

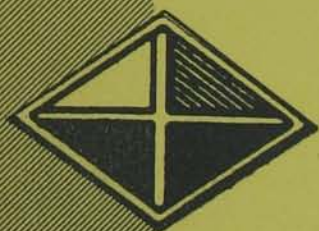
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# ARMY MILITARY PAY SYSTEMS

1918 - 1958

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ARMY MILITARY PAY SYSTEMS

1918 - 1958

(Historical Summary of Finance Corps Activities  
in the Creation of a New Army Pay System)

by

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Office of the Chief of Finance  
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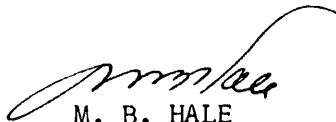
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CURRENT HISTORICAL SUMMARIES  
OF FINANCE CORPS ACTIVITIES

Explanatory Note

Under the provisions of Army Regulations. 335-81, 20 September 1956, the Chief of Finance is required to submit an annual historical summary of "major events and problems" of the Finance Corps to the Chief of Military History (Reports Control Symbol CSHIS-6 (R1)). An achievement not recorded in the recent summaries is the development of a new Army pay system to be implemented Army-wide on 1 January 1959.

This study not only describes activities relative to developing and testing the Military Pay Voucher System, but gives background experience with other pay procedures; therefore, it is desirable to reproduce it as an individual unit of reference. The report should prove useful in orienting new executive personnel, and may also be utilized in the training program at the Finance School, U. S. Army, or in research and planning activities carried on by the Finance Corps Field Service Board and other elements of the Finance Command.



M. B. HALE  
Colonel, FC  
Chief, Field Division

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## ARMY MILITARY PAY SYSTEMS, 1918 - 1958

One of the most important achievements of the Finance Corps since the Korean War is the creation of a new Army Pay System. The pay system did not break down in Korea--soldiers were usually paid accurately and promptly, but battle conditions revealed serious weaknesses in pay procedures. In an effort to remedy defects, finance officers have devised new methods for payment of troops.

### World War I Pay System

War is the test of military procedures. World War I had shown the inadequacy of an older pay system. Since only bonded disbursing officers could then make payments, it soon became evident that with the huge Army expansion it would be impossible to equal even the Spanish American War record when troops were paid only once every two months. Brig. Gen. Herbert Lord, the Director of Finance, arranged for disbursing officers to turn money over to company commanders and other agents so that troops could be paid conveniently. The disbursing officer protected himself by taking a memorandum of receipt. Congress legalized this procedure by a provision in the Act of May 12, 1917 providing for agent officers. General Lord also made other modifications to meet wartime needs, particularly in paying wounded and hospitalized soldiers. With few exceptions, men both at home and in Europe were paid every month on time.<sup>1</sup>

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<sup>1</sup> Testimony, Brig Gen Herbert Lord, Hearings before a Subcommittee of the Committee on Military Affairs, U. S. Senate, 66th Cong., 6 Oct 1919, sub: Reorganization of the Army, pp. 1066-1067; Testimony, Maj Gen James W. McAndrews, Comdt, General Staff College, Hearings before the House Committee on Military Affairs, 22 Sep 1919, sub: Army Reorganization, pp. 278-281.

## World War II Pay System

The pay system, successfully applied in World War I, was the same in effect during World War II. Even the same type payroll, War Department Form 366, introduced in 1916, was still used in 1941. Unit personnel officers prepared a monthly payroll from soldiers' Service Records and forwarded it to finance officers who computed each account on the basis of the items entered by the personnel office. The procedure for officers was different as they were paid by an individual voucher prepared by the personnel section, the finance officer, or the individual himself, depending on local conditions. This World War I system proved flexible enough so that in World War II it was simply expanded to accommodate a larger volume of payments. At the beginning of World War II most men who paid troops felt that the pay system worked well.<sup>2</sup>

During the war years the mission of paying military personnel grew more complex since the government provided the service members with extra benefits. In most social and economic fields, efforts to provide for special needs complicate procedures. Military pay systems are no exception. A government which cares little for the welfare of its fighting men has few problems with pay systems.

