The Inside Playbook for Semiconductor Companies:

How to Secure Government Funding Under the New US Regime

WHITE PAPER

JUNE 2025

Introduction

One of the current Administration's goals is to ***surpass China*** in technological and military dominance. At the heart of this effort: semiconductors. The Administration is doubling down on onshoring, reshoring, and funding critical microelectronics to secure America's edge.

But tapping into federal funding isn't easy. It takes strategy, speed, and savvy engagement.

The Playbook

1. **Be First** – Early movers set the narrative. Get in before the comparisons begin. The Administration wants to make deals—fast.
2. **Connect Your Tech to National Power** – Frame your pitch around U.S. strategic needs. Don't just sell specs—sell relevance to America's future.
3. **Campaign, Don't Just Lobby** – One high-level meeting won't cut it. Success requires coordinated outreach across agencies, offices, and the White House.
4. **Rebrand the Credit** – The administration wants to own the win. Position any prior funding as part of the success story.
5. **Chase Appropriations, Not Bureaucracy** – Annual appropriations beat CHIPS funding: they're faster, recurring, and don't require matching dollars.
6. **Secure State Support** – Local incentives matter. They show momentum and political cover for federal investment.
7. **Bring in the Right Team** – You need seasoned experts with D.C. reach and a track record of delivering major wins.

The Roadmap

Deal-Driven Strategy

The current White House is taking a more transactional, streamlined approach to tech acquisition. New companies are welcome—especially if they help hit national goals. The President is expected to ramp up defense spending and accelerate DoD tech adoption. If the pitch is strong, and the politics align, he'll listen—and act.

What the government wants in semiconductors

The CHIPS Act sparked momentum, but the real game now is in scaling U.S. dominance. DoD and federal agencies are funding next-gen capabilities where semiconductors are central:

- **Power Dominance** – Secure U.S.-controlled chip supply chains and lead in critical technologies.
- **AI Superiority** – AI is the new arms race. Chips that boost speed, precision, and decision-making will win future wars.
- **Quantum Computing** – A federal priority across DOE, NSF, and NQI. Expect aggressive investment to ensure U.S. leadership.
- **Defense Modernization** – Chips enabling hypersonics, sensor fusion, and next-gen platforms.
- **Data Center Efficiency** – Power-hungry AI demands efficient infrastructure. Energy-smart silicon is now national infrastructure.

Also in focus: gaps in packaging, substrates, critical minerals and supply chain resilience. The government wants end-to-end control—from raw materials to final systems.

Current Pathways to Funding

Department of Defense Appropriations

Appropriations is the annual budgeting process for allocating money into each of the departments to keep the government running. The DoD has invested approximately $10 billion over the last 5 years in semiconductors (completely unrelated to CHIPS Act funding). Such spending is likely to increase under the current Administration.

One example of the power of appropriations funding is a recent Clark Street Associates U.S. semiconductor client that has was awarded **over $65 MM in government funding** through appropriations wins with the potential for more than $40+ MM of future awards based on their original appropriations programs.

