



COST ASSESSMENT AND
PROGRAM EVALUATION

OFFICE OF THE SECRETARY OF DEFENSE
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WASHINGTON, D.C. 20301-1800

NOV 13 2013

MEMORANDUM FOR PROJECT ON GOVERNMENT OVERSIGHT

SUBJECT: GAO Report 13-792, "Human Capital: Opportunities Exist to Further Improve DoD's Methodology for Estimating the Costs of Its Workforces"

Thank you for your letter dated October 17, 2013 sharing your thoughts on the subject report.

The Department recognizes that understanding the full costs of its workforce is of utmost importance, particularly as it faces an increasingly austere budgetary environment and changing force structure. The Department agreed with the GAO's findings that it must make cost-effective decisions in structuring and shaping its workforce of military personnel, government civilians, and contracted support. Effective Total Force Management requires integrating fully-burdened cost considerations and economic analyses for workforce planning at all echelons of the Department and at all points in the planning, programming, budgeting, and execution process. This includes determining the workforce cost for new or expanding mission requirements or capabilities, including those associated with the execution of operational capabilities and sustainment of major weapons system, as well as decisions on manpower changes to the existing mix of military, government civilian, and contract support.

The Department will integrate many of the improvements recommended by the GAO report as it continues to refine and improve its processes and workforce cost estimates.

A handwritten signature in black ink, appearing to read "R. P. Lennox".

Robert P. Lennox
Lieutenant General, U.S. Army
Principal Deputy Director