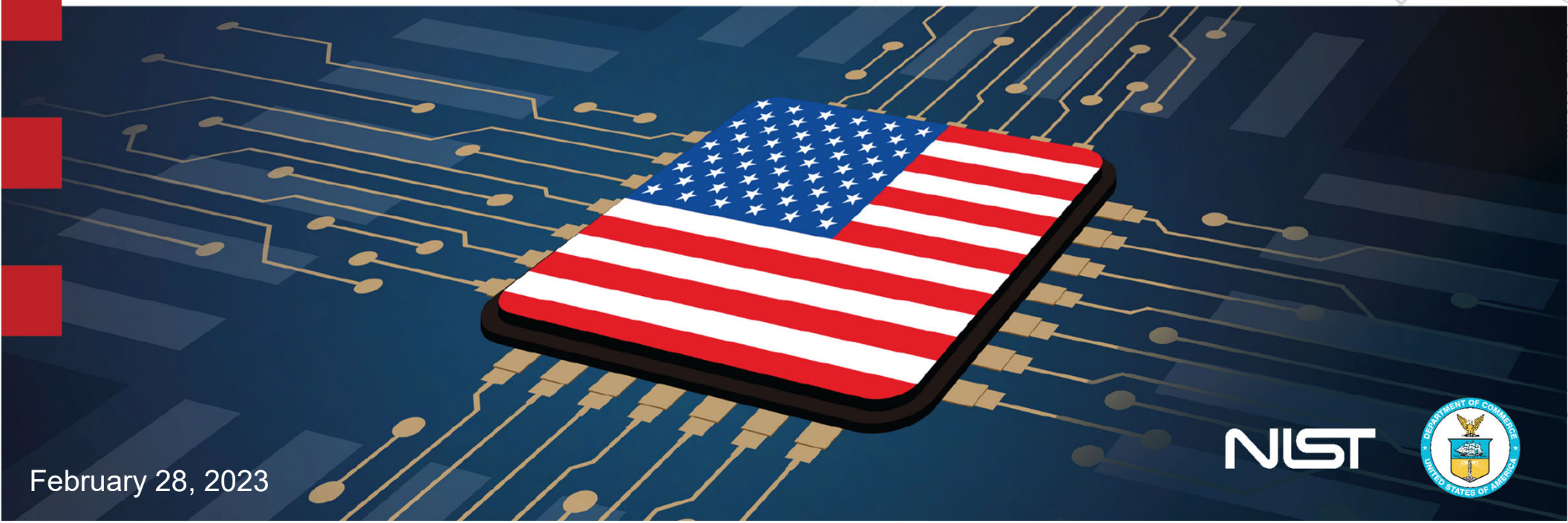
CHIPS for America
Notice of Funding Opportunity Launch

Commercial leading-edge, current-, and mature-node fabrication facilities



February 28, 2023

WELCOME

- We look forward to your questions. Click the Q&A button, type your question, and click “Post Question” to submit.
- We will answer as many questions as possible today.
- Visit CHIPS.gov
  - Get the Notice of Funding Opportunity
  - Access additional resources for applicants and stakeholders
  - Sign up for email updates
  - Register for future webinars

Today's Speakers

Michael Schmidt
Director of the CHIPS Program Office

Adrienne Elrod
Director of External and Government Affairs

Morgan Dwyer
Chief Strategy Officer

Todd Fisher
Chief Investment Officer

Kylie Patterson
Senior Advisor for Opportunity & Inclusion

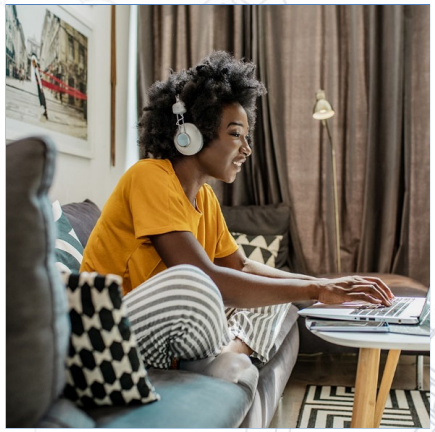
CHIPS for America Vision

Economic Security

The CHIPS Act will strengthen supply chain security and increase economic resilience in critical sectors.

