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# Micron update: Chip project vaults forward with \$6.1 billion award and Biden visit

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In this October 2022 file photo, President Joe Biden touts Micron Technology's plans to build a \$100 billion microchip plant in Clay. To Biden's left are New York Gov. Kathy Hochul and Micron CEO Sanjay Mehrotra. Biden is scheduled to return Thursday to formally announce that Micron will receive \$6.1 billion in federal funding. N. Scott Trimble | [sttrimble@syracuse.com](mailto:sttrimble@syracuse.com)



By **Glenn Coin | [gcoin@syracuse.com](mailto:gcoin@syracuse.com)**

Syracuse, N.Y. – President Joe Biden's visit Thursday to formally announce federal money for Micron Technology's computer chip plant in Central New York is a quantum leap forward for the project.

Biden is expected to confirm that Micron will get \$6.1 billion from the 2022 CHIPS Act, which Biden promoted as a way to bring semiconductor manufacturing back to America. Micron is the fourth big chipmaker to get CHIPS money to build leading edge chips in the U.S.

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The announcement could give confidence to suppliers looking to do business with Micron and developers looking to cash in on the projected surge in demand for housing.

"This gets the job done," said Onondaga County Executive Ryan McMahon, who helped lure Micron to the town of Clay. "Now that the funding puzzle is complete, I think this allows us to maybe put the naysayers at bay."

That's unlikely, Central New Yorkers being a skeptical lot. But the one-two punch of billions in cash and the in-person endorsement of the U.S. president -- for the second time in 18 months -- certainly raises the profile of Micron's project and the odds of it happening.

Exactly what will happen remains unclear, however. Micron has said all along it plans to build four fabs over 20 years, at a potential investment of \$100 billion. The CHIPS grant, however, applies only to the first two fabs, which will cost an estimated \$48 billion.

There's a lot we don't know about the federal money: How much is allotted for the project in Clay and a smaller one in Boise, Idaho, at Micron's headquarters? When will the money come and what will Micron have to achieve first? And will Micron get low-interest federal loans as three other chipmakers have so far?

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Micron says it can't talk about the grant because of "confidentiality requirements associated with our CHIPS application."

And while the federal money is a vital step in moving the project forward, Micron won't be putting shovels in the ground any time soon. Two detailed environmental reports, required by state and local laws, will likely take months to complete and win approval. Micron hopes to break ground in early 2025.

Micron has stepped up its timetable, saying last month it would open the first two fabs by 2029 rather than the original estimated opening in 2032. The company has also started advertising for high-level jobs at the Clay plant, most of which would pay six figures at the top end of the salary range.

In addition to the CHIPS grant, the Micron project has been making headway, much of it out of the public eye, over the past few months. Here's an update on where the project stands in key areas.

## CHIPS grant

**What's happening:** U.S. Sen. Charles Schumer said last week that Micron would get \$6.1 billion for the two fabs in Clay and one in Boise, Idaho, at Micron's corporate headquarters. That's the fourth-biggest award under the CHIPS Act funding for leading-edge chips, and it just about exhausts that pot of money.

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Schumer said then he didn't have all the details. Three other big chipmakers are also in line for a combined \$17.6 billion in low-interest loans. It's not clear if Micron is. The U.S. Department of Commerce, in charge of handing out the CHIPS grants, has declined to comment.

**Why it matters:** Micron has said all along it won't build chip plants in the U.S. without the kind of government largesse showered on chipmakers in countries like South Korea. In addition to the federal grant, Micron could get more than \$6 billion from the state and Onondaga County, and billions more from a CHIPS Act tax credit on buildings and equipment.

**What's next:** The deal is tentative, so it must now be worked out and finalized with Commerce. How the money will be disbursed, and what construction or hiring milestones Micron must meet to free up the money remain unknown.

## Project size

**What's happening:** The CHIPS grant is only for the first phase of the Clay project, which consists of two fabs. It appears there is no federal funding right now for the two additional fabs Micron says it would build – if the market allows it – by 2041.

**Why it matters:** Micron and politicians like Schumer and Gov. Kathy Hochul have touted the project from the beginning as a \$100 billion investment that will bring 9,000 Micron jobs and 40,000 spinoff jobs. A project half that size would lessen the economic impact.

