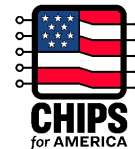


Frequently Asked Questions:

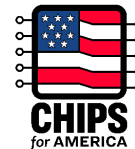
Facilities for Semiconductor Materials and Manufacturing Equipment

Note that in questions and answers below, “NOFO 1” refers to the [CHIPS Incentives Program – Commercial Fabrication Facilities Notice of Funding Opportunity](#), and “NOFO 2” refers to the [CHIPS Incentives Program – Facilities for Semiconductor Materials and Manufacturing Equipment Notice of Funding Opportunity](#).



Frequently Asked Questions

| | |
|---|----------|
| General | 3 |
| I am an upstream semiconductor supply chain company. Should I apply for funding under the second funding opportunity (Facilities for Semiconductor Materials and Manufacturing Equipment) or the first (Commercial Fabrication Facilities)? | 3 |
| Program Priorities | 3 |
| What are the Department of Commerce’s economic and national security objectives for investments made through the second funding opportunity? | 3 |
| My project is not part of a cluster. Should I still apply? | 3 |
| There’s no fab in my area. Can I still make the case that I am advancing a U.S. fab cluster? | 3 |
| What does it mean to advance a cluster? | 4 |
| Eligibility | 4 |
| How do I know if I am eligible for funding as a semiconductor material or manufacturing equipment manufacturer? | 4 |
| My project is below \$20 million in capital investments. Should I apply? | 4 |
| My project is slightly more than \$300 million in capital investments. Can I still apply under NOFO 2? | 4 |
| I am a raw material supplier. Am I eligible under the second funding opportunity? | 5 |
| I am a supplier to a supplier. Am I eligible under the second funding opportunity? | 5 |
| I am a supplier that primarily serves a non-semiconductor-related industry. Am I eligible to apply? | 5 |
| Application Logistics | 5 |
| I am seeking funding for multiple projects. Can I submit them all in one application? | 5 |
| Do I need to submit a statement of interest before applying? | 6 |
| Consortium Logistics | 6 |
| How do I apply as part of a consortium? | 6 |
| Will the consortium receive funding as a whole? | 6 |
| Is the Department requiring consortia to have particular members? | 6 |
| What information do I need to submit about my consortium? | 6 |
| How many projects can we include as part of our consortium? | 6 |
| What are the benefits to applying as part of a consortium? | 7 |
| What should state and local governments do if they want to form or support a consortium application? | 7 |
| Do members of a consortium need to share business confidential information with each other? | 7 |
| What is the difference between a cluster and a consortium? | 7 |
| The Department expects that strong consortia will include an anchor institution such as a semiconductor fab. | |
| What are other examples of anchor institutions? | 8 |
| Workforce | 8 |
| What are the characteristics of a strong construction workforce plan? | 8 |
| Award Sizing | 8 |
| How much funding should I expect as part of an award? | 8 |
| Are there downsides to requesting an award of more than 10 percent of project capital expenditures? | 9 |
| Materials facilities are not eligible for the Investment Tax Credit. Will they receive additional funding? | 9 |
| May I apply for loans or loan guarantees under the second NOFO? | 9 |



General

[I am an upstream semiconductor supply chain company. Should I apply for funding under the second funding opportunity \(Facilities for Semiconductor Materials and Manufacturing Equipment\) or the first \(Commercial Fabrication Facilities\)?](#)

Assuming your project meets the other eligibility requirements laid out in the funding opportunities, the distinction between the first NOFO and the second comes down to the size of your proposed project. If your project involves capital investments of \$300 million or more, you must apply under the first funding opportunity. If your project involves capital investments of below \$300 million, you must apply under the second funding opportunity.

For more information on eligibility requirements for each funding opportunity, see Sections I.B.1 and I.B.2 (“What facilities are eligible for funding under this NOFO?” and “What are the eligibility requirements for funding under this NOFO?”) of [NOFO 1](#) or Sections I.B.1 and I.B.2 (same) of [NOFO 2](#).

Program Priorities

[What are the Department of Commerce’s economic and national security objectives for investments made through the second funding opportunity?](#)

The Department has laid out three 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. fab clusters. For more detailed information, see “[Vision for Success: Facilities for Semiconductor Materials and Manufacturing Equipment](#).”

