



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

December 19, 2024

MEMORANDUM FOR CHIEF ACQUISITION OFFICERS
CHIEF INFORMATION OFFICERS
SENIOR PROCUREMENT EXECUTIVES
SENIOR ACCOUNTABLE OFFICIALS
FOR DOMESTIC SOURCING

FROM:

Christine Harada
Senior Advisor, Office of Federal Procurement Policy,
Performing by Delegation the Duties of the
Administrator for Federal Procurement Policy

Clare Martorana
Federal Chief Information Officer

Livia Shmavonian
Director, Made in America Office (MIAO)

SUBJECT: Strengthening Domestic Supply Chains for American-Made Semiconductors
Through Federal Procurement

Over two years ago, President Biden signed into law the CHIPS and Science Act,¹ which made historic investments in American semiconductor manufacturing to reestablish the United States' leadership in semiconductor manufacturing, shore up global supply chains, and address national and economic security vulnerabilities identified in the Information and Communications Technology (ICT) review of critical sectors conducted pursuant to E.O. 14017, *America's Supply Chains*. Since enactment of the law, the Administration has been pursuing a holistic series of actions to enable an essential supply of semiconductors fabricated, assembled, tested and packaged (hereinafter "manufactured") domestically.

These actions include the CHIPS for America Program at the Department of Commerce (DOC), where companies across the country have already secured billions in direct funding and loans for semiconductor manufacturing projects and the CHIPS Research and Development (R&D) Program that is making critical investments in R&D and workforce initiatives across the semiconductor ecosystem.² DOC has also announced an investment to enhance regional

¹ Pub. L. 117-167 (2022).

² For additional information on actions taken to create strong domestic supply chains for semiconductors, see FACT SHEET: Two Years after the CHIPS and Science Act, Biden-Harris Administration Celebrates Historic Achievements in Bringing Semiconductor Supply Chains Home, Creating Jobs, Supporting Innovation, and Protecting National Security,

semiconductor manufacturing capabilities while ensuring economic opportunity for underserved communities through its Tech Hubs Program.

The United States continues to build domestic manufacturing capacity that reduces reliance on concentrated, foreign production for both leading-edge and mature semiconductors. In particular, the U.S. Government's investments in leading-edge logic manufacturing are critical for our national and economic security, as the facilities supported by those investments will be critical to supporting the U.S. Government's goals in developing emerging technology, particularly artificial intelligence. We must continue to build our domestic production capability, and ensure it is sustainable, robust, and diversified so we can protect and strengthen our economic security and alleviate supply chain pressures.

The Office of Management and Budget (OMB) is working to help the Federal Government—the world's largest buyer—organize its demand for domestic semiconductors so that agencies can mitigate the risk posed by undue dependence on foreign manufacturing, limited competition, and possible higher manufacturing costs.³ On December 10, 2024, OMB released a Request for Information (RFI)⁴ to gauge the best ways to incentivize government contractors, especially of commercial information technology (IT) products and services, to scale up their use of domestically manufactured leading-edge and mature semiconductors. This guidance lays out additional management actions to (i) increase transparency about the Federal Government's demand for products and services that use leading-edge and mature semiconductors and (ii) ensure the Government considers the feedback from the RFI and other market research in developing requirements and buying strategies that leverage domestically manufactured semiconductors used in products and services that support critical infrastructure and enhance competition in the manufacturing of chips to ensure a more resilient and cost-effective supply.

Management actions

(a) *Procurement forecasts.* (1) By June 30, 2025, agencies should prepare forecasts identifying any individual acquisitions, including those to be conducted by placing orders through government-wide contracts or other inter-agency vehicles, expected to have a total value of \$100 million or more and are planned for award in Fiscal Years (FYs) 2026, 2027, 2028, or 2029 that are predominantly for critical infrastructure, as defined in section (e)(1), including cloud services and data centers, telecommunications services and infrastructure, information and communication technology devices, and automobiles. Agencies should work with DOC to identify other products and services that use leading-edge logic and mature semiconductors that

available at <https://www.whitehouse.gov/briefing-room/statements-releases/2024/08/09/fact-sheet-two-years-after-the-chips-and-science-act-biden>.

