



**DEPARTMENT OF DEFENSE**

**Office of the Secretary**

**[Docket ID: DOD-2025-OS-0903]**

**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 will implement Senior Business Technical Manager (SBTM) positions, which are defined as senior business and technical positions comparable to positions classified above the General Schedule (GS)-15 level. SBTMs are senior business and operations leaders within the STRL, serving as primary advisors to the STRL's Commanding Officers and/or members of the Senior Executive Service (SES). SBTMs oversee and operationalize the STRL's business operations, administration, and technology functions. SBTM positions may only be established at authorized STRLs with personnel demonstration projects.

**DATES:** This proposal may not be implemented until a 30-day comment period is provided, comments addressed, and a final Federal Register notice published. To be considered, written comments must be submitted on or before [INSERT 30 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER].

**ADDRESSES:** You may submit comments, identified by docket number and title, by any of the following methods:

*Federal eRulemaking Portal:* <http://www.regulations.gov>. Follow the instructions for submitting comments.

*Mail:* Department of Defense, Office of the Director of Administration and Management, Privacy, Civil Liberties, and Transparency Directorate, Regulatory Division, 4800 Mark Center Drive, Mailbox #24, Suite 05F16, Alexandria, VA 22350-1700.

*Instructions:* All submissions received must include the agency name, docket number and title for this Federal Register document. The general policy for comments and other submissions from members of the public is to make these submissions available for public viewing on the Internet at <http://www.regulations.gov> as they are received without change, including any personal identifiers or contact information.

**FOR FURTHER INFORMATION CONTACT:**

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## Marine Corps

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## **SUPPLEMENTARY INFORMATION:**

### **1. Background**

Through the USD(R&E), the Secretary of Defense exercises the authorities granted to the Office of Personnel Management under title 5 of United States Code (U.S.C.) section 4703 to conduct personnel demonstration projects at DoD laboratories designated as STRLs. All STRLs authorized pursuant to 10 U.S.C. 4121(a) and (b) may use the provisions described in this FRN. STRLs implementing these flexibilities must have an approved personnel demonstration project

plan published in an FRN. Each STRL will establish internal operating procedures (IOPs) as appropriate.

The 24 current STRLs are:

- Defense Health Agency Research and Development
- Air Force Research Laboratory
- Joint Warfare Analysis Center
- Transformation and Training 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
- Communications-Electronics Command Software Engineering Center
- Engineer Research and Development Center
- Medical Research and Development Command
- Technical Center, U.S. Army Space and Missile Defense Command
- Marine Corp Tactical Systems Support Activity
- 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

## **2. Overview**

### **I. Introduction**

#### **A. Purpose**

This FRN grants a new authority to establish SBTM positions, above the GS-15 level, for STRL senior business administration, operations, and technology functions that support and enable the laboratories' research and development missions. A strong business and operations support framework and staff are essential to ensuring the STRLs are prepared and able to advance military technology and capability in accordance with the National Defense Strategy.

The SBTM category encompasses positions that would exceed the GS-15 classification criteria of the General Schedule and contain characteristics of SES and Senior Leader (SL).

The SL classification designation would not be appropriate because SBTM positions may direct the work of an organizational unit; be held accountable for the success of one or more specific programs; monitor the progress toward organizational goals and objectives and periodically evaluate and make appropriate adjustments to such goals; supervise the work of employees other than personal assistants; or otherwise exercise important policy-development and implementation, or other executive level functions. SES classification designation would also not be appropriate because SBTMs do not exercise the full scope of managerial authority and impact required of SES positions. The SBTMs establish a separate pay band level or career track. This notice implements the SBTM authority.

#### **B. Required Waivers to Law and Regulation**

Waivers and adaptations of certain 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 this demonstration project.

Appendix A lists waivers needed to enact authorities described in this FRN. Nothing in this plan is intended to preclude the demonstration project from adopting or incorporating any law or regulation enacted, adopted, or amended after the effective date of this FRN.