In the United States, in addition to increasing wartime pay rates, the nation concerned itself with the soldier and his family in many

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<sup>2</sup> WD GO 40, 1916; Memo, Lt Col W. H. Heavey, FD, for Col B. P. Heiser, IG, sub: Historical Summary of New Military Pay System, 26 Aug 49.

ways. Dependents received family allotments paid for in part by government contributions and in part from pay. Servicemen could buy National Service Life Insurance and participate in war savings bond programs through deductions in pay. Soldiers received extra pay for hazardous duty as flying or parachute jumping, as well as additional pay for overseas service. Payment for overseas service in itself created problems because pay was calculated in dollars and often paid in a foreign currency as Philippine pesos or Australian pounds. Because the finance network in a sense became the financial guardian of every soldier and his family, extra pressure was exerted on a formerly adequate pay system.

In the light of new needs, the older pay system had many weaknesses. It did not permit sufficient use of new laborsaving devices; it was not adapted to the many stoppages and collections from pay; it did not lend itself to modern accounting methods; and auditing of allotments to dependents was difficult. Perhaps the greatest single flaw was that new pay concepts called for easy access to individual accounts. Under the older system each soldier had a line on a monthly payroll. A pay clerk trying to check cumulative payments or deductions or reconstructing an account had to search many payrolls and find an individual's account on each one. Normally a soldier would have been transferred several times to different organizations and records were not available. Toward the end of World War II, rapid demobilization

caused an avalanche of claims for back pay and allotments which virtually overwhelmed financial staffs combing old payrolls.<sup>3</sup>

More clerks and harder work was an incomplete solution. Greek mythology tells of Hercules faced with cleaning the Augean stables loaded with the accumulations of many years. Strength was not enough, and Hercules diverted two rivers to clean the stables in a single day. So too, new methods, as well as hard work, seemed to be the answer to mounting pay problems.

### Origin of the Military Pay Record System

Throughout World War II technicians representing the Chief of Finance studied defects of the pay system then in use and ways of correcting them. This is no easy job for military pay involves many special situations not normally encountered in industry. Among these is the fact that the men being paid are constantly moved in a manner which cannot always be predicted and their dependents draw allotments at points separate from where they are paid. In 1946, Maj. Gen. W. H. Kasten, the Chief of Finance, directed a board of officers under Col. N. F. Chrisman to submit a plan for a new system. This plan was widely circulated but early in 1947 was returned for further study.

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3 (1) Interv, Lt Col A. A. Sawyer, FC, Feb 58. (2) Interv, J. W. Wickham, OCF, Feb 58. (3) MS, "History of the Fiscal Services, 1940-1945," pp. 293-308. (4) OCF Study, prepared 9 Nov 48, "Proposed System of Payment of Military Personnel of the Department of the Army," (5) Memo, Lt W. M. Rutledge, FD, for COF, 14 May 47, sub: Recommendation ...for Efficiently Recording Payments..., in papers of Army Pay System Study Group A-2 MPR System, 1947.

On 18 July 1948, the Chief of Finance appointed an "Army Pay Board" to develop a simplified pay system.<sup>4</sup>

At the time, unification was the chief concern of the military establishment. The Army Pay Board had barely begun work when the Armed Services Personnel Board, calling for uniformity, appointed an inter-service subcommittee to study a single pay system for all the armed services. The Army pay group merged its activities with the inter-service committee on which Lt. Col. E. L. Dlugensky represented the Chief of Finance.

