Accounting Assistant Professor Chong Wang received his doctorate in economics, a master’s degree in statistics from Iowa State University, and a bachelor’s degree in management science from University of Science and Technology of China. He joined the NPS faculty in 2007. Wang’s working experience includes predictive modeling for the banking industry and financial consulting in public accounting firms.

Wang’s research interests relate to financial and managerial accounting, corporate finance, and macroeconomics. The common theme that underlies and integrates his research is an economics-based approach, which builds on investigation of various agents’ incentives (e.g., defense contractors, government, executives, financial institutions, and entrepreneurs).

A representative work of Wang’s research is a co-authored working paper titled “Managerial Incentives and the Language in Management Forecast Press Releases,” which currently is under review for publication. This research investigates the credibility of language sentiment (optimism versus pessimism) contained in management forecast press releases, a setting characterized by unaudited forecasts, uncertainty, and management incentive-driven disclosure choices. The paper documents significant incremental pricing effects for linguistic sentiment, consistent with the hypothesis that the investors understand management incentives to use language (i.e., soft talk) to reinforce the information contained in the hard forecasts. This finding is in the direct contrast to the prediction made by the traditional “cheap talk” literature in the sense that “not all talk is cheap.”

In addition to his various private-sector economics and accounting studies, Wang is doing research dealing with defense procurement. With the financial sponsorship from the Acquisition Research Program, Wang has produced a peer-reviewed journal publication (with Professors K.J. Euske and Joseph San Miguel), one NPS technical report, two working papers, and has two additional research projects in process, all of which relate to the various issues in defense procurement. Those issues include optimal contracting type and contract design, the cost performance of various services and contractors, the excessive profits of defense contractors, and the consequences of defense contractors’ fraud.

(Cont. on page 2)
Published and Forthcoming Papers


“A Unified Model of Entrepreneurship Dynamics,” with Neng Wang and Jinqiang Yang, *Journal of Financial Economics*, forthcoming. (This paper was previously circulated under the title “Dynamics of Entrepreneurship under Incomplete Markets.”)


The federal government recognizes its role in leading change for an energy-independent future. In an effort to increase U.S. energy security by reducing oil consumption, various federal mandates and executive orders specifically target DOD and federal non-tactical vehicle fleets. These regulations require fleets of non-exempt vehicles in the 21 covered agencies to reduce petroleum and greenhouse gas emissions by 30 percent and 28 percent, respectively, by 2020 from a FY2005 baseline. Additional statutes related to federal vehicle acquisition present a clear momentum toward electric drive (EDV) and alternatively fueled vehicles (AFV) to help meet these regulations. Plug-in electric drive vehicles (PEDV) are included in the list of potential options but, due to relatively low gas prices ($4.00) and high initial capital costs, a strong economic case for a government transition to plug-in electric vehicles is not made by reductions in operating and maintenance costs alone.

The focus of my research centers on the potential to offset initial capital costs associated with PEDVs through their integration with the electrical grid by what is known as Vehicle-to-Grid or V2G. V2G can offer the participating federal installation many benefits ranging from energy storage for renewable energy integration to emergency backup power for critical systems or buildings. The benefit of most interest, as it relates to Life Cycle Cost (LCC) reduction and the economic justification of PEDVs, are revenue streams from the provision of ancillary services (A/S) to the electrical grid. These services increase grid stabilization and reliability and are paid for by the utility company based on a Market Clearing Price in dollars per Mega-Watt (MW) of capacity per hour of service. Frequency Regulation (FR) is a particular A/S that involves balancing load and generation on the grid to maintain a target frequency of 60Hz. A fleet of PEDVs are able to provide this service by either unidirectional or bidirectional energy flow depending on the capability of the grid connected charger. FR is performed by a fleet of PEDVs when their charge profiles are aggregated to respond to a utility company’s Automatic Generation Control (AGC) signal. When grid imbalance is the result of over-generation, the AGC would signal a fleet to increase charge rate, while under-generation would result in a signal to reduce charge rate or even energy being sent back to the grid (bidirectional).
My analysis presents a new look at the economic viability of V2G FR by examining actual and recent AGC data from the mid-Atlantic Energy Service Provider, PJM. By creating a simulation with the data obtained from PJM, I was able to integrate the dispatch signals over time and quantify actual energy throughput and battery state of charge (SOC) swings during FR. The amount of energy throughput sustained by a vehicle’s battery, resulting from response to a FR dispatch signal, directly and negatively impacts FR profitability. Since FR payment is based on an hourly rate, revenue is limited by the amount of time a vehicle can provide the service. For unidirectional FR, higher throughput levels result in lower revenue as a battery reaches a full SOC more quickly and subsequently, can no longer provide the service if it cannot draw power from the grid.

