

27 August 2013

From: Chair, Board of Advisors to the Presidents of the Naval Postgraduate School and Naval War College

To: Secretary of the Navy

Via: (1) President, Naval Postgraduate School
(2) Chief of Naval Operations

Subj: BOARD OF ADVISORS TO THE PRESIDENTS OF THE NAVAL POSTGRADUATE SCHOOL AND NAVAL WAR COLLEGE REPORT OF THE APRIL 2013 MEETING OF THE BOARD OF ADVISORS NAVAL POSTGRADUATE SCHOOL SUBCOMMITTEE

Ref: (a) Public Law 92-463, Federal Advisory Committee Act
(b) SECNAVINST 1524.2B
(c) Naval Inspector General Memorandum 5040 of 22 October 2012, Subject: Command Inspection of Naval Postgraduate School
(d) SECNAV Memorandum of 24 January 2013, Subject: Advisory Responsibilities of the Naval Postgraduate School Subcommittee of the Board of Advisors to the Presidents of the Naval Postgraduate School and Naval War College
(e) Draft Charter, Board of Advisors to the Presidents of the Naval Postgraduate School and Naval War College
(f) NPS Faculty Resolution of April 2013

Encl: (1) List of Board Members and Visitors in Attendance
(2) Survey of Former Students, Selected Items
(3) Faculty Awards Received During 2012/2013
(4) Recommendation for Guidance on the Procedures for Recovery of Costs Associated with Reimbursable Research

1. In accordance with reference (a) the Subcommittee met 24 - 25 April 2013 at the Naval Postgraduate School (NPS) in Monterey, CA. Reference (b) was reviewed. The names of Board Members and other attendees are at Enclosure (1). All approved members of the overarching Board of Advisors were also present at this meeting and we therefore provide this report.

2. Reference (c) forwarded the Naval Inspector General's report of his command inspection of the Naval Postgraduate School. That report and its ramifications have been much of the focus of NPS leaders and managers since; the Board of Advisors devoted much of this meeting to considering the issues cited in the report and learning of the actions undertaken by NPS leaders to address the issues.

3. Reference (d) directed the attention of the Board chair and members of the Board to the results of the IG inspection, and subsequent investigations. In addition, reference (d) directed that the NPS Subcommittee play a "crucial role" in providing advice and recommendations to "ensure that the NPS fulfills its mission in accordance with applicable law, regulation, and policy."

4. Reference (e) is a draft charter of the BOA. The draft was written for BOA consideration before the release of reference (d); prior to receiving reference (d), the Subcommittee had intended to review that draft at the April meeting. Having received reference (d) the Subcommittee took no action on the draft charter and deferred consideration of a new charter until such time as the appropriate role(s) of the Subcommittee are clarified.

5. We noted that the NPS leadership team has initiated an aggressive program to follow up on each of those issues in the IG report over which the school has control. This work is well along. Of course NPS leaders are taking the findings and recommendations in the most positive context possible. Still, we encouraged the NPS team to express alternate views of the conditions the IG reported, and provide additional context and facts, as appropriate. Several members of the Subcommittee were able to provide examples of such alternatives views during the meeting. Some of the examples: the importance of refuting the implication that research at NPS is emphasized to the detriment of education; the IG report's failure to recognize the linkage of the expansion of NPS research and the broadening of military students' research opportunities, and the resulting enrichment of their educational experiences; refuting the idea that Navy and Marine students' education is somehow diminished due to the distraction caused by the presence of non-defense U.S. Government employees and students from other services, as well as those from allied and friendly nations; finally, we recommended that NPS leaders push back on the IG report's implication that there is little value in the relationship of NPS with the Armed Forces Institute of Technology.

6. The Board members offer the comments in this paragraph in particular to address some of the illustrations above. The subcommittee is unanimous, for example, in the belief that a strong research program is essential at any school awarding postgraduate degrees. In our brief tour of research facilities and discussion of projects on 24 April with students we found again (as we have on every previous visit to NPS) the work to be appropriately focused on Navy and naval concerns, and conducted in pursuit of valid educational purposes. Their research was also enthusiastically endorsed by the students themselves as an important component of their educational experiences. The Board acknowledges that

oversight and administrative procedures supporting the research program can always be improved, but there should be no confusion about the research effort being essential to the school's success. Now to the specifics of some of the other points made above.

