

## FACT SHEET:

### Dedicated Supply Chain Notice of Funding Opportunity

**On September 29, 2023, CHIPS for America released its second funding opportunity to further the President’s Investing in America Agenda by strengthening the resilience of the semiconductor supply chain, advancing U.S. technology leadership, and supporting vibrant domestic semiconductor clusters.**

As part of the Biden-Harris Administration’s efforts to strengthen American manufacturing, the bipartisan CHIPS and Science Act of 2022 provides \$52.7 billion in federal funding to revitalize the domestic semiconductor industry, support R&D, and build a skilled semiconductor workforce. This includes \$39 billion in semiconductor incentives administered by the CHIPS Program Office within the U.S. Department of Commerce (the “Department”). In February 2023, the CHIPS Program Office released its [first funding opportunity](#) for commercial fabrication facilities, and in June 2023 it opened the opportunity to large-scale semiconductor materials and manufacturing equipment facilities for which the capital investment equals or exceeds \$300 million.

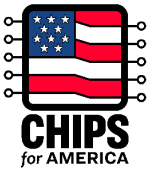
The CHIPS Program Office’s second funding opportunity seeks applications for smaller-scale projects involving the construction, expansion, or modernization of semiconductor materials and manufacturing equipment facilities for which the capital investment falls below \$300 million. These applicants play a vital role in producing the inputs necessary for producing semiconductors in the United States, support our domestic manufacturing ecosystem, and create jobs and opportunities in communities across the country. Concept plans will be accepted between December 1, 2023, and February 1, 2024, and the Department will then invite the most promising applicants to the full application phase. The Department will communicate full application submission dates to those applicants selected to advance.

CHIPS for America expects to release an additional funding opportunity, for R&D facilities, at a later date.

## PROGRAM PRIORITIES

**Advancing U.S. economic and national security is the principal objective of the CHIPS Incentives Program, and this funding opportunity is particularly focused on bolstering domestic supply chains to create vibrant, sustainable semiconductor clusters.**

The Department has laid out three overarching economic and national security objectives for its investments in semiconductor materials and manufacturing equipment facilities: (1) strengthening supply chain resilience, (2) advancing U.S. technology leadership in semiconductor materials and manufacturing equipment, and (3) supporting vibrant U.S. clusters that bring together fabs, suppliers, and a diverse, skilled workforce. For more detailed information, see [“Vision for Success: Semiconductor Materials and Manufacturing Equipment Facilities.”](#)



Through this funding opportunity, the Department is particularly interested in applications that advance clusters by closing critical gaps in the U.S. supplier landscape. If a project does not support a cluster, the application must make a compelling case for advancing one of the Department's other two objectives.

**In addition to explaining how their proposed project will advance U.S. economic and national security, applicants will also be asked to meet four other program priorities designed to ensure that CHIPS funds protect taxpayer investments and generate broad-based benefits for communities.**

- **Commercial Viability:** Applicants should present evidence of the demand for a project's output and other sources of existing and potential future supply. Strong applications will also include evidence of offtake commitments or other evidence of specific customer demand.
- **Financial Strength:** Applicants should structure the finances of their project to maximize private-sector contributions and minimize the need for government incentives. The Department will evaluate the degree to which an applicant leverages private investment, state and local incentives, and the Investment Tax Credit (if applicable).
- **Project Technical Feasibility and Readiness:** The applicant must demonstrate that it is able to construct, equip, and operate the proposed project. The Department intends to prioritize applications that demonstrate a clear path to meeting Federal, state, and local environmental and permitting requirements in a timely manner.
- **Workforce and Community Investment:** Consistent with directives in the CHIPS Act, applicants will have to submit a "workforce and community investment" plan that sets forth their strategy for investing in their construction and facility workforces, as well as their strategy for community investment. Applicants are strongly encouraged to engage with a broad array of strategic partners, including but not limited to labor unions, workforce development organizations, state and local workforce boards, educational institutions, and semiconductor fabrication companies.

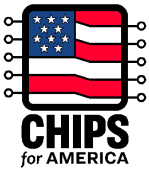
## CONSORTIA

**Applicants with projects that support vibrant U.S. clusters are strongly encouraged to apply as consortia to leverage connections with other regional entities.**

The Department expects that strong consortia will include at least two suppliers, a state or local government entity, and an anchor institution such as a semiconductor fab. Other members may include workforce training providers, labor unions, economic development corporations, institutions of higher education, philanthropic foundations, industry organizations, Tech Hubs, or other relevant entities. Within a consortium, funds will be awarded to the private-sector entity responsible for constructing, expanding, or modernizing a semiconductor material or manufacturing equipment facility.

State and local government entities that join consortia are strongly encouraged to invest in workforce, education, site preparation, research and development, or infrastructure (including transportation, housing, water, or energy) designed to benefit both consortia members and the broader community. They are also strongly encouraged to help streamline access to permitting and expansion services and to coordinate with the relevant regulatory authorities. Strong consortium applications will include concrete evidence of steps any state and/or local government members are taking to make it easier for suppliers to invest in the region.

Consortium applicants will be asked to explain the consortium's overall strategic vision and to justify the importance of each proposed project to that vision. The Department therefore encourages consortia to



be selective in choosing projects. Projects proposed as part of a consortium will be evaluated based on whether the consortium has successfully demonstrated that they are necessary to the consortium's vision.

Although consortia are strongly encouraged for cluster-focused applications, the Department still intends to support standalone projects that meaningfully advance any of the three strategic objectives outlined above.

## APPLICATION PROCESS AND AWARDS

**The funding opportunity contains an application process and application requirements tailored towards smaller businesses.**

The application process includes two primary phases. In the first phase, applicants will be asked to submit a concept plan describing how their proposed project addresses core program priorities. Concept plans will be graded using a point system elaborated in the funding opportunity. The Department will then invite the most promising applicants to the second phase, where they will have the opportunity to submit a full application.

**The Department will award up to \$500 million in CHIPS Incentives under this funding opportunity. Awards will be in the form of direct funding and will include provisions holding applicants to commitments made in their applications.**

Direct funding awards may be in the form of grants, cooperative agreements, or other transactions. In general, most direct funding awards will equal 10 percent of project capital expenditures. In rare cases, applicants may receive an award of either 20 percent or 30 percent if they make a particularly compelling case that their project advances the Department's economic and national security objectives and that they need additional funding to make their project commercially viable.

Awards will be subject to requirements set forth in the award terms, which may include but are not limited to terms to ensure the appropriate use of Federal funds, compliance with programmatic requirements and commitments made by the applicant in the application, and conditions to mitigate project or applicant specific risks identified in the review process.

CHIPS for America will ensure CHIPS funding is advancing national security. This includes implementing the statutory requirement that applicants return the full amount of an award if they knowingly engage in any joint research or technology licensing effort with a foreign entity of concern that raises national security concerns. For more information on the national security guardrails in the CHIPS Act, see [here](#).

**The Department will make additional announcements to support credit provision to smaller suppliers in the coming months.**

The CHIPS Program Office intends to take steps to connect suppliers with credit providers of all sizes. This will include a dedicated effort within the CHIPS Investments Office as well as online tools to connect potential loan-seekers with a list of private-sector financial institutions, including direct lenders, banks, and asset managers. More information on these programs is forthcoming.

Read the second funding opportunity [here](#). For general inquiries regarding the second funding opportunity, email [askchips@chips.gov](mailto:askchips@chips.gov).