The inter-service group pointed to the Navy Pay System as a shining example. Up to 1943 the Navy had a payroll system which had a set of controls by which a man's pay could be traced through its entire career in the service. But the system failed to provide budget data and with wartime expansion the controls collapsed during the summer of 1942. Navy experts, some top-flight personnel from International Business Machines Corporation (IBM), along with other industrial specialists worked ten months and at the height of the war installed an electrical accounting machine (EAM) centralized record system. The Navy reported excellent results.<sup>5</sup>

The Royal Canadian Navy also adopted methods patterned after the United States Navy. The Canadians reported enthusiastically:

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<sup>4</sup> Interv, Capt Norfleet Cheek, FC, 6 Jun 58; Army Pay System Study Group, Folder A1, MPR System, Proposed Plans, 1946-1947.

<sup>5</sup> Transcription of Military Pay Test, 6-7 Dec 51, Fort San Houston, Comments of Mr. Cassidy, pp. 123-124. It is interesting to note that the Navy kept its machines within continental United States and never proposed carrying its mechanization close to battle lines.

"The new pay system has proved more effective.... The clerical effort expended in getting the men paid is calculated less than one-half the effort formerly required. It has been possible to,,reconcile total payments and total recoveries to the last cent for each six-month period.... The results of this system has been to reduce to a bare minimum what had hitherto been substantial under-and-over-payments of allotments...the new pay system provides the conditions from which most complete statistical data for budget estimate purposes can be prepared...."<sup>6</sup>

On 14 May 1948, the Armed Services Personnel Board on the advice of its pay committee recommended that the Army and Air Force adopt a modified form of the Navy pay system. The Chief of Finance undertook detailed studies and sought advice from all interested Army agencies in order to develop the Army position and carry it out if necessary.<sup>7</sup>

By and large reactions were favorable though there was some opposition. Dissenters thought the system would crack up under battle conditions. They felt that equipment would break down and it would be difficult to keep records for men who might be shifted rapidly and often secretly. A field-force general suggested that the system be thoroughly tested at pilot stations and in field maneuvers to be sure it would work when the going got rough. Colonel Dlugensky, who helped develop new methods, favored the change, but urged "mature thought" and objected to time schedules which would rush the system

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6 (1) Ltr, R. N. Elliott, Actg ComptGen of the U. S. to Henry L. Stimson, SecWar, 9 Mar 43. (2) Rpt No. 4, Armed Svcs Pers Bd Com to Devise a Uniform Pay System to Armed Svcs Pers Bd, 14 May 48, "Uniformed Pay System for the Armed Services." (3) Memo, Brig Gen E. M. Foster, Actg COF, for Lt Col L. H. Chaney, USAF, Armed Forces Staff College, 28 Oct 48, sub: Unified Pay System for Armed Services. (4) OCF Study, "Proposed System for Payment of Military Personnel of the Department of the Army," 9 Nov 48.

7 Report from the Committee...To Devise a Uniform Pay System to the Armed Services Personnel Board, 14 May 48, "Uniform Pay System for the Armed Forces"; Ltr, Armed Svcs Pers Bd to SA, SecNav, SAF, and SecTrsy.

into operation before it was tested and "the ground work laid with infinite care." On the other hand, many officers felt that the difficulties could be ironed out and more would be lost than gained by delay. On 2 November 1948, Maj. Gen. Eugene Foster, Acting Chief of Finance called a conference where various opinions were expressed and then decided in favor of implementing the pay system at the earliest practical date. By 26 November 1948, OCF had obtained agreements from all General Staff agencies, received the necessary funds, and set the extremely short target date of 1 July 1949.