³ In its December 2023 report, *Assessment of the Status of the Microelectronics Industrial Base in the United States*, the Department of Commerce's Bureau of Industry and Security (BIS) concluded that companies manufacturing in the United States may face higher manufacturing costs due to direct government funding, lower operating and construction costs, tax incentives, and additional funding initiatives in other countries. *See* <https://www.bis.doc.gov/index.php/documents/technology-evaluation/3402-section-9904-report-final-20231221/file>.

⁴ https://www.whitehouse.gov/wp-content/uploads/2024/12/R_5.a_RFI-on-Semiconductors-FR-Notice-12-10-24.pdf.

support critical infrastructure and publish forecasts about acquisitions for these requirements that are planned for award during the period described above.

(2) The forecasts described in paragraph (a)(1) should be prepared using the standardized set of data elements set forth in OFPP's November 29, 2024 memorandum, [Strengthening Federal Procurement Forecasts](#). Agencies should also seek to update the forecasts in alignment with the memorandum. Agencies that have onboarded to the Forecast of Contracting Opportunities (FCO) operated by the General Services Administration (GSA) should post their forecasts on FCO. Agencies that have not yet onboarded should manually load this data into the FCO tool. OMB and GSA will work together to provide agencies with instructions to ensure that semiconductor data is easily discoverable in the FCO tool, including alignment on NAICS codes and preferred keywords.

(b) *Strategic plans.* (1) By December 1, 2025, agencies that have posted forecasts pursuant to paragraph (a) should submit to OMB and DOC a strategic plan that addresses specific strategies the agency is considering to facilitate the use of semiconductors for products and services identified in their forecasts through dual sourcing or multiple sourcing.⁵ At a minimum, the agency plan should evaluate the feasibility of considering at least one domestic manufacturing source in acquisitions covered by paragraph (a), and address if and how regulatory action by the Federal Acquisition Regulatory Council (FAR Council), or guidance from the Office of Federal Procurement Policy (OFPP), may be helpful in supporting these strategies to support dual sourcing or multiple sourcing of leading-edge logic and, where applicable, mature semiconductors used in products and services on the forecast. In developing their plans, agencies should also evaluate the feasibility of the following additional strategies to promote increased use of domestically manufactured semiconductors:

(A) preparatory plans, attested to by the manufacturer, reseller, or third parties, that demonstrate an ability to dual source semiconductors if and when needed within the scope of an individual contract;

(B) preparatory plans, attested to by the manufacturer, reseller, or third parties, that demonstrate an ability to multiple source semiconductors if and when needed across the contractor's offerings;

(C) competitions limited to providers using domestically manufactured semiconductors pursuant to industrial mobilization authorized by 10 U.S.C. 3204(a)(3)(A), 41 U.S.C. 3304(a)(3), and 48 C.F.R. Part 6.302-3;

(D) price preferences that provide a competitive advantage in the evaluation of offers to companies that commit to using domestically manufactured semiconductors;

⁵ The strategic plans are intended to inform management and policy actions that can facilitate greater use of domestically manufactured semiconductors, including for the acquisitions identified in paragraph (a), but are not intended to serve as a substitute for operational acquisition plans that the agency develops to execute on these acquisitions.

(E) longer-term contracts in return for use of domestically manufactured, dual-sourced, or multiple-sourced semiconductors;

(F) flexible financing practices, such as milestone payments, that incentivize the objectives of this memorandum;

(G) advance market agreements and advance purchase agreements to stabilize demand and support the scaling up of domestic semiconductor manufacturing; and

(H) quarterly reporting requirements from government contract awardees on the volume and origin of leading-edge or mature semiconductors used in the products or services for critical infrastructure sold to the agency.

