REPORT DOCUMENTATION PAGE

Form Approved
OMB No. 0704-0188

1. REPORT DATE *(DD-MM-YYYY)*	**2. REPORT TYPE**	**3. DATES COVERED** *(From - To)*
04/09/2019	Master's of Military Studies	SEP 2018 - APR 2019

4. TITLE AND SUBTITLE
Historical Analysis of Policy Environments on Marine Corps Financial Management

5a. CONTRACT NUMBER N/A
5b. GRANT NUMBER N/A
5c. PROGRAM ELEMENT NUMBER N/A

6. AUTHOR(S)
Dush, Robert, E Major, USMC

5d. PROJECT NUMBER N/A
5e. TASK NUMBER N/A
5f. WORK UNIT NUMBER N/A

7. PERFORMING ORGANIZATION NAME(S) AND ADDRESS(ES)
USMC Command and Staff College
Marine Corps University
2076 South Street
Quantico, VA 22134-5068

8. PERFORMING ORGANIZATION REPORT NUMBER
N/A

9. SPONSORING/MONITORING AGENCY NAME(S) AND ADDRESS(ES)

10. SPONSOR/MONITOR'S ACRONYM(S)
Dr. Lon Strauss, PhD

11. SPONSOR/MONITOR'S REPORT NUMBER(S)
N/A

12. DISTRIBUTION/AVAILABILITY STATEMENT
Approved for public release, distribution unlimited.

13. SUPPLEMENTARY NOTES

14. ABSTRACT
Policy environments have directly influenced how the Marine Corps conducts financial management. When pressures have been weak, the Marine Corps historically put little focus on financial management. Only when strong oversight demanded so has the Marine Corps put much emphasis, specialization, and delegation into financial management. This pattern has generally not induced unsurmountable problems over the long-run, but recent Congressional pressures indicate another correction may be warranted to pass a clean external audit.

15. SUBJECT TERMS
Marine Corps financial management; Marine Corps comptroller; financial management history

16. SECURITY CLASSIFICATION OF: a. REPORT	b. ABSTRACT	c. THIS PAGE	**17. LIMITATION OF ABSTRACT**	**18. NUMBER OF PAGES**	**19a. NAME OF RESPONSIBLE PERSON**
					USMC Command and Staff College
					19b. TELEPHONE NUMBER *(Include area code)*
Unclass	Unclass	Unclass	UU	59	(703) 784-3330 (Admin Office)

United States Marine Corps
Command and Staff College
Marine Corps University
2076 South Street
Marine Corps Combat Development Command
Quantico, Virginia 22134-5068

MASTER OF MILITARY STUDIES

TITLE:

Historical Analysis of Policy Environments on Marine Corps Financial Management

SUBMITTED IN PARTIAL FULFILLMENT
OF THE REQUIREMENTS FOR THE DEGREE OF
MASTER OF MILITARY STUDIES

AUTHOR:

Major Robert E. Dush, U.S. Marine Corps

AY 2018-19

Mentor and Oral Defense Committee Member: Dr. Lon Strauss, PhD
Approved: ______
Date: April 9, 2019

Oral Defense Committee Member: Lieutenant Colonel Michael Byrne, U.S. Marine Corps
Approved: ______
Date: April 9, 2019

Executive Summary

Title: Historical Analysis of Policy Environments on Marine Corps Financial Management

Author: Major Robert E. Dush, United States Marine Corps

Thesis: Policy changes have influenced conflicts between centralization-decentralization and generalization-specialization constructs in Marine Corps financial management. Three distinct policy environments in the Marine Corps' history punctuate these conflicts wherein a laissez-faire approach to government in the 19th Century set a strong foundation, public accountability in the first half of the 20th Century stressed the foundation, and later calls for efficiency and transparency altered the foundation.

Discussion: The Marine established and adapted financial management incidental to three distinct policy environments each marked by distinct challenges, inherent pressures, and differences in prevailing attitudes. From the birth of the Marine Corps and through the 19th Century, laissez-faire-inspired policies influenced only minor tensions in the structure of Marine Corps financial management. The laissez-faire approach permitted financial management to grow organically with few constraints. As a result, the Marine Corps organized financial management in manner that came natural without any true deliberate planning. Once organized, a lasting foundation was set. Generalist officers served in financial management billets, and headquarters maintained a tight central grip on financial management. These precedents remained stable for over the next hundred years. In the first half of the 20th Century, accountability-focused policy strained the structure of Marine Corps financial management, but did little to necessitate major change. During this period, the Marine Corps felt the shockwaves emanating from accountability reform in public and private sector financial management reforms, but it was always far enough away from the epicenter to feel a compelling need to make change. Thus, the shockwaves necessitated little more than halfhearted tweaks to financial management. In the last half of the century, this all changed as new transparency-inspired and efficiency-minded governance completely crumbled the tight centralization construct, bringing about a corresponding and necessary change to the degree of specialization in the financial management workforce. As a result of the policies, the Marine Corps delegated funding decisions below the Service headquarters, established comptroller billets, and established a financial management occupational field. Whereas most policies altered the foundation of financial management and led the Marine Corps to repair many of the major fault lines in its foundation, legislation aimed at improving transparency has exposed an unresolved fault line in the foundation. The financial management assignment policy remains a key factor contributing to unresolved problems with passing a clean external audit.

Conclusion: Policy environments have directly influenced how the Marine Corps conducts financial management. When pressures have been weak, the Marine Corps historically put little focus on financial management. Only when strong oversight demanded so has the Marine Corps put much emphasis, specialization, and delegation into financial management. This pattern has generally not induced unsurmountable problems over the long-run, but recent Congressional pressures indicate another correction is warranted to pass a clean external audit.

Table of Contents

Preface

This paper analyzes the trends in financial management structure over the history the Marine Corps. It synthesizes a combination of books, graduate thesis, Congressional hearings, journal articles, historical documents, reports, Service orders, and studies to paint a picture of how the Marine Corps has adapted its financial management model over the years.   The author made an effort to seek out primary sources whenever possible. Particularly with the early periods, many of the detailed records are no longer available for examination, so in these cases, secondary sources were used. Compounding the issue of time, records on financial management tended to be much less prevalent than operational or warfighting records.

Introduction

In 2018, the Marine Corps failed a Congressionally-mandated financial audit, in part, because of shortcomings in its financial management workforce. The failure exemplified long-running friction in the financial management workforce whereby the Marine Corps wrestled with the questions of who should perform financial management and at what levels in the organization. Should generalists or specialists conduct financial management? Should the Marine Corps centralize financial management functions at its headquarters or decentralize to field commands? As the Marine Corps grappled with these questions, it developed institutional preferences for and a reluctance against certain financial management models, which offer insights into modern audit struggles. The Marines established and adapted financial management structures chiefly in response to distinct policy environments, each marked by distinct challenges, inherent pressures, and differences in prevailing attitudes. Three distinct policy environments in the Marine Corps' history punctuate these conflicts wherein a laissez-faire approach to government in the 19th Century set a strong foundation, public accountability in the first half of the 20th stressed the foundation, and later calls for efficiency and transparency altered the foundation.[1]

Laissez-faire Approach to Government Sets a Strong Foundation

Since the birth of the Marine Corps and through the 19th Century, laissez-faire-inspired policies influenced only minor tensions between the centralization-decentralization and generalization-specialization constructs in Marine Corps financial management. The laissez-faire approach permitted financial management to grow organically with few constraints. As a result, the Marine Corps organized financial management in a manner that came natural without any true deliberate planning or external guiding design. Once the Marine Corps implemented this ad-hoc

[1] United States Marine Corps, *Fiscal Year 2018 Agency Financial Report.* (Washington, DC; Programs and Resources, 2018), 3.

financial management, it became the enduring foundation that Marines in the 20th Century and beyond contended with. During this early period, generalist officers served in financial management billets, and headquarters maintained a tight central grip on financial management. These precedents remained stable for over the next hundred years, and the reason was simple. The Marine Corps had little impetus to change as few external pressures, weak Congress's oversight, and sporadic accountability defined the laissez-faire era. The laissez-faire approach to government cemented lasting precedents that emanated from the broad governance framework, simple nature of appropriations acts, and constant legislative permutations.

Early laissez-faire attitude was inherent in the nation's broader governance framework and influenced a lack of conflict between centralization-decentralization and generalization-specialization constructs in Marine Corps financial management. Overarching governance created an uncomplicated framework that meant financial management were inherently simple enough as to not require much consideration in how it should be structured. Financial management could be organized in either a centralized or decentralized fashion and practiced at the hands of either specialists or generalists. Three key pieces of broad governance policy permitted the unconstrained rise of Marine Corps financial management: the Articles of Confederation, the Constitution, and a 1798 act reestablishing the Marine Corps.

The Articles of Confederation took a hands-off approach to military affairs, particularly financial management. They made no discernable impact on Marine Corps financial management, nor did they induce any conflicts between centralization-decentralization and generalization-specialization. Just like prior to the Articles of Confederation, the Continental Marines lacked organic financial management capacity. American ratification of the Articles did nothing to change this. The Continental Marines relied upon and drew supplies from both the Army and Navy before, during, and after the Articles of Confederation, signifying little of impact on Marine Corps financial management. At sea, the Navy provided Marine detachments, who were conceptually part of the

Navy at the time, with logistical support to include the disbursement of funds and the provisioning of supplies. The Army generally provided these services to Marines while ashore. Unlike the Army and Navy, Continental Congress and the Articles of Confederation provided no special authority for the Marine Corps to establish key financial management billets such as a Paymaster or Quartermaster. This kept Continental Marines out of financial management, until after the ratification of the Constitution.[2]

The Constitution created an important, but uncomplicated framework for financial management. It went into effect in 1789, the Marine Corps was in hibernation after being almost completely disbanded following the Revolutionary War. In 1798, when Congress reestablished the Marine Corps, the number of Marines had withered to a low of only 83 officers and enlisted men.[3] Thus, the ratification of the Constitution had little immediate influence on the nearly defunct Marine Corps when it went into effect, but it became an important oversight mechanism when the Marine Corps was reinvigorated and formally reestablished. When reborn, the Marine Corps had to contend with one principal constraint on financial management. The Constitution stated, "No Money shall be drawn from the Treasury, but in Consequence of Appropriations made by Law; and a regular Statement and Account of the Receipts and Expenditures of all public Money shall be published from time to time."[4] This appropriations clause established the Congressional power of the purse and limited the executive branch's authority to draw funds on the Treasury without

---

[2] Historical Section, "Staff Beginnings in the U. S. Marine Corps." *Marine Corps Gazette (Pre-1994)* 26, no. 4 (1942): 227. https://search-proquest-com.lomc.idm.oclc.org/docview/206296868?accountid=14746; E. A Wilcox, Sellers, D. L., Lyons, R. J., & Jones, J. F. "Financial Management in the Marines Corps: An Evaluation" (master's thesis, George Washington University, 1962), 8, Dudley Knox Library, http://hdl.handle.net/10945/12216; Johnie Gombo, "An Evaluation of Financial Management Education and Training Provided Marine Officers with Primary 3415 MOS" (Naval Postgraduate School, 1980), 11, DTIC, http://www.dtic.mil/dtic/tr/fulltext/u2/a093588.pdf; Robert N. Scott, *Analytical Digest of the Military Laws of the United States* (Philadelphia: Lipponcott and Co, 1873), 393; A. B. Carey, "The Pay Department" in *The Army of the US Historical Sketches of Staff and Line with Portraits of Generals-in-Chief*, ed. T. F. Rodenbough and W. L. Haskin, (New York: Maynard, Merrill, and Co., 1896), 100; Jones, Candreva, and Devore. *Financing National Defense*, 38-39.