Finance personnel rushed the preparation of forms and manuals, and selecting the needed equipment. To speed training, the Chief of Finance ordered the 104th Finance Disbursing Section to Fort Belvoir, Virginia, first as a pilot test group and then, after a successful dry run test under favorable conditions, as a training group for Finance Officers from all major commands. OCF prepared Special Regulations 35-2000-1 "Payment of Military Personnel of the Army and Air Force" of 28 March 1949, and the new system went into effect on its target date of 1 July 1949.<sup>8</sup>

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8 (1) Memo, Chief, Mgt Div, OCF for Asst COF, 18 Mar 48, sub: Uniform Pay System; Cmt 2, 23 Mar 48, on preceding document, sgd E. L. Dlugensky. (2) Memo, COF for CGs of Armies and CG, Army Field Forces, 9 Apr 48, sub: Proposed System for Pay of Military Personnel of the Department of the Army. (3) 1st Ind from Actg Deputy Chief, Army Field Forces for COF, 30 Jul 48, sub: Proposed System for Pay of Military Personnel.... (4) DF, Actg COF for Army Compt, 30 Jul 48, sub: Implementation of Uniform Pay System by Army and Air Force. (similar DF sent to various staff agencies). (5) Memo for the Record of Conference in Office of Acting Chief of Finance, 4 Nov 48. (6) Memo, Chief, Mgt Div, OCF for Col B. F. Heiser, IG, 26 Aug 49, sub: Historical Summary of New Military Pay System.

Under the 1949 Military Pay Record System, the disbursing officer kept a separate individual Military Pay Record (MPR) for each individual. He still depended on the personnel office for Military Pay Orders showing changes which raised or lowered an individual's pay. But the personnel office no longer prepared payrolls and its workload decreased while the disbursing office took on more work and assumed greater responsibility.

Perhaps the most important advantage of the Military Pay Record System was that each individual had a complete chronological financial record. Other points claimed in its favor were that it eliminated lengthy monthly payrolls; it could be adapted to laborsaving devices; it provided better accounting information and simplified auditing; and since the new method was accepted by the Air Force and similar to that used in the Navy and Marine Corps, it appeared to provide a unified pay system throughout the armed services.<sup>9</sup>

#### Difficulties with MPR's

The Military Pay Record System was in trouble from the start. It had been introduced with very little testing, almost on a crash basis, with the expectation of ironing out flaws as they developed in the early stages of operation. But the planners had not foreseen three battering blows that nearly wrecked the system before it got on its feet.

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<sup>9</sup> Memo, Heavy for Heiser, 26 Aug 49, op. cit.; DF, Actg COF for Army Compt, 30 Jul 48, sub: Implementation of Uniform Pay System by Army and Air Force; OCF Study, "Proposed System for Payment of Military Personnel of the Department of the Army," 9 Nov 48.

First, a few months after the change over, Congress made its only major overhaul of basic pay legislation in twenty-seven years. The new Career Compensation Act was passed on 12 October 1949 but made retroactive to 1 October. It expressed an entirely new concept of pay; it repealed the Servicemen's Dependents Allowance Act of 1942 which scaled family allowances according to the number of dependents; and it contained a very complex savings clause to protect individuals from loss under the new law.

Second, before procedures to meet these conditions were shaken down, the North Korean Army smashed across the 38th parallel on 26 June 1950. Increased mobilization, the renewal of the draft, and the retroactively applied Dependents Assistance Act of 1950 magnified shortcomings and created new complexities for an already overburdened finance network.<sup>10</sup>

Most significant of all, finance officers in Korea felt the new system did not work well in combat. The "battle is the payoff" and testimony of finance officers is almost unanimous that they had constant trouble carrying out their mission. Possibly many of the difficulties blamed on the new pay system were inherent in any system in time of battle. During the heat of the fighting there are more important problems than pay, and no matter how perfect the method or how efficient

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10 (1) Maj Gen Emmett J. Bean, "A Proposal for an Effective U. S. Army Pay System," 9 Nov 56, p. 3. (2) Career Compensation Act of 1949, PL 351, 81st Cong. (3) Dependents Assistance Act of 1950, PL 771, 81st Cong. (4) Interv, J. W. Wickham, OCF, 9 May 58.

