

**SUMMARY OF MAJOR CHANGES TO
DOD 7000.14-R, VOLUME 2B, CHAPTER 5**

**“RESEARCH, DEVELOPMENT, TEST, AND
EVALUATION APPROPRIATIONS”**

All changes are denoted by **blue font**

Substantive revisions are denoted by a **★** preceding the section,
Paragraph, table or figure that includes the revision

Hyperlinks are denoted by **underlined, bold, italic, blue font**

PARA	EXPLANATION OF CHANGE/REVISION	PURPOSE
Overall	Date Refresh.	Refresh

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CHAPTER 5

RESEARCH, DEVELOPMENT, TEST, AND EVALUATION APPROPRIATIONS0501 GENERAL050101. Purpose

This chapter provides instructions on budget formulation and congressional justification for Research, Development, Test, and Evaluation (RDT&E) appropriations. The following appropriations are included in RDT&E:

- RDT&E, Army (2040A)
- RDT&E, Navy (1319N)
- RDT&E, Air Force (3600F)
- RDT&E, Defense Wide (0400D)
- Operational Test and Evaluation, Defense (0460D)

050102. Submission Requirements

General guidance on submission requirements is in [Volume 2A, Chapter 1](#). Chapter 5 of this Volume provides additional specific requirements on justification material for the above appropriations. Other chapters in the Financial Management Regulation require additional exhibits. The Components will also submit any exhibits required by the Office of Management and Budget ([OMB Circular A-11](#)), Preparation and Submission of Budget Estimates.

Military Departments and Defense Agencies will be responsible for clearing the justification material with the Washington Headquarters Services, Directorate for Freedom of Information and Security Review, prior to transmittal to OMB and the congressional committees.

050103. Not Used050104. Preparation of Material

General guidance on format and preparation of material is presented in Volume 2A, Chapter 1. Chapter 5 of this Volume provides additional specific requirements on justification material required for RDT&E appropriations.

050105. References

Volume 2A, Chapter 1, Section 010210 provides policies and definitions concerning costs that are to be financed in RDT&E.

0502 UNIFORM BUDGET AND FISCAL ACCOUNTING CLASSIFICATION050201. RDT&E Budget Activities

A. The RDT&E budget activities are broad categories reflecting different types of RDT&E efforts. The definitions are provided below.

B. Budget Activity 1, Basic Research. Basic research is systematic study directed toward greater knowledge or understanding of the fundamental aspects of phenomena and of observable facts without specific applications towards processes or products in mind. It includes all scientific study and experimentation directed toward increasing fundamental knowledge and understanding in those fields of the physical, engineering, environmental, and life sciences related to long-term national security needs. It is farsighted high payoff research that provides the basis for technological progress. Basic research may lead to: (a) subsequent applied research and advanced technology developments in Defense-related technologies, and (b) new and improved military functional capabilities in areas such as communications, detection, tracking, surveillance, propulsion, mobility, guidance and control, navigation, energy conversion, materials and structures, and personnel support. Program elements in this category involve pre-Milestone A efforts.

C. Budget Activity 2, Applied Research. Applied research is systematic study to understand the means to meet a recognized and specific need. It is a systematic expansion and application of knowledge to develop useful materials, devices, and systems or methods. It may be oriented, ultimately, toward the design, development, and improvement of prototypes and new processes to meet general mission area requirements. Applied research may translate promising basic research into solutions for broadly defined military needs, short of system development. This type of effort may vary from systematic mission-directed research beyond that in Budget Activity 1 to sophisticated breadboard hardware, study, programming and planning efforts that establish the initial feasibility and practicality of proposed solutions to technological challenges. It includes studies, investigations, and non-system specific technology efforts. The dominant characteristic is that applied research is directed toward general military needs with a view toward developing and evaluating the feasibility and practicality of proposed solutions and determining their parameters. Applied Research precedes system specific technology investigations or development. Program control of the Applied Research program element is normally exercised by general level of effort. Program elements in this category involve pre-Milestone B efforts, also known as Concept and Technology Development phase tasks, such as concept exploration efforts and paper studies of alternative concepts for meeting a mission need.

D. Budget Activity 3, Advanced Technology Development (ATD). This budget activity includes development of subsystems and components and efforts to integrate subsystems and components into system prototypes for field experiments and/or tests in a simulated environment. ATD includes concept and technology demonstrations of components and subsystems or system models. The models may be form, fit and function prototypes or scaled models that serve the same demonstration purpose. The results of this type of effort are proof of technological feasibility and assessment of subsystem and component operability and

producibility rather than the development of hardware for service use. Projects in this category have a direct relevance to identified military needs. Advanced Technology Development demonstrates the general military utility or cost reduction potential of technology when applied to different types of military equipment or techniques. Program elements in this category involve pre-Milestone B efforts, such as system concept demonstration, joint and Service-specific experiments or Technology Demonstrations and generally have Technology Readiness Levels of 4, 5, or 6. Projects in this category do not necessarily lead to subsequent development or procurement phases, but should have the goal of moving out of Science and Technology (S&T) and into the acquisition process within the future years defense program (FYDP). Upon successful completion of projects that have military utility, the technology should be available for transition.