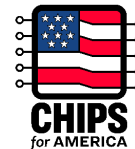
The Department recognizes that all three objectives are self-reinforcing and welcomes projects that support one or more of the objectives above. But for the second funding opportunity, the Department is particularly focused on the third goal: supporting vibrant U.S. clusters. If a project does not support a cluster, the application must make a compelling case for advancing one of the Department’s other two objectives.

[My project is not part of a cluster. Should I still apply?](#)

Through the second NOFO, the Department is particularly focused on projects that advance U.S. clusters. But the Department is open to projects that support any of the economic and national security objectives outlined in the NOFO and in the “[Vision for Success: Facilities for Semiconductor Materials and Manufacturing Equipment](#).” 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: strengthening supply chain resilience and/or advancing U.S. technology leadership.

[There’s no fab in my area. Can I still make the case that I am advancing a U.S. fab cluster?](#)

Yes. The Department is interested in projects that advance clusters by closing critical gaps in the U.S. supplier landscape. Often, projects will accomplish this goal by locating near fabs to reduce the burdens associated with transporting critical supply chain inputs. But that is not a requirement, and the Department welcomes projects that support clusters in other ways, including by providing critical materials or equipment to fabs in multiple areas.



What does it mean to advance a cluster?

Through its investments in the semiconductor supply chain, the Department wants each CHIPS-funded cluster in the United States to be supported by dozens of suppliers, including many that will be investing in the United States for the first time to close critical gaps in the U.S. supplier ecosystem. For more details, see [“Vision for Success: Facilities for Semiconductor Materials and Manufacturing Equipment.”](#)

Note that the Department does not intend to use CHIPS dollars to physically relocate existing facility infrastructure in the United States to another U.S. jurisdiction. Rather, the Department hopes CHIPS funding will incentivize suppliers — some of whom may currently have no footprint in the United States — to build new facilities or additional capacity to support U.S.-based clusters.

Eligibility

How do I know if I am eligible for funding as a semiconductor material or manufacturing equipment manufacturer?

If you are applying to construct, expand, or modernize a semiconductor material or manufacturing equipment facility and your project’s capital investment falls below \$300 million, then you are eligible under [NOFO 2](#), provided you meet the other statutory requirements for funding under the CHIPS Act. For more information, see Section I.B.1 (“What projects are eligible for funding under this NOFO?”) of [NOFO 1](#) and Section I.B.2 (“What are the eligibility requirements for funding under this NOFO?”) of [NOFO 2](#).

If you are applying to construct, expand, or modernize a semiconductor material or manufacturing equipment facility and your project’s capital investment equals or exceeds \$300 million, then you are eligible under [NOFO 1](#), provided you meet the other statutory requirements for funding under the CHIPS Act. For more information on [NOFO 1](#), see [CHIPS Incentives Program – Commercial Fabrication Facilities Notice of Funding Opportunity](#).

My project is below \$20 million in capital investments. Should I apply?

As stated in [NOFO 2](#), the Department will not fund applications that lack sufficient scale to meaningfully contribute to its strategic objectives. The Department expects that projects with capital investments below \$20 million are unlikely to meet this standard. If a sub-\$20 million project does meet this standard, the Department generally expects other stakeholders—including chipmakers, larger suppliers, and state and local entities—to make the project viable without CHIPS funding.

In addition, 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.

My project is slightly more than \$300 million in capital investments. Can I still apply under NOFO 2?

No. If you are applying to construct, expand, or modernize a semiconductor material or manufacturing equipment facility and your capital investment equals or exceeds \$300 million, you may not apply for funding under [NOFO 2](#). You may apply under [NOFO 1](#), provided you meet the other statutory requirements for funding under the CHIPS Act.

The Department strongly advises applicants not to inflate or deflate capital investments for the purposes of NOFO eligibility, as the Department will be evaluating applicants based on the comprehensiveness and reasonableness of the projected capital expenditures.

[I am a raw material supplier. Am I eligible under the second funding opportunity?](#)

As defined in this funding opportunity, semiconductor materials facilities are facilities for the manufacture or production of materials used to manufacture semiconductors, which are the chemicals, gases, raw and intermediate materials, and other consumables used in semiconductor manufacturing (emphasis added). Potential applications related to raw semiconductor materials facilities may apply for funding so long as the capital investment falls below \$300 million, provided they meet the other eligibility requirements in the funding opportunity.

Ultimately, applications will be evaluated based on the extent to which they meet the evaluation criteria laid out in [NOFO 2](#), including the extent to which the application addresses the program's economic and national security objectives.

