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**ANALYSIS OF THE FLEET SCHOLARS
EDUCATION PROGRAM**

December 2020

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Submitted in partial fulfillment of the
requirements for the degree of

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ANALYSIS OF THE FLEET SCHOLARS EDUCATION PROGRAM

ABSTRACT

The Fleet Scholars Education Program (FSEP), established in 2015, rewards top performers within the unrestricted line (URL) and Information Warfare (IW) communities with fully funded graduate education for up to two years at a civilian institution. For this MBA project, the author conducted a survey of the FSEP participants as of March 2020 and found that the program appears to meet its stated objective of retaining qualified and talented officers from the URL and IW communities. From the survey responses, more than half of the officers who planned to leave the Navy prior to their FSEP enrollment decided instead to continue their Navy service. Using tuition data and publicly accessible compensation information, the author generated a first estimate of the total cost of the FSEP of approximately \$10 million per year when both direct and indirect costs are accounted for. To increase returns from the program, the author recommends targeting the FSEP to officers with 6–7 years of service while also making a concerted effort to utilize the degrees attained from the program.

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LIST OF ACRONYMS AND ABBREVIATIONS

BAH	Basic Allowance for Housing
BAS	Basic Allowance for Subsistence
BUPERS	Bureau of Naval Personnel
CBA	Cost-Benefit Analysis
CDR	Commander (O-4)
CW	Cryptologic Warfare Officer
CIVINS	Civilian Institutions Office
DL	Distance Learning
EAS	End of Active Duty Service
ENS	Ensign (O-1)
EOD	Explosive Ordnance Disposal
FITREP	Fitness Report
FSEP	Fleet Scholars Education Program
INTEL	Intelligence Officer
IP	Information Professional
IWC	Information Warfare Community
LCDR	Lieutenant Commander (O-4)
LT	Lieutenant (O-3)
LTJG	Lieutenant Junior Grade (O-2)
MSR	Minimum Service Requirement
NPS	Naval Postgraduate School
NSW	Naval Special Warfare
NWC	Naval War College
OPNAVINST	Office of the Chief of Naval Operations Instruction
PCS	Permanent Change of Station
RL	Restricted Line
SME	Subject Matter Expert
SWOS	Surface Warfare Officer's School
URL	Unrestricted Line
USMC	United States Marine Corps

USN

United States Navy

EXECUTIVE SUMMARY

The Fleet Scholars Education Program (FSEP) was established in 2015 in order to “reward and retain top performing, career-minded officers” of the United States Navy (Office of the Chief of Naval Operations [CNO], 2016, p. 1). Since the program’s inception, 30 unrestricted line (URL) and Information Warfare community (IWC) officers per year have been given the opportunity to attend in-residence graduate education for up to two years at an institution of their choice. Following their graduation, they incur a Minimum Service Requirement (MSR) of three years, which equates to roughly one additional tour of duty. Given the relative infancy of the program, we conducted an examination of the FSEP to determine the program’s outcomes to date in terms of retention of talented officers from these communities and to identify any opportunities to make changes to the program that could improve returns in the future.

After analyzing the 40 responses from a survey of all 70 graduates of the FSEP and examining program cost data, the findings of this project suggest the program is increasing retention of competent URL and IWC officers. Prior to being selected for the FSEP, 45% of survey respondents were planning on exiting the navy. However, following their selection for the FSEP and completion of their degree, that rate has decreased to 23% of survey respondents who plan to exit the Navy prior to the 20-year retirement mark. While these results show that the program appears to generate the desired incentives for improved retention, there is a potential for greater returns by carefully targeting the FSEP at junior officers with 6–7 years in the Navy, given their career trajectory and MSR following the FSEP. Another potential source of improved returns from the FSEP could be realized with improved utilization rates for the graduate degrees attained during the FSEP. More careful timing consideration encourages career-minded officers to apply for the program, and better degree utilization improves officer’s job satisfaction post-graduation, which may encourage these officers to remain on active duty.

References

Office of the Chief of Naval Operations. (2016, Aug 15). *Fleet Scholars Education Program* (OPNAVINST 1500.78). Department of the Navy.
<https://doni.daps.dla.mil/Directives/01000%20Military%20Personnel%20Support/01-500%20Military%20Training%20and%20Education%20Services/1500.78.pdf>

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I. INTRODUCTION

Education is the Navy's strategic investment to enhance the warfighting effectiveness and critical-thinking skills of career officers. The Fleet Scholars Education Program (FSEP) provides a rich and unique opportunity to provide quality, relevant, and diverse education opportunities to the most talented officers in the unrestricted line (URL) and information warfare communities (IWC). (Chief of Naval Operations, 2016, p. 1)

A. PURPOSE

The retention of talented junior officers in the U.S. Navy remains a vital concern for the service's overall warfighting effectiveness. Offering funded graduate education to proven operators is one way the Navy has looked to reach these retention goals. Currently, a number of fully-funded graduate education programs exist to encourage accomplished officers to extend their contracts and remain on active duty. The Fleet Scholars Education Program is one such initiative, established to allow "community sponsors the opportunity to reward and retain top performing, career-minded officers" (CNO, 2016, p. 1). However, given the relative infancy of the program, its success in retaining these officers has not yet been examined. This project seeks to determine the program's outcomes to date in terms of retention of the officer from these communities and to identify any opportunities to make changes to the program that could improve these returns.

This analysis aims to provide the CIVINS office, the office responsible for Navy graduate education outside of NPS, with a better understanding of opportunities to improve the efficacy of the FSEP program by analyzing its cost and its returns in terms of retention of its participants. This project's findings can contribute to planning the Navy's graduate education strategy for the future. As resources are scarce, it is imperative for decision-makers within the Navy to be able to determine which programs are more efficient at delivering and supporting the Navy's strategic investment in education. Sending naval officers to a graduate school of their choice is not cheap, both in direct costs, but also in opportunity costs as resources are taken from other programs that could have been funded instead. Therefore, the return on investment for a program like this should justify the higher cost through higher retention rates, and more of these highly qualified officers choosing to

remain on active duty until retirement. This MBA project aims to provide a first look at the estimated direct and indirect costs associated with the FSEP and, using a survey of FSEP participants, to also estimate career intentions of officers who have participated in the program.

B. RESEARCH QUESTIONS

This MBA project will examine the main costs and returns of the FSEP to analyze the following questions:

1. What direct and indirect costs are associated with sending officers to civilian institutions?
2. What retention rate can be expected from officers who have participated in the FSEP program?
3. Are there ways to increase the returns from the FSEP program?

This MBA project will address these questions using both qualitative and quantitative analyses by analyzing data from a survey distributed to all past participants in the FSEP program, as of March 2020. Furthermore, tuition data from the CIVINS office will also be used to provide a comprehensive picture of the direct costs associated with the program. Additional analysis will be conducted to address other direct costs faced by the Navy, including base pay, allowance for housing, and tuition. Indirect costs such as personnel billeting hurdles will also be considered.

C. SCOPE AND LIMITATIONS

The scope of the analysis conducted in this MBA project is restricted to all Navy officers who have completed degrees as part of the FSEP, as all 70 officers who have completed the FSEP sequence were still on active duty at the inception of this report. Accurate contact information and financial data regarding their respective graduate education programs exist and will be consulted to generate a comprehensive picture of the graduate program as a whole. Given the similarity of ranks, designators and academic institutions between those who have completed the program and those who are currently enrolled, the results of this analysis may be extrapolated to estimate costs and retention

profiles for future FSEP cohorts. However, the results of this analysis may not apply to the majority of the Navy's other graduate education programs. This is because of the important differences between the FSEP and the other Navy graduate education programs. The most notable difference between these programs is the direct cost of tuition. The schools typically attended by the FSEP participants are largely private institutions, which have significantly higher direct costs than similar graduate programs at public institutions. As such, results drawn from this report may only be applied to future FSEP cohorts and no other Navy graduate education programs.

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II. BACKGROUND

A. NAVY GRADUATE EDUCATION

The U.S. Navy started to focus heavily on graduate education around the turn of the 20th century, when it was deemed to be a prudent investment in technological advancement and the future success of the sea service. Spawned in part by a marked increase in globalization and the infamous cruise of the Great White Fleet from 1907–1909, the United States recognized that an increased investment in their naval forces would help to develop a modern Navy capable of dynamic international operation. Innovative leaders of the time envisioned a technically proficient seafaring force and recognized the necessity of an institution dedicated to promoting naval innovation (Naval Postgraduate School, Dudley Knox Library). This initiative took off with the establishment of a school of marine engineering in 1909, originally located at Annapolis. What began as a small cohort of just 10 naval officers and two instructors grew in size over the coming years. Eventually, following World War II, naval leadership determined that the facilities of the Naval Academy were insufficient, and authorized the purchase of the Hotel del Monte in Monterey, CA (NPS DKL). Today, this base is home to the Naval Postgraduate School, as well as the CIVINS office that conducts the administration and placement of all naval officers in graduate programs both around the country and internationally, to include those selected for participation in the FSEP.

