LINE ITEM GUIDE

DEPARTMENT OF DEFENSE

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1. Purpose

The purpose of this guide is to provide instructions that will assist contracting professionals in developing clearly defined line items in accordance with the Federal Acquisition Regulation (FAR) and the Defense Federal Acquisition Regulation Supplement (DFARS) that ensure that we know what we paid for, how much we paid for it, where it was supposed to go, and whether we received it. To accomplish this, it is critical to develop line items that will successfully assist in awarding and administering the contract through contract closeout.

This is a guidance document. If there are any conflicts between the contents of this guide and the FAR or DFARS, the FAR or DFARS shall rule.

2. What is a line item (LIN)?

A line item (LIN) captures the information about separately identifiable goods and services that the Government needs to purchase (See FAR 4.1003) or other information about those purchases. Separately identifiable items are goods or services a person can identify and separate out from other items being acquired and those items can be delivered or performed individually. Those types of goods and services are captured on deliverable line items. A contract may have informational line items as well that provide additional context about the items being purchased. For example, in Table 1, when an apple and a loaf of bread are bought at a grocery store there will be a receipt issued on which the apple will be separately identified on one line and the loaf of bread will be separately identified on the next line.

Table 1: Grocery Store Receipt

Honeycrisp Apple	0.25 lbs. @ $1.00 per lb	$0.25
Wheat Bread	1 loaf	$3.00
Total		$3.25

If the Government were purchasing the items listed above, it would look like the example in Table 2. Note that historically the term Contract Line Item Number (CLIN) has been used instead of Line Item Number (LIN).

Table 2: Grocery Store Receipt as it would appear if adhering to the FAR

Item No.	Supplies/Services	Quantity	Unit	Unit Price	Amount
0011	Apple, Honeycrisp, Small Price Lookup Code (PLU): 3468 FFP PSC: 8915 ACRN: AA	.25	Lb	$1.00	$0.25

0012	Wheat Bread, 16 oz, Sliced, Loaf FFP PSC: 8920 ACRN: AB	1	Loaf	$3.00	$3.00
Total					$3.25

In Table 3, a cost reimbursement (CR) type contract for guard services is being acquired using required unit of measure, estimated cost, fixed fee, and total estimated cost data elements. Because it is a CR type contract, a unit price and total price are not required data elements. See Section 3 for LIN data elements required and FAR data element exceptions.

Table 3: LIN for Guard Services (Cost Reimbursement (CR))

Item No.	Item Description	Quantity	Unit of Measure	Estimated Cost	Fixed Fee	Total Estimated Cost and Fixed Fee
0001	Perimeter Guard Services, in accordance with Performance Work Statement dated 7/27/20XY	12	Months	$2,664,000.00	$125,000.00	$2,789,000.00

2.1. What are Subline Items (SLIN)?

Each line item may be subdivided into separate unique subsets, called subline items (SLIN) using a parent-child structure. SLINs are used to facilitate tracking of performance, deliverables, payment, and contract funds accounting, or for other administrative purposes associated with a LIN. The combination of LIN and SLIN, and ELIN, as applicable, provide all of the data elements required in FAR 4.1005-1. Required data elements are shared between the LIN and SLIN but are not duplicated. An example of the basic use of a SLIN is provided in Table 4 (0001AA and 0001AB are SLINs to the Parent LIN 0001).

Table 4: Basic Use of a Deliverable SLIN

Item No.	Supplies/Services	Quantity	Unit	Unit Price	Amount
0001	Widgets FFP PSC: XXXX				
0001AA	Red painted widgets Part Number: ABC-R ACRN: AA	6	Each	$10.00	$60.00
0001AB	Unpainted widgets Part number: ABC ACRN: AB	6	Each	$9.50	$57.00

There are two types of SLINs:

1) Informational SLIN, and

2) Deliverable SLIN.

2.1.1. Informational Subline Items

Informational SLINs may be used by agencies for administrative purposes to identify information that relates directly to the deliverable line item and is an integral part of it (e.g., parts of an assembly, parts of a kit, or multiple accounting classifications). These subline items shall not be scheduled separately for delivery, identified separately for shipment or performance, or priced separately for payment purposes. Six numeric characters form an Informational SLIN identifier. Info SLINs are used to describe the parts of a kit in Table 5.

Table 5: Informational SLIN for a Kit

Item No.	Supplies/Services	Quantity	Unit	Unit Price	Amount
0013	Bookshelf, wall mount, 36” wide x 72” tall x 12” deep, five shelves Part Number: JN6438 FFP PSC: XXXX ACRN: AA	200	Kit	$88.18	$17,636.00
001301	Top Rail 36” 1 per kit 200 Each				
001302	Vertical rails 72” (2 per kit)400 Each				
001303	Brackets 12” x 1” (10 per kit) 2000 Each				
001304	Shelves 12” x 34” (5 per kit) 1000 Each				

Informational SLINs can be used to identify multiple funding sources. LIN 0001 in Table 6a is an example of using an informational SLIN to provide multiple accounting classifications for the purchase of a satellite that is funded from different lines of accounting. Alternatively, Table 6b provides an example of LIN that has multiple accounting classifications for the purchase of a satellite that does not use informational SLIN. Both examples are correct.

Table 6a: Informational SLIN with Multiple Accounting Classifications

Item No.	Supplies/ Services	Quantity	Unit of Measure	Unit Price	Amount

0001	Satellite Part Number: FFP PSC: 1810	1	Each	$6,700,000.00	$6,700,000.0
000101	ACRN: AA $3,300,000.00				
000102	ACRN: AB $2,000,000.00				
000103	ACRN: AC $1,400,000.00				

Each SLIN has a different accounting classification citation (line of accounting) under the Supplies/Services column.
SLIN 000101 - AA:
17X150518350315069100000192B000000000000000000
SLIN 000102 – AB:
17X150518370317569100000192B000000000000000000
SLIN 000103 – AC:
17X150519350314369100000192B000000000000000000

Table 6b: LIN with Multiple Accounting Classifications

Item No.	Supplies/ Services	Quantity	Unit of Measure	Unit Price	Amount
0002	Satellite Part Number: FFP PSC: 1810 ACRN: AA $4,000,000.00 ACRN: AB $4,000,000.00 ACRN: AC $4,000,000.00	4	Each	$3,000,000.00	$12,000,000.0 0

In Tables 5a and 6a, the informational SLIN provide additional administrative insight (what parts make up a kit and how multiple accounting classifications may fund a deliverable line item in the second). In each example, the deliverable end item (i.e., what the Government is receiving) reflects the LIN (parent) while the informational SLIN (child) only contains additional administrative information. As a result, the informational SLIN is a non-deliverable line item simply developed to add clarity to some aspect of administration. Table 6b provides an equally acceptable alternative to funding a deliverable LIN when multiple accounting classifications are involved.

In Table 7, you can see the tasker of account support for financial services has been broken into deliverables. It is clear in each what being purchased, and the quantity required. This allows the Government to receive two deliverables, to ensure things are on track, and the contract to be paid in two increments.

Table 7: LIN Financial Support Services (CR)

Item No.	Supplies/Services	Period of Performance	Quantity	Unit of Measure	Unit Price	Total
0001	Account support for Financial Statement T&M	10/1/XX to 9/30/XY				

0001AA	Financial Statement Compilation (Quarterly)		4	Each	$53,729.50	$214,918.00 (est)
0001AB	Financial Advisory and Strategic Planning Support		12	Months	$53,727.84	$644,734.08 (est)

In Table 8, there is an IT-related line item for a service with five SLINs describing the hardware and software that is provided with the service. SLINs 0001AA to 0001AE are appropriately used here to describe each of the activities, hardware, and software that will be provided in support of the data center operations service.

Table 8: LIN IT-Related with Hardware and Software SLINs for Services

Item No.	Supplies/Services	Period of Performance	Quantity	Unit of Measure	Unit Price	Total
0001	Data Center Operations	10/1/XX to 9/30/XY				
0001AA	Server Technology Systems Refresh HW		125	Each	$9,999.00	$1,249,875.00
0001AB	HW Maintenance		375	Each	$2,000.00	$750,000.00
0001AC	Software Maintenance		500	Each	$1,500.00	$750,000.00
0001AD	Data Center Rent		33,000	Sq. Ft	$19.00	$627,000.00
0001AE	Data Center Power		439,000	KW	$0.05	$21,950.00

A separate delivery schedule should be established for each subline item rather than for the contract line item. Table 9 is an example that demonstrates subline items structured to allow identification (in Section F) of different destinations for identical items that are identically priced.

Table 9: Identically Priced SLINs to Allow Different Destinations

Item No.	Supplies/Services	Quantity	Unit of Measure	Unit Price	Amount
0001	NSN 1615-00-591-6620 Shim, Aluminum Alloy, Apbl, Rotor, Helicopter PRON a1-9-63821-M1-M1 ACRN: AA				
0001AA	A3168R-9030-4025 A2537M IPD: 2 RDD: 334 PROJ: 501	10	Each	$100.00	$1,000.00

0001AB	A3168R-9030-4026 A51AXBM IPD: 2 RDD: 325 PROJ: 502	10	Each	$100.00	$1,000.00
0001AC	A3168R-9030-4027 A67KBCM IPD: RDD: 349 PROJ: 503	15	Each	$100.00	$1,500.00

Consider checking local policy when determining which method to use.

