CHIPS for America
Notice of Funding Opportunity Launch

Semiconductor materials and manufacturing equipment facilities

September 29, 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

Nikita Lalwani
Senior Advisor to the Director

Olivia Briffault
Investment Principal
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

<table>
<thead>
<tr>
<th>$39 billion for manufacturing</th>
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<tbody>
<tr>
<td>Components:</td>
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<tr>
<td>1. Attract large-scale investments in advanced technologies such as leading-edge logic and memory</td>
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<td>2. Incentivize expansion of manufacturing capacity for mature and other types of semiconductors</td>
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<th>$11 billion for R&amp;D</th>
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<tr>
<td>• National Semiconductor Technology Center</td>
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<td>• National Advanced Packaging Manufacturing Program</td>
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<td>• Manufacturing USA institute(s)</td>
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<td>• National Institute of Standards and Technology measurement science</td>
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Together with CHIPS initiatives from other agencies, including DOD, State, NSF, and Treasury

Workforce development
We are moving quickly to progress against program goals

CHIPS & Science Act of 2022 passed into law and signed by President Biden

Aug ‘22

CHIPS for America launched

Sep ‘22

A Strategy for the CHIPS for America Fund released

Oct ‘22

Incentives Request for Information

Nov ‘22

Manufacturing USA Request for Information

Dec ‘22

IAC 1st public meeting

Jan ‘23

IAC 2nd public meeting

Feb ‘23

Proposed Rule on National Security Guardrails

Mar ‘23

Large Supply Chain Projects Funding Opportunity released

Apr ‘23

First Notice of Funding Opportunity released

May ‘23

National Semiconductor Technology Center Update to the Community

Jun ‘23

Vision and Strategy for the National Semiconductor Technology Center released

Jul ‘23

IAC 3rd public meeting

Aug ‘23

Proposed Rule on National Security Guardrails published

Sep ‘23

MOA with DOD

Oct ‘23

First Notice of Funding Opportunity released

Nov ‘23

CHIPS Program and R&D offices founded

Dec ‘23

First meeting of Industrial Advisory Committee (IAC)

Jan ‘24

Launch of Smaller Supply Chain Projects Funding Opportunity

Feb ‘24

CHIPS Webinars and Briefings
Funding Opportunities

February 28, 2023
Funding Opportunity
(Released)
For commercial leading-edge, current, and mature node fabrication facilities

June 23, 2023
Funding Opportunity
(Released)
For large semiconductor materials and equipment facility projects $300M+

TODAY
Funding Opportunity
(Released)
For smaller semiconductor materials and equipment facility projects under $300M
To support the construction of semiconductor R&D facilities

Focus of today’s webinar

The CHIPS Program Office has received over 500 statements of interest and 100 pre-applications and full applications
This funding opportunity has been tailored for smaller businesses.
Funding Eligibility

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

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

a U.S. facility for...
- production
- assembly

of...
- materials used to manufacture semiconductors
- semiconductor manufacturing equipment

for capital investment of...
- less than $300 million*

*Projects with capital investments below $20 million are unlikely to be funded unless justification shows how it meaningfully contributes to the Program’s strategic objectives.
Program Priorities

- Economic and National Security Objectives
- Commercial Viability
- Financial Strength
- Technical Feasibility and Readiness
- Workforce and Community Investment
Vision for Success

**Strengthen Supply Chain Resilience**

- The U.S. and its allies will reduce chokepoint risks flowing from geographic concentration.
- Supply chain participants will improve the transparency of demand and supply to reduce the risks of production disruptions.

**Support Vibrant U.S. Fab Clusters**

- Each CHIPS-funded fab cluster in the U.S. will be supported by dozens of suppliers, including many investing in the U.S. for the first time.
- State and local entities encouraged to help facilitate the expansion of these ecosystems.

**Advance U.S. Technology Leadership**

- The U.S. will have incentivized major U.S. equipment and materials suppliers to increase their footprints in the U.S.
- Non-U.S. suppliers of the world's most advanced equipment, materials, and subsystems will also establish large-scale footprints in the U.S.
Funding & Application Process
Funding

Funding Instruments | Total Funding | Funding by Project
--- | --- | ---
Direct Funding | Up to $500 million in direct funding available in total | Direct funding expected to be 10% of project capital expenditures*

Additional announcements forthcoming to support credit provision

Launch a “lender marketplace” to connect loan-seekers with private sector institutions

CPO is also exploring other opportunities to provide credit

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*In rare cases, applicants may receive an award of either 20% or 30% with demonstrating a compelling case for the project and that additional funding is necessary. Projects eligible for the Advanced Manufacturing Investment Credit will not receive an award of more than 20%.
Application Process

Tailored Phases

1. Concept Plan

Submission Dates

Accepted between December 1, 2023, and February 1, 2024.

2. Full Application

For applications invited to the full application phase, the program will communicate submission dates individually upon notifying them of their advancement.

