

Got Full Cost?



# Agenda

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- Context for change
- About full cost
- Why full cost?
- Current issues
- Full Cost Initiative
- Feedback



# Context for change

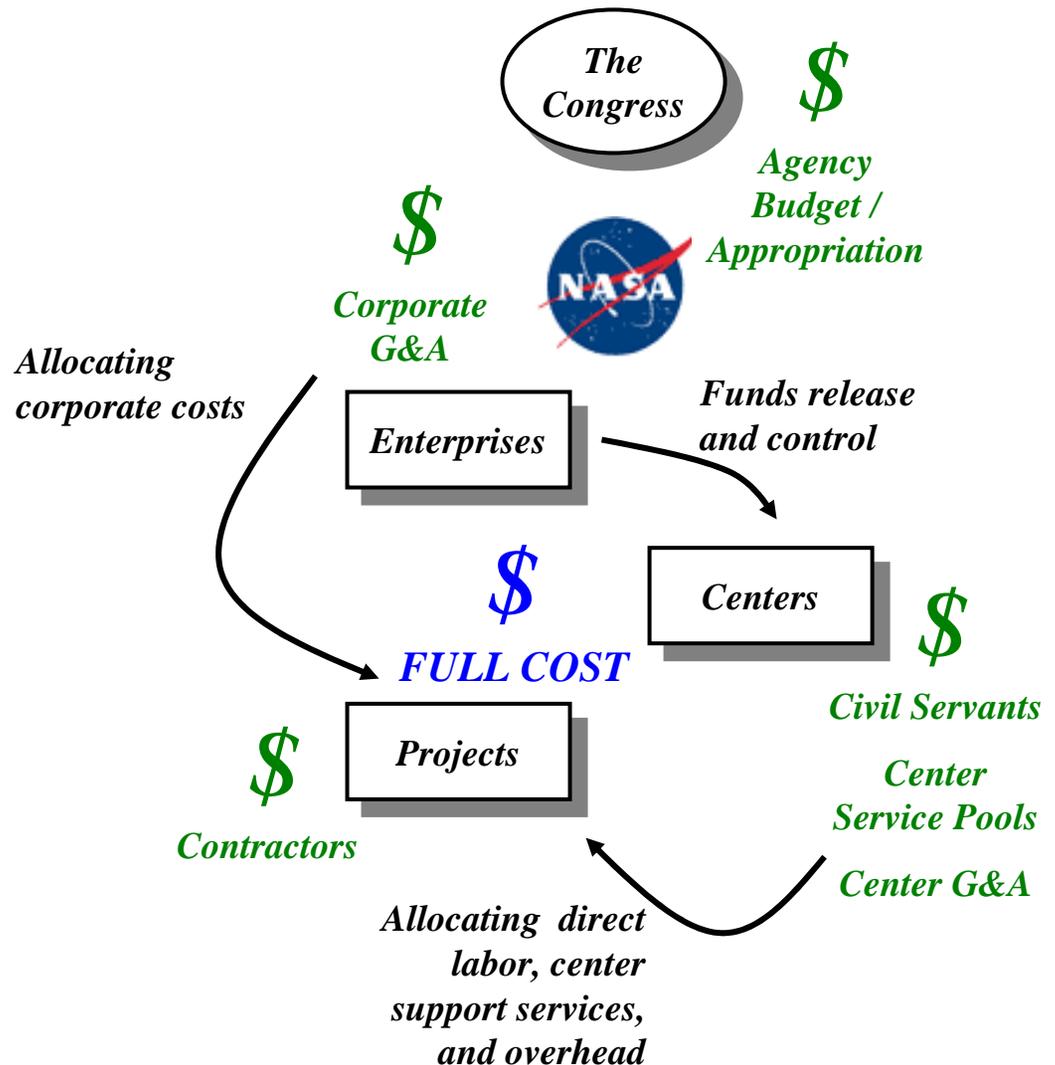


- <http://www.hq.nasa.gov/office/codea/pma/>



# Full cost model

- Full cost is common practice
- NASA started Full Cost initiative in 1995
- “Yellow Book” Guidelines published in 1999
- Implementation remains undone
- Need to be ready by 1 October