[3] Comparatively, the Navy had over 1,800 personnel in 1798 after being effectively disbanded from 1786 to 1793 that includes no Navy in 1789, the year when the Constitution took effect. Naval History and Heritage Command, "U.S. Navy Personnel Strength, 1775 to Present," accessed April 4, 2019.

[4] US Const. art. I, § 9, cl. 7.

lawmakers' approval. To officials conducting financial management functions, the clause meant they could not raid the Treasury without Congressional approval in the form of an appropriation. This was not such a significant hurdle as to necessarily drive the Marine Corps towards either centralization-decentralization or specialists-generalists. The next piece of broad governance had slightly more influence.[5]

The legislation reestablishing the Marine Corps had some minor influences on centralization-decentralization or specialists-generalists constructs in Marine Corps financial management, but stopped short of compelling the Marine Corps to adopt certain constructs or driving it into any obvious structures. The *Act for the Establishment and Organization of the Marine Corps* founded the modern Marine Corps on 11 July 1798. Incidental to the legislation, Congress appointed Major William Burrows, a Revolutionary War veteran, as the second Commandant of the Marine Corps. The act permitted the Commandant to appoint key staff positions including a paymaster, adjutant, quartermaster, sergeant-major, quartermaster-sergeant, and drum and fife-major. Indicative of the laissez-faire attitude and permissibility inherent in the legislation, Burrows quickly tried three different financial management constructs, as they emerged in a natural fashion, until one stuck and became long standing precedent.[6]

Burrows initially relied upon an Army quartermaster, Matthew Spillard, to assist the Marine Corps with supply and pay functions. Spillard was effectively the sole financial manager in the Marine Corps. However, his services did not last long, as Major Burrows quickly became dissatisfied with him for insulting his men, insubordination, and absences, referring to him as "the

---

[5] Ibid; Kenneth W. Condit, John H. Johnstone, and Ella W. Nargele, *A Brief History of Headquarters Marine Corps Staff Organization* (Washington, D.C.: Historical Division, Headquarters U.S. Marine Corps, 1971), 1-2; Lois G. Schwoerer, "The Literature of the Standing Army Controversy, 1697-1699," Huntington Library Quarterly 28, no. 3 (1965): 210. doi:10.2307/3816707. The Constitution's check on executive authority had an important historical basis. The Founding Fathers and the general public had genuine concerns with a standing army, seeing them as instruments of tyranny and a threat to liberty, as the former colonists perceived that the British Redcoats had recently committed atrocities against Americans. As a result, the early founders wished to limit the possibility of a reoccurrence. Thus, the power of the purse gave Congress authority to deny the army funding, effectively standing it down.

[6] Condit, Johnstone, and Nargele, *A Brief History*, 1-2; Little and Brown. *The Statutes*, 595; John C. Fredriksen, *The United States Marine Corps: A Chronology, 1775 to the Present*. (Santa Barbara, CA: ABC-CLIO, LLC, 2011), 10.

Vagabond."[7] Next, Burrows tried another construct and personally served as the Paymaster of the Corps, even drawing the extra "compensation for his services as pay master to the Marine Corps, while he acted such, from 12th July 1798, to 19th April 1799" until a suitable officer was appointed.[8] Burrow's service as the first Paymaster earned him the title of father of Marine Corps Financial Management. Burrows successfully established the Marines Corps' first organic financial and supply system involving budgeting, making disbursements, and maintaining a ledger of advances and expenditures drawn upon the Treasury for pay, clothing, subsistence, and contingencies. However, when his chief concerns of recruiting, outfitting detachments for shipboard service, and matters of discipline began to consume his time, he relinquished financial duties and appointed Second Lieutenant James Thompson as the second Paymaster in April 1799. A subtle but lasting preference was reflected in this third variation. When staffing the Corps' two highly centralized financial management billets, the Paymaster and Quartermaster, Major Burrows' intended to rotate line officers into these staff billets and avoid growing a permanent staff that would accrue long tenures. His preference for generalists and short-term assignments established ideological precedent relating to the question of who ought to perform financial management which still persists today. The laissez-faire nature of early appropriations acts and later legislation did absolutely nothing to shake these early precedents.[9]

Early appropriations acts did not induce any significant conflicts in the centralization-decentralization and generalization-specialization constructs in Marine Corps financial management

---

[7] Letter from Maj Burrows to Secretary of the Navy Benjamin Stoddert in Sept 1798, *Naval Operations from February 1797 to October 1798*, 460, http://www.ibiblio.org/anrs/docs/E/E3/nd_quasiwar_v01p02.pdf; James Wesley Rider, "Controllership in the United States Marine Corps: A Critical Evaluation" (master's thesis, George Washington University, 1972), 8, Dudley Knox Library, http://hdl.handle.net/10945/16053

[8] Robert Smith. *A Statement of All the Monies, Advanced for the Pay, Clothing, Subsistence & Contingencies of the Corps of Marines, from the Time of the Organization and Establishment of that Corps, to the Close of the Last Year*. (n.p.: U.S. Navy Department, 1804), 16.

[9] Rider, "Controllership," 8; Smith, *A Statement*, 16; Edwin C. Godbold, "The Planning and Programming System in Headquarters Marine Corps" (PhD dissertation, American University, 1967), 186-187, https://search-proquest-com.lomc.idm.oclc.org/docview/302306112; Wilcox, et al., "Financial Management," 8; Edwin N. McClellan, "The Naval War with France," *The Marine Corps Gazette*, 7, no. 4 (December 1922): 340, https://books.google.com/books?id=_MPNMojtCCAC&dq

either. They enabled generalists, since they were simple enough that anyone could handle financial management. Therefore, anyone did handle it. The lack of true, hard restrictions in these appropriations acts created an uncomplicated framework that meant financial management was inherently simple enough as to not require much consideration in how it should be structured. Financial management could be organized in either a centralized or decentralized fashion and easily be practiced at the hands of generalists. That Congress chose not to include restrictions on either purpose, time, or amounts demonstrated its laissez-faire nature to governmental financial management.

The early appropriations acts lacked restrictions on the purpose for how governmental money could or must be used. Once appropriated, officials were free to spend the funds for the purposes they saw fit to meet their needs. For example, the First Congress established only a single appropriation for broad use across the War Department in 1789. It was remarkably simple in its language, stating that "there be appropriated for the service of the present year…a sum not exceeding one hundred and thirty-seven thousand dollars for defraying the expenses of the department of war."[10] The simplicity in language was significant as Congress put no restrictions on the purpose for which the money must be spent. This fact did not escape all members of Congress, as one wrote in his diary, "the estimates on which it [appropriations act] is founded may be mislaid or changed…giving the Secretary the money for him to account for as he pleases."[11]

The early appropriations acts stand in stark contrast to how ultra-specific they can sometimes become today. Congress occasionally goes to great lengths to exert its power of the purse, as illustrated in the line-item detail directing the Marine Corps to spend money for a municipality's road in a recent appropriations act:

---

[10] Charles C. Little and James Brown. *The Statutes at Large and Treaties of the United States of America*. (Philadelphia: Library of Congress, 1845), 95, https://www.loc.gov/law/help/statutes-at-large/1st-congress/c1.pdf
[11] Kate Stith "Congress' Power of the Purse, Yale Faculty Scholarship Series," *Yale Law Journal*, 97, no. 1343 (1988):.1352, https://digitalcommons.law.yale.edu/fss_papers/1267; Lucius Wilmerding Jr. *The Spending Power: A History of the Effects of Congress to Control Expenditures*. (New Haven, CT: Yale University Press, 1943), 21.

> Sec. 8125. (b) Of the amount appropriated under the heading "Operation and Maintenance, Marine Corps'" for the Marine Corps Air-Ground Task Force Training Center, Twenty Nine Palms, California, $3,900,000 shall be available to the Secretary of the Navy to enter into a contract, notwithstanding any other provision of law, for the widening of Adobe Road, which is used by members of the Marine Corps stationed at the installation and their dependents, and for construction of pedestrian and bike lanes for the road, to provide for the safety of the Marines stationed at the installation.[12]

In the same vein, the Department of Defense receives today over 40 different appropriations, and the Marine Corps directly controls 6 appropriations. Each of these appropriations contains a specific purpose in which it must be used. This means financial managers must closely plan and monitor spending to ensure the correct appropriation is used. Every expense must bear a logical relationship to the appropriation cited, not be prohibited by another law, and be charged to the most fitting appropriation when an expense could logically fall under the scope of two or more appropriations. The use of the wrong appropriation today would violate criminal statutes that did not exist in the early era. Early laissez-faire appropriations came nowhere near this level of Congressional assertiveness, and their lack of restrictions in purpose made it possible for a generalist workforce to conduct financial management. Certainly, no effort was necessary to ensure funds were spent in accordance with Congressional intent, because Congress provided none. Thus, the lack of other restrictions in appropriations simplified financial management and did nothing to force change upon the Marine Corps.[13]

Additionally, the early appropriations acts effectively put no restrictions on the time period that funds could or must be spent. Thus, paymasters and quartermasters did not need to exert any intellectual effort and carefully plan and time when funds would be spent. The early workforce could and did spend money generally until it ran out, carry funds between fiscal years, and even

[12] 108th Congress Public Law 287, https://www.congress.gov/108/plaws/publ287/PLAW-108publ287.htm
[13] Department of Defense, *Introduction to Fiscal Law* (Washington, DC: Judge Advocate General's School, 2018), 1-7, https://www.loc.gov/rr/frd/Military_Law/pdf/FLD_2014_Ch1.pdf.

spend funds in advance of appropriations without consequence. The early appropriations acts generally contained permissive language such as "there be appropriated for the service of the present year." While the *present year* language might seem to suggest a restriction, in practice it was not one. Congress did not restrict the usage of the funds to only the present year. Legislators imposed no restrictions that funds had a definite, fixed life span, or period of availability. Organizations could carry and spend appropriations until they were exhausted. For instance, in a report to Congress addressing the financial records of the Navy and Marine Corps, the Secretary of the Navy John Branch explained disbursing officials spent in advance of appropriations and used *contingent* appropriations every year during the 1820s to cover *prior* year expenses. Representative of the disregard for the time restriction during the era, the Quartermaster of the Marine Corps used *current year* funds $101,105 to cover *prior year* expenses for provisions in 1826.[14]

In contrast, today's financial managers must balance the tension between spending too fast, which runs the risk of depleting funds before the end of the year, and spending too slowly, which runs the risk of leaving unobligated money on the table at the end of the fiscal year. If money remains unobligated at year's end, it is reverted and essentially lost, as financial managers cannot obligate it in the subsequent year. The Marine Corps maintains a litany of unfunded requirements, so reverting funds, rather than applying them to unfunded requirements is a detrimental to financial managers. This tension necessitates that they make detailed spending plans, monitor the close daily of obligation rates, and strategize when purchases are made based on a myriad of contracting constraints. Officials conducting financial management under laissez-faire governance faced none of the intricacies associated with time restrictions of appropriations, thus enabling generalists to conduct financial management. The Marine Corps neither had any outside pressure nor an internal

[14] Department of Defense, *Introduction to Fiscal Law* (Washington, DC: Judge Advocate General's School, 2018), 1-1, https://www.loc.gov/rr/frd/Military_Law/pdf/FLD_2014_Ch1.pdf; House of Representatives, 21st Congress, 2nd Session. *A Century of Lawmaking for a New Nation: U.S. Congressional Documents and Debates, 1774–1875, American State Papers, Naval Affairs* 3 (1831): 824-33.

need to have financial specialists manage its finances, so the reliance on generalists centralized at headquarters persisted. In addition, closely linked to the idea of a restriction on time is the restriction on amounts.

