



DEPARTMENT OF THE NAVY
ASSISTANT FOR ADMINISTRATION
1000 NAVY PENTAGON
WASHINGTON DC 20350-1000

January 27, 2011

MEMORANDUM FOR DISTRIBUTION

SUBJECT: Consideration of Costs in the Department of Navy (DON) Decision Making

Enclosure: (1) The Secretary of Defense, Consideration of Costs in DoD Decision-Making Guidance Memorandum of 17 Dec 2010

Pursuant to enclosure (1), the Secretary of Defense directed that effective 1 February 2011, all military departments will use the tools available on OSD's Cost Assessment and Program Evaluation (CAPE) website located at (<https://www.cape.osd.mil/costguidance/>). These tools will be used to calculate costs associated with preparing and publishing a study or report, attending conferences, and hosting or sponsoring events, conferences and ceremonies. The website also provides guidance for performing business case and economic analyses on proposed changes to policy and programs.

Secretariat oversight of this memorandum will be performed by the Department of the Navy/Assistant for Administration. Oversight for the Navy and Marine Corps will be assigned by the Chief of Naval Operations and Commandant of the Marine Corps, respectively. Our objective is to eliminate unnecessary reports, studies and events, and reduce costs overall.

Questions regarding the support tools may be directed to Mr. Pete Bowman, Naval Center for Cost Analysis (NCCA), at (703) 695-1782 or pete.bowman@navy.mil. Additionally, Secretariat-level questions may be directed to Mr. David Nugent, at (703) 693-0321, or david.nugent@navy.mil.

A handwritten signature in black ink, reading "Carla Lucchino".

CARLA E. LUCCHINO

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SUBJECT: Consideration of Costs in the Department of Navy (DON) Decision Making

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**THE SECRETARY OF DEFENSE
1000 DEFENSE PENTAGON
WASHINGTON, DC 20301-1000**

DEC 27 2010

**MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
CHAIRMAN OF THE JOINT CHIEFS OF STAFF
UNDER SECRETARIES OF DEFENSE
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DIRECTOR, NET ASSESSMENT
DIRECTORS OF THE DEFENSE AGENCIES
DIRECTORS OF THE DOD FIELD ACTIVITIES**

SUBJECT: Consideration of Costs in DoD Decision-Making

On August 9, 2010, I directed that any new proposal or initiative, large or small, be it policy, program, or ceremony, come with a cost estimate. To implement this plan, the Director, Cost Assessment and Program Evaluation, working with the military departments, established a Cost Guidance Group to develop guidance, methods, and tools that assist DoD employees in estimating costs associated with Department's business activities.

As of December 1, 2010, the resulting guidance and support tools have been made available on an internal DoD website (<https://www.cap.eosd.mil/costguidance/>) to any DoD employee who has a Common Access Card. The site includes a tool that calculates the approximate costs associated with preparing and publishing a study or report. This tool is intended to improve the transparency of costs associated with reports and studies sponsored or prepared by the Department. The web site also includes tools for calculating government costs associated with personnel attending a conference, sponsoring a conference, hosting a conference, or hosting a DoD-related event or ceremony. In addition, the website includes guidance for performing business case analyses and economic analyses on proposed changes to Department policies or programs.

I urge you to begin using these tools now. I am directing that, effective February 1, 2011, all of these tools be used to calculate costs associated with the aforementioned business activities in the Department. After this date, every new proposal or initiative shall come with a cost estimate, and every report or study shall include the cost of that study on the front cover.



Enclosure (1)

All DoD Components are required to comply with this directive and are expected to fully support and cooperate with the guidance to ensure that costs are routinely considered in decision-making throughout the Department.

A handwritten signature in black ink, appearing to read "R. B. ...". The signature is written in a cursive style with a large initial "R" and a long, sweeping tail.