Bidirectional FR can theoretically be performed indefinitely by a storage resource assuming perfect efficiency and an AGC signal that nets to zero over time. However, once again the data presents evidence contrary to previous assumptions. By separately integrating the regulation up and regulation down signals over the sample set I was able to determine a statistically significant bias of 3 to 1 in favor of regulation down, meaning the utility consistently over generates, requiring additional load to balance the grid (see Figure 1); therefore, even a vehicle performing bidirectional FR without a dynamic base point would absorb more energy than it returned to the grid and thus revenue potential would be limited by time to reach full charge. Additionally, throughput associated battery degradation must be considered, since, by virtue of bidirectional flow, more energy would pass through the battery than would under a unidirectional charge profile. My model assumes a battery has a limited amount of energy throughput in its useful life and accounts for additional energy throughput from bidirectional FR by adapting a published battery degradation model to quantify the financial impacts associated with degradation.

### Table 1
Charging Infrastructure and Installation Cost Estimates per Vehicle

<table>
<thead>
<tr>
<th></th>
<th>Low - Current</th>
<th>High - Current</th>
<th>Long Term-Best Case</th>
</tr>
</thead>
<tbody>
<tr>
<td>OEM basic charging (non-V2G)</td>
<td>$1,605.70</td>
<td>$2,355.70</td>
<td>$1,305.70</td>
</tr>
<tr>
<td>OEM Level Unidirectional V2G</td>
<td>$1,957.43</td>
<td>$2,482.99</td>
<td>$1,846.43</td>
</tr>
<tr>
<td>Level-2 Hi Capacity Unidirectional</td>
<td>$7,044.65</td>
<td>$11,620.21</td>
<td>$2,985.65</td>
</tr>
<tr>
<td>Level-2 Bidirectional</td>
<td>$12,894.65</td>
<td>$19,920.21</td>
<td>$2,985.65</td>
</tr>
<tr>
<td>Level-3 Bidirectional</td>
<td>$13,924.41</td>
<td>$27,041.63</td>
<td>$6,615.41</td>
</tr>
</tbody>
</table>
My analysis compares the LCCs of two base case internal combustion engine (ICE) vehicles with those of a non-plug-in HEV and two PEDVs with and without V2G (see Table 2). I conclude that in the presence of high energy throughput (4 times greater than previous estimates) and at current RMCPs (< $10/MW, see Figure 2) there is no economic case for bidirectional FR. The higher capital costs of bidirectional infrastructure are not justified by net FR revenue and, when accounting for battery degradation, revenue actually results in a net loss. On the other hand, aggregated demand response in the form of controlled unidirectional charging does present a viable option to reduce the initial capital and charging infrastructure expenses associated with PEDVs; however, only if RMCPs return to levels greater than $24/MW along with a 75% reduction in throughput and best case infrastructure costs does V2G offer a realistic potential to help PEDVs economically compete with other alternatives. The non-plug-in HEV, with the lowest net LCCs, no initial infrastructure investment, 54% less fuel consumption than the 2005 baseline and the lowest marginal LCC per gallon reduced, emerges as the dominate alternative to base case 1.
In contrast to the ownership comparisons of Base case 1, case 2 offers an evaluation of alternatives relative to a GSA lease. From this perspective PEDVs have a much stronger case due to the significantly higher LCCs associated with a lease. Although PEDVs are not the least expensive option, they present agencies operating GSA vehicles the ability to choose PEDV ownership over ICE lease to help meet petroleum reduction mandates while, at the same time, lowering fleet LCCs.

Figure 3. Emissions Comparison by Vehicle Category and Power Source

Note: The DoE sponsored Greenhouse Gases, Regulated Emissions, and Energy Use in Transportation (GREET) Model output: Year 2012 comparison of GHG emissions by technology and fuel based on combined fuel efficiency for an ICE vehicle of 24.8 mpg.
Conclusion/Recommendation: Advanced levels of bidirectional V2G integration cannot be economically justified under current market conditions from FR revenue alone, but lower levels of unidirectional integration can provide enough revenue to at least offset some of the higher initial costs. New federal regulations will take effect later this year which may create a more attractive environment for fast responding storage resources such as PEDVs, but greater reimbursement for service and less throughput demand is necessary for a strong economic case. Until capital costs sufficiently decline or the aforementioned market conditions are met, HEV’s provide the greatest benefit in terms of LCCs, reduced petroleum consumption and net emissions reductions.

