



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY  
WASHINGTON, D.C. 20460

APR 06 2012

**MEMORANDUM**

DEPUTY ADMINISTRATOR

**SUBJECT:** Challenge and Prize Competitions and Implementing COMPETES Act Provisions

**FROM:** Bob Perciasepe

A handwritten signature in black ink that reads "Bob Perciasepe".

**TO:** General Counsel  
Assistant Administrators  
Chief Financial Officer  
Chief of Staff  
Associate Administrators  
Regional Administrators

There have been a number of discussions during the past several months about the role that challenge and prize competitions play in supporting the U.S. Environmental Protection Agency's mission to protect the environment and public health. It is important that challenge and prize competitions meet clear criteria and are constructed as cost-effective mechanisms for advancing specific needs. We must ensure that challenge and prize competitions issued by EPA national-program and regional offices are maximally transparent, effective and efficient.

Therefore, consistent with the Office of Management and Budget's recommendations to agencies pursuing challenge and prize competitions and to facilitate a One EPA approach to these activities, I am asking the Office of Research and Development, the Office of the Chief Financial Officer and the Office of External Affairs and Environmental Education to coordinate with the programs and regions to develop and implement an internal review process to support the selection and issuance of challenges and prize competitions at the EPA.

Challenges and prize competitions are an area of growing interest for the federal government. President Barack Obama directed OMB in January 2009 to issue an open-government directive prompting federal agencies to take specific actions toward greater transparency, participation and collaboration. The directive specifically calls upon executive agencies to use innovative methods – including prizes and challenges – to obtain ideas from and to increase collaboration with the private sector and the nonprofit and academic communities. OMB issued in March 2010 specific guidance to executive agencies highlighting the legal and policy issues relating to the "Use of Challenges and Prizes to Promote Open Government." The America COMPETES Reauthorization Act provided in 2011 the EPA with additional authority to conduct challenge competitions and use appropriated funds to support prize incentives.

Carefully selected and structured prize competitions can help advance the EPA's mission to protect human health and the environment. The EPA's *FY 2011-2015 Strategic Plan* includes a cross-cutting strategy for advancing science, research and technological innovation, which calls on the EPA to provide timely, responsive and relevant solutions to environmental challenges, to promote collaboration and partnership in achieving those solutions and, where appropriate, to use nontraditional approaches to problem solving that transcend scientific disciplines. Open innovation tools such as challenge

competitions can be effective at generating new ideas and new technology solutions from a wide variety of problem solvers. Prizes and challenges are also flexible tools: There are a wide variety of challenges that can be used for different purposes – from filling EPA science and technology gaps, to engaging communities in problem solving, to identifying innovative practices and policies. Additionally, technical competitions can offer cost advantages, since awards are provided only if a solution meets the performance specifications.

However, as a federal agency with significant regulatory authorities, the EPA has an added responsibility to ensure that the prize-competition process is subject to high levels of safeguards. For this reason, the EPA must establish a transparent and formal agency process for proposing and tracking prizes and for publicizing agency policies on the use of prizes. The process will establish a multi-office vetting process to ensure that prize recipients and co-sponsors are not subject to ongoing enforcement actions, communications relating to prizes or challenges are consistent with the EPA's public mission, and the use of prizes represents an appropriate and efficient use of authorized public funds.

In asking ORD, OCFO and OEAE to develop and implement a centralized process, such as the one for administrative grants, for approving and tracking prize or challenge competition proposals either for recognition or money, we will establish clear expectations. The initial review process should develop a screen to ensure that all challenge and prize competitions are supported by an adequate scientific foundation, a clear budget rationale and a transparent communications plan. To accomplish this objective, ORD, OCFO and OEAE likely will need to involve in the review process additional offices that include, but are not limited to, the Office of Enforcement and Compliance Assurance, the Office of Administration and Resource Management and the Office of General Counsel.

The EPA also holds public contests and challenges for which there is no monetary award. These contests are used to expand the conversation on environmentalism and can serve as an effective way to draw attention to an EPA initiative or an issue that the agency believes deserves greater public awareness. Although this guidance does not apply to contests or challenges with no monetary award, national-program and regional offices should continue engaging their appropriate communications staff to launch and publicize them.

I expect that the ORD, OCFO and OEAE team will have guidelines, including criteria and process, distributed to the agency within two months. In the meantime, all requests to conduct a prize or challenge competition should be submitted to Denice Shaw in the Office of Research and Development at Shaw.Denice@epa.gov.

To date, I have received two requests from program offices to develop prize competitions that I believe meet the above criteria. ORD will be working with the Department of Health and Human Services on a joint challenge that would integrate environmental data using sensor technologies with health data and information technology. Additionally, the Office of Water is working on developing a green infrastructure college and university campus challenge that would encourage research and demonstration of green-infrastructure projects on college and university campuses and reward colleges and universities that develop innovative approaches to green infrastructure. These two requests are approved and should proceed as examples.

Thank you all for your efforts, and I look forward to seeing successful competitions providing support for the EPA's important mission.

cc: Administrator