

Appendix

Budget Activity/Name	Definitions
6.1 Basic Research	Systematic study directed toward greater knowledge or understanding of fundamental aspects of phenomena and of observable facts without specific applications towards processes or products in mind.
6.2 Applied Research	Systematic expansion and application of knowledge to develop useful materials, devices, and systems or methods...directed toward general non-system specific military needs.
6.3 Advanced Technology Development	Development of subsystems and components and efforts to integrate subsystems and components into system prototypes for field experiments and/or tests in simulated environments.
6.4 Advanced Component Development and Prototypes	[Evaluation of] integrated technologies...or prototype systems in a high fidelity and realistic operating environment....Emphasis is on proving component and subsystem maturity prior to integration in major and complex systems. [These activities are taken in the initial phases of an decision to acquire a specific system to meet a certified military need.]
6.5 System Development and Demonstration	Mature system development, integration, and demonstration, including engineering and manufacturing development. Prototype performance is near or at operational levels. These activities must be successfully completed before the acquisition program can progress to live fire testing and initial operational testing and evaluation of production representative articles.
6.6 RDT&E Management Support	Efforts to sustain and/or modernize the installations or operations of general research, development, test, and evaluation. Includes test ranges, maintenance and support of laboratories, maintenance and operation of test aircraft and ships, and studies and analysis of the research, development, test, and evaluation program.
6.7 Operational System Development	Efforts to upgrade systems that have been fielded or anticipate production funding in the current or subsequent fiscal year.

Source: Excerpted from DOD Financial Management Regulation. 7000.14-R. Volume 2B, Chapter 5. For a full explanation of these activities, see [http://www.defenselink.mil/comptroller/fmr/02b/02b_05.pdf].