Budget Exhibits
Module Overview

Module Overview - Budget Exhibits
Welcome to the Budget Exhibits Module of the Acquisition Business Management Pre-Course. This module consists of 3 lessons:

1. Introduction to Budget Exhibits (20 minutes)
2. Research, Development, Test and Evaluation (RDT&E) Budget Exhibits (35 minutes)
3. Procurement Budget Exhibits (60 minutes)

Located throughout and at the end of these lessons are Knowledge Reviews, which are not graded but enable you to measure your comprehension of the lesson material.

Learning Objectives (1 of 2)

At the end of this module, you should be able to relate the budget exhibits (that is, budget justification documentation) prepared by acquisition program offices to the budget review process conducted during the budgeting phase of PPBE.

By completing the lessons in this module, you should be able to:
• Recognize the roles and responsibilities of the players involved in the preparation and review of budget exhibits prior to their submission to Congress.
• Identify the purpose, content and conditions requiring submission of the R-1 budget exhibit.
• Identify the purpose, content and conditions requiring submission of the R-2 and R-2a budget exhibits.
• Identify the purpose, content and conditions requiring submission of the R-3 budget exhibit.
• Identify the purpose, content and conditions requiring submission of the R-4 and R-4a budget exhibits.

Learning Objectives (2 of 2)

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You should also be able to:

• Identify the purpose, content and conditions requiring submission of the P-1 budget exhibit.
• Identify the purpose, content and conditions requiring submission of the P-40 and P-40a budget exhibits.
• Identify the purpose, content and conditions requiring submission of the P-3a budget exhibit.
• Identify the purpose, content and conditions requiring submission of the P-5 budget exhibit.
• Identify the purpose, content and conditions requiring submission of the P-5a budget exhibit.
• Identify the purpose, content and conditions requiring submission of the P-21 budget exhibit.

This page completes the Module Overview. Select a lesson from the Table of Contents to continue.
Introduction to Budget Exhibits

Introduction to Budget Exhibits
Welcome to the Introduction to Budget Exhibits Lesson. As an acquisition professional, it is important that you have an understanding of the types of budget exhibits and their purposes. It is also important for you to recognize the roles and responsibilities of the players involved in preparing and reviewing budget exhibits to support requests for appropriations. Specific examples of each are given.

Detailed instructions concerning RDT&E and Procurement Budget exhibits can be accessed by selecting the following hyperlinks:

DoD FMR, Vol 2B, Ch. 5
DoD FMR, Vol 2B, Ch. 4

Located throughout and at the end of this lesson are Knowledge Reviews, which are not graded but enable you to measure your comprehension of the lesson material.

**Learning Objective**

By completing this lesson, you should be able to recognize the roles and responsibilities of the players involved in the preparation and review of budget exhibits prior to their submission to Congress.
Budget exhibits are prepared by the DoD Components to support requests for appropriations from Congress. Budget exhibits supporting requests for Procurement appropriations are called "P-Forms," while those supporting requests for Research, Development, Test, and Evaluation appropriations are known as "R-Forms."

Similarly, budget exhibits supporting the Operations and Maintenance, Military Personnel, and Military Construction appropriations are known as "O-Forms," "M-Forms," and "C-Forms," respectively.
Procurement and RDT&E budget exhibits are among the most important documents prepared in support of acquisition programs because they essentially "tell the story" of the programs to the DoD Components, the Office of the Secretary of Defense (OSD), and members of Congress and their staffs.

If this story is incomplete, inaccurate, confusing, or inconsistent, an acquisition program may have its structure and/or budget significantly altered by any of these decision-makers.

In extreme cases, a program might be terminated. While well-prepared budget exhibits cannot guarantee that a program will receive all of the funding it requests, they certainly make the program much more defensible and reduce the probability of significant budget cuts.

**Long Description**

DoD's Budget Exhibits help justify the President's Budget to Congress. Appropriation decisions are based on content of budget exhibits: How well do the exhibits tell your program's story? Confusing, inaccurate, and/or inconsistent exhibits will cause programs to lose funding. Well-prepared exhibits make the program more defensible against cuts.
Program offices may prepare their own budget exhibits or submit program information to a higher headquarters to be incorporated into budget exhibits. In either case, the program office must ensure that:

- Information is correct
- Any anomalies, such as funding "spikes," production breaks, etc. are adequately explained

Program offices that prepare their own budget exhibits must ensure that:

- Each exhibit is properly completed
- All of the exhibits are consistent with one another

Programs that are part of a "system of systems" should coordinate with other programs that are part of the overall system to ensure that their program plans and budgets do not:

- Conflict
- Overlap
- Leave gaps
Roles and Responsibilities of the Component Staff

Budget analysts on the Component staffs:

- Review budget exhibits prepared by program offices and other submitting offices
- Prepare exhibits that summarize the Component's budget request at the appropriation level
- Submit the Component's package of budget exhibits to OSD as part of the Program and Budget Review and again in support of the DoD portion of the President's Budget (PB)

The Component:

- Checks for proper completion of all required exhibits
- Reviews each program's exhibits for coherence and defensibility of the amounts requested
- Looks across its various programs and identifies duplication and inefficiencies
- Makes adjustments as necessary to make the budget as efficient as practicable
Budget analysts on the OSD Comptroller staff review the budget exhibits submitted by the Components as part of the Program and Budget Review and the PB for:

- Completeness
- Consistency
- Adequacy of the justifications provided

Additionally, Budget analysts on the OSD Comptroller staff submit DoD's package of budget exhibits to Congress in support of the President's Budget submission. OSD Comptroller analysts also:

- Look across all of the DoD programs to identify duplication and inefficiencies
- Make adjustments as necessary to make the budget as efficient as practicable

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**Knowledge Review**

**Page 8 of 12**

The following Knowledge Review is a matching question. Select a letter associated with the answers below and type that letter in the space next to the best corresponding phrase or statement. Then, select the Submit button and feedback will appear.

Match each of the five listed budget exhibit form categories with the component appropriations request:

a. Military Personnel  
b. Procurement  
c. Operations and Maintenance  
d. RDT&E  
e. Military Construction

1. C Forms  
2. M Forms  
3. O Forms  
4. P Forms  
5. R Forms

*Correct!* The correct answers are: 1-e., 2-a., 3-c., 4-b., 5-d. Military Construction exhibits are called C-Forms, Military Personnel exhibits are called M-Forms, Operation and Maintenance exhibits are called O-Forms, Procurement exhibits are called as P-Forms, and RDT&E exhibits are called R-Forms.
The following Knowledge Review is a True or False question. Select the best answer and feedback will immediately appear.

The responsibilities of the OSD Comptroller analysts include looking across all of the DoD programs, identifying duplication and inefficiencies, and making adjustments as necessary to make the budget as efficient as practicable.

True

False

Correct!
*The responsibilities of OSD Comptroller analysts include the following: looking across all of the DoD programs, identifying duplication and inefficiencies, and making adjustments as necessary to make the budget as efficient as practicable.*

The following Knowledge Review is a multiple choice question. Only one answer is correct; select the best answer and feedback will immediately appear.

Program offices may prepare their own budget exhibits or submit program information to a higher headquarters to be incorporated into budget exhibits. Which of the following statements does not reflect a role or responsibility of the program office?

- a. Looks across all of the component programs, identifying duplication and inefficiencies.
- b. Reviews information to ensure it is correct.
- c. Assures any anomalies, such as funding "spikes" and production breaks are adequately explained.
- d. Ensures all of the exhibits are consistent with one another.