E. Budget Activity 4, Advanced Component Development and Prototypes (ACD&P). Efforts necessary to evaluate integrated technologies, representative modes or prototype systems in a high fidelity and realistic operating environment are funded in this budget activity. The ACD&P phase includes system specific efforts that help expedite technology transition from the laboratory to operational use. Emphasis is on proving component and subsystem maturity prior to integration in major and complex systems and may involve risk reduction initiatives. Program elements in this category involve efforts prior to Milestone B and are referred to as advanced component development activities and include technology demonstrations. Completion of Technology Readiness Levels 6 and 7 should be achieved for major programs. Program control is exercised at the program and project level. A logical progression of program phases and development and/or production funding must be evident in the FYDP.

F. Budget Activity 5, System Development and Demonstration (SDD). SDD programs have passed Milestone B approval and are conducting engineering and manufacturing development tasks aimed at meeting validated requirements prior to full-rate production. This budget activity is characterized by major line item projects and program control is exercised by review of individual programs and projects. Prototype performance is near or at planned operational system levels. Characteristics of this budget activity involve mature system development, integration and demonstration to support Milestone C decisions, and conducting live fire test and evaluation and initial operational test and evaluation of production representative articles. A logical progression of program phases and development and production funding must be evident in the FYDP consistent with the Department's full funding policy.

G. Budget Activity 6, RDT&E Management Support. This budget activity includes research, development, test and evaluation efforts and funds to sustain and/or modernize the installations or operations required for general research, development, test and evaluation. Test ranges, military construction, maintenance support of laboratories, operation and maintenance of test aircraft and ships, and studies and analyses in support of the RDT&E program are funded in this budget activity. Costs of laboratory personnel, either in-house or contractor operated, would be assigned to appropriate projects or as a line item in the Basic Research, Applied Research, or ATD program areas, as appropriate. Military construction costs directly related to major development programs are included.

H. Budget Activity 7, Operational System Development. This budget activity includes development efforts to upgrade systems that have been fielded or have received approval for full rate production and anticipate production funding in the current or subsequent fiscal year. All items are major line item projects that appear as RDT&E Costs of Weapon System Elements in other programs. Program control is exercised by review of individual projects. Programs in this category involve systems that have received Milestone C approval. A logical progression of program phases and development and production funding must be evident in the FYDP, consistent with the Department’s full funding policy.

050202. Establishing RDT&E Program Elements

A. The program element is the primary data element in the FYDP and is the major aggregation, at which RDT&E efforts are organized, budgeted and reviewed. All funding associated with a major system new start should be identified in a unique program element. Requests to establish program elements should be forwarded to Office of the Secretary of Defense (OSD) Program Analysis and Evaluation for coordination and approval. Instructions are contained in DoD 7045.7-H, “The FYDP Program Structure Handbook.”

B. In general, the coding symbology identifies the RDT&E budget activity for the program element. Program elements in RDT&E budget activities 1 through 6 will have “06” in the first two positions; “06” indicates it is part of Major Force Program 6, Research and Development. The third and fourth position will identify the specific budget activity (e.g., 0602 is an RDT&E budget activity 2 program element). Program elements in RDT&E budget activity 7 reflect the Major Program of the fielded system in the first two positions (e.g., “01” indicates a strategic system).

0503 PROGRAM AND BUDGET REVIEW SUBMISSION

050301. Purpose

This section prescribes instructions for the preparation and submission of the budget estimates for the RDT&E appropriations. Unless otherwise specified, these instructions apply to all RDT&E appropriations and to all budgets. See Volume 2A, Chapter 1, Section 0104, of this Regulation for specific printing requirements.

050302. Submission Requirements

A. Administrative Requirements.

1. Classification. Information contained in the budget requests should be unclassified. Where classified information is required in order to explain the program, the classified material will be provided under separate cover and appropriately marked.

2. Exhibits will display the actual fiscal years (i.e., prior year (PY), fiscal year (FY) 2007, FY 2008, FY 2009, FY 2010, FY 2011, FY 2012, and FY 2013) rather than the template entries (i.e., PY, current year (CY), budget year 1(BY1), BY2, BY2+1, BY2+2, BY2+3, and BY2+4).

3. If an amended budget is submitted, identify the revised budget exhibits accordingly.

4. All pages will be annotated with the applicable R-1 line item number and page number within the line item (Item 1-1 of 5, 1-2 of 5, 2-1 of 1, 3-1 of 20, etc.) at the bottom center or bottom right of each page. Be consistent for all pages of the backup book.

5. If printing the RDT&E material in one volume is impractical, the justification material can be submitted by budget activity with the S&T budget activities (BA 1 through BA 3) printed in one volume and the remaining budget activities printed in a separate volume or in individual volumes. Each volume should include an R-1 listing and a table of contents indicating the volume and page where the applicable program element can be found. The justification material will be entitled

Fiscal Year 20BY1/20BY2 Program and Budget Review Submission
RDT&E Descriptive Summaries, Volume I
Month/Year (of Submission)

6. Each backup book will include a discussion of performance metrics in support of requests for program resources, as prescribed in Volume 2A, Chapter 1, Section 010109. Where programs have participated with OMB in the completion of the Program Assessment Rating Tool (PART), the PART summary may be included to fulfill this requirement. Components may also use existing performance measures or create new ones in compliance with this requirement.

7. For publishing justification material on the web, Services and Defense Agencies are to submit an electronic copy, in portable document format, of the final President's Budget justification material.