National Security

The CHIPS Act will ensure that the U.S. can manufacture advanced technologies, including secure chips for the U.S. military.



Future Innovation

The CHIPS Act will spur innovation, increase competitiveness, and ensure long-term U.S. leadership in the sector

CHIPS for America Programs

$39 billion for manufacturing

Components:

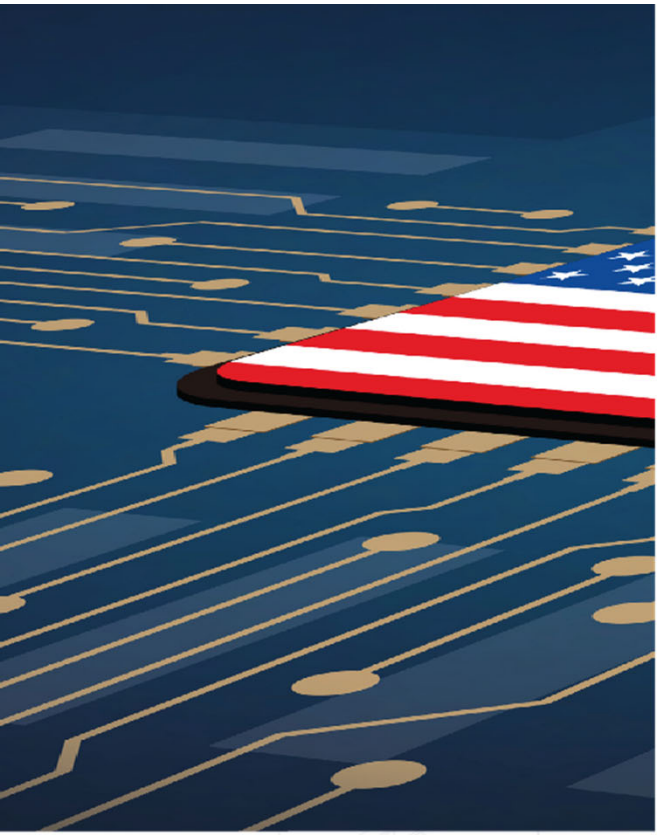
1. Attract large-scale investments in advanced technologies such as leading-edge logic and memory
2. Incentivize expansion of manufacturing capacity for mature and other types of semiconductors

$11 billion for R&D

- National Semiconductor Technology Center
- National Advanced Packaging Manufacturing Program
- Manufacturing USA institute(s)
- National Institute of Standards and Technology measurement science

Together with CHIPS initiatives from other agencies, including DOD, State, NSF, and Treasury

