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DRMI Newsletter

Defense Resources Management Institute, Naval Postgraduate School, Monterey, California

Issue 7

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January 1, 2004

DRMI Activities

DRMI finished a banner year in 2003. Almost 950 officials participated in DRMI resident and mobile courses, the highest number ever. In addition to US government managers, the resident courses included civilian and military officials from 83 countries while the thirteen mobile courses had officials from 28 countries. All in all it was a very busy but productive and rewarding year. DRMI looks forward to 2004 which will offer opportunities to work with new countries with first time mobile courses planned for Macedonia and Tajikistan.

On the schedule for FY2004 are courses in Macedonia, Guatemala, Honduras, Argentina, Thailand, Tajikistan, Malaysia, South Africa, Kenya, Belize, and Slovakia.

In December, we graduated 43 participants from 38 countries in the IDMC.

Faculty and Staff News



LtCol Susan Dooley is retiring on 1 April 2004 after 22 plus years of service. She has been detailed into the Admin Officer's job (replacing Mary Andrews-Rookwood) while still on active duty. We wish her the best of luck.



LtCol Bill Johnson, U. S. Marine Corps, joined the DRMI faculty in January. Bill received his Bachelor of Science in Business Administration from Auburn University (1982) and his Master of Science in Financial Management from the Naval Postgraduate School (1990).

He has served as the Executive Officer for the 12th Marine Corps recruiting District in San Diego, CA, the Comptroller of 2d Force Service Support Group in Camp Lejeune, NC, the Base Realignment and Closure Comptroller at MCAS

El Toro, CA, the financial management specialist at MCLB Albany, GA, and the MAG-11 Fiscal Officer at MCAS El Toro, CA. Bill is a member of the American Society of Military Comptrollers (ASMC), and he was the first Marine to become a Certified Defense Financial Manager (CDFM) in 2000. He also teaches the Marine Corps Practical Comptrollership short course, and he is a graduate of the Professional Military Comptroller School at Maxwell AFB, AL. Prior to joining the DRMI faculty, Bill was the Marine Corps Representative to the Naval Postgraduate School.



Commander Kevin Maher was awarded the Meritorious Service Medal for outstanding meritorious service as a Military Lecturer and Programs Officer while serving in the Operations Research Department and the Graduate School of Business and Public Policy.



Mary Andrews-Rookwood retired from Civil Service on January 2, but will stay on for about two months as a contractor. We wish Mary lots of luck and happiness enjoying her new life of leisure!

DRMI Course Catalog and Brochure

DRMI's course catalog and the Defense Resources Management Course brochure are available. If you would like copies, please contact the Admin Office at 831-656-2104 (DSN 756) or send e-mail to DrmAdmin@nps.navy.mil

Curriculum Developments, Teaching News, and Faculty/Staff Service

Professor Jim Blandin lectured on National Security Strategy, Force Structure Decision Making and Defense Budgeting to a group of 22



senior military and civilians group from all over the world on 12/1/2003. These officials were attending a two-week Defense Acquisition Management seminar at NPS. Jim also authored a case study titled, "Homeland Security," (CS-1102-28) which was published by the National

Security Studies Program at the Maxwell School, Syracuse University.



DRMI faculty participated in the second Defense Restructuring course, conducted by the Center for Civil Military Relations during the period 10-21 November 2003. Francois Melese, Eva Regnier, and Don Bonsper were active members of the instructional team that worked

with 19 military and civilian officials from 10 countries. Not surprisingly, three of the course participants were previous graduates of DRMI courses, again showing just how small the world is and the relevance of the DRMI farewell, "Until we meet again."



Assistant Professor Bob McNab chaired four masters theses which completed this quarter. The students were Mahmud bin Ahmad, Ahmad Dzulkarnain, Ali Hamzah, and Latif Mohamed. Bob was also on the committee of Eunice Heredia, a Georgia State University Ph.D. student, who

successfully defended her dissertation in December.

Faculty Research and Conference Presentations

Bob McNab presented "Corruption, Investment, and Growth in Developing and Transitional Countries" at the National Tax Association meetings in Chicago and the Southern Economic Association meetings in San Antonio in November.

In response to the Research Office's solicitation for research proposals for research into

Homeland Security Issues in FY 04, Bob McNab, CJ LaCivita, and Kent Wall wrote a proposal for "Strategic Budgeting and Planning for Homeland Security" which was selected for funding.