the paymaster, there is bound to be some difficulty. Many officers looked back with rose-colored glasses on how well the World War II system worked, but that system too had its problems. Col. George R. Gretser, who paid many soldiers during the second World War, commented on how the then existing system failed to foresee overseas payments. People who devised stateside systems, he complained, simply did not take into account that there were no electric outlets in the North African desert and that wind swept sand, wrecked machines, and whipped papers about. "You just don't put a man under a palm tree to figure a payroll."<sup>11</sup>

But making allowances for the roseate backward view and accepting the fact that with the passage of time and the semi-stabilizing of fronts in Korea, pay performance improved, contemporary reports, as well as considered later reflections of finance officers in Korea under the new system, point overwhelmingly to the conclusion that the Pay Record System did not work well in combat.

One of the biggest problems was caused by need for constant movement. Capt. E. B. Tudder, FC, a deputy disbursing officer with the 2d Infantry Division reports that his unit moved fifteen times in less than fourteen months. Capt. Harry A. Rosenburger, FC, noted that the "current finance pay system" was "acceptable only when operated in a permanent Garrison." Lt. Col. C. Aden Lesley, reported from Korea on

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<sup>11</sup> Interv, FC Historian with Col George Gretser, 1956; MS, "Fiscal History of World War II," Overseas chapters, passim.

20 February 1951 that with a few exceptions, the "so-called mobile office is required to carry into the field the same equipment used by a post disbursing office." Before the new system, a pay clerk's equipment was a "pay table and a pen. Occasionally he used an adding machine, rarely a typewriter." Formerly one 2½-ton truck carried both personal baggage and equipment. In Korea about five trucks were needed for equipment and records alone, with another three for personal baggage.

Pay Record Cards were bulky and difficult to maintain. Thousands of men were transferred away from their pay records and it took weeks for the records to catch up with the men. Various makeshift methods had to be developed to keep up with records of men killed in action, wounded in action, or missing in action. Equipment was not only bulky and hard to move, but often very sensitive. Repair facilities were lacking, repair parts scarce, and appropriate supplies and forms sometimes hard to find. Maj. E. H. Lynn, FC, wrote that there "always seemed to be a shortage of some type of Finance Corps supplies. It was either pay records or adding machines, addressograph ribbons or typewriters...Colonel Brazier went to Japan twice to hand carry equipment back." Lt. Col. L. Burton, FC, bluntly commented "the present pay system is inoperable under combat field conditions."<sup>12</sup>

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<sup>12</sup> Material for the preceding three paragraphs is based on a collection of letters and reports of Finance personnel who paid troops in Korea. This collection is in the Historical Office, OCF.

## The Search for Improvement

Even before the Korean War finance officers had tried to correct weaknesses in the Pay Record System. Since 1950, six different groups have studied it in order to revise or modify it. Other groups have reviewed it, evaluated it, and had a hand in some aspect of the effort to remedy its defects. Seldom, if ever, has any military pay system been so closely scrutinized or undergone such sincere and arduous efforts to improve it.

In May 1950, General Foster, Chief of Finance, appointed Maj. F. A. Chamblin (now Lt. Col.) Chairman of a Military Pay System Board. This group accepted the pay record of 1949 as fundamentally sound and sought means of plugging holes in the existing system. Ten months later, while the first committee was still working, an "ad hoc" committee under Col. James E. Allen reviewed the whole Military Pay System, but confined itself to patchwork remedies. During the same period some finance officers and civilians turned to electrical machine accounting in hopes of untangling many of the complexities of the pay record system. As a result, during 1951 tests at Fort Sam Houston, San Antonio, Texas, were based largely on applying punched cards and accounting machines to military pay methods.