# Why full cost?

- Legal
- GAAP
- Credibility
- PMA yellow to green
- The Administrator says so
- Limited resources
- Project management
- Better informed decision-making
- Strategic planning
- More science, R&D, and space exploration
- Execute NASA mission

“We need to know what it takes to get things done in this Agency”

*No  
Choice*

*Our  
Choice*





# Project decisions and costs

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- Four projects of equal value to NASA mission

	A	B	C	D
<i>Contractor costs</i>	400	200	150	225
<i>Civil servant costs</i>	200	400	500	375
<i>Center service pools</i>	50	40	30	40
<i>Center G&amp;A</i>	20	20	20	15
<i>Corporate G&amp;A</i>	10	10	5	15
<b><i>Project in Full Cost</i></b>	680	670	705	670



# Impacts

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- Performance
- Accountability
- Management practices
  - Programs and projects
  - No free resources
  - Roles and responsibilities
- Decision-making
  - Complete
  - Better informed
  - Make vs. buy
- Preparing our systems



# What stinks?

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## *Leading issues around FC*

- Initiative overload
- Not integrating / working smart
- What detailed processes?
- Managing under FC
  - Untried
  - Knowledge imbalance
  - Ignorance / abuse
  - Beyond finance
- POP process catch up
- Capability shortfall



# Full cost initiative

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- Five goals:
  - To revise and publish the Yellow Book
  - To prepare our systems to formulate and execute a theme-based budget in full cost
  - To increase the level of communications to make information on full cost more accessible
  - To educate and train our managers in the principles of full cost and how they should use it in their work
  - To institutionalize full cost management as a way of working