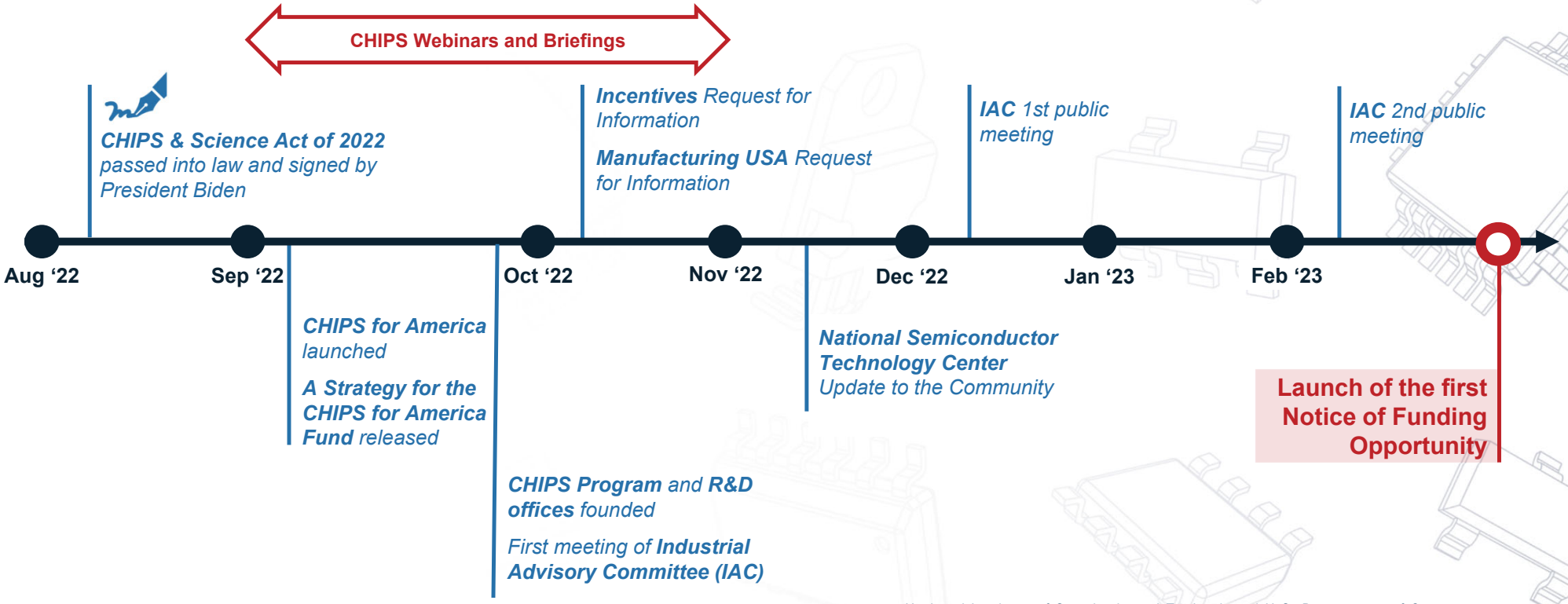
Workforce development



CHIPS Incentives Program Objectives

- Strengthen security and resilience of the semiconductor supply chain
- Provide a supply of secure semiconductors for national security
- Improve resilience of semiconductor supply chains for critical industries
- Bolster the semiconductor and skilled technical workforces
- Strengthen U.S. leadership in semiconductor technology
- Promote inclusion of economically disadvantaged individuals and small businesses
- Grow the U.S. economy and support job creation

We have spent the last 6 months preparing for this milestone



First Funding Announcement*

February 28, 2023

*The CHIPS Incentives Program Commercial Fabrication Facilities NOFO is the official funding announcement document. Nothing in this presentation or the accompanying materials is intended to contradict or supersede information in the NOFO. The NOFO controls in the event of any conflicts.

Funding Opportunities

Today

1st Notice of Funding Opportunity

For commercial leading-edge, current, and mature node fabrication facilities

Focus of today's webinar

Late Spring 2023

2nd Notice of Funding Opportunity

For material suppliers and equipment manufacturers

Fall 2023

3rd Notice of Funding Opportunity

To support the construction of **semiconductor R&D facilities**

Statements of Interest for all funding opportunities encouraged starting today

Vision for Success

Leading-Edge Logic

- ✓ The U.S. will have at least **two new large-scale clusters of leading-edge logic fabs**
- ✓ **U.S.-based engineers** will develop the process technologies underlying the **next gen of logic chips**

Memory

- ✓ U.S.-based fabs will **produce high-volume memory chips on economically competitive terms**
- ✓ **R&D for next-generation memory** technologies critical to supercomputing and other advanced computing applications will be **conducted in the U.S.**

By the end of the decade…

Advanced Packaging

- ✓ The U.S. will be home to **multiple high-volume advanced packaging facilities**
- ✓ The U.S. will be a **global leader in commercial-scale advanced packaging technology**

Current-Generation and Mature

- ✓ The U.S. will have **strategically increased its production capacity** for current-gen and mature chips
- ✓ Chipmakers will also be able to **respond more nimbly** to supply and demand shocks

Accomplishing these objectives requires:

- Catalyzing private investment
- Protecting taxpayer dollars
- Building a skilled and diverse workforce
- Engaging with U.S. partners and allies
- Driving economic opportunity and inclusive economic growth