a. The presence of non-defense U.S. government students, as well as those from other services, and the emphasis on educating foreign military students at NPS, are absolutely appropriate. It is widely understood that military operations in the modern age no longer are limited to force-on-force situations involving the U.S. and our adversaries. Today's successful military operations depend on whole-of-government approaches, and where possible the formation of coalitions. One interpretation of the IG report's tone is that the inspectors believed naval (graduate education and) operations can be undertaken in isolation, and that the interactions of U.S. military members with students from other U.S. agencies and friendly and allied countries is insufficiently valuable to be continued at NPS. If that was the IG inspectors' intent, we disagree completely. The participation at NPS of foreign and non-DoD U.S. government students helps build important long-term relationships and clearly enriches the educational experience afforded to all. Specifically, the educational experiences at NPS shared by our naval students and others from elsewhere in government, and from allied and friendly nations furthers the aim of Navy leaders to improve and increase Navy's worldwide engagement. The new DOD strategy highlights the need for partner nations in executing this strategy. This Board has often reported on and applauded this valuable NPS contribution in the past.

b. The tenor of the IG report has had an unfortunate effect on NPS faculty morale. It should be remembered that NPS enjoys a well-deserved reputation for success as measured by sponsor support, research funding and surveys of former students (see enclosure (2) for instance). An important reason for this success is the excellence of the faculty (see enclosure (3) for recent faculty awards). Attracting quality professors and instructors is a continuing challenge for NPS, one this Board also has highlighted repeatedly in past reports. Bringing top-tier faculty to Monterey is particularly difficult since NPS salaries are usually not competitive with those offered by equivalent civilian institutions. As the Board met at NPS this time, the subcommittee learned that faculty has become so concerned that their motivation was in question in the IG report that, coincident with our meeting, faculty representatives felt compelled to write a collective statement reaffirming the faculty's dedication to the school's mission (reference (f)). While the IG report did not directly indict faculty performance, it goes without saying that emphasizing leaders' appreciation for faculty quality and dedication (an effort

aided by RADM Tighe's excellent relationship with the faculty during her tenure) will continue to be important to the long term health of the institution.

c. The IG inspection found legitimate faults in the way the relationship with the NPS Foundation was managed by previous NPS leaders. To be sure, these administrative errors need to be corrected. Unfortunately, this is another area in which the overall tone of the report may have led to misunderstandings. Many military institutions, including USNA enjoy legitimate support from foundations. This is particularly true, but not limited to military institutions of higher learning. While the report did not allege that NPS personnel were abusing foundation support for personal gain, the term "solicitation" can, while legally correct, create that impression. The Subcommittee did not interview members of the Foundation, but we are concerned that the opportunity afforded by the enthusiasm of Foundation members for NPS, its students, and its mission could be squandered if Navy leaders fail to express their appreciation for the support of these volunteers and delay too long in mapping out and putting in place straight forward procedures on which the Foundation/NPS relationship can go forward.

7. The Board discussed at some length the direction we've received via reference (d) to become more of an oversight board of the NPS. While we do not have a consensus among either BOA or subcommittee members on this, we have agreed that a small set of members should study this change further. This group will offer the Board their ideas on reshaping the subcommittee and its work to conform to the new guidance. The group will also consider the need for new BOA authorities to accompany whatever the new responsibilities are to be assumed by the Subcommittee. Some additional comments follow:

a. We believe that, taken together, the changes directed by reference (d) would add substantial oversight responsibilities to a subcommittee charged here to fore with advising only. We understand the motivation for changing the subcommittee's role and involving the members more in oversight. Doing this, however, raises a number of concerns. **First**, we feel that a change of this kind should result from a more thorough review of the relationship of the overarching Board and its Subcommittees to the leadership of the two institutions; that it would be better to review these roles in a comprehensive way than to base changes on this single IG report. **Second**, it would require that the Board/Subcommittees be empowered to examine the work and records of departments of the institution in order to understand and evaluate programs and procedures. This is what we mean by conferring new authorities on the Board that would be aligned with any new oversight responsibilities. The

relationship of the Board and other Navy oversight organizations like the IG, Auditor General, and others (such as the military chain of command) would need to be clarified also. **Third**, the amount of time and support (including funding) the Board would require must be considered. **Fourth**, and possibly most importantly, the relationship of the Board and Subcommittee(s) to the President would need to be reexamined. We're sure that from the NPS President's perspective, there would be a difference between a relationship with an inspector and that with a trusted advisor. With an advisor, various ideas, options and concepts are able to be discussed and examined; that is our view of the BOA's advisory function for the NPS President to date and our concern is that valuable relationship could be lost.

