

U.S. Dept. of Commerce: Biden administration releases implementation strategy for \$50 billion CHIPS for America program

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WASHINGTON – Today, the U.S. Department of Commerce released its strategy outlining how the Department will implement \$50 billion from the bipartisan CHIPS Act of 2022, signed by President Biden last month. The *CHIPS for America* program, housed within the Department's National Institute of Standards and Technology (NIST), will revitalize the domestic semiconductor industry and spur innovation while creating good-paying jobs in communities across the country.

“Rebuilding America’s leadership in the semiconductor industry is a down payment on our future as a global leader,” said U.S. Secretary of Commerce Gina Raimondo. “*CHIPS for America*, will ensure continued US leadership in the industries that underpin our national security and economic competitiveness. Under President Biden’s leadership, we are once again making things in America, revitalizing our manufacturing industry after decades of disinvestment and making the investments we need to lead the world in technology and innovation.”

The [strategy](#), released today, outlines the initiatives, strategic goals, and guardrails guiding the *CHIPS for America* program.

The program’s four primary goals are:

- Establish and expand domestic production of leading edge semiconductors in the US, of which the US currently makes 0% of the world’s supply
- Build a sufficient and stable supply of mature node semiconductors

- Invest in R&D to ensure the next generation semiconductor technology is developed and produced in the US.
- Create tens of thousands of good-paying manufacturing jobs and more than hundred thousand construction jobs. This effort will ensure the pipeline for these jobs expands to include people who have historically not had a chance to participate in this industry, including women, people of color, veterans and people who live in rural areas.

The program supports three distinct initiatives:

- **Large scale investments in leading edge manufacturing:** The CHIPS incentives program will target approximately three quarters of the incentives funding, around \$28 billion, to establish domestic production of leading-edge logic and memory chips that require the most sophisticated manufacturing processes available today. Those amounts may be available for grants or cooperative agreements, or to subsidize loans or loan guarantees. The Department is still assessing the impact of the newly enacted advanced manufacturing facility investment tax credit on capital expenditures, which will generate significant additional project investment from participants and will reduce the required share of CHIPS incentives funding allocated for leading edge projects. The Department will seek proposals for the construction or expansion of manufacturing facilities to fabricate, package, assemble and test these critical components, particularly focusing on projects that involve multiple high-cost production lines and associated supplier ecosystems.
- **New manufacturing capacity for mature and current-generation chips, new and specialty technologies, and for semiconductor industry suppliers:** The CHIPS incentives program will increase domestic production of semiconductors across a range of nodes including chips used in defense and in critical commercial sectors such as automobiles, information and communications technology, and medical devices. This initiative is broad and flexible, encouraging industry participants to craft creative proposals. For this initiative, the Department expects dozens of awards with the total value expected to be at least a quarter of the available CHIPS incentives funding, or approximately \$10 billion. Those amounts may be available for grants or cooperative agreements, or to subsidize loans or loan guarantees.
- **Initiatives to strengthen US leadership in R&D:** The CHIPS R&D program will invest \$11 billion in a National Semiconductor Technology Center, a National Advanced Packaging Manufacturing Program, up to three new

Manufacturing USA Institutes, and in NIST metrology research and development programs. This constellation of programs is intended to create a dynamic new network of innovation for the semiconductor ecosystem in the United States. Executing this vision will require collaboration with academia, industry, and allied countries, and will require sustained investment over many years.

The Strategy also provides clear recommendations for potential applicants, reinforcing the Department's commitment to advancing long-term strategic goals and identifying criteria against which applications will be evaluated. The criteria include:

- **Increase scale and attract private capital:** The CHIPS incentives program will encourage large-scale investments that attract associated suppliers and workforce investments. In addition to committing their own significant resources, potential applicants are encouraged to explore creative financing structures to tap a variety of sources of capital.
- **Leverage collaborations to build out semiconductor ecosystems:** The CHIPS incentives program will encourage collaboration between industry stakeholders, investors, customers, designers, and suppliers, and international firms. Such collaborations could include purchase commitments, partnerships that enable fabless design or collaborations between suppliers and producers.
- **Secure additional financial incentives and support to build regional and local industry clusters that strengthen communities:** The CHIPS incentives program requires applicants to the incentives program to secure state or local incentives. The Department expects to give preference to projects that include state and local incentive packages that maximize regional and local competitiveness, invest in the surrounding community, and prioritize broad economic gains, rather than outsize financial contributions to a single company.
- **Establish a secure and resilient semiconductor supply chain:** The CHIPS incentives program will prioritize projects that adhere to standards and guidelines on information security, data tracking and verification, and that collaborate on further development and adoption of such standards.
- **Expand the workforce pipeline to match increased domestic capacity workforce needs:** The CHIPS incentives program will create good-paying jobs that benefit all Americans, including economically-disadvantaged individuals and populations that may be underrepresented in the industry. The program

will prioritize workforce solutions that enable employers, training providers, workforce development organizations, labor unions, and other key stakeholders to work together. The goal is to create more paid training and experiential apprenticeship programs, provide wrap around services, prioritize creative recruitment strategies and hire workers based on their acquired skills.

- **Create inclusive and broadly-shared opportunities for businesses:** The CHIPS incentives program will prioritize projects that proactively work to ensure that small businesses, minority-owned, veteran-owned and women-owned businesses, and businesses in rural areas, benefit from opportunities generated by the CHIPS programs.
- **Provide robust financial plans:** Applicants will be required to provide detailed project-specific and company-level financial data to ensure that incentives funds are meeting the economic and national security goals of the program while protecting taxpayer dollars.

Funding documents, which will provide specific application guidance for the *CHIPS for America* program, will be released by early February 2023. Awards and loans will be made on a rolling basis as soon as applications can be responsibly processed, evaluated and negotiated.

The full strategy paper can be downloaded [here](#). The Program's guiding principles can be viewed on the Department's recently launched [CHIPS.gov](#).