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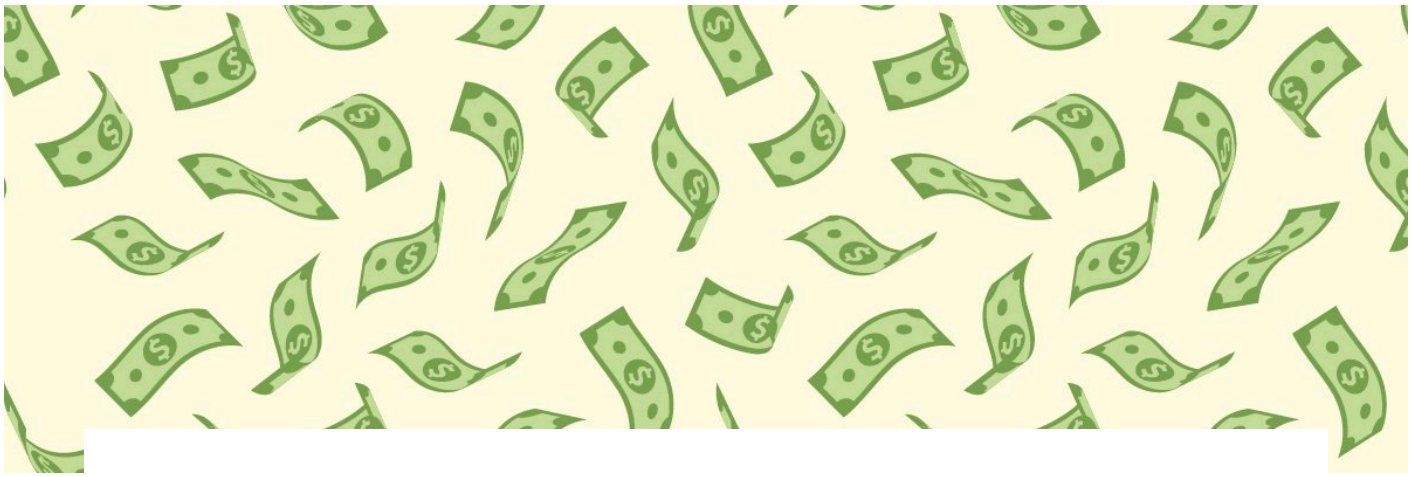

NEWS

As he exits, Biden awards over $33B in CHIPS Act funding

The CHIPS and Science Act promises to boost U.S. semiconductor production and has ultimately spurred companies like Intel, TSMC and Samsung to bolster U.S. investments.

By **Makenzie Holland,** Senior News Writer

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The U.S. government's speed in doling out CHIPS and Science Act funding to boost U.S. semiconductor production has faced some criticism, but companies remain optimistic as President Joe Biden's administration works to wrap up funding awards.

Biden signed the $280 billion CHIPS Act into law in 2022. Since then, the administration has awarded more than $33 billion of more than $36 billion in proposed incentives earmarked for U.S. semiconductor manufacturing. The Department of Commerce is in charge of awarding a total of $50 billion to boost the U.S. semiconductor industry through CHIPS Act funding. Other agencies, including the National Science Foundation, Department of Energy and National Institute of Standards and Technology received

CHIPS Act funding to support research and development, education and other semiconductor investments.

The CHIPS Act has "been good in terms of getting attention and trying to promote the development of capabilities across all of semiconductor production in the U.S.," said Forrester Research analyst Alvin Nguyen.

However, companies won't receive CHIPS Act funding until they've reached specific project milestones, according to the Department of Commerce in award announcements. The CHIPS for America program tracks the performance of each CHIPS incentive award through both financial and program reports.

The industry has been critical of the pace of the CHIPS Act's funding, said Gartner analyst Gaurav Gupta, especially "as compared to how the Japanese government reacted in promoting their domestic semiconductor ecosystem, and how governments in China and Taiwan have been supporting their semiconductor companies."

Still, Gupta said it was expected that the U.S. government might be slower in rolling out funds due to accountability factors. For each award, Gupta said the Department of Commerce considered how many projects to fund, how much money to award and to whom to award it. He said to ensure a resilient semiconductor ecosystem, the agency had to ensure holistic distribution of CHIPS Act funding.