Figure 4. Government Vehicle Fleet Life Cycle Cost Comparison Based on Current Market Conditions and High Short Term Cost Estimates.
Capt. Joseph “Southie” Monahan was born and raised in Boston, Massachusetts. After graduating from Matignon High School in Cambridge in 1999, he accepted an appointment to Annapolis. There he played on the Club Hockey Team, earned a Bachelor of Science degree in Quantitative Economics and was commissioned a 2nd Lt., USMC, with the class of 2003.

After completing basics, Naval Flight Officer training and instruction as an Electronic Counter Measures Officer, Capt. Monahan was assigned to Marine Electronic Attack Squadron 2, MAG-14 in Cherry Point, N.C. As a member of the VMAQ-2 “Playboys”, Southie earned the designation of EA-6B “Prowler” Mission Commander and served as the department head for Electronic Warfare and Logistics and was an Assistant Aviation Maintenance Officer.

Capt. Monahan’s operational experience includes two deployments to Al Asad, Iraq, in support of OIF. During that time, he flew over 600 combat flight hours and served temporary duty as the Prowler Liaison Officer for the Electronic Warfare Coordination Cell (EWCC) at the Multi-National Corps-Iraq (MNC-I) Headquarters in Baghdad (Sep 07) and at the Combined Air Operations Center (CAOC) located at Al Udeid Air Base, Qatar (Dec 08).

Capt. Monahan received a Master of Science degree in Operations Research from NPS in June 2012. He is currently assigned as an Operations Research and Systems Analyst (ORSA) at the Marine Corps’ Operations Analysis Division (OAD) in Quantico, Virginia.
Acquisition Management

Peer-reviewed Journal Article


NPS Technical Reports

“Impact of Export Control and Technology Transfer Regimes: International Perspectives” BGen (Ret.) Raymond E. Franck, Dr. Ira Lewis, Dr. Bernard Udis, 5/31/12.

“Global Aerospace Industries: Rapid Changes Ahead?” BGen (Ret.) Raymond E. Franck, Dr. Ira Lewis, Dr. Bernard Udis, David Matthews; 5/7/2012.

Financial Management

Peer-reviewed Journal Article


Collaborations, Sponsored Programs, and Projects

International Communication Association Convention

In Phoenix, Arizona, Associate Professor Gail Fann-Thomas and Kimberlie Stephens gave a presentation at the International Communication Association convention titled "Strategic Communication as Communicative Interdependence." The abstract states:

In recent years organizational strategy has become central in communication disciplines. The result is a body of research on how to communicate strategically. The research has largely, however, been without any theoretical explanation for why the tenets of strategic communication work. Focusing on strategic communication work we have done over the past five years with the Department of Defense, this paper explores the ways in which theories of organizational interdependence, specifically organizational ecology and resource dependence, provide an impetus for how communication is strategic. We’ll also discuss the underlying factors that determine the extent to which different communication techniques impact the strategic position of the organization within its ecological network.

Three New Projects for Associate Professor Susan Hocevar

I. James A. Lovell Federal Health Care Center (FHCC) is a demonstration program for merger of health care delivery systems for Veterans Affairs and Department of Navy clients in North Chicago. Erik Jansen, Susan Hocevar and LT Lyla Law (Manpower curriculum) will be assisting the organization in assessing organizational members’ perceptions of the achievements, successes, and continued challenges related to this merger. The data will be used by FHCC and other facilities in the process of merging to take steps to improve collaboration.

II. The Multi-Modal Information Sharing Team (MIST) (Susan Hocevar, Anita Salem, Wendy Walsh, Lyla Englehorn) have received funding from the Program Manager, Information Sharing Executive to prepare a summary of the findings of previous MIST workshops related to information sharing for improved port security. The project will also fund another MIST workshop involving government and private sector organizations with an interest in port security to explore ways to improve information sharing.

III. MIST has also received funding from the Office of the Director of National Security (ODNI) for two workshops (FY12-13) to be held among relevant stakeholders in port security (Port of Oakland) and air security (SFO) to examine ways to improve information sharing among public and private sector organizational stakeholders.