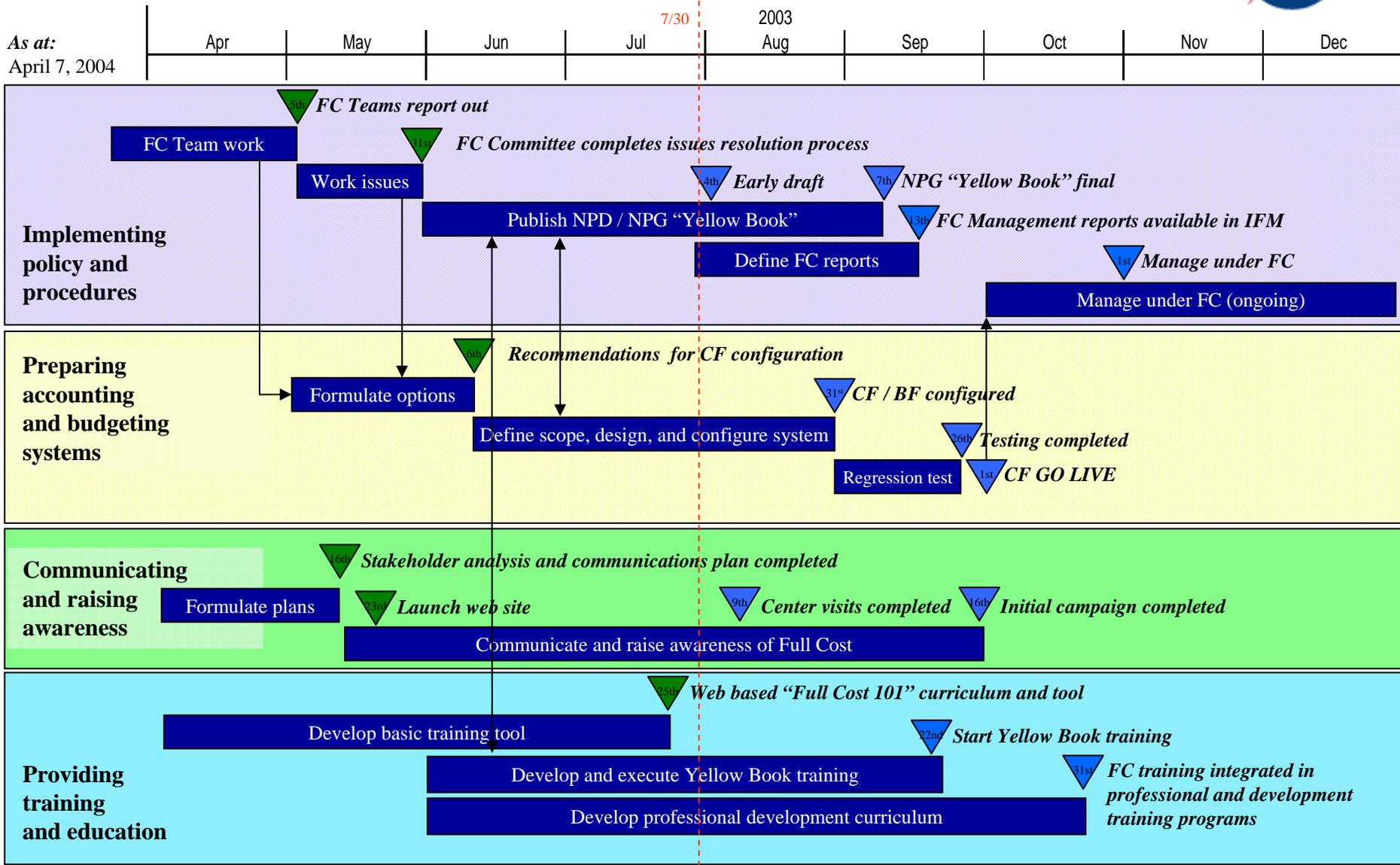
# Guiding principles

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- Our customers are our managers – implementing Full Cost is more than just an accounting thing
- The Yellow Book is current policy - updates will only be made to reflect material and compelling changes to business operations only
- Simplicity wins over complexity – we can always do more in the future
- Standardize operations unless agreed otherwise
- 80% of perfection is good enough to get going
- Business information will be timely and provided at a level where it counts
- Clarity and transparency in the Full Cost Initiative will be upheld



