

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF SCIENCE AND TECHNOLOGY POLICY
WASHINGTON, D.C. 20502

May 7, 2014

The Honorable Lamar Smith, Chairman
The Honorable Eddie Bernice Johnson, Ranking Member
House Committee on Science, Space, and Technology
2321 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Smith and Ranking Member Johnson:

I am pleased to release with this letter a report from the Office of Science and Technology Policy (OSTP) in response the requirements of Section 105 of the America COMPETES Reauthorization Act of 2010, which grants all Federal agencies authority to conduct prize competitions to spur innovation, solve tough problems, and advance their core missions.

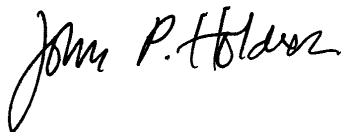
This report details the remarkable benefits the Federal Government has reaped from more than 300 prizes implemented by over 45 agencies to date; the steps the Administration has taken to establish a lasting foundation for use of the COMPETES prize authority; and detailed examples from Fiscal Year (FY) 2013 of how the COMPETES prize authority is increasing the number of agencies that use prizes to achieve their missions more efficiently and effectively. Some of the benefits observed from these public-sector prizes include increasing the number of solvers tackling a problem; bringing out-of-discipline perspectives to bear; inspiring risk-taking; and paying only for success.

Since COMPETES was signed into law, the COMPETES prize authority has led to 68 prizes from 23 agencies, including significant new efforts applying prizes to national priority areas including energy, climate change resilience, health, and employment. Agency use of the authority continues to increase – in FY 2013, the number of prizes conducted under the COMPETES authority increased by over 50 percent compared to FY 2012 and by nearly six-fold compared to FY 2011.

Given these results, OSTP believes the prize authority provided under COMPETES is a critical piece of the Administration's effort to make prizes a standard tool in every Federal agency's toolbox. By providing a clear legal path, the Act makes it dramatically easier for agencies to use prizes and enables agencies to pursue ambitious prizes with robust incentives.

I look forward to continuing to work with the Congress, agencies, and the private sector on the use of inducement prizes to drive innovation in areas of national priority.

Sincerely,



John P. Holdren
Director and
Assistant to the President for Science & Technology