Correct!
*The Program Office only makes adjustments to its own budgets to make them efficient. Only the Component or OSD could possibly look across all Component programs.*

The following Knowledge Review allows for multiple correct answers. Select all of the answers that are correct, then select the Check Answers button and feedback will appear. Which of the following statements describe Budget Exhibits?

- a. Well prepared Budget Exhibits make the programs more defensible and reduce the probability of significant budget cuts.
- b. They are among the most important documents prepared in support of acquisition programs; they tell the story.
- c. They help justify the President's Budget to Congress.
d. They should provide adequate explanation of anomalies such as funding "spikes" and production breaks.

Correct!
All of these statements correctly describe Budget Exhibits.

Lesson Summary

Congratulations! You have completed the Introduction to Budget Exhibits Lesson. The following topics were presented in this lesson:

- Types of budget exhibits and their purpose. Budget exhibits are prepared by the DoD Components to support requests for appropriations from Congress. Procurement and RDT&E budget exhibits "tell the story" about the programs. Well-prepared budget exhibits make the program much more defensible and reduce the chance of budget cuts.
- Roles and responsibilities of the players involved in preparing and reviewing budget exhibits.
  - Program offices may prepare their own budget exhibits or submit program information to a higher headquarters. They should ensure that all information is correct, provide adequate explanation of budget anomalies, and, if required, prepare properly completed exhibits that are consistent with one another.
  - Component staff budget analysts review budget exhibits, prepare exhibits that summarize the Component's budget request, and submit the Component's package of budget exhibits to OSD as part of the Program and Budget Review.
  - OSD Comptroller staff budget analysts review budget exhibits submitted with the Program and Budget Review, checking for completeness, consistency, and adequacy of the justifications provided and making adjustments as necessary to make the budget as efficient as practicable.

This page completes the lesson. Select a lesson from the Table of Contents to continue.
Welcome to the Research, Development, Test and Evaluation (RDT&E) Budget Exhibits Lesson. It is important that you be able to identify the purpose, content and conditions that require submission of the "R-forms" or RDT&E budget exhibits. You should also have an understanding of how the RDT&E budget exhibits link together. Samples of each exhibit will be provided in this lesson. Detailed instructions concerning RDT&E budget exhibits can be accessed by selecting this hyperlink: DoD Financial Management Regulation 7000.14-R, Volume 2B, Chapter 5.

Located throughout and at the end of this lesson are Knowledge Reviews, which are not graded but enable you to measure your comprehension of the lesson material.

By completing this lesson, you should be able to:

- Identify the purpose, content and conditions requiring submission of the R-1 budget exhibit.
- Identify the purpose, content and conditions requiring submission of the R-2 and R-2a budget exhibits.
- Identify the purpose, content and conditions requiring submission of the R-3 budget exhibit.
Identify the purpose, content and conditions requiring submission of the R-4 and R-4a budget exhibits.

Components submit R-Forms to OSD with the Program and Budget Review as well as in support of the final President’s Budget submission to Congress. The R-1 exhibit is the basic document for presenting DoD’s RDT&E requirements. The R-1 is prepared at the Component headquarters level, with one exhibit for each separate RDT&E appropriation account. Because the R-1 is a summary document, all other RDT&E exhibits submitted for a program element must reconcile to the numbers shown on the R-1. Key R-1 information is discussed on the following pages.

Select the following hyperlink to access a sample page of an R-1 exhibit, or select the Excel version:
- **R-1 Sample**
- **R-1 Excel Spreadsheet**

If you need help in downloading the Excel Spreadsheet, click [here](#).
Life cycle graphic showing Component producing RDT&E budget exhibits for OSD review; OSD forwarding budget exhibits to be included in the President's budget request; President forwarding budget request to Congress for a review, revision, and approval; and Congress providing appropriations to the Component for execution.

### R-1 Sample

**Sample for Training Purposes Only**

**Department of the Navy**

**FY 2010/2011 RDT&E Program**

**Exhibit R-1**

**Appropriation: 1319H, Research, Development, Test & Eval, Navy**

**Date:** FEB 2009

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<th>LINE NO</th>
<th>PROGRAM ELEMENT</th>
<th>ITEM NO</th>
<th>Nomenclature</th>
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<th>FY 2010</th>
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### R-1 Budget Exhibit Key Information

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Each R-1 line item is a program element that defines a development effort or group of related development efforts. These program elements are grouped by RDT&E budget activities (abbreviated "ACT" in the figure above). The R-1 shows budget information for three or four years: the budget year(s) and the two years that precede the budget year(s).

### R-2 Budget Item Justification Exhibit Overview

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**Summary Funding Information**

**Program Description**

**Budget Justification**

**R-2 Exhibit**
The R-2 exhibit provides summary funding information, program description, and budget justification for each RDT&E program element. For program elements with more than one project, a similar form, the R-2a, is prepared for each project. If prepared, R-2a forms should be reconciled to the project data shown on the R-2. The R-2 should then be reconciled to the R-1 to ensure consistency. Key R-2 information is discussed on the following pages.

Select the following hyperlinks to access sample pages of an R-2 exhibit, or select the Excel version:
- R-2 Sample (Part 1 of 2)
- R-2 Sample (Part 2 of 2)

R-2 Excel Spreadsheet

If you need help in downloading the Excel Spreadsheet, click here.

### R-2 Sample (Part 1 of 2)

<table>
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</table>

**A. Mission Description and Budget Item Justification**

MISSION DESCRIPTION AND BUDGET ITEM JUSTIFICATION: This program element funds the development of a replacement aircraft to meet the medium lift needs of the US Marine Corps (USMC) and the special operators needs of the US Special Operations Command (USSOCOM). This item is funded under DA-5, Engineering & Manufacturing Development because it encompasses engineering and manufacturing development of new end-items prior to production approval decision. The four RDT&E test aircraft are production representative.

PROGRAM ACCOMPLISHMENTS AND PLANS:

1. **FY 2008 ACCOMPLISHMENTS:** Continued CF-999 contract efforts related to the EMD program. Continued Fatigue Test Articles (FTA) efforts. Continued logistics support analysis (LSA) and training efforts. Completed depot level LSA. Started drop test article (DITA) testing. Partially funded EMD aircraft contract overrun. Completed CF-999 Preliminary Design Review. Started operational test assessment.

2. **FY 2009 PLAN:** Continue CF-999 contract development efforts, including flight test, GFE integration, logistics, etc. Support equipment procurements, and other EMD efforts. Begin modifications for flight simulator. Complete DITA testing. Continue FTA efforts. Continue Impostor software development efforts. Partially fund the EMD aircraft contract overrun. Complete CF-999 Critical Design Review. Continue flight test, logistics, and training activities, site activation planning, manned flight simulator, and other development and test efforts for CF-999. Complete operational test assessment. Conduct flight test supportability assessment. Start STA test to failure.
Key information presented on the R-2 includes:

1. Funding information for 7 or 8 specific years: the past year, current year, one or two budget years as appropriate, and four years beyond the budget year(s) (the out-years). The number of years covered depends on whether the exhibit supports a two-year budget submission that begins with an even year (for example FY 12-13) or a one-year budget submission that begins with an odd year (for example FY 13).
Select the following hyperlink to access an example showing the years to be included on an R-2.

Example showing the years to be included on an R-2

**Supporting the FY 02-03 Budget Request**

An R-2 budget exhibit supporting the FY 12-13 budget request would include funding information for the past year (FY 10), current year (FY 11), two budget years (FY 12 and FY 13), and four years beyond (FY 14 through FY 17). The following year (the FY 13 budget submission), the R-2 would include the past year (FY 11), current year (FY 12), one budget year (FY 13), and the four out-years (FY 14 through FY 17).

