

# DRMI Newsletter

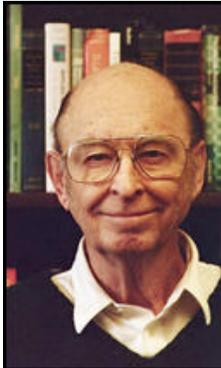
Defense Resources Management Institute, Naval Postgraduate School, Monterey, California

Issue 1

[www.nps.navy.mil/drmi/](http://www.nps.navy.mil/drmi/)

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## John Dawson



We are sorry to report that John Dawson, long-time professor of management at the Institute, died Wednesday, Feb 6, 2002 at his Pebble Beach home.

John was born March 24, 1932, in Charles City, Iowa. He received a bachelor's degree in

political science and economics at the Principia College in Elmhurst, Ill. He then received a Master of Public Administration and a Ph.D. from the Maxwell School of Citizenship and Public Affairs at Syracuse University.

His area of specialization was public budgeting, and he served the federal government in that field from 1954 until his death. He spent the first 12 years of this career in Washington, D.C., primarily with the Department of the Interior, where his positions included budget officer of the Bureau of Land Management and special assistant to the undersecretary of the interior.

In the latter post, he first came to the Naval Postgraduate School for a short course in analytical decision-making and resources management conducted by what is now known as the Defense Resources Management Institute. That led to his joining the institute's faculty in 1966, where he taught public budgeting to thousands of students from all over the world. He also served for several years as executive director of the institute. While at the Institute, John also undertook many short-term consulting assignments for local, state and foreign governments and taught as a visiting professor at Syracuse University and at the RAND Graduate Institute.

Above all, we remember John as a teacher who cared passionately about his work and his students. He used his sense of humor and his gift to tell an interesting story to make a potentially deadly boring subject - public budgeting - come alive. Course participants routinely rated his lectures as some of the most

interesting and professional in our courses. He was twice recognized at the NPS Instructional Recognition Evening and often finished in the top 5% for the Schiefflen Award. He was a gifted case study writer and was the primary author of the capstone series of cases used in all DRMI courses. He was also an unofficial mentor for the DRMI faculty, always willing to help us learn more about public budgeting and how our disciplines related to it. John dedicated his life to public service. We will miss him greatly.

He is survived by his wife, Mary.

## GPRA Studied by Professors McNab and Melese

Bob McNab and Francois Melese have been studying the Government Performance and Results Act (GPRA) of 1993. GPRA is a laudable effort to transform the focus of the federal budgeting from inputs and outputs to outcomes. For this change in focus to occur, the federal government will need to move away from its current focus on obligations; investments in human capital and information systems will be necessary to adapt personnel and systems to the new focus; procedures will need to be modified and institutions will require reform to support performance-oriented decision making. Will the focus change?

Just released is the three-volume set entitled, *The Economics of Defense*, by Keith Hartley and Todd Sandler. This set presents a selection of the most important articles relating to defense economics. It is published Edward Elgar, Cheltenham, UK, and Northampton, MA, USA.

## DRMI Maintains a Busy Schedule

DRMC 02-1 finished on February 1st, and included participants from Denmark, Germany, Israel, Malaysia, Norway, Philippines, Slovenia, and South Africa. We also graduated our first contractor in this course. IDMC 02-1 began February 4th and has 50 folks from 38 countries.

We have a participant from Yemen for the first time. Welcome!

Since October DRMI completed five mobile courses, graduating 42 participants in Argentina, 45 in Uruguay, 44 in Chile, 24 in the Czech Republic, and 38 in South Africa. Upcoming mobile courses include Honduras, Vanuatu, Hungary, Thailand, Malaysia, South Africa, Kenya, Argentina, Slovakia, and Bosnia.

## Faculty and Staff News

Jim Felli took over the Academic Associate position in January. He is now responsible for all issues related to curricula and faculty teaching assignments.

Bob McNab taught NSA 3041, Comparative Economics Systems, summer term 2001.

Scott Mahone won the Outstanding Instructional Performance award for DRMI in 2001. Congratulations, Scott!

Jim Morris developed a new block of material on organizational structure and design. The module introduces the theory and principles by which managers can design their organizations and can diagnose and remedy structure and design problems in their organizations.

Lisa Cappellari married Michael Trask on March 6th in Maui, Hawaii. Congratulations, Lisa and Mike!

Mary Cabanilla became a grandmother on February 25th, 2002. Welcome, Alexander (Alika) Roy Cabanilla!

CJ LaCivita continues in his role as dean of SIGS.

## Professors Anglelis, Duckro and Frederiksen Complete Research in a Variety of Disciplines

Angelis, D.I. (2001). An Option Model for R&D Valuation. *International Journal of Technology Management*. Professor Angelis also completed the first phase of a study on cost information needs of project managers. The study is

sponsored by the cost management systems program of CAM-I.

Duckro, D.E., Quinn, D.W., & Gardner, S.J. (2002). Neural network pruning with Tukey-Kramer multiple comparison procedure. *Neural Computation*, 14(5), in press. (Will be published in May.)