Up to this point, most testing and recommendations had been made on the assumption that the pay record system was essentially sound and that it was not necessary to have a "major surgical operation in order to cure an in-grown toenail." But as work progressed, financial doctors began to disagree, and some thought that far-reaching surgery might be needed. Mr. H. W. Bordner, the Assistant Comptroller for Accounting

Policy, at the Fort Sam Houston test, took a middle of the road position and suggested that before going too far in any direction, he would like to see a complete criticism of the existing pay system.<sup>13</sup>

In line with this view, Maj. Gen. Bickford E. Sawyer, then Chief of Finance, appointed a new Military Pay Systems Group under the supervision of Col. B. J. Tullington with Maj. H. A. Kasserman as the project officer. Unlike previous groups working for specific remedies, the new group analyzed the whole pay structure to determine if sufficient improvements could be made within the existing framework. In March 1953, the work group concluded that the system was unsound for the Army, and that remedies under it were "not considered sufficient to meet desired standards of efficiency, economy and service." The group recommended that the Army conduct a long range study to develop a new pay system.<sup>14</sup>

#### Origins of the Pay Voucher System

When the Secretary of the Army approved the "criticism report" during the summer of 1953, the Finance Corps faced the problem of devising a new method of paying the Army. Developing a system from the ground up is harder than diagnosing a going system or refining it, for it calls

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13 (1) Interv, Capt G. H. Ensley, Jun 58. (2) Lt Col A. A. Sawyer, "Proposed Military Pay System is Most Studied and Tested in DA," Finance Journal, Mar 57. (3) Transcription of Military Pay Test, Fort Sam Houston, Texas, 6-7 Dec 51, pp. 116-117, 127-130. (4) Ltr, H. W. Bordner to Deputy Comptroller of the Army, 12 Sep 51, in appendix of OCF, Final Project Report, "Criticism of the Current Military Pay System," Mar 53, hereafter referred to as "Criticism Report."

14 Criticism Report, op. cit., pp. 1-3, 162-163.

for a combination of creative imagination and technical know-how, Col. Norman E. Youngblood (now Brig. Gen.) supervised a new Army Pay Systems Study Group which undertook this difficult mission. Members of the group were Lt. Col. J. M. Parker and Capt. N. R. Cheek of the Finance Corps and Capt. Richard Koch from the Adjutant General's Office.

For the next eighteen months the Pay Systems Study Group reviewed methods of payment used previously in the United States Army, in foreign armies, and in large corporations. Gradually the group narrowed down suggestions to two concepts, one the use of a pay book similar to that of the British Army, the other, the use of a pay voucher. Experts in OCF and the Finance Center rejected the pay book plan as not practical for the American Army. They believed the pay voucher system offered more promise.

The Pay Voucher System, with the significant variation that it provides a financial history for each individual, is similar to methods used to pay enlisted men during World War II. Those who liked the World War II system felt that most of the difficulties were created by new requirements which were hard to meet with a relatively inflexible monthly listing of many names on the same payroll. They believed that what was needed was an adequate substitute for the multi-name payroll. Rejecting the World War II system entirely because of a few antiquated features would be like "throwing out the baby with the dirty bathwater." About a year after the Military Pay Record had been in use, Col. O. E. Lee had written from Europe to the Chief of Finance proposing an individual pay

voucher which would eliminate the payroll but keep the World War II system. Captain Cheek called the recommendation to the attention of the Army Pay Systems Study Group which then used this concept to design a new system.

Under the pay voucher concept, as in World War II, the Unit Personnel Office prepares the basic material on which pay is based, but works on an individual voucher instead of a payroll. Four copies of the voucher are forwarded to the finance officer for computation and payment, and then distributed to meet budget, account, record keeping and other fiscal needs of the Army. In addition, a Military Pay Voucher (MPV) Summary and Certification Sheet breaks down pay and deductions in thirty-five categories to be used for information for higher Army levels.

By the summer of 1955 the proposed Pay Voucher System was ready to be tested. As a first practical measure, the Office Chief of Finance published a test manual with detailed procedures necessary to make the system effective. In June 1955 the Army began a "dry run" at Fort Dix, New Jersey, going through all the motions of paying 6,000 troops under the pay voucher system, while the men received their money under the established pay record system.