**R-2 Budget Exhibit Key Information (2 of 4)**

Key information presented on the R-2 also includes:

1. Funding information broken out by individual projects under the program element (if there is more than one project).
2. Summarized funding for all years required to complete the program beyond the last out-year shown and total program cost.
3. Mission description and budget item justification written in easily understandable language, articulating the need for the RDT&E effort and summarizing tasks performed with funds appropriated for the past year (PY) and tasks to be performed with the funding appropriated for the current year (CY) and funds requested for BY1 and BY2. At least three tasks for each year should be addressed to justify the funding requested.

**R-2 Budget Exhibit Key Information (3 of 4)**

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1. APPROPRIATION/BUDGET ACTIVITY
   1. R&D&E, Navy / BA-5
   2. R-1 ITEM NOMENCLATURE
      PE 0604999N F-999 (impost)

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A. **Mission Description and Budget Item Justification**

**MISSION DESCRIPTION AND BUDGET ITEM JUSTIFICATION** This program element funds the procurement and development of a replacement aircraft to meet the medium-lift needs of the US Marine Corps (USMC) and the special operations needs of the US Special Operations Command (USSOCOM). This item is funded under...

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B. **Program Change Summary**

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<th>FY 2011</th>
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C. **Other Program Funding Summary**

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</tbody>
</table>
Key information presented on the R-2 also includes:

1. Summary of program changes (funding, schedule, technical) since the last budget request.

2. Summary of other funding related to the RDT&E program element, including amounts of procurement, military construction, and other appropriations that follow after the RDT&E effort. Other RDT&E program elements whose funding is dependent on this program element should be listed as well.

R-2 Budget Exhibit Key Information (4 of 4)
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Key information presented on the R-2 also includes:

1. A brief explanation of acquisition, management, and contracting strategies for each project. Required only for Budget Activities 4, 5, and 7 (Advanced Component Development and Prototypes, System Development and Demonstration (SDD), and Operational System Development respectively).

Select the link below for tips to think about when preparing the R-2 Budget Exhibit:

R-2 Preparation Tips

If you need help in downloading the Excel Spreadsheet, click here.

R-3 Program Element / Project Cost Analysis Budget Exhibit Overview
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The R-3 exhibit provides detailed cost information for each project under a program element in budget activities 4, 5 and 7, with funding of $1 million or more in any budget year covered by the budget request. If a program element consists of only one project, then the R-3 is prepared for the entire program element. R-3s should be reconciled with the R-2a exhibits at the project level and with the R-2 at the program element level. Key R-3 information is discussed on the following pages.

Select the following hyperlink to access a sample page of an R-3 exhibit, or select the Excel version:

**R-3 Sample**

**R-3 Excel Spreadsheet**

If you need help in downloading the Excel Spreadsheet, click [here](#).
Key information presented on the R-3 includes detail of cost information broken down by cost categories defined/used by the program office. Each cost category should be grouped under one of four information categories:

1. Product Development
2. Support Costs
3. Test and Evaluation
4. Management Services

Key information presented on the R-3 also includes:

1. Within each cost category, for each effort over $1M:
o Identification of the performing organization (contractor or government office name)
o Type of contract/work order used
o Contract award or funds obligation date
o Total cost for all years before the past year (prior years); cost for the past year, current year, BY1 and BY2; cost to complete after BY2; and total cost
o Target value of contract

The following hyperlink provides you with tips to think about when preparing the R-3 Budget Exhibit:

R-3 Preparation Tips

If you need help in downloading the Excel Spreadsheet, click here.

The R-4 exhibit provides a schematic display of major program milestones. This exhibit is required for each project in budget activities 4, 5 and 7, with funding of $1 million or more in any budget year covered by the budget request. If a program element consists of only one project, then the R-4 is prepared for the entire program element.

Select the following hyperlink to access a sample page of an R-4 exhibit:

R-4 Sample
Key information presented on the R-4 includes:

1. Timing of engineering milestones, acquisition approvals, test and evaluation events, and other key program milestones. Types of events shown should be tailored to the program.

2. Schedule information for 7 or 8 specific years: the past year, current year, one or two budget years as appropriate, and four years beyond the budget year(s) (the out-years). The number of years covered depends on whether the exhibit supports a two-year budget submission that begins with an even year (for example FY 12-13) or a one-year budget submission that begins with an odd year (for example FY 13).
The R-4a exhibit provides a tabular display of the major program milestones shown on the R-4 as well as any additional program events that support this schedule. This exhibit is required for each project in budget activities 4, 5 and 7, with funding of $1 million or more in any budget year covered by the budget request. If a program element consists of only one project, then the R-4a is prepared for the entire program element.

Select the following hyperlink to access a sample page of an R-4 exhibit:

R-4a Sample
The R-1 budget exhibit summarizes the budget requirements for a specific RDT&E appropriation account. Each R-1 line item (program element) is supported by an R-2 budget exhibit. Each R-2 may be supported by several other budget exhibits providing additional detail regarding the budget request for that program element.

When a program element consists of multiple projects, R-2a budget exhibits are prepared, summarizing the budget requirements for each individual project under the program element. If a Budget Activity 4, 5, or 7 project meets certain spending criteria, R-3, R-4, and R-4a budget exhibits are prepared to support the R-2 or R-2a. The R-3 provides detailed information regarding the project’s costs. The R-4 and R-4a provide project schedule information regarding the project.

**Long Description**

Graphic depicts the R-Form Flow Chart. The R-1 exhibit summarizes the budget requirements for an appropriation. The R-1 is supported by the R-2 exhibits that each summarize the budget requirements of the individual R-1 line items (program elements). When a program element consists of multiple projects, R-2a exhibits are prepared for each project under the program element, summarizing the project’s budget requirements. If a project’s spending meets certain criteria, the R-2a exhibit is supported by R-3, R-4, and R-4a exhibits. The R-3 provides element of cost information for the project. The R-4 and R-4a provide project schedule information. When a program element consists of a single project, then no R-2a exhibits are required, but R-3, R-4, and R-4a exhibits must be prepared to support the R-2.
Knowledge Review
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The following Knowledge Review is a True or False question. Select the best answer and feedback will immediately appear.
An R-1 exhibit is compiled at the Component level for each RDT&E Program Element for which funding is being requested.

True
False

Correct!

R-1 exhibits are not prepared for each individual Program Element. A single R-1 exhibit is compiled at the Component level listing all RDT&E Program Elements for which funding is being requested.

Knowledge Review
Page 18 of 22

The following Knowledge Review is a multiple choice question. Only one answer is correct; select the best answer and feedback will immediately appear.
Which one of the budget exhibits listed below is best described by the following statement?
This exhibit provides summary funding information, program description, and budget justification for each RDT&E program element.

a. R-2, Budget Item Justification Exhibit
b. R-1, RDT&E Programs Exhibit
c. R-2a, Budget Item Justification Exhibit (Project)
d. R-3, Program Element / Project Cost Analysis Exhibit

Correct!

The R-2 exhibit provides summary funding information, program description, and budget justification for each RDT&E program element.

Knowledge Review
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The following Knowledge Review is a True or False question. Select the best answer and feedback will immediately appear.
R-3s should be reconciled with the R-2a exhibits at the project level and with the R-2 at the program element level.

True
False

Correct!

R-3s are reconciled with the R-2a exhibits at the project level and with the R-2 at the program element level.
The following Knowledge Review allows for multiple correct answers. Select all of the answers that are correct, then select the Submit button and feedback will appear.

Which of the following statements describes the R-4 budget exhibit?

