



DEPARTMENT OF DEFENSE

Office of the Secretary

[Docket ID: DoD-2024-OS-0020]

Science and Technology Reinvention Laboratory Personnel Demonstration Project

Program

AGENCY: Under Secretary of Defense for Research and Engineering (USD(R&E)), Department of Defense (DoD).

ACTION: This notice provides new authorities to all Science and Technology Reinvention Laboratory (STRL) Personnel Demonstration (Demo) Projects.

SUMMARY: STRLs may implement innovative approaches to attract and retain exceptional talent who are participating in Demo projects. The flexibilities described herein allow the STRLs to better manage their workforce by authorizing: flexible extended temporary promotion and temporary reassignment for supervisory and team leader positions; a recruitment incentive in the form of time-off awards (time off from duty without loss of pay or charge to leave); retention counter-offers for high performing employees in scientific, technical, or administrative positions; and certain awards management authorities for STRL directors. The flexibilities and procedures described herein are in addition to and do not supersede or cancel flexibilities described in previously published STRL Federal Register Notices (FRNs).

DATES: Implementation of this Federal Register notice will begin no earlier than [INSERT DATE OF PUBLICATION IN THE FEDERAL REGISTER].

FOR FURTHER INFORMATION CONTACT:

Department of Defense:

- Office of the Under Secretary of Defense for Research and Engineering, Defense Research Enterprise: Dr. Jagadeesh Pamulapati, 571-372-6372, Jagadeesh.Pamulapati.civ@mail.mil.

Department of the Air Force:

- Air Force Research Laboratory: Ms. Rosalyn Jones-Byrd, 937-656-9747, Rosalyn.Jones-Byrd@us.af.mil.
- Joint Warfare Analysis Center: Ms. Amy Balmaz, 540-653-8598, Amy.T.Balmaz.civ@mail.mil.

Department of the Army:

- Army Futures Command: Ms. Marlowe Richmond, 512-726-4397, Marlowe.Richmond.civ@army.mil.
- Army Research Institute for the Behavioral and Social Sciences: Dr. Scott Shadrick, 254-288-3800, Scottie.B.Shadrick.civ@army.mil.
- Combat Capabilities Development Command Armaments Center: Ms. Pota Kripotos, 973-724-9165, Pota.Kripotos.civ@army.mil.
- Combat Capabilities Development Command Army Research Laboratory: Mr. Christopher Tahaney, 410-278-9069, Christopher.S.Tahaney.civ@army.mil.
- Combat Capabilities Development Command Aviation and Missile Center: Ms. Nancy Salmon, 256-876-9647, Nancy.C.Salmon2.civ@army.mil.
- Combat Capabilities Development Command Chemical Biological Center: Ms. Patricia Milwicz, 410-417-2343, Patricia.L.Milwicz.civ@army.mil.
- Combat Capabilities Development Command, Command, Control, Communications, Computers, Cyber, Intelligence, Surveillance, and Reconnaissance Center: Ms. Angela Clybourn, 443-395-2110, Angela.M.Clyborn.civ@army.mil.

- Combat Capabilities Development Command Ground Vehicle Systems Center: Ms. Jennifer Davis, 586-306-4166, Jennifer.L.Davis1.civ@army.mil.
- Combat Capabilities Development Command Soldier Center: Ms. Sarah Palmer, 508-206-3421, Sarah.B.Palmer.civ@army.mil.
- Engineer Research and Development Center: Dr. Lucy Priddy, 601-415-7845, Lucy.P.Pridy@usace.army.mil.
- Medical Research and Development Command: Ms. Linda Krout, 301-619-7276, Linda.J.Krout.civ@health.mil.
- Technical Center, Space and Missile Defense Command: Dr. Chad Marshall, 256-955-5697, Chad.J.Marshall.civ@army.mil.