The Army made every reasonable effort to make the tests impartial. The Chief of Finance dissolved the group which developed the system and appointed a new Pay Test Group with three officers, Lt. Col. A. A. Sawyer, and Captains G. H. Ensley and N. R. Cheek. To further insure unbiased judgment, the Comptroller of the Army called on an Observation

and Evaluation Team with representatives from the Department of Defense, the Office Chief of Finance, the General Accounting Office, and his own organization. This Observation Team, though satisfied with the test results, suggested in December 1955, that the "parallel test" be converted to a paying test under which the old methods would be dropped and the men paid with the new vouchers. In June 1956, the test was further expanded to cover 50,000 men in nine different installations, and a new Observation and Evaluation Team examined the results of the larger pay operation. This team concluded on 30 April 1957 that the proposed pay voucher system was inherently better than the existing pay record system.

#### Advantages of the Pay Voucher System

Both the pay voucher and the pay record system rest on the fundamental premise that troops should be offered their entire net pay every pay day, even in the midst of combat. This premise at times creates severe administrative difficulties. Some experts have argued that since men in battle do not need money they should be given a reasonable spending allowance with settlement in a relatively quiet rear area, where records and equipment could be maintained more easily. During World War II President Roosevelt and General Dwight D. Eisenhower studied this issue. The problem was again examined at high government levels during the Korean War. The conclusion has so far remained that in a democratic society every soldier has the right to his full pay when

earned. He might refuse to take it; he might order most or all of it sent home. But as a matter of justice as well as morale, he should be offered his pay in full.<sup>15</sup>

On the basis of this principle, the Department of Defense worked out eight criteria as a yardstick for measuring the best pay system.<sup>16</sup> The Office Chief of Finance refined and expanded the criteria from eight to eighteen to provide a more penetrating analysis.<sup>17</sup> The Observation and Evaluation Team compared the pay voucher with the pay record system on the basis of these criteria and found that the voucher system provided more "expeditious payment of personnel" in combat; greater ease in computing and maintaining pay accounts, better financial service to soldiers and their families; greater accuracy; closer controls to detect fraud or error; and better and more timely information for budget and accounting purposes. The Team explained and documented these points and found the new system poorer in only one criteria, about the same in two, and superior in fifteen.<sup>18</sup>

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15 (1) MS "Fiscal History of World War II" discussed this issue as it arose in 1942-1943. (2) See remarks of Brig Gen Emmett Bean 6-7 Dec 51, Transcription of Presentation of Military Pay Test, Fort Sam Houston, pp. 133-134. (3) Capt E. D. Clark, "Cash in Combat," Finance Journal, 1 Mar 58. (4) Memo, W. J. McNeil, ASD (Compt) for ASA (FM), Sub: Proposed Military Pay System..., 19 Mar 58; GAO, Draft of Proposed Letter to DOD Rejecting Pay Voucher System, 6 Jun 58.

16 DOD, "Criteria for Measuring the Best Pay System," in OCF, Criticism Report, op. cit., Tab D.

17 Ibid, pp. 6-7.

18 OCA, "Evaluation of Proposed Military Pay System," Apr 57, Vol. I, annex C.

The painstaking tests and evaluation revealed other advantages which had been only partly anticipated. Such a relatively simple thing as giving the soldier a copy of his pay voucher so he could see how his pay was computed helped morale. Pay questions are more easily resolved. First Sergeants gain prestige solving pay problems quickly from the soldiers' voucher. Unit personnel officers are able to answer nearly all questions not involving actual computation of entitlement. "Unit commanders report that the system brings them closer to their men, saves valuable training time and results in a better financially informed soldier, a better paid soldier, and better unit morale." Ninety-six percent of the soldiers asked about the pay voucher system said they liked it. Morale is an important factor in pay and the pay voucher system is a morale booster.<sup>19</sup>

