



THE SECRETARY OF DEFENSE
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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
DEPUTY CHIEF MANAGEMENT OFFICER
ASSISTANT SECRETARIES OF DEFENSE
GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE
DIRECTOR, OPERATIONAL TEST AND EVALUATION
DIRECTOR, COST ASSESSMENT AND PROGRAM EVALUATION
INSPECTOR GENERAL OF THE DEPARTMENT OF DEFENSE
ASSISTANTS TO THE SECRETARY OF DEFENSE
DIRECTOR, ADMINISTRATION AND MANAGEMENT
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.cape.osd.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.

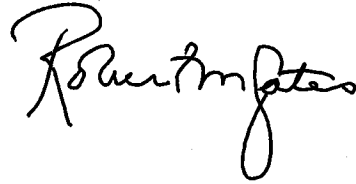
I urge you to begin using these tools now. I am directing that, effective February 1, 2011, all of these tools be used to calculate costs associated with the aforementioned business activities in the Department. After this date, every new proposal or initiative shall come with a cost estimate, and every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



OSD 14152-10



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 "Robert M. Gates". The signature is written in a cursive style with a large initial 'R' and a long, sweeping tail on the 's'.