Funding Eligibility

For organizations that are…	that can substantially…	a U.S. facility for…	of…
☐ private	☐ construct	☐ fabrication	☐ semiconductors
☐ non-profit	☐ expand	☐ assembly	
☐ consortia	☐ modernize	☐ testing	
		☐ packaging	
		☐ production	

**More details available in the funding opportunity announcement*

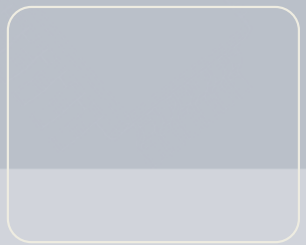
GRANTS.GOV℠
FIND. APPLY. SUCCEED.℠

CHIPS for AMERICA

This funding announcement contains:

- Program objectives and priorities
- Funding instruments
- How to apply
- Application evaluation and selection processes

Program Priorities

					
Economic and national security objectives	Commercial viability	Financial strength	Technical feasibility and readiness	Workforce development	Broader impacts

Economic Security

SEEKING PROJECTS THAT

- Increase U.S. semiconductor production and align with U.S. strategic needs
- Create a more resilient semiconductor supply chain
- Build foundry or other capacity to serve many different customers
- Attract supplier, workforce, and other investments
- Contribute to a self-sustaining ecosystem and catalyze future upgrades

Leading-edge	Current-generation and mature-node	Back-end production
• Use the most advanced tech and produce products that are most critical to enhancing U.S. competitiveness • Commit to ongoing investment in U.S.	• Support production of chips vital to automobiles, aerospace and defense, and other critical infrastructure • Use processes that convert to make other types of chips in times of disruption	• Advanced packaging

National Security

SEEKING PROJECTS THAT

- Produce semiconductors that are relied upon by the Department of Defense, other government systems, or by critical infrastructure
- Support U.S. government national security needs, such as by providing U.S. government access to facility output, or adapting commercial production for low-volume and high-mix national security components
- Mitigate operational and cybersecurity risks
- Strengthen supply chain resilience by analyzing and managing risks to their own supply chains
- Ensure that foreign entities of concern will not pose undue risks
- Produce mature-node semiconductors that are then supplied to critical manufacturing industries

Guardrails

- Funds may not be provided to a foreign entity of concern
- Recipients will be required to agree to restrict their ability to expand semiconductor manufacturing capacity in foreign countries of concern for ten years
- Recipients must not knowingly engage in any joint research or technology licensing effort with a foreign entity of concern that involves sensitive technologies or products
- Failure by CHIPS incentives recipients to comply with these restrictions may result in recovery of the full amount of funding

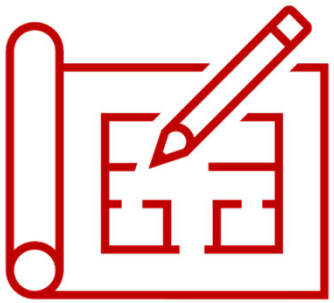
Commercial Viability

- Demand for the product
- Size / diversity of customer base
- Existing and planned supply
- Expected volume and pricing dynamics
- Ability to counter potential technological obsolescence of the facility
- Stability and predictability of key supplies

Financial Strength

- Financial strength of the applicant / parent
- Financial strength of the project
- Commitment of private/third-party investment
- Reasonableness / suitability of CHIPS funding request

Technical Feasibility and Readiness



- Organizational readiness
- Technology and manufacturing processes
- Construction plan
- Environmental risk