- a. Provides a tabular display of major program milestones.
- b. Is required for each project in budget activities 4, 5 and 7, with funding of $1M or more in any budget year covered by the budget request.
- c. Provides a schematic display of major program milestones.
- d. Provides summary funding information, program description, and budget justification for each RDT&E program element.

Correct! The R-4 budget exhibit provides a schematic display of major program milestones and is required for each project in budget activities 4, 5 and 7, with funding of $1M or more in any budget year covered by the budget request. The R-4a is the budget exhibit that provides a tabular display of major program milestones. Summary funding information, program description, and budget justification for each RDT&E program element is provided in the R-2 budget exhibit.

Lesson Summary (1 of 2)

Congratulations! You have completed the RDT&E Budget Exhibits Lesson. The following topics were presented in this lesson:

- The R-1 exhibit is the basic document for presenting RDT&E requirements to Congress as supporting justification for the President's Budget request. The R-1 is prepared at the Component headquarters level, with one exhibit for each separate RDT&E appropriation account.
- The R-2 exhibit provides summary funding information, program description, and budget justification for each RDT&E program element. For program elements with more than one project, a similar form, the R-2a, is prepared for each project within that program element.
- The R-3 exhibit provides detailed cost for each project under a program element in budget activities 4, 5 and 7, with funding of $1 million or more in any budget year covered by the budget request. If a program element consists of only one project, then the R-3 is prepared for the entire program element. R-3s should be reconciled with the R-2a exhibits at the project level and with the R-2 at the program element level.

Finally, the following topics were also presented in this lesson:
• The R-4 exhibit provides a schematic display of major program milestones. This exhibit is required for each project in budget activities 4, 5 and 7, with funding of $1 million or more in any budget year covered by the budget request. If a program element consists of only one project, then the R-4 is prepared for the entire program element.

• The R-4a exhibit provides a tabular display of major program milestones. This exhibit is prepared whenever an R-4 is required and at the same level (program element or project) as the R-4.

This page completes the lesson. Select a lesson from the Table of Contents to continue.
Welcome to the Procurement Budget Exhibits Lesson. As an acquisition professional, it is important for you to be able to identify the purpose, content and conditions that require the submission of these Procurement budget exhibits. It is also important that you have an understanding of how these Procurement budget exhibits link together. Samples of each exhibit will be provided. Detailed instructions concerning Procurement budget exhibits can be accessed by selecting this hyperlink: DoD Financial Management Regulation 7000.14-R, Volume 2B, Chapter 4.

Located throughout and at the end of this lesson are Knowledge Reviews, which are not graded but enable you to measure your comprehension of the lesson material.

By completing this lesson, you should be able to:

- Identify the purpose, content and conditions requiring submission of the P-1 budget exhibit.
- Identify the purpose, content and conditions requiring submission of the P-40 and P-40a budget exhibits.
- Identify the purpose, content and conditions requiring submission of the P-3a budget exhibit.
• Identify the purpose, content and conditions requiring submission of the P-5 budget exhibit.
• Identify the purpose, content and conditions requiring submission of the P-5a budget exhibit.
• Identify the purpose, content and conditions requiring submission of the P-21 budget exhibit.

The P-1 is prepared at the Component headquarters level, with one exhibit for each separate procurement appropriation. It lists, by line item, the procurement requirements included in the President’s Budget request, in millions of dollars. Because the P-1 is a summary document, all other procurement exhibits submitted for a line item must reconcile to the numbers shown on the P-1. Key P-1 information is provided on the following pages.

Select the following hyperlink to access a sample page of an P-1 Exhibit or select the Excel version:

P-1 Sample
P-1 Excel Spreadsheet
P-1 Sample

### Long Description
Life cycle graphic showing Component Headquarters producing Procurement budget exhibits for OSD review; OSD forwarding budget exhibits to be included in the President's budget request; President forwarding budget request to Congress for a review, revision, and approval; and Congress providing appropriations to the Component for execution.

---

### P-1 Budget Exhibit Key Information

#### Table: Appropriation: 3010F Aircraft Procurement, Air Force

<table>
<thead>
<tr>
<th>LINE NO</th>
<th>ITEM NOMENCLATURE</th>
<th>CODE</th>
<th>FY 2008</th>
<th>FY 2009</th>
<th>FY 2010</th>
<th>FY 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>COST</td>
<td>COST</td>
<td>COST</td>
<td>COST</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>QTY</td>
<td>QTY</td>
<td>QTY</td>
<td>QTY</td>
</tr>
</tbody>
</table>

#### Table: Budget Activity 04: Other Aircraft

<table>
<thead>
<tr>
<th>LINE NO</th>
<th>ITEM NOMENCLATURE</th>
<th>CODE</th>
<th>FY 2008</th>
<th>FY 2009</th>
<th>FY 2010</th>
<th>FY 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>COST</td>
<td>COST</td>
<td>COST</td>
<td>COST</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>QTY</td>
<td>QTY</td>
<td>QTY</td>
<td>QTY</td>
</tr>
</tbody>
</table>

Each P-1 line item cost represents the cost to procure and initially deploy the quantity of items requested each fiscal year, excluding the initial spares. Initial spares and
replenishment spares bought with procurement funds are listed in a single line item on the P-1.

Advance procurement is listed as a separate line item on the P-1, usually directly following the associated system line item. The P-1 shows information for three or four years: the budget year(s) and the two years that precede the budget year(s).

**P-40 Budget Item Justification Sheet Overview**

The P-40 provides overall narrative justification and total procurement costs for a line item in the procurement budget request. A P-40 is submitted for each line item on the P-1 budget exhibit with funding of $5 million or more in any of the years shown on the P-1.

Some P-1 line items are aggregations of several different end items that require funding of less than $5 million apiece. For these aggregated P-1 line items, a P-40 is prepared to summarize the line item, then individual P-40a forms are prepared to justify each individual end item. These individual P-40a forms have the same format as a P-40. All P-40a forms provided for a line item must reconcile to the line item P-40. Key P-40 information is discussed on the following pages.

Select the following hyperlink to access a sample page of a P-40 Exhibit or select the Excel version:

- [P-40 Sample](#)
- [P-40 Excel Spreadsheet](#)

If you need help in downloading the Excel Spreadsheet, click here.
Key information presented on the P-40 includes:

1. Funding information for 7 or 8 specific years: the past year, current year, one or two budget years as appropriate, and four years beyond the budget year(s) (the out-years). The number of years covered depends on whether the exhibit supports a two-year budget submission that begins with an even year (for example: FY 12-13) or a one-year budget submission that begins with an odd year (for example: FY 13).

Select the following hyperlink to access an example showing the years to be included on a P-40.

Example showing the years to be included on a P-40
Example showing the years to be included on a P-40

A P-40 supporting the FY 12-13 budget request would include funding information for the past year (FY 10), current year (FY 11), two budget years (FY 12 and FY 13), and four years beyond (FY 14 through FY 17). The following year (the FY 13 budget submission), the P-40 would include the past year (FY 11), current year (FY 12), one budget year (FY 13), and the four out-years (FY 14 through FY 17).

P-40 Budget Exhibit Key Information (2 of 3)

Page 7 of 38

Key information presented on the P-40 also includes:

1. Summarized funding for all years prior to the past year and for all years required to complete the program beyond the last out-year shown, unless the item is a continuing requirement, such as ammunition.
2. Specific quantities of end items funded each year, when applicable.
3. Advance procurement funds requested/received in a prior year related to each particular fiscal year's lot of end items.
4. Though not shown in the sample, advance procurement funds can also be requested in a particular fiscal year to support a future year's lot of end items.