Accessing Human Capital Needs within the Navy’s Civilian Contracting Workforce

The Acquisition Workforce Initiative was passed in 2009 in response to perceived shortfalls of the acquisition community. As part of the initiative, the Navy has authorized the hiring of thousands of new personnel. To determine whether the Navy has successfully acquired better personnel, Assistant Professor Marco S. DiRenzo and Professor Dina Shatnawi will analyze the recruitment and development of human capital within the Navy's civilian contracting workforce.
Sponsored Research Centers

Center for Defense Management Research: Research Areas

- The History of Defense Management Reform
- “Personnel Management Reform”
- “Financial Management Reform”
- “Communication and Organizational Change”
- “Performance Measurement and Benchmarking”

Some of the Sponsors that work with the Center for Defense Management Research on research projects are as follow:

- U.S. Office of Personnel Management
- Undersecretary of Defense
- U.S. Navy Office of Budget
- Office of the Chief of Naval Operations, N40, Sea Enterprise Program and N40, Task Force Energy
- Defense Supply Center Richmond
- Deputy Chief of Naval Operations (Material Readiness and Logistics)

Manpower, Personnel, Training and Education Program

This program is sponsored by the Office of the Chief of Naval Personnel (N1). Research areas include the following:

- “Navy Econometric Modeling System—Retention, Attrition, Recruiting”
- “An Analysis of the Navy’s Tuition Assistance Program: Analysis of Long—Term Effects and Recent Developments”
- “Divo Training Effectiveness in the Surface Community”
- “Using Prediction Markets for Navy Total Force Management”
- “Laboratory Analysis of Navy Selective Reenlistment Bonus (SRB) Policies”
The strategic challenges of humanitarian assistance and disaster relief (HADR) have increased many folds in the current era because of increased scale and frequency of all types of disasters—natural and manmade. Three of the most devastating natural disasters (the Asian tsunami, the Haitian earthquake, and the Japanese earthquake) registered in the last 100 years took place during the last decade.

The Humanitarian Research Group addresses challenges in such humanitarian operations. The group, founded by Dr. Aruna Apte and Dr. Keenan Yoho from the Department of Operations & Logistics Management at the GSBPP focuses on developing a body of research that will address and improve missions of the U.S. Department of Defense (DoD), first responders, policy makers, and non-governmental organizations (NGOs). Its principal streams of research include the following:

- Disaster preparedness and prepositioning,
- Response supply chain,
- The role of military in humanitarian operations, and
- Interagency collaboration and contingency contracting.

The Humanitarian Research Group’s objectives are as follows:

- Conduct academic and applied research in humanitarian operations,
- Provide a source of education and thought leadership in humanitarian operations and military operations other than war, and
- Align humanitarian research activities with and disseminate findings to U.S. governmental (to include the DoD) and non-governmental entities, as well as other academic institutes.

Principal research studies include scholarly journal articles, conference proceedings, technical reports, and student reports. Reference information for some of these research efforts is listed as follows:


(Cont. on page 13)
Sponsored Research Centers


**FY 2012 Acquisition Research Program: New Sponsors**

- Defense Acquisition Career Management (DACM)
- Program Executive Office Integrated Warfare Systems (PEO IWS 7.0)
- Office of Acquisition Resources and Analysis (ARA)

**FY 2012 New Sponsored Projects**

Advanced acquisition program 49-11  
**Sponsor:** Communication Electronics Commands (CECOM)

Cost of attrition II  
**Sponsor:** Office of the Secretary of Defense (OSD)

Civilian executive MBA 807  
**Sponsor:** Office of the Assistant Secretary of the Navy (OASN)

Instruction of the financial audit short course Management  
**Sponsor:** Office of the Assistant Secretary of the Navy (OASN)

Contract/program DL program  
**Sponsor:** Various

Practical comptrollership course  
**Sponsor:** Office of the Assistant Secretary of the Navy (OASN)
About the Alumnus

Vice Adm. Mark Harnitchek is a native of Philadelphia. In 1977, he received a Bachelor of Arts degree in Political Science from Pennsylvania State University and was commissioned through the Navy Reserve Officer Training Corps program.

After several ship and overseas assignments, Lt. Cmdr. Harnitchek attended NPS and received a master’s degree in management in 1987. He wrote his thesis on submarine shipbuilding claims and SSN acquisition management.

Prior to his selection to Rear Adm., Admiral Harnitchek served in a variety of sea tours, including submarines, USS Will Rogers (SSBN 659 GOLD) and USS Buffalo (SSN-715); submarine tenders, USS Holland (AS-32) and USS Proteus (AS-19); and the aircraft carrier USS Theodore Roosevelt (CVN-71). His shore tours include duty at commander, Submarine Group 7, Yokosuka, Japan; director of the Undersea Combat Systems Division at the Navy Ships Parts Control Center; Naval Air Station Oceana, Va.; the Program Objective Memorandum Development in the Office of the Chief of Naval Operations; and as executive assistant to the commander, Naval Supply Systems Command.