b. The NPS Subcommittee of the BOA is, however, committed to supporting the SECNAV and CNO in the most effective way possible. On balance, we recommend that the Board and its Subcommittees remain largely advisory organizations. But this will not preclude the formation of sub-subcommittees to focus on helping with specific issues. We can recommend subsets of members to focus on the aspects of NPS mission and operation that are of special concern to either Navy Department or NPS leadership.

c. The BOA and its Subcommittees were scheduled to meet in the Washington, DC area in late October 2013. This meeting has been delayed while we await approval of members. We recommend that when the Board does meet it prepare one or more optional sub-subcommittee structures to accomplish the objectives of reference (d) while allowing the BOA to remain an advisory board to the Presidents of the two institutions. The Board would, we recommend, present this option or these options to the Secretary or his representative for consideration at our October meeting.

8. Other issues from the meeting:

a. Recruiting and retention of faculty, and their professional growth and development are beginning to feel the negative effects of the serious and complex limitations that have been placed on attendance at professional conferences this year.

b. Morale and focus at NPS are degraded as a result of continuing and seemingly endless investigations. Whatever can be done to bring remaining investigations to a speedy conclusion would be most helpful.

c. We would like to highlight the continuing issue NPS has been dealing with (at least as of late April, 2013) concerning the recovery of indirect costs in the conduct of reimbursable research.

We recommend that the specific approach suggested by NPS in enclosure (4) receive serious consideration.

d. The Student Council expressed to the BOA its concern for NPS's reputation and therefore that of an NPS degree. We ask you: does this call for Navy leaders to take steps to emphasize the importance of the school to the Navy and Nation in the wake of this upheaval? We think so.

e. The Foundation: we continue to applaud its people, motives, and purpose and would like to reemphasize the evident desire of its leaders to comply with all the rules and to be allowed to support the mission of NPS and the students, faculty, and staff who execute that mission.

f. It bears emphasizing that in order to be an accredited institution, NPS have a current, qualified Board at all times. NPS is accredited under the Western Association of Schools and Colleges. Accreditation is vital to students and faculty and to the reputation of NPS and naval military education. The accreditation process holds the institution accountable for meeting a set of standards so that it is recognized by all that NPS provides quality and rigorous education equivalent to other private and public Graduate Schools in the region, such as Stanford, University of California, and the University of Southern California, among others. Accreditation certifies that NPS faculty members are highly qualified and the degrees issued by the institution represent the same quality of instruction for the students who graduate from NPS as those issued by other accredited graduate institutions. When there are no appointed members of the BOA and the NPS Subcommittee, NPS is in violation of its accreditation standards and its accredited status is at risk. For the sake of the institution and its accreditation, for recruiting and recognition of the faculty, and to assure the quality and value of degrees issued to graduating students, it is critical that appointments to the BOA and Subcommittee be made in a timely manner and that they be maintained.

g. The BOA and Subcommittee would like to add our voices to the praise Rear Admiral Jan Tighe has received for her outstanding leadership and excellent stewardship of NPS over these many difficult months. We have been privileged to serve with and advise her during these tough times and we wish her the very best as she takes on future assignments.

9. As noted above, all BOA and Subcommittee memberships expired by the end of May and we await approval of renewals. If all NPS Subcommittee members who have thus far indicated their willingness

to continue are renewed, there will be one vacancy. The Designated Federal Official will be proposing a candidate name to you for approval in the near future.

10. The next meeting of the overarching Board of Advisors to the Presidents of the Naval Postgraduate School and the Naval War College has been planned for 16 - 17 October at a Washington area location to be determined. Planning for the fall meeting cannot proceed, though, until members are confirmed.

11. We would like to extend an invitation to you to attend the next meeting when questions of the date and place are resolved. The Board would be greatly honored and would benefit substantially from having a chance to hear your thoughts on how the Naval Postgraduate School and the Naval War College, with their combined Board of Advisors and its Subcommittees can assist in the support of naval requirements.