Early appropriations acts did overtly restrict the amount of funding the Marine Corps received; but in practice, financial managers ignored the restriction during the era of laissez-faire governance. Therefore, the amount restrictions in appropriations acts did nothing to complicate the jobs for paymasters and quartermasters. Early appropriations acts consistently contained the phrase "a sum not exceeding," theoretically limiting the amount of spending.[15] In reality, no consequences for overspending existed. In 1820, the Congressional Committee on Naval Expenditures cautioned Secretary of the Navy Smith Thompson and the Marine Corps that "the popularity won…during the late war can only be maintained in time of peace by exhibiting judicious management."[16] The warning came after spending in excess of appropriations from 1811 to 1819, violating the amount restriction within appropriations acts. Yet, their warning had no enforcement mechanism. Therefore, it had no teeth and facilitated generalists in financial management roles.[17]

Even when they overspent, officials were not beholden to a rigid budgetary process where Congress provided only a single opportunity to request funds each fiscal year. Legislative consideration of budget requests was a "piecemeal process, scattered among many committees, each acting independently of the others."[18] Congressional finance committees handled appropriations acts haphazardly, meaning officials could ask for funds as they needed them. When agencies ran out of money in the era of laissez-faire governance, the threat of suspended operations usually convinced Congress to "replenish their coffers, [and] when agencies ran a surplus, they spent it as

---

[15] Little and Brown. *The Statutes at Large and Treaties*, 95.
[16] United States Congress. *American State Papers: Documents, Legislative and Executive, of the Congress of the United States*. Vol VI, *Naval Affairs*. (New York: Gales and Seaton, 1834), 646-647.
[17] Ibid; Little and Brown. *The Statutes at Large and Treaties*, 95.
[18] Jun Ma and Yilin Hou, "Budgeting for Accountability: A Comparative Study of Budget Reforms in the United States during the Progressive Era and in Contemporary China," *Public Administration Review* 69 (2009): S55. http://www.jstor.org/stable/40469072.

they pleased."[19] For example, Congress passed a deficiency appropriations act in 1869 to replenish the Marine Corps' coffers for a $56 thousand shortfall to pay for provisions. This was representative of the hundreds of deficiency bills of the era.[20]

In contrast, in the next century, Congress established one definitive annual deadline, the first Monday in February, to request money. Thus, financial managers had to be accurate in gathering future year requirements, planning, and submitting their budget requests. None of these complications plagued early officials, thus the permissive nature of early appropriations did nothing to force financial management towards any particular centralization-decentralization and generalization-specialization constructs. Later legislation would have more, but still insufficient, influence on the paradigm, and it was certainly not compelling enough to uproot this centralized, generalist precedent.[21]

Congress introduced turbulence in the era of laissez-faire-inspired governance around the mid-Nineteenth Century. They displayed permutations and periodic prodding in an 1834 act reorganizing the Marine Corps, the Bona-fide Needs Act of 1870, and the Anti-deficiency Act. While these acts added confusion, the legislation amounted to nothing more than weak half-measures because they had no real teeth. Thus, they brought about little real conflict or change within the financial management constructs.

The Act for the Better Organization of the United States Marine Corps of 1834 was principally intended to clarify the Marine Corps' relationships to the Army and Navy, prescribing the laws and regulations to which the Marine Corps was subject while ashore or afloat.[22] However,

---

[19] United States Senate, "Appropriations Committee Created," accessed February 1, 2019, https://www.senate.gov/artandhistory/history/minute/Appropriations_Committee_Created.htm; Ibid.
[20] 40th Cong., III Sess., Chap 123, 124 (1869), 315, https://www.loc.gov/law/help/statutes-at-large/40th-congress/c40.pdf.
[21] The regular appropriations cycle is annual, but exceptions are possible. Supplemental provisions exist for emergencies and rare circumstances. https://www.senate.gov/reference/glossary_term/supplemental_appropriation.htm
[22] Differences in pay and rations initiated the Act. Marines and sailors serving side-by-side in squadrons in the West Indies, Pacific, Mediterranean, and Brazilian Coast, in addition to at Navy yards like New York, Boston, and Washington received different rates, causing friction and garnering Congressional attention. Cong. Globe, 24th Cong., 2nd Sess. Appendix, Public Debates, 68 (1837).

through act, Congress also sought to establish parity between the Marine Corps staff and the Army staff, specifically in rank, pay, and assignment policy of the key staff officers. As a result, the act directed that the Marine Corps could no longer detail Paymasters and Quartermasters on a temporary basis, only a permanent basis. The change ran counter to the precedent of temporary assignments that Burrows began in 1799 and the Marine Corps continued based off of decades of tradition. The Marine Corps complied with the law, however, compliance did not equate to a departure from the institutional preference for generalists. From the Marine Corps' perspective, financial management was not broken, so there was little impetus to make changes beyond mere minimum compliance in permanently staffing key billets. Thus, the foundation endured. This pattern continued in future legislative permutations, as well. Although, the Marine Corps participated in several wars between 1834 and 1870, financial managers maintained their business as usual attitude without much deviation.[23]

The Bona-fide Needs Act of 1870 had the potential to drive changes in the centralization-decentralization and generalization-specialization constructs in Marine Corps financial management, but in the era of laissez-faire attitudes, this act never resulted in any meaningful changes either. While the act reinforced the prohibition on overspending, the heart of the resulting bona-fide need rule was more closely related to the time restriction in appropriations acts. Early officials tended to liberally interpret the *present year* restriction in appropriations, spending on needs that were not linked to requirements generated in the present year. If excess funds existed after present year needs were satisfied, the funds were used to stockpile extra materials for use in future years, which ran contrary to Congress's up-until-then unstated intent to limit the use of appropriations to only present year requirements. Representative of the disregard for spending

---

[23] Robert N. Scott, *Analytical Digest of the Military Laws of the United States* (Philadelphia: Lipponcott and Co, 1873), 393, http://www.loc.gov/rr/frd/Military_Law/Lieber_Collection/pdf/Analytical-digest.pdf; Twenty-third Congress, Session I, Chapter 132, Vol. 4, *An Act for the Better Organization of the Marine Corps*, https://www.loc.gov/law/help/statutes-at-large/23rd-congress/Session%201/c23s1ch132.pdf; Condit, Johnstone, and Nargele, *A Brief History*, 10; Harold C. Reisinger, "The Paymaster's Department, U. S. Marine Corps." *Marine Corps Gazette (Pre-1994)* 17 no. 3 (1932): 24.

restrictions throughout the era, the War Department used $4 thousand in surplus funds to purchase ammunition in 1801. As a result of actions like this, Congress passed the Bona-fide Needs Act to strengthen the power of the purse and clarify what the time restriction meant. Although it had the potential to force the issue over generalists and specialists, it did not.[24]

The law theoretically made Marine Corps financial management much more difficult. Paymasters and Quartermasters presumably needed to carefully plan, budget, and monitor funds, as they could no longer cite just any year's appropriation. The law had the potential to nudge the Marine Corps towards more specialization. However, it did nothing to change the Marine Corps financial management construct. The Marine Corps made no change because Congress, once again, failed to include punitive consequences for mismanagement or noncompliance into the 1870 act. However, legislators soon realized their mistake and enacted more restrictive legislation.

Yet, as the 19th Century neared its end, overspending trends continued despite the Bona-fide Needs Act of 1870 expressly prohibiting such activity. By the late 1800s, it had become common for the Marine Corps to require a second annual appropriations bill each year to cover spending in excess of the regular appropriations bill. For example, in 1880, the Department of Navy was unable to pay $10 thousand for an unpaid construction contract and $2 thousand for the transportation of Marine Corps officers. Congress was partially to blame. The Marine Corps, as well other agencies, tended to understate their initial funding requirements to the House of Representatives in an effort to appear frugal, but in each congressional sessions' "hectic final days, [agencies] quietly turned to the less-disciplined Senate for increases that generally survived conference committee review."[25] Even when officials burned through funds before the end of the year, Congress bailed them out under the implied threat of suspended operations. Indicative of the broad trend during the era,

---

[24]. Stith "Congress' Power," 1371; Senator Hubbard, speaking on S. 2189, 24th Cong., 1st sess., Congressional Record 130 (Jan 1836): Appendix 1836-38; 41st Congress, 16 Stat. 251, 1870, http://legisworks.org/sal/16/stats/STATUTE-16-Pg251.pdf

[25] United States Senate, "Appropriations Committee Created," accessed February 1, 2019, https://www.senate.gov/artandhistory/history/minute/Appropriations_Committee_Created.htm

Congress bailed out the War and Navy Departments with $21 million in deficiency appropriations to cover unpaid subsistence costs in 1898, $85 million in extra labor costs in 1899, and $144 thousand in maintenance costs in 1900. The trend continued up until 1905 when the Marine Corps requested a $100 thousand deficiency appropriation for fuel, public works, and transportation.[26]

As a result, deficiency appropriations bred bad habits and necessitated very little talent or skill in Marine Corps officials performing financial management. In 1905, Congress moved to curb the overspending common in the previous decades and enacted the Anti-deficiency Act (ADA), this time making it a criminal offense to spend in excess of appropriations. Prior to the ADA, it was clear that Marine Corps paymasters and quartermasters were not beholden to strict accountability during the era of laissez-faire governance. As a result, Congressional half-measures failed to necessitate meaningful change to financial management constructs. The lack of external pressure led to the Marine Corps to stick with the status-quo. However, the ADA was prophetic. Its passage marked the end of laissez-faire governance.[27]

Seeds of Public Accountability Stress the Financial Management's Foundation

In the first half of the 20th Century, accountability-focused policy strained the centralization-decentralization and generalization-specialization constructs in Marine Corps financial management, but did little to necessitate major change. During this period, the Marine Corps felt the shockwaves emanating from accountability reform in public and private sector financial

---

[26] Congress, *Proceedings and Debates of the Congress* X (1880): 1964, 1654; Stith "Congress' Power," 1370-1371; Congress, *Proceedings and Debates of the Congress* XXXIV (1901): 2318, 2714-20; Congress, *Proceedings and Debates of the Congress* XXXIX (1905): 2586-2590. Congressional debate shows "There is, moreover, a custom, which is natural but none the less reprehensible, of always appropriating a little less than will probably be needed, trusting to luck or deficiency bills to make good the shortage. A member in charge of an appropriation bill may therefore be able to make an excellent showing for economy on the floor of this House and yet before the fiscal year is over an apparent economy may prove to be wasteful extravagance. The same methods of distributing appropriations intended for the same general purpose exists to a lesser degree in reference to all the great Departments of the Government. Thus, a very substantial sum, running up into the millions, destined for the support of the Navy, is always carried on the deficiency bills."

[27] US Congress, HR, 58th Cong., Congressional Record (February 14, 1905): H 2578 https://www.govinfo.gov/content/pkg/GPO-CRECB-1905-pt3-v39/pdf/GPO-CRECB-1905-pt3-v39-7-2.pdf; Stith "Congress' Power," 1370-1371.

management, but it was far enough away from the epicenter to feel threatened or do serious harm. Thus, these external pressures necessitated little more than halfhearted tweaks to financial management in the Marine Corps. Locked into precedents born out of laisse-fair governance, the Marine Corps struggled to find new increasingly complicated, accountability-minded policies compelling enough to necessitate change. The Marine Corps made little internal effort to alter its practices of the previous century. Thus, the seeds for accountability emanated from external policy reforms like the Budget and Accounting Act of 1921.

External policy initiatives influenced financial management in private and public sector bodies, but they did little to permeate the Marine Corps. These reforms were evident in changes to railroad accounting practices and municipal government accountability reforms occurring at the beginning of the 20th Century. While these broader external winds for more accountability added pressures that the Marine Corps was not blind to, the Corps made no real structural changes to the financial management workforce.