Note: Advance procurement funding is actually requested in a separate P-1 line item (and therefore justified on a separate P-40), but this information is also included on the weapon system P-40 to provide visibility of the system's total procurement cost.

P-40 Budget Exhibit Key Information (3 of 3)

Page 8 of 38

EXHIBIT P-40, BUDGET BY APPROPRIATION/BUDGET ACTIVITY

Aircraft Procurement, Air

PROGRAM ELEMENT FOR CODE BITE

<table>
<thead>
<tr>
<th>ID Code</th>
<th>Quantity</th>
<th>Prior Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>2</td>
<td>4</td>
<td>6</td>
</tr>
<tr>
<td>3</td>
<td>9</td>
<td>9</td>
</tr>
</tbody>
</table>

DESCRIPTION:
The F-35A will provide a supersonic, high-speed aircraft. The F-35A aircraft, procured for the F-35A aircraft, will be deployed to various support facilities.

Formula for FY Advance Procurement ($M):

\[
\text{FY Advance Procurement} = \frac{\text{FY Procurement Cost} - \text{FY Flyaway Unit Cost}}{\text{Number of Years}}
\]

Initial Spares ($M):

\[
\text{Initial Spares} = \text{Initial Spares} + \text{Initial Spares Adj}
\]

Weapon Sys Cost ($M):

\[
\text{Weapon Sys Cost} = \text{Initial Spares} + \text{Total Procurement}
\]

Flyaway Unit Cost ($M):

\[
\text{Flyaway Unit Cost} = \text{Total Procurement} - \text{Initial Spares}
\]
Finally, key information presented on the P-40 includes:

1. Initial spares cost (if applicable). Note that initial spares funding is actually requested in a separate P-1 line item (and therefore justified on a separate P-40), but this information is also included on the weapon system P-40 to provide visibility of the system's total procurement cost.
2. Flyaway and Weapon System Unit Cost.
3. Narrative description of the line item covering the nature, purpose, and intended use of the item and a narrative justification of the funding request.

The following hyperlink provides you with tips to think about when preparing the P-40 Budget Exhibit:

P-40 Preparation Tips

If you need help in downloading the Excel Spreadsheet, click here.

Knowledge Review
Page 9 of 38

The following Knowledge Review allows for multiple correct answers. Select all of the answers that are correct, then select the Submit button and feedback will appear. Which of the following statements describe the P-40 Budget Exhibit?

a. Justifies each individual end item.
b. Provides total procurement costs for a line item in the procurement budget request.
c. Provides overall narrative justification.
d. Provides summary funding information, program description, and budget justification for each RDT&E program element.

Correct!
B and C are correct statements about the P-40 Exhibit. The P-40 is prepared to summarize the line item, then P-40a individual forms are prepared to justify each individual end item. Statement D pertains to a R-2 RDT&E Budget Exhibit.

P-3a Individual Modification Program Overview
Page 10 of 38
The P-3a provides a narrative justification and total procurement costs for each individual weapon system modification with costs greater than $5 million in any one of the following years:

- Past year
- Current year
- Budget year 1
- Budget year 2

Key P-3a Information is provided on the following pages.

Select the following hyperlinks to access a sample page of a P-3a Exhibit or select the Excel version:

- P-3a Sample (Part 1 of 2)
- P-3a Sample (Part 2 of 2)
- P-3a Excel Spreadsheet

If you need help in downloading the Excel Spreadsheet, click here.

---

**P-3a Sample (Part 1 of 2)**

<table>
<thead>
<tr>
<th>Exhibit P-3a, INDIVIDUAL MODIFICATION</th>
<th>DATE: February 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>MODIFICATION TITLE:</td>
<td>Close Combat Tactical Trainer Mod 5</td>
</tr>
<tr>
<td>MODELS OF SYSTEM AFFECTED:</td>
<td>AFV 3 hG/A</td>
</tr>
<tr>
<td>DESCRIPTION:</td>
<td>This effort will develop and produce M3A1 modification kit for the CCTT M3A1 simulator. The CTT simulator is a modular training device designed to support multiple configurations of the AFV. It currently supports M3A1 and M3A1A1D1. This effort will allow training on the M3A1. Initial effort is to procure.</td>
</tr>
<tr>
<td>DEVELOPMENT STATUS / MAJOR DEVELOPMENT MILESTONES</td>
<td>Development and testing of this modification was completed in FY 2007. First modification kits contracted for in FY 2008, to be installed in FY 2009. Last modification kits to be contracted for in FY 2012, to be installed in FY 2013.</td>
</tr>
<tr>
<td>FINANCIAL PLAN ($ in Millions)</td>
<td></td>
</tr>
<tr>
<td>-------------</td>
<td>---------</td>
</tr>
<tr>
<td>RDT&amp;E</td>
<td>96</td>
</tr>
<tr>
<td>PROCUREMENT</td>
<td></td>
</tr>
<tr>
<td>Installation Kts.</td>
<td>5.5</td>
</tr>
<tr>
<td>Installation Kts, Non-recurring</td>
<td>4.7</td>
</tr>
<tr>
<td>Installation Equipment</td>
<td>0.5</td>
</tr>
<tr>
<td>Installation Equipment, N/A</td>
<td></td>
</tr>
<tr>
<td>Engineering Change Orders</td>
<td></td>
</tr>
<tr>
<td>Data</td>
<td></td>
</tr>
<tr>
<td>Training Equipment</td>
<td></td>
</tr>
<tr>
<td>Support Equipment</td>
<td></td>
</tr>
<tr>
<td>Integrated Logistics Support</td>
<td></td>
</tr>
<tr>
<td>Other Support</td>
<td></td>
</tr>
<tr>
<td>Intra Contractor Support</td>
<td>0.0</td>
</tr>
<tr>
<td>Installation Cost</td>
<td>7.9</td>
</tr>
<tr>
<td>TOTAL PROCUREMENT</td>
<td>7.9</td>
</tr>
</tbody>
</table>

---

Page 11 of 12
Key information presented on the P-3a includes:

1. Narrative description of the modification, including what additional capability is added to the system by this modification, and why the modification is necessary.
2. Status of development and testing of the modification, including major milestone accomplishments or scheduled milestone dates.
Key information presented on the P-3a also includes:

1. Funding information for 8 or 9 specific years: the past year minus 1, past year, current year, one or two budget years as appropriate, and four years beyond the budget year(s) (the out-years). The number of years covered depends on whether the exhibit supports a two-year budget submission that begins with an even year (for example: FY 12-13) or a one-year budget submission that begins with an odd year (for example: FY 13).

Select the following hyperlink to access an example showing the years to be included on an P-3a.

**Supporting the FY 12-13 Budget Request**

A P-3a supporting the FY 12-13 budget request would include funding information for the past year minus 1 (FY 09), past year (FY 10), current year (FY 11), two budget years (FY 12 and FY 13), and four years beyond (FY 14 through FY 17). The following year (the FY 13 budget submission), the P-3a would include the past year minus 1 (FY 10), past year (FY 11), current year (FY 12), one budget year (FY 13), and the four out-years (FY 14 through FY 17).
Finally, key information presented on the P-3a includes:

1. Summarized funding for all years prior to the past year minus 1 and for all years to complete the program beyond the last out-year.
2. Specific quantities of items funded each year, when applicable.
3. Earliest contract date associated with the production of modification kits.
4. Installation schedule and who will perform the installation.

The following hyperlink provides you with tips to think about when preparing the P-3a Budget Exhibit:

P-3a Preparation Tips

If you need help in downloading the Excel Spreadsheet, click here.

