

## DoD Financial Management Regulation Volume 2B, Chapter 5

### 0502 UNIFORM BUDGET AND FISCAL ACCOUNTING CLASSIFICATION

#### 050201 RDT& E Budget Activities:

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

**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*

**Budget Activity 2, Applied Research.** Applied research is systematic study to understand the means to meet a recognized and specific national security requirement. It is a systematic application of knowledge to develop useful materials, devices, and systems or methods. It may include design, development, and improvement of prototypes and new processes to meet general mission area requirements. Applied research translates 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 research. 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.*

**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. Projects in this category do not necessarily lead to subsequent development or procurement phases.*

**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.

**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 (LFT&E) and initial operational test and evaluation (IOT&E) 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.

**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 Advanced Technology Development program areas, as appropriate. Military construction costs directly related to major development programs are included.

**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.