Railroad accounting reform, for instance, dominated the early decades of the 20th Century. Publicly subsidized railroads held monopolies and exerted great influence on commerce. Before 1906, the Union Pacific and Southern Pacific Railroads got away with charging as much as they wanted in order to make a profit. If expenses exceeded revenue, rates were simply increased. Between 1899 and 1903, US railroad expenses increased by $401 million, representing a 66% increase. To compensate, US railroads increased rates by $155 million i.e., 17% to cover the cost of operations, yet remain profitable. Poor bookkeeping made it impossible for the public and the businesses that depended on the railroads to question the calculation of rates which appeared to be set arbitrarily and unfairly. The lack of standards in booking keeping also made it easy to hide corruption. These railroads deliberately manipulated financial statements to obfuscate the true costs of operations and enhance the private fortunes of insiders who had access to asymmetric information and used it to their advantage in stock deals. For example, the Interstate Commerce

Commission (ICC) accused E. H. Harriman, a railroad investor, of intentionally mis-categorizing capital and operating expenditures to manipulate railroad stock prices in 1907. As a financier, Harriman intentionally ran-up the operating costs to make railroads look less profitable when buying new heavier engines. Instead of categorizing the engines as capital expenses, Harriman inappropriately charged them to maintenance, considered operating expenses. This artificially depressed profitability and thus, drove down stock prices, allowing Harriman to buy even greater stakes in railroads and gain more control over railroad traffic.[28]

A rising wave of public outcry led the ICC to create accounting standards for railroads to increase public accountability. The ICC's actions contributed to significant improvements in railroad accounting, but they also had a boomerang effect on the public sector. Critics of the ICC noted a degree of government hypocrisy and argued that if the "government could impose major accounting changes on business, it better impose similar changes on itself."[29] William F. Willoughby, director of what later became the Brookings Institute, was quite vocal, arguing "it is inconsistent to the last degree that governments should insist that corporations controlled by them should have systems of accounting and reporting corresponding to the most approved principles of modern accountancy while not providing for equally efficient systems for the management of their own financial affairs."[30]

In spite of these calls for public sector accountability, reform never penetrated the Marine Corps. Marine Corps staff records showed no fundamental changes to financial management between 1900 to 1917 other than wartime growth and a minor realignment of disbursing functions

---

[28] Irene S. Rubin, "Who Invented Budgeting in the United States?" *Public Administration Review* 53, no. 5 (1993): 439-440, 442. doi:10.2307/976344. Senate of the United States, "Regulation of Railway Rates: Hearings Before the Committee on Interstate Commerce," on Dec 16, 1904 (GPO, 1906), 3546-52. According to Rubin, "This practice had led to the development of considerable sophistication in marginal costing; the railroad companies had to know the cost of hauling additional loads of lumber, and the actual additional costs of hauling finished products west and raw materials east. The results of this pricing structure appeared highly unfair to shippers, such as higher rates for short hauls than long ones, and cheaper prices for products that had alternative ways to get to market and more expensive prices for products with no alternatives."
[29] Ibid.
[30] Ibid, 441.

between the Paymaster and his assistants in 1909. Had the reforms resonated, the Marine Corps would have needed to overhaul its system of financial management and reevaluate its precedent of using untrained generalists to conduct financial management. Adopting a corporate style of financial management was not a trivial matter that untrained and unfamiliar personnel could have easily tackled. It would have radically transformed accounting practices from a cash-basis to accrual-basis, actions that necessitated specialized experience and procedures. In the end, the point was moot, as the Marine Corps never wavered from the precedents it had established during the era of laissez-faire governance, nor did it adopt corporate financial management techniques of the era. Given the dissimilarities between the profit-motivated railroads and the Marine Corps, Marine officials remained wary about claims that private sector business practices were what the Corps needed. Railroad reforms were far from the last external pressures towards increased public sector accountability.[31]

Accountability-minded financial management reforms in municipal governments also dominated the Progressive era and strained financial management paradigms in the broader public sector, but the Marine Corps was hesitant to give the reforms serious consideration or deviate from its long-standing precedents. At the beginning of the 20th Century, industrialization led to large and growing proportions of the population migrating into cities. With the boom in city populations, the public could no longer ignore the morally-corrupt "rascals" who had plagued many city offices for decades.[32] Seizing on the public's growing wave of calls for accountability, wealthy businessmen organized and paid for municipal government research bureaus, like the New York Bureau of Municipal Research, and professional organizations to study municipal programs in order to reduce their tax bills through stamping out waste, inefficiencies, and ineffectiveness. The National

[31] Condit, Johnstone, and Nargele, *A Brief History*, 6-11. Reisinger, "The Paymaster's Department," 25-28.
[32] Daniel W. Williams, "Measuring Government in the Early Twentieth Century," *Public Administration Review* 63, no. 6 (2003): 644. http://www.jstor.org/stable/3542461; Jun Ma and Yilin Hou, "Budgeting for Accountability: A Comparative Study of Budget Reforms in the United States during the Progressive Era and in Contemporary China," *Public Administration Review* 69 (2009): S55. http://www.jstor.org/stable/40469072.

Municipal League studied all cities in Ohio in 1902, Chicago in 1903, Minneapolis in 1904, and New York in 1907, giving way to new accounting standards and systems.[33]

Municipal reforms led to the improvement in the nascent practice of record keeping and put an end to the practice of "budgeting without a budget."[34] This made it necessary for officials to explicitly link spending to definite programs and levels of government output through the use of detailed budget exhibits to justify requirements. The concept of budget exhibits was new, and it cast light on some of the novel challenges that municipal reform influenced. Budget exhibits generally included a combination of facts, figures, graphs, and tables to make a compelling case for what was to be expected form the taxpayers' money. Putting the packages together was seemingly a simple task, but an in-depth understanding of behind-the-scenes accounting was, in fact, necessary. Officials had to develop models to perform cost analysis, establish capital depreciation schedules, and fair-share fixed and overhead costs to a mix of different programs and then link the costs to the predicted levels of government output. New York City, for instance, began tracking quality of work performed, quantity of work performed, and employee punctuality in 1912 as part of the reform. Prior to the reforms, these were foreign concepts to most government officials, municipalities, and the Marine Corps alike.[35]

The municipal reforms potentially had applicability to the military too. During WWI, the Army struggled to manage a supply system capable of meeting its war time demands. The Army's service bureaus, such as the Quartermaster and Chief of Ordnance, fought for their parochial interests and managed their own streams of supply, giving way to efficiencies, waste, hording, and bottlenecks. For example, in 1917, competition between the bureaus resulted in a transportation crisis and huge congestion at railroad unloading facilities, necessitating that the General Staff

---

[33] Rubin, "Who Invented Budgeting," 443.
[34] Jun Ma and Yilin Hou, "Budgeting for Accountability: A Comparative Study of Budget Reforms in the United States during the Progressive Era and in Contemporary China," *Public Administration Review* 69 (2009): S55. http://www.jstor.org/stable/40469072.
[35] Williams, "Measuring Government," 646; Ma and Hou, "Budgeting for Accountability," S55.

intervene and take control of approving shipments. As a result, supplies such as rations and fuel were slow to reach Europe, drawing Congressional scrutiny. The Overman Act of 1918 eventually improved the supply system by merging overlapping supply functions in the Army's bureaus. Interestingly, improvement stemmed more directly from Congressional intervention, not municipal reform.[36]

New municipal practices were a sweeping departure from the relatively simple practice of accounting on a cash-basis. Municipalities took from several years to decades to implement reforms, even in cities where the budget was only a fraction of the Marine Corps'. Had Congress compelled or persuaded the Marine Corps to join the municipal reform bandwagon, the Marine Corps would have needed to reconsider the tradition of employing only generalists to conduct financial management. However, change never became necessary, as the reasons that brought about municipal reform were absent from the Marine Corps. The Marine Corps did not have any business-financed research bureau digging through its books and demanding reform. As a result of the dissimilarity, the Marine Corps did little to change in the early days of new public and private sector external policy reforms and fell back upon laissez-faire practices because that was how it was always done. However, it was not long afterwards that similar reform demands came to be directed specifically at the federal government.[37]

Congress passed the Budget and Accounting Act of 1921 to improve accountability across the federal government. After WWI, disarray characterized financial management in the federal government, and wartime spending and its accompanying high levels of national debt only magnified the disarray. The Marine Corps was not immune to disarray, as was evident in Commandant General John A. Lejeune's 1920 assertion that "the lavish expenditures incident to

---

[36] Edward M. Coffman, *The War to End All Wars: The American Military Experience in World War I* rev. ed. (Kentucky: University Press of Kentucky, 1998 ed.), 12, 37, 166-170.
[37] Condit, Johnstone, and Nargele, *A Brief History*, 6-11; Reisinger, "The Paymaster's Department," 25-28. Municipal reform was aimed at the local level, not federal government. Staff records show no major structural changes to financial management during this period other than wartime growth and a realignment of disbursing functions.

war were to a great extent still prevalent."[38] He took aim at a reduction in civilian manpower, a more efficient system for managing clothing allowances and rations, the demolition of temporary buildings at Paris Island, and a $45 thousand reduction in the rents for recruiting offices by moving into nearby government buildings with excess capacity. To improve accountability, the Budget and Accounting Act put sweeping controls in place to address the disarray. The strains on governmental and military financial management that the Budget and Accounting Act of 1921 influenced were evident in the creation of two new bureaucratic bodies: the Bureau of the Budget (BOB) and the Government Accountability Office (GAO). Consequently, the act disturbed the generalization-specialization construct in Marine Corps financial management. Despite the new headwinds, though, it led to little more than minor change within the Corps.[39]

The BOB, the forerunner to the modern-day Office of Manpower and Budget, became a new external actor in Marine Corps budgeting, adding scrutiny to the process, and necessitating more rigor in the budget preparation and justification. The main purpose of the new law was to "establish a central authority, the President [of the US], who would answer for all the executive departments…the result was to eliminate the system of the departments submitting budgets independently to Congress."[40] Thus, all executive departments needed to submit their budgets to the BOB, which had the authority and responsibility to reduce or increase budgets as it saw fit. Congress's creation of the BOB had the potential to nudge the Marine Corps toward specialization in financial management.[41]

---

[38] John A. Lejeune, *The Reminiscence of a Marine* (Philadelphia: Dorrance, 1930), 461.
[39] Lejeune, *The Reminiscence*, 461-462, 475; David M. Walker, GAO: Supporting Congress for the 21st Century: Statement of David M. Walker, Comptroller General of the United States, before the Subcommittee on Government Management, Information and Technology, Committee on Government Reform, House of Representatives (Washington, DC: U.S. General Accounting Office, 2000) http://purl.access.gpo.gov/GPO/LPS8735; Jones, Candreva, and Devore. *Financing National Defense*, 50.
[40] Michael C. Bell, "Budgeting and Financial Information Systems in the Marine Corps" (master's thesis, George Washington University, 1972), 9, Dudley Know Library, http://hdl.handle.net/10945/16012
[41] Jesse Burkhead, *Government Budgeting* (New York: John Wiley and Sons, 1959), 26-28; Jones, Candreva, and Devore. *Financing National Defense*, 50.

