

# CTE CHIPS Challenge Prize Pool: *Cash Awards & Spending Flexibility*



## **How does the CTE CHIPS Challenge<sup>i</sup> differ from a grant? What is the rationale for the challenge format instead of a traditional grant?**

According to [Challenge.Gov](https://www.challenge.gov/), a challenge (also referred to as “prize challenge,” “competition,” “prize competition,” “incentive prize” or any combination thereof) allows the public to solve problems presented by federal agencies and receive awards for the best solutions. This boils down to three steps:

1. Agency announces a problem to the public.
2. Participants create and submit solutions to the problem.
3. Agency evaluates solutions and awards prizes to the best ones.

This process may sound similar to grants or contracts, but challenges differ in small and significant ways. In grants and contracts, an agency receives proposals to do work, chooses one and then pays the monetary award incrementally as the work is done. In challenges, an agency generally selects winner(s) after assessing work that has been completed. In more complex, multiphase challenges, phase winners may be selected progressively as development stages are completed.

Unlike contracts in particular, which provide detailed and comprehensive specifications of the work that needs to be done, challenges define a smaller set of requirements, which allows participants to bring more of their own creativity to solutions. This can be advantageous when a problem can be solved many different ways, including ways that the agency is not even aware of. The open-ended approach can

entice participation from those who may not have direct expertise in the problem subject matter area but can lend expertise from their diverse backgrounds.

Challenges can serve multiple goals beyond sourcing solutions to problems, including:

- Signal interest in an area the agency thinks markets should be doing more to serve.
- Reach wide communities of experts.
- Deliver messages to the public in a fun, interactive way.
- Generate interest in new services, data, or technologies the agency provides.
- Develop public buy-in for agency initiatives.

These are just a few of the many benefits that challenges provide.

### **How can the CTE CHIPS Challenge prize money be used?**

Prize money may be used by awardees to impact their project. The Department encourages awardees to use any remaining prize funds for activities that further enhance opportunities to prepare students to contribute to today's workforce and propel them into [CHIPS](#)-aligned careers. The CTE CHIPS Challenge cash prize is not considered a grant. As such, the cash prize is not awarded with the specific terms and conditions like a traditional federal education grant.

### **What are the reporting requirements related to the expenditure of prize money?**

The funds awarded through this innovation challenge are not subject to the same federal reporting requirements as funds awarded through grant programs. Prize winners should comply with their regular documentation procedures for audit purposes and for any local or state reporting requirements.

### **How will prize money be sent to the prize winners?**

Any potential prizes awarded under this challenge will be paid by electronic funds transfer. Award recipients will be responsible for any applicable local, state, and federal taxes and reporting that may be required under applicable tax laws. Any potential prizes will be paid by electronic funds transfer to the organization listed in the "entrant profile" on the submission form. This entity is responsible for any further distribution of prize funds to other team members. Please refer to the prizes section of the CTE CHIPS Challenge Official Rules, Terms, and Conditions.

### **If we are awarded prize money through this challenge, is there a risk that it would supplant other federal funding we receive?**

Prize funds would not supplant other federal funds that an awardee may receive.

### **Can you share an example of a program that has been funded previously?**

This is an entirely new challenge, and no providers have previously received funding through this challenge. Please visit the Perkins Collaborative Resource Network website ([PCRN](#)) to find out more about previous open innovation challenges run by the U.S. Department of Education.

*CTE CHIPS Challenge point of contact:* Jenny Lambert at [jenny.lambert@ed.gov](mailto:jenny.lambert@ed.gov) or (202) 987-1304.

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<sup>i</sup> Career and Technical Education (CTE); Creating Helpful Incentives to Produce Semiconductors (CHIPS); [CTE CHIPS Challenge](#).