



National Aeronautics
and Space Administration
NASA HQ
Washington, DC

This is our first full version of the National Aeronautics and Space Administration's (NASA) Cost Estimating Handbook (CEH). It has been developed as a resource that will be useful to you, the members of the NASA cost estimating community, in performing cost estimating and especially in making the President's Exploration Vision a reality. The CEH is a vital part of the soon to-be approved NASA Procedural Requirement (NPR) 7120.5C, NASA's policy providing the standard for excellence in project management. This first full version represents a significant improvement in clarity of what role cost estimating plays, not only within NASA, but also within the overall Federal resource management process.

The CEH is provided as an educational tool written from a NASA perspective and it covers the fundamental concepts and techniques of cost estimating as applied in NASA. It also contains a very useful new section (Section 4) containing: how to perform a cost estimate from the perspective of each specific phase of the life cycle; a new context for NASA cost management called the Continuous Cost-Risk Management process; an articulation of cost-risk analysis in the 12 Tenets of NASA Cost-Risk; an exciting new vehicle for capturing cost, technical and schedule data, the Cost Analysis Data Requirement (CADRe); and an expanded set of Appendices containing valuable reference materials. These concepts are key to NPR 7120.5C and so it is imperative that that NASA cost community fully understands these critical changes. As before, your comments are strongly welcomed to improve this version and continue to develop it as the official NASA Cost Estimating Handbook. Additionally, this NASA CEH will be available in soft copy on the following website: <http://ceh.nasa.gov>, where comments can be received and updates posted.

Our Administrator recognizes the importance of cost estimating as a critical NASA competency to support the financial decision-making in the life cycle of programs and projects. NASA's financial goal is to implement programs and projects in a responsible manner to the public who has entrusted us with their valuable resources. Sound cost estimating will be a key foundation to achieving our goals for the exploration vision.

Together, we are pursuing America's space program and represent NASA's greatest strength. Providing this handbook demonstrates NASA's commitment to its cost estimating community. By using this handbook in your day-to-day work, you will have an opportunity to participate in the fulfillment of our Agency's overall goals set forth in the President's Management Agenda and articulated in the NASA Strategic Plan.


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NASA Comptroller