This move necessitated a workforce that could build compelling justifications for the Marine Corps' requirements and simultaneously understand how to navigate the new bureaucratic process. It quickly became evident that not just any officer could rotate in and temporarily conduct financial management. The Commandant wrote in a 1921 report to the Secretary of the Navy that the Marine Corps experienced "increased complications continually arising on account of new legislation."[42] In 1928, for example, the BOB attempted to slash the Corps' end strength by over 7% or 1,200 personnel, compelling General Lejeune to personally go to Congress to fight the reduction. He proposed that unexpended funds from the prior two years be re-appropriated to maintain end strength. Congress agreed. This represented how the BOB perturbed and frustrated the Corps during the 1920s. Thus, finally, the BOB necessitated more specialization in financial management.[43]

The Marine Corps needed people who could build compelling and compliant budgets to survive the scrutiny of the BOB. If these Marines failed, the Marine Corps failed, as Service-wide requirements potentially could go unsatisfied. The effectiveness of the official could spell the difference between projects and requirements that Congress funded and those that they deferred or outright killed. For instance, the Corps' 1938 budget request was unsuccessful in obtaining better amphibious equipment, 3,200 more personnel for the Fleet Marine Force, or better training. The number of personnel would have nearly doubled the size of the Marine complement to the US Fleet. However, instead of receiving any increases to manpower, equipment, and training, the Corps

---

[42] Annual Report, dated December 1, 1921, of the Major General Commandant to the Secretary of the Navy as quoted in Edwin N. McClellan, "The Annual Report of the Major General Commandant (1921)," *Marine Corps Gazette* 7, no. 1 (March 1922): 36. Lejeune, *The Reminiscence*, 476-477.

[43] Condit, Johnstone, and Nargele, *A Brief History*, 10. Paradoxically, the Marine Corps had just recently moved in the opposite direction, towards a less specialized staff. Right before Congress established the BOB, the Commandant saw fit that vacancies in staff departments, including the Paymaster and Quartermaster, both of which still shared financial responsibilities, should be filled by line officers temporarily detailed for four-year tours. The policy remained after the BOB's creation, and the reason cited was that "the detail system would make for a more harmonious whole and that the experience of line officers on temporary staff duty would be broadening and make them more suitable for higher commands." While grooming well-rounded officers for high command was important in the overall picture, it ignored the reality of increasingly complex financial management, while also running at cross purposes to other Service objectives.

received only a five percent increase in appropriations. While it would be dangerous to point to any single causal factor in this outcome, the skill of officials involved conceivably played a part.[44]

The BOB required officials to prepare complex budget exhibits to justify budget requests. The budget exhibits imposed new demands and required more skill of the financial management workforce, much like they had in municipalities. One officer working in the Paymaster Department noted how every line item in the budget needed to be accompanied by 20 typewritten pages "illustrating the mathematical calculation through which the ultimate total is arrived at."[45] Colonel Harold C. Reisinger, assistant Paymaster, described even what appeared to be a seemingly straightforward and simple task, like estimating the funding for manpower, as running through a gauntlet.[46]

The preparation of the budget to pay for the Marine Corps' manpower costs required hundreds of hours of continuous employment throughout the year and included referencing volumes of statistical data. For instance, Colonel Reisinger, described the statistical data required to prepare the budget exhibit for the *Pay, Marine Corps* appropriation in 1933. A small group of line officers under Reisinger's supervision reviewed Department of Navy circulars for force projection levels and deadlines, the projected rates of pay for next year, statistical data from Adjutant-General with historically-informed projections on the number of personnel in the Service at each rank, by-month end strength projections throughout the year, pending legislation that might influence next year's entitlements, and operational information which might drive up the costs of pay entitlements. Such actions required an "officer of experience in matters of the Corps in general, but a degree of specialization in the laws affecting pay and allowances of the Marine Corps and the rules of procedure in the Budget and in Congress."[47] Such specialization was not common to temporarily

---

[44] Godbold, "The Planning and Programming System," 189; David Ulbrich, *Preparing for Victory: Thomas Holcomb and the Making of the Modern Marine Corps, 1936-1943* (Annapolis: Naval Institute Press, 2013), vii.; Post-Great Depression budgetary pressures certainly also contributed to budget tensions, in addtion to the skill of budgeter.
[45] Ibid; Condit, Johnstone, and Nargele, *A Brief History*, 10.
[46] Ibid.
[47] Ibid, 29.

detailed officers, which exposed flaws with the assignment policy and pointed to the broader strain in the financial management generalization-specialization construct, but led to no structural changes. The Secretary of the Navy, the BOB, and Congress required officers to attend hearings to justify budget submissions. Despite valiant attempts, consumers of the Marine Corps' budget exhibits were often left unsatisfied with the Marine Corps' submissions over this period. A BOB examiner in 1929 complained that the budget breakdown for *Pay, Marine Corps* lacked enough content to even "feed a crow," even though the package included an analysis section, pages of justification, an appendix with supporting data, a breakdown showing each line-item, and every step of the calculation. In spite of this, tradition endured, and generalists continued to perform financial management, illustrating the minimal effect of external legislation on the Marine Corps' financial management model. Throughout WWII, financial management remained entrenched primarily in the Quartermaster's office and underwent no drastic change other than personnel growth to handle to scale of increased expenditures.[48]

In 1949, military budgeting was completely refashioned, becoming even more difficult. Congress began requiring performance-based budgets with an intent to relate some measures of military performance to the dollars being appropriated. Budgeting was no longer a matter of aggregating a shopping list of requirements and their prices. Officials needed to breakdown costs into more complex schedules of capital outlays, operating expenses, and corresponding levels of output expected, such as training or operations. The military made great efforts to relate measures of performance to funding, but initially missed the mark. Officials, who at this time remained temporarily detailed generalists, used workload data and the costs of inputs to crudely approximate performance. For instance, even as late as 1976, the Marine Corps Financial Management Guidebook advised commanders to measure the cost of operating a rifle range, communications

[48] Wilcox, et al., "Financial Management," 1; Reisinger, "The Paymaster's Department," 28. The BOB examiner's comments were unclear how the submission could have been improved.

center, and a motor pool as proxies for performance. Budget exhibits included ratios relating spending to actions to justify requests. The new tasks were ill-suited and unfamiliar to untrained, temporarily detailed line officers, as evident in the full six years it took the Marine Corps to become compliant with Congressional intent and complete its first performance budget in 1955.[49]

Like other challenges in the era of accountability, the budgeting policy changes such as budget exhibits and justification to the BOB complicated financial management and could have potentially nudged the Marine Corps towards a reconsideration of its financial management constructs. However, the Marine Corps struggled to find these pressures compelling enough to need to make structural adaptations. Instead it fell back upon laissez-faire practices because that was how it was always done. These budgeting strains, however, were not the only ones with which officials had to contend during the era of accountability.

Congress's creation of the General Accounting Office (GAO) in 1921 had the immense potential to challenge financial management paradigms in the Marine Corps. Legislators created the GAO to improve government accountability through an examination of the legality of government expenditures. The specific method in which the GAO accomplished its broad charter evolved in its first few decades of existence, which had shifting implications for the Marine Corps. In its early years, Congress charged the GAO to audit every single financial transaction and review the books of every disbursing officer in the federal government. With a new agency scrutinizing the details of financial management, there was a strong possibility that the GAO would force the Marine Corps to change its financial management practices.[50]

---

[49] Jones, Candreva, and Devore. *Financing National Defense*, 102; National Tax Association. "Federal Budget on Performance Basis" *National Tax Journal* 2, no. 3 (1949): 284, https://search-proquest-com.lomc.idm.oclc.org/docview/1304516730; Wilcox, et al., "Financial Management," 12, 19; US Marine Corps, Financial Guidebook for Commanders NAVMC 2664 (Washington: 1976), vii. Today readiness is chiefly used to approximate performance.

[50] Kathe Callahan, "Elmer Boyd Staats and the Pursuit of Good Government," *Public Administration Review* 66, no. 2 (2006): 159, http://www.jstor.org.lomc.idm.oclc.org/stable/3542669; United States Government Accountability Office, "History at a Glance," accessed February 3, 2019, https://www.gao.gov/about/what-gao-is/history; Walker, *GAO: Supporting Congress*, 1.

In the era of laissez-faire governance, the Marine Corps got away with ignoring many laws, but the arrival of the GAO inserted the teeth that the old laws lacked. The GAO scrutinized every transaction to ensure officials adhered to restrictions in purpose, time, and amount inherent in appropriations acts. When officials ignored restrictions, the GAO could seek remedy through the criminal provisions of the ADA. Officials that ignored the law could go to prison and be fined.[51] In spite of this, the Marine Corps did little to change, and the GAO's business practices illustrated how the Marine Corps was able to weather the storm of scrutiny. The GAO required all federal agencies to mail their fiscal records to a central auditing house in Washington. The quantity of records overwhelmed auditors and led to backlogs. Time only exacerbated the backlog, especially as New Deal and World War II spending spikes generated more records requiring audit. Despite the GAO's best efforts and its ten-fold increase in auditors, the backload stood at 35 million unaudited vouchers by 1945.[52]

The GAO created a Military Division and new field offices in Atlanta, New York, Los Angeles, and Chicago to handle the influx of military vouchers requiring audit, suggesting that the military complied with the law. By 1933, the external examiners challenged the Marine Corps on about 360 payments per year. Scant records that remain indicate that the inspectors' challenges upset "well-established [but unstated] practices" in the Marine Corps.[53] The audit backlog potentially masked the true health of financial management across the military. In testimony to Congress in 1948, auditors complained that fellow voucher examiners had stamped vouchers as *audited* without actually auditing them to clear the backlog, making it clear that financial problems potentially went undiscovered. During the GAO's voucher-checking era, the Marine Corps had played the odds and ultimately escaped unscathed without ever being pushed hard enough to make

[51] Authorities have never charged anyone under the ADA.
[52] Walker, *GAO: Supporting Congress*, 1; Roger R. Trask, GAO History 1921-1991 (Washington: GAO, 1991), 11, 17, 26-27.
[53] Reisinger, "The Paymaster's Department," 30.

radical changes in its financial management model.[54]

After WWII, the GAO realized its model of centrally auditing every transaction was unsustainable. Therefore, it shifted its focus from voucher-checking to evaluating the financial controls and management in federal agencies. The GAO's shifting focus turned audit into a matter of roulette, where only an occasional and limited piece of each federal agency's financial management fell under their preying eyes. This made it even less likely to discover financial problems in agencies, including the Marine Corps. Therefore, the Marine Corps remained one of generalists centralized at the headquarters, relying upon laissez-faire era precedents. Changes in the next half of the century, however, challenged the core tenants of financial management and induced real changes such as the decentralization of funding decisions below the Service headquarters and the rise of bona-fide occupational specialization.[55]

Calls for Efficiency and Transparency Alter the Foundation

In the last half of the 20th Century, transparency-inspired and efficiency-minded policy reforms induced major tensions between the centralization-decentralization and generalization-specialization constructs in Marine Corps financial management that facilitated major changes. Immediately after WWII, a new philosophical approach to financial management took root. Calls for improved efficiency emanated from the top and put serious strains on how the Marine Corps conducted financial management. President Dwight D. Eisenhower put priority on a strong national economy over military force structure with the slogan "security with solvency."[56] The philosophical approach meant a leaner military with more incentive to stretch every dollar in a dwindling budget. This also demanded more efficient financial management.[57]

---

[54] Ibid.
[55] Ibid.
[56] Donald A. Carter, *The U.S. Army before Vietnam, 1953-1965* (Washington: Center of Military History, 2015), 20.
[57] Ibid.

