APPENDIX B
COST DEFINITIONS

Figures B-1 and B-2 display the cost element, appropriation, and MIL-STD 881(A) (reference (e)) Work Breakdown Structure Components of all cost definitions required for SAR preparation. The figures have been adapted from and are consistent with the detailed definitions contained in DoD Instruction 5000.33 (reference (c)).
**Figure B-1**

**Discrete Cost Definitions**

(Shaded areas are excluded from definitions)

<table>
<thead>
<tr>
<th>Cost Categories</th>
<th>Appropriations</th>
<th>Work Breakdown Structure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Term</td>
<td>RESEARCH &amp; DEVELOPMENT</td>
<td>OPERATING SUPPORT</td>
</tr>
<tr>
<td></td>
<td>NON-RECURRING</td>
<td>RECURRING</td>
</tr>
<tr>
<td>DEVELOPMENT COST</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>FLYAWAY COST</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>WEAPON SYSTEM COST</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>PROCUREMENT COST</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>PROGRAM ACQUISITION COST</td>
<td>$</td>
<td>$</td>
</tr>
</tbody>
</table>

**Notes:**

1. GEM: TERM DEPENDS UPON COMMODITY, CAN ALSO BE CALLED "RECLAMATION" OR "RECLAMATION"
2. YEA: ALSO KNOWN AS "ACQUISITION COST" OR "PROGRAM COST"
3. INCLUDES: DEVELOPMENT AND CONVERSION, NAVY APPROPRIATION
4. O&M AND OTHER APPROPRIATIONS AND FUNDS ARE INCLUDED AS APPROPRIATE
5. WHEN INDUSTRIAL FACILITIES ARE FUNDED, SUPPORT WILL BE INCLUDED AS APPROPRIATE
6. IN GENERAL, OTHER PROGRAMS (SPECIAL WEAPONS, FLIGHT SUPPORT OPERATIONS AND SERVICES FOR SPACECRAFT) APPLY WHEN PROCUREMENT SUPPORTED
7. EXCLUSIVE INDUSTRIAL FACILITIES WHEN FUNDED AS A SEPARATE BUDGET LINE ITEM

* ADAPTED FROM DOD INSTRUCTION 5000.33

"NOTE: BUDGET COST ITEMS AND DEFINITIONS.*
COST DEFINITION DISPLAY

MILITARY STANDARD 881 (A) WORK BREAKDOWN STRUCTURE /

MAJOR SYSTEM EQUIPMENT

SYSTEM PROJECT
MANAGEMENT

SYSTEM TEST &
EVALUATION

RESEARCH AND DEVELOPMENT

MAJOR SYSTEM ELEMENT

INCLUSIONS: ALL NON-RECURRING AND RECURRING
ENGINEERING, TOOLING, MANUFACTURING, IN-U-S,
SELLINGS, PROTOTYPE, FLIGHT VEHICLES, DTB ITEMS, IN-HOUSE ITEMS AND SPARES.
QUALITY CONTROL, ALLOWANCE FOR CHARGES, GENERAL ADMINISTRATIVE, AND PROFIT ASSOCIATED WITH THE COST OCCURRING DURING THE CONCEPTUAL, VALUATION AND FULL SCALE DEVELOPMENT PHASE OF THE LIFE CYCLE.

PRODUCTION

INCLUSIONS: ALL NON-RECURRING AND RECURRING
ENGINEERING AND ENGINEERING SUPPORT TO PRODUCTION, INITIAL RATE SUSTAINING TOOLING, MANUFACTURING, PURCHASED EQUIPMENT, QUALITY CONTROL, ALLOWANCE FOR CHARGES, WARRANTIES, FIRST DESTINATION TRANSPORTATION, HOUSE AND MAINTENANCE, GENERAL ADMINISTRATIVE, AND PROFIT ASSOCIATED WITH THE COST OCCURRING DURING THE PROCUREMENT PHASE OF THE LIFE CYCLE.

FUNDING SUMMARY

INCLUDS: INDUSTRIAL FACILITIES UNLESS FUNDED AS A SEPARATE BUDGET LINE ITEM.

INCLUSIONS: ALL CONTRACT AND IN-HOUSE COST ELEMENTS APPROPRIATE COH ELEMENTS INCLUDE COST BY C-INO, MATERIAL, OTHER OVERHEAD AND OTHER CHARGES.

NOTES:

1. INDUSTRIAL FACILITIES ARE FUNDED, UNLESS FUNDED IN A SEPARATE BUDGET LINE ITEM.

2. MILITARY CONSTRUCTION IS ALSO INCLUDED WHEN WEAPON SYSTEM RELATED.

DATA

PRODUCTION / INITIAL REPAIR PARTS

INDUSTRIAL FACILITIES

NOTES: REFERENCE MILITARY STANDARD 881A, "WORK BREAKDOWN STRUCTURE FOR DEFENSE MATERIEL ITEMS"