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NEWS

## GlobalFoundries wins \$3 billion from feds for massive expansion

Chipmaker to sign largest CHIPS Act funding deal to date, paving way for \$12.5 billion expansion that includes long-anticipated second fab in Malta

By [Larry Rulison](#)

Feb 19, 2024

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Senate Majority Leader Charles Schumer, left, shakes hands with Globalfoundries CEO Tom Caulfield after Caulfield announced that a second chip plant will be built in Malta, during an event on Monday, July 19, 2021, in Malta, N.Y. The U.S. Commerce Department has negotiated a \$3.1 billion aid package for a larger, \$12.5 billion expansion by the company in Malta and Vermont. (Paul Buckowski/Times Union)

Paul Buckowski/Times Union

The White House will announce Monday a \$3.1 billion federal aid package it has negotiated with GlobalFoundries to help the semiconductor company undertake a historic \$12.5 billion expansion in Saratoga County and Vermont, work that would include the construction of a second computer chip factory at its Fab 8 headquarters in Malta.

Officials said the money would help add more than 1,000 jobs at the new factory at the company's Saratoga County headquarters and GlobalFoundries' operation in Essex Junction, Vt.

The federal funding will come from the U.S. Commerce Department through the [\\$52 billion CHIPS and Science Act](#) authored by U.S. Senate Majority Leader Charles Schumer of New York and signed by President Joe Biden in 2022.



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The CHIPS law provides an unprecedented amount of money and support for computer chip companies to expand manufacturing and supply chains in the United States. It was enacted as a rising China increasingly is seen as a geopolitical adversary to the U.S. and Taiwan, where the majority of high-end chips are made.

“This is such a big day,” U.S. Commerce Department Secretary Gina Raimondo said during a conference call with reporters on Sunday. “A big day for our country, and a big day for New York and Vermont.”

The package includes a \$1.5 billion grant and up to \$1.6 billion in loans that can be used to pay for manufacturing expansion projects in the two states, although most of the spending will occur in New York.

In addition to building a second factory at its Fab 8 campus, GlobalFoundries is undertaking a \$1 billion capacity expansion at its existing Malta factory which is needed for a new [supply agreement with General Motors](#), the Department of Defense and other customers. GlobalFoundries employs about 3,000 people at Fab 8.

The expansion and the new fab will create 1,500 new jobs at Fab 8. There would be thousands of construction jobs created both in New York and Vermont as the projects get underway.

The Vermont factory, which dates to the 1950s when it was built by IBM, is in danger of becoming obsolete without the technological and manufacturing upgrades the federal dollars will fund.

GlobalFoundries has been working with Schumer for years to support the passage of the CHIPS Act as a way not only to prevent China from gaining control of higher-end central processing chips but also the continued creation of so-called “legacy” chips that are not as costly to make but are critical to the auto and defense industries.

During the global pandemic, supply chain issues made it impossible for automakers to obtain the hundreds of chips that are now used in each of their vehicles. The supply problems forced mass layoffs and factory closures and helped to trigger historic inflation across the U.S. GlobalFoundries has since stepped in to help the auto industry and Defense Department suppliers secure their own dedicated supply of chips. Schumer made certain that at least \$2 billion of the CHIPS law funding was set aside for expansions involving these legacy chips made by GlobalFoundries.



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[GlobalFoundries CEO Thomas Caulfield](#) said in a statement that the \$3.1 billion aid package is “central to the next chapter of the GlobalFoundries story” and the industry.

“They would also play an important role in making the U.S. semiconductor ecosystem more globally competitive and resilient,” Caulfield added.

Schumer said in an interview with the Times Union that GlobalFoundries, which first broke ground on Feb 8 back in 2009, was his “North Star” in developing the ideas and policies behind the CHIPS Act. The statute encourages industry involvement and a focus on workforce development and policies like child care offerings for employees.

There is also a requirement for contributions from local governments. New York is expected to soon announce a tax credit package for GlobalFoundries that will be tied to the CHIPS funding and [require GlobalFoundries to address climate change](#) as part of the project.

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“It shows that government can do something right if you’re focused and

The CHIPS Act also set aside \$11 billion for chip manufacturing research and the creation of a national lab to lead and coordinate that effort which will also include the private sector and academic partners. Schumer has repeatedly pushed to have the [lab located at Albany Nanotech](#) on Fuller Road, which the state operates through the NY CREATES nonprofit.

An announcement on the future of the lab, known as the [National Semiconductor Technology Center](#), will come later this year.

“We are a perfect choice for that center,” said U.S. Rep. Paul Tonko, whose congressional district includes both Albany Nanotech and GlobalFoundries' Malta complex.

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By **Larry Rulison**



Larry Rulison has been a reporter for the Albany Times Union since 2005. Larry’s reporting for the Times Union has won several awards for business and investigative journalism from the New York State Associated Press Association and the New York News Publishers Association. Contact him at 518-454-5504 or [lrulison@timesunion.com](mailto:lrulison@timesunion.com).

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