B. Component-generated exhibits can be used in lieu of the following exhibits as long as they include all the information required by the exhibits in a usable format. The exhibits will be aggregated in the following order for each R-1 line item and submitted in R-1 line item order. The required exhibits shall be packaged in the following order, as

applicable: R-2 (PE 1), R-2a (PE 1, Project or Future Naval Capability A), R-3 (PE 1, Project or Future Naval Capability A), R-4 (PE 1, Project or Future Naval Capability A), R-2a (PE 1, Project or Future Naval Capability B), R-3 (PE 1, Project or Future Naval Capability B), R-4 (PE 1, Project or Future Naval Capability B), etc.

Arrangement of Exhibits – General

R-1	RDT&E Programs
R-1C	RDT&E Programs - Comparison Report
R-2	RDT&E Budget Item Justification
R-2a	RDT&E Project Justification
R-3	RDT&E Project Cost Analysis
R-4	RDT&E Program Schedule Profile
R-4A	RDT&E Program Schedule Detail
R-5	Termination Liability in Major Acquisition Program RDT&E Contracts
DD 1391	Military Construction Project Data

C. Facilities Exhibit. For improvements to and construction of government-owned facilities funded in RDT&E, a DD Form 1391, Military Construction Project Data, will be provided separately for each budget year project and any PY or CY projects not previously reported. These exhibits will be included with the program element justification. In addition, a copy of all DD Forms 1391 should be packaged together and a copy provided to the Office of the Under Secretary of Defense (Comptroller) (OUSD(C)) Program / Budget (P/B) Investment Directorate and to the Military Personnel and Construction Directorate. A copy of the form and the instructions are in Volume 2B, Chapter 6.

D. MAX Schedule C. OMB Circular No. A-11 has incorporated the requirements for this research and development exhibit into the automated MAX schedule C. Subsequent instructions will be provided by the Office of the Director, Defense Research and Engineering, Plans and Programming Division regarding the specific requirements for this submission to OMB's MAX system.

0504 CONGRESSIONAL JUSTIFICATION/PRESENTATION

050401. Purpose

This section presents the justification book organization and the exhibit requirement for submission to Congress. Preferred budget exhibit formats can be found in Section 0505. See Volume 2A, Chapter 1, Section 0104 of this Regulation for specific printing requirements.

050402. Organization of Justification Books

A. Administrative Requirements.

1. Classification. Information contained in the budget requests should be unclassified. Where classified information is required in order to explain the program, the classified material will be provided under separate cover and appropriately marked.

2. Exhibits will display the actual fiscal years (i.e., PY, FY 2007, FY 2008, FY 2009, FY 2010, FY 2011, FY 2012, and FY 2013) rather than the template entries (i.e., PY, PY, CY, BY1, BY2, BY2+1, BY2+2, BY2+3, and BY2+4).

3. All pages will be annotated with the applicable R-1 line item number and page number within the line item (Item 1-1 of 5, 1-2 of 5, 2-1 of 1, 3-1 of 20, etc.) at the bottom center or bottom right of each page. Be consistent for all pages of the backup book.

4. If printing the RDT&E material in one volume is impractical, the justification material can be submitted by budget activity with the S&T budget activities (BA 1 through BA 3) printed in one volume and the remaining budget activities printed in a separate volume or in individual volumes. Each volume should include an R-1 listing and a table of contents indicating the volume and page where the applicable program element can be found.

5. Each backup book will include a discussion of performance metrics in support of requests for program resources, as prescribed in Volume 2A, Chapter 1, Section 010109 of this Regulation. Where programs have participated with OMB in the completion of the Program Assessment Rating Tool (PART), the PART summary may be included to fulfill this requirement. Components may also use existing performance measures or create new ones in compliance with this requirement.

B. Justification material will be entitled:

RDT&E Descriptive Summaries for
Fiscal Year 20BY1/20BY2 President's Budget
February 20XX
Volume I

C. Service-generated and Defense Agency-generated exhibits can be used in lieu of the following exhibits as long as they include all the information required by the exhibits in a usable format. The exhibits will be aggregated in the following order for each R-1 line item and submitted in R-1 line item order. The required exhibits shall be packaged in the following order, as applicable: R-2 (PE 1), R-2a (PE 1, Project or Future Naval Capability A), R-3 (PE 1, Project or Future Naval Capability A), R-4, (PE 1, Project or Future Naval Capability A), R-2a (PE 1, Project or Future Naval Capability B), R-3 (PE 1, Project or Future Naval Capability B), R-4 (PE 1, Project or Future Naval Capability B), etc.

Arrangement of Exhibits - General

R-1	RDT&E Programs (OSD Generated) (Include in the backup book, if available.)
R-2	RDT&E Budget Item Justification
R-2a	RDT&E Project Justification

R-3	RDT&E Project Cost Analysis
R-4	RDT&E Program Schedule Profile
R-4a	RDT&E Program Schedule Detail
DD 1391	Military Construction Project Data

D. Facilities Exhibit. For improvements to and construction of government-owned facilities funded in RDT&E, a DD Form 1391, Military Construction Project Data, will be provided separately for each budget year project and any PY or CY projects not previously reported. These exhibits will be included with the program element justification. In addition, a copy of all DD Forms 1391 should be packaged together and a copy provided to the Military Personnel and Construction Directorate. A copy of the form and the instructions are in Chapter 6.