2.1.2. Deliverable Subline Item Number

When should a deliverable SLIN be used? Deliverable SLINs fall into one of five categories illustrated in Tables 10 through 14. The last two characters of the SLIN are always alphabetical (i.e., AA, AB, AC, AD, etc.). Deliverable SLINs should be only setup for separately identifiable items and NOT be used for administrative purposes such as identifying different funding sources or establishing incremental funding.

Table 10: Identical Items with Different Funds

Item No.	Supplies/Services	Quantity	Unit of Measure	Unit Price	Amount
0010	T-700 Turboshaft Engine				
0010AA	Navy ACRN: AA	10	Each	$750,000.00	$7,500,000.00
0010AB	Air Force ACRN: AB	5	Each	$750,000.00	$3,750,000.00
0010AC	Army ACRN: AC	10	Each	$750,000.00	$7,500,000.00
0010AD	Marine Corps UH ACRN: AD	5	Each	$750,000.00	$3,750,000.00

In the Table 11, each contributor of funding is getting their own delivery of severable items.

Table 11: Identical Items with Different Sizes or Prices

Item No,	Supplies/Services	Quantity	Unit of Measure	Unit Price	Amount
0011	Body Armor Ground Troops Variable Type Small Arms, Fragmentation Protective Nylon Felt Vest, Front and Back Plates, Ceramic Plate, Type I				

	FFP PSC: 8470				
0011AA	First Article	1	Lot	NSP	
0011AB	8470-00-141-0935 Medium Regular	1936	Set	$331.77	$642,306.72
0011AC	8470-00-141-0936 Large Regular	625	Set	$355.77	$222,356.25
0011AD	8470-00-141-0937 Medium Long	1237	Set	$346.77	$428,954.49

Table 12: Individually Payable and Separately Inventoried/Issued

Item No.	Supplies/Services	Quantity	Unit of Measure	Unit Price	Amount
0012	Insulated Boots, Cold Weather White, Type II, Class 1 FFP PSC: 8430				
0012AA	8430-00-655-5541 Size 5N	50	PR	$60.00	$3,000.00
0012AB	8430-00-655-5544 Size 8N	70	PR	$60.00	$4,200.00
0012AC	8430-00-655-5551 Size 9N	30	PR	$60.00	$1,800.00
0012AD	8430-00-655-5535 Size 9R	200	PR	$60.00	$12,000.00

Table 13: Multiple Delivery Destinations Using Single Funding Source

Item No.	Supplies/ Services	Quantity	Delivery Location/ Destination	Unit of Measure	Unit Price	Amount
0013	LED Computer Monitors 24” Class, with at least 240Hz, 1 display port, and 2 USB					

	ports FFP PSC: ACRN: AA					
0013AA		50	DoDAAC: S12345	Each	$300.00	$15,000.00
0013AB		70	DoDAAC: N45678	Each	$300.00	$21,000.00
0013AC		30	DoDAAC: A78912	Each	$300.00	$9,000.00
0013AD		200	DoDAAC: S98765	Each	$300.00	$60,000.00

Table 14: Deliverable SLIN with Kits or Parts with Separate Prices

Item No.	Supplies/Services	Quantity	Unit of Measure	Unit Price	Amount
0014	Toolkit Part Number FFP PSC: 5180 ACRN: AA				
0014AA	Toolbox PSC: 5140	1	Each	$44.00	$44.00
0014AB	Screwdriver – Flathead PSC: 5120	1	Each	$8.00	$8.00
0014AC	Screwdriver – Phillips PSC: 5120	1	Each	$7.00	$7.00
0014AD	Hammer PSC: 5120	1	Each	$12.00	$12.00
0014AE	Saw PSC: 5110	1	Each	$11.00	$11.00
0014AF	Pliers PSC: 5120	1	Each	$5.00	$5.00
0014AG	Adjustable Wrench PSC: 5120	1	Each	$14.00	$14.00
0014AH	Tape Measure PSC: 5120	1	Each	$15.00	$15.00
0014AJ	Electric Drill PSC: 5130	1	Each	$23.00	$23.00

Deliverable SLINs can be used whether the item is different because of size, packaging requirements, delivery date, or other characteristics. Separating these items out under one LIN with multiple deliverable SLINs can provide clarity to the administrative requirements of the

items.

There are times when an acquisition may require hundreds or thousands of deliverable end items to be separately identified. If this occurs, it may be more efficient to use an exhibit line item instead of SLIN.

2.1.3. Exhibit Line Item Number (ELIN)

Exhibits are used to establish requirements for long lists of deliverables to facilitate payment. When we number Line Items in an Exhibit, they are called Exhibit Line Item Numbers (ELINs). Each Exhibit can contain lists of numerous deliverable ELINs. Each Exhibit must be tied to either a LIN or SLIN and shall only apply to that one LIN or SLIN; the LIN or SLIN must also refer to the Exhibit in the LIN description. However, any given LIN or SLIN may refer to multiple exhibits. ELINs are included in Section B of the contract.

An example of Exhibits is shown in Table 15. Exhibits may be used as an alternative to using a long list of LINs or SLINs in the schedule. Exhibits may be advantageous when purchasing separately identifiable spare parts. The DD Form 1423, Contract Data Requirements List (CDRL), is always an exhibit, rather than an attachment.

Since a 4-digit numeric line item number allows for 9999 line items, it may be necessary to have another numbering technique that will allow for a much greater number of line items to be created. ELINs can provide that flexibility. ELINs are composed of a 4-position number comprised of either 1 or 2 alpha characters to identify the exhibit followed by 2 or 3 positions that are either an alpha or numeric character assigned sequentially. This numbering system allows for over 900,000 line items to be developed and need not be sequential.

Exhibits may be advantageous when purchasing separately identifiable spare parts or when Contract Data Requirement Lists (CDRLs) are required.

Table 15: LIN for Spare Parts with Exhibit

Item No.	Supplies/Services	Quantity	Unit of Measure	Unit Price	Amount
0001	Spare Parts See Exhibit A ($1,735,171.01)				

Table 16: Spare Parts Listing – Exhibit A

Item Number	Description	Stock No. Type	Stock Number	Quantity	Unit of Issue	Unit Price	Total Price	Inspection and Acceptance	Delivery Date	FOB	Deliver to	UII
A001	Propeller, Turbine	FS	2825-01-005-8446	2	EA	$197,059.00	$ 394,118.00	SS	90 days ARO	Origin	N00019	Yes
A002	Gear Assembly, main	FS	1620-00-217-5273	5	EA	$ 918.85	$ 4,594.25	SS	90 days ARO	Origin	N00019	Yes
A003	Block, rotating cylind	FS	1620-01-255-7494	6	EA	$ 138.95	$ 833.70	SS	90 days ARO	Origin	N00019	No
A004	Latch Assembly	FS	1620-00-004-9874	4	EA	$ 6,987.22	$ 27,948.88	SS	90 days ARO	Origin	N00019	Yes
A005	Oscilloscope	FS	6625-00-003-3641	55	EA	$ 243.87	$ 13,412.85	SS	90 days ARO	Origin	N00019	No
A006	Seal, Shaft	FS	5330-00-034-7339	48	EA	$ 353.72	$ 16,978.56	SS	90 days ARO	Origin	N00019	No
A007	Shipping and Storage	FS	8145-01-509-6388	2	EA	$ 3,051.00	$ 6,102.00	SS	90 days ARO	Origin	N00019	No
A008	Hot Plate, Electric	FS	7310-00-723-9550	78	EA	$ 1,148.82	$ 89,607.96	SS	120 days ARO	Origin	N00019	No
A009	Sign, Follow Me, Truck	FS	2540-00-702-2288	9	EA	$ 5,092.00	$ 45,828.00	SS	120 days ARO	Origin	N00019	Yes
A00A	Generator, Electric	FS	6625-00-001-6893	88	EA	$ 9,924.47	$ 873,353.36	SS	120 days ARO	Origin	N00019	Yes
A00B	Wheel, Landing Gear	FS	6780-00-017-0587	14	EA	$ 9,817.00	$ 137,438.00	SS	120 days ARO	Origin	N00019	Yes
A00C	Photographic Lab	FS	5410-00-004-5606	2	EA	$ 33,000.00	$ 66,000.00	SS	120 days ARO	Origin	N00019	Yes
A00D	Panel Assembly, Swin	FS	1630-01-140-0656	22	EA	$ 1,020.69	$ 22,455.18	SS	120 days ARO	Origin	N00019	No
A00E	Armor, Supplemental	FS	1560-00-006-6884	11	EA	$ 1,382.98	$ 15,212.78	SS	120 days ARO	Origin	N00019	No
A00F	Spool Sleeve	FS	3020-00-016-0315	32	EA	$ 480.00	$ 15,360.00	SS	120 days ARO	Origin	N00019	No
A00G	Gear, Spur	FS	1630-01-014-0117	35	EA	$ 33.03	$ 1,156.05	SS	120 days ARO	Origin	N00019	No
A00H	Wear Indicator Land	FS	1630-01-018-2003	54	EA	$ 88.36	$ 4,771.44	SS	120 days ARO	Origin	N00019	Yes
				467			$1,735,171.01					

Exhibit line items are also utilized when a CDRL (DD 1423) is used to identify which data products must be delivered by the contractor to the Government. Any time an acquisition requires a CDRL in accordance with DoD Manual 5010.12-M, Procedures for the Acquisition and Management of Technical Data, it will become an exhibit to the contract. The DD Form 1423 is used to provide a standardized way to clearly itemize the Government's data requirements.