“I have great memories of my time at the Naval Postgraduate School. I met some great people and the academic program provided a superb background in various management disciplines that have served me well over the years. Of most importance is that NPGS taught me how to think critically about problems and how to, as a leader, get big things done in a big way. I learned how to analyze issues and focus on the key areas that rapidly drive improved performance or fix a problem. I also learned ways to challenge teams to reach their potential and truly delight those we support.

I have applied these lessons ever since, afloat or ashore, in the Navy and in joint duty assignments as a flag officer. As an example, the lessons I learned at NPS helped me lead efforts that involved coordination across literally the ‘whole of government’ on behalf of expediting relief supplies to Haiti in 2010, and implementing the alternative logistics support routes to Afghanistan known as the ‘Northern Distribution Network’ and I am applying these life lessons in targeting initiatives to help DLA do even better in supporting the warfighter at reduced costs.
Another important reason I look back fondly at Monterey is that is where I met my wife, Betty Jean, then a fellow student. I suspect the times she helped me grapple with statistics at NPS played a small part in our mutual interest, perhaps the first time anyone would connect ‘romance’ and ‘statistics’ in the same sentence! So, many thanks and well done to our great shipmates at the Naval Postgraduate School.”

- Vice Admiral Harnitchek, U.S. Navy

Harnitchek was promoted to Rear Adm. (lower half) in September 2002, and took command of Naval Inventory Control Point in Philadelphia, Pa., which is now known as Naval Supply Weapons Systems Support. As commanding officer, Harnitchek led a team of more than 3,000 acquisition and logistics experts and technicians, providing spares and reparable item support for Navy ships, submarines, aviation weapons systems and platforms around the world.

After leaving NAVICP, and for the past eight years, Harnitchek has held leadership positions in the joint world, initially serving as vice director for logistics on the Joint Staff from 2004 to 2006, where he assisted the director of logistics in providing strategic and joint perspective on strategic lift, logistics, medical and engineering advice to the Chairman of the Joint Chiefs of Staff and Unified Commands.

In July 2006, Harnitchek moved to U.S. Transportation Command based at Scott Air Force Base, Ill., as the director of Strategy, Policy, Programs and Logistics. USTRANSCOM provides worldwide strategic mobility capability via air, land and sea for the Department of Defense. While still assigned to USTRANSCOM, Harnitchek deployed CENTCOM in 2007 as director of the U.S. Central Command Deployment and Distribution Operations Center (CDDOC). While deployed, Harnitchek engineered logistics changes for support Operation Iraqi Freedom surge operations and helped USTRANSCOM improve on-time deliveries, reduce pilferage and increase in-transit visibility of cargo transiting into Afghanistan. After his return to USTRANSCOM, he focused extensively on planning for the expected drawdown of U.S. forces and equipment from Iraq and eventual expansion of forces in Afghanistan.

Harnitchek was promoted to Vice Adm. in June 2009 and assumed duty as deputy commander of USTRANSCOM. During his tenure, Harnitchek was proud to play leadership roles instrumental in the establishment of the Northern Distribution Network, a system of ground transportation routes used to move materiel through Western Europe, across Central Asia and into Afghanistan via its northern border, Operation Unified Response in Haiti, two OEF surges and various other humanitarian/disaster relief operations.
In November 2011, Harnitchek became director of the Defense Logistics Agency, which provides most of the consumable spare and repair parts and virtually all clothing, food, medical items and fuel used by the department’s military forces worldwide. The agency’s workforce consists of around 26,000 civilians, and 1,000 active-duty and reserve military members at numerous locations around the world that manage more than five million line items and nine supply chains. In fiscal year 2011, the agency achieved sales of more than $46 billion, including $20 billion in fuel and approximately $10 billion each food and medical supplies. In addition, DLA supports other federal agencies and foreign military sales customers, and plays a vital role in humanitarian assistance and disaster relief.

Harnitchek took the helm at DLA during a time of significant transition and budgetary constraints within the Department of Defense. Initially, he emphasized ensuring DLA took all necessary steps to continue to provide fully responsive food and fuel support to troops in Afghanistan in the wake of the PAKGLOC closing, involving extensive efforts to capitalize on the NDN capabilities developed during his tour at USTRANSCOM, along with innovative practices to source and expedite these vital life support commodities. Harnitchek held face-to-face meetings with key suppliers called “Captains of Industry” to encourage their best efforts and obtain their advice regarding approaches to ensure warfighter support in the absence of the PAKGLOC. In addition, Harnitchek and his staff developed revised processes for providing spare parts for the theater that improved the related logistics response times by more than 40 percent.