E. MAX Schedule C. OMB Circular No. A-11 has incorporated the requirements for this research and development exhibit into the automated MAX schedule C. Subsequent instructions will be provided by the Office of the Director, Defense Research and Engineering, Plans and Programming Division regarding the specific requirements for this submission to OMB's MAX system.

0505 RDT&E APPROPRIATION SUBMISSION FORMATS

050501. Purpose

The formats provided on the following pages reflect requirements presented in previous sections of this chapter. Formats currently being used within each Service and Defense Agency may be used in lieu of the formats contained in Section 050502 as long as all of the information required by the exhibits in Section 050502 is provided in a usable format. With this exception and unless modified in an OUSD(C) budget submission memorandum, the formats in these exhibits shall be used.

050502. Exhibits in Support of Section 0503 – Program and Budget Review
Submission

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Exhibit R-1, RDT&E Programs

Department of the _____

Appropriation: _____

Date: _____

<u>R-1 Line</u> <u>Item No</u>	<u>Program</u> <u>Element</u> <u>Number</u>	<u>Item</u>	<u>Budget</u> <u>Activity</u>	<u>Prior</u> <u>Year</u> <u>Cost</u>	<u>TOA, \$ in Millions</u>		
					<u>Current</u> <u>Year</u> <u>Cost</u>	<u>Budget</u> <u>Year 1</u> <u>Cost</u>	<u>Budget</u> <u>Year 2</u> <u>Cost</u>

Exhibit R-1, RDT&E Programs
(Exhibit R-1, page 1 of 2)

Instructions - Exhibit R-1, RDT&E Programs

I. General.

A. Unless otherwise specified, this format will be used to present the Research, Development, Test and Evaluation (RDT&E) program to:

1. The Office of the Under Secretary of Defense (Comptroller) in support of the OSD/OMB budget review and,
2. The Congress in support of the President's budget request.

II. RDT&E Line Item Content.

A. The basic document for presenting RDT&E requirements is the Exhibit R-1, RDT&E Programs. The R-1 line items are program elements, which define a development effort with specific design, cost, schedule and capability parameters. All costs of basic and applied scientific research, development, test, and evaluation, including maintenance, rehabilitation, and lease/operation of facilities and equipment will be included in appropriate R-1 line items.

B. The R-1 exhibit will contain the following information:

1. Program element title and number. Appropriate security classification coding should be included as part of each program element title listed. All classified material should be bracketed.
2. Line items will be arranged in ascending program element order within each budget activity.
3. Approved funding for the prior year (PY), the current year (CY), budget year 1 (BY1), and BY2.
4. Summaries by (1) Budget Activities and (2) FYDP Programs.

Exhibit R-1C, RDT&E Programs - Comparison Report

The R-1C Comparison Report will provide a comparison between the last President's budget request and the current program budget review submission. The comparison should identify the changes for each RDT&E appropriation by R-1 line item. The report should also identify appropriation and budget activity totals for each fiscal year for the PY through BY2+4 timeframe. If it is necessary to submit classified data, then it should be submitted in a separate report. The unclassified report must match the total for the appropriation/account being submitted. This report will not be included in the justification material provided to the Congress.

