



SECRETARY OF THE ARMY  
WASHINGTON

14 MAR 2011

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Consideration of Costs in Army Decision-Making

1. References:

- a. Memorandum, Secretary of Defense, 16 August 2010, Subject: Department of Defense (DoD) Efficiency Initiatives.
- b. Memorandum, HQDA, SAUS/DACS-ZB, 30 December 2009, Subject: Cost-Benefit Analysis to Support Army Enterprise Decision Making.
- c. Memorandum, Secretary of Defense, 27 December 2010, Subject: Consideration of Costs in DoD Decision-Making.

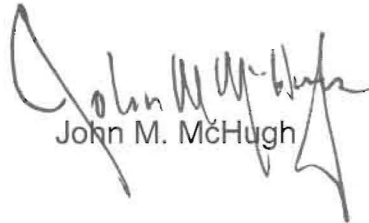
2. On 16 Aug 10, the Secretary of Defense directed the use of cost estimates on any new proposal or initiative (Reference 1a). To implement such, the Director, Cost Assessment and Program Evaluation (CAPE), with the military departments, established cost guidance, methods and tools to assist DoD employees in estimating cost associated with the Department's business activities. Previously, the Under Secretary of the Army and the Vice Chief of Staff of the Army directed that we must utilize Cost-Benefit Analysis (CBA) in order to make the best possible use of our limited resources (Reference 1b).

3. The Secretary of Defense further directed, effective 1 Feb 11, the tools developed and available on the internal DoD website, <https://www.cape.osd.mil/costguidance/>, be used to calculate costs associated with such business activities. 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 report/study on the front cover. Furthermore, any request to attend a conference, sponsor a conference, host a conference or host a DoD-related event or ceremony must be accompanied by a cost estimate.

4. All issues, proposals or requirements must address the costs and trade-offs against projected benefits. The CBA is the Army's primary tool to enable resource-informed decisions. The net result of the CBA should be a strong "value proposition" – a clear statement that the benefits more than justify the costs and required trade-offs. Army guidance and tools are available at the website provided above.

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5. The Assistant Secretary of the Army for Financial Management & Comptroller will serve as proponent for costs in Army decision-making, policy and guidance. The Army POC for this action is Mr. Peter Kim, [Peter.S.Kim@us.army.mil](mailto:Peter.S.Kim@us.army.mil), 703-692-4982.



John M. McHugh

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