Workforce Development

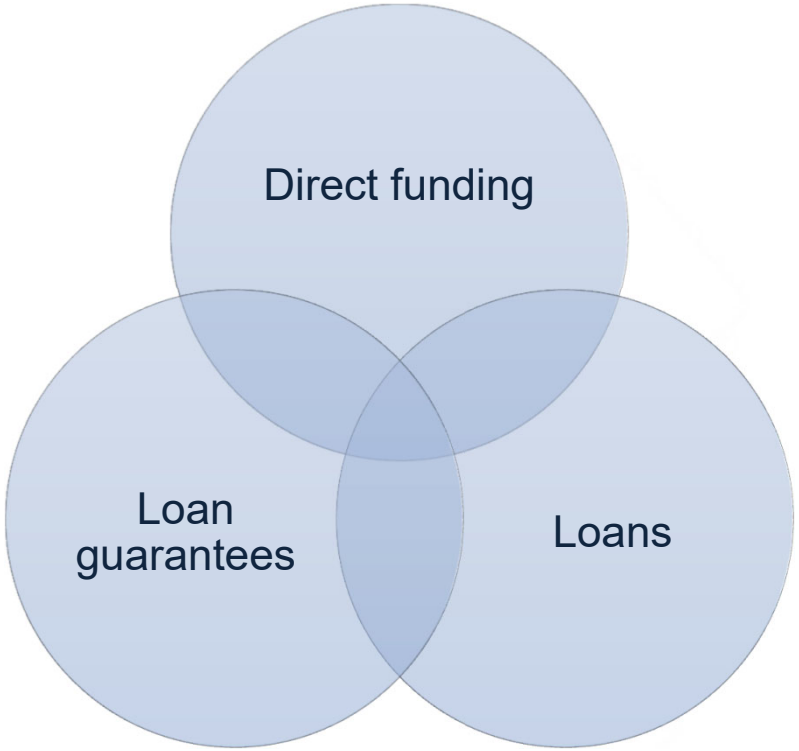
- Create good jobs
- Recruit, hire, train, and retain a diverse and skilled construction and manufacturing workforce
- Include women and economically disadvantaged individuals
- Engage with community partners
- Child care

Broader Impacts

- Commitments to future investment
- Support for semiconductor R&D
- Inclusive opportunities for businesses
- Climate and environmental responsibility
- Community investments
- Domestic content preferences
- Upside sharing

Funding Instruments

Funding Availability



Total funding

For CHIPS **Direct Funding**, **up to $38.2B** available in total

For CHIPS **Loans** and **Loan Guarantees**, **up to $75B** in total in direct loan or guaranteed principal

Funding by project

Direct funding expected to be **5-15% of project capital expenditures**

Expected total amount of a CHIPS Incentives Award expected not to exceed **35% of project capital expenditures**

Funding Restrictions

- No funds may be used to construct, modify, or improve a facility outside of the U.S.
- Funds may not be used to physically relocate existing facility infrastructure to another jurisdiction in the U.S., unless the project is in the national interest
- Public funds cannot be used for stock buybacks or dividend payments
- Recipients of funds may not charge above the actual costs incurred in executing the award's approved scope of work
- Funds to be returned if taxpayer funds are misused

Application Process

1. Statement of interest (*open to all*)
2. Pre-application (optional) — **Feedback**
3. Full application
4. Due diligence
5. Award preparation

Submissions accepted as of...

	Leading-edge	Current-gen, mature-node, and back-end
1	February 28, 2023	February 28, 2023
2	March 31, 2023	May 1, 2023
3	March 31, 2023	June 26, 2023

1 Statement of Interest (SOI)

Purpose
Help CPO gauge interest in the program and the types of projects and applicants applying, and prepare to review applications

The SOI will not be evaluated for purposes of review and selection of awards

What is needed?
- Applicant information
- Basic project information including nature of the project and potential scope
- Estimated timeline for next submission

All applicants eligible for funding across any funding opportunity

Earliest submission on February 28, 2023

Required 21 days before next submission

Submit an SOI via CHIPS.gov

2 Pre-Application

Purpose
Create an opportunity for dialogue between CPO and the potential applicant to ensure it is ready to meet program requirements and address program priorities

What is needed?
- More detailed description of proposed project(s)
- Summary financial information

Strongly recommended for current-generation, mature-node, or back-end production facilities

Earliest submission for leading edge applicants: March 31, 2023

Earliest submission for current-generation, mature-node or back-end production facilities: May 1, 2023

3 Full Application

Purpose
Submit a full application to be officially considered for a CHIPS Incentive Award

What is needed?
- Detailed information on the proposed project(s) to enable evaluation of its merits

Required for all applicants

Earliest submission for leading-edge applicants: March 31, 2023

Earliest submission for current-generation, mature-node or back-end production facilities: June 26, 2023

4 Due Diligence

If CPO determines that a full application is reasonably likely to receive an award and there is, or likely will be, agreement on a **Preliminary Memorandum of Terms**, the application will enter the due diligence phase.