The cascading effects at the Service-level became very pronounced when contrasted to the state of affairs and unchanged fiscal practices used since the first days of the Marine Corps. Since the days of laisse-fair governance and through the first half of the 20th Century, financial management had remained largely centralized in the Paymaster's and Quartermaster's offices. Very few functions were performed in the field other than the work done by the assistant paymasters, disbursing officers, and their deputies that simply involved completing only the last phase of the financial transactions by dispensing cash for orders, contracts, and obligations first made at headquarters. Budgeting and deciding what to buy were headquarters functions. As a result, field commanders had few financial considerations that burdened them.[58]

Brigadier General Edwin H. Simmons, who later became the architect of modern Marine Corps financial management, wrote "commanders' thoughts were not cluttered with crass monetary considerations."[59] Equipment and supplies did not cost anything to the commander. They were issued in accordance with allowance lists that headquarters prescribed. If a field commander wanted something not on his allowance list, he had to make a compelling justification to headquarters that would ultimately decide whether to fund and purchase the item or not. In the last half of the 20th Century, this all changed as new transparency-inspired and efficiency-minded governance completely crumbled the tight centralization construct, bringing about a corresponding and necessary change to the specialization-generalization construct. Calls for efficiency and transparency altered the foundation as evident in naval policy, Department of Defense (DoD) policy, and clean audit legislation.[60]

Naval policy initiatives led to major changes in financial management. Two important policies drove the changes: a directive from the Commandant in 1952 that established a Fiscal

[58] Simmons, "Budgeting in the Marine Corps," 24.
[59] Ibid.
[60] Thomas H. Shannon, "A Critical Evaluation of Controllership in the Marine Corps" (master's thesis, George Washington University, 1971), 8, Dudley Knox Library, http://hdl.handle.net/10945/15639

Division and another directive from the Secretary of the Navy in 1953 established comptrollers. These strong external pressures, in turn, led to the overhaul that brought decentralization to field commands throughout the Marine Corps and drove even more specialization in the workforce.[61]

When Commandant General Lemuel C. Shepherd Jr. took office in 1952, he directed the creation of a Fiscal Division at headquarters that completely overhauled the status quo and transformed financial management. Prior to the Commandant's creation of the Fiscal Division, the Marine Corps relied upon a jack-of-all-trades headquarters agency, the Supply Department, to conduct financial management. The Supply Department, which the previous Commandant created in 1946, was an amalgamation of the Quartermaster and Paymaster Departments. The Supply Department's origin traced back to the Economy Act of 1932 that sought to achieve savings across the federal government through the consolidation of duplicative and overlapping functions as a cost savings measure inspired during the Great Depression. In the Marine Corps, the Supply Department reduced manpower through the merging of disbursing functions across the two departments, but retained the traditional generalist.[62]

Despite the stated purpose for frugality, the Supply Department actually introduced new inefficiencies. Fewer people conducted financial functions, leading to errors, waste, and overreliance on the ability of a select few geniuses to figuratively keep the ship afloat. One of these exceptionally talented, but over-relied upon officials, was the Quartermaster General, Major General William P.T. Hill, who ran "the supply and fiscal affairs of the Marine Corps with a pocket notebook and a stack of old-fashioned ledgers in his office."[63] Hill was a uniquely-qualified specialist. Before assuming the role of Quartermaster General, he gained valuable financial management insights after serving in Haiti, as the Paymaster of the Director of the Garde. Hill then served as Quartermaster General from 1944 to 1955. His background and long tenure as

---

[61] The term *Naval* here refers to both Services within the Department of Navy: the US Navy and US Marine Corps.
[62] Godbold, "The Planning and Programming System," 193; Condit, Johnstone, and Nargele, *A Brief History*, 16.
[63] Shannon, "A Critical Evaluation," 9.

Quartermaster General conceivably contributed to the perception that there was no need to change financial management in the Marine Corps.[64]

Recognizing the overreliance on certain individuals, the Commandant issued the 1952 directive to create the Fiscal Department. In addition to concerns with the overreliance on certain individuals, other reasons cited for the new policy were somewhat cryptic, stating, in part, "to satisfy the needs of the Marine Corps."[65] The inference was that the consolidation had not been working well due to the enormous amount of responsibility placed on the Quartermaster General, and to save face, a the Marine Corps provided a generic rationale rather than publicly expose the true problems. The Quartermaster General undertook the position of Fiscal Director of the Marine Corps as merely an additional duty, assuming responsibility for budget estimation and control of funds. He did the job of Fiscal Director in addition to his primary duties as Quartermaster.[66]

With the backing of the Commandant, it became evident how quickly the Marine Corps could adapt its financial management framework when pressed sufficiently. In 1952, the Commandant directed Colonel David M. Shoup, who became Commandant in 1960, to establish a new Fiscal Division at the headquarters to improve parsimony in financial management and subsequently divest the Quartermaster of all fiscal responsibilities. Just a year later, Colonel Shoup had successfully established the Fiscal Division at Headquarters and was responsible for the control of all funding appropriated to the Marine Corps. The birth of the Fiscal Division marked the beginning of "modern comptrollership in the Marine Corps," which had important implications for the future of Marine Corps financial management.[67]

For the first time, the Marine Corps had produced a specialized agency that became

---

[64] Simmons, "Budgeting in the Marine Corps," 24; US Marine Corps Historical Division, "Who's Who in Marine Corps History: Major General William P.T. Hill," accessed March 17, 2019, https://web.archive.org/web/20110615094701/http://www.tecom.usmc.mil/HD/Whos_Who/Hill_WPT.htm; Godbold, "The Planning and Programming System," 193.
[65] Ibid.
[66] Ibid.
[67] Condit, Johnstone, and Nargele, *A Brief History*, 29; Condit, Johnstone, and Nargele, *A Brief History*, 29; Howard. "General David M. Shoup," 516-517.

exclusively responsible for managing all of the Marine Corps' appropriations, not as a collateral mission but as its central one. In contrast, the Army created its Finance Department in 1920.[68] Unlike previous policies, the change to establish the new Fiscal Division was different in one important way. The Commandant's directive directly took aim at the specialization construct, rather than establishing tangential goals that might indirectly induce changes in the construct. Had the Commandant not been so explicit in what he wanted, i.e. a Fiscal Division, and how he intended to achieve it, it was very possible his staff would have tried half-hearted tweaks like those in the past, never arriving at a meaningful Fiscal Division-like change. The Commandant's 1952 policy was an important milestone, but at the same time, it was only the opening salvo to even more far-reaching changes to alter the centralization-decentralization and generalization-specialization constructs in Marine Corps financial management.[69]

The next key policy change came in 1953 when the Secretary of the Navy ordered the establishment of comptrollers within the Department of Navy at "field activities to include major administrative fleet and Marine Corps commands."[70] The impetus for the Secretary's policy had been Title IV of the National Security Act Amendments of 1949 that mandated a comptroller at the Department of Defense level and its three major Departments. While the Services were notably excluded from the legal mandate to establish comptrollers, the Secretary of the Navy believed in the merit and need for such functions below the Department level. Therefore, he initiated a policy to decentralize at and below the Service level. Notably, it was strong external pressure from the Secretary that inspired this change to financial management, not internal calls for reform.[71]

---

[68] In the Navy, the bureaus historically shared aspects of financial management. Historic machinations in the Navy's financial management organization and the primacy of bureaus make for no analogous comparison. T. Hone, *Power and Change: The Administrative History of the Office of the Chief of Naval Operations,* (Washington: Naval Historical Center, 1989), 61.
[69] Simmons, "Budgeting in the Marine Corps," 24; "Records of the office of the Chief of Finance (Army)," accessed March 17, 2019, https://www.archives.gov/research/guide-fed-records/groups/203.html;
[70] US Department of Navy, *Secretary of the Navy Instruction 5400.4* (Washington, DC: Department of Navy, 1953), 1, as quoted in Wilcox, et al., "Financial Management," 11.
[71] *An Act Reorganizing Fiscal Management in the National Military Establishment to Promote Economy and Efficiency*, HR 5632, Congressional Record Chapter no. 412 (August 10, 1949, National Security Act Amendments of 1949),

The Secretary intended to increase efficiency, believing the "comptroller concept" would give way to sounder planning, more accurate cost estimates, and more vigilant management by aligning decision-making authority for spending at the action points in the chain of command where many problems, effects, and solutions were best understood – the field commands. For example, in 2017, decentralized financial management permitted 1st Marine Aircraft Wing to rapidly adjust to a mid-year change in mission. Its comptroller shifted funds budgeted for exercise costs to cover an emergent $11 million deficiency in transportation and operating costs incidental to growth in the size of the Australian rotational force. A first-hand appreciation of the problem gave way to field-level risk and priority decisions to shift funds.[72] This type of decentralized flexibility would not have been feasible prior to implementation of the comptroller concept when commanders received no funds.[73]

Given the Marine Corps' long-standing financial management habits that had solidified over the past 150 years, the Marine Corps needed to make certain fundamental structural reforms to enable implementation of the Secretary's directive. Reform revolved around four major interrelated tenants: changes to the flow of funds, the birth of comptroller billets at field commands, debate on a comptroller assignment policy, and first-ever educational reforms in financial management. The first tenant changed the flow of funds in the Marine Corps and turned financial management upside

---

Public Law 81-216, 63 STAT 578; L. C. Kreisa, *Bureau of Ships Journal Book* (Washington, DC: Department of Navy, 1956), 6.

[72] Personal communications, emails to author, May 4, 2018. In 2017, Brigadier General Thomas Weidley, Commanding General of 1st Marine Aircraft Wing, submitted a detailed annual budget request breaking down his command's projected travel costs, transportation costs, maintenance, fuel, exercise costs, contracts, labor, and consumable expenses by-month throughout the year. This required his comptroller staff to analyze historical costs, next year's training plan, and the suitability of using different appropriations for ground and aviation-related expenses and then translate it into proper budget codes and formats. Then in 2018 after the budget was approved, the size of the aviation component to Marine Rotational Force-Darwin grew by approximately 50 people and 11 aircraft. Field allotments provided flexibility to the command to meet its revised mission, but necessitated a knowledgeable comptroller staff to effect the change in budget. The Commanding General's comptroller shifted funds that were budgeted for other costs to cover an $11 million deficiency in transportation and operating costs. This required rephasing the budget so that at no point did the command obligate in advance of its quarterly allowances and necessitated that the right costs were appropriately cited to ground and aviation appropriations.