Today, a graduate degree is viewed as highly favorable for officers who wish to promote in the overwhelming majority of warfighting communities (Fowler, 2017, p. 23). Although it varies by community, detailers typically expect the career-minded officer to have achieved some sort of graduate education around the rank of O-3 or O-4. However, based on career timing milestones and other billeting hurdles, some officers complete their graduate education slightly before or after this window. To provide naval officers with dynamic and unique educational opportunities, 31 different Navy graduate programs are currently offered, per the FY2019 Graduate Education Quota Plan. The overwhelming majority of these graduate opportunities are targeted at officers within the O-3 to O-4 range.

B. FLEET SCHOLARS EDUCATION PROGRAM

The Fleet Scholars Education Program was established in 2016 with OPNAVINST 1500.78. The Navy recognized that graduate education was essential in improving and retaining its most qualified officers. Following the general Navy-wide trend, the FSEP educational opportunity is “targeted for the lieutenant (LT) pay grade; however, lieutenant commanders are eligible. Top performing lieutenant junior grade officers may be considered if promoted to LT before reporting to their school of choice” (CNO, 2016, p. 2). This program is specifically made available for top-performing junior officers in the URL and IWC communities.

As detailed in the instruction, a specified quota of officers from each community are delivered to community managers each year via the annual advanced education quota plan. These managers determine which personnel are eligible for the program and meet the requirements to be selected based on demonstrated past performance and a career-oriented potential for future development. The selectees from each community are then notified of their acceptance to the FSEP and are encouraged to begin the application process for graduate programs of interest. Although the exact number of opportunities by community vary slightly by year, the total annual load is limited to 30 new officers. Table 1 includes the 2016 allocation of FSEP opportunities included in OPNAVINST 1500.78.

Table 1. FSEP Allocations by Community

Community	Number of Opportunities	Designator(s)
Aviation Warfare	7	1310, 1320
Surface Warfare	7	1110
Submarine Warfare	4	1120
Naval Special Warfare	3	1130
Explosive Ordnance Disposal	3	1140
Information Warfare	6	1810, 1820, 1830

C. TARGETED COMMUNITIES AND CAREER TIMING

The FSEP is targeted towards officers in six different communities, encompassing a total of nine unique designators. Six of these designators denote officers from the URL community, namely: Aviation Warfare, Surface Warfare, Submarine Warfare, Naval Special Warfare (NSW), and Explosive Ordnance Disposal (EOD). The other three designators denote officers from the IW community. Eligible designators from this community are Information Professionals (IP), Cryptologic Warfare Officers (CW), and Intelligence Officers (INTEL). Career timing regarding graduate education in each of these communities is discussed in more detail in the following sections.

1. Aviation Warfare and Surface Warfare

Officers from the aviation and surface communities face similar career pressures when choosing to attend in-person graduate education. This is because career-minded operators in these fields want to avoid unobserved FITREPs, which occur when an officer attends a full-time graduate education program. This creates a difficult situation because “in both communities, a master’s degree is highly regarded and necessary for progression in an officer’s career in terms of promotion and more senior billets” (Fowler, 2017, p. 13). While resident graduate education may seem attractive in the short term, officers who want to remain operational have a particular incentive to not take advantage of this type of graduate education. Aviators in particular tend to be overrepresented in DL graduate education, according to Fodor’s 2016 master’s thesis (Fodor, 2016, p. 25). With over 46% of FSEP billets set aside for individuals from these two communities, it will be interesting to see how these graduates progress through the aviation pipeline in the future.

In terms of career timing, aviators oftentimes are not given the opportunity for graduate education until just before or after their initial service requirement is fulfilled, following flight school, which oftentimes aligns with their first shore tour. As such, aviators tend to be senior O-3s and junior O-4s when pursuing graduate education. Surface warfare officers on the other hand typically have the opportunity to pursue graduate education on their first shore tour, around 4 years after commissioning. This implies they

are typically a junior O-3 when they first have the opportunity to pursue graduate education.

According to BUPERS, a master's degree is "highly valued for promotion later in career" within the aviation and surface warfare communities, which establishes the narrative that accessible, competitive graduate programs are important for these officers (BUPERS NPC, 2016). This fact increases the base efficacy of this graduate program, although its value must be balanced with the officer's desire to remain operational and eligible for promotion, which sometimes is at odds with the decision to attend in-residence education because unobserved FITREP cycles are unavoidable and can potentially impact promotion.

2. Submarine Warfare

Generally, officers from the submarine warfare community do not face quite the same career pressure when choosing to attend in-residence graduate education. This is because for officers from the submarine warfare community, opportunities to pursue advanced degrees are more prevalent than most other communities (Fowler, 2017, p. 14). Apart from in-residence opportunities at NPS and NWC, there are also a significant number of opportunities for submariners to pursue advanced technical education at private universities using a number of different Navy programs and scholarships, according to the FY2019 Graduate Education Quota Plan. With a plethora of opportunities available, the prevalence of submarine warfare officers at in-residence graduate programs is significant. The opportunity afforded to submarine warfare officers with the FSEP quota continues the long-standing focus in the Navy at large that the advanced education of competent nuclear operators is essential to the fulfillment of naval objectives.

In terms of career timing, submariners are typically afforded the opportunity to attend graduate school at three points in their career. First, as newly commissioned Ensigns via the Bowman scholarship program at the Naval Academy, along with a number of other smaller scholarship opportunities for highly-qualified young individuals with records of superior performance. Second, fully qualified submarine officers have the opportunity to attend graduate school during their first shore tour, when they are usually O-3. This is the

point when most submariners pursue graduate education, and is also when the FSEP is intended to be utilized. Finally, submarine officers also have the opportunity to attend graduate school during their department head shore tour, although this timing is not nearly as prevalent as the second option (Fowler, 2017, p. 14).

Per BUPERS, a master's degree is "highly valued for promotion later in career" within the submarine community, which only continues the narrative that these sorts of graduate programs are important and necessary for officers who wish to make a career of the submarine service (BUPERS NPC, 2016). However, unlike the aviation and surface warfare communities, there does not appear to be quite the same stigma surrounding submariners attending in-residence graduate education. Perhaps the only hurdle of note: if they are interested in promotion within the community, there is certainly a premium placed on them remaining certified on the nuclear plant, although it appears most graduate programs do not significantly interfere with this (Fowler, 2017, p. 15).

3. Naval Special Warfare

Based on past research, officers from the Naval Special Warfare community do not appear to face significant pressure from within the community to avoid attending in-residence graduate education. Per BUPERS, a master's degree is "highly valued for promotion later in career" within the NSW community, and officers who wish to promote within the community are expected to have completed their graduate degree by the time they reach the rank of Lieutenant Commander (BUPERS NPC, 2016).

Similar to the surface warfare community, NPS is the most common means for SEAL officers to complete their graduate education sequence. This typically occurs during their first or second development tour, which is similar to a shore tour in other URL communities.

4. Explosive Ordnance Disposal

Unlike the other communities targeted by the FSEP, the Explosive Ordnance Disposal community does not seem to place an especially significant premium on graduate education. That is to say, it does not appear to be especially important for promotion within

the community, according to BUPERS (BUPERS NPC, 2016). When EOD officers are offered the opportunity to attend graduate school, they are permitted to do so via many of the same programs as SEAL officers. Like the NSW community, the majority of EOD officers attend NPS for graduate education (Fowler, 2017, p. 15). Including this warfare community in the target group for FSEP may represent a conscious effort on the part of leaders within the community who would like to see more of their officers pursue graduate education in order to help improve the community in the near future. After all, it would make sense that highly educated operators are able to perform to a more stringent standard in the most stressful wartime scenarios.

5. Information Warfare

For the three designators in the Information Warfare community that are targeted by the FSEP, all three place a premium on graduate education, although officers typically are not required to have an advanced degree prior to promotion to Commander (BUPERS NPC, 2016). For Information Professional officers, the graduate degree is a key component of an officer's progression within the community (BUPERS NPC, 2016). For Cryptologic Warfare and Intelligence Officers however, the time spent away from the operational environment can be detrimental to one's career, similar to the attitude in the surface and aviation warfare communities.