Frederiksen, P.C. & McNab, R. (2002). The relationship between defense spending and economic growth: A Granger causality analysis for Malaysia, 1961-1999, *STRATEGI: Journal of Strategic Studies and International Relations*.

## Professors McNab, Felli and Webb Present Conference Papers

Bob McNab presented two papers at three conferences: Fiscal decentralization, inflation, and economic growth, 34th International Public Finance Conference, Cordoba, Argentina, September 2001; and Fiscal decentralization, macroeconomic stability, and growth, Meetings of the National Tax Association, Baltimore, MD, November 2001, and Southern Economic Association Meetings, Tampa, FL, 2001.

Natalie Webb and Rikki Abzug (New School University) presented, Bad governance: What are the costs? at the Association for Research on Nonprofit Organizations and Voluntary Action (ARNOVA) conference, Miami, FL, November 2001

Jim Felli presented two papers at three conferences: Javelin diagrams, INFORMS International Conference, Hawaii, June 2001; and Discounting Effectiveness, INFORMS International Conference, Hawaii, June 2001 and Decision Analysis Affinity Group Annual Meeting, Las Vegas, February 2002. Javelin diagrams is a joint work with Gordon Hazen at Northwestern University; Discounting effectiveness is a joint work with Kent Wall at DRMI.

## Don Bonsper Wins Schieffelin Award for Excellence in Teaching

Don Bonsper won the 2001 Rear Admiral John Jay Schieffelin Award for Excellence in

Teaching, the highest honor given to any faculty member of the Naval Postgraduate School. Congratulations, Don! His award includes the text: Lecturer Bonsper has gained the greatest praise for a teacher with the respect and appreciation from his students. He is a consummate teacher, very personable, using his wonderful sense of humor to engage the student, and make the learning real and practical. His patient, yet effective delivery, allows all types of learners to absorb and apply the theory easily and correctly. Lecturer Bonsper's superior teaching meets, in exemplary fashion, the objectives of this award.

### **GPRA: Can It Succeed?**

The Government Performance and Results Act of 1993 is a laudable effort to transform the focus of the federal budgeting from inputs and outputs to outcomes. For this change in focus to occur, the federal government will need to move away from its current focus on obligations; investments in human capital and information systems will be necessary to adapt personnel and systems to the new focus; procedures will need to be modified and institutions will require reform to support performance-oriented decision making. While the potential gains from reorienting the focus of federal budget are significant, we must recognize that significant costs remain to be borne because the purported efficiency gains from performance budgeting are to be realized.

We do not believe that the GPRA, as implemented in its current form, can succeed in transforming the federal budgeting process. The GPRA lacks a mechanism by which the incentive structure of the current budget process can be modified to reward behavior that results in cost-savings and efficiency improvements. Departments, who may suffer budget cuts for accurately reporting their performance, are responsible for reporting their own cost, output, and outcome information to Congress. Moreover, Congress, and departments for that matter, may lack adequate resources to link inputs to outcomes or to audit performance reports. All this leads to an environment where departments may be tempted to focus on those outputs and outcomes that are easily managed and to downplay those outcomes that are hard to measure, let alone monitor.

We have developed several suggestions that could improve the chances of the GPRA achieving the stated objective of linking resources to results. First, Congress must address the use-it-or-lose-it incentive by allowing departments to transfer savings between fiscal years. This will require, at a minimum, a more comprehensive multi-year budgeting approach than is currently present at the federal level. Second, Congress should consider additional means of independently auditing departmental plans and reports in a manner consistent with financial audits in the private sector. Third, Congress must allocate sufficient resources to build the foundations necessary for performance budgeting through investments in accounting and information systems and the adequate training of personnel.

If these steps do not occur, the future of GPRA is not bright. As time passes, departments will learn of the gaming activities of other departments and follow suit. Congress, already deluged with performance plans and reports, will see the amount of data submitted grow significantly. At the same time, the information contained in these reports will become less accurate as departments strive to hide their true demand and cost information. In the end, GPRA, like its predecessors, is likely to be discontinued unless the problems we noted in this paper are addressed. The stakeholders in the budget process should recognize that GPRA has provided lessons upon which the next steps to performance budgeting can occur. The question is whether the stakeholders can achieve consensus to implement the reforms necessary to address these challenges.



## Future Courses

The four week Defense Resources Management Course will be conducted during the following dates:

DRMC 02-2 22 April – 16 May

DRMC 02-3 20 May – 14 June

DRMC 02-4 22 July – 15 August

DRMC 02-5 19 August – 13 September

Please contact Mary Andrews at (831) 656-2104 or [mandrews@nps.navy.mil](mailto:mandrews@nps.navy.mil) for quota and enrollment information.

Mobile International Defense Management Courses (MIDMCs) are currently scheduled in:

Honduras 8 – 9 April

Vanuatu 22 April – 3 May

Hungary 6 – 17 May

Thailand 3 – 14 June

Malaysia 22 July – 2 August

South Africa 5 – 16 August

Kenya 26 August – 6 September

Argentina 16 – 27 September

For additional information contact Mr Don Bonsper at (831) 656-2224 or e-mail at [dbonsper@nps.navy.mil](mailto:dbonsper@nps.navy.mil)