Table 17: ELIN with Exhibit A and Exhibit B

Item	Supplies/Services	Quantity	Unit	Unit Price	Amount
0001	Cloud Computing – See Exhibit A				
0002	Cloud Support – See Exhibit B				
0003	Internet routers Part Num: FFP PSC: XXXX ACRN: AA	52	Each	$100.00	$5,200.00
0004	6' Ethernet cables Part Num: FFP PSC: XXXX ACRN: AA	40	Each	$20.00	$800.00

Each line item listed in exhibit has description, qty, unit, and a price.

EXHIBIT A

Exhibit	Item	Supplies/Services	Qty	Unit	Unit Price	Amount
A	101	Web portal	30,000	Gigabyte	$0.12	$3,600.00
A	102	Digital storage	100,000	Gigabyte	$0.02	$2,000.00

EXHIBIT B

Exhibit	Item	Supplies/Services	Qty	Unit	Unit Price	Amount
B	101	Business hours web support	250	Hour	$40.00	$10,000.00
B	102	After hours web support	100	Hour	$80.00	$8,000.00

In Table 18, you can see the study has been broken into ELIN deliverables. It is clear each section of the study is being purchased, and the quantity required. This allows the Government to receive three deliverables for the study, to ensure things are on track, and the contract to be paid in three increments, versus one payment after 21 months.

Table 18: Fixed Price Service (ELINs)

Item No.	Supplies/Services	Line Price Type	Period of Performance	Quantity	Unit of Measure	Unit Price	Total
A001	Study of ABC Program – Initial Analysis	FFP	7 months from date of award	1	Each	$500,000.00	$500,000.00
B002	Study of ABC Program – Draft Report	FFP	14 months from date of award	1	Each	$500,000.00	$500,000.00
C003	Study of ABC Program – Final Report	FFP	21 months from date of award	1	Each	$1,200,000.00	$1,200,000.00

The end goal is to deploy the best combination of LIN, SLIN, and ELIN to maximize traceability, auditability, accountability as well as to reduce administrative burdens, not create them. Every acquisition is unique. LIN and SLIN are there to support capturing these unique attributes.

3. Data Elements Required

In order to structure line item correctly, use the data elements for line items required at Federal Acquisition Regulation (FAR) 4.1005-1. See below:

(1) **Line item or subline item number** established in accordance with agency procedures.

(2) **Description** of what is being purchased. *See also 3.1

(3) **Product or Service Code (PSC).** *See also 3.1

(4) **Accounting classification** citation.
   a. Line items or deliverable subline items. If multiple accounting classifications for a single deliverable apply, include the dollar amount for each accounting classification in the schedule.
   b. Informational subline items. An accounting classification citation is not required.

(5) (i) For ***fixed-price line*** items:

   a. **Unit of measure**.
   b. **Quantity**.
   c. **Unit price**. **See also 3.1
   d. **Total price**. **See also 3.1

(ii) For ***cost-reimbursement*** line items:

a. **Unit of measure**.
b. **Quantity**.
c. **Estimated cost**.
d. **Fee** (if any)
e. **Total estimated cost** plus any fee.

(b) If a contract contains a combination of fixed-price, time-and-materials, labor-hour, or cost-reimbursable line items, **identify the contract type** for each line item in the schedule to facilitate payment.

(c) For each deliverable line item or deliverable subline item, enter **delivery schedule, destination, period of performance, or place of performance.** When a line item has deliverable subline items, the delivery schedule, destination, period of performance, or place of performance is identified at the subline item level, rather than the line item level.

(d) Terms and conditions in other sections of the contract (such as contract clauses or payment instructions) shall also specify applicability to individual line items if not applicable to the contract as a whole.

3.1. Data Element Exceptions (FAR 4.1005-2):

FAR and DFARS allow for limited exemptions to some of the required data elements such as for Indefinite-Delivery Contracts (IDCs):

(1) General. The following required data elements are not known at time of issuance of an IDC but shall be provided in each order at the time of issuance: accounting classification, delivery date and destination, or period and place of performance.
(2) Indefinite-delivery indefinite-quantity (IDIQ) and requirements contracts. (i) IDIQ and requirements contracts may omit the quantity at the line item level for the base award provided that the total contract minimum and maximum, or the estimate, respectively, is stated. (ii) Multiple-award IDIQ contracts awarded using the procedures at 13.106-1(a)(2)(iv)(A) or 15.304(c)(1)(ii)(A) may omit price or cost at the line item or subline item level for the contract award, provided that the total contract minimum and maximum is stated (see 16.504(a)(1)).

* Description and PSC data elements are not required in the line item if there are associated deliverable subline items that include the actual detailed identification. When this exception applies, use a general narrative description for the line item.

** Single unit price or single total price data elements at the line item level does not apply if any of the following conditions are present: (1) There are associated deliverable subline items that are priced; (2) The line item or subline item is not separately priced; (3) The supplies or services are being acquired on a cost-reimbursement, time-and-materials, or labor-hour basis; or (4) The procurement instrument is for services and firm prices have been established for elements of the total

price, but the actual number of the elements is not known until performance (e.g., a labor-hour contract for maintenance/repair). The contracting officer may structure these procurement instruments to reflect a firm or estimated total amount for each line item.

Tables 19 through 21 showcase all the required data elements for different contract types.

Table 19: Firm Fixed Price (FFP)

Required LIN Data Element	Example of Correct Entry
Contract Type	FFP
Line Item Number	0001
Product Service Code (PSC)	2610 – Tires and Tubes, Pneumatic, Except Aircraft
Description of Supplies/Services	High performance tires, non-directional, and all season/weather tires suitable for high-speed utilization. Speed rating shall be no less than "V", with a traction grade of "AA" and have a temperature rating of "A". Size: P235/55R17
Accounting Classification Reference Number (ACRN)	AA
Unit of Measure	Each
Quantity	200
Unit Price	$50.00
Total Price	$10,000.00
Delivery Schedule	25 per month for 8 months
Destination	DoDAAC R12345 123 Happy Lane Made-up, VA 45678 Bldg. 1

Table 20: Required Data Elements (CR)

Required LIN Data Element	Example of Correct Entry
Contract Type	Cost Reimbursement
Line Item Number	0002
Product Service Code (PSC)	AN10 – Biomedical – Basic Research
Description of Supplies/Services	Basic research paper regarding the biomedical understanding of gene mutations known to contribute to human disease.
Accounting Classification Reference Number (ACRN)	AA
Unit of Measure	Each
Quantity	2
Estimated Cost	$1,500.00
Fee	No Fee

Total Estimated Cost	$1,500.00
Delivery Schedule	Preliminary paper due 6 months after receipt of award. Final paper due 1 year after receipt of award.
Destination	1987 Research Road Made-up, VA 45678 Bldg. 1

Table 21: CR – Cost Plus Fixed Fee (CPFF)

Required LIN Data Element	Example of Correct Entry
Contract Type	Cost Plus Fixed Fee
Line Item Number	7001
Product Service Code (PSC)	R425 – Support- Professional: Engineering/Technical
Description of Supplies/Services	Major System Command, Forward Operating Site, FY00, IAW Section C, Performance Work Statement, paragraphs 3.1.1, 3.1.2, 3.1.3, 3.1.4, 3.1.5 (O&M)
Accounting Classification Reference Number (ACRN)	AB
Unit of Measure	Each
Quantity	1
Estimated Cost	$7,500.00
Fee	$500.00
Total Estimated Cost	$8,000.00
Delivery Schedule	NLT 10 (Denied Approval to Operate-DATO); revision NLT 7 days after receipt of Govt review.
Destination	2000 Research Center Made-up, VA 45678 Bldg. 55

3.2. How to Build Line Items

There are four steps to building clear and concise line items:

1) List each of the things you want delivered or tasks you want performed by line items. Consider the breakout of difference components such as: hardware, software, and/or services.
2) Assign a quantity and unit of measure to be delivered or tasks performed. Consider how supplies will be packaged and shipped. Consider how often services will be accepted and paid for.
3) Assign a line item number to each line in accordance with local procedures.
4) Work through each section of the solicitation or contract and ensure that each deliverable

item you have defined the following:

- Price or cost and fee (unless not separately priced).
- For supplies, how items are to be packaged and marked.
- Where, by whom (person or organization), and against what criteria inspection and acceptance- will occur.
- Any clauses or special provisions applicable to that line item and not applicable to the entire effort.
- A delivery schedule or period of performance.
- The funding.
- If there is the potential for separate evaluation by line item to enable separate awards, ensure this is clearly addressed in the proposal instructions and evaluation criteria.

3.3. How to Ensure LINs are Valid Successful Implementation (Who? What? Where? How?)

- **Who?** Does the data clearly and correctly identify the issue office, administrative office, pay office, and contractor?

- **What?** Do the line items clearly define what is to be delivered? If IT, should hardware, software and service line items be separated?

- **Where?** Does the line item data identify where the supplies are to be delivered or the services performed?

- **How?** Does the contract clearly specify how compliance will be determined and by whom? Is it clear how and when payment should occur? Are the necessary clauses included?

4. Establishing Line Item, Subline Item, And Exhibit Line Item Relationships

It is important to understand several key concepts when discussing line items.

(1) Every service or supply procured must have a LIN.

(2) LINs can be combined with SLIN or ELIN using a parent-child structure. There cannot be a SLIN or ELIN without an accompanying LIN (See Figure 1).