One of the fears among Central New Yorkers, and even in a recent poll of businesspeople, is that the Micron development wouldn't live up to its promises.

**What's next:** Micron says construction is slated to begin next year on the first two fabs. Micron has shortened the construction period from eight to four years, saying the fabs will be operational by 2029.

## Suppliers

**What's happening:** The announcement of the CHIPS money is the signal Micron suppliers needed to start making serious plans to open shop here, McMahon said.

"I think you're definitely going to see suppliers now start their planning process," said McMahon, who led a six-person delegation to Taiwan last month to woo suppliers of Micron's fab there. "Now they know what's happening. They know what Micron is committed to two fabs operational by 2029."

**Why it matters:** The massive Micron complex would need vast amounts of chemicals and machinery from potentially hundreds of suppliers. The relocation of suppliers here, bringing more employees and second-tier economic impacts, is critical to Micron and the region's growth.

**What's next:** Armed with the federal commitment, county officials will step up recruitment efforts to bring suppliers to the county-owned White Pine Science & Technology Park, a 100-acre site just across the road from the Micron site.

## Housing

**What's happening:** A variety of housing studies are being done now to assess what we have now and what we'll need if Micron spurs population growth. Now that the Biden administration has put a number on Micron aid, local and national investment in housing could follow.

**Why it matters:** There's already a critical housing shortage in the region, and the estimated population growth of more than 100,000 people will tighten the housing vise. Central New York needs to add about 12,000 housing units to meet Micron-fueled demand, officials estimate.

**What's next:** Local developer Guy Hart says he'll start transforming the defunct Great Northern Mall into a dense town center with 1,700 housing units and six hotels. Clay Town Supervisor Damian Ulatowski said the formal announcement of the CHIPS money will speed up that project and spur local and out-of-state developers who have been waiting on the sidelines to jump in.

"I wouldn't be surprised if I start getting calls from developers excited for various projects," Ulatowski said.

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## Environmental reviews

**What's happening:** Micron consultants are putting together the exhaustive environmental reports required by the state and federal governments. The studies will examine the project's impacts on everything from traffic congestion to a thumb-sized,

endangered bat.

**Why it matters:** State and federal law dictate that big projects get a thorough look at what impacts the project will have. The bigger the project, the bigger the impacts, and Micron's project is among the biggest ever seen in Upstate New York.

**What's next:** The draft reports are expected to be issued later this year. The public then gets a chance to comment on them. No one is committing to a timeline for the release of the reports, which can be thousands of pages long.

## Utilities

**What's happening:** National Grid has filed plans to expand its Clay substation and bury eight extra-high-voltage lines to the Micron complex, which at full buildout would use as much electricity as 2 million homes.

**Why it matters:** Semiconductor plans are water and energy hogs, and getting utilities in place to handle those needs will be expensive and time-consuming. All the grant money in the world won't get Micron's fabs open without an unprecedented expansion of electricity, water, natural gas and wastewater systems.

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**What's next:** Negotiations are getting ready to start again on how much of the estimated \$625 million bill Micron will pay to bring up to 48 million gallons a day to the site. And the county is working on plans to vastly expand the Oak Orchard Wastewater Treatment plant and upgrade its treatment system.

## Traffic

**What's happening:** As Micron continues to work on [environmental impact statements](#), local, state and federal agencies are thinking about how to deal with the expected increase in vehicles on the roads around the site. Those include Routes 11 and 31, Interstate 81 and 481, and Caughdenoy Road.

Agencies are also considering how to expand public transportation systems, for example, from downtown to Clay. Micron has committed to building a bus stop at the complex.

**Why it matters:** Tens of thousands of cars and trucks could clog the roads in and around Clay as Micron ramps up and local population increases. Some spots, like the Interstate 81 exit at Route 31, in Cicero, are already crowded and difficult to negotiate; they could become a nightmare without major improvements.

McMahon has also said that the Micron project will afford the region an opportunity to fix decades-old weaknesses with its transportation infrastructure – and better prepare it for future growth.

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**What's next:** Everyone is waiting for the environmental impact statements, which will quantify the expected traffic impacts and suggest ways to alleviate them.

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