Francois Melese attended NATO meetings in the Ukraine at the request of the State Department and as the US representative. He was asked by NATO to describe key public management and budgeting initiatives being taken by the U.S. federal government that might help

guide newly democratic countries in Eastern Europe. He also gave two talks, one at the "EAPC Symposium on Economic Aspects of Euro-Atlantic Integration" (10/27-28) jointly sponsored by NATO and the Economics Ministry of the Ukraine, and the other at a "NATO-Ukraine Economics Course" (10/29) organized for Ukrainian public and elected officials.



Eva Regnier got a paper accepted by IIE Transactions. The title is "Replacement Under Ongoing Technological Progress" coauthors: Gunter Sharp and Craig Tovey. It's about the cost savings achievable in the infinite horizon equipment replacement problem if you

plan for technological progress. It's sort of like Problem 42 on steroids. Eva says, "Yes, you can quote me on that."



Anke Richter recently published: Richter A., Anton S.F., Koch P., and Dennett S.L. (2003) The Impact of Reducing Dose Frequency on Health Outcomes. *Clinical Therapeutics* 25(8): p2307-35.

Does Zero Tolerance Work?

Current Research by Steve Mehay and Natalie Webb: Workplace Drug Prevention Programs: Does Zero Tolerance Work?



The number of firms and government agencies adopting programs to combat substance abuse in the workplace has been growing steadily. The percentage of medium- to large-sized firms using some form of drug testing nearly doubled in the 1990's following passage of the Drug Free Workplace Act of 1988 (Hartwell et al., 1996). The types of testing programs vary considerably: some organizations require tests of job applicants, others impose 'probably cause' tests, and still others, especially those in the utility and transportation sectors, require periodic or random testing of all employees. A small number of employers, most notably the military, have implemented a zero tolerance policy of dismissing workers who test positive for drugs. Despite the growth in drug testing and other workplace interventions, and the legal controversies surrounding these policies (Lieberwitz, 1994), there is very little research on the effects and welfare gains from these programs.

This research explores the annual costs and benefits of a particularly aggressive workplace drug program that has existed in the U.S. military since 1981 (Bray et al., 1992). The military requires mandatory random drug testing of its current employees and imposes severe penalties on those detected, ranging from job loss to court martial and imprisonment. Despite the popularity of the zero tolerance concept, and its adoption in various settings, neither the effectiveness nor efficiency of such programs have been evaluated in the literature. The military's drug policies offer a unique natural experiment for studying zero tolerance.

The goal of a punitive policy such as zero tolerance is to increase the probability of detection of drug users and to impose sanctions that deter potential drug users. Economic benefits generated by the program depend on the size of the deterrence and detection effects. To assess empirically the size of the deterrence effect we estimate annual differences in illicit drug use between the military and civilian sectors based on data from the National Household Survey of Drug Abuse (NHSDA) and the Defense Department's Worldwide Health Survey (WHS). Although the analysis concentrates on the Navy's program, the results

should be representative of effects across the military. To assess the detection effect we obtain data on the actual number of users

detected in the Navy. We use estimates of work time lost due to drug use in the military to monetize the benefits associated with deterrence and detection. Because of the assumptions necessary to estimate program benefits and costs, we conduct a sensitivity analysis of the robustness of annual net benefit estimates. The paper finds that for most values of the key parameters zero tolerance generates economic losses.

Future Courses

Defense Resources Management Course (four-week DRMC):

DRMC 04-2	19 Apr - 13 May 2004
DRMC 04-3	17 May - 11 Jun 2004
DRMC 04-4	19 Jul - 12 Aug 2004
DRMC 04-5	16 Aug - 10 Sep 2004

Please contact Sue Dooley at (831) 656-2104 or DrmiAdmin@nps.navy.mil for quota and enrollment information.

International Defense Management Course (eleven-week IDMC):

IDMC 04-1	2 Feb - 14 Apr 2004
IDMC 04-2	20 Sep - 3 Dec 2004

35th annual Senior International Defense Management Course (four-week SIDMC)

SIDMC 2004	21 Jun - 16 Jul 2004
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For additional information on any of our resident courses please contact Sue Dooley at (831) 656-2104 or e-mail DrmiAdmin@nps.navy.mil



The DRMI Newsletter is published quarterly by the Defense Resources Management Institute. Questions regarding content or the submission of proposed articles should be directed to the Newsletter Editor, DRMI 64We, 1522 Cunningham Rd, Monterey, CA 93943.