The educational opportunities available to the officers from the IW community appear to be slightly more varied than those available to their URL peers, perhaps due to the more specialized sets of skills and technical knowledge that are required to be a competent officer and operator in these fields. Further expanding their options with the FSEP enhances the community's focus on graduate education and fosters dynamic growth for the community in the future.

III. LITERATURE REVIEW

A. STUDY OF NAVAL OFFICERS' DECISION TO PURSUE FUNDED GRADUATE EDUCATION (FOWLER 2017)

This 2017 study was carried out by LT Kimberly Fowler as part of the graduation requirement toward her pursuit of a master's of science in management. Fowler analyzed whether adjusting the MSR following graduate education may potentially increase the returns on investment realized by the Navy. This is relevant to the questions in my MBA project, because the infancy of the FSEP lends itself well to suggestions that could potentially increase its efficacy and cost-effectiveness down the road. Given the general similarities between the FSEP and funded graduate education in general, conclusions from the latter could potentially be informative to how to increase returns on investment from the FSEP.

Fowler's analysis drew data on officers from the Navy's URL, RL, and Staff communities who were enrolled as full-time NPS students during the 2016–2017 academic year. Since these students were already enrolled at school, they had previously assessed the costs and benefits of pursuing fully-funded graduate education and deemed it an appropriate investment in their future. Her analysis process based off of interviews with groups of officers, in which she asked them questions relating to their decisions to pursue graduate education at NPS and how they believe their degree will assist them later on in their career.

Fowler found that an overwhelming majority (70%) of respondents had made the decision to retire from the Navy. It can be inferred that the opportunity they were afforded to attend graduate education made the decision to remain until retirement easier, because pursuing education on the Navy's dime extends an officer's service obligation significantly. Fowler also found that while the majority (56%) of URL officers chose to attend NPS because they value "Navy-funded education," the overwhelming majority (77%) of RL officers chose to attend NPS for "Promotion/Career Milestone reasons" (Fowler, 2017, p. 48). This finding is significant because the majority of FSEP participants

are from the URL community and likely face similar motivations when choosing to attend in-residence graduate education on the Navy's dime.

B. STUDY OF NAVY'S FUNDED GRADUATE EDUCATION PROGRAM (RAND 2010)

This 2010 study was authored by Kristy N. Kamarck, Harry J. Thie, Marisa Adelson, and Heather Krull on behalf of the RAND National Defense Research Institute. Their analysis of USN funded graduate education was prepared to assist naval leadership in shaping the future trajectory of their education strategy. According to the study's conclusion, "evidence from the literature suggests that positive organizational gains accrue from having a more-educated workforce. Graduate education builds human and social capital that may lead to improved productivity, greater retention, and better performance in billets" (Adelson et. al., 2010, p. 59). The hope is that when officers return to the fleet following the pursuit of an advanced degree, they are able to do their job in a more competent fashion and the Navy reaps the rewards in the form of higher productivity and an increase in the quality of the work being performed.

However, when officers are placed in billets that do not align with their advanced technical training, the Navy never receives any benefit from their investment in that individual's graduate degree. As detailed in the study, the Navy "has the lowest utilization rates for officers who have graduate degrees among all the services" (Adelson et. al., 2010, p. 60). In this situation, the benefits from that graduate degree are never truly realized by the institution that made the degree possible in the first place. At the time of the study's publishing, the utilization rate for graduate degrees in the Navy was roughly 50%. Furthermore, for the officers who did fulfill a utilization tour, the study noted that "one utilization tour per graduate-degreed officer does not recoup the cost of that degree within a 20-year career" (Adelson et. al., 2010, p. 64).

Although the technical skills may not be applied in their follow-on billet, officers who receive graduate education tend to remain on active duty: "Military studies generally show a positive retention effect from funded graduate education" (Adelson et. al., 2010, p. 16). Although not easily quantifiable, there are certainly cost benefits that can be attributed

to retaining proven operators until retirement. Although FSEP degrees may not be utilized to the maximum extent possible, the program's potential to retain proven operators seems to be clear. If FSEP degrees are utilized at a higher rate, this study suggests that the Navy will reap the benefits in an even more significant fashion.

C. STUDY OF NAVY EDUCATION STRATEGY (CNA 2008)

This 2008 study was commissioned by the Department of the Navy to help assist in crafting their education plan for the average URL officer, as the Navy enters a period of increased technicality. A portion of the study focuses specifically on graduate education, and is especially relevant in this project. As described extensively in other studies, the majority of Navy officer students pursue graduate education at either NPS or the NWC, in Rhode Island (Moskowitz, 2008, p. 20). The majority of these officers pursue degrees as part of an in-residence degree program (Moskowitz, 2008, p. 22). Throughout the duration of their program they are not responsible for any collateral duties, much like the officers in the FSEP.

This study determined that, overall, the Navy is doing a generally good job at bringing technically proficient officers into its ranks. Based on their research, it appears that officers with technically oriented undergraduate degrees tend to do slightly better in their respective pipelines, if only marginally (Moskowitz, 2008, p. 41). The study also found that one of the most significant hurdles to manage when assessing officers for graduate education eligibility, especially career-focused officers, was career timing. As is discussed within this MBA project, certain communities do not favorably view taking time away from the community to pursue in-residence graduate education. Furthermore, the Navy "has had difficulty in matching skilled officers to jobs that require their specific skills" (Moskowitz, 2008, p. 42). This deals with the utilization of specific graduate degrees that align with particular technical jobs within the Navy.

D. STUDY OF UTILIZATION AND RETENTION IN NAVY GRADUATE EDUCATION (DAGGETT 2016)

This 2016 study was carried out by LT Kaysie Daggett as part of the graduation requirement toward her pursuit of a master's of science in management. Daggett analyzed

officers who take advantage of fully-funded graduate education and how the utilization of their degree affects their retention within the service. From there she recommended specific changes that could be made to increase the returns realized from Navy graduate education programs. This is relevant for my MBA project because it is in the Navy's best interest to try and maximize the benefits of the FSEP in any way then can.

Daggett noted that the utilization rate, the rate at which officers are placed in a billet that uses the technical knowledge gained from their master's degree, was around 20% for the group of officers she examined (Daggett, 2016, p. 56). She found that, "...there is evidence to suggest funded graduate education increases retention..." but more work needs to be done to verify this conclusion because officers who self-select to pursue graduate education may already be oriented into pursuing a career in the military in the first place (Daggett, 2016, p. 57). Daggett recommends assigning follow-on orders to each officer prior to their matriculation to graduate school, which "would ensure utilization immediately following graduate education, and it would provide stability for community managers, detailers and service members" (Daggett, 2016, p. 58). This is similar to the process used by the Marine Corps, which has a utilization rate of 96%, the highest of any branch of the U.S. armed services (Adelson et al., 2010, p. xv).

E. STUDY OF THE COST OF NPS PER STUDENT (GOMEZ 2015)

This 2015 study was carried out by Joel Gomez as part of the graduation requirement toward his pursuit of a master's of business administration. Gomez utilized an activities-based costing system to develop a more comprehensive costing structure for NPS when it determines tuition per student each year. The use of Gomez' findings in this MBA report are essential, because the majority of Navy officers receive graduate education at NPS. Thus, comparing the cost of tuition at FSEP institutions to the cost of NPS is a useful benchmark when determining the efficacy of spending additional dollars on each student. Using an activities-based costing system, Gomez estimated that the cost per year, per student at NPS was roughly \$31,312 for FY2013 (Gomez, 2015, p. 41). When Gomez compared the cost of an MBA at NPS with the cost of an MBA at Stanford, he calculated that the latter was roughly 2.25 times more expensive than the former. It is essential to keep

this in mind when examining return on investment for the FSEP because that additional cost should be justified, at least in part, with better retention numbers.

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IV. METHODOLOGY

This MBA project primarily utilizes a basic Cost-Benefit Analysis (CBA) framework to examine the costs and returns of the FSEP. The measures of returns are quantified from the responses to a distributed survey focused on career intentions of officers who have participated in the program.