[I am a supplier to a supplier. Am I eligible under the second funding opportunity?](#)

As defined in the second funding opportunity, semiconductor materials facilities include facilities that manufacture or produce raw and intermediate materials, and semiconductor manufacturing equipment facilities include facilities that produce the subsystems that enable or are incorporated into manufacturing equipment. These suppliers to a supplier may apply for funding so long as their capital investment falls below \$300 million, provided they meet the other eligibility requirements in the funding opportunity.

Ultimately, applications will be evaluated based on the extent to which they meet the evaluation criteria laid out in [NOFO 2](#), including the extent to which the application addresses the program's economic and national security objectives.

[I am a supplier that primarily serves a non-semiconductor-related industry. Am I eligible to apply?](#)

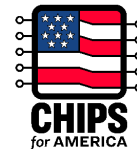
If you are a potential applicant for a project related to a semiconductor material facility or a semiconductor manufacturing equipment facility—as these facilities are defined in the Notice of Funding Opportunity, see Section I.B.1 of [NOFO 2](#) — then you are eligible to apply for funding even if a portion of your business is not related to semiconductors.

Please note, however, that our evaluation of the merits of a supply chain project will take into account the materiality of the project's semiconductor-related output, relative to both overall project size and to the U.S. semiconductor ecosystem as a whole.

Application Logistics

[I am seeking funding for multiple projects. Can I submit them all in one application?](#)

For the purposes of [NOFO 2](#), applicants may include only one project per application. A “project” is defined as a set of capital expenditures for the construction, expansion, or modernization of a single facility. If you are seeking funding for multiple projects, you must submit a separate application for each project.



Do I need to submit a statement of interest before applying?

Applicants that have not already submitted a statement of interest to the Department are not required to do so before submitting a concept plan under this NOFO but may still do so if desired.

Consortium Logistics

How do I apply as part of a consortium?

Each member of a consortium seeking funding for a project eligible for CHIPS Incentives must submit their own separate concept plan and application. As part of the concept plan and application, consortium applicants will be asked to submit a “consortium narrative” detailing other members of the consortium and setting forth the overall strategic vision of the consortium, among other relevant information. Applicants that are part of the same consortium should submit the same information in their consortium narrative.

Funding will be awarded on a per-project basis to consortium members proposing to construct, expand, or modernize a facility eligible under the second NOFO.

For more information, see Sections I.B.4 (“May applicants apply for funding under this NOFO as part of a consortium, and if so, how?”) and IV.G.2 and IV.H.2 (“Consortium Narrative”) of [NOFO 2](#).

Will the consortium receive funding as a whole?

Funding will be awarded on a per-project basis to consortium members proposing to construct, expand, or modernize a facility eligible under [NOFO 2](#).

Is the Department requiring consortia to have particular members?

No. However, 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.

What information do I need to submit about my consortium?

As part of the concept plan and application, consortium applicants will be asked to submit a “consortium narrative” detailing other members of the consortium and setting forth the overall strategic vision of the consortium, among other relevant information. For more information, see Sections IV.G.2 and IV.H.2 (“Consortium Narrative”) of [NOFO 2](#).

How many projects can we include as part of our consortium?

There is no specific floor or ceiling for the number of projects that may be included as part of a consortium. However, in evaluating projects submitted as part of a consortium, the Department will consider the extent to which the consortium’s strategic vision advances economic and national security, and the extent to which a given project is necessary for achieving that vision. Thus, the Department strongly encourages consortia to be selective in choosing projects.

What are the benefits to applying as part of a consortium?

Whether a project meaningfully contributes to the development or sustainability of a cluster is a factor the Department may use to advance concept plans to the full application phase or to select a full application to receive an award. We generally expect applicants applying as part of consortia to be better positioned to make this showing.

In addition, applicants applying as part of a consortium may work together to satisfy various statutory eligibility and other requirements. For more information, see Section I.B.5 (“Are there any benefits to applying as part of a consortium?”) of [NOFO 2](#).

What should state and local governments do if they want to form or support a consortium application?

State or local government entities that join consortia are strongly encouraged to take steps to build and support vibrant semiconductor clusters. Such steps might include investments in workforce, education, site preparation, research and development, or infrastructure (including transportation, housing, water, or energy) designed to benefit both the consortia members and the broader community. State and local government entities in consortia are also strongly encouraged to help streamline access to resources critical to cluster growth, such as permitting and expansion services, and coordination with relevant regulatory authorities.