Exhibit R-2, RDT&E Budget Item Justification							Date: Month/Year																																																																																																																														
Appropriation/Budget Activity RDT&E.A BA #				R-1 Item Nomenclature: Program Element (PE) Name and Number																																																																																																																																	
Cost (\$ in millions)	FY PY	FY CY	FY BY ¹	FY BY ²	FY BY ²⁺¹	FY BY ²⁺²	FY BY ²⁺³	FY BY ²⁺⁴																																																																																																																													
Total PE Cost																																																																																																																																					
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Project B or Future Naval Capability Name/No./Subtotal Cost																																																																																																																																					
<p>A. Mission Description and Budget Item Justification: Provide a description and justification. Identify the military requirement(s) that this program will meet. Identify new start efforts for the budget year(s) within the program element and new start efforts since the previous President's budget. New start information can be displayed on the R-2a rather than the R-2.</p> <p>B. Program Change Summary: (Show total funding, schedule, and technical changes for the program element that have occurred since the previous President's Budget Submission)</p> <table style="width:100%; border: none;"> <tr> <td></td> <td style="text-align: center;"><u>FY PY</u></td> <td style="text-align: center;"><u>FY CY</u></td> <td style="text-align: center;"><u>FY BY¹</u></td> <td style="text-align: center;"><u>FY BY²</u></td> <td colspan="4"></td> </tr> <tr> <td>Previous President's Budget</td> <td></td> <td></td> <td></td> <td></td> <td colspan="4"></td> </tr> <tr> <td>Current BES/President's Budget</td> <td></td> <td></td> <td></td> <td></td> <td colspan="4"></td> </tr> <tr> <td>Total Adjustments</td> <td></td> <td></td> <td></td> <td></td> <td colspan="4"></td> </tr> <tr> <td> Congressional program reductions</td> <td></td> <td></td> <td></td> <td></td> <td colspan="4"></td> </tr> <tr> <td> Congressional rescissions</td> <td></td> <td></td> <td></td> <td></td> <td colspan="4"></td> </tr> <tr> <td> Congressional increases</td> <td></td> <td></td> <td></td> <td></td> <td colspan="4"></td> </tr> <tr> <td> Reprogrammings</td> <td></td> <td></td> <td></td> <td></td> <td colspan="4"></td> </tr> <tr> <td> SBIR/STTR Transfer</td> <td></td> <td></td> <td></td> <td></td> <td colspan="4"></td> </tr> </table> <p>C. Other Program Funding Summary: (use only when single project PE; otherwise display on R-2a)</p> <table style="width:100%; border: none;"> <tr> <td></td> <td style="text-align: center;"><u>PY</u></td> <td style="text-align: center;"><u>CY</u></td> <td style="text-align: center;"><u>BY¹</u></td> <td style="text-align: center;"><u>BY²</u></td> <td style="text-align: center;"><u>BY²⁺¹</u></td> <td style="text-align: center;"><u>BY²⁺²</u></td> <td style="text-align: center;"><u>BY²⁺³</u></td> <td style="text-align: center;"><u>BY²⁺⁴</u></td> <td style="text-align: center;"><u>To Complete</u></td> <td style="text-align: center;"><u>Total Cost</u></td> </tr> <tr> <td>P-1 Procurement Line Item No., Name:</td> <td colspan="10">Provide related funding detail as indicated, Use a continuation page as necessary.</td> </tr> <tr> <td>C-1 MilCon Project No., Name:</td> <td colspan="10">Provide related funding detail as indicated, Use a continuation page as necessary.</td> </tr> <tr> <td>Related RDT&E:</td> <td colspan="10">List PE numbers and names. It is not necessary to include the related RDT&E funding profile unless there is a funding dependency between the RDT&E programs.</td> </tr> </table> <p>D. Acquisition Strategy. *</p> <p>E. Performance Metrics: (as applicable. See Sec. 050302.6 and Sec. 050401.5)</p> <p>* Not required for Budget Activities 1, 2, 3, and 6.</p> <p>If an Exhibit R-2a is required, complete only section A and B on the R-2 (summarize for the program element). With the exception of the program change summary, all sections are required on the R-2a for each project.</p>										<u>FY PY</u>	<u>FY CY</u>	<u>FY BY¹</u>	<u>FY BY²</u>					Previous President's Budget									Current BES/President's Budget									Total Adjustments									Congressional program reductions									Congressional rescissions									Congressional increases									Reprogrammings									SBIR/STTR Transfer										<u>PY</u>	<u>CY</u>	<u>BY¹</u>	<u>BY²</u>	<u>BY²⁺¹</u>	<u>BY²⁺²</u>	<u>BY²⁺³</u>	<u>BY²⁺⁴</u>	<u>To Complete</u>	<u>Total Cost</u>	P-1 Procurement Line Item No., Name:	Provide related funding detail as indicated, Use a continuation page as necessary.										C-1 MilCon Project No., Name:	Provide related funding detail as indicated, Use a continuation page as necessary.										Related RDT&E:	List PE numbers and names. It is not necessary to include the related RDT&E funding profile unless there is a funding dependency between the RDT&E programs.									
	<u>FY PY</u>	<u>FY CY</u>	<u>FY BY¹</u>	<u>FY BY²</u>																																																																																																																																	
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R-1 Line Item No. XX

Exhibit R-2a, Page-1 of 4

Exhibit R-2a, RDT&E Project Justification								Date: Month/Year	
Appropriation/Budget Activity RDT&E.A BA #				Project Name and Number					
Cost (\$ in millions)	FY PY	FY CY	FY BY ¹	FY BY ²	FY BY ²⁺¹	FY BY ²⁺²	FY BY ²⁺³	FY BY ²⁺⁴	
Project Name or Future Naval Capability /No./Subtotal Cost									
RDT&E Articles Quantity * (as applicable)									
<p>A. Mission Description and Budget Item Justification: Provide a project overview. For BAs 1, 2 and 3, specify the technology area as defined in annual budget guidance.</p>									
<p>B. Accomplishments/Planned Program</p>									
	FY PY	FY CY	FY BY ¹	FY BY ²					
Accomplishment/ Effort/Subtotal Cost									
RDT&E Articles Quantity *(as applicable)									
<p>Provide a brief description using key terms of the accomplishment and/or planned program. Include objectives, output or end product, and specific program name or major technology effort. For BAs 1, 2, and 3 also include specific technology terms as defined in budget guidance or provided by the DDR&E.</p>									
<p>Identify new start efforts for the budget year(s) within the project and those since the previous President's Budget</p>									
	FY PY	FY CY	FY BY ¹	FY BY ²					
Accomplishment/ Effort/Subtotal Cost									
RDT&E Articles Quantity *(as applicable)									
<p>Provide a brief description using key terms of the accomplishment and/or planned program. Include specifics, objectives, output or end product, and specific program name or major technology effort. For BAs 1, 2, and 3 also include specific technology terms as defined in budget guidance or provided by DDR&E. Identify new start efforts for the budget year(s) within the project and those since the previous President's Budget.</p>									
<p>C. Other Program Funding Summary:</p>									
	<u>PY</u>	<u>CY</u>	<u>BY¹</u>	<u>BY²</u>	<u>BY²⁺¹</u>	<u>BY²⁺²</u>	<u>BY²⁺³</u>	<u>BY²⁺⁴</u>	To Complete
P-1 Procurement Line Item No., Name:	Provide related funding detail as indicated, Use a continuation page as necessary.								
C-1 MilCon Project No., Name:	Provide related funding detail as indicated, Use a continuation page as necessary.								
Related RDT&E:	List PE numbers and names. It is not necessary to include the related RDT&E funding profile unless there is a funding dependency between the RDT&E programs.								
<p>D. Acquisition Strategy. *</p>									
<p>E. Major Performers: List major contractors, universities, colleges, government facilities, federally funded research and development centers, laboratories, centers, or other organizations contributing to this effort through BY 2. Only list those who were primary recipients of funds (e.g., received 15% or over \$10 million, whichever is less). Include name or titles, locations, and brief description of work performed. Include actual or projected award date (month/year).</p>									
<p>* Not required for Budget Activities 1, 2, 3, and 6.</p>									