Companies receive funding based on meeting milestones

Nguyen pointed to Samsung as an example of a company investing in U.S. projects while awaiting CHIPS Act funding.

Samsung, bolstered by the CHIPS Act's passage in 2022, invested $17 billion in building a new semiconductor manufacturing facility in Taylor, Texas. After the Department of Commerce announced an initial $6.4 billion investment from the CHIPS and Science Act in April 2024, Samsung further increased their semiconductor investments in central Texas to $40 billion over the next several years.

However, the official award dwindled to $4.745 billion in direct funding. Similarly, Intel's initially proposed CHIPS Act funding hovered around $8.5 billion. The Department of

Commerce officially awarded Intel $7.865 billion in direct funding to support its semiconductor projects after conducting its "due diligence."

Samsung still marked the award as a milestone for the company's continued investment in building U.S. semiconductor manufacturing facilities. Young Hyun Jun, vice chairman and CEO of Samsung's device solutions division, said in a release that Samsung looks forward to "further collaboration with our American partners to meet the evolving needs of the upcoming AI-driven era."

"That's a risk with what Intel, TSMC and Samsung are doing," Nguyen said. "The public notice of 'here's what we're getting' is great, but these companies taking the risk need the funding as soon as possible."

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Alvin Nguyen
Analyst, Forrester

Nguyen said should all companies get their promised funds it bodes well for the U.S. semiconductor industry. Still, he noted that it's difficult to predict how President-elect Donald Trump's administration will handle CHIPS Act funding going forward, as it turns its focus to tariffs to incentivize companies to invest in the U.S.

Additionally, while semiconductors became important during the height of Biden's administration, continued funding under Trump could present an issue if other technologies and economic issues take precedence, especially since a significant amount of funding has already been committed under the CHIPS Act.

Should the U.S. want to be an economic leader in semiconductors, Nguyen said it will be incumbent on government officials and investors to make long-term investments in U.S.-based chips manufacturing.

"There's going to be a continued need for this kind of investment," Nguyen said.

Gupta said he believes most companies are happy, despite the slow funding rollout. Additionally, he applauded the diversity of awards. From leading-edge semiconductor companies like Intel, Samsung and TSMC, to high-bandwidth memory chip producers like SK Hynix and advanced packaging companies such as Micron Technology, CHIPS Act funding covers a wide variety of companies within the chip supply chain.

"From that perspective, I think they have done a good job in how they have divided these awards," Gupta said.

It's a long road ahead to build and maintain a U.S.-based chip supply chain, he said. Companies will react to market demand and while the CHIPS Act funding is a good start, it's something the federal government will likely need to continue to ensure long-term success.

"It helps in maintaining the U.S. share in domestic chip manufacturing, which is around 11 to 12%," Gupta said.

Additionally, Nguyen said ensuring universities continue to receive funding to train engineers, architects and other semiconductor manufacturing employees will be crucial. Indeed, Gartner's Gupta said there aren't enough construction workers certified to build semiconductor fabrication facilities, particularly as they're drawn to other popular projects such as data centers.

Below is a list of the six largest CHIPS Act funding awards:

Intel

Award: $7.865 billion

Project: Supporting semiconductor fabrication and advanced packaging projects in Arizona, New Mexico, Ohio and Oregon.

TSMC

Award: $6.6 billion

Project: Building semiconductor fabs in Phoenix, Ariz.

Micron Technology

Award: $6.165 billion

Project: Building two new semiconductor fabrication facilities of a planned "megafab" in Clay, N.Y., and developing a high-volume manufacturing fab in Boise, Idaho.

Samsung Electronics

Award: $4.745 billion

Project: Expanding existing semiconductor manufacturing facilities in central Texas.

Texas Instruments

Award: $1.61 billion

Project: Building new semiconductor facilities in Texas and Utah.

GlobalFoundries

Award: $1.5 billion

Project: Investing in the company's manufacturing sites in New York and Vermont.

Makenzie Holland is a senior news writer covering big tech and federal regulation. Prior to joining Informa TechTarget, she was a general assignment reporter at the Wilmington StarNews *and a crime and education reporter at the* Wabash Plain Dealer*.*

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