A. COST-BENEFIT ANALYSIS FRAMEWORK

The primary route of investigation in this project is a CBA of the FSEP that utilized responses from the survey distributed to all FSEP participants, and costing data obtained from the CIVINS office. Based on preliminary analyses, there are both direct and indirect costs that directly affect the efficacy of the FSEP. The majority of these fall directly on the Navy, as they fund the graduate education. There are also certain benefits that result from the FSEP which have positive effects on both the student and the Navy at large. In Chapter V and Chapter VI, the costs and benefits that factor into decisions made surrounding the FSEP are broken down into more detail and examined to the maximum extent possible, in an attempt to help inform a costing picture of the program and provide insight into retention estimates for officers who have participated in the program.

B. SURVEY

In order to gather pertinent demographic data and better gauge career intentions of FSEP participants, all officers who completed the FSEP program and are still on active duty were solicited with a voluntary survey as part of this project. The survey is shown in Appendix A. This survey was initially distributed in March of 2020. Since all participants in the FSEP were still on active duty at the time of survey distribution, it was deemed permissible to contact all 70 of these officers.

During the two weeks in which the FSEP Survey was active on LimeSurvey, 40 completed survey responses were submitted. With a mailing list that comprised all 70 students who had already completed their FSEP sequence, we received a response rate of just over 57%. These responses included students who attended 24 different schools around the United States and earned degrees ranging from mechanical and chemical engineering,

to crisis management and international security, to master's in business administration and public policy. The individual officers who responded to the survey represented the following 6 communities: Surface Warfare (1110), Submarine Warfare (1120), Special Warfare (1130), Explosive Ordnance Disposal (1140), Naval Aviator (1310, 1320), and Information Warfare (1810, 1820, 1830). These 6 warfare communities represent the entire pool that FSEP was designed to service when the program was originally established with OPNAVINST 1500.78.

C. SURVEY RESPONSES

Of the completed responses submitted, 12 were from officers from the Surface Warfare community (1110), 7 were from the Explosive Ordnance Disposal community (1140), 7 were from Naval Flight Officers within the aviation warfare community (1320), 3 were from the Submarine Warfare Community (1120), 3 were from the Naval Special Warfare community (1130), 3 were pilots from within the aviation warfare community (1310), 3 were from the Cryptologic Warfare specialty within the Information Warfare community (1810), and 2 were from Intelligence Officers from within the Information Warfare community (1830). These responses are laid out in Figure 1.

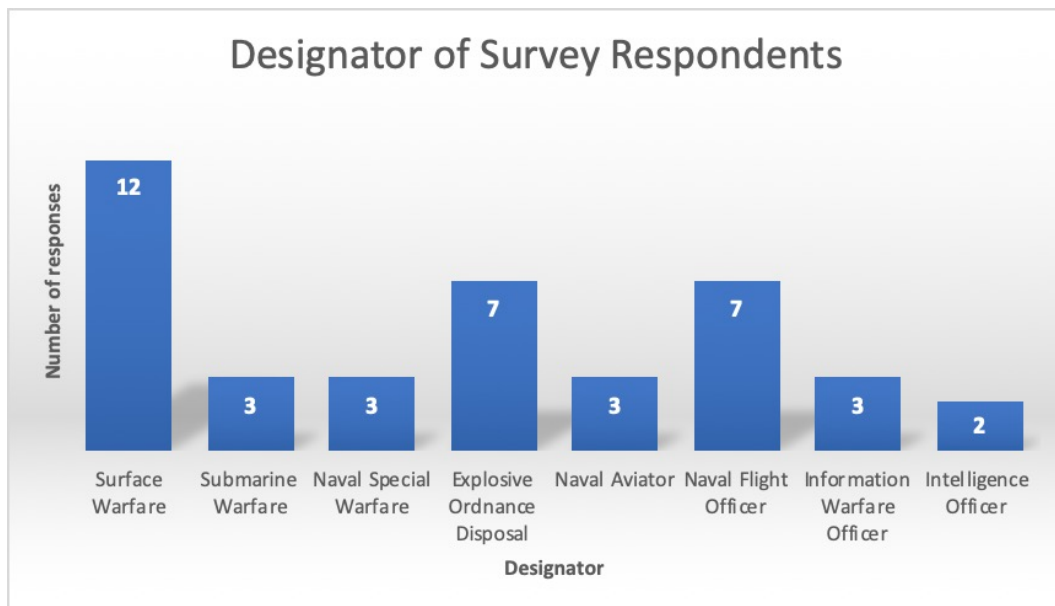


Figure 1. FSEP Survey Responses by Designator

The ranks of the individuals who responded to my survey were majority O-3 and O-4, with one individual respondent who is an O-5 from the NSW community. Since these are their declared ranks currently, these responses align well with the FSEP instruction that explains how, “FSEP is nominally targeted for the lieutenant (LT) pay grade; however, lieutenant commanders are eligible” (OPNAV 1500.78). In total, 50% of respondents were O-4, 47.5% of respondents were O-3, and 2.5% of respondents were O-5. Similarly, the time in service portion of the survey shows that the largest category of respondents have accrued between 10–14 years in the Navy. This groups of individuals make up 47.5% of all the survey respondents, while 32.5% of respondents had less than 10 years in the Navy, and 20% had greater than 15 years in the Navy. This makes perfect sense to me, because this program is specifically oriented towards the career minded officers who are willing to make the commitment to remain on active duty for the long haul. By selecting a senior LT with 9 years of service already, you push his/her EAS to roughly the 14-year mark, which is significantly closer to the 20-year retirement mark. On the contrary, picking a junior LT with 4 years of service, his/her EAS is only pushed to roughly the 9-year mark or even sooner. With the majority of that officer’s career still in front of them, they may be encouraged to take their FSEP degree with them to the private sector instead of remaining on active duty. In this case, the Navy fails to realize the true benefits of having an officer with a graduate degree from a top-ranked academic institution.

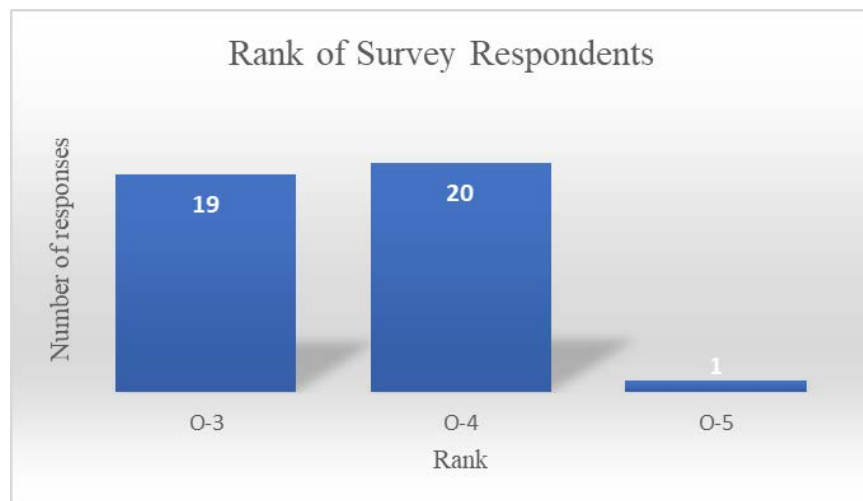


Figure 2. FSEP Survey Responses by Rank

Officers selected for the FSEP have a choice to pursue whatever graduate degree they prefer, and although a large number choose the MBA track, many other more technical degrees are popular as well. In total, 50% of survey respondents received an MBA through the FSEP, 20% of respondents received a degree in public policy or public affairs, 10% of respondents received a degree in an engineering discipline, 7.5% of respondents received a degree in national security studies, and the remaining 12.5% received degrees including master's in education, master's in applied biology, and master's in emergency, disaster, and crisis management. With many of the MBAs earned at top-ranked business schools like Wharton, Stanford, MIT, Dartmouth, and Cornell, the marketability of these officers upon exiting the Navy increases exponentially as private sector firms place a premium on hiring individuals with graduate degrees from these institutions. Thus, examining the retention of these officers in the analysis portion of this paper will be important to determine how good of a job, if any, the FSEP and the Navy at large is doing at keeping these individuals on active duty.

Three portions of the survey asked respondents to rate, on a scale from one to five, their general satisfaction with the FSEP, the degree to which they feel their degree is utilized in their current job in the Navy, and the degree to which they feel they will utilize their degree upon exiting the Navy. Given the exclusivity of the FSEP, it is not surprising that the overwhelming majority of officers gave positive marks to the first question, as seen in Figure 3.