[73] L. C. Kreisa, *Bureau of Ships Journal Book* (Washington, DC: Department of Navy, 1956), 6; Personal communications, emails to author, May 4, 2018.

down. In response to the Secretary's new policy, the Marine Corps established the first field allotments of funds to commanders in 1953. Available funding proceeded through the chain of command, whereby commanders had the fiscal authority, freedom of action, and responsibility to accomplish their missions. For example, in 1967, headquarters passed funds to Commander of Fleet Marine Force Atlantic who, in turn, passed a portion of the funds to the commanders of his division and wing for use as they saw fit to accomplish their missions. By 1969, the Marine Corps' operating budget was distributed, via the chain of command, to 69 separate activities and accounted for two thirds of all Marine Corps spending.[74]

The management of fund allotments to field commanders required expertise in budgeting, accounting, progress reviews, and financial analysis - all complicated tasks being pushed on untrained commanders without a knowledge staff on which they could rely. In contrast to the days where equipment and supplies did not cost anything to the commander, it was now up to the commander to decide where his limited funds would best be applied. Commanders needed to decide how to best use their operations and maintenance (O&M) funding to meet their command's mission. A multitude of purposes competed for limited O&M funding such as training, exercises, transportation, fuel, administrative supplies, spare parts, range supplies, and the maintenance. In 1969, the Commanding General of Second Marine Corps Division attested that his job in financial management was the adjudication of shortages, deciding which missions would be cut back and where he could accept risk. Fund allotments were only a first step, however, since the Marine Corps had provided commanders only the funding and authority. The Marine Corps lacked a financial management structure to help the newly empowered commanders with the management of their authority and funds.[75]

---

[74] Simmons, "Budgeting in the Marine Corps," 25; James F. Wright, "Financial Management is Inherent in Marine Corps Command," *Navy Management Review* 12, no. 1 (1967): 21-22; Ibid, 27.
[75] John C. Matthews, "The Functions and Corresponding Processes Involved with Field Level Comptrollership" (master's thesis, Naval Postgraduate School, 1977), 28, DTIC, https://apps.dtic.mil/dtic/tr/fulltext/u2/a041155.pdf; Barth and McGuiness, "Decreasing Budget Flexibility," 38; 87th Cong., I Sess., Hearings (1962), 425. It's unclear how

The second tenant of the implementation that altered the centralization construct was the addition of the first-ever comptroller billets throughout the Marine Corps. The process of building structure was slow, but significant in that financial management became decentralized for the first time. The Commandant requested additional time from the Secretary of Navy to fully implement his instructions to establish comptrollers at major field commands, attempting the implementation in a "gradual manner until such time as his personnel became more thoroughly indoctrinated with the comptrollership concept."[76] The Commandant only originally intended to establish comptrollers at commands where the workload required doing so, and elsewhere the financial functions were to be assigned to, and shared by, various staff officers.[77]

By 1956, the Marine Corps had established comptrollers in its ten major continental field commands. It initially established comptroller billets at the major bases home to the major fleet forces commands, the recruit depots, and major logistical depots. These field comptrollers were responsible for the economic utilization of funds, budget preparation, financial plans, fund execution, reporting requirements, and periodic reviews. Although the Marine Corps established comptroller billets at field commands and defined their major responsibilities, a trained financial management workforce lagged behind the creation of all of the billets. The Marine Corps raced to find ways to identify or train comptrollers with the prerequisite knowledge. In 1957, Brigadier General Frederick L. Wieseman characterized the problem as, "we don't have enough people who have a broad enough Marine Corps background, coupled with fiscal experience, to step in and start operating as comptrollers. Until time has allowed us to develop the necessary skills, things are going to be difficult."[78] This problem was compounded by the assignment policy for comptrollers.

---

much, if any, the wasted funds in 1961 were attributable to the skill of the staff. Additionally, the CG's name and unit was unstated, but assumed to be 2D Marine Division based on the reference to an "east coast" unit.

[76] Wilcox, et al., "Financial Management," 13.

[77] Donald J. Gehri, "Comptrollership Development in the U.S. Marine Corps," (master's thesis, Naval Postgraduate School, 1958), 3, Dudley Knox Library, http://hdl.handle.net/10945/26421

[78] Simmons, "Budgeting in the Marine Corps," 25; Bell, "Budgeting and Financial Information," 66; Gehri, "Comptrollership Development," 16.

The assignment policy for comptrollers, the third tenant of the implementation, influenced the specialization construct and caused the Marine Corps to reconsider some of its long-held precedents and institutional preference for generalists in staff billets. The implementation directly challenged the Maj Burrows-inspired 1799 assignment policy of any officer, regardless of background, towards bona-fide specialization. While the implementation did not immediately give way to a new occupational field or specialties at the time, the ensuing debate set the Marine Corps on a trajectory for far more far-reaching changes in the 1960s. On one hand, certain factions recognized the need for more specialization, but on the other hand, resistance remained.

The Marine Corps Order on Financial Management in 1958 bluntly stated, "It is the policy of the Commandant that no 'corps of comptrollers' be created in the Marine Corps."[79] To guard against even an inadvertent development of a 'corps of comptrollers,' the Marine Corps established a policy whereby officers would be prohibited from serving in consecutive financial management tours. The policy openly acknowledged that this would have suboptimal effects within financial management, especially the development of technical skills, but the policy emphasized that the benefits of having officers with broad experience were ultimately more important. The policy stressed that officers should be selected for and assigned to comptroller billets on the basis of a broad operational background and warned against placing an "undue emphasis on an officer's facility in accounting procedures as an indication of suitability…as a Comptroller."[80] The Marine Corps considered it more important that one "have the ability to visualize the full implication of financial expenditure than to have extensive background in the technical aspects of allotment accounting."[81] Without citing specifics, the critics of the order pointed out that the paranoid tone in the order's language resulted in fleet-wide suspicion of comptrollers at a minimum, and in more

---

[79] Commandant of the Marine Corps. *Organization and Functioning of the Staff in Financial Planning and Administration*. MCO 5450.2B, 2-3, MCO was cancelled on August 14, 1968; Gehri, "Comptrollership Development," 73.
[80] Ibid; Wilcox, et al., "Financial Management," 19.
[81] Shannon, "A Critical Evaluation," 44.

extreme cases, led others to discount the importance of their comptroller.[82]

There were strong cultural factors influencing the Marine Corps' reluctance to abandon its old generalist policies. Most notably, line officers throughout the Marine Corps tended to resent the authority of the staff. To the line officers, the staff were second class Marines who deserved no special authority, even for narrow, highly focused functions in which they might excel. Irrational fears led to continued objections against specialization. Brigadier General Simmons succinctly conveyed this when he stated that the Marine Corps "thinks there is a danger in having a group of uniformed specialists who repetitively performs the duties of financial management."[83] Those championing this line of thought claimed that non-combat arms officers in key financial management roles would result in a "loss of Marine ethos and the production of a 'techno-geek' Marine Corps" or the erosion of command authority.[84] Donald Gehri, a graduate student researching comptrollership development in the 1960s, interviewed a fellow comptroller who related that the fear of comptrollership stemmed from the unjustified perception that comptrollers held the "power of vetoing command decisions."[85]

These fears were untrue and unwarranted. Comptrollers worked for and under the authority of the commander. They only authority was that which the commander delegated. Comptrollers had no authority of their own or had any reason to work at cross purposes of any commander. Comptrollers, like any other staff function, simply helped the commander manage a resource, freeing the commander from becoming inundated with the minutiae of the job. The irrational fears were not merely miscommunications or misunderstandings, they were simply unproven assumptions that took on a life of their own. These assumptions included the belief that the commanders were losing command authority and that non-combat arms financial managers would

---

[82] Gehri, "Comptrollership Development," 55.
[83] Simmons, "Budgeting in the Marine Corps," 25; Commandant, *Organization and Functioning*, 2-3.
[84] Michael S. Holt, "Evolution of the Marine Corps Officer Promotion System: A Re-evaluation of the Current Officer Promotion System" (master's thesis, United States Marine Corps Command and Staff College, 2005), viii, DTIC, https://apps.dtic.mil/dtic/tr/fulltext/u2/a506899.pdf
[85] Gehri, "Comptrollership Development," 42; Godbold, "The Planning and Programming System," 189.

be apathetic to warfighter needs, make bad decisions, and threaten the status-quo. Throughout the debate, there was no evidence of apathy or poor decisions to support the claim, nor did commanders test these assumptions. Yet, they persisted.[86]

Education reform, the fourth tenant of the implementation, altered the specialization construct and caused the Marine Corps to finally acknowledge that on-the-job training was inadequate for financial management, giving a degree of credence to the argument against generalists. Some form of training and education was needed to prepare comptrollers for their assignments, as the Marine Corps had been caught flat footed when the Secretary of the Navy imposed a requirement to establish field comptrollers.[87] Marine Corps officers had "from zero to little" experience in financial management.[88] Commanders needed personnel who understood fiscal rules and budgeting procedures, as the effectiveness of budget justifications often made the difference between the receipt of funds for a commander's program or the program's death. Not only would training be necessary for first time comptrollers, refresher training would be needed as a result of the assignment policy, as any comptroller who "alternates tours between financial management with assignments as an aviator, artilleryman, or infantryman, will be hard pressed to keep up with the latest techniques of dollar management."[89] Because the Marine Corps lacked a cadre of proficient comptrollers, it had to reach out externally to academia for help with education.[90]

The Marine Corps' reaction to the new educational void tended to show once again how aggressively and swiftly the institution could bring about change to financial management when policies directly took aim at its underlying structure. To deal with the educational deficiency, the Commandant established quotas for a limited number of selected officers to attend graduate degree

---

[86] Godbold, "The Planning and Programming System," 205.
[87] The impetus for the Secretary's policy had been Title IV of the National Security Act Amendments of 1949 that mandated a comptroller at the Department of Defense level and its three major Departments. While the Services were notably excluded from the legal mandate to establish comptrollers, the Secretary of the Navy believed in the merit and need for such functions below the Department level.
[88] Shannon, "A Critical Evaluation," 47.
[89] Rider, "Controllership," 47.
[90] Kreisa, *Bureau of Ships Journal Book*, 6.

programs pertaining to financial management. Throughout the 1950s, the Marine Corps experimented with various external sources of education. A handful of officers attended Harvard Graduate School of Business Administration, University of Pittsburgh, Army courses, and Navy Schools. However, the biggest source of postgraduate education was the Navy Graduate Financial Management Program at George Washington University. This ten-month program led to a Master's Degree in Business Administration with a curriculum tailored to meet the needs of the Marine Corps and theoretically prepared unrestricted officers for assignment to comptroller billets.[91]

The early cohorts were made up of generalists, such as combat arms, aviation, and supply officers. Participation was initially limited, but gradually increased over the 1950s. A single officer completed the course in 1952, four officers in 1953, five in 1955, and nine per year by 1960. The practice of sending to-be comptrollers to graduate education eventually came to fall under the purview of the Special Education Program (SEP). SEP officers specializing in financial management would earn the MOS 9964, later being re-designated to MOS 8844. The act of assigning to-be comptrollers to educational programs, formalizing the practice under SEP umbrella, and then designating a MOS skill identifier code clearly pointed to how an external naval policy influenced an internal Marine Corps' decision to abandon its long-standing practice of staffing financial management billets with unfamiliar line officers to more-specialized officers. These practices represented the seeds of real change in the Corps' financial management model, as DoD policies in the following decades took specialization even further.[92]

DoD policy initiatives altered the generalization-specialization construct in the Marine Corps and led to first-ever changes in financial management. In the 1960s, Secretary of Defense Robert McNamara was determined to ensure "that the nation got its money's worth" from the

[91] Wilcox, et al., "Financial Management," 20; Gehri, "Comptrollership Development," 25-26; Shannon, "A Critical Evaluation," 44-45.
[92] Shannon, "A Critical Evaluation," 44-45; Gehri, "Comptrollership Development," 21.

military.[93] As a result, he imposed modern budgetary and business practices on the military. DoD programming policy, the PPBS (Planning, Programming, and Budgeting System) directive, and PRIME (Priority Management Effort) accounting system policy collectively led to a radical overhaul in the specialization of the financial management workforce across the Marine Corps.[94]

In 1960, the Defense Secretary Robert S. McNamara implemented program-based budgeting in order to improve accountability and decision making. The policy necessitated a new degree of specialization in the Marine Corps financial management workforce, as the concept of programming was a fundamental departure from the previous way of business. The old way of budgeting was largely a matter of aggregating lists of "commodities and objects, not programs and projects."[95] According to the prevailing practice, officials grouped commodities into lists along functional categories like military personnel, operations and maintenance, procurement, research and development, and military construction, all of which did little to help focus limited resources on key decision-making areas for military leaders and Congress. McNamara intended for programming to project into the future and determine which of the many alternative weapons systems, force levels, investments, and programs would best serve national security objectives. To financial managers, programming meant developing new systems and methods to categorize, cost out, and compete program packages for nearly a thousand different program elements.[96] Once methods and systematic procedures for cost analysis were established, officials needed to maintain a complex catalog for all approved programs within the Future Year Defense Plan.[97]

---

93 Carter, *The U.S. Army before Vietnam,* 44.
94 The term *Naval* here refers to both Services within the Department of Navy: the US Navy and US Marine Corps.
95 Simmons, "Budgeting in the Marine Corps," 24.
96 Jones, Candreva, and Devore. *Financing National Defense*, 102-103; The biggest budgeting differences pre-McNamara was the transition from the object-of-expense format to the analysis-of-alternatives format with an emphasis on cost-benefit ratios to inform programmatic funding decisions.
97 Louis B. Myers, "Impacts of the Department of Defense Program System on Planning and Programming in the U.S. Marine Corps, 1961-1965" (master's thesis, George Washington University, 1965), 13, Dudley Know Library, https://calhoun.nps.edu/handle/10945/12318; Jones, Candreva, and Devore. *Financing National Defense*, 102-103; Godbold, "The Planning and Programming System," 160; Anthone R. Wright, "A Guideline from Marine Corps Financial Managers" (master's thesis, Naval Postgraduate School, 1998), 23, 26, Dudley Knox Library, http://hdl.handle.net/10945/32676.