(3) All required data elements must be included to fully describe the LIN.

a. If only a LIN is used, the LIN shall contain every data element required in FAR 4.1005-1.

b. If a combination of LIN, SLIN, ELIN are used, then every required data element will either be contained within the LIN or the SLIN/ELIN. As discussed in section 2.1, data elements are shared between the LIN and

SLIN/ELIN but are not duplicated. For example, if the LIN contains the Accounting Classification Reference Number (ACRN) data element then the SLIN cannot contain the ACRN data element.

(4) Deliverable versus Informational (Non-Deliverable) LIN.

a. Deliverable LINs contain the actual end item the Government will receive, the unit price and the accounting classification.

b. Informational LINs provide additional administrative information, but the LIN does not have a required end item to be delivered to the Government.

(5) Severable versus Non-Severable.

a. Severable means an end item can be received and the Government received a benefit from the supply or service throughout the period of performance. Example: The Government has established contracts to have grass cut on a base for 12 months. Each month the grass is cut, and the Government receives the benefit of the cut grass. If the Government had to cancel or terminate, or sever, the contract at 6 months there still would have been 6 months of benefit. These are typically continuous or recurring services purchased over a period of time (e.g., hours, days, weeks, months, or year)."

b. Non-Severable means the benefit of an end item can only be received after the full completion of the supply or service. Example: The Government issues a contract to build a satellite over a 12-month period, the satellite will be partially complete at 10 months, but the Government would not receive a benefit from a partially built satellite.

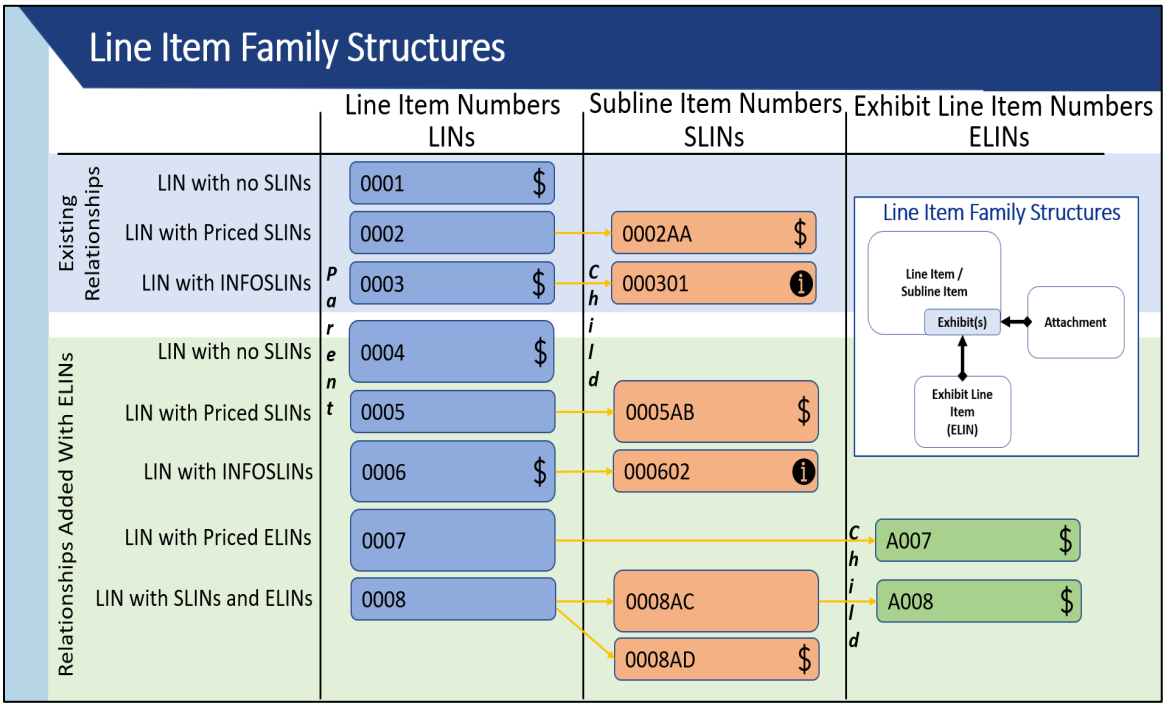

Figure 1: Line Item Family Structure

5. Describing The Deliverables

While all data elements are required, the most beneficial is the description of the end item being delivered. Without a quality description of the deliverable, it is difficult to understand what exactly is being purchased. When filling in the end item description, a detailed description should be provided which is understandable to the average reader and provides insight into what the final end item is. LIN descriptions should provide:

- Insight into the features that are directly tied to the product or service being delivered,
- Sufficient detail so that the inspector or acceptor of the end item knows what they should have received,
- Detailed information about the deliverable, beyond the North American Industry Classification System (NAICS) or Product Service Code (PSC) description (See https://psctool.us/), and
- Specific references to the Performance Work Statement (PWS)/Statement of Work (SOW) sections that are applicable to the line item, especially if the PWS/SOW is too lengthy to paste in the line item description.

Table 22: Examples of Quality LIN Descriptions

Type	Line Item Description	PSC
Service	Perform Procurement Data Standard (PDS) Development	DA01 – IT and Telecom – Business

	in accordance with paragraph 2.3.2 of the performance work statement.	Application/Application Development Support Services (Labor)
Product	Water purification system capable of laboratory applications with a minimum throughput of 9000 liters/day.	4610 – Water Purification Equipment
Research & Development (R&D)	Perform comprehensive analysis of energy supply requirements outlined in PWS section 1.2.	AG11 - Energy R&D Services, Energy Supply, Basic Research

Avoid the following mistakes as illustrated in Table 23, when developing the line item description:

- Restate the NAICS or PSC description, or any other data element already input into the line item
- Use vague language such as one word descriptions like "Products", "Supplies", or "Spares"
- Provide unnecessary information/details to the line item

Table 23: Line Item Descriptions to Avoid

Type	Description Example	PSC and Description
Service	Maintenance, Repair, and Rebuilding of Equipment – Aircraft and Airframe Structural Components	J015 - Maintenance, Repair, and Rebuilding of Equipment – Aircraft and Airframe Structural Components
Product	Provide supplies	4610 – Water Purification Equipment
Research & Development (R&D)	R&D energy solutions	AG11 - Energy R&D Services, Energy Supply, Basic Research

6. Product Service Code (PSC)

A PSC is a four-digit code that describes a product, service, or research and development (R&D) activity purchased by the Federal Government. These codes are used in the contract and are reported in the Federal Procurement Data System (FPDS) to indicate what the Government bought for each contract action. A contract may have multiple line items, each with its own PSC, but FPDS will only capture the predominant product or service to be acquired as illustrated in Table 24. PSCs allow procurement systems to link contracting and financial data. Attributes of PSCs include:

- Nature and type of services, supplies, and equipment

- Manufacturing level (raw materials to a completed end item)
- Intended use or application (air, land, sea, or space)
- Environmental attributes (energy efficient, biobased product, environmentally preferable)

Table 24: Example of Product, Service and Research & Development (R&D) codes

Type	PSC	Description Example
Product	1510	Aircraft, Fixed Wing. Note: This class includes only complete aircraft. End items, assemblies, parts, attachments, or accessories for use in or on fixed wing aircraft are classified in classes other than this class.
Service	DA01 – IT and Telecom – Business Application/Application Development Support Services (Labor)	Support services for activities involved with application development and support to root cause analysis, design, development, coding, testing, and release packaging, as well as support of off-the-shelf Business Applications.
R&D	AG11	Energy R&D Services, Energy Supply, Basic Research

These codes broadly indicate "WHAT" was bought for each contract action reported in the Federal Procurement Data System (FPDS). The PSC list as well as a PSC manual, category list, and additional information can be found at https://psctool.us/.

PSCs should be used for proper cost segregation (i.e., dividing out of capital costs from expense). This is particularly necessary as it relates to software because the PSCs, as written, provide vague, blanket categories that do not adequately address capital vs non-capital activities and/or software types. The DoD FMR Volume 4 Chapter 27 discusses Internal Use Software specifics, including capital versus expense segregation and software types (e.g., developed, or licensed). There are several codes that include "Labor" or "Perpetual License" in the title and description. There are important distinctions in software procurement that separate capital labor vs non-capital labor, and capital licenses vs non-capital licenses. Do ensure distinctions are adequately captured in the PSC codes to sufficiently separate costs.

While there is extensive information available at the previously mentioned source, there are a few important concepts to understand before digging deeper into the resources. The first is that in many cases a given contract, task order, or purchase order will include more than one product

and/or service. In such cases, the Product or Service Code data element code selected for the overarching contract will be based on the predominant product or service that is being purchased (by dollar amount, not quantity). For example, a contract for $1000 of lumber and $500 of pipe would be coded under 5510, "Lumber & Related Wood Materials." However, each line item will receive the Product or Service code that is most applicable to the individual deliverable line item. Selection of the most applicable PSC possible should result in a high-quality data element.

The second concept to understand is there are many acquisitions that are "goods-like" services, for example a repair or refurbishment of goods. A "goods-like" service should be assigned a service PSC, but make sure to give the line item a delivery date and other applicable information normally required for a good. On the other hand, some things might be "service-like" goods, such as a software license. A "service-like" good should be assigned a product PSC, but make sure to give the line item a period of performance and other applicable information normally required for a service.