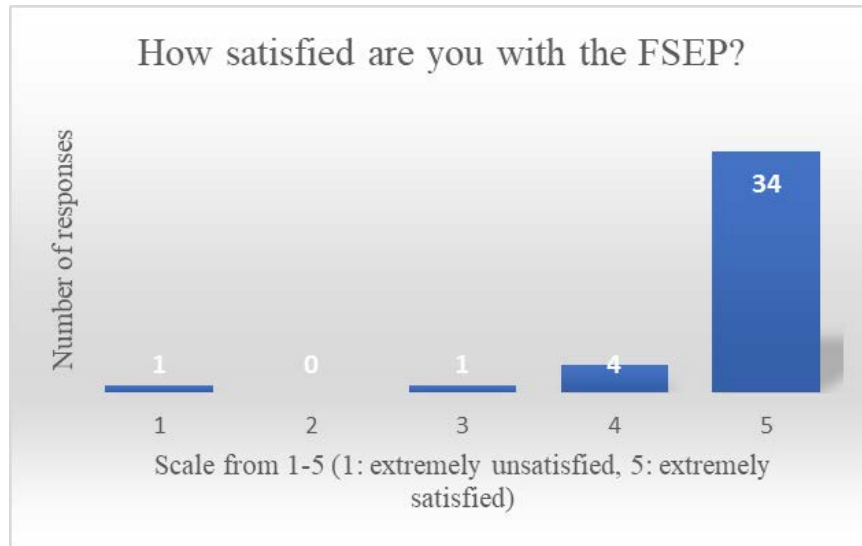


Figure 3. Reported Satisfaction with the FSEP

In other words, these individuals are satisfied overall with the FSEP and the opportunities it has afforded them. However, based on the responses to the next two questions, an interesting disparity emerges. Namely, the majority of officers do not end up utilizing their degree in a major way in their payback tour following their 18 months in the FSEP, as seen in Figure 4. However, a majority of these officers believe they will utilize their degree upon exiting the Navy. Certainly, the private sector job market is far more flexible than the Navy billeting system, however, it appears there is room to improve the Navy’s return from the FSEP by increasing the utilization of the graduate degrees it funds.

The next few questions address career intentions of the respondents, and gauge whether the officer was eligible to exit the Navy prior to being selected for the FSEP and whether they will be remaining on active duty past their three-year academic service obligation and potentially all the way to retirement. Interestingly enough, it appears that roughly 35% of the respondents were planning on exiting the Navy prior to their selection for the FSEP, and instead made the decision to remain on active duty. Given that the OPNAV instruction states that the FSEP is designed to “reward and retain top-performing, career-minded officers,” it appears this goal is being accomplished with at least a significant portion of the selectees. More notably, roughly 20% of the survey respondents were planning on getting out of the Navy prior to being selected for FSEP, and now they

are planning on not only remaining on active duty, but staying active past their three-year academic service obligation. Furthermore, 12.5% of survey respondents have now made the decision to remain in the Navy until retirement, when prior to their selection for the FSEP they were strongly considering getting out of the Navy.

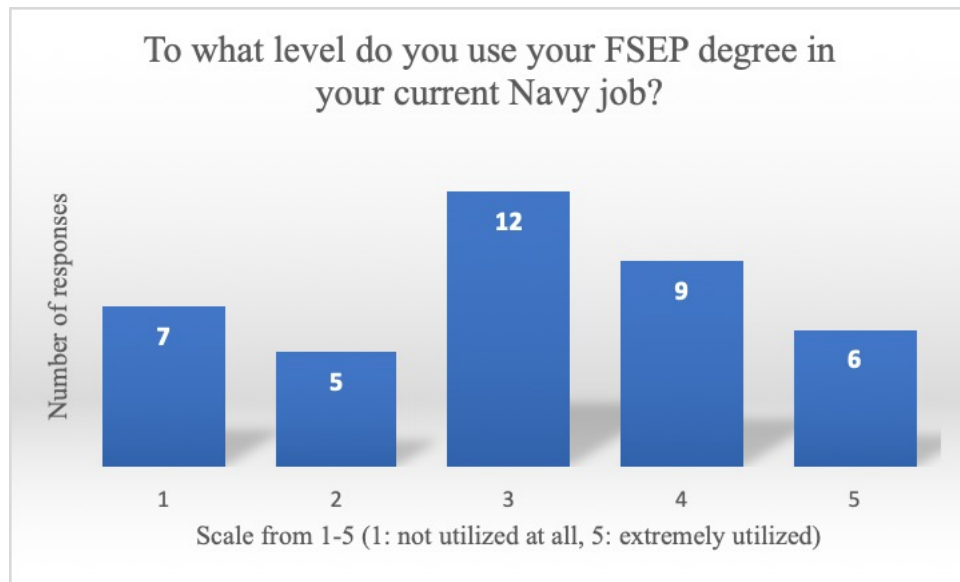


Figure 4. Utilization of FSEP Degree in Current Navy Job

Finally, the last two questions on the survey ask respondents whether they would have considered the FSEP if the academic service obligation had been four or five years, instead of the standard three. By adding one or two years of obligated service at a critical point in most officer's careers, the Navy might incentivize more talented officers to remain on active duty until retirement. This would further accomplish the FSEP goal of retaining the service's most valuable talent. From the survey, 77.5% of respondents indicated that they would have considered the FSEP if they incurred a 4-year academic service obligation instead of the standard 3-year obligation. Interestingly enough, 50% of respondents indicated that they would have considered the FSEP if they incurred a 5-year academic service obligation. The answers to these two questions are particularly fascinating, because they make it appear as though the simple answer to retaining these top-performing officers with exclusive graduate opportunities is to just extend service obligations. However,

certain officers will see this extended obligation as reason enough to exit the service prior to making the decision to pursue a master's degree.

In summary, the main takeaway from this survey is that the FSEP appears to have a positive retention effect on the officers involved in the program. This can be seen in the 12.5% of survey respondents who intended to exit the Navy prior to being selected for the FSEP, and following their participation in the FSEP now intend to remain on active duty until retirement. Furthermore, another 20% of survey participants expressed interest in remaining on active duty past their MSR, but perhaps not all the way until retirement. These are positive effects that may be attributed to the FSEP.

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V. CONSIDERATIONS IN EVALUATING THE FSEP

The total costs are estimated here as direct costs plus implicit (opportunity) costs.

A. DIRECT COSTS

The primary direct cost associated with sending officers through the FSEP is tuition. Not surprisingly, the dollar amount of this expenditure can be quite significant depending on where the officer chooses to pursue a graduate degree. As with undergraduate education, private schools tend to be more expensive than public institutions. Furthermore, most graduate programs are significantly more expensive than a comparable in-residence military graduate opportunity. For instance, a naval officer pursued an MBA at the University of Pennsylvania's Wharton School of Business, at a total cost to the Navy of \$152,628.00. Using Gomez' activities-based costing estimate and adjusting for inflation, a comparable degree at NPS costs roughly \$68,924.38 (Gomez, 2015, p. 41). However, another officer pursued a Master of Arts degree at the University of South Florida, at a total cost to the Navy of \$13,947.56. While a comparable degree does not exist at NPS, this figure is lower than the cost of any graduate program at NPS.

Since there is such a large disparity between the costs of different graduate programs at different institutions around the country, this paper will examine the average cost of sending an officer through the FSEP, based on the financial data from the CIVINS office at NPS. Upon receiving the financial data, FSEP students who have not completed their degrees were removed from the spreadsheet because their costing profile is incomplete. Since tuition costs and scholarship amounts are massively varied between institutions, it was determined that we should use the average tuition to compute out costing estimates. Using Excel, costs were summed and divided by the total number of officers to determine the average tuition required to send an officer through the FSEP. Based on my calculations, the average cost of two years of tuition for an officer in the FSEP is \$85,743.88.

B. IMPLICIT (OPPORTUNITY) COSTS

The primary implicit cost associated with sending officers through the FSEP is that they are removed from the operational talent pool for a period of up to 24 months. During this time, they receive full pay and benefits, but are not making meaningful additions to the operational Navy. Instead, someone else is paid to fulfill the duties that they would have otherwise covered, if they had not chosen to pursue graduate education. As such, it seems appropriate that this implicit cost, which we will refer to as the ‘lost-billet cost,’ can be represented by estimating the cost it takes for another officer to take their place. An officer’s compensation is comprised primarily of their base pay, BAH, and BAS, along with other smaller components such as hazardous duty pay, jump pay, flying duty pay, and submarine duty incentive pay, among others (a comprehensive list of special and incentive pays is available at <https://militarypay.defense.gov/Pay/Special-and-Incentive-Pays/Index/>). This report will break down and estimate base pay, BAH, and BAS for the typical FSEP officer and add them together at the end to provide a comprehensive costing picture.