For consortia that include a state and/or local government entity, the “consortium narrative” should list any actions that entity is taking or intends to take to facilitate cluster development.

Do members of a consortium need to share business confidential information with each other?

No. Each member of a consortium that seeks CHIPS funding for a project eligible under [NOFO 2](#) will have to submit their own concept plan and full application. They will not be required to share business confidential information with other members of the consortium.

In addition, the CHIPS Program Office (CPO) recognizes the importance of protecting confidential business information from public disclosure. CPO and the Department will follow applicable laws, including, for example, the CHIPS Act, the Trade Secrets Act, and the Freedom of Information Act (FOIA), to protect such information.

What is the difference between a cluster and a consortium?

Broadly speaking, a cluster describes the kind of regional semiconductor ecosystem the Department aims to create and support, while a consortium describes a collection of entities that work together to encourage the growth of such regions.

Specifically, the Department has defined a cluster as a geographically compact area with multiple commercial-scale fabs owned and operated by one or more companies; a large, diverse, and skilled workforce; nearby suppliers to the semiconductor industry; R&D facilities; utilities; and specialized infrastructure, such as chemical processing and water treatment facilities.

For the purposes of this NOFO, applicants that claim to support clusters are strongly encouraged to consider applying as part of a consortium. 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.

The Department expects that strong consortia will include an anchor institution such as a semiconductor fab. What are other examples of anchor institutions?

In addition to semiconductor fabs, anchor institutions could include large suppliers, universities, and/or advanced packaging facilities. In addition to anchor institutions, strong consortia will also include at least two suppliers and a state or local government entity and may include entities such as workforce training providers, labor unions, economic development corporations, institutions of higher education, philanthropic foundations, industry organizations, Tech Hubs, or other relevant entities.

Workforce

What are the characteristics of a strong construction workforce plan?

Applicants whose projects involve more than an incidental amount of construction will be required to discuss their strategy for investing in their construction workforce. That strategy must include a workforce needs assessment; a recruitment, retention, and training approach; a job quality approach; and metrics and milestones. Applicants will also need to address whether they commit to using project labor agreements. If they do not so commit, the Department will need to understand what other measures they intend to take to ensure workforce continuity and reduce the risk of delays in project delivery.

As part of their workplan, applicants are strongly encouraged to describe any steps that will be taken to ensure that all contractors and subcontractors—including subcontract labor providers—have and will continue to have a strong record of compliance with all Federal labor laws, including but not limited to all relevant provisions, rules, and regulations of the Davis-Bacon Act, Executive Order 11246, and the Occupational Safety and Health Act, and the steps that will be taken to prevent the misclassification of workers. Strong applications will also demonstrate that contractors and subcontractors have a strong record of compliance with applicable state and local laws.

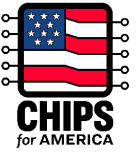
The Department encourages applicants to use independent compliance monitors to ensure compliance with applicable laws and regulations. Compliance monitors can include law firms that specialize in monitoring compliance with contracts and settlements and/or labor organizations that represent construction workers.

Award Sizing

How much funding should I expect as part of an award?

It is generally expected that most CHIPS 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 of project capital expenditures if they have (a) made a particularly compelling case that their project advances the Department's economic and national security objectives, and (b) demonstrated that the additional funding is necessary to make the project commercially viable. Projects eligible for the Investment Tax Credit will not receive an award of more than 20 percent of project capital expenditures.

If an applicant requests more than 10 percent in CHIPS Direct Funding, the Department expects that it may take substantially longer to evaluate the full application and prepare an award.



Are there downsides to requesting an award of more than 10 percent of project capital expenditures?

If an applicant requests more than 10 percent in CHIPS Direct Funding, the Department expects that it may take substantially longer to evaluate the full application and prepare an award. In addition, the applicant will need to make a particularly compelling case that their project advances the Department's economic and national security objectives and that additional funding is necessary to make the project commercially viable.

Materials facilities are not eligible for the Investment Tax Credit. Will they receive additional funding?

It is generally expected that 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 additional funding is necessary to make the project commercially viable.

Projects that are eligible for the Investment Tax Credit will not receive an award of more than 20 percent of project capital expenditures. In other words, projects may only receive an award of 30 percent of capital expenditures if they are not eligible for the Investment Tax Credit.

May I apply for loans or loan guarantees under the second NOFO?

No, the second NOFO offers award only in the form of direct funding. However, the Department intends to facilitate opportunities to increase access to credit for smaller suppliers by connecting 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.