3. Due Diligence

4. Award Preparation and Issuance

Unlike previous funding opportunities, no statement of interest (SOI) is required under this NOFO.
Concept Plan

Purpose
Describe how the proposed project addresses the core program priorities. Will be used by the Department to score applicants and invite those most likely to receive an award to advance to the full application phase.

What is needed?
• Applicant information
• Project plan of no more than 15 pages
• Consortium narrative (if applicable)

Required for all applicants
Accepted between December 1, 2023, and February 1, 2024
Submit through https://applications.chips.gov
Concept Plan Evaluation Criteria

1. The extent to which a project advances U.S. economic and national security
2. Project’s long-term commercial viability, including robust customer demand for the proposed project output
3. CHIPS Incentives justification
4. Likelihood that applicant will successfully execute the project, including construction and environmental review
5. Availability of non-CHIPS funding sources
2 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 to enable evaluation of its merits, including the workforce and community investment plan.

Selected applicants will be invited to apply

For applicants invited to the full application phase, the program will communicate submission dates individually upon notifying them of their advancement.
2 Full Application

In the full application, applicants will be asked to submit a Workforce and Community Investment Plan containing:

**Construction and Facility Workforce Strategy**
- Workforce needs assessment
- Recruitment, retention, and training approach
- Job quality approach in line with Good Jobs Principles
- Engagement with strategic partners strongly encouraged
- Project Labor Agreements strongly encouraged
- Access to child care encouraged

**Community Investment Strategy**
- Work closely with stakeholders in local communities to be responsive to local needs
- Proactive steps encouraged to ensure that small, minority-owned, veteran-owned, and women-owned businesses are included in the overall project

Consortium members may collaborate on this plan.
Consortia
Defining Consortia and Clusters

**Consortium**
A collection of...

- Private
- Non-profit and/or
- Public

...entities working together to build vibrant U.S. semiconductor fab clusters.

**Cluster**
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
- Specialized infrastructure, such as chemical processing and water treatment facilities
## Consortium Applications

### What does a strong consortium look like?
- At least 2 suppliers
- A state or local government entity
- An anchor institution
- May also contain workforce training providers, labor unions, econ dev corps, higher ed, and more
- Does not require an umbrella organization or formal legal structure

### Who applies?
In coordination and alignment with other members, each member seeking funds will submit:

1. **Concept Plan**
   (requires Consortium Narrative)
2. **Full Application** (if invited)

### Is a consortium required?
- A consortium is **not required** to submit an application
- Consortia **strongly encouraged** for applicants claiming to benefit U.S. clusters
- Consortia **welcome** for applicants claiming to support other two objectives
Why apply as part of a consortium?

**Application Advantages**

**Covered Incentive**
Satisfied by one letter that offers incentive to all eligible facilities in the consortium.

**Worker and Community Investment**
May collaborate to achieve economies of scale. Members decide how much funding and/or other resources each contributes to overall commitments.

**Workforce Training Commitments**
May work together to secure required commitments from educational and training entities.

**Workforce Strategy**
Members may develop one strategy at the consortium level covering each consortium member.

**Benefits**

- We generally expect applicants applying as part of consortia to be better positioned to meaningfully contribute to the development or sustainability of a cluster.
- Applicants can work together to satisfy requirements.
- Achieve greater economies of scale, efficiency, and effectiveness.
- Take advantage of the shared skills and resources.
Consortium Example

Possible Consortia Participants

- Higher Education Institution
- Economic Development Corporation
- Supplier Facility
- State or Local Government
- Semiconductor Fab
- Labor Union
- Workforce Provider

Example: Science Park

- Land
- Shared Utilities and Infrastructure
- Streamlined Permitting
- Incentives for Suppliers
Smaller Supply Chain Projects | tailored towards smaller projects and businesses...

Eligibility
- Semiconductor Materials Facilities
- Semiconductor Manufacturing Equipment Facilities
- Capital expenditures below $300 million

Funding Instruments
- Direct Funding
  - Grants
  - Cooperative Agreements
  - Other Transactions

Streamlined Application Process
1. Concept Plan
2. Full Application
3. Due Diligence
4. Award Preparation and Issuance

Submission Deadlines
- Concept Plan Submissions
  - Dec 1, 2023 – Feb 1, 2024
- Full Application Submissions
  - Communicated individually upon notice of application advancement
NEXT STEPS

- Visit CHIPS.gov for resources, including:
  - Notice of Funding Opportunity
  - Vision for Success paper
  - Applicant guides and templates
  - FAQs and fact sheet
  - Webinar schedule (and recordings of prior webinars)
- Teaming Partner List
- Join our mailing list
- Contact us
  - askchips@chips.gov – general inquiries
  - apply@chips.gov – application-related inquiries
Question and Answers
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.
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. Eligible uses of funds include costs to:

- finance the construction, expansion, or modernization of a facility, or equipment for that facility
- support site development and modernization for a facility
- support workforce development for a facility
- pay reasonable operating expenses for a facility, as determined by the Department.
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.
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.
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.
Thank You