### **C. Expected Benefits**

The SBTM authority is expected to:

- (1) Allow proper classification of positions that are engaged in operationalizing laboratory management functions, recognizing the exceptionally high level of expertise required to oversee enterprise-wide business and technical operations, such as financial management, information technology and information assurance, contract management, facilities and infrastructure management, and human capital management.
- (2) Attract, retain, and appropriately compensate highly qualified business and technology professionals with significant experience and expertise managing the supporting business elements of highly complex and technology-focused organizations.
- (3) Provide the opportunity for career development and expand the pool of experienced, prominent business and technical candidates meeting the levels of proficiency and leadership essential for enabling the operation of world-class DoD laboratories.

## **II. Personnel System Changes**

All current STRL demonstration project plans are hereby amended to add the following:

### **A. Description and Implementation of SBTM Positions**

#### **1. Authorized Positions**

The number of authorized SBTM positions in each STRL shall not exceed one percent of the number of civilian and military positions employed at such laboratory, inclusive of positions both within and outside the STRL's personnel demonstration project, which are filled as of the close of the preceding fiscal year. If one percent of authorized positions does not equate to a whole number, the STRL shall round down to the next lower number; however, each STRL shall be authorized at least one SBTM position regardless of the number of positions employed at such

laboratory. Though the authorized number of SBTM positions may increase or decrease as the overall civilian and military workforce increases or decreases, no SBTM employee will have their classification as a SBTM changed or their pay reduced, because the size of the STRL's civilian and military workforce has decreased. In such circumstances, an STRL may temporarily exceed its new SBTM authorized number until attrition occurs.

## **2. Position Classification**

### **(a) Position Requirements**

At a minimum, all SBTM positions require senior manager up to executive level knowledge, skills, and abilities in competencies related to STRL business and operations of highly complex technical organizations or business units. SBTMs have a crucial role in driving strategic direction, supporting research and development in defense planning, ensuring operational excellence, and fostering a culture of integrity and innovation to achieve sustainable success. Incumbents will typically possess extensive knowledge and experience in one or more business or technical requirements below or another area determined by the STRL director:

- Implementing and managing major policies and programs and advising senior officials on programs such as human capital, contracting, financial management, operations, facility management, or environmental policy and their impact on research programs.
- Managing defense acquisition policy and familiarity with policies concerning contracting for services.
- Managing information technology, including policy formulation and technical expertise across all aspects of information management at the STRL, with a special focus on creating visionary plans for future mission and business information systems.
- Managing defense cyber competencies that support science and technology initiatives to contribute to the development of cyber resilient transformation and readiness technologies.

Examples of other requirements may include strategic and operational leadership, configuration management, quality assurance, stakeholder engagement, laboratory governance, leadership development, strategic partnership, regulatory compliance, crisis management, and innovation and adaptation.

SBTMs typically report to an SES or an SES equivalent-level position. Since all SBTM positions will typically be administrative supervisors, they may be eligible for a supervisory pay differential at the discretion of the STRL director.

#### **(b) Pay Bands/Career Track**

This FRN authorizes STRLs to either establish a separate or modify an existing pay band or career track level(s) to accommodate the SBTM category. Specific details regarding SBTM pay band or career track levels will be included in STRL IOPs.

### **3. Designated Classification Officials for SBTM Positions**

STRL directors, or their designees, are designated as the classification officials for SBTM positions. Each STRL's IOP will provide specific details on each STRL's classification process, control, and management of these positions.

### **4. Staffing and Recruitment**

(a) Positions may be filled on a temporary, flexible term, or permanent basis utilizing appropriate internal or external competitive recruitment procedures, direct hire authority, or through accretion-of-duties promotions. Positions may also be filled temporarily using noncompetitive procedures (e.g., detail and temporary promotions).

(b) In addition to permanent appointments, the following appointment types may be used:

#### **(1) Flexible-Length and Renewable Term Appointments**

This appointment authority may be used to fill SBTM positions for a period of more than one year but not more than five years. The flexible term appointment may be made for a period up to five years, and the STRL director may extend the appointment in up to five-year

increments. Prior to extending a term appointment, management will determine if the work or services continue to be temporary in nature, or if they should be made permanent. Candidates selected from outside the Federal government may be hired using the flexible term appointment authority and may be eligible for extension or conversion to career or career-conditional appointment if services are deemed permanent. To be converted, the employee must: (1) have been notified in writing at the time of the initial appointment of the possibility for conversion to a permanent SBTM position at a later date; (2) served a minimum of one year of continuous service; and (3) have at least a fully successful or equivalent SBTM performance rating applicable to the STRLs demonstration project. Additionally, to be eligible for conversion, when positions being filled using the flexible term appointment authority are announced, whether via competitive or merit promotion procedures, the vacancy announcement must contain a statement notifying applicants that the position may be eligible for extension or conversion to a permanent appointment. The probationary or trial period specified in each STRL's FRN in Appendix B will apply to individuals appointed under the Flexible Term Appointment. Personnel appointed under the Flexible-Length and Renewable Term authority described in this section shall be provided with benefits comparable to those provided to status or permanent employees at the STRL concerned, including professional development opportunities, eligibility for all awards programs, and designation as "status applicants" for the purposes of eligibility for positions in the Federal service.

## (2) Flexible Temporary Promotions

STRLs may use flexible temporary promotions to SBTM positions for not more than five years, with the ability to extend in five-year increments for candidates who are current Federal employees. Prior to extending a temporary promotion, management will determine if the work or services continue to be temporary in nature or should be made permanent. If not extended or made permanent, the employee will return to a position for which they are qualified that is the same grade as previously held before the assignment. Upon termination of temporary

promotion, pay will be set in accordance with the STRLs' IOPs. Candidates may be eligible for conversion to a permanent SBTM position if the position requirements are deemed permanent by the STRL director. To be converted, the employee must: (1) have been notified in writing at the time of the initial action of the possibility for conversion to permanent SBTM position at a later date; (2) served a minimum of one year of continuous service in the temporary assignment; and (3) have at least a fully successful or equivalent SBTM performance rating applicable to the STRLs demonstration project.

(c) STRL directors have the discretion to select the recruitment and staffing method most appropriate based on the specialized position requirements and available candidate pool. Each STRL will further describe recruitment and staffing methodologies in their respective IOPs. STRLs must establish recruitment and staffing methodologies that include:

(1) An internal process that incorporates an impartial, rigorous, and demanding assessment of candidates to evaluate the breadth of their expertise;

(2) an external recruitment process which incorporates an impartial, rigorous, and demanding assessment of candidates to evaluate the breadth of their expertise; or

(3) creation of panels to assist in filling positions or other comparable recruitment or staffing mechanisms.

## **5. Basic Pay Range**

The minimum basic pay for SBTM positions is 115 percent of the minimum rate of basic pay for GS-15. Maximum SBTM basic pay with locality pay is limited to Executive Level III (EX-III), and maximum salary without locality pay may not exceed EX-IV.

## **6. Performance Management**

Each STRL will determine the appropriate performance or contribution management system, non-SES/SL/ST or SES/SL/ST program, to be used to evaluate an SBTM employee's performance or contribution. The selected method will be documented in each STRL's IOPs.

## **7. Pay Retention**

Pay retention may be provided to SBTM members under criteria established by each STRL if they are impacted by a reduction in force, work realignment, or other planned management action that would necessitate moving the incumbent to a position in a lower pay band within the STRL. Pay retention may also be provided under criteria established by each STRL when an SES/ST/SL employee is placed in a SBTM position as a result of a reduction in force or other management action. Grade retention is not authorized for SBTM positions.

### **8. SBTM Supervisory Pay Differential**

A supervisory pay differential may be used by STRL directors to provide an incentive to appropriately compensate SBTM personnel. This pay differential is a pay incentive that may range up to 5 percent of basic pay (excludes locality pay) for SBTM personnel. It is paid on a pay period basis and must be reviewed annually. This pay differential is not included as part of basic pay for any purpose. Criteria to be considered in determining the amount of the pay differential are:

- (a) needs of the organization;
- (b) budgetary constraints;
- (c) years and quality of related experience;
- (d) relevant training;
- (e) performance appraisals;
- (f) experience as a supervisor or manager;
- (g) organizational level of the position; and
- (h) impact on the organization.