What is needed?

- Validation of national security, financial, and other information

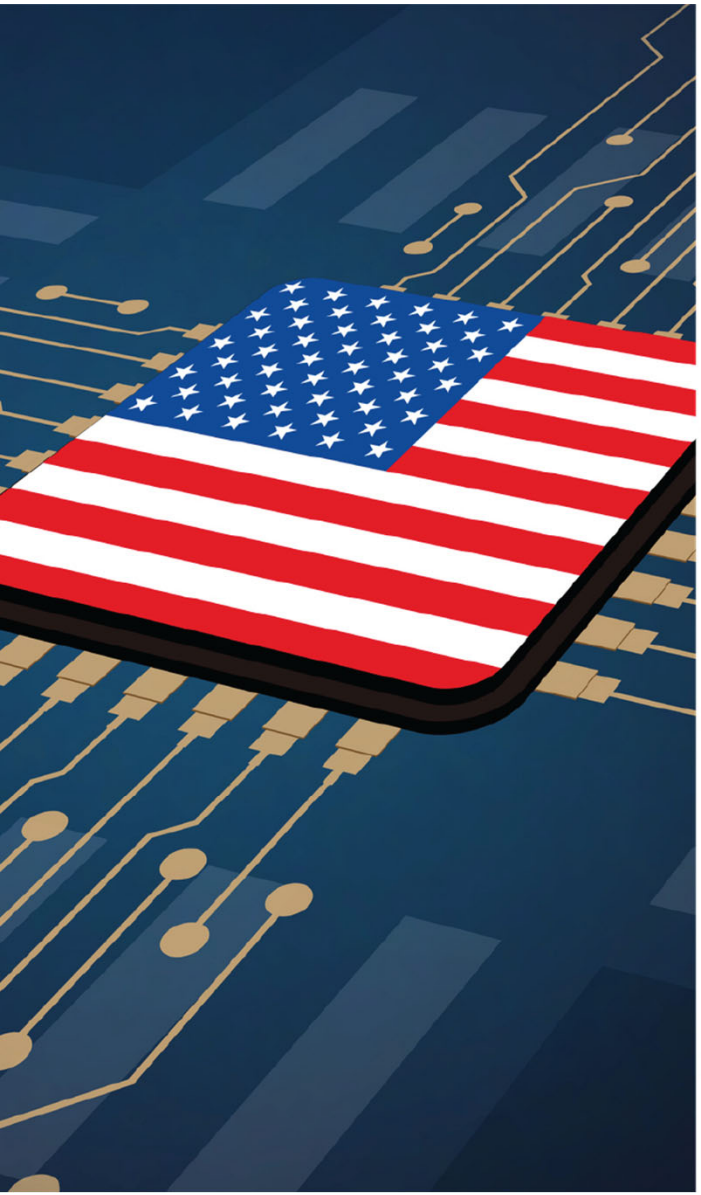
5 Award Issuance

The Department will prepare and issue one or more CHIPS Incentive Awards for applications selected for funding.

When will these funds be disbursed?

- Disbursements will be tied to project milestones
- Project milestones will be determined during the application process
- Milestones will vary by project