1. Basic Pay

As detailed in Chapter IV, the overwhelming majority of officers who take advantage of the FSEP are either senior Lieutenants (O-3) or junior Lieutenant Commanders (O-4). As such, it seems appropriate that to estimate an officer’s compensation, an average of the pay for these two demographics should be taken. Using the Navy basic pay table found on navy.mil, it seems appropriate to pull the monthly pay for Lieutenants with 6–8 years of experience and the monthly pay for Lieutenant Commanders with 8–10 years of experience. While 6–8 years is on the earlier side for promotion from O-3 to O-4, the FSEP demographic consists of highly motivated individuals who would almost certainly be promoting ahead of their peers. Taking the average of these four figures gives us \$6,548.48, which will be the figure we use from this point forward when making calculations involving officer’s Basic Pay.

2. BAH

Another significant portion of an officer’s compensation is their basic allowance for housing, which is paid out monthly and varies based on the cost of living associated with the officer’s command. Areas like New York City and San Francisco have markedly higher BAH, while cheaper areas like Pensacola, FL, and China Lake, CA, have relatively lower monthly BAH. Unfortunately for estimation purposes, there is not a good standardized way to estimate BAH in the aggregate, because the figures vary so greatly by region. For instance, monthly BAH for an O-3 with dependents in San Francisco is \$4,845, while that same officer’s BAH in China Lake would be \$1,512.

Due to large discrepancies like this, accurately estimating BAH for FSEP participants is difficult. Instead of counting each individual student and corresponding location, I noticed that 50% of survey respondents attended one of the following institutions: Cornell University, Georgetown University, Harvard University, Johns Hopkins University, Stanford University, or the University of Southern California. To generate a rough estimate for a random FSEP student’s BAH, I figured it would be prudent to examine these six schools and draw two BAH figures from each: the rate for O-3 with dependents and the rate for O-4 with dependents. Then, I took the average of these two numbers, and ultimately the average of the six averages to generate one singular figure that I will use throughout the rest of the cost estimation. That figure is \$3,448 per month. These calculations are shown in Table 2.

Table 2. BAH Estimates for FSEP Participants

	Cornell (Ithaca, NY)	Georgetown (Washington, DC)	Harvard (Cambridge, MA)	Johns Hopkins (Baltimore, MD)	Stanford (Stanford, CA)	USC (Los Angeles, CA)
O-3 with dependents	\$2,187	\$2,859	\$3,774	\$2,607	\$4,746	\$3,291
O-4 with dependents	\$2,430	\$3,027	\$4,572	\$2,868	\$5,493	\$3,528
Total Average						\$3,448.50

3. BAS

BAS is intended to help offset the monthly cost of a service member's meals and other incidental costs, and is assessed at a constant rate across the officer community. Currently, the monthly rate is \$256.68.

4. Total Yearly Compensation

Based on the calculations in Chapter V, officers that are a part of the FSEP receive roughly \$123,043.92 in annual compensation, not including specific bonuses and incentive pays that they may be entitled to. This computation can be seen in Table 3. For all intents and purposes, this is the figure that will be used in the remainder of the paper. Keep in mind that because FSEP selectees may pursue a graduate degree of their choice for up to two years, the Navy will pay them \$123,043.92 for up to two years, along with tuition for up to two years as well.

Table 3. Approximate Yearly Compensation for FSEP Participants

Basic Pay approximation per year	\$78,581.76
BAH approximation per year	\$41,382.00
BAS per year	\$3,080.16
Total approximate yearly compensation	\$123,043.92

C. BENEFITS OF INCREASED HUMAN AND SOCIAL CAPITAL

Beyond the benefits of increased retention discussed in the previous chapter, the additional benefits of graduate education can be significant, as referenced in the literature review portion of this project. Naval officers equipped with graduate education are more capable to attack the complex problems that face our nation today. As detailed in the RAND 2010 study, the benefits of graduate education can be broken down into two groups: education that improves Human Capital, and education that improves Social Capital (Adelson et al., 2010, p. 8). Human Capital involves improving human beings as individuals through the pursuit of knowledge relating to hard skills and soft skills. Social

Capital involves an individual's network and the contacts that are accessible and exploitable to that individual (Adelson et al., 2010, p. 9).

1. Human Capital

Human capital may be broken down into two distinct categories: hard skills and soft skills. Hard skills are those which require a technical fluency, and soft skills are those which require general competency. For example, riding a bicycle is a hard skill, while properly communicating that you rode a bicycle is a soft skill; each category of skills necessarily complements the other. In combination, they make the educated student an attractive asset, and one that can provide valuable insight into all things relating to the bicycle. High-quality graduate education has the potential to generate gains in both soft skills and hard skills. Furthermore, "evidence also specifically suggests that graduate education increases soft skills that are valuable to the Navy" (Adelson et al., 2010, p. 9). These include skills like communication, critical thinking, team-building, and decision-making, all of which are essential for a career in the military.

Given the vast array of degrees pursued by students in the FSEP, there is no doubt that most, if not all, are making sizable gains in their technical proficiencies (hard skills). With students pursuing degrees in Public Policy, Engineering, Education, International Relations, Financial Management, and Security Studies (among others), the breadth of information that they bring with them back to the fleet is massive. Although their degree does 'check the box' for promotional board purposes, it also endows each of these individuals with a diverse body of knowledge that they can use to the service's benefit. However, as we will see in Chapter VI, these servicemembers need to be afforded the opportunity to utilize their degree for the Navy to truly reap its benefits.

While technical competencies are essential for ultimate success in any field, the soft skills that complement their application are slightly more evasive, but crucial nonetheless. For the most part, soft skills "are competencies gained through the process of being educated," and are not necessarily easy to pin down and study in the typical fashion (Adelson et al., 2010, p. 8). Because many of the institutions attended by FSEP students are highly selective, the peers they are surrounded by in their classes may be standout

performers in the private sector. Interacting with individuals of this caliber on a regular basis promotes further gains in soft skills, which may increase the beneficial nature of the graduate education overall. Upon returning to the fleet, those soft skills enable these officers to be even more effective Naval leaders.

2. Social Capital

Social capital has to do with, “both the individual’s network and the assets that may be mobilized through that network” (Adelson et al., 2010, p. 11). When it comes to esteemed academic institutions in this country, many are well-known for their alumni networking and the opportunities that specific contacts can afford to fellow graduates. This is especially true with the infamous ‘Ivy League’ universities, of which 25% of FSEP survey respondents attended. As described by Hussein Tawfik in his article “The True Value of Ivy League,” part of what makes these institutions so attractive is the fact that the, “opportunity to network with high performing individuals with illustrious contacts in and out of industry is constantly available” (Tawfik, 2020, para. 3). For officers who may be looking to pursue a private-sector career following their time in the military, establishing industry contacts through one of these institutions seems like an exceptionally prudent route to take. Furthermore, exposure to other students who do not have a military background may enhance the prospect of pursuing other employment, rather than remaining in the military until retirement.

VI. DISCUSSION OF FINDINGS

A. SIGNIFICANT COSTS AND BENEFITS

As was illustrated in Chapter IV and Chapter V, the significant costs incurred due to the FSEP fall on the Navy, while the significant benefits of the program fall primarily on the student in the program. This is because the program is seen as both a reward and a retention tool, and is only available for the most qualified officers from each of the targeted warfare communities.

As a rough working figure, we estimate that it costs roughly \$331,831.72 in attributable dollars to send an individual officer through the FSEP. This figure considers tuition, academic fees, and the ‘lost-billet cost’ that results from removing an officer from the operational talent pool for up to two years. With 30 individual FSEP billets available in any given year, the total cost to send all of these officers through the program is roughly \$9,954,951.60. For brevity, it can thus be inferred that the FSEP puts a yearly dollar strain of roughly \$10 million on the United States Navy. The benefits reaped by those who are selected for the program are substantial, and are comprised of both hard and soft skills. These include technical competencies, improved reading and writing comprehension, greater networking skills, and an enhanced understanding of the various academic and business environments outside of the militaries’ sphere of influence. All of these enable FSEP graduates to be more effective naval operators and leaders.

