



DEPUTY SECRETARY OF DEFENSE  
1010 DEFENSE PENTAGON  
WASHINGTON, DC 20301-1010

NOV 28 2017

MEMORANDUM FOR CHAIRMAN, DEFENSE BUSINESS BOARD

SUBJECT: Supplemental Guidance on Defense Business Board Study on the Fully Burdened and Life Cycle Cost of the Workforce

The attached Deputy Secretary of Defense memorandum dated April 17, 2017, "Terms of Reference – Fully Burdened and Life Cycle Cost of the Workforce," established a task group under the Defense Business Board ("the Board") to provide advice and recommendations on how to determine the fully burdened and life cycle cost of the workforce. It is now prudent to provide clarity on this subject.

In order to develop best business practice recommendations and to ensure the Pentagon spends resources responsibly, I am re-scoping the focus of this study to:

- Identify private sector best practices to assist the DoD to more accurately determine the fully burdened and lifecycle cost of military personnel and civilian employees.
- Recommend courses of action to leverage fully burdened and lifecycle cost estimates of the workforce and incentivize cost-savings in the Department.
- Review any other such other matters that the Board, in consultation with the Deputy Chief Management Officer, determines relevant in this topic area.

Task group findings, observations, and recommendations will be presented to the full Board for thorough open discussion and deliberation in a noticed public meeting. The Board will provide its final findings and recommendations to the Secretary of Defense no later than April 16, 2018.

Attachment:  
As stated



OSD014145-17/CMD018661-17



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APR 17 2017

MEMORANDUM FOR CHAIRMAN, DEFENSE BUSINESS BOARD

SUBJECT: Terms of Reference – Fully Burdened and Life Cycle Cost of the Workforce

Personnel expenditures are the most significant overhead expense in the DoD. Over the years, the Department has struggled with a complex array of categories, sub-categories, pay bands, benefits, allowances, etc. Determining DoD's fully burdened and life cycle cost of each category of its personnel is a critical factor in any manpower management decision to reduce overhead.

In order to develop best business practice recommendations and to ensure the Pentagon spends resources responsibly, I am establishing a task group under the Defense Business Board ("the Board") to provide advice and recommendations to DoD on how to determine the fully burdened and life cycle cost of the workforce. The study should:

- Identify and examine how the private sector determines the fully burdened and life cycle cost of employees and how those metrics can be replicated within, or leveraged by, the DoD.
- Recommend courses of action to determine the fully burdened and life cycle cost of each DoD employee category.
- Review any other such matters as the Board, with authorization by the Deputy Chief Management Officer, determines relevant in this topic area.

Task group findings, observations, and recommendations will be presented to the full Board for thorough, open discussion and deliberation in a noticed, public meeting. The Board will provide its final findings and recommendations, in the form of a Power Point presentation, to the Secretary of Defense no later than twelve months after the signing of this terms of reference.

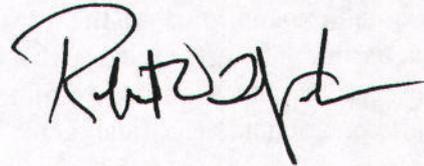
In conducting its work, the Board has my full support in all requests for data or information that may be relevant to its fact finding and research under this Terms of Reference. As such, the Office of the Secretary of Defense and Component Heads are requested to cooperate and promptly facilitate requests by Board staff regarding access to relevant personnel and information deemed necessary, as directed by paragraphs 5.1.8. and 5.3.4. of DoD Instruction 5105.04, "Department of Defense Federal Advisory Committee Management Program," and in conformance with applicable security classifications.



OSD004427-17/CMD006224-17



As a task group of the Board, this subcommittee shall not work independently of the Board's charter and shall only report its recommendations to the full Board for public deliberation and majority approval pursuant to the Federal Advisory Committee Act of 1972, as amended, the Government in the Sunshine Act of 1976, as amended, and other applicable federal statutes and regulations. The task group does not have the authority to make decisions or recommendations on behalf of the Board, nor may it report directly to any federal representative. The members of the task group and the Board are subject to 18 U.S. Code §208, governing conflicts of interest.

A handwritten signature in black ink, appearing to read "R. W. [unclear]", is written in a cursive style.