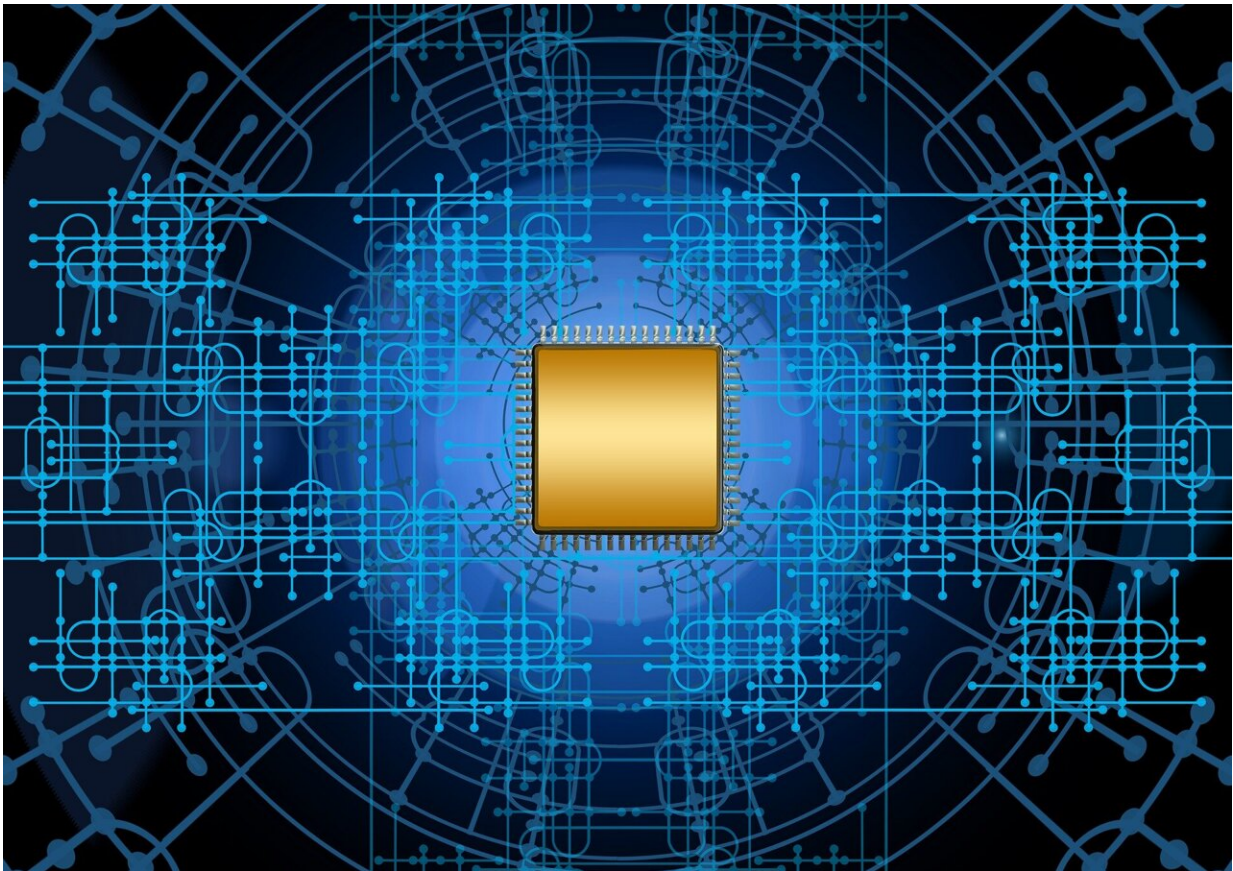


# Commerce Department launches applications for microchip funding

March 1 2023, by Riley Beggin

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The U.S. Commerce Department opened applications Tuesday for \$39 billion in funding for semiconductor chip manufacturing, kicking off

unprecedented federal spending in the tiny component that's crucial for modern technology and vehicles.

Applicants seeking more than \$150 million will also be required to show how they will provide construction and facility workers with "access to affordable, accessible, reliable and high-quality child care," the agency said, and share a portion of profits with the U.S. government if they exceed projections.

The [funding](#) is part of the CHIPS and Science Act, which passed with bipartisan support last year and also pumps \$200 billion into [scientific research](#).

"In 10 or 20 years from now, when we look back and judge the success of this initiative, I think we're going to be measured on two key imperatives," Commerce Secretary Gina Raimondo said, Did the project protect [national security](#) and was it a good steward of taxpayer money?

"Our goal is where the United States of America is the only country in the world where every company capable of producing leading edge chips will be doing that in the United States at scale."

The program seeks to increase U.S. competitiveness in technology and prevent further supply chain disruptions. The coronavirus pandemic upended the global chip supply chain, causing inventory backlogs and temporary plant closures across the auto industry.

The United States needs to grow the workforce in semiconductor fields to meet demand, Raimondo added, and fill well-paying jobs: "They ought to be accessible to everybody, especially those who have traditionally been left out and left behind."

Lack of affordable childcare is the most significant factor keeping

people—especially women—out of the workforce, she said, which is why it is important that companies show how they will support workers to meet the labor force demands.

The agency's first round of funding will prioritize projects to build, expand or revamp commercial semiconductor chip facilities, including wafer fabrication and packaging. Materials and equipment facilities may apply for a second round of funding that will be announced in late spring, and research and development facilities can apply for the third round in the fall.

The department will dole out direct funding, loans or federal guarantees of third-party loans and are intended to be paired with private investment.

Funds can't go to projects controlled by a "foreign entity of concern" such as China, and any recipients can't conduct joint research or enter into a technology licensing effort with any foreign entity of concern, Raimondo said. And companies will receive their funding in pieces as they meet promised milestones, rather than in one lump sum.

"The stakes are very high, there's no room for error, and we have a lot to do," she said. "We know the American people are watching and they deserve for their [taxpayer dollars](#) to be spent in accordance with our national security goals and objectives."

2023 Detroit News

Distributed by Tribune Content Agency, LLC.

Citation: Commerce Department launches applications for microchip funding (2023, March 1)

retrieved 27 April 2024 from

<https://techxplore.com/news/2023-03-commerce-department-applications-microchip-funding.html>

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