B. PROGRAM IMPACT ON THE AVERAGE FSEP SELECTEE

The average FSEP selectee has been in the Navy for roughly 9 years, and following their 24-month commitment to pursue a master degree will be obligated to a 3-year payback tour. Following this line of reasoning, this timeline would bring their average time in service to roughly 14 years. With full retirement benefits not available for at least another 6 years, this is an extremely important time in their career, as they must make the decision whether or not to remain in the service until retirement or exit the service in pursuit of private sector employment. Armed with a master’s degree from a private institution of their choice and demonstrated success in the military, these individuals are undoubtedly

marketable in other fields. However, according to the data collected from the distributed survey, 77% of FSEP participants plan on remaining in the Navy until retirement.

Prior to being selected for the FSEP, 45% of survey participants responded saying that they planned on exiting the Navy, while 55% responded saying that they either planned on remaining in the Navy or were not eligible to exit the service due to other commitments or payback tours. Following selection for the FSEP, only 22.5% of survey participants responded saying that they planned on exiting the Navy when they were able, with 42% of survey participants stating that they now intend to remain until retirement, when initially that was not their intention. The most remarkable takeaway from the survey data are the group of officers who planned to remain in the Navy upon being selected for the program, but have since made the decision to exit the service after completing their FSEP degree. This group of individuals comprises 12.5% of survey responses, and a few even included comments expressing their dissatisfaction with the Navy's handling of their follow-on assignment received following FSEP which did not utilize the skills that they acquired during their graduate education.

As we know from the RAND paper, job satisfaction has a great deal to do with being allowed the freedom to utilize the skills you are an expert in, and act as a Subject Matter Expert when the situation appropriately fits your skillset. The decision that the group of 12.5% of respondents made to exit the Navy immediately following their educational service obligation may have something to do with not being appropriately placed in a utilization billet, where they can apply the degree they earned. We know from the RAND paper that immediate utilization of acquired skills may increase job satisfaction, but the opportunities to apply graduate education are relatively nominal, with only 51% of Naval officers ever completing a utilization tour in their career (Adelson et. al., 2010, p. 35). In Chapter VII, potential improvements that could increase utilization rates are discussed in more detail.

C. SURVEY COMMENTS

The final page of the FSEP survey contained a section set aside for suggestions or concerns. This fill-in-the-blank region allowed officers to input their own free-response

comments and provide additional clarifying details along with their individual experience with the FSEP. Over half of all survey participants included additional comments, which provided valuable insight into personal experiences and the varied trajectories of the officers involved given their unique backgrounds and courses of study. Below I have included some of the more relevant comments. The full catalog of all comments is available upon request.

1. Disappointment with Follow-on Assignment

I was extremely disappointed in my follow-on assignment after FSEP. I understood the funding and logistics constraints that I needed to be PCSed to (location)¹ following my education...Instead, I was stashed at SWOS where I shared a one-person job with 3 other LT's. I have little confidence that the Navy will make use of the degree I earned through FSEP. It is extremely disappointing and part of the reason I will transition out after my incurred commitment.

This comment, from one of the survey respondents, is a great illustration of some of the points from the RAND paper, namely that job satisfaction has a great deal to do with being allowed to utilize the skills you are an expert at. Given the rigidity of the Navy's billet allocation system, it is not always the case that the proper personnel are assigned to perform the jobs that best fit their skillset. While it is certainly in the Navy's best interest to have the most qualified SMEs dealing with their area of expertise, that clearly didn't happen in this individual's case following the completion of their degree through the FSEP. Mitigating this type of situation might significantly improve returns from the program by keeping students satisfied and engaged in their advanced specialty.

2. Career Timing

I strongly feel FSEP is better directed at the 10-year mark for officers since it commits officers who have proven themselves to stay in through O-4 tours and until the time when it's highly likely they will stay until retirement. Giving it at the 5-6 year mark only obligates through 10 or 11 years where a perverse incentive may be introduced as they have an advanced degree and are at the time where retirement is still 10 years away, it financially makes more sense for them to get out.

¹ Location edited out by author to maintain the anonymity of the respondent.

This comment highlights the third recommendation I provided in Chapter VI regarding career timing, and how senior LTs should be the primary target for these types of highly competitive graduate education. While you may lose a small number of highly-motivated officers who wish to exit the Navy prior to pursuing a graduate degree, the majority of motivated candidates will succeed throughout their tenure as O-3s and remain prime candidates for this program. As was mentioned in the comment, offering this program too early on in someone's career may generate that perverse incentive to exit the Navy, when exactly what the Navy needs is for that bright man or woman to remain on active duty so they can improve the quality of the ship, unit or squadron they report to following graduation from the FSEP.

3. Utilization of FSEP Degree

My biggest observation is that the Navy doesn't know how to value or take advantage of the unique opportunities and perspectives gained while in FSEP. My senior leadership told me that it is seen as just a grad school check in the block, and that it is actually seen as less value... FSEP is a phenomenal opportunity to gain a renewed sense of loyalty and understanding, expand access and awareness, and bring back a truly unique perspective - but this is only if the Navy and your community are capable of taking advantage of all of those things...and I don't think we are.

Here, we have an example of an individual who attended a top-ranked institution and, in this officer's opinion, the Navy could do better with utilizing the skills this officer gained, to improve the service. Without a dedicated effort to utilize these degrees in a fashion similar to the USMC, their high cost compared to the returns they generate is simply not worth it. When an officer graduates from a top-ranked civilian graduate school and returns to the fleet, every effort should be made to match that officer with a billet that utilizes the skills he or she learned during their graduate studies. Without that effort, the program misses its mark.

4. Properly Implementing FSEP Graduates

This program has quite literally changed the potential trajectory of my future. It has dramatically increased the skillset I can offer to the Navy and will pay dividends during any future tour. I am already using the skillset McDonough taught me to help improve processes, programs, and

messaging on a three-star staff. The Navy benefits both quantitatively from the ability to assign me to financial management or OPS analysis billets with little training required and qualitatively with the dramatic improvement in management, leadership, and operations I now bring to the table.

This comment illustrates a “perfect storm,” when everything comes together in an ideal fashion and the MBA this officer received through the FSEP is properly utilized and the Navy is able to receive the full benefit of the degree. The officer involved is also more satisfied with their job as well, which we know encourages them to remain in the service because they know they are relevant and valued in their field. As this program continues into the future, more and more of the experiences in the FSEP should look like this, where utilization and appreciation coincide with genuine motivation and pursuit of excellence within the Naval community.

D. IMPROVING RETURNS ON THE FSEP

Talent management and retention of qualified officers is an important focus in the Navy today, as demonstrated with the establishment of programs like the FSEP. Ultimately, a successful graduate education program should attract and retain qualified candidates who have the potential to produce some sort of net benefit for the institution that they are attached to. Per OPNAVINST 1500.78, the FSEP is supposed to “reward and retain top performing, career-minded officers” (CNO, 2016). Although the Navy will certainly bear the brunt of the cost for this reward, the institution itself should surely see significant benefit by keeping these highly qualified individuals on active duty. Based on the survey responses, the FSEP is certainly improving personnel retention, but the question should certainly be asked: what can be done to improve returns from the program in general?

1. Extend Service Obligation

One of the ways to increase returns is to simply amend the service obligation incurred by the FSEP. Instead of being obligated to three years of service following degree completion, participants would have to agree to an additional year or two following completion of their master’s program. According to the survey, 80% of respondents would have considered the FSEP if they incurred a four-year education service obligation, while

50% of respondents would have considered the program if they instead incurred a five-year obligation following graduation. Due to the competitive nature of the program and the extremely limited number of billets available, the findings from the survey suggest that extending the service obligation by one year to a total of 4 years would still attract many of the most talented officers from the targeted communities. At the same time, this additional year would allow for more time on the back end for a utilization tour, or at least a portion of one. Furthermore, retaining a talented officer for one more year also brings them a year closer to retirement, which may incentivize them to make the career-minded decision to remain in the Navy.

2. Increase Utilization Rates

Another way to increase returns is to improve utilization rates for individuals who participate in the FSEP. This can be accomplished with enhanced communication channels between the FSEP students, the CIVINS office at NPS, and the community managers and detailers who place these officers following the completion of their graduate degree. In the Marine Corps for instance, officers have a one tour utilization rate of 96%, because these officers are purposely tracked for billets following their graduate education that will utilize the skills they honed in school (Adelson et. al., 2010, p. xv). Although this is difficult because FSEP selectees are permitted to pursue a graduate degree of their choice, an increased emphasis on tracking FSEP graduates and purposely placing them in billets that utilize their degree should be considered. It is reasonable to assume that in practice this will increase job satisfaction in FSEP graduates and also increase positive returns for the Navy at large, as they benefit directly from a more technically proficient workforce. We also know that job satisfaction plays a significant role in the decision to remain on active duty, as explained in our literature review. Therefore, keeping these individuals satisfied in billets that apply their graduate education can generate positive returns in the form of more satisfied FSEP graduates who significantly enhance the technical proficiency of their peers in the junior officer corps.