Knowledge Review
Page 14 of 38

The following Knowledge Review is a True or False question. Select the best answer and feedback will immediately appear.
The P-3a provides a narrative description of the modification, including what additional capability is added to the system by this modification, and why the modification is necessary.

True
False

Correct!
The P-3a provides a narrative description of the modification, including what additional capability is added to the system by this modification, and why the modification is necessary.

P-10 Advance Procurement Requirements Analysis Overview
Page 15 of 38

The P-10 provides detail regarding the items to be financed by each Advance Procurement line item on the P-1. Key P-10 Information is provided on the following pages.

Select the following hyperlinks to access sample pages of an P-10 Exhibit, or select the Excel version:
P-10 Sample (Part 1 of 2)

P-10 Sample (Part 2 of 2)

P-10 Excel Spreadsheet

If you need help in downloading the Excel Spreadsheet, click here.

Long Description

P-10 provides detail on each "Advance Procurement" line item on the P-1. Key P-10 Information is provided on the following pages.

<table>
<thead>
<tr>
<th>Description</th>
<th>Unit (months) When Required</th>
<th>Prior Years FY 2007</th>
<th>FY 2008</th>
<th>FY 2009</th>
<th>FY 2010</th>
<th>FY 2011</th>
<th>FY 2012</th>
<th>FY 2013</th>
<th>FY 2014</th>
<th>FY 2015</th>
<th>To Complete</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Item 01</td>
<td>38</td>
<td>Mar 13</td>
<td>4</td>
<td>5</td>
<td>9</td>
<td>9</td>
<td>9</td>
<td>9</td>
<td>4</td>
<td>50</td>
<td></td>
<td></td>
</tr>
<tr>
<td>GTE</td>
<td>36</td>
<td>Mar 13</td>
<td>N/A</td>
<td>19.242</td>
<td>20.762</td>
<td>50.700</td>
<td>50.289</td>
<td>55.000</td>
<td>40.289</td>
<td>13.277</td>
<td>220.490</td>
<td></td>
</tr>
<tr>
<td>EOG</td>
<td>DSNP</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Term Liability</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other G&amp;E</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>AN/AVQ-2</td>
<td>13</td>
<td>Jan 12</td>
<td>N/A</td>
<td>0.5661</td>
<td>0.6281</td>
<td>1.414</td>
<td>1.467</td>
<td>1.467</td>
<td>1.467</td>
<td>0.5761</td>
<td>8.032</td>
<td></td>
</tr>
<tr>
<td>Notch Filter</td>
<td>6</td>
<td>Sep 11</td>
<td>N/A</td>
<td>0.0011</td>
<td>0.0021</td>
<td>0.003</td>
<td>0.004</td>
<td>0.004</td>
<td>0.004</td>
<td>0.0011</td>
<td>0.019</td>
<td></td>
</tr>
<tr>
<td>ARN-767</td>
<td>10</td>
<td>Apr 13</td>
<td>N/A</td>
<td>0.0447</td>
<td>0.097</td>
<td>0.102</td>
<td>0.104</td>
<td>0.108</td>
<td>0.108</td>
<td>0.0439</td>
<td>0.589</td>
<td></td>
</tr>
<tr>
<td>Main Mount</td>
<td>18</td>
<td>Oct 11</td>
<td>N/A</td>
<td>0.0022</td>
<td>0.003</td>
<td>0.005</td>
<td>0.005</td>
<td>0.005</td>
<td>0.005</td>
<td>0.009</td>
<td>0.030</td>
<td></td>
</tr>
<tr>
<td>Pneumatic Line</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>External Power Monitor</td>
<td>12</td>
<td>Sep 11</td>
<td>N/A</td>
<td>0.003</td>
<td>0.006</td>
<td>0.006</td>
<td>0.006</td>
<td>0.006</td>
<td>0.006</td>
<td>0.006</td>
<td>0.006</td>
<td></td>
</tr>
<tr>
<td>RCU Battery</td>
<td>6</td>
<td>Oct 12</td>
<td>N/A</td>
<td>0.0155</td>
<td>0.027</td>
<td>0.032</td>
<td>0.034</td>
<td>0.035</td>
<td>0.035</td>
<td>0.035</td>
<td>0.190</td>
<td></td>
</tr>
<tr>
<td>TOTAL ADV. PPC</td>
<td></td>
<td></td>
<td></td>
<td>10.955</td>
<td>27.300</td>
<td>57.330</td>
<td>60.380</td>
<td>65.250</td>
<td>40.033</td>
<td>19.288</td>
<td>220.490</td>
<td></td>
</tr>
</tbody>
</table>

DESCRIPTION

Advance/CFE requirements are calculated on a termination liability basis, reflecting contractor's funding requirements for procurement of long-lead parts and materials necessary to protect the delivery schedule. Other government furnished equipment (GFE) requirements are determined on a fully-funded basis. FY12 starts advance procurement for a planned multiyear production contract FY13-FY17.
Key information presented on the P-10 includes:

1. Funding information for 8 or 9 specific years: the past year minus 1, past year, current year, one or two budget years as appropriate, and four years beyond the budget year(s) (the out-years). The number of years covered depends on whether the exhibit supports a two-year budget submission that begins with an even year (e.g., FY 12-13) or a one-year budget submission that begins with an odd year (e.g., FY 13).
Key information presented on the P-10 also includes:

1. Listing of all items that will be financed by the advance procurement funds. This includes items that must be purchased in advance of the end item due to leadtime considerations, items that should be purchased in advance to realize cost savings, and termination liability.

2. On what date each advance procurement-funded item is required so that it can be incorporated into the end item during manufacture.
Finally, key information presented on the P-10 includes:

1. Production lead-time for the end item and each item to be financed by advance procurement.
2. Item quantities required for each end item assembly.
3. Forecasted contract award dates for each item.
4. Description of how termination liability is calculated.

The P-10 budget exhibit may also include a comparison of the cost of procuring the end items without using advance procurement.

The following hyperlink provides you with tips to think about when preparing the P-10 Budget Exhibit:

P-10 Preparation Tips

If you need help in downloading the Excel Spreadsheet, click here.

Knowledge Review
Page 19 of 38

The following Knowledge Review is a True or False question. Select the best answer and feedback will immediately appear.
The P-1 is prepared at the Component headquarters level, with one exhibit for each separate procurement appropriation.

True
False

Correct!
The P-1 is prepared at the Component Headquarters level, with one exhibit for each separate procurement appropriation.

Knowledge Review
Page 20 of 38

The following Knowledge Review is a multiple choice question. Only one answer is correct; select the best answer and feedback will immediately appear.
Which of the following information is not contained in the P-10 Budget Exhibit?

a. Detail regarding the items to be financed by each Advance Procurement line item on the P-1.
b. Production lead-time for the end item and each item to be financed by advance procurement.
c. Forecasted contract award dates for each item.
d. Installation schedule and who will perform the installation.

Correct!
The P-10 does not include the installation schedule and who will perform the installation. This information is contained in the P-3a Exhibit.
The following Knowledge Review is a matching question. Select a letter associated with the answers below and type that letter in the space next to the best corresponding phrase or statement. Then, select the Submit button and feedback will appear.