7. Accounting Classification Reference Number (ACRN)

The accounting classification citation, also known as the Line of Accounting (LOA), is provided on the procurement request and will need to be referenced in the applicable LIN. The ACRN is a two-character "shorthand" for the LOA. The contract establishes one ACRN for each LOA, and every separately deliverable LIN (excluding options and items subject to availability of funds) will need at least one ACRN. Each unique ACRN can only reference one LOA, and each unique LOA can only be represented by a single ACRN as shown in Table 25. If an accounting classification citation is used on the informational subline items, no Informational subline under a particular Line Item shall share the same ACRN.

Table 25: Unique Accounting Classification Reference Number with One Line of Accounting

ACRN	Accounting Classification Citation
AA	5713010 111 4720 119992 020100 00000 000000 503000 F03000
AB	5713600 111 4720 119992 020100 00000 000000 503000 F03000
AC	5713400 111 4720 119992 020100 00000 000000 503000 F03000

An option line item is a special type of line item that allows contractual options for potential increased quantities to be separately priced at the time of award; see, for example, relevant contract clause at FAR 52.17-7, *Option for Increased Quantity—Separately Priced Line Item.* It is important that options be clearly and accurately expressed in contracts so that contract performance and payment can be accomplished without unnecessary delay. Options should be expressed in terms of:

- Percentage of specific line items
- Increase in specific line items
- Additional numbered line items identified as the option

Option line items have a lifecycle. They begin as unexercised: once exercised, an option line item is then equivalent to a regular, non-option line item (i.e., cannot be further exercised). Table 26 lists a common implementation pattern for a contract with multiple option line items for increased quantities of supplies or services. Note that the use of option line items in this scenario allows for Lot 4 to be optionally ordered at a predefined quantity and with prices that differ from those on Lot 3.

Table 26: Option Line Items

Item No.	Supplies/Services	Quantity	Unit of Measure	Unit Price	Amount
0001	A-44B Attack Aircraft Lot 3 (FYXX)	12	Each	$55,555,000.00	$666,660,000.00
0002	Aircraft Technical Manuals (see Exhibit A)	1	Lot	NSP	NSP
0003	Logistics Analysis	1	Each	$2,500,000.00	$2,500,000.00
0004	Data for Item 0003 (see Exhibit B)	1	Each	NSP	NSP
0005	Initial Spares (see Exhibit C)	1	Lot	$1,123,546.00	$1,123,546.00
1001 **OPTION**	A-44B Attack Aircraft Lot 4 (FYXY)	14	Each	$55,675,000.00	$779,450,000.00
1002 **OPTION**	Aircraft Technical Manual (see Exhibit A)	1	Lot	NSP	NSP
1003 **OPTION**	Logistics Analysis	1	Each	$2,500,000.00	$2,500,000.00
1004 **OPTION**	Data for Item 0103 (see Exhibit B)	1	Each	NSP	NSP
1005 **OPTION**	Initial Spares (see Exhibit C)	1	Lot	$2,312,452.00	$2,312,452.00

In contrast, when separate pricing is not required, options may be implemented without the need for additional option line items. Rather, in this case, quantities on existing line items can be increased (and funded) as options for increased quantities are exercised; see, for example, relevant contract clauses at FAR 52.217-6, *Option for Increased Quantity*, and FAR 52.217-8, *Option to Extend Services*. One advantage of this approach is that the quantity on any line item could be increased multiple times in response to multiple option exercises, lending simplicity to the line item structure. There are a few tradeoffs, however. First, any additional quantities ordered must be at prices consistent with the unit price on the line item. Second, contracting officers must take care to include the estimated value of additional quantities to be ordered under these option clauses in the Contract Action Report (CAR) at the time of award as part of the

Federal Procurement Data System (FPDS) Element 3A, *Base and All Options Value (Total Contract Value)*.

8. Defining Unit of Measure, Quantity, and Price/Cost

In simple terms there are three questions to answer to determine the next three required data elements for the line item.

(1) What is the correct unit of measure to ensure the end items are delivered or performed and the Government can pay for them? Ex: Each, Monthly, etc.

(2) What is the correct quantity? How many of the end items are required to be delivered or performed? Ex: 15 Each, 12 Months, etc.

(3) What is the unit price or estimated cost? What has the Government agreed to pay for? Is it a firm, fixed price or an estimated/not to exceed amount for a cost reimbursement contract?

8.1. Unit of Measure

When setting up a LIN, consider how the Government will pay for the deliverable item. Will payment(s) be made:

(1) On a regular recurring basis?

(2) At certain milestones?

(3) At the end of performance when the final end item is received?

(4) Randomly as requirements arise?

Determining the appropriate unit of measure and quantity for each line item can be easy or complex depending on the acquisition. Historically, unit of measure has caused confusion, so it is essential to understand that the unit of measure outlines how the product or service will be packaged, delivered, and accounted for by the Government. The quantity, unit of measure, and contract type will determine when the contractor gets paid. An incorrect unit of measure can result in the Government receiving a quantity less than negotiated and expected. Usually, the appropriate unit of measure is set by the commercial marketplace or is determined while performing market research about the end item being acquired. Table 27 provides some examples that illustrate correct and incorrect units of measure for basic daily goods and services.

Table 27: The Correct and Incorrect Examples of Commercial Units of Measure

The WRONG WAY		
Product or Service	**Quantity**	**Unit of Measure**
Large Grade A Eggs	12	Each

Sliced Bread	1	Each
Music Subscription Service	300	Each
The RIGHT WAY		
Product or Service	**Quantity**	**Unit of Measure**
Large Grade A Eggs	1	Dozen
Sliced Bread	1	Loaf
Music Subscription Service	12	Months

Note how the unit of measure describes how the item is going to be delivered, accepted, and paid for (if fixed price). In the second example, eggs are listed as 1 carton of eggs and bread is shown as 1 loaf of bread. This is because it is standard practice for eggs and bread to be packaged, delivered, and accounted for in the unit of measure of carton and loaf. However, in the first example the eggs are listed as 1 each eggs and 12 each sliced bread. These examples illustrate units of measure that are inaccurate and odd ways to measure a standard commercial item that do not identify the agreed to quantity and construction. The same is true for the music subscription service examples. It is standard for this type of service to be provided, consumed, and billed for monthly as opposed to other units of measure such as 300 songs streamed or a subscription service for 300 people.

When selecting a unit of measure:

- Think about how the end product will be delivered or how the service is going to be performed
- Consider the frequency of delivery for recurring products and services
- Make sure to check the list of available units of measure at https://www.acq.osd.mil/dpap/policy/policyvault/USA003581-16-DPAP.pdf
- Understand the quantity, unit of measure, and contract type will determine when the contractor gets paid
- Consider how supplies will be packaged, marked, shipped, and inventoried
- Consider how often services will be accepted and paid for
- Consider if the item is Not Separately Priced (NSP) (See section 8.3)

Avoid these common mistakes:

- Do not select a unit of measure that lump several things together as one lot, kit, or batch unless the item will be delivered, managed, and accounted for in that way
- Do not use unauthorized units of measure (e.g., dollars)
- Do not leave the unit of measure blank

The use of lots, kits, and batches as units of measure is regularly misunderstood. Ensure all items are separately identifiable, avoiding use of lot and kit unless absolutely necessary. Consider whether all the items sold in a kit have to be used at once or if they may be delivered, used, and

inventoried separately. An item that can be used separately should be separately identified.

Table 28 illustrates the "wrong" and "right" way to assign units of measure. The first example utilizes a toy, building blocks, to demonstrate how over generalizing and lumping separate items together under one line item is not how these items would be packaged, delivered, and accounted for on a toy store receipt. Instead, these building block kits would be packaged and delivered to the customer as separate kits and the store may account for the sale of these kits under the total sale of building blocks line item.

Table 28: The Wrong and Right Ways of Assigning Units of Measure

The WRONG WAY			
Item No.	**Item Description**	**Quantity**	**Unit of Measure**
0001	Building Blocks Star Wars Death Star, X-Wing Fighter, Millennium Falcon, and a bag of assorted bricks	1	Lot
The RIGHT WAY			
Item No.	**Item Description**	**Quantity**	**Unit of Measure**
0001	Building Blocks		
0001AA	Star Wars Death Star Kit	1	Kit
0001AB	X-Wing Fighter Kit	1	Kit
0001AC	Millennium Falcon Kit	1	Kit
0001AD	Assorted Bricks (100)	1	Bag

Table 29 illustrates a more realistic DoD requirement and demonstrates how placing the complete requirement for fielding an unmanned aircraft into one 'lot' creates a few issues. The Government can't accept or pay for the Unmanned Aircraft in LIN 0001 until all of the efforts are completed. The correct way to identify these efforts is to assign separate LIN with the appropriate quantity and unit of measure based on how the items and services will be delivered or performed. This ensures the contractor will be paid for the separately identified items as they are delivered.

Table 29: The Wrong and Right Ways of Assigning Units of Measure (e.g., 'Lot')

The WRONG WAY			
Item No.	**Item Description**	**Quantity**	**Unit of Measure**
0001	Unmanned Aircraft Design, develop, test, and deliver four	1	Lot

	prototypes and support Government testing		
The RIGHT WAY			
Item No.	**Item Description**	**Quantity**	**Unit of Measure**
0001	Unmanned Aircraft Prototypes	4	Each
0002	Non-recurring design and development	1	Lot
0003	Contractor Testing	1	Lot
0004	Maintenance Support for Government Testing	6	Months
0005	Test Report	1	Each

8.2. Quantity

Quantity will dictate when or how often the contractor will get paid. If the quantity is 1 and unit of measure is lot, the contractor will only be able to be paid 1 time when the "lot" is delivered. For severable services, consider how many times the service will be performed/delivered and the expectation for payment. Table 30 illustrates how the combination of the wrong quantity and unit of measure will result in the contractor receiving payment for monthly services after all 12-month of effort have been performed. Table 31 illustrates the "correct" way to assign quantity and unit of measure for monthly severable services.