R-1 Line- Item No. XX

(Exhibit R-2a, Page 2 of 4)

Instructions

Exhibit R-2, RDT&E Budget Item Justification
Exhibit R-2a, RDT&E Budget Item Justification (Project)

General. An Exhibit R-2 shall be prepared for each program element. For budget activities 1, 2 and 3, an Exhibit R-2a shall be prepared for each project, even if there is only one project. For all budget activities, an Exhibit R-2a shall be prepared for each program element having more than one project and shall break out and discuss each project that has funding greater than \$1 million in budget year 1 or budget year 2, **but also include any Current Year Congressional adds regardless of amount.** An exception to this criterion would be that projects with funding less than \$1 million that contain a new start effort beginning in the budget year. Exhibits must be prepared for new start project. Care should be taken to see that exhibits are clear and concise. Abbreviations shall be identified on the page on which they occur.

These pages shall be printed on 8 1/2 by 11-inch paper in landscape format. Classified material shall be submitted separately so that the RDT&E backup book can be submitted in an unclassified version.

Date. Include the month and year of submission of the exhibit. If an Amended Budget is submitted, identify the date of the revised submission.

Appropriation (Treasury) Code Budget Activity. Identify the appropriation and budget activity. The budget activity must match the RDT&E service annex and data base lock position.

R-1 Item Nomenclature. Identify the name of the R-1 line item.

Program Element Number. Identify the program element.

Project Number and Nomenclature. Identify the project number and nomenclature.

Resource Summary. The Exhibit R-2 shall include a fiscal resource summary total for the total program element and, if there is more than one project in that program element, a fiscal resource summary for each project in that program element. Ensure the funding matches the RDT&E service data base lock position and that total costs for Acquisition Category 1 programs are consistent with Selected Acquisition Reports.

Mission Description and Budget Item Justification. The R-2 shall include a description and justification of the efforts included in the program element. The R-2a shall include a description and justification of the efforts included in the specific project. The justification narratives shall be included for the past year (PY), the current year (CY), and the budget year 1 (BY1) and BY2 in a bullet format. Typically at least three separate activities and associated funding shall be identified for each program element (or project if on the R-2a) in each fiscal year. The total funding reflected in the bullet narratives should match the total of program element (or project) funding. Identify when a program element or a project was previously funded in a different program element. If program element restructuring and project realignment diminish the value of cumulative fiscal resource information for FY PY, this column shall be footnoted with an explanation of the program elements that were restructured and realigned. Identify the test articles (engineering development models, test articles, low rate initial production test articles, government furnished equipment articles, etc.) that are being procured and why.

Program Change Summary. If there have been changes to the total funding, schedule, or technical parameters since the previous President's budget submission, the Exhibit R-2 shall include a concise narrative summary explaining the changes in the total program element.

(Exhibit R-2, page 3 of 4)

Instructions - Exhibits R-2 and R-2a (Continued)

Other Program Funding Summary. Development projects often lead to subsequent development phases, production, and military construction. Also, some projects may depend on concurrent development in other projects. These related efforts and the funding profiles for other appropriation efforts shall be identified by appropriation, budget activity, R-1 line item and program element, and P-1 line item title and number. If there are funding dependencies among related research, development, test, and evaluation programs, then the funding profiles for these related programs shall be included.

Acquisition Strategy. An explanation of acquisition, management, and contracting strategies shall be provided for each project. This section is not required for Program Elements in Budget Activities 1, 2, and 3.

Major Performers. This data is required for the program budget review submission only.

Performance Metrics: (as applicable. See section 050305.A.6 and 050402.A.5) Formats currently being used within each Service and Defense Agency may be used and as long as they include all the information required in a usable format.