Resources



Next Steps

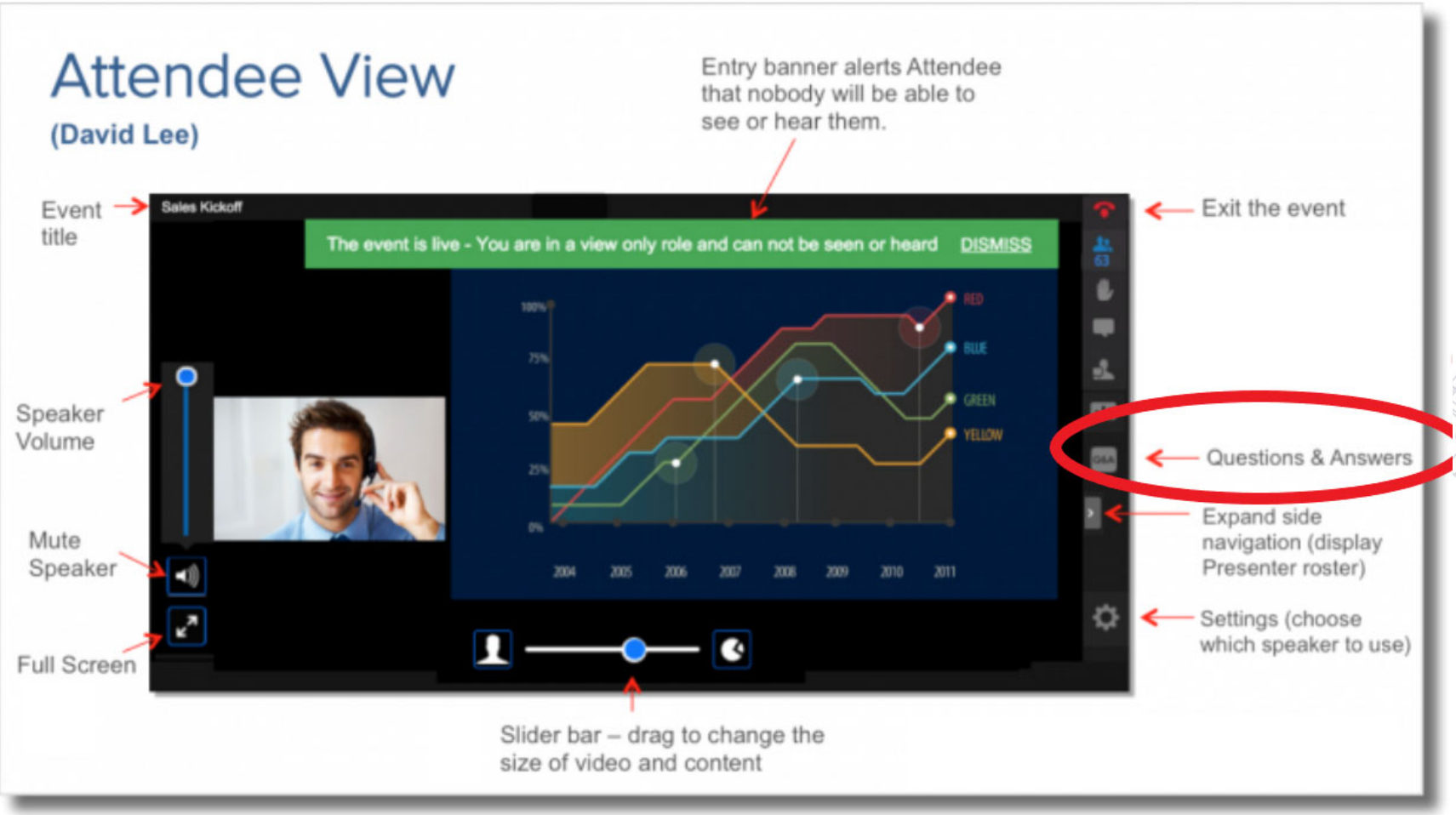
- Submit a Statement of Interest[1]
- Visit CHIPS.gov for resources, including:
  - Notice of Funding Opportunity
  - Vision for Success paper
  - Applicant guides and templates
  - FAQs and fact sheets
  - Webinar schedule (and recordings of prior webinars)
- Join our mailing list
- Contact us
  - askchips@chips.gov – general inquiries
  - apply@chips.gov – application-related inquiries

1. Statements of Interest are welcome beginning Feb. 28, 2023 for all three funding opportunities

Question and Answers

Attendee View

(David Lee)



Click the Q&A button, type out your question, and click “Post Question”.

Thank you