Table 30: Incorrectly Assigning Quantity (e.g., quantity and unit of measure)

The WRONG Way					
Item No.	**Supplies/Services**	**Quantity**	**Unit of Measure**	**Unit Price**	**Amount**
0013	Maintain grass in front of buildings outlined in PWS section 1.5 at a length of 3"- 4" 12 months of grass maintenance with inspection and acceptance of service occurring monthly POP: 1 Nov XX –	1	Lot	$12,000	$12,000

	31 Oct XY ACRN: AA				

Table 31: Correctly Assigning Quantity (e.g., quantity and unit of measure)

The RIGHT Way					
Item No.	**Supplies/Services**	**Quantity**	**Unit of Measure**	**Unit Price**	**Amount**
0013	Maintain grass in front of buildings outlined in PWS section 1.5 at a length of 3”-4” POP: 1 Nov XX – 31 Oct XY ACRN: AA	12	Months	$1,000	$12,000

Quantity cannot equal zero if the line item has a period of performance or delivery schedule, because in order for delivery to occur quantities to be delivered must exist as illustrated in Table 32.

Table 32: The Wrong and Right Ways of Assigning Quantity (e.g., cannot equal zero)

The WRONG Way						
Item No.	**Supplies/Services**	**Quantity**	**Delivery Location/ Destination**	**Unit of Measure**	**Unit Price**	**Amount**
0013 ACRN: AA	LED Computer Monitors 24” Class, with at least 240Hz, 1 display port, and 2 USB ports	0	DoDAAC: S12345	Each	$300	$300
The RIGHT Way						
Item No.	**Supplies/Services**	**Quantity**	**Delivery Location/ Destination**	**Unit of Measure**	**Unit Price**	**Amount**
0013	LED Computer Monitors 24” Class, with at least	100	DoDAAC: S12345	Each	$300	$30,000

	240Hz, 1 display port, and 2 USB ports ACRN: AA					

Quantity must be a whole number for each line item delivered, with the exception being liquids and similar things that are regularly delivered in partial quantities (e.g., gallons of fuel, square yards of concrete paving). Table 34 provides incorrect and correct examples when assigning quantity.

In Table 33, a modification to a contract can impact the established line items. When a new item (such as increased quantity) is added to the contract, then a new item must be assigned. If the modification relates to existing line items, make sure it references any existing line items. Notice how in the new line item, the original line item is referenced.

Table 33: LIN with a Modification (such as increased quantity)

Item No.	Supplies/Services	Quantity	Unit of Measure	Unit Price	Total
0001	High Performance Color Multifunctional Copier Machine	1	Each	$6,955.00	$6,955.00
0002	High Performance Color Multifunctional Copier Machine (Additional item added, original order on #0001)	1	Each	$6,955.00	$6,955.00

Table 34: The Wrong and Right Ways of Assigning Quantity (e.g., use whole numbers*)*

The WRONG Way						
Item No.	**Supplies/Services**	**Quantity**	**Delivery Location/ Destination**	**Unit of Measure**	**Unit Price**	**Amount**
–0013	LED Computer Monitors 24” Class, with at least 240Hz, 1 display port, and 2 USB ports ACRN: AA	1.5	DoDAAC: S12345	Each	$300.00	$450.00
The RIGHT Way						
Item No.	**Supplies/Services**	**Quantity**	**Delivery Location/ Destination**	**Unit of Measure**	**Unit Price**	**Amount**

–0013	LED Computer Monitors 24" Class, with at least 240Hz, 1 display port, and 2 USB ports ACRN: AA	100	DoDAAC: S12345	Each	$300.00	$30,000.00

Each separate delivery constitutes a quantity of one or more and the total line item quantity is the sum of those quantities. The delivery schedule can be used to enable multiple deliveries to the Government and payments to the contractor upon delivery. Table 35 shows the incorrect and correct uses of a delivery schedule as the unit of measure. In this case, using each engine to identify the quantity and unit measure reflects how the Government will actually receive and pay for the engines.

Table 35: The Wrong and Right Ways of Assigning Quantity (e.g., delivery schedule)

The WRONG Way						
Item No.	**Supplies/ Services**	**Delivery Schedule**	**Quantity**	**Unit of Measure**	**Unit Price**	**Total Price**
0010	T-700-701C Turboshaft Engine ACRN: AA	2 Engines to be delivered each month for 12 months	12	Months	$1,500,000	$18,000,000
The RIGHT Way						
Item No.	**Supplies/ Services**	**Delivery Schedule**	**Quantity**	**Unit of Measure**	**Unit Price**	**Total Price**
0010	T-700-701C Turboshaft Engine ACRN: AA	2 Engines to be delivered each month for 12 months	24	Each	$750,000	$18,000,000

Regardless of the acquisition's context, all deliverable line items and subline items shall have a quantity and unit of measure that relates to actual deliveries or contract completion. If part of a deliverable is to be performed or is separately identifiable, it should be structured into a separate line item with its own quantity and unit of measure.

8.3. Unit Price and Estimated Cost

FAR 4.1005-1(a)(5)(i) and (ii) outline the required data elements for two types of contracts, fixed-price and cost-reimbursement, respectively. Both types require a unit of measure and

quantity as discussed earlier. However, a fixed-price contract requires two additional data elements: unit price and total price, whereas cost-reimbursement requires the data elements of estimated cost, fee (if applicable), and total cost plus any fee.

Fixed-price SLINs require a unit price and a total price which equals the total quantity multiplied by the unit price. There are some situations where a unit price is not required. These situations do not mean the unit price is entered as zero, it means that the price is included in another LIN or SLIN and there is no unit price data element for the LIN, SLIN or ELIN.

The requirement for a single unit price or single total price at the line item level does not apply if any of the following conditions are present in examples shown in Tables 36 through 40. Within one SLIN, the unit price must be the same. If not, the SLINs need to be broken out into two SLINs.

Table 36: Deliverable Sublines Items are Priced

Item No.	Supplies/Services	Quantity	Unit of Measure	Unit Price	Amount
0011	T-700 Turboshaft Engines				
0011AA	T-700-701A	10	Each	$750,000	$7,500,000
0011AB	T-700-401	5	Each	$800,000	$4,000,000
0011AC	T-700-401C	10	Each	$810,000	$8,100,000
0011AD	T-700-701C	5	Each	$825,000	$4,125,000

Table 37: The LIN or SLIN is Not Separately Priced (NSP)

Item No.	Supplies/Services	Quantity	Unit of Measure	Unit Price	Amount
0011	Contract Data Requirements List (CDRL) see Exhibit A for T-700 Turboshaft Engines				NSP

Supplies or services acquired on a cost-reimbursement, time-and-materials, or labor-hour basis use an estimated cost data element in place of the amount data element. The contracting office may structure these procurement instruments to reflect a firm or estimated total amount for each line item.

Table 38: Services for an Unknown Quantity Not to Exceed (NTE) Total Price

Item No.	Supplies/Services	Quantity	Unit of Measure	Unit Price	Not to Exceed Total Cost
0013	Assess repair required for T-700 Turboshaft Engines in accordance with PWS section 9.0 T&M ACRN: AA	1	Each		NTE $80,000.00

In these situations, the quantity is unknown until the assessment is accomplished. When the unit price per hour is known but the total quantity of hours is unknown, use a not to exceed total price.

This IT-related Table 39 illustrates the use of subline items to break out components of service. The subline items break out the different components being acquired as part of the data center operation service.

Table 39: LIN Break out of Component of Services

Item No.	Supplies/Services	Period of Performance	Quantity	Unit of Measure	Unit Price	Total
0001	Business Automation Software (Software as a Service)	10/1/XX to 9/30/XY				
0001AA	End User Licensing		25	Each	$7,500.00	$187,500.00
0001AB	Installing and Configuration Services		1	Each	$18,750.00	$18,750.00
0001AC	Training Modules: User, Admin, Dashboarding		3	Each	$750.00	$2,250.00

In Table 40, you can see the account support financial services has been broken into line item deliverables. It is clear each is being purchased, and the quantity required. This allows the Government to receive two deliverables, to ensure things are on track, and the contract to be paid in two increments.

Table 40: LIN Financial Support Services (CR)

Item No.	Supplies/Services	Period of Performance	Quantity	Unit of Measure	Unit Price	Total
0001	Financial Statement Compilation (Quarterly) T&M	10/1/XX to 9/30/XY	4	Each	$53,729.50	$214,918.00 (est)
0002	Financial Advisory and Strategic	10/1/XX to 9/30/XY	12	Months	$53,727.84	$644,734.08 (est)

	Planning Support T&M					

One of the most important concepts to understand about unit price is this price must reflect the actual price for one end item to be delivered or performed. In DoD contracts, the presence of a $1 unit price often indicates an error in unit price. In the "Wrong Way" example at Table 41, the question should be: is this deliverable really worth $1? The answer is there is no; this is an incorrect way to identify unit price.