(2) Agencies are encouraged to conduct public outreach prior to submitting their strategic plans to OMB and DOC.

(3) OFPP, MIAO, and the OMB's Office of the Federal Chief Information Officer, in conjunction with OMB's Resource Management Offices and officials from DOC, will review the agencies' strategic plans submitted in accordance with subsection (b)(1) in coordination with GSA along with other relevant information, such as responses from semiconductor and IT manufacturers to the RFI issued by OMB or other agency RFIs.

(c) *Enterprise acquisitions.* GSA and other agencies that manage Government-wide or multi-agency acquisitions for products and services identified in paragraph (a) should take action by September 30, 2027, as appropriate and consistent with applicable law, to ensure contract vehicles can support orders by agencies for products or services that require dual-sourcing of leading-edge, and, where applicable, mature semiconductors and other strategies to facilitate use of domestically manufactured semiconductors to the maximum extent practicable.

(d) *Federal Acquisition Regulation.* OFPP will work with the FAR Council to consider proposing amendments to acquisition regulations, as appropriate and consistent with applicable law, and taking into consideration analyses from agencies' plans, to support strategies that facilitate the use of domestically manufactured semiconductors.

(e) *Definitions.* For purposes of this guidance—

(1) The term “critical infrastructure” means the 16 infrastructure sectors, as defined by Presidential Policy Directive 21, whose assets, systems, and networks, whether physical or virtual, are considered so vital to the United States that their incapacitation or destruction would have a debilitating effect on security, national economic security, national public health or safety, or any combination thereof.

(2) The term “semiconductor” means an integrated electronic device or system, most commonly manufactured using materials such as, but not limited to, silicon, silicon carbide, or III-V compounds, and processes such as, but not limited to, lithography, deposition, and etching. Such devices and systems include but are not limited to analog and digital electronics, power

electronics, and photonics, for memory, processing, sensing, actuation, and communications applications as defined by the CHIPS Incentives Program Notice of Funding Opportunity 2023-NIST-CHIPS-CFF-01.

(3) The term “leading-edge logic” means semiconductors produced at high volumes using extreme ultraviolet (EUV) lithography tools as defined by the CHIPS Incentives Program Notice of Funding Opportunity 2023-NIST-CHIPS-CFF-01.

(4) The term “mature semiconductor” refers to the generations of logic and analog chips that are not based on fin field-effect transistor (finFET) or post-finFET transistor architectures, or any sub-28 nanometer (nm) transistor architectures as defined by the CHIPS Incentives Program Notice of Funding Opportunity 2023-NIST-CHIPS-CFF-01.

(5) The term “supply chain” means a system of organizations, people, activities, information, and resources, possibly international in scope, that provides products or services to consumers in the private and public sectors. For the purposes of this order, the scope of this definition encompasses any organization that directly contributes to the lifecycle of a semiconductor, especially focusing on the design, manufacturing, and packaging processes as defined by the CHIPS Incentives Program Notice of Funding Opportunity 2023-NIST-CHIPS-CFF-01.

(6) The term “dual sourcing” refers to the supply chain management practice utilizing (or being prepared to utilize) at least two suppliers to provide a specific component, material, or product for the purpose of helping to build alternative sources of supply and reducing supply chain disruption risks associated with relying on a single source.

(7) The term “multiple sourcing” or “multiple source” refers to the supply chain management practice of utilizing (or being prepared to utilize) at least two suppliers to provide the same category of component, material, or product to serve different product offerings, for the purpose of helping to build alternative sources of supply and reducing supply chain disruption risks associated with relying on a single source for a category of component, material, or product.

Questions regarding this guidance and agency strategic plans should be submitted to OFPP at MBX.OMB.OFPPv2@OMB.eop.gov. and MIAO at MBX.OMB.MadeInAmerica@omb.eop.gov.