More recently, Harnitchek charged DLA’s senior leaders to develop five “Big Ideas” that would significantly improve the agency’s performance while dramatically reducing cost to America’s warfighters and taxpayers. The resultant plan, called “10-in-5,” challenges the agency to better serve its customers and reduce costs by 10 percent over a five-year span — fiscal years 2014-2018 — by implementing aggressive efficiency and performance enhancement initiatives across DLA’s operations.

Harnitchek currently resides in Northern Virginia with his wife, Betty, and their daughter, Staci. His son Kyle is an infantry officer in the 101st Airborne Division, and his older daughter, Gillian, a former Naval Officer, is a mathematics teacher in Southern California.
Tenure and Promotion

Associate Professor Aruna Apte, recognized for her contributions to the fields of humanitarian logistics and disaster relief, was promoted and granted tenure on April 27, 2012.

Literati Network Award for Excellence

Assistant Professor Lt. Col. Timothy Hawkins was awarded at the 2012 Literati Network Awards for Excellence for his article “Explaining the Effectiveness of Performance Based Logistics: A Quantitative Examination.”

Liskin Award

Professor Doug Brook was awarded his second consecutive Liskin Award in June. Selected by graduating students, the award recognizes a faculty member who has had the greatest impact on their NPS education.
Congratulations to Our Student Award Winners for Spring 2012!

The Louis D. Liskin Award for Excellences in Business and Public Policy
Lt. Myron E. Lind

The DON Award for Academic Excellence in Financial Management
Lt. Myron E. Lind

The Conrad Scholar Award for Distance Academic Achievement in Financial Management.
Lt. Myron E. Lind
Lt. Gregory Storer
Lt. Cmdr. Paula Firenze

The Rear Adm. Thomas R. McClellan Award for Academic Excellence in Business and Public Policy
Lt. Cmdr. Paula Firenze

The NPS Superior Service Award
Lt. Cmdr. Paula Firenze
Events

The Educational Gradient in Health: Evidence from China
Presentation by Karen Eggleston

Stanford University’s Shorenstein Asia-Pacific Research Center Professor Karen Eggleston presented her work "The Educational Gradient in Health: Evidence from China" on April 12, 2012, focusing on studies comparing healthcare systems and health reform in Asia.

Abstract:
The Educational Gradient in Health: Evidence from China

Better education appears to be an important contributor to good health. However, evidence is limited from developing countries undergoing rapid socioeconomic transition like China. To document the evolution of the educational gradient in health, we analyze multiple waves of the China Health and Nutrition Survey, as well as the China National Health Services Survey (Ministry of Health, 1998, 2003 and 2008), and the Chinese Family Panel Study (Peking University, 2010).

We find patterns consistent with the economic theory of socioeconomic gradients in health, as modified to take account of China’s rapid economic, demographic, and epidemiologic transitions over the past quarter century. In particular, we find that educational gradients in health are significant and increasing, and that the gradient in health outcomes is only partially explained by health behaviors. We discuss the evidence of cohort-specific experiences such as the Great Leap Famine or transition to strong economic growth.

Navy and Marine Corps Combat and Operational Stress Control Conference

Professor Ned Powley presented at the Navy and Marine Corps Combat and Operational Stress Control Conference 2012 in San Diego. Powley discussed the preliminary results of a longitudinal study on organizational resilience of a surface warfare ship.

16th ROK-US Defense Analysis Seminar

While the NATO Summit was taking place in Chicago May 19-21, Associate Professor Gail Fann-Thomas and colleagues from the Annenberg School of Communication and Journalism participated in NATO’s social media experiment. The purpose of the experiment was to assess the utility and methods for applying a social media internal feedback process. During the summit, Fann-Thomas and her colleagues, Kimberlie Stephens and Theo Mazumdar, monitored real-time feeds of social media and conducted various analyses on more than 200,000 messages from NATO-related Twitter, blogs, forums, Facebook comments, and mainstream media. They also observed the results from a team of 10 student interns from Old Dominion University in Norfolk, who used social media analysis tools (Radian 6, Sysomos, and Lithium) and freeware (SocialMention, Twendz) to analyse real-time feeds of social media. The experiment allowed the participants to identify the strengths and weaknesses of the various analytical tools and to determine the feasibility and value of real-time feedback during an event like the summit. During a hot wash, Fann-Thomas, Stephens and Mazumdar provided recommendations to the NATO ACT Experimentation Team, including suggestions for additional data analyses, cautions in reporting analyses, and methods for integrating social media into their strategic communications’ processes.
April 2012

Associate Professor David R. Henderson presented his paper titled “Would Conscription Reduce Support for War?”