Table 41: The Wrong and Right Ways of Assigning Unit Costs

The WRONG WAY					
Item No.	**Item Description**	**Quantity**	**Unit of Measure**	**Unit Price**	**Amount**
0001	Service Tasks 1 – 3	10,500	Lot	$1.00	$10,500.00
The RIGHT WAY					
Item No.	**Item Description**	**Quantity**	**Unit of Measure**	**Unit Price**	**Amount**
0001	Service Task 1	200	Hours	$35.00	$7,000.00
0002	Service Task 2	80	Hours	$35.00	$2,800.00
0003	Service Task 3	20	Hours	$35.00	$700.00

Cost-reimbursement LIN required data elements are estimated cost, fee (if applicable), and total cost plus fee. Since cost-reimbursement line items are variable in nature, these LINs use an estimated cost data element to reflect what is anticipated to be allowable costs incurred for the entire LIN and then add any applicable fees to develop the total estimated cost. The total estimated cost serves the purpose of obligating funds and establishing a ceiling that the contractor may not exceed without authorization by the contracting officer. Table 42 illustrates the differences between the two types of contracts and the required data elements.

Table 42: Fixed-Price & Cost-Reimbursement Data Elements

Fixed-Price Data Elements					
Item No.	**Item Description**	**Quantity**	**Unit of Measure**	**Unit Price**	**Total Price**
0001	Perimeter Guard Services in accordance with Performance Work Statement dated 20 July 20XY	12	Months	$233,688.00	$2,804,256.00*
Item No.	**Item Description**	**Quantity**	**Unit of Measure**	**Estimated Cost**	**Fixed Fee**
0001	Perimeter Guard	12	Months	$2,664,000.00	$125,000

	Services in accordance with Performance Work Statement dated 20 July 20XY				

The selection of the contract type for each LIN will determine whether the unit price and total price data elements or the estimated cost, fee, and total estimated cost plus fee data elements are appropriate. So, if the contract has a combination of contract types on various LINs, then the selection and identification of each LIN as either of fixed-price or cost-reimbursement is required. Which means the data element of FFP or CR must appear on each line item like in this example in Table 43.

Table 43: Combination of Contract Types Data Elements

Item No.	Type of LIN	Item Description	Quantity	Unit of Measure	Unit Price	Total Price
0001	**FFP**	Service Task 1	200	Hours	$35.00	$7,000.00
0002	**FFP**	Service Task 2	80	Hours	$35.00	$2,800.00
0003	**FFP**	Service Task 3	20	Hours	$35.00	$700.00
0004	**CPFF**	Perimeter Guard Services in accordance with Performance Work Statement dated 20 July 20XY	12	Months		Estimated Cost $2,664,000.00 Fixed Fee $248,000.00

9. Delivery Schedule and Period of Performance

The delivery schedule is an agreement between the Government and contractor as to when and how often supplies or services will be delivered. The same is true for a period of performance as this is an agreement between the two entities as to when contract performance starts and when it ends. A delivery schedule can be comprised of multiple delivery dates. There are multiple factors, such as urgency and industry practices, which influence how the delivery or performance schedule is established. For a full list of factors to be consider reference FAR 11.402.

In Table 44, each LIN breaks out the different components of web-based training being acquired.

Table 44: Deliverable LIN with Periods of Performance

Item No.	Supplies/ Services	Period of Performance	Quantity	Unit of Measure	Unit Price	Total
0001	Web-based Decision Software Subscription	10/1/XX to 9/30/XY	1	Each	$218,000.00	$218,000.00
0002	Technical Integration	10/1/XX to 9/30/XY	1	Each	$15,000.00	$15,000.00
0003	Stakeholder Learning Sessions (Quarterly)	10/1/XX to 9/30/XY	4	Each	$2,500.00	$10,000.00
0004	Collaboration Hardware – Computer Keyboard with Number Pad	10/1/XX to 9/30/XY	30	Each	$75.00	$2,250.00

10. Inspection and Acceptance (Uniform Contract Format Section D)

The Government verifies receipt of supplies and services based upon defined criteria for acceptance that includes inspection and acceptance locations before issuing payment. Each LIN is required to have a defined inspection and acceptance location (commonly identified by a Department of Defense Activity Address Code (DoDAAC)), along with criteria for acceptance as illustrated in Table 45. If using a DoDAAC, ensure that the DoDAAC is accurate and registered in Wide Area Workflow (WAWF) as an acceptance location; this does not negate the need to have properly filled out WAWF clause in the contract.

Table 45: LIN Department of Defense Activity Address Code (DoDAAC)

Item No.	Description	Acceptance Criteria	Acceptor
0001	Task Order Management Reports	Acceptance will be based on routine inspection of the reports in accordance with PWS section 4.5	HQ1234
0002	Analyses	Acceptance of the report under 0001 will be used as a basis for acceptance of the analyses	N12345
0003	Report on monthly data from source system	Acceptance will be based on routine inspection of the reports in accordance	S12345

		with PWS section 7.8	
0004	Study of process improvements	Acceptance will be based on routine inspection of the reports in accordance with PWS section 6.7	N12345

11. Packaging and Marking (Uniform Contract Format Section E)

Packaging and marking are not required data elements in FAR 4.1005-1, however, they are required when packaging or marking instructions are necessary for inspection and acceptance. Similar to the discussion of separately identifiable items above, the same concept applies to packaging and marking requirements. Improper or vague packaging and marking can make inspection and acceptation difficult or impossible, particularly for supply requirements with many items. For example, activities may want to require unique Procurement Instrument Identifiers (PIIDs) to be listed/submitted to a Contracting Officer or Contracting Officer's Representative. In addition, classified documentation preparation could be outlined, or requirements for a packing list in each shipment. Review the requirements already addressed in Defense Federal Acquisition Regulation Supplement (DFARS) Appendix F to avoid conflicts and duplications.

12. Line Item Numbering

Every item or service the Government buys will require at least one LIN. As discussed in section 2.0, a contract may include a combination of LIN, SLIN and ELIN. Each type of line item has a distinct numbering paradigm as illustrated in Table 46.

Table 46: Proper Line Item Numbering

Type of Line Item	Proper Numbering Example	Characteristics
Line Item Number (LIN)	0001	alphanumeric sequence as identifier that provides end-to-end traceability of expenditures in order to support managerial and financial audit needs
Informational Subline Item (SLIN)	000101	always numeric (Ex. 01)
Deliverable Subline Item (SLIN)	0001AA	always alphabetic (Ex. AA)
Exhibit Line Item (ELIN)	A101	either 1 or 2 alpha characters to identify the exhibit followed by 2 or 3 positions that are either an alpha or numeric character assigned sequentially

The numbering convention for developing LIN include:

(1) LINs consist of four numeric digits 0001 thought 9999. Do not use numbers beyond 9999. Within a given contract, the item numbers shall be sequential but need not be consecutive.

(2) The LIN shall be the same as the solicitation LIN unless there is a valid reason for using different numbers.

(3) Once a LIN has been assigned, it shall not be assigned to another, different, line item in the same contract.

This leaves a lot of room for the development of an overarching LIN support structure that fits the needs of the particular acquisition and makes administration of the contract as simple and logical as possible. Acquisitions range from a one LIN requirement to extremely complex requirements with hundreds or thousands of LINs/SLINs/ELINs. Structuring the end items in a logical numbered sequence can support anticipated administrative needs after contract award. The context of the acquisition plays a major role in this determination. Table 47 is an example of a LIN and SLIN structure built to support a multi-component contract with varying funding offices.

Table 47: LIN/SLIN Structure Supporting a Multi-component Contract

Type of LIN	Item No.	Product/Service Description	ACRN	Quantity	Unit of Measure
Parent LIN	0001	AN/DKT-61 Telemeters			
Deliverable SLIN	0001AA	Navy	AA	215	Each
Deliverable SLIN	0001AB	Air Force	AB	128	Each
Deliverable SLIN	0001AC	SDAF	AC	22	Each
Deliverable SLIN	0001AD	FMS Country 1	AD	8	Each
Deliverable SLIN	0001AE	FMS Country 2	AE	11	Each
Parent LIN	0005	First Article Test		1	Lot
Info SLIN	000501	Navy Funding	AA		
Info SLIN	000502	Air Force Funding	AB		
Info SLIN	000503	SDAF Funding	AC		
Info SLIN	000504	FMS Country 1 Funding	AD		
Info SLIN	000505	FMS Country 2 Funding	AE		

In this example LIN 0001 is assigned to AN/DKT-61 Telemeters and then deliverable SLINs 0001AA – 0001AE are used to outline each component (Navy, Air Force, etc.) specific ACRN

and quantities required. LINs 0002 – 0004 are absent in the line item numbering structure as they are purposely reserved line item numbers with no current requirements. However, strategically skipping these line items when setting up the line item numbering will allow for them to be used at a later date if a future telemeter requirement arises. LIN 0005 is used for a non-severable first article test to illustrate how the informational SLINs 000501–000505 are used to identify the funding supporting the test broken down by the various components.

In Table 48, labor support services provide for supporting two activities, organizations or even two different commands, but it is not joint work. While the two methods structurally look very similar, the correct way requires use of separately identifiable SLIN allocation. Since the work between the two different entities is severable, alpha SLINs (rather than numeric Informational SLINs) should be used. SLINs 0001AA to 0001AB are appropriately used here to describe each of the labor support staff that will be provided for each of the Program Executive Officers (PEOs) throughout the period of performance.