Respectfully submitted,



LEE F. GUNN

Copy to:
Commandant of the Marine Corps
Vice Chief of Naval Operations
OPNAV N1/N4/N8
DNS-32
President, Naval War College
DON/AA
Library of Congress, Exchange and Gift Division
NPS/NWC BOA and Subcommittee Members

MEETING OF THE BOARD OF ADVISORS TO THE PRESIDENTS OF THE
NAVAL POSTGRADUATE SCHOOL AND THE NAVAL WAR COLLEGE

24 - 25 APRIL 2013
MONTEREY, CA

Board Members Attending

VADM Lee F. Gunn, USN (Retired)
Mr. Walter Anderson
Honorable Michael Bayer
Honorable Jack R. Borsting
Lt Gen David Fadok, USAF
Dr. Robert R. Fossum
VADM David E. Frost, USN (Retired)
Maj Gen Thomas Murray, USMC
Dr. M. Elisabeth Pate-Cornell
Honorable G. Kim Wincup*
Mr. Scott Lutterloh (for CNP)
Dr. Lance Betros (for Army War College)

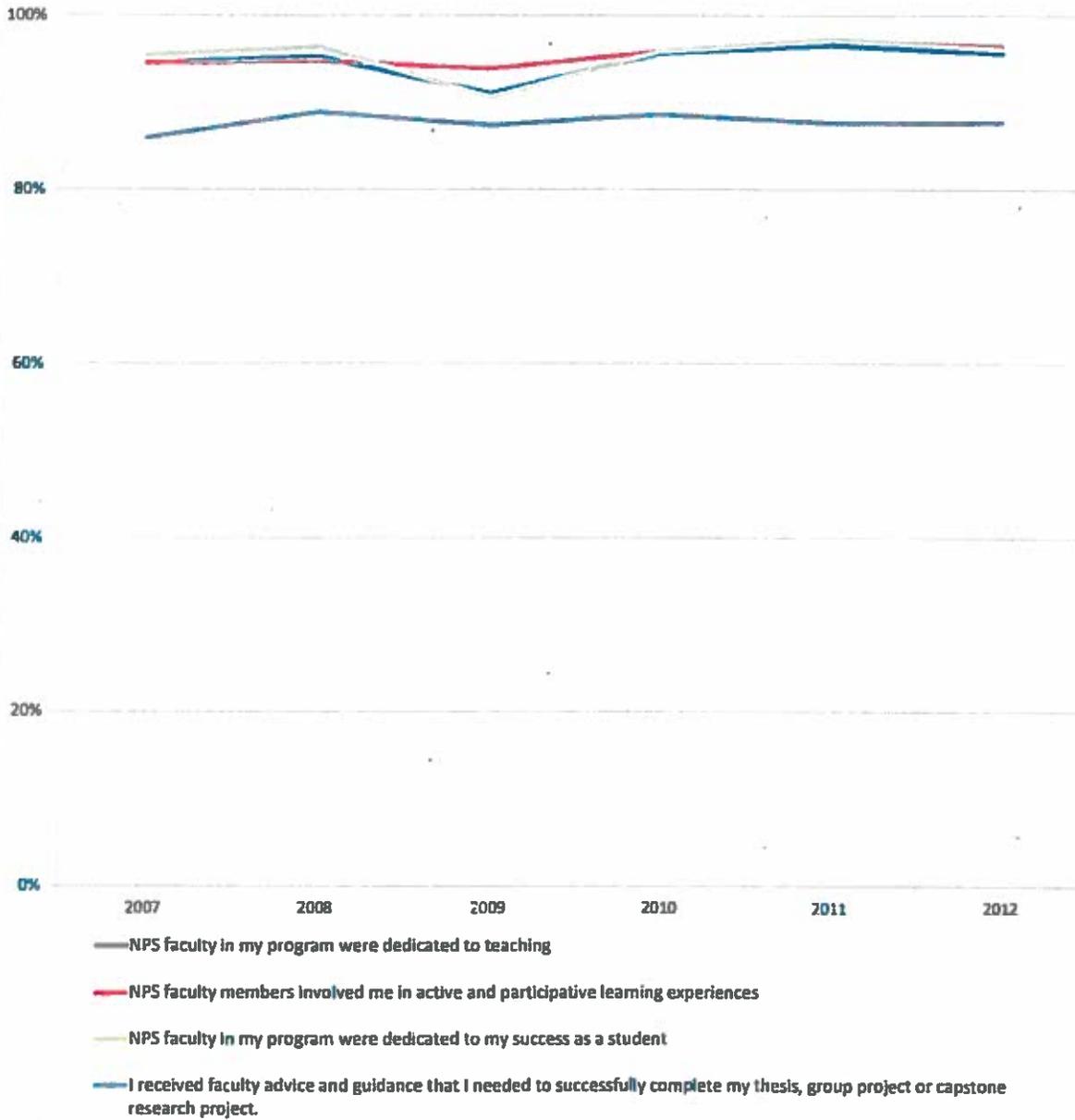
* By conference call

Other Attendees

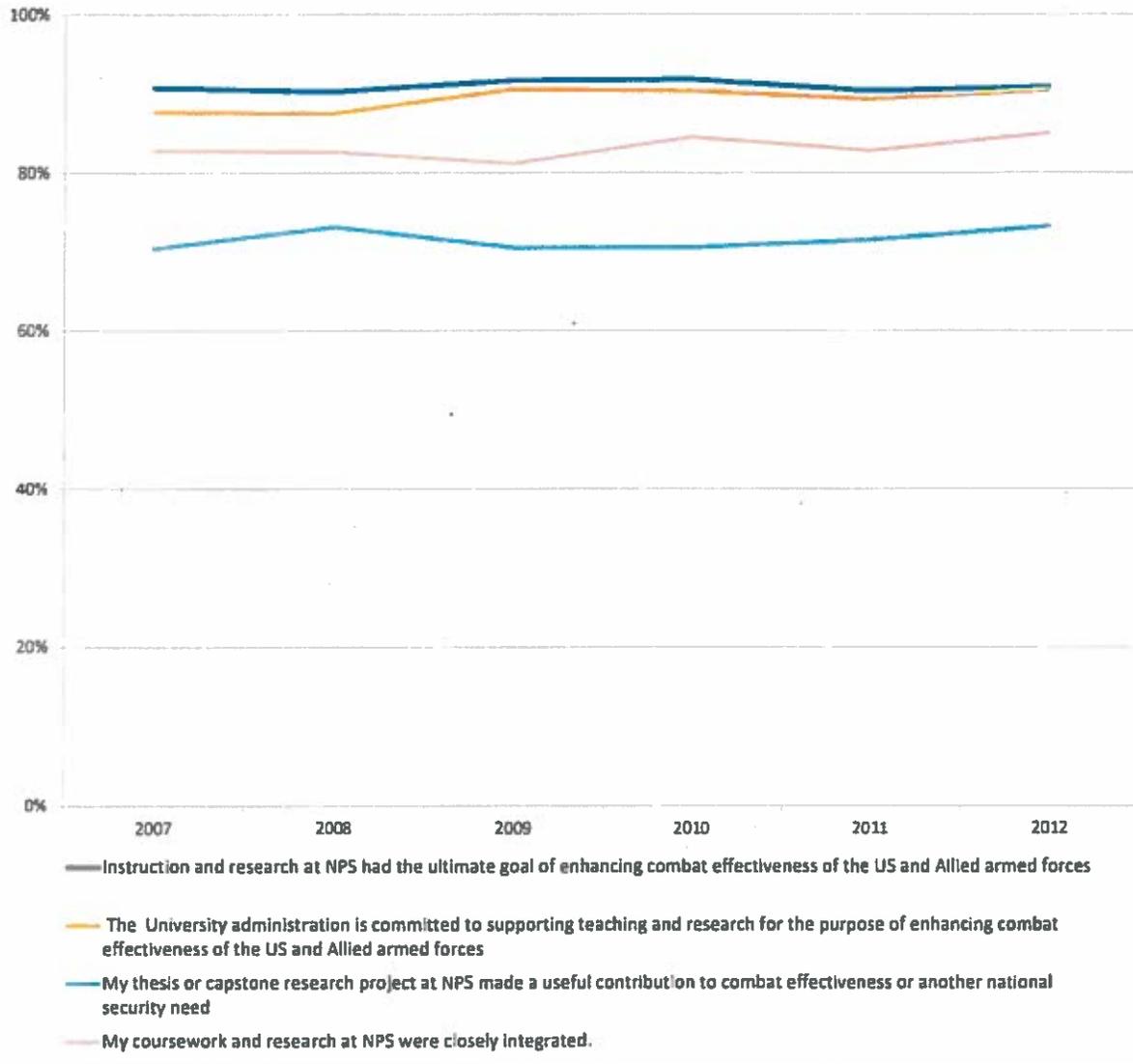
RDML Jan E. Tighe, USN NPS Acting President
Dr. O. Doug Moses, NPS Acting Provost
Dr. E. Jan Kehoe
Brig Gen William F. Mullen III, MCU
COL Timothy Lawrence, USAF, AFIT
Ms. Sarah Rubin, Monterey County Weekly
ADM Mark Ferguson, USN, VCNO
Ms. Jaye Panza, DFO

Enclosure (1)