Abstract: An increasingly popular justification for conscription is that by changing the identities of those who bear the burden of fighting a nation’s wars, it limits, more than an all-volunteer force would, support for war. Under a draft, goes the argument, there is a higher probability that the “children” of more affluent and politically powerful people could serve in the military, thus giving them an incentive to lobby against war. However, this argument neglects the fact that successfully avoiding war for a nation is a public good and is, therefore, subject to the classic free-rider problem. We develop a simple model to demonstrate that the under-provision of anti-war agitation from those seeking to avoid the draft is exacerbated by the fact that seeking a deferment provides an alternative with a superior private payoff. Resources that an affluent or politically powerful person devotes to preventing or stopping a war will not likely have a noticeable effect on the overall outcome. In contrast, resources spent to secure a deferment or non-combat assignment for a loved one have a tangible effect on a private good. We show that the effectiveness of using conscription as a means of diminishing political support for war relative to an all-volunteer force is limited. Empirical findings from the Vietnam War era are consistent with our thesis.

Energy economist Ken Gillingham from Yale University presented a policy-related talk titled “Rebound Effect from Improving Energy Efficiency,” co-hosted with the Cebrowski Institute’s Brown Bag Series.

Abstract: Does improving energy efficiency actually save energy? When we improve energy efficiency, it lowers the cost of usage, so that usage tends to increase, a phenomenon known as the “rebound effect.” For example, when we improve fuel economy of new vehicles, the cost per mile of driving will drop and people can be expected to drive more. This talk addresses the question of just how much might energy use increase due to the rebound effect – and what does this mean for the use and imports of oil by the United States?
May 2012

Jeffrey Clement from Stanford University presented his paper titled “Regulatory Redistribution in the Market for Health Insurance.”

Abstract: In the early 1990s, several US states enacted community rating regulations to equalize the private health insurance premiums paid by the healthy and the sick. Consistent with severe adverse selection pressures, their private coverage rates fell by 8-11 percentage points more than rates in comparable markets over subsequent years. By the early 2000s, however, most of these losses had been recovered. The recoveries were coincident with substantial public insurance expansions (for unhealthy adults, pregnant women, and children) and were largest in the markets where public coverage of unhealthy adults expanded most. The analysis highlights an important linkage between the incidence of public insurance programs and redistributive regulations. When targeted at the sick, public insurance expansions can relieve the distortions associated with premium regulations, potentially crowding in private coverage. Such expansions will look particularly attractive to participants in community-rated insurance markets when a federal government shares in the cost of local public insurance programs.

Assistant Professor Ryan Sullivan of Economics at DRMI presented his paper titled "Predicting Ph.D. Candidate Success in the Junior Job Market.”

Abstract: This study uses data collected by the authors to predict the quality of initial job placement for economics Ph.D. candidates in the 2011 junior job market using a variety of econometric forecasting models. Job candidate characteristics were gathered from the CVs and photographs available online for all candidates listed on NBER’s worldwide list of economics Ph.D. programs. Job placement information was gathered from sources available online and through personal correspondence with placement directors. Our results indicate that the biggest predictors of success for Ph.D. candidates in the junior job market are high quality publications and the quality of their undergraduate and graduate institutions of study. We find that those candidates who have studied at highly ranked institutions and published in high tier journals typically place at better institutions in comparison to other individuals. In addition, we find some suggestive evidence that attractive, white females place at better institutions.
Highlights

Rear Adm. Joseph Mulloy Visits GSBPP

From April 25-26, 2012, Rear Adm. Joseph Mulloy, Director of Fiscal Management for the Navy, visited GSBPP and conducted a review of the FM curriculum, met with faculty students, the Chief of Staff, the Vice Provost, the Dean and Associate Dean of GSBPP, and presented a briefing on the current status of the DON budget. RADM Mulloy considered this visit a success and plans on returning to NPS in November to continue his engagement with representatives of the FM program.

NPS Memorial Day

GSBPP helped celebrate Memorial Day this year at NPS’ Concert on the Lawn, where the school had its own table where Dean Bill Gates greeted people and answered questions, informational brochures on GSBPP programs were offered, and business school posters, which highlighted both student projects and the degree programs offered by the school were displayed.

