CHIPS for America Implementation Strategy

Presented by Donna Dubinsky, Sreenivas Ramaswamy and Eric Lin
September 2022
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.
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Donna Dubinsky
Senior Counselor to the Secretary for CHIPS Implementation

CHIPS for America Vision
Chips are the foundation of the modern world
Chips were invented in America

But most chips are made outside of the U.S.
Supply chain disruptions halt U.S. commerce

- Pandemic, storms and fires paused chip production
- Workers were furloughed
- Prices increased
- Demand still outstrips supply
- Geopolitical tensions over Taiwan present even greater supply chain risks going forward
H.R. 4346

One Hundred Seventeenth Congress of the United States of America

AT THE SECOND SESSION

Began and held at the City of Washington on Monday, the third day of January, two thousand and twenty-two

An Act

Making appropriations for Legislative Branch for the fiscal year ending September 30, 2022, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. TABLE OF CONTENTS.

The table of contents for this Act is as follows:

Sec. 1. Table of contents.
Sec. 2. References.

DIVISION A—CHIPS ACT OF 2022

Sec. 101. Short title.
Sec. 102. Creating helpful incentives to produce semiconductors (CHIPS) for America fund.
Sec. 103. Semiconductor incentives.
Sec. 104. Opportunity and inclusion.
Sec. 105. Additional GAO reporting requirements.
Sec. 106. Appropriations for wireless supply chain innovation.
Sec. 107. Advanced manufacturing investment credit.
CHIPS for America Vision

**Economic Security**
This act enables us to build more resilient supply chains for important components.

**National Security**
This act enables us to bring the most sophisticated technologies back to the U.S.

**Future Innovation**
Chips are key to the technologies and industries of the future, so we need to be at the forefront. This act will ensure long-term U.S. leadership in the sector.
Sreenivas Ramaswamy
Senior Advisor to the Secretary of Commerce

Implementation:
CHIPS for America Fund
Strategy Paper
CHIPS for America will:

- Return leading-edge chip manufacturing to U.S.
- Expand capacity to make current/mature chips and critical supplies
- Reinforce U.S. strengths in chip design and equipment
- Grow a U.S. workforce and strengthen communities

Create a domestic semiconductor ecosystem for national and economic security
# Guiding Principles

1. Meet economic and national security needs
2. Ensure long-term leadership in the sector
3. Strengthen and expand regional clusters
4. Catalyze private sector investment
5. Generate benefits for a range of stakeholders and communities
6. Protect taxpayer dollars
## CHIPS for America Incentives

<table>
<thead>
<tr>
<th>$39 billion for manufacturing</th>
<th>$11 billion for R&amp;D</th>
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<tbody>
<tr>
<td>• Incentivize expansion of manufacturing capacity for semiconductors</td>
<td>• National Semiconductor Technology Center</td>
</tr>
<tr>
<td>• Attract large-scale investments in advanced technologies such as leading-edge logic and memory</td>
<td>• National Advanced Packaging Manufacturing Program</td>
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<tr>
<td>• Advance U.S. technical leadership</td>
<td>• Manufacturing USA institute(s)</td>
</tr>
<tr>
<td>• NDAA Section 9902</td>
<td>• National Institute of Standards and Technology measurement science</td>
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<td>• NDAA Section 9906</td>
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Together with CHIPS initiatives from other agencies, including DOD, State, NSF, and Treasury

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**Workforce development**
Manufacturing incentives will spur:

- Large-scale investments in leading-edge logic and memory manufacturing clusters

Manufacturing capacity for
- Mature and current-gen chips
- New and specialty technologies
- Suppliers to the industry
Eligibility for Manufacturing Incentives

For organizations that are...
- private
- non-profit
- consortia

that can substantially...
- finance
- construct
- expand
- modernize

a U.S. facility for...
- fabrication
- assembly
- testing
- packaging
- production
- R&D

of...
- semiconductors
- materials
- manufacturing equipment
Research & Development

- Strengthen and advance U.S. leadership in R&D
- An integrated ecosystem that drives innovation
- In partnership with industry, academia, government, and allies
- A strategic view of R&D infrastructure, participant value-proposition, and technology focus areas
- Informed by the Industrial Advisory Committee
Industrial Advisory Committee

- Ensures that R&D is meeting the chip industry’s needs
- Includes leaders from
  - industry
  - customer base
  - academia and think tanks
Guidance for Incentive Applicants

- Increase scale and attract private capital
- Leverage collaborations to build out ecosystems
- Secure additional incentives and support to build clusters
- Establish a secure and resilient supply chain
- Expand the workforce pipeline
- Create inclusive opportunities for businesses and communities
Workforce Development

Workforce programs included in applications for manufacturing incentives

NSTC will establish programs in partnership with industry and educational institutions

- Scientists and engineers in many fields
- Specialty construction workers:
  - Cleanroom architects
  - High-purity welders
  - Pipefitters
- Equipment technicians:
  - Installation and tooling
  - Maintenance
  - Operations
- Innovators
Economic Development

Applicants for incentives must consider:

• Extending access to paid training and jobs to underserved and underrepresented populations

• Working with unions and workforce development organizations to create training and hands-on learning

• Widespread and long-term spillover benefits to the local community and regional ecosystem

• Measurable benefits to small businesses and startups, including those from disadvantaged backgrounds and regions
National Security

CHIPS made in America mean:

- Continuity of supply for defense and critical industries and services
- The newest and most advanced technology stays in America
- Security standards and guidelines for commercial supply chains
- Better visibility into chip supply chain risks and faster mitigation
International Coordination

- Advance the resilience of the supply chain
- Mitigate risk of oversupply and concentration
- Promote investment guardrails
- Limit subsidy race
- Coordinate investments with other programs
# Accountability

- Projects must be economically viable and compatible with strategy
- Beneficiaries must meet performance, reporting, audit, and oversight requirements
- Beneficiaries may not send funded technology abroad or engage with countries of concern
- Workers on funded construction projects to earn prevailing wages
- Priority to programs that engage a diversity of participants
- Public funds cannot be used for stock buybacks or dividend payments
- Funds to be returned if taxpayer funds are misused
Next Steps

- **Funding Application Process**
  - Will be announced in February 2023 (6 months from enactment)
  - Proposals considered on a rolling basis

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(David Lee)

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