(Exhibit R-2, page 4 of 4)

Exhibit R-3 RDT&E Project Cost Analysis											Date:	
APPROPRIATION/BUDGET ACTIVITY			PROGRAM ELEMENT							PROJECT NAME AND NUMBER		
Cost Categories (Tailor to WBS, or System/Item Requirements)	Contract Method & Type	Performing Activity & Location	Total PY Cost (\$000)	CY Cost (\$000)	CY Award Date	BY1 Cost (\$000)	BY1 Award Date	BY2 Cost (\$000)	BY2 Award Date	Cost To Complete (\$000)	Total Cost (\$000)	Target Value of Contract
Primary Hardware Development												
Ancillary Hardware Development												
Systems Engineering												
Licenses												
Tooling												
GFE												
Award Fees												
Subtotal Product Development												
Remarks:												
Development Support												
Software Development												
Training Development												
Integrated Logistics Support												
Configuration Management												
Technical Data												
GFE												
Subtotal Support												
Remarks												

R-1 Line Item No XX

(Exhibit R-3, page 1 of 5)

Exhibit R-3 RDT&E Project Cost Analysis (page 2)										Date:		
APPROPRIATION/BUDGET ACTIVITY				PROGRAM ELEMENT						PROJECT NAME AND NUMBER		
Cost Categories (Tailor to WBS, or System/Item Requirements)	Contract Method & Type	Performing Activity & Location	Total PY Cost (\$000)	CY Cost (\$000)	CY Award Date	BY1 Cost (\$000)	BY1 Award Date	BY2 Cost (\$000)	BY2 Award Date	Cost To Complete (\$000)	Total Cost (\$000)	Target Value of Contract
Developmental Test & Evaluation												
Operational Test & Evaluation												
Tooling												
GFE												
Subtotal T&E												
Remarks												
Contractor Engineering Support												
Government Engineering Support												
Program Management Support												
Program Management Personnel												
Travel												
Labor (Research Personnel)												
Overhead												
Subtotal Management												
Remarks												
Total Cost												
Remarks												

R-1 Line Item No XX

(Exhibit R-3, page 2 of 5)

Instructions - Exhibit R-3, RDT&E Project Cost Analysis

General: The R-3 exhibit is required only for projects with funding greater than \$1 million in budget year 1 or budget year 2 for programs funded in budget activities 4, 5, and 7 only. A separate R-3 exhibit shall be prepared for each project in an applicable R-1 line item. These exhibits shall be printed on 8 1/2 by 11 inch paper in landscape format. If a program element is not divided into projects, then the program element itself is defined as a project for purposes of submitting an R-3 exhibit and the R-3 exhibit and instructions apply to the entire program element. Classified material shall be submitted separately.

Date: Identify the month and year of submission of the exhibit. If an Amended Budget is submitted, identify the date of the revised submission.

Appropriation/Budget Activity. Identify the appropriation and budget activity. The budget activity must match the RDT&E service annex and data base lock position.

R-1 Item Nomenclature: Identify the name of the R-1 line item.

Program Element Number: Identify the number of the program element.

Project Number and Nomenclature: Identify the project number and nomenclature on each R-3 page.

Project Cost Categories. Cost information shall be provided for each project with funding greater than \$1 million in budget year 1 or budget year 2, with project costs broken down into cost categories. Sample cost categories shown are typical of various types of defense research and development efforts. Costs shall be distributed among categories in accordance with the project work breakdown structure (WBS) or other categories used by the project office in project execution. The illustrated sample cost categories may be used if these correspond to the project's structure; however, there is no requirement to use cost categories other than those used by the project office in project execution. Sample cost categories not used in project execution need not be included in the exhibit for that project. If the program office tracks efforts by major contract, then display the information accordingly. The cost categories shall be separated into 4 information categories as follows:

Product Development. Efforts associated with the delivery of a fully integrated system that are in direct support of the system and essential to the development, training, operation, and maintenance of the system. Include all efforts directly supporting system development and delivery to include primary contracts, major component contracts, contracted services, in-house support, and government furnished property. Contracts or government efforts greater than \$1 million in any displayed budget year shall be reported individually.

Support Costs. Efforts not directly associated with the delivery of the primary product, including technical engineering services, research studies, and technical support not related directly to product development or to testing and evaluation. Contracts or government efforts greater than \$1 million in any displayed budget year shall be reported individually.

(Exhibit R-3, page 3 of 5)

Instructions - Exhibit R-3, RDT&E Project Cost Analysis (Continued)

Test and Evaluation. Efforts (other than those included within contracts or government efforts included above) associated with engineering or support activities to determine the acceptability of a system, subsystem, or component. Contracts or government efforts greater than \$1 million in any displayed budget year shall be reported individually.

Management Services. Efforts associated with services provided in support of program office management and administration processes such as: program oversight, resource justification, budget and programming, milestone and schedule tracking. Federally Funded Research and Development Centers (FFRDCs) are in this category. Contracts or government efforts greater than \$1 million in any displayed budget year shall be reported individually.

Government Furnished Property. Property, such as hardware, software, or information, which the government is contractually obligated to furnish a contractor or government performing activity shall be identified. Provide a brief identification of the item to be provided, and the contractor or government activity providing the item. Provide estimated date that the government furnished property will be provided to the requiring contractor or activity. Provide the name of the requiring contractor or activity.

Award Fees. Identify amounts budgeted for award fees and indicate contractor performance and percentage of award fees actually awarded in past award fee periods.

Contract Method/Type or Funding Vehicle. The following codes shall be used to identify the contract method, contract type, and funding vehicle:

<u>Contract Type</u>	<u>Contract Method</u>
FP - Fixed Price	SS - Sole Source
CPIF - Cost Plus Incentive Fee	C - Competitive
FPI - Fixed Price Incentive	
CPAF - Cost Plus Award Fee	
CPFF - Cost Plus Fixed Fee	
FFP - Firm Fixed Price	

Funding Vehicle (when a government agency is the performing activity)

MIPR - Military Interdepartmental Purchase Request
PO - Project Order
WR - Work Request
Allot - Allotment
Reqn - Requisition

Performing Organizations. Identify each contractor and government or performing activity and the location for each effort greater than \$1 million in any of the displayed years.