Dean Bill Gates talks to a Memorial Day Celebration attendee at the GSBPP table.
Highlights

The Veterans Administration Certificate Course had its Spring Cohort Graduation on April 13, 2012.

USSOCOM McRaven Presents a Special Guest Lecture

On June 7, 2012, NPS alumnus Adm. William McRaven, Commander, U.S. Special Operations Command, spoke at a special Secretary of the Navy Guest Lecture in King Auditorium. Before his presentation, McRaven awarded Defense Analysis (DA) Professor Dr. Gordon McCormick with the USSOCOM Medal for his contributions to the field of special operations. During his lecture, McRaven discussed the importance of education and the role of USSOCOM in the United States today.

Saudi Arabian Delegation

From May 24-25, 2012, a delegation of six Saudi Arabian officers from the country's Ministry of Defense visited NPS, to learn about how to send additional officers to NPS, primarily to earn their Joint Professional Military Education (JPME) Phase 1 credentials through the Naval War College Program or the Marine Corps Command and Staff College Distance Education Program. While taking the JPME classes, official would like the additional officers to take classes from select curricula and also various short courses offered by CCMR, DRMI, etc.

The delegation heard speakers from each of the four schools, CCMR, and DRMI, received a command overview and an admissions brief, and met with President Oliver. Based on the visit, the school will be working with the delegation to further explore their available options and tailor a program to fit their needs.
Special Conversation With: Dr. Alice Rivlin and Dr. Sidney G. Winter

The GSBPP Center for New Security Economics and Net Assessment and DRMI hosted a special conversation with Dr. Alice Rivlin and Dr. Sidney G. Winter on: “Exploring the Disagreement between Liberals and Conservatives” on May 21, 2012. Rivlin is a Visiting Professor of Public Policy at Georgetown University and a Senior Fellow in the Economic Studies Program at the Brookings Institution. See Vita and a video on “Raising the Debt Ceiling: More than Symbolic” at: [http://www.brookings.edu/experts/rivlina.aspx](http://www.brookings.edu/experts/rivlina.aspx) Winter is the Deloitte and Touche Professor of Management, Emeritus, at The Wharton School of the University of Pennsylvania. See Vita at: [http://mgmt.wharton.upenn.edu/people/faculty.cfm?id=1371](http://mgmt.wharton.upenn.edu/people/faculty.cfm?id=1371)

Dr. Sidney G. Winter's & Dr. Alice Rivlin

“Exploring the Disagreement between Liberals and Conservatives”
GSBPP will attend the Association of Defense Communities (ADC) annual conference on Monterey August 5 – 8, exploring opportunities for educational programs addressing the evolving needs of base installation management. GSBPP is participating in the ADC conference in response to growing demand for graduate level education supporting military installation management. With declining defense resources and the potential for additional base realignments and closures, base management education has become increasingly relevant.

Keynote speakers for Monday, August 6 include:

Keynote address by Lt. Gen. Michael Ferriter, Commander, Army Installation Management Command and Assistant Chief of Staff for Installation Management.

Hon. Terry Yonkers, Assistant Secretary of the Air Force for Installations, Environment and Logistics.

Hon. Katherine Hammack, Assistant Secretary of the Army for Installations, Energy and the Environment.

ADC is the nation’s premier membership organization serving over 200 defense communities, partner organizations, states and regions with a significant military presence...” For more information on ADC visit: http://www.defensecommunities.org/about-adc/overview-mission/

Pre-graduation Awards Ceremony - The ceremony for the summer quarter faculty and student awards will be held September 11, 2012 in King Hall.

Graduation Ceremony - On September 21, 2012, faculty, students, and their families will gather at 10:00 in King Hall Auditorium to celebrate the graduating class of Summer 2012.
The Navy has been making a variety of changes to become more energy efficient. Going green sends a message of social responsibility to the local community, the state, and the nation as a whole. The long-term goal of NPS is to operate a sustainable, net-zero energy use campus.

A green campus will be healthy for the entire academic population, and NPS will upgrade existing structures for increased sustainability. From the campus-wide recycling program, to the American Recovery and Reinvestment Act (ARRA) projects, NPS is making strides toward its goals.

The Graduate School of Business and Public Policy is involved in this effort and the new business school building is the first building on the NPS campus to be LEED Gold certified by the US Green Building Council!
GSBPP Faculty and Programs

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Degree Program
- Defense-Focused MBA

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Professional Development Programs
- Advance Acquisition Program
- Practical Controllership Course
- Acquisition Management Distance Learning Program
- Army Cost Management Certificate Program