Table 48: The Wrong and Right Ways of Labor Support Services

The WRONG WAY					
Item No.	**Supplies/Services**	**Quantity**	**Unit of Measure**	**Unit Price**	**Total**
0001	Labor support POP: 1 Oct XX – 31 Oct XY CR				
000101	Labor support for PEO 1 ACRN: AA	12	Months	$75,000.00	$75,000.00
000102	Labor support for PEO 2 ACRN: AB	12	Months	$25,000.00	$25,000.00
The RIGHT Way					
Item No.	**Supplies/Services**	**Quantity**	**Unit of Measure**	**Unit Price**	**Total**
0001	Labor support POP: 1 Oct XX – 31 Oct XY CR				
0001AA	Labor support for PEO 1 ACRN: AA	12	Months	$75,000.00	$75,000.00
0001BB	Labor support for PEO 2 ACRN: AB	12	Months	$25,000.00	$25,000.00

13. Destination and Place of Performance (Uniform Contract Format Section F)

Destination and place of performance define where a supply is to be delivered or where a service is to be performed. Supplies require a physical destination address or a ship to address. Service contracts require a place of performance. Some services require more detailed location information than a simple address. In these situations, identify the physical address for the particular section of the PWS/SOW.

A DoDAAC is commonly used to identify a delivery destination or place of performance. The DoDAAC is a six position alphanumeric code that uniquely identifies a DoD unit, activity, or organization that has the authority to requisition, contract for, receive, have custody of, issue or ship DoD assets, or fund and pay bills for materials and or services. Use of DoDAACs as organizational identifiers enables automated tracking and routing of data. As a result, the use of DoDAACs are the preferred method to identify delivery destinations or places of performance. If it is a physical location, the full text address should be included. Here are some examples of a line item in Table 49 having both the when and where filled in.

Table 49: LIN DoDAAC

Item No.	Description	Period of Performance or Delivery Schedule	Destination or Place of Performance
0001	M795 155MM Rounds	10,000 per month beginning 1 month after award	DoDAAC: W12345 123 Abbeylane Rd. Defenseville, VA 22078
0002	M107 155MM Rounds	20,000 per month beginning 1 month after award	DoDAAC: HQ1234 3 Baker Street Defense, VA 20030
0003	XM113 155MM Rounds	10,000 per month beginning 6 months after award	DoDAAC: N12345 3 Pine Street Defense, VA 20030

As discussed in section 2.1, when a LIN has a separately identifiable SLIN containing a deliverable then the delivery schedule, destination, period of performance, or place of performance shall be identified at the SLIN level, rather than the LIN. Table 50 illustrates examples in this situation.

Table 50: SLIN DoDAAC

Line Item	Description	Period of Performance or Delivery Schedule	Destination or Place of Performance
0001	Service Task 1		
0001AA	Service Task 2	Due 1 April 20XY	DoDAAC: HQ1234

	First Quarter		
0001AB	Service Task 3 Second Quarter	Due 1 July 20XY	DoDAAC: HQ1244
0001AC	Service Task 4 Third Quarter	Due 1 October 20XY	DoDAAC: HQ1288
0001AD	Service Task 5 Fourth Quarter	Due 1 January 20YZ	DoDAAC: HQ1267

14. Where Are Line Items in a Contract Structure?

The Uniform Contract Format provides the structure guidelines for contracts and breaks them down into four parts (see FAR 15.204-1). LINs are found in Part I - The Schedule, except for Exhibit Line Item Numbers (ELINs) which are exhibits found in Part III.

- Part I The Schedule
- Part II Contract Clauses
- Part III List of Documents, Exhibits, & Other Attachments
- Part IV Representations & Instructions

The Uniform Contract Format further delineates the four parts into 13 sections. The line items are found in Section A through I.

- Part I The Schedule
  - Section A Solicitation/Contract Form
  - Section B Supplies or Services and Price/Costs
  - Section C Description/Specification/Statement of Work
  - Section D Packaging and Marking
  - Section E Inspection and Acceptance
  - Section F Deliveries and Performance
  - Section G Contract Administration Data
  - Section H Special Contract Requirements
- Part II Contract Clauses
  - Section I Contract Clauses
- Part III List of Documents, Exhibits, & Other Attachments
  - Section J List of Attachments
- Part IV Representations & Instructions
  - Section K Representations, Certifications, and other Statements of Offerors
  - Section L Instructions, Conditions, and Notices to Offerors
  - Section M Evaluation Factors for Award

Note how line items are located in Part I. According to the Order of Precedence Clause (see FAR 52.215-8) Part I information takes precedence if conflicting information is found elsewhere in the contract. This reinforces how important it is to get line item data elements correct. Here is the exact order of precedence for quick reference.

1. The Schedule - Sections A – H excluding specifications
2. Representations & Instructions Section - K – M
3. Contract Clauses – Section I
4. Other documents, exhibits, and attachments Section J
5. The specifications – Section C

14.1 Terms and Conditions

There are times when particular terms and conditions only apply to one LIN in a contract. If this situation arises any terms and conditions in other sections of the contract, clauses for example, shall also specify applicability to individual LIN, SLIN, or ELIN if not applicable to the contract as a whole.

Appendix A – Definitions

Accounting Classification Reference Number (ACRN) reference is two-character "shorthand" for the accounting classification citation. The contract establishes one ACRN for each line of accounting, and every line item that is separately priced will need at least one ACRN. Each unique ARCN can only reference one Line of Accounting (LOA), and each unique LOA can only be represented by a single ACRN.

Contract Data Requirement List (CDRL) is comprised of either a single DD Form 1423, or a series of DD Forms 1423 containing data requirements and delivery information. a) Part of each contract, b) Standard Format (DD Form 1423), c) Mandatory by DFARS Subpart 214.470, d) Linked to Performance Work Statement/Statement of Work, and e) Managed by the Program Management Office (PMO) data manager. CDRL is the "data delivery" vehicle providing what, when, who, and how of the delivery.

Deliverable line items contain the actual end item or service the Government will receive and is what the Government has exchanged funds to receive.

Delivery schedule is an agreement between the Government and contractor as to when and how often supplies or services will be delivered.

Department of Defense Activity Address Codes (DoDAAC) is a code used to list a destination or place of performance. The DoDAAC is a six position code that uniquely identifies a Department of Defense unit, activity, or organization that has the authority to requisition, contract for, receive, have custody of, issue or ship DoD assets, or fund and pay bills for materials and or services.

Destination or Place of Performance (PoP) is the data element outlining where a supply is to be delivered or where a service is to be performed. For supplies there will need to be a physical destination address listed, also called the ship to address. For services there will need to be a place of performance listed.

Exhibit Line Item Number (ELIN) is a four-position number comprised of either one or two alpha characters to identify the exhibit followed by three or four positions that are either an alpha or numeric character which identifies the serial number. ELINs are also utilized when there is a contract data requirements list or CDRL.

Informational or Non-Deliverable line items provide additional administrative information, but the line item does not have a required end item to be delivered to the Government.

Informational subline item (SLIN) is a non-deliverable line item simply developed to add clarity to some aspect of administration.

Line item (LIN) captures the information about separately identifiable goods and services that the Government needs to buy.

Option line item is a special type of line item that allows contractual options for increased quantities to be separately priced at the time of award.

Product Service Code (PSC) list broadly codifies all of the different types of deliverable end items. The PSC Manual provides the first four-character codes of the NSN to describe products, services, and R&D purchased by the Federal Government. The PSC data element code selected for the overarching contract will be based on the predominant product or service that is being purchased (by dollar amount, not quantity).

Period of Performance (POP) is an agreement between the two entities as to when a contract performance date starts and when performance of the contract ends.

Non-Severable means the benefit of an end item can only be received after the full completion of the supply or service.

Separately identifiable items are goods or services a person can identify and separate out from other items being acquired.

Severable means an end item can be received and the Government received a benefit from the supply or service throughout the period of performance.

Subline item can be broken down into two types. 1) Informational subline items and 2) Separately identifiable subline items.

Supply end item is separately identifiable if there is no more than one of each of the following: 1) National Stock Number (NSN), 2) Item Description, and/or, 3) Manufacturer's part number.

Appendix B – Acronyms

ACRN	Accounting Classification Reference Number
CAGE	Commercial and Government Entity
CAR	Contract Action Report
CDRL	Contract Data Requirements List
CR	Cost Reimbursement
DATO	Denial of Authorization to Operate
DID	Data Item Description
DFARS	Defense Federal Acquisition Regulation Supplement
DoDAAC	Department of Defense Activity Address Codes
DOD	Department of Defense
ELIN	Exhibit Line Item Number
FAR	Federal Acquisition Regulation
FFP	Firm Fixed Price
FMS	Foreign Military Sales
FPDS	Federal Procurement Data System
IDC	Indefinite Delivery Contract
IDIQ	Indefinite Delivery Indefinite Quantity
LIN	Line Item Number
LOA	Line of Accounting
NAICS	North American Industry Classification System
NTE	Not to Exceed
NSP	Not Separately Priced
O&M	Operations and Maintenance
PEOs	Program Executive Officers
PIID	Procurement Instrument Identifier
PLU	Price Lookup Code
PMO	Program Management Office
POP	Place of Performance
PSC	Product or Service Code
PWS	Performance Work Statement
R&D	Research and Development
SLIN	Subline Item Number
SOW	Statement of Work
UOM	Unit of Measure
WAWF	Wide Area Workflow