Match each of the four listed Budget Exhibit Forms with the appropriate description:

a. P-1
b. P-40
c. P-3a
d. P-10

1. **Narrative justification and total procurement costs for a line item in the procurement budget request.**
2. **Detail regarding the items to be financed by each Advance Procurement line item in the President's Budget Request.**
3. **Listing, by line item, of the procurement requirements in the President's Budget request for a specific appropriation.**
4. **Narrative justification and total procurement costs for each individual weapon system modification with costs greater than $5 million.**

Correct! The correct answers are: 1-b., 2-d., 3-a., 4-c. The P-1 exhibit provides a line item listing of the procurement requirements in the President's Budget request for a specific appropriation. The P-40 exhibit provides narrative justification and total procurement costs for a line item in the procurement budget request. The P-3a exhibit provides narrative justification and total procurement costs for each individual weapon system modification with costs greater than $5 million. The P-10 exhibit provides detail regarding the items to be financed by each Advance Procurement line item in the President’s Budget Request.
The P-21 provides detailed information regarding the monthly production of all applicable items. It is required for all ACAT I programs and any other programs requiring specific quantity authorization by Congress.

If multiple Services are involved, each with its own procurement line item for this item, each Service must submit a P-21 showing the delivery schedule for the entire program, including the other Services’ deliveries as well as their own. Foreign Military Sales quantities should also be included. Key P-21 information is discussed on the following pages.

Select the following hyperlink to access a sample of a P-21 Production Schedule Budget Exhibit:
P-21 Sample

P-21 Excel Spreadsheet

If you need help in downloading the Excel Spreadsheet, click here.
Key information provided on the P-21 includes:

1. Manufacturer’s name and location for each year’s production.
2. Delivery schedules (by Service) for all prior years with undelivered assets, current year, and the budget year(s). ACAT I programs and programs requesting advance procurement funding are also required to show schedules for the four years beyond the budget year(s).

Key information provided on the P-21 also includes:

1. Information regarding annual production rates, including the minimum quantity to keep the line open (minimum sustaining rate); the quantity that can be produced with existing or planned plant capacity and tooling with one shift working 8 hours per day, 5 days per week (1-8-5, or economical production rate); the maximum quantity that can be produced with existing or planned tooling (maximum production rate); and the number of months required to reach the maximum rate.
2. Time required to complete administrative actions prior to contract award (administrative leadtime).
3. Time required by contractor to produce an item once a contract is awarded (production leadtime or manufacturing time).

The following hyperlink provides you with tips to think about when preparing the P-21 Budget Exhibit:

P-21 Preparation Tips

If you need help in downloading the Excel Spreadsheet, click here.
The following Knowledge Review is a True or False question. Select the best answer and feedback will immediately appear. Regardless of the number of services involved, each having its own procurement line item, only one P-21 showing the delivery schedule for the entire program is required.

**True**

**False**

Correct!

*If multiple Services are involved, each having its own procurement line item for this main item, each Service must submit a P-21 showing the delivery schedule for the entire program.*

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The P-5 provides detailed cost information for each P-1 line item (excluding Advance Procurement, modification programs, and aggregated line items), breaking down cost by program Work Breakdown Structure (WBS) elements. It is often viewed as the most important budget exhibit submitted for procurement programs since both OSD and Congress use it as the framework for line item review. The P-5 exhibit is prepared to support the P-40 exhibit unless the P-40 is supported by P-40a exhibits displaying items included in an aggregated line item, a P-3a Individual Modification exhibit, or a P-10 Advance Procurement Requirements Analysis exhibit. Key P-5 information is discussed on the following pages.

Select the following hyperlink to access a sample page of an P-5 Exhibit or select the Excel version:
If you need help in downloading the Excel Spreadsheet, click [here](#).
Key information provided on the P-5 includes:

1. Profile of quantities, total costs and unit costs (for flyaway cost elements only) by WBS element for the Past Year (PY), Current Year (CY), Budget Year 1 (BY1) and Budget Year 2 (BY2), as well as the totals for years prior to the Past Year. WBS elements shown on the P-5 differ by weapon system type and are addressed in the DoD Financial Management Regulation (FMR), DoD 7000.14-R, Volume 2B, Chapter 4.
2. Flyaway cost for each year's planned lot purchase. These costs are the source of the P-5a.
3. Advance procurement funding requested (also shown on weapon system's P-40 exhibit and justified on separate P-40 and P-10 exhibits).

**P-5 Weapon System Cost Analysis Exhibit Key Information (2 of 2)**

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Key information provided on the P-5 also includes:

1. Initial Spares funding requested (also shown on weapon system's P-40 exhibit and on P-40/P-40a exhibits supporting an aggregated spares line item).

The following hyperlink provides you with tips to think about when preparing the P-5 Budget Exhibit:

P-5 Preparation Tips

If you need help in downloading the Excel Spreadsheet, click here.

**Knowledge Review**

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The following Knowledge Review is a multiple choice question. Only one answer is correct; select the best answer and feedback will immediately appear.

The P-5 Budget Exhibit provides detailed cost information in support of which of the following exhibits?

a. P-40 Budget Item Justification Sheet
b. P-21 Procurement Program Exhibit
c. P-3a Individual Modification Program Exhibit
d. P-10 Advanced Procurement Requirements Analysis Exhibit
The P-5 Budget Exhibit provides detailed cost information in support of the P-40 Budget Item Justification Sheet.

**P-5a Procurement History and Planning Exhibit Overview**

The P-5a provides detailed contract award and pricing information on the P-5 entries. The P-5a covers all prior years having contracts with undelivered assets and gives estimated contract award dates and prices for the Current Year and Budget Years 1 and 2. Key P-5a information is discussed on the following pages.

Select the following hyperlink to access a sample page of an P-5a Exhibit or select the Excel version:

- [P-5a Sample](#)
- [P-5a Excel Spreadsheet](#)

If you need help in downloading the Excel Spreadsheet, click [here](#).
Key information on the P-5a includes, for each applicable WBS element from the P-5:

1. Total quantity
2. Unit cost
3. Contract method (sole source, competitive) and contract type (Firm Fixed Price, Cost Plus Award Fee, etc.)
4. Contractor name
5. Contract award date
6. Date first item delivered to government
7. Status of technical data

The following hyperlink provides you with tips to think about when preparing the P-5a Budget Exhibit:

P-5a Preparation Tips
The P-5 budget exhibit provides detailed cost information in a Work Breakdown Structure format to support the budget request for a particular Procurement line item summarized on the P-40 budget exhibit. Advance procurement funding information shown on the P-5 should be consistent with that shown on the P-10 budget exhibit for the related Advance Procurement line item.

The P-5a budget exhibit provides information regarding major contract awards planned for a particular Procurement line item. The P-21 budget exhibit provides detail regarding the production and delivery of end items to be funded by the budget request for a Procurement line item. Some information items on the P-5, P-5a, and P-21 exhibits overlap and must be consistent between the exhibits.

Long Description
Depiction of the P-Form Flow Chart. The P-1 Procurement Program summarizes procurement requests at the appropriation level. The P-1 is supported by the P-40 Budget Item Justification Sheets that each summarize the budget requirements of the individual P-1 line items. The P-3a Individual Modification Program provides narrative information and procurement costs for individual weapon system modification. The P-10 Advance Procurement Requirements Analysis provides details on each advance procurement line item. Both the P-10 and P-3a support the P-40. The P-5 Weapon System Cost Analysis Exhibit supports the P-40 by providing detailed cost information for those P-1 line items not
otherwise supported by a P-3a or P-10. The P-21 Production Schedule and the P-5a Procurement History and Planning Exhibit support each other, and the P-5.

Knowledge Review
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The following Knowledge Review is a multiple choice question. Only one answer is correct; select the best answer and feedback will immediately appear.
Which of the following budget exhibits listed below contains information about a modification kit that is to be installed on an end item?

a. P-1  
b. P-40  
c. P-5a  
d. P-3a

Correct!
The P-3a Individual Modification Program exhibit contains information about a modification kit that is to be installed on an end item.