Department of the Navy:

- Naval Air Warfare Center, Weapons Division and Aircraft Division: Mr. Richard Cracraft, 760-939-8115, Richard.A.Cracraft2.civ@us.navy.mil.
- Naval Facilities Engineering Command Engineering and Expeditionary Warfare Center: Ms. Kelly Mitchell, 508-206-3430, Kelly.L.Mitchell16.civ@us.navy.mil.
- Naval Information Warfare Centers:
 - Naval Information Warfare Center Atlantic: Mr. Michael Gagnon, 843-218-3871, Michael.L.Gagnon2.civ@us.navy.mil.
 - Naval Information Warfare Center Pacific: Sharmeka Speights, 619-553-6282, Sharmeka.m.speights.civ@us.navy.mil.
- Naval Medical Research Center: Dr. Jill Phan, 301-319-7645, Jill.C.Phan.civ@mail.mil.
- Naval Research Laboratory: Ms. Ginger Kisamore, 202-731-8100, Ginger.Kisamore@nrl.navy.mil.
- Naval Sea Systems Command Warfare Centers: Ms. Diane Brown, 215-897-1619, Diane.J.Brown.civ@us.navy.mil.

- Office of Naval Research: Ms. Margaret J. Mitchell, 703-588-2364,

Margaret.J.Mitchell@navy.mil.

Marine Corps:

- Marine Corps Tactical Systems Support Activity: Lissa Henriksen, 760-587-6893,
Lissa.Lalonde@usmc.mil.

SUPPLEMENTARY INFORMATION:

1. Background

Through the USD(R&E), the Secretary exercises the authorities granted to the Office of Personnel Management under 5 United States Code (U.S.C.) 4703 to conduct personnel demonstration projects at DoD laboratories designated as STRLs. All STRLs authorized pursuant to 10 U.S.C. 4121 may use the provisions described in this FRN for employees participating in the Demo project. STRLs implementing these flexibilities must have an approved personnel demonstration project plan published in an FRN and must fulfill any collective bargaining obligations. Each STRL will establish internal operating procedures (IOPs) as appropriate.

The 22 current STRLs are:

- Air Force Research Laboratory
- Joint Warfare Analysis Center
- Army Futures Command
- Army Research Institute for the Behavioral and Social Sciences
- Combat Capabilities Development Command Armaments Center
- Combat Capabilities Development Command Army Research Laboratory
- Combat Capabilities Development Command Aviation and Missile Center
- Combat Capabilities Development Command Chemical Biological Center
- Combat Capabilities Development Command, Command, Control, Communications, Computers, Cyber, Intelligence, Surveillance, and Reconnaissance Center

- Combat Capabilities Development Command Ground Vehicle Systems Center
- Combat Capabilities Development Command Soldier Center
- Engineer Research and Development Center
- Medical Research and Development Command
- Technical Center, US Army Space and Missile Defense Command
- Naval Air Systems Command Warfare Centers
- Naval Facilities Engineering Command Engineering and Expeditionary Warfare Center
- Naval Information Warfare Centers, Atlantic and Pacific
- Naval Medical Research Center
- Naval Research Laboratory
- Naval Sea Systems Command Warfare Centers
- Office of Naval Research
- Marine Corps Tactical Systems Support Activity

2. Summary of Comments

On March 15, 2024, the DoD published a notice (89 FR 18914-18921) concerning four new flexibilities, for a 30-day public comment period. The public comment period ended on April 15, 2024. One commenter commented on the flexibility to allow time-off awards as a recruitment incentive. Specifically, the commenter suggested that time-off awards be used as a retention incentive as well, allowing the STRL Director to use time-off in lieu of a bonus as part of the assessment system.

In response, the Department notes that some STRLs currently allow for time-off as part of their assessment process and other STRLs could adopt that process if interested.

3. Overview

I. Introduction

A. Purpose

This FRN provides new personnel management flexibilities designed to enable the STRL Directors to be more agile and competitive in attracting, hiring, and retaining world-class candidates in science, technology, engineering, and mathematics career fields and in career fields that directly support the STRL mission. Specifically, this notice provides a new approach to assigning employees to supervisory and team leader positions within the STRL Demo project by authorizing a time-limited, renewable temporary promotion and a renewable temporary reassignment authority; time-off awards as a recruitment incentive for employees to accept positions in the Demo project; retention counter-offers for high performing employees in scientific, technical, or administrative positions within the STRL Demo project; and awards management authority for STRL Directors.