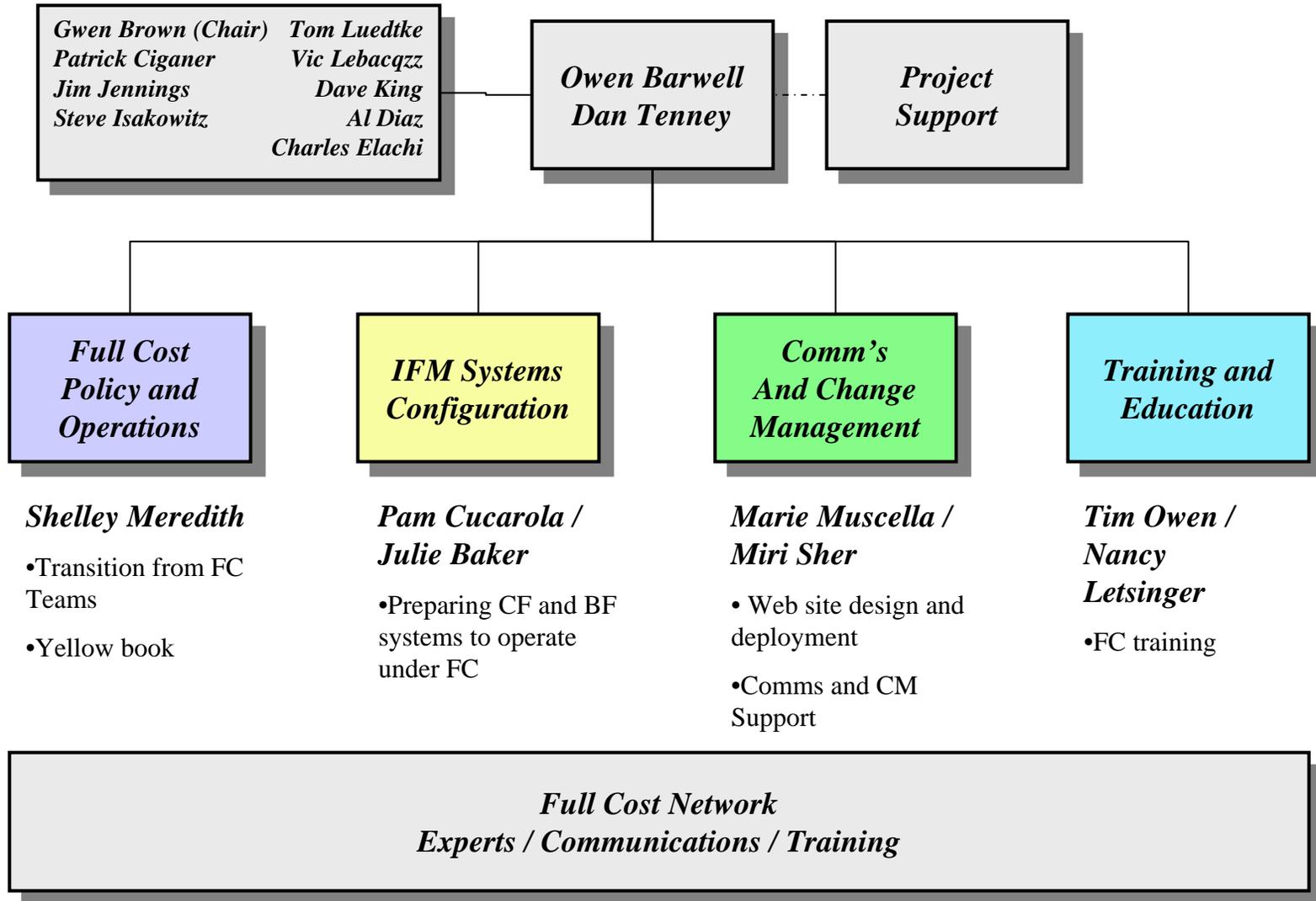
# Full Cost Initiative Milestone Plan



Legend: Unconfirmed Confirmed Completed Overdue Significant interdependency



# Full Cost Initiative Teams





https://fullcost.hq.nasa.gov/



## NASA Full Cost Initiative



*"We need to know what it takes to get things done in this Agency." Sean O'keefe*

[CLICK TO VIEW ADMINISTRATOR](#)

Welcome to our web site, the place to be to learn about the Full Cost Initiative!

The Full Cost Initiative integrates fundamental improvements to the way we formulate our budget, account for what we do, and manage our Agency so we really know what it takes to get do things done at NASA. Our overall objective is to give our project and business managers the opportunity to make better-informed decisions for the use of our limited resources.

We are just getting the web site rolling, but we thought it important to get the information we have out to you quickly. Over the next few months we will be adding more features, information, and tools to improve your understanding of full cost and how this initiative affects you. We hope you bookmark this site and check back to find out more about the latest Full Cost news and events at your Center.

### BUGLE BLASTS-

Full Cost 101 ... is available on the Training page! [Check...read more](#)  
Signed FC Decision Memoranda... are now available. All of the FC issu...[read more](#)  
Site Visit Schedule From now through August the Director of ...[read more](#)  
Site Visits! To date, the Director for Full Cost, Owe...[read more](#)

### OTHER AGENCY-WIDE INITIATIVES-

- INTEGRATED FINANCIAL MANAGEMENT PROGRAM
- FREEDOM TO MANAGE
- ERASMUS
- NASA PRESIDENT'S MANAGEMENT AGENDA PAGE
- ONE NASA SHARED SERVICES EDUCATION



[Full Cost Spotlight Interviews](#)



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Back up charts



# Decisions

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- FY04 Theme-based budget structure under FC
- Agency requirement for FC is at the 3 or 5 digit level
- Budget execution in CF and BF
- Proposal to increase COP levels
- People move – costs move
- Six standard consumption based service pools
- Corporate and Center G&A allocation methodologies
- Flow down
- CoF in Center G&A
- Reporting requirements
- Reimbursables
- New initiatives
- FTE limits are gone, FTP controls retained
- SLAs