google.com/document/d/1YwM695O3ecVUMF42ipVRDMdhEPSrZp09PKFfZsximac/edit>
<https://publicintegrity.org/inequality-poverty-opportunity/workers-rights/cheated-at-work/garment-industry-wage-theft-problem/>