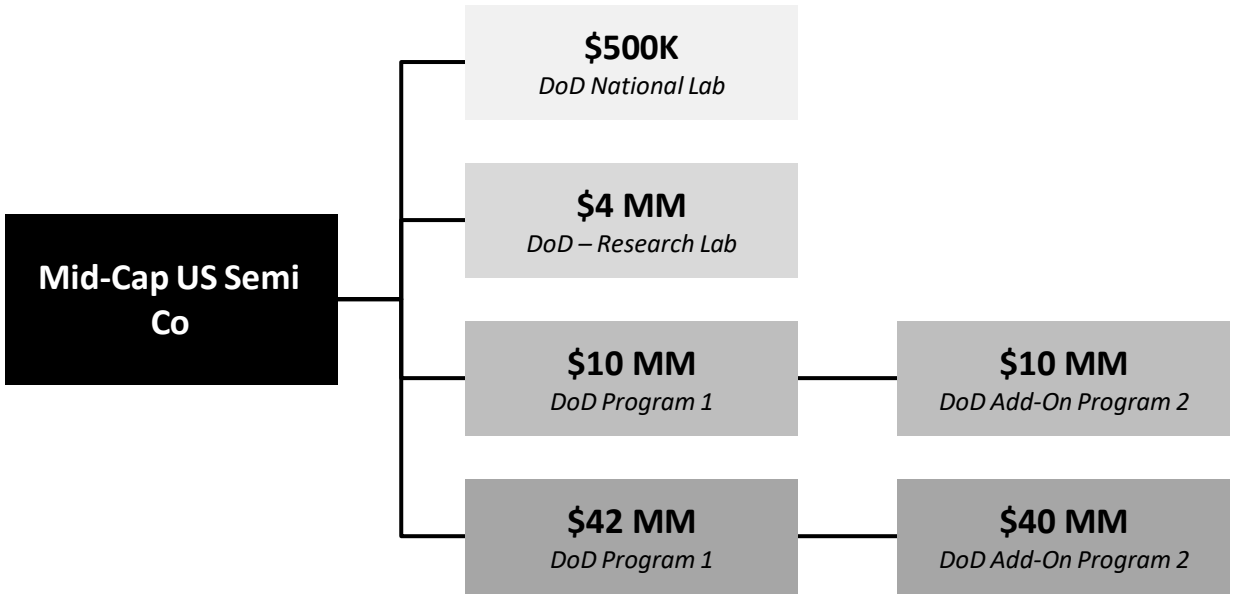

Figure 1. Breakdown of >$65 MM in gov. funding wins

Department of Energy Appropriations

The DOE, which funds the nine national computing labs, is also another important source of funding for semiconductor companies. U.S. Energy Secretary Chris Wright listed power dominance, AI, and quantum among his top nine priorities. Semiconductors will play a key role in helping to accomplish these objectives, such as better interconnects and high-density power delivery, to enable widespread AI use. The power consumption of AI is daunting and will need significantly improved infrastructure to reduce the tremendous strain on the power grid. There will be a huge demand for new architectures that can dramatically reduce power consumption, such as photonics, which can reduce waste heat generation and enable superior interconnects, as well as new chip designs built for AI workloads.

CHIPS

CHIPS 1.0 still has $8 billion of untapped funds intended for: Radhard, Advanced Packaging, Metrology, and Electronic Design Automation (EDA). This $8 billion of available funding can only be repealed by Congress itself, not the President. Of the 34 CHIPS awarded, 20 are finalized. For those companies still awaiting their finalized CHIPS award, it is critical to get in front of the Administration to make the case for why their technology, solution, or expansion aligns with U.S. interests. State governments should also be engaged to help spotlight to their respective congressional members the high- paying jobs these projects would bring to their districts—nothing gets a member of Congress's attention the like gain or loss of jobs in their districts.

Other Key Government Funding Sources:

- ***Office of Strategic Capital (OSC):*** The OSC is a new office/program open to semiconductor companies, as many of its priority areas overlap with microelectronics. The OSC can write checks exceeding $100MM and is less focused on IRR, prioritizing instead stable cash flows and certainty of repayment. We expect the OSC to get increased funding.
- ***Loan Program Office (LPO):*** During the current Administration, the LPO, which was previously only focused on traditional clean technology companies, may have an opportunity to expand its scope to include semiconductor manufacturing technologies that advance the industry. This includes initiatives that reduce the energy consumption of end products and systems, such as data centers using advanced AI chip architectures.
- ***State Incentives:*** Engaging with business-minded states to serve as partners can be essential for filling in any gaps from Federal funding. State funding will help close federal funding deals. States that benefited from CHIPS-related job growth don't want to lose those jobs and may be more motivated to improve incentives to help close deals.

Play to Win

It is not enough, however, to have just the right strategy or best idea. Winning a substantial award from the U.S. Government is complex, since there will be multiple decision-makers involved. Winning large and comprehensive programs requires a team of experts who have the experience in landing similar programs and have strong relationships with key government officials that can put together a thoughtful, comprehensive and carefully orchestrated campaign.

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