The pay differential may be terminated or reduced at the discretion of the STRL director based on legitimate business reasons; however, the pay differential must be terminated if the employee is removed from a position for which a pay differential is approved, regardless of cause. Each STRL will document in their IOPs the method used for determining payment, reduction, or discontinuation of the pay differential. All personnel actions involving a

supervisory pay differential will require a statement signed by the employee acknowledging that the pay differential may be terminated or reduced at the discretion of the STRL director or his or her designee. The termination or reduction of the pay differential is not an adverse action and is not subject to appeal. The total pay (including locality pay) may not exceed the midpoint between the maximum rate of basic pay of EX–III and the maximum rate of basic pay of EX–II, (e.g., \$213,000; (calculation is rounded up to the next thousand) for calendar year 2024). SBTM employees are subject to the aggregate limitation on pay pursuant to 5 U.S.C. 5307 and 5 CFR subpart 530.203.

**9. SBTM Program Oversight**

The program shall be managed and administered by the STRL director or their designee in compliance with the provisions of this FRN and IOPs developed by each STRL.

**10. Evaluation**

Procedures for evaluating this authority will be incorporated into the STRL personnel demonstration project evaluation process conducted by the STRLs in conjunction with the USD(R&E) Defense Research Enterprise Office.

**Appendix A: Required Waivers to Laws and Regulations**

<u>Title 5, United States Code</u>	<u>Title 5, Code of Federal Regulations</u>
5 U.S.C. 3104—Employment of Specially Qualified Scientific and Professional Personnel. Waive to allow scientific or professional positions for this authority.	5 CFR part 316 – Waived to the extent necessary to allow flexible term appointments as described in this Federal Register Notice.  5 CFR part 330, section 330.707(h):
5 U.S.C. 3324—Appointments to Positions Classified Above GS–15; Waived in entirety.	Exceptions to Interagency Career Transition Assistance Plan (ICTAP) selection priority. –
5 U.S.C. 3304 & 3304a – Waived to the extent necessary to allow flexible term	Waived to the extent necessary to allow

<p>appointments as described in this Federal Register Notice.</p> <p>5 U.S.C. 5301—Policy; 5 U.S.C. 5302(8) and (9)—Definitions; 5 U.S.C. 5303—Annual Adjustments to Pay Schedules; 5 U.S.C. 5304—Locality-based Comparability Payments; and 5 U.S.C. 5306—Pay Fixed by Administrative Action. Waived to the extent necessary to allow SBTM employees to be treated as GS employees and basic rates of pay under the demonstration project to be treated as scheduled rates of basic pay and to permit SBTM pay not to exceed EX–IV and locality adjusted SBTM rates not to exceed EX – III.</p> <p>5 U.S.C. 5363 – Waived to the extent necessary to allow SBTMs to receive pay retention as described in this Federal Register Notice.</p> <p>5 U.S.C. 5755 – Waived to the extent necessary to allow SBTMs to receive supervisory pay differentials as described in this Federal Register Notice.</p>	<p>conversion to permanent positions without clearing ICTAP.</p> <p>5 CFR 335.102(f) Agency authority to promote, demote, or reassign – Waived to the extent necessary to allow temporary promotions as described in this Federal Register Notice.</p> <p>5 CFR 359.705 – Waived to allow demonstration project rules governing pay retention to apply to a former SES placed on an SBTM position.</p> <p>5 CFR part 531, subpart F Locality-based Comparability Payments. – Waived to the extent necessary to allow SBTM employees to be treated as GS employees and basic rates of pay under the SBTM to be treated as scheduled annual rates of pay.</p> <p>5 CFR 536.306(a) – Waived to the extent necessary to allow SBTMs to receive pay retention as described in this Federal Register Notice.</p> <p>5 CFR part 575, subpart D – Waived to the extent necessary to allow SBTMs to receive supervisory pay differentials as described in this Federal Register Notice.</p>
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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
Transformation and Training 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 (Aviation Research, Development, and Engineering Center and Aviation and Missile Research, Development and Engineering Center merged).
Combat Capabilities Development Command Chemical Biological Center	74 FR 68936
Combat Capabilities Development Command - 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 Research Laboratory	64 FR 33970
Naval Sea Systems Command Warfare Centers	62 FR 64050
Office of Naval Research	75 FR 77380

Dated: January 7, 2026.

Stephanie J. Bost,

Alternate OSD Federal Register Liaison Officer,

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