Knowledge Review
Page 34 of 38

The following Knowledge Review is a True or False question. Select the best answer and feedback will immediately appear.
The P-21 contains information about annual production rates, including the minimum quantity to keep the line open, the maximum quantity that can be produced with existing or planned plant capacity and tooling, and the economical quantity that can be produced with one shift working 8 hours per day, 5 days per week.

True
False

Correct!
The P-21 contains information that includes the minimum, maximum, and economical (1 shift, 8-hours per day, 5 days per week) annual production rates.

Knowledge Review
Page 35 of 38

The following Knowledge Review allows for multiple correct answers. Select all of the answers that are correct, then select the Submit button and feedback will appear.
Select each of the conditions below which would cause a P-5 Weapon System Cost Analysis exhibit to not be prepared in support of a P-40 Budget Item Justification exhibit.

a. Advance Procurement funding is being requested and justified on a P-10 budget exhibit.
b. A P-40a exhibit has been prepared displaying the individual items included in an aggregated line item.
c. A P-5a exhibit showing major contract awards planned has already been prepared.
d. The P-40 is for a modification line item and is supported by a P-3a Individual Modification exhibit.

Correct!
The correct answers are a, b, and d. A P-5 exhibit is prepared in support of a P-40 exhibit, unless a P-40a is used to display items included in an aggregated line item, a P-3a Individual Modification exhibit has been prepared for a modification line item, or a P-10 Advance Procurement Requirements Analysis exhibit has been prepared for an advance procurement line item.

Knowledge Review
Page 36 of 38

The following Knowledge Review is a multiple choice question. Only one answer is correct; select the best answer and feedback will immediately appear. Which one of the following is not an entry on the P-5a exhibit?

a. Contracting agency (location of PCO)
b. Contract award date
c. Date first item delivered to government
d. Economical production rate

Correct!
All of these data entries are shown on the P-5a exhibit except the economical production rate, which is shown on the P-21 exhibit.

Lesson Summary (1 of 2)
Page 37 of 38

Congratulations! You have completed the Procurement Budget Exhibits Lesson. The following topics were discussed in this lesson:

- The P-1 is prepared at the Component headquarters level, with one exhibit for each separate procurement appropriation account. It lists, by line item, the procurement requirements included in the President's Budget request, in millions of dollars.
- The P-40 provides overall narrative justification and total procurement costs for a line item in the procurement budget request. A P-40 is submitted for each line item on the P-1 budget exhibit with funding of $5 million or more in any of the years shown on the P-1.
- The P-3a provides a narrative justification and total procurement costs for each individual weapon system modification with costs greater than $5 million.
- The P-10 provides detail for each Advance Procurement line item on the P-1, including when in the manufacturing process each advance procurement-funded item is required for incorporation into the end item.
- The P-21 provides detailed information regarding the production of all applicable items, including annual production rates and monthly production schedules. It is required for all ACAT I programs and any other programs requiring specific quantity authorization by Congress.
The following topics were also discussed in this lesson:

- The P-5 provides detailed cost information in support of a line item’s budget justification exhibit (P-40) except when a P-40a, P-3a, or P-10 is more appropriate. The P-5 presents its cost information using an appropriate Work Breakdown Structure (WBS) for the program. It is often viewed as the most important budget exhibit submitted for procurement programs.
- The P-5a provides detailed contract award and pricing information on pertinent P-5 WBS elements for future contracts through the end of the second budget year and previously awarded contracts with undelivered assets.

This page completes the lesson. Select a lesson from the Table of Contents to continue.
Module Summary
Module Summary
Congratulations! You have completed the Budget Exhibits Module. The following topics were presented in the Introduction to Budget Exhibits Lesson:

- Types of budget exhibits and their purpose. Budget exhibits are prepared by the DoD Components to support requests for appropriations from Congress. Procurement and RDT&E budget exhibits "tell the story" about the programs. Well-prepared budget exhibits make the program much more defensible and reduce the chance of budget cuts.
- Roles and responsibilities of the players involved in preparing and reviewing budget exhibits.
  - Program offices may prepare their own budget exhibits or submit program information to a higher headquarters. They should ensure that all information is correct, provide adequate explanation of budget anomalies, and, if required, prepare properly completed exhibits that are consistent with one another.
  - Component staff budget analysts review budget exhibits, prepare exhibits that summarize the Component's budget request, and submit the Component's package of budget exhibits to OSD as part of the Program and Budget Review.
  - OSD Comptroller staff budget analysts review budget exhibits submitted with the Program and Budget Review, checking for completeness, consistency, and adequacy of the justifications provided and making adjustments as necessary to make the budget as efficient as practicable.

The following topics were presented in the RDT&E Budget Exhibits Lesson of this module:

- The R-1 exhibit is the basic document for presenting RDT&E requirements to Congress as supporting justification for the President's Budget request. The R-1 is prepared at the Component headquarters level, with one exhibit for each separate RDT&E appropriation account.
- The R-2 exhibit provides summary funding information, program description, and budget justification for each RDT&E program element. For program elements with more than one project, a similar form, the R-2a, is prepared for each project within that program element.
- The R-3 exhibit provides detailed cost for each project under a program element in budget activities 4, 5 and 7, with funding of $1 million or more in any budget year covered by the budget request. If a program element consists of only one project, then the R-3 is prepared for the entire program element. R-3s should be reconciled with the R-2a exhibits at the project level and with the R-2 at the program element level.
Module Summary (3 of 5)
Page 3 of 5

Other topics presented include:

- The R-4 exhibit provides a schematic display of major program milestones. This exhibit is required for each project in budget activities 4, 5 and 7, with funding of $1 million or more in any budget year covered by the budget request. If a program element consists of only one project, then the R-4 is prepared for the entire program element.
- The R-4a exhibit provides a tabular display of major program milestones. This exhibit is prepared whenever an R-4 is required and at the same level (program element or project) as the R-4.

Module Summary (4 of 5)
Page 4 of 5

The following topics were presented in the Procurement Budget Exhibits Lesson of this module:

- The P-1 is prepared at the Component headquarters level, with one exhibit for each separate procurement appropriation account. It lists, by line item, the procurement requirements included in the President’s Budget request, in millions of dollars.
- The P-40 provides overall narrative justification and total procurement costs for a line item in the procurement budget request. A P-40 is submitted for each line item on the P-1 budget exhibit with funding of $5 million or more in any of the years shown on the P-1.
- The P-3a provides a narrative justification and total procurement costs for each individual weapon system modification with costs greater than $5 million.
- The P-10 provides detail for each Advance Procurement line item on the P-1, including when in the manufacturing process each advance procurement-funded item is required for incorporation into the end item.
- The P-21 provides detailed information regarding the production of all applicable items, including annual production rates and monthly production schedules. It is required for all ACAT I programs and any other programs requiring specific quantity authorization by Congress.

Module Summary (5 of 5)
Page 5 of 5

Finally, the following topics were also presented in this module:

- The P-5 provides detailed cost information in support of a line item’s budget justification exhibit (P-40) except when a P-40a, P-3a, or P-10 is more appropriate. The P-5 presents its cost information using an appropriate Work Breakdown
Structure (WBS) for the program. It is often viewed as the most important budget exhibit submitted for procurement programs.

- The P-5a provides detailed contract award and pricing information on pertinent P-5 WBS elements for future contracts through the end of the second budget year and previously awarded contracts with undelivered assets.

This page completes the Module Summary. Select a lesson from the Table of Contents to continue.