#### The Army Adopts the MPV System

Toward the end of 1957 the Army sought approval to implement the new pay system. The Department of Defense was concerned primarily because the Military Pay Voucher System broke away from the concept of unification, and asked for informal meetings with Army representatives before a final decision.<sup>20</sup> The Army ably presented its views, both orally and in writing. With regard to unification, the Army pointed out

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<sup>19</sup> Ibid, passim; MS, "OCF Pay Test Group"; "The New Military Pay Voucher System," Finance Journal, 1 Sep 58, pp. 8-11.

<sup>20</sup> DoD Informal Memo, sub: Evaluation of the Proposed Army Military Pay System, 25 Feb. 58.

that the unified pay system was more apparent than real for, aside from a common pay record form, procedures varied to meet the divergent needs of each service.

It was on this point of special needs that the Army made its strongest case. As the bulk of the troops of a Field Army are non-divisional, and men are often separated from basic finance records necessary for accurate payment, the pay record system breaks down in combat. Growing flexibility of the future Army only increases difficulties. But under the pay voucher system units are not "married" to particular disbursing offices. A unit personnel office could submit vouchers to the most convenient finance office for computation and payment with a minimum of lost time and confusion. Under battle conditions when it counted most, the pay voucher system was superior to the pay record system.<sup>21</sup> Possibly the advantages to be realized under the new pay system would not have been considered great enough to warrant change except for this overriding point.

On 19 March 1958 the Comptroller for the Department of Defense approved the new pay system.<sup>22</sup> The Department of Defense acknowledged its disappointment at the tendency away from uniformity. But it recognized the need of the Army for a pay system that would work in war as well as in peace, and it urged the General Accounting Office

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21 The Army's Informal Memorandum of 4 Mar 58; Interviews of the historian with several finance officers regarding opinions of the new pay system, May-Jun 58.

22 Memo, W. J. McNeil, ASD (Compt) for ASA (FM), 19 Mar 58, sub: Proposed Military Pay System for U. S. Army Personnel.

to accept the new forms. The Comptroller General's approval of the needed forms on 3 July 1958 marked the final step in winning approval of a new pay system for U. S. Army personnel.<sup>23</sup>

### Past, Present, Future

The high hopes of the Military Pay Record System introduced in 1949 were quickly dashed when the system showed serious defects under pressure. The quest for improvement started almost immediately. By 1953 informed observers had become convinced that tinkering was not enough. OCF designed and tested a new system which borrowed heavily from World War II experience, adopted some of the best features of the Pay Record, and modified both to meet the complex needs of a democratic nation fighting a modern war. Critics of the change fought the new system all the way. Under the vigorous leadership of Maj. Gen. Harry W. Crandall, supporters of the pay voucher system overcame many hurdles. The new system, after a long journey, is ready for implementation on 1 January 1959.

Will the new system work? An extraordinary amount of careful research has gone into developing it. Its salient features have been taken from the strongpoints of earlier systems. It has been thoroughly

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23 (1) Ltr, Dir, Defense Acctg and Audit Div, GAO for Deputy Compt, Finance and Audit Policy, OASD, 11 Jun 58, GAO B-136409. (2) Informal memo, Army Rebuttal to the GAO Tentative Position on Proposed Army Military Pay System, undated, but probably about 18 Jun 58. (3) Memo, Deputy Dir for Acctg...DoD for Dir, Defense Acctg and Audit Div, GAO, 20 Jun 58, sub: Proposed Military Pay System for U. S. Army Personnel. (4) Ltr, Dir, Defense Acctg and Audit Div, GAO for Deputy Compt for Acctg...DoD, 3 Jul 58.

'tested and it is being implemented with care and vigor. Only time can give a definite answer. But at the present, the evidence points to substantial success which will increase the prestige of the Finance Corps by enabling it to render better financial service to the Army.