3. Improve Career Timing

The third and final way the Navy can markedly increase the returns from the FSEP is by carefully tailoring the program to officers who are at very select instances in their Navy career. As suggested by the survey responses, instead of offering the program to a young LT who has four years in, select a senior LT who has eight years in. By the time they complete their education and their payback tour, they will be at 12 or 13 years of service overall, vice the young LT who can get out at nine years of service with his new graduate degree. This selectivity is important because the senior LT who already has 12 or 13 years of service may choose to remain in the Navy for the additional 7 or 8 years so he can retire with a pension, whereas the younger individual may exit the Navy in pursuit of higher-paying private sector employment, because the prospect of Navy retirement seems far away. Offering the FSEP to the older portion of the junior officer community in the Navy can be extremely important in generating the highest returns possible. After all, while this program is meant as a reward for highly-qualified candidates, the Navy should also reap some benefit from paying for these individual's graduate education. Only marginal benefit is realized if they exit the Navy immediately following their payback tour. If they can be convinced to remain on active duty until they retire and are armed with their FSEP degree, they will have a much more positive impact on the Navy as a whole.

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VII. CONCLUSIONS AND RECOMMENDATIONS

A. CONCLUSIONS

The unique opportunity to pursue fully funded graduate education as a part of the Fleet Scholars Education Program is a meaningful way for the Navy to reward and retain its most competent URL and IWC officers. As the program has expanded and gained notoriety over the past five years, nearly 150 graduates have received degrees (or are in the process of receiving degrees) from some of the top-ranked graduate institutions in the United States, and have returned to the fleet armed with new skills. After completion of this research, the findings show that the Navy could be doing a better job at targeting FSEP candidates and ultimately utilizing the expensive degrees these individuals receive throughout their tenure with the program.

With a specific mission to retain career-oriented officers, the distributed survey demonstrates that this mission has indeed been accomplished. Of the officers surveyed, prior to being selected for the FSEP 45% were planning on exiting the Navy, whereas after being selected for the FSEP only 23% of participants were planning on exiting the Navy. This is partially because some of the officers in the program are now five years closer to the 20-year mark (after their payback tour) and believe it is now “worth it” to remain so they can retire with full benefits. Some of this differential may be attributed to an increased sense of satisfaction and achievement on the part of the officers who actually participated in the program. As shown in the literature, we know that an increased sense of satisfaction and appreciation in the workplace translates to a more dedicated and loyal workforce.

B. RECOMMENDATIONS

Although there are certainly undeniable positive returns from the program, there are also areas in which it could be improved, both to the benefit of the individual officers involved and the Navy at large. The first area that could be improved is the career timing of when the program is available to junior officers. By offering the program to more senior LTs, the percentage of FSEP officers that would remain in the Navy until retirement would be higher than if younger LTs are targeted. This is because as senior LTs matriculate

through the FSEP and their payback tour, they will be at roughly 12 or 13 years of service, at which point most of them will choose to stick it out for those last couple years until retirement. In this way, the Navy will maximize their return on investment in the FSEP by retaining these talented officers for the maximum time possible.

The second area that could be improved is the first-tour utilization rates of officers who have completed a degree as a part of the FSEP. Based on the survey distributed to program participants, a majority of respondents felt they did not use much of their degree in their follow-on assignment after FSEP, and were certainly not assigned to a billet or a staff where such an advanced knowledge of a particular subject was especially necessary. This is unfortunate because the Navy is not realizing the full benefit of these expensive degrees, and the officers themselves are not being afforded the arena to properly implement the valuable knowledge they have spent the last two years accumulating. This is not to suggest that utilization doesn't occur whatsoever, because it certainly does and a number of respondents explained how their degree has helped them in their current job. However, the Navy needs to do a better job of actively detailing individuals emerging from highly competitive programs like the FSEP so they realize an even better return on their investment. This could be accomplished by aligning FSEP participants with follow-on orders prior to beginning their graduate program, similar to the process in the Marine Corps. This ensures the degree they earn is put to good use and not squandered following their graduation.

If the Navy makes a concerted effort to improve in these areas, namely career timing and utilization, the FSEP will reach its full potential at both rewarding and retaining highly qualified officers, while also providing a net benefit for the Navy in the process.

C. RECOMMENDATIONS FOR FUTURE RESEARCH

In the future, I believe it makes sense to compare the retention of officers who attend in-residence private graduate institutions, with those who pursue a degree at an in-residence institution like NPS. While it was mentioned in this project that NPS is significantly cheaper on a per student basis, do private institutions retain officers better in such a way as to justify the higher cost? Furthermore, while officers are satisfied with the

FSEP, the rates at which the Navy utilizes graduate education are not ideal. What tools can be provided to better help detailers and community managers orient graduates from programs like these with billets that utilize their new skills? Perhaps looking at the USMC and how they detail their officers through graduate education, as the literature points to them as a potentially good example.

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APPENDIX. FSEP SURVEY

Career Intentions of FSEP Participants

Thank you for your interest in the survey! It should take less than 10 minutes to complete, and will begin below.

There are 16 questions in this survey

Informed Consent

Introduction. You are invited to participate in a research study entitled, *The Fleet Scholars Education Program and the True Cost of Retaining Career-minded Naval Officers*. The purpose of the research is to help inform a determination of the return on investment the Navy can expect to receive for officers who participate in the Fleet Scholars Education Program.

- 1) Participation in this survey is voluntary.
- 2) No identifiable survey data will be released to the general public.
- 3) Responses to this survey will be available only to the Principal Investigator and assisting student investigator.

Procedures. The survey follows below, and should take less than ten minutes to complete. Please select the answer to each question that you feel is most applicable to your *current* situation and how you feel *now*. Please note: Questions 3 and 4 should be answered in months.

Location. The survey will take place here on LimeSurvey.

Confidentiality & Privacy Act. Any information that is obtained during this study will be kept confidential to the full extent permitted by law. All efforts, within reason, will be made to keep your personal information in your research record confidential but total confidentiality cannot be guaranteed. Survey responses will be maintained on a secure drive at the Naval Postgraduate School until the research is completed, at which point they will be deidentified and maintained by the Principal Investigator.

Points of Contact. If you have any questions or comments about the research, or you experience an injury or have questions about any discomforts that you experience while taking part in this study please contact the Principal Investigator, Dr. Simona Tick, (831) 656-1101, sitick@nps.edu. Questions about your rights as a research subject or any other concerns may be addressed to the Navy Postgraduate School IRB Chair, Dr. Larry Shattuck, 831-656-2473, lgshattu@nps.edu.

[]

Statement of Consent. I have read the information provided. I have been given the opportunity to ask questions and all the questions have been answered to my satisfaction. I have been provided a copy of this form for my records and I agree to participate in this study. I understand that by agreeing to participate in this research and signing this form, I do not waive any of my legal rights. *

Please choose **only one** of the following:

-
- I consent to participate
- I do not consent to participate

[[How satisfied are you in general with the Fleet Scholars Education Program?

Please choose **only one** of the following:

- 1
- 2
- 3
- 4
- 5

1: extremely unsatisfied

5: extremely satisfied

[[To what level do you feel your degree is utilized in your current job with the Navy?

Please choose **only one** of the following:

- 1
- 2
- 3
- 4
- 5

1: not utilized at all

5: extremely utilized

[[To what level do you feel you will utilize your graduate degree once you exit the Navy?Please choose **only one** of the following:

- 1
 2
 3
 4
 5

1: I won't utilize it

5: I plan on utilizing it regularly

[[Were you planning on exiting the Navy prior to being selected for the Fleet Scholars Education Program?Please choose **only one** of the following:

- Yes
 No
 I was not eligible to exit the Navy

[[Are you planning on remaining in the Navy past your incurred three-year education service obligation?Please choose **only one** of the following:

- Yes
 No

[[Currently, are you planning on remaining in the Navy until retirement?Please choose **only one** of the following:

- Yes
 No

Thank you for your participation!
03-17-2020 – 08:00

Submit your survey.
Thank you for completing this survey.

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