The authority to offer time-limited supervisory and team leader positions to employees participating in the Demo project will enable STRL Directors to better manage their workforce by (1) taking individual career preferences into consideration; (2) increasing efforts in succession planning; (3) allowing for periodic assessments of the supervisory talent pool; (4) allowing for better utilization of supervisory and leadership skills and experience; (5) enhancing organizational planning; and (6) synchronizing timelines for supervisory and leadership continuity. Additionally, it provides greater flexibilities to employees by increasing flexibility in individual development and providing more pathways to developmental assignments to broaden and deepen their experiential base.

The authority to provide time-off awards as a recruitment incentive to employees participating in the Demo project enables the STRLs to better compete with industry where time-off is often part of recruitment packages. Such an incentive may be especially attractive to candidates from outside of Government who value time off and typically would not accumulate a significant balance of paid leave for some time.

The authority to provide retention counteroffers to high performing employees participating in the Demo project in any career field, who have critical skills, and present

evidence of alternative employment opportunities with higher compensation, will enable the STRLs to continue to meet mission requirements by retaining key employees.

The authority for STRL Directors to manage award funding for employees participating in the Demo project, consistent with the STRL's budget, will enable STRLs to fully utilize their contribution- or performance-based pay systems by providing timely award funding for pay pools which are often administered on different cycles than those applicable to employees who are not participating in a Demo project.

B. Required Waivers to Law and Regulation

Waivers and adaptations of certain title 5, U.S.C. and title 5, Code of Federal Regulations (CFR) provisions are required only to the extent that these statutory and regulatory provisions limit or are inconsistent with the actions authorized under an approved STRL Demonstration project. Appendix A lists waivers needed to enact authorities described in this FRN. Nothing in this plan is intended to preclude STRLs from adopting or incorporating any law or regulation enacted, adopted, or amended after the effective date of this FRN.

C. Problems with Present System

Despite the authorities already available to STRLs, some laboratories still have difficulty recruiting and retaining supervisors or team leaders within the organization. STRLs need the ability to shape the mix of skills and expertise to position the most qualified personnel in a given position to meet new research and development missions. The problem with the traditional system is that it does not support flexibility in organizational and succession planning. Time-limited supervisory and team leader positions will enable management to periodically evaluate these positions, taking into consideration mission needs, as well as employee career development, and organizational succession planning. It will also offer experiential opportunities for employees interested in becoming supervisors and team leaders. This dynamic will support individual development, organizational planning, synchronizing timelines for supervisory/leadership continuity, and calibrating career expectations vs. mission needs. Similar

to the Flexible Extended Temporary Promotion Authority for ST and Senior Scientific Technical Manager positions documented in the Air Force Research Laboratory FRN, 82 FR 38896, STRLs need the flexibility to offer temporary promotions and temporary reassignments not to exceed five years, with the ability to extend in no longer than five-year increments, for all supervisory and team leader positions.

STRLs need numerous flexible tools to use in their battle for talent. Current recruitment incentives involve monetary payments only and offer no means to provide additional paid time off from duty as a recruitment incentive. Providing a time-off award, instead of or in addition to other incentives, will enable STRLs to better compete for critical talent.

Retaining critical talent is also a priority for STRLs. The retention incentive available under 5 CFR part 575 subpart C is limited to 25 percent of an employee's basic pay and requires documented analysis of employment trends and labor market factors; quality and availability of potential sources of employees; the success of recent efforts to recruit candidates; retention of similar employees; and other factors. This monetary limit and time-consuming process prevents STRLs from effectively countering recruitment offers from the private sector. Similar to the retention counteroffer for employees with critical scientific or technical skills documented in the Technical Center of the U.S. Army Space and Missile Defense Command FRN, 84 FR 49255, this retention counteroffer for all STRL employees participating in the Demo project, regardless of career field, will allow the STRLs to retain critical talent by quickly approving an increase to basic pay and/or an incentive up to 50 percent of an employee's basic pay in circumstances where employees with critical skills receive an offer of employment with higher compensation.

