



SEDE – State Economic Development Executives

The Role of States in the CHIPS Act Ecosystem

CHIPS – or the Creating Helpful Incentives to Produce Semiconductors and Science Act – is transformative legislation. The Act is designed to help fuel our nation’s economic security, enhance our national security, and drive innovation.

Although the CHIPS Program Office is leading implementation, the ultimate success of CHIPS will depend on a robust partnership with state and local governments. The state role begins with the financial contributions to overall funding and continues with strong leadership in such areas as workforce development, supply chain management, university research, infrastructure development, and permitting streamlining.

Working with the Pew Charitable Trusts, the Center for Regional Economic Competitiveness (CREC) is identifying opportunities to work with states to leverage CHIPS resources, advance state economic development priorities, and maximize the national impacts of the legislation, including:



Interstate collaboration: Creating a platform for states to share innovative solutions to common problems and develop regional strategies around CHIPS.



Federal/state coordination: Foster more effective coordination between federal and state agencies around deployment of CHIPS resources.



Evaluation: Move toward a rigorous and timely evaluation framework of CHIPS Act-related policies and programs

Initial Findings

- **It’s more than fabs.** CHIPS offers high-profile incentives for semiconductor fabrication plants which can benefit many states. But states can also tap into the Act’s other benefits including supply chain development, workforce development, and research.
- **Past investments are paying off.** Interviews with states highlight the incumbency effect – states with an active semiconductor industry and ecosystem offer some initial advantages to engage with the CHIPS programs. However, the ecosystem is not limited to fabs – workforce, supply chain, and research also contribute to a strong competitive position.
- **“Lab to Fab” provides advantages.** State officials emphasized the importance of the industry ecosystem. Industry clustering is an important element, but other components like university research centers and associated R&D activity are key elements of long-term industry growth.
- **All states have a value proposition.** States with a less established presence in the tech industry can benefit from CHIPS programs. State officials highlight that enhancing competitiveness through streamlining permitting, investment in select ecosystem components, and diversifying the STEM workforce and supply can result in economic benefits.
- **Interstate collaboration can help competitiveness.** State officials also noted that a regional dialog and related initiatives can improve the coordination of CHIPS-related activity and create success for all partners. Such collaborative efforts have resulted in successful federal awards, sharing of best practices, and improved relationships with federal agencies.