

# First Round of CHIPS Funding Announced

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On February 28, 2023, the U.S. Department of Commerce [announced](#) the first funding opportunity under the CHIPS and Science Act ("CHIPS Act"), bipartisan legislation signed into law in 2022. The funding opportunity provides "manufacturing incentives to restore U.S. leadership in semiconductor manufacturing, support good-paying jobs across the semiconductor supply chain, and advance U.S. economic and national security."

The CHIPS Act can be thought of as the "carrot" – designed to bolster American semiconductor manufacturing – to the "stick" of recent export controls that the United States (and the Netherlands and Japan) have implemented targeting China's ability to both purchase and manufacture certain high-end chips used in military and AI applications. In particular, the strategic objectives of the CHIPS Act are to "(1) make the U.S. home to at least two, new large-scale clusters of leading-edge chip fabs, (2) make the U.S. home to multiple, high-volume advanced packaging facilities, (3) produce high-volume leading-edge memory chips, and (4) increase production capacity for current-generation and mature-node chips, especially for critical domestic industries" by the end of the decade.

The CHIPS Act provides "\$50 billion to revitalize the U.S. semiconductor industry, including \$39 billion in semiconductor incentives." The funding provided will be distributed across several programs, each targeting a specific area of need. Eligible applicants for the first round of funding are those seeking funds to "construct, expand, or modernize commercial facilities for the production of leading-edge, current-generation, and mature-note semiconductors. This includes both front-end wafer fabrication and back-end packaging."

The first round of funding will focus on how projects will advance U.S. economic and national security. Candidates will also "be evaluated for commercial viability, financial strength, technical feasibility and readiness, workforce development, and efforts to spur inclusive economic growth."

Parties interested in applying must first submit a statement of interest to Commerce. Afterwards, applicants may submit a pre-application (recommended) before submitting a full application. Commerce began accepting pre-applications for leading-edge facilities on March 31, 2023, and will be accepting full applications for those facilities on a rolling basis. On May 1, 2023, Commerce will begin accepting pre-applications for current-generation, mature-node, and back-end production facilities on a rolling basis and full applications for these categories will be accepted on a rolling basis beginning June 26, 2023.

Recipients will receive funds in the form of direct funding, federal loans, and/or federal guarantees of third-party loans. For additional information on the application process, visit: [CHIPS Act Fact Sheet](#).

The next round of funding will be announced in late spring for semiconductor materials and

equipment facilities and Commerce will release one more round in the fall for research and development facilities.