Finally, the timing of DoD awards guidance is generally consistent with the Defense Performance Management and Appraisal Program which uses an assessment cycle that ends in the March/April timeframe. Because STRL performance and contribution-based systems often use different assessment cycles and issue special act and notable achievement awards during the

first quarter of the fiscal year, independent authority to issue awards will promote greater efficiency in the administration of STRL Demo projects.

D. Participating Organizations and Employees

All DoD laboratories designated as STRLs pursuant to 10 U.S.C. 4121(b), as well as any additional laboratories designated as STRLs by the Secretary of Defense, through the USD(R&E), with approved personnel demonstration project plans published in FRNs may use the provisions described in this FRN. Absent another statutory authority to provide these flexibilities, the provisions do not apply to employees who are not candidates for or incumbents of positions participating in the demo projects authorized by 10 U.S.C. 4121, to include prevailing rate employees (as defined by 5 U.S.C. 5342(a)(2)) and senior executives (as defined by section 3132(a)(3) of such title). STRLs implementing these flexibilities must first fulfill any collective bargaining obligations.

II. Personnel System Changes

A. Description and Implementation

1. Flexible Temporary Assignments

An STRL Director may approve flexible temporary promotions or reassignments to supervisory and team leader positions for not more than five years, with the ability to extend without limit in no more than five-year increments for candidates who are current Federal employees participating in the demo project. The candidates must meet the Office of Personnel Management Qualification Standard for the position. The initial flexible temporary promotion must be made using competitive procedures. Prior to extending a temporary promotion or reassignment or making the action permanent, management will decide based on mission needs, employee career development, and organizational succession planning on whether the employee should continue in the position on a temporary or permanent basis. If not extended on a temporary basis or made permanent, the employee will return to the position held prior to the temporary assignment or to a position within the STRL comparable in duties and pay band to the

position held before the assignment. Upon termination of the temporary promotion or reassignment, pay will be set in accordance with the STRL's applicable pay setting rules and internal operating procedures. To be converted to a permanent supervisory or team leader position, the employee must: (1) have been notified in writing at the time of the initial action of the possibility of the temporary assignment being made permanent at a later date; (2) served a minimum of one year of continuous service in the temporary position; and (3) have at least a successful or equivalent performance rating in any applicable supervisory/leadership performance element. STRLs will document their plans and processes in IOPs.

2. Authority to Provide Time-off as a Recruitment Incentive

An STRL Director may provide a newly hired or newly converted participant in the demo project up to 80 hours of time-off from duty, without loss of pay or charge to leave, as a recruitment incentive, to be used within one year. This recruitment incentive will be processed in the same manner as a time-off award available under the authority in 5 U.S.C. chapter 45, but it is not provided pursuant to that authority and is not subject to otherwise applicable limits on the use of that authority. The time-off provided as a recruitment incentive may not be converted to cash payment and is forfeited if not used within 12 months after it is posted to the employee's leave account. STRLs may require a service agreement when offering this recruitment incentive. STRLs will document in IOPs the criteria for determining the amount of paid time off that may be provided as a recruitment incentive.

3. Retention Counteroffers

STRL Directors may offer a retention counteroffer to high performing employees participating in the demo project, with critical scientific, technical, or administrative skills, in any career field, who present credible evidence of an alternative employment opportunity with higher compensation. Such employees may be provided increased basic pay (up to the top of the pay band/cap within a pay band) and/or a one-time cash payment that does not exceed 50 percent of one year of base pay. Retention counteroffers, either in the form of a base pay increase and/or

a lump sum payment, count toward the Executive Level I aggregate limitation on pay consistent with 5 U.S.C. 5307 and 5 CFR part 530, subpart B. STRLs may require a service agreement when offering this retention counteroffer. Further details will be published in STRL IOPs.

