

How Contract Price, Cost and Budget Fit Together

 Carries down to the next row  Set aside at this level (explained at right)

Contract Target Price (CTP)

$CTP = NCC + Fee$

Negotiated Contract Cost (NCC)

Fee

Profit / Fee

Applies to the negotiated cost only.

Contract Budget Base (CBB)

$CBB = NCC + AUW$

Negotiated Contract Cost (NCC)

AUW

Authorized Unpriced Work (AUW)

Authorized but not yet negotiated. No fee until it is.

Total Allocated Budget (TAB)

$TAB = PMB + MR$
(should equal CBB)

Performance Measurement Baseline (PMB)

MR

OTB
if $TAB > CBB$

Management Reserve (MR)

For risk and in-scope surprises.

Over Target Baseline (OTB)

TAB above CBB; customer approves.

Performance Measurement Baseline (PMB)

$PMB = Distributed + UB$

Distributed Budget

UB

Undistributed Budget (UB)

Scope not yet assigned to a CA or SLPP.

Distributed Budget

$Distributed = CAs + SLPPs$

Control Accounts (CAs)

SLPPs

Summary Level Planning Packages (SLPPs)

Far-term work not yet planned into CAs.

Control Account (CA) & SLPP

$CA = WPs + PPs$
 $SLPP = PPs$

Work Packages (WPs)

PPs

PPs

Planning Packages (PPs)

Work not yet planned into WPs. Each SLPP holds at least one PP (IPMDAR).

Work Package (WP)

Discrete, LOE or AE

Discrete

LOE

AE

- Contract Target Cost (CTC) is synonymous with Negotiated Contract Cost (NCC), per the DoD EVMSIG.
- Fee applies only to negotiated cost, so AUW earns fee only once it is negotiated (DoD IPMR/IPMDAR reporting). DOE's Gold Card shows price as CBB + fee.
- MR is not part of the PMB and is not a contingency fund. An OTB needs the customer's approval; the amount above the CBB is the Above Target Budget (ATB).
- In IPMDAR data exported at the Work Package / Planning Package level, every SLPP needs at least one PP (dashed) to hold its BCWS and ETC.
- LOE = Level of Effort. AE = Apportioned Effort. Block sizes are illustrative, not to scale.

Sources: DoD Earned Value Management System Interpretation Guide (EVMSIG), June 24, 2026; DoD EVM Definitions; IPMR/IPMDAR Data Item Descriptions.

