How Contract Price, Cost and Budget Fit Together

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

Contract Target Price (CTP)
CTP = NCC + Fee

Profit / Fee
Applies to the negotiated cost only.

Contract Budget Base (CBB)
CBB = 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)

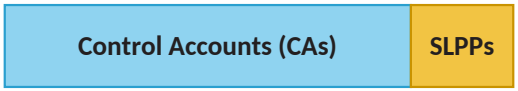
Management Reserve (MR)
For risk and in-scope surprises.

Above Target Budget (ATB)
TAB above CBB, in an approved OTB.

Performance Measurement Baseline (PMB)
PMB = Distributed + UB

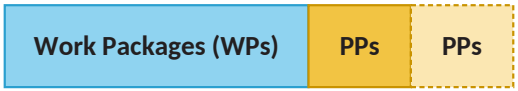
Undistributed Budget (UB)
Scope not yet assigned to a CA or SLPP.

Distributed Budget
Distributed = CAs + SLPPs



Summary Level Planning Packages (SLPPs)
Far-term work not yet planned into CAs.

Control Account (CA) & SLPP
CA = WPs + PPs
SLPP = 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

- 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.

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Online version
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