Total PY Cost. Provide actual amounts for the total of all years before the current year (CY).

CY - BY2. Provide actual or budget amounts for each year for current year (CY), budget year (BY1), and BY2.

(Exhibit R-3, page 4 of 5)

Award or Obligation Date. Provide actual or estimated date of contract award or the estimated date that funds will be obligated to government performing activities.

To Complete. Provide the amount required to complete this effort beyond BY2.

Total Program. Provide the cumulative total of all budgeted funds for the program (including funds obligated/budgeted for PY, CY, BY1, BY2, and to complete). Provide a comment in the Remarks section when the Project Office Estimate at Completion (EAC) differs from the total cost. Also provide a comment when the Performing Activity EAC differs from the Project Office EAC.

Target Value of Contract. Identify the target value of the contract and explain those cases where total cost differs significantly. For example, if the budget is at ceiling value of the contract vice target value or if budget is "program manager's best estimate" vice target value, then explain.

Formats currently being used within each Service and Defense Agency may be used in lieu of this format.

(Exhibit R-3, page 5 of 5)

Exhibit R-4, RDT&E Program Schedule Profile													Date: (Month and Year)																											
Appropriation/Budget Activity													Program Element Number and Name													Project Number and Name														
Fiscal Year	PY				CY				BY1				BY2				BY2+1				BY2+2				BY2+3				BY2+4											
	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4								
Acquisition Milestones	MS II								MS C												FRP																			
Prototype Phase	█																				First Deployment																			
Radar System Development	▲	▲				△					△												△																	
ABC Radar Delivery									△	△			△				△	△	△		△																			
Software Delivery 1XXSW 2XXSW									▭																															
(U) T&E Milestones									△																															
Flight Test Developmt Test Continuous DT									DT IIA				DT IIB1				DT IIB2				DT IIC				TECHEVAL															
Production Milestones LRIP I FY BY2 LRIP II FY BY2+1 FRP FY BY2+2									◆		△		LRIP I				OT I				LRIP II	◆			OT BI				FRP				FRP Start				OT IIC OPEVAL			
Deliveries									Lot 24 (36)				Lot 25 (42)				Lot 26 (42)				Lot 27 (42)				Lot 28 (42)				Lot 29 (42)				Lot 30 (42)							

R-1 Line Item No. XX

(Page X of X)

R-4 Program Schedule Profile

Instructions -
Exhibit R-4, RDT&E Schedule Profile
Exhibit R-4a, RDT&E Schedule Detail

General: The R-4 and R-4a exhibits are required only for all programs or projects with funding greater than \$1 million in budget year 1 or budget year 2 for programs funded **in budget activities 4, 5, and 7 only**. Separate R-4 and R-4a exhibits shall be prepared for each project in an applicable R-1 line item. These exhibits shall be printed on 8 1/2 by 11 inch paper in landscape format. If a program element is not divided into projects, then the program element itself is defined as a project for purposes of submitting R-4 and R-4a exhibits, and the exhibits and instructions apply to the entire program element. Classified material shall be submitted separately so that the RDT&E backup book can be submitted in an unclassified version.

Date: Identify the month and year of submission of the exhibit. If an Amended Budget is submitted, identify the date of the revised submission.

Appropriation/Budget Activity. Identify the appropriation and budget activity. The budget activity must match the RDT&E service annex and data base lock position.

R-1 Item Nomenclature: Identify the name of the R-1 line item.

Program Element Number and Name: Identify the number and nomenclature of the program element.

Project Number and Nomenclature: Identify the project number and nomenclature on each page.

For the R-4, Schedule Profile, provide a schematic display of major program milestones that reflect engineering milestones, acquisition approvals, test and evaluation events, and other key milestones for the program events. Cover the program years not just the budget year. The example provided is a sample only. Stub entries should be tailed to the events and activities of the reported program. Congressional 'staffer day' briefing formats are acceptable. Software for this display should be embedded for web site formatting.

For the R-4a, Schedule Detail, provide a tabular display of the major program milestones identified on the R-4 as well as any additional programmatic events that contribute to and support the schedule profile identified on the R-4.

**Termination Liability Funding
(or Waiver/STCC Authority)
For Major Defense Acquisition Programs,
RDT&E Funding
(\$000)**

Program	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	

Instructions:

1. For all ACAT I programs with RDT&E funding, indicate the funds, by year, budgeted for termination liability
2. If not budgeted, provide the appropriate waiver authority.
3. For programs with waiver authority, identify the amounts on the contract, by year.
4. This exhibit is to be submitted for the Budget Estimates Submission only and is not required for the congressional justification materials.

Exhibit R-5 Termination Liability in Major Acquisition Program RDT&E Contracts

Instructions -
Exhibit R-5: Termination Liability in Major Acquisition Program RDT&E Contracts

General: Components will report the funds budgeted for termination liability within ACAT I RDT&E programs. Guidance for budgeting for termination liability on incrementally funded RDT&E contracts is found in Volume 2A, Chapter 1, Section 010214. As applicable, identify the funded levels specified in the contract by year. If termination liability funding is not budgeted, provide a copy of the appropriate waiver authority.