4. STRL Award Management Authority

STRL compensation strategies develop and foster a culture of recognition. Strategic use of awards and recognition throughout the year adds value to the STRLs and supports retention of high performing/contributing employees. STRL Directors manage the workforce strength, structure, positions, and compensation without regard to any limitation on appointments, positions, or funding in a manner consistent with the budget available. STRL Directors will execute contribution/performance-based payouts, awards and bonuses, and non-ratings-based awards and bonuses for the demo workforce consistent with demo project plans and available funds budgeted for that purpose. Unless directed or authorized by the USD(R&E), in coordination with the Under Secretary of Defense for Personnel and Readiness, DoD Components will not impose additional management limitations on the payments of contribution/performance-based payouts, awards and bonuses, and non-ratings-based awards and bonuses.

B. Evaluation

Procedures for evaluating these authorities will be incorporated into the STRL demonstration project evaluation processes conducted by the STRLs, OUSD(R&E), or Component headquarters, as appropriate.

C. Reports

STRLs will track and provide information and data on the use of these authorities when requested by the Component headquarters or OUSD(R&E).

Appendix A: Required Waivers to Laws and Regulations

<u>Title 5, United States Code</u>	<u>Title 5, Code of Federal Regulations</u>
<p>5 U.S.C. 45, subchapter 1 - Awards for Superior Accomplishments. Waived to the extent necessary to allow the STRL Director to implement the flexibilities in this Federal Register and provide paid time-off as a recruitment incentive, provide retention and other incentive awards, and provide contribution- and performance-based payouts, as described in this FRN.</p>	<p>5 CFR part 335, section 335.102(f) - Agency authority to promote, demote, or reassign. Waived to the extent necessary to allow extensions of temporary promotions and reassignments as described in this Federal Register Notice.</p> <p>5 CFR part 451, subpart A - Agency Awards. Waived to the extent necessary to allow the STRL Director to implement the flexibilities in this Federal Register and provide paid time-off as a retention incentive, provide retention incentives and other incentive awards, and execute contribution and performance-based payouts, as described in this FRN.</p> <p>5 CFR part 575, subpart A and subpart C – Recruitment and Retention Incentives. Waived to the extent necessary to allow the STRL Director to implement the recruitment and retention flexibilities as described in this Federal Register notice, to include paying a retention counteroffer up to 50 percent of basic pay to retain high performing employees and to determine whether a service agreement is required. Criteria for these</p>

	determinations will be as prescribed in 5 U.S.C. 5754 unless otherwise specified in this FRN.
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Appendix B. Authorized STRLs and Federal Register Notices

STRL	Federal Register Notice
Air Force Research Laboratory	61 FR 60400 amended by 75 FR 53076
Joint Warfare Analysis Center	85 FR 29414
Army Futures Command	89 FR 13548
Army Research Institute for Behavioral and Social Sciences	85 FR 76038
Combat Capabilities Development Command Armaments Center	76 FR 3744
Combat Capabilities Development Command Army Research Laboratory	63 FR 10680
Combat Capabilities Development Command Aviation and Missile Center	62 FR 34906 and 62 FR 34876 amended by 65 FR 53142
Combat Capabilities Development Command Chemical Biological Center	74 FR 68936
Command, Control, Communications, Cyber, Intelligence, Surveillance, and Reconnaissance Center	66 FR 54872
Combat Capabilities Development Command Ground Vehicle Systems Center	76 FR 12508
Combat Capabilities Development Command Soldier Center	74 FR 68448
Engineer Research and Development Center	63 FR 14580 amended by 65 FR 32135

Medical Research and Development Command	63 FR 10440
Technical Center, US Army Space and Missile Defense Command	85 FR 3339
Naval Air Systems Command Warfare Centers	76 FR 8530
Naval Facilities Engineering Command Engineering and Expeditionary Warfare Center	86 FR 14084
Naval Information Warfare Centers, Atlantic and Pacific	76 FR 1924
Naval Medical Research Center	Not yet published
Naval Research Laboratory	64 FR 33970
Naval Sea Systems Command Warfare Centers	62 FR 64050
Office of Naval Research	75 FR 77380
Marine Corps Tactical Systems Support Activity	Not yet published

Dated: May 16, 2024.

Aaron T. Siegel,

Alternate OSD Federal Register Liaison Officer,

Department of Defense.

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