NPS Graduating Students Survey
Trends of Positive Resident Response (Strongly Agree + Agree) Frequencies
to Selected Items
AY 2007 to 2012



**NPS Graduating Students Survey
Trends of Positive Resident Response (Strongly Agree + Agree) Frequencies
to Selected Items
AY 2007 to 2012**



- **National Academy of Engineering Members:** Dr. Gerald Brown, Dr. Donald Gaver, Dr. Alan Washburn, OR
- **2013-2014 Accreditation Board of Engineering and Technology (ABET) Engineering Accreditation Commission Member,** Dr. David Olwell, Professor, SE
- Awarded since October 2012
 - **Cyber Security Hall of Fame** , Dr. Dorothy Denning, Professor DA
 - **J. Steinhardt Prize for Military Operations Research**, Dr. Donald Gaver, Distinguished Professor Emeritus, OR
 - **Vice-President of Finance 2013-2014 for the Institute of Electrical and Electronics Engineer’s Nanotechnology Council**, Dr. Xiaoping Yun, Professor, ECE, Dr. Michael T. Montgomery, Professor, ME



- **The Acoustical Society of America: 2012 Medwin Prize in Acoustical Oceanography, Dr. John Colosi, Professor, OC**
- **“I Love My Librarian” Industry Award, Greta Marlatt, Supervisory Librarian, Dudley Knox Library**
- **International Council on Systems Engineering (INCOSSE) Award, Dr. David Olwell, Professor, SE**
- **2012 Army Modeling and Simulation Award, Team Analysis Division, Dr. Emily Craparo, Research Assistant Professor, OR**
- **American Institute of Aeronautics and Astronautics Honorary Fellow, Dr. Allen Fuhs, Professor, SSAG**
- **NPS’ nominee, 2013 Allen Griffin Award for Excellence in High School and Post-Secondary Teaching, Dr. Alice Lyman Miller, Senior Lecturer, NSA**



Internal Faculty Award Winners

- **Rear Admiral John Jay Schiefflin Award for Excellence in Teaching**, Dr. Alice Lyman Miller, Senior Lecturer, NSA
- **Richard W. Hamming Annual Faculty Award for Excellence in Teaching**, Dr. Keenan D. Yoho, Assistant Professor GSBPP
- **2012 Carl E. and Jessie W. Menneken Faculty Award for Excellence in Scientific Research**, Dr. Luke Brewer, Associate Professor, MAE
- **2013 Richard W. Hamming Annual Faculty Award for Interdisciplinary Achievement**, Dr. Timothy H. Chung, Asst. Professor SE
- **Distinguished Professor Award**, Dr. Michael Montgomery, Professor, Meteorology

Recommendation for Guidance on the Procedures for Recovery of Costs Associated with Reimbursable Research:

Indirect Rate Model: Recommend that the Secretary revise the method in which indirect rates are applied to reimbursable projects at NPS. NPS currently receives and executes \$200-300 million each year for reimbursable projects. These projects directly support NPS graduate education, and include reimbursable education, professional development and research. Indirect (or overhead) costs are charged to reimbursable projects to offset the indirect support required by these projects. The current method for collecting indirect is unnecessarily complex, costly to execute, is applied inequitably across projects, and results in unintended negative effects in its application. Since all reimbursable projects benefit from the indirect support provided by various NPS offices (e.g., accounting, travel, security, registrar, contracting, timekeeping, information technology, library, research), it would be appropriate to have all reimbursable projects pay an equal share for indirect support services. The NPS Indirect TIGIR Team proposed a new collection method that would: (1) charge the same indirect (overhead) rate on all types of reimbursable projects (no exceptions, all projects pay a fair share); and (2) charge indirect on all types of expenditures by reimbursable projects (e.g., labor, travel, purchases, contracts), instead of charging indirect only on labor hours. Implementation of the modified indirect model would: (a) make indirect collections more consistent with financial management regulations; (b) reduce the risk of augmentation; (c) improve accountability; and (d) make collections more transparent and less expensive to conduct and manage. By broadening the collection base, this new method would also make indirect collections more stable and predictable, which would facilitate financial planning and budgeting by reimbursable project managers and the NPS administration. The proposed new collection method would also have broader mission impacts, including: (1) incentivizing and supporting cutting-edge faculty and student research; (2) facilitating faculty recruitment and retention; (3) contributing to academic accreditation, certification, and credentialing efforts; (4) supporting enhanced productivity and competitiveness; and (5) making the NPS indirect process more clear to sponsors.