By 1961, program budgeting manifested itself in what became PPBS and directly led to sweeping changes to the specialization construct of financial management. PPBS's charter, changes, and challenges illustrated why the Marine Corps could no longer get by on the generalists, even those who had participated in SEP, and ushered in major structural reforms.

The charter for PPBS conceptually involved four tasks: "(1) determining the military's role in the national security environment, (2) deciding what the military needs to fulfill its roles, (3) deciding when we need it, and finally, (4) determining what can be afforded given a finite amount of resources."[98] The last two phases of PPBS, programming and budgeting, fell upon comptrollers, and neither was truly new which theoretically should have meant relative ease in PPBS's implementation. After all, the programming rollout was already underway, albeit still in its infancy, and performance budgeting had been around for a decade. However, it was the linkage and compounding effects of these reforms that strained financial management.[99]

The workforce had been able to adapt to individual complexities as they accumulated over the years, but the compounding effects of the complexities inherent in PPBS strained the system. PPBS required technically competent practitioners who were familiar with economics, cybernetics, systems analysis, strategic planning, public administration, and modeling. However, the Marine Corps struggled to find this complement of skills in line officers who were temporarily detailed on three-year financial management tours, as most comptrollers never attended the SEP program. PPBS required more specialization, training, and experience. For example, even by 1977, only 21% of the Fiscal Division's workforce had received any training or education in financial management. The problems became so acute that the Commandant, General Leonard F. Chapman Jr., sent accounting text books to every general officer in the Marine Corps and required them to enroll in an accounting course. This was a push towards specialization, and senior leaders openly began

[98] Wright, "A Guideline from Marine Corps Financial Managers," 21.

[99] Ibid, 102; Shannon, "A Critical Evaluation," 44; Myers, "Impacts of the Department," 84; Rider, "Controllership," 75.

challenging the validity of the long-held belief that comptrollers could function without technical knowledge. Adding fuel to the fire, the Marine Corps had to adopt a complex new resource management system in order to fully implement PPBS.[100]

A DoD mandate to rollout a new resource management system also added complexity to financial management. In 1968, demands of PPBS necessitated that the Marine Corps replace its legacy system with the Priority Management Effort (PRIME) accounting system. Prior to 1953, the Marine Corps was relying on pocket notebooks and a stack of old-fashioned ledgers for financial management. It lacked a system to manage the efficient and responsible spending of the Marine Corps' appropriated funds. PRIME was a fundamental departure that shifted focus from merely tracking obligations to managing operating and resource costs for activities and programs that in many cases spanned across multiple appropriations and obligations. PRIME required a financial manager familiar with double-entry systems of accounts, accrual accounting, cost accounting, internal controls, and financial reporting, all of which were not skills common to most temporarily detailed officers in financial management billets.[101]

Many challenges ensued. In surveys, comptrollers routinely complained about the excessive manpower required to "purify" appropriations by breaking them out as either investment or expense costs, the time required to charge military personnel costs to programs, the complexities of managing working capital funds, the complete overhaul of the basic accounting structure, and the requirement to produce seven time consuming reports for the higher headquarters when only nine percent of comptrollers believed they had any benefit to local commanders.[102] One comptroller characterized the situation, saying "nobody in the Marine Corps really understands PRIME."[103] In late 1968, the DoD PRIME Survey Team visited headquarters and installations throughout the

[100] Ibid, 102; Shannon, "A Critical Evaluation," 44; Myers, "Impacts of the Department," 84; Rider, "Controllership," 75. US Marine Corps, Financial Management Systems Study (Washington: Arthur Anderson & Co, 1978), 2-39.
[101] Simmons, "Budgeting in the Marine Corps," 24; Wilcox, et al., "Financial Management," 9; Gombo, *An Evaluation of Financial Management*, 16-17.
[102] Rider, "Controllership," 77.
[103] Rider, "Controllership," 80.

military and gave the Marine Corps a failing grade on financial management, concluding that the Marine Corps was out of compliance with PRIME because costs were misrepresented and often charged to the entirely wrong commands, especially in cases when units provided to mutual support to one another.[104]

Programming, PPBS, and PRIME polices collectively led to the largest change in the specialization construct in the Marine Corps' history. Prior to 1968, evidence pointed to the existence of only one financial management MOS, as the Marine Corps added disbursing to the occupational fields in 1945. After 1968, the Marine Corps began assigning the Financial Management Officer additional MOS 3415 to unrestricted officers who had temporarily worked in comptroller billets. To aid comptrollers who needed, but lacked in-depth, technical knowledge, the Marine Corps also established additional support MOSs for accounting and auditing. These new MOSs were staffed with limited duty officers and warrant officers. In 1977, the Fiscal Director of the Marine Corps conducted a study of financial management that led to even greater specialization by altering the occupational field and its assignment policy. Most notably, new unrestricted lieutenants could be assigned as financial management officers as a primary MOS beginning in the early 1980s.[105]

By 1985, the Marine Corps conducted another review of financial management, which led to the consolidation of disbursing and accounting subspecialties into a financial management officer specialty with the designation of MOS 3404. This unrestricted officer MOS remains in place today.

---

[104] Rider, "Controllership," 74, 77. 80.

[105] Kenneth W. Condit, Gerald Diamond, and Edwin T. Turnbladh, *Marine Corps Ground Training in World War II.* (Washington, DC: Historical Branch, G-3, Headquarters, U.S. Marine Corps, 1956), 198.; Brian F. Reed and Randall D. McMahon, "An Evaluation of the Education and Training for Entry Level Marine Corps Officers in the Military Occupational Specialty 3415" (master's thesis, Naval Postgraduate School, 1983), 17, 25-26, , http://www.dtic.mil/dtic/tr/fulltext/u2/a132377.pdf; Tavares, "Lessons Learned," 54-55; Katheryn E. Crim, "Computer Training for Financial Management Officers in the Marine Corps" (master's thesis, Naval Postgraduate School, 1986), 12, http://www.dtic.mil/dtic/tr/fulltext/u2/a175177.pdf; USMC Financial Management School, "Command History," accessed January 4, 2019, https://www.trngcmd.marines.mil/Units/South-Atlantic/MCCSSS/MCCSSS-Schools/Financial-Management/. Other Services have organized differently making like-comparison of dates less relevant, i.e., Navy uses even more specialized financial management officers within its Medical and Supply Corps.

Financial management officers, MOS 3404, serve predominately as comptrollers, deputy comptrollers, and budget officers across the operating forces. In 1986, the Marine Corps finally established a financial management school to provide much needed training. The creation of a financial management MOS and training pipeline was significant, as these acts recognized and institutionalized the requirement for specialization. They showed how DoD polices completely altered the specialization construct in financial management. Like naval and DoD policies, future legislation put similar demands on the Marine Corps and the degree of specialization required of its financial management workforce.[106]

Whereas naval and DoD policies altered the foundation of financial management and led the Marine Corps to repair many of the major fault lines in its foundation, legislation aimed at improving transparency has exposed an unresolved fault line in the foundation. The financial management assignment policy remains a key factor contributing to unresolved problems with transparency. When the Marine Corps established an occupational field, it did not entirely abandon its old philosophy of assigning any line officer to key financial billets at headquarters and its major commands. Financial management billets remained split between a mix of specialists and generalists. Specialists served predominately at field commands like 1st Marine Division and 3rd Marine Aircraft Wing, and paradoxically, today a heavier ratio of generalists serve at the headquarters like Programs and Resources (P&R) Department and Marine Forces Command where specialists' skillsets would be more beneficial to audit struggles.[107]

The key financial management billets at headquarters reside with the P&R Department, which is the principal staff agency responsible for "developing, defending and overseeing Marine Corps financial requirements, policies and programs in order to support them in executing U.S.C. Title 10 responsibilities as a Service chief…principal advisor to the CMC on all financial matters

[106] Ibid.
[107] P&R SharePoint, "Organization" accessed Dec 20, 2018, https://ehqmc.usmc.mil/org/pr/mpb/admin/org

and…program and budget matters throughout the DON and the DoD."[108] As of December 2018, officers with financial management MOSs held only 18 of 60 officer billets at P&R. P&R billets are the most important ones in meeting Congressional audit mandates. Officers at P&R work on the Service-wide policies, procedures, systems, and programs. Paradoxically, financial management officers, whose experience and training lends best to this institution-wide work, only tend to fill about thirty percent of the headquarters billets. The Marine Corps' continual reliance on generalists to serve today in many key financial management billets has underwritten an unresolved auditability problem across the Marine Corps as evident in collective demands that the Chief Financial Officer Act (CFO) in 1990, Government Management Reform Act (GMRA) of 1994, and Federal Financial Management Improvement Act (FFMIA) of 1996 have induced.[109]

The first piece of legislation to expose the fault line in specialization construct was the CFO Act in 1990 that required the largest federal agencies, including certain components of the DoD, to complete independent annual financial statement audits. A passing grade on the audit is referred to as a clean audit or unqualified opinion. In short, a clean audit means that financial statements are presented fairly, accurately, and in accordance with generally accepted accounting principles. The CFO Act meant that for the first time that many federal agencies needed to prepare compliant agency-wide financial statements in order to undergo audit. These included a statement of financial position, a statement of operations, a statement of cash flows, a reconciliation to the budget report, and a statement on internal accounting and administrative control systems. To put the CFO Act in perspective, the Comptroller General of the United States called the act the "most comprehensive and far-reaching financial management improvement legislation" since 1950.[110]

---

[108] United States Marine Corps, *Fiscal Year 2018*, 10.
[109] P&R SharePoint, "Organization" accessed December 20, 2018.
[110] Office of the Undersecretary of Defense (Comptroller), *Financial Improvement and Audit Readiness Report.* (Washington, DC: US Department of Defense, November 2017), ES-1, https://comptroller.defense.gov/Portals/45/documents/fiar/FIAR_Plan_November_2017.pdf; Chief Financial Officers Act of 1990 (Public Law 101–576) § 9106 Management Reports; United States General Accounting Office, "The Chief Financial Officers Act: A Mandate for Federal Financial Management Reform" Report GAO/AFMD-12.19.4 CFO Act (Washington, DC: GAO, 1991), 1, 17. https://www.gao.gov/special.pubs/af12194.pdf. The specific mandates

As part of phased approach towards transparency, the CFO Act required the Department of Army to be audit compliant by 1991, and the Department of Air Force was given until 1992. Notably, Congress excluded the Department of Navy from the CFO Act. This meant the Marine Corps had an opportunity to get a head start on its own financial improvements before they were legislatively mandated. In 1994, Congress expanded the audit provisions of the CFO Act and passed the GMRA that required all components of the DoD to produce auditable financial statements. Congress gave the Marine Corps until 1996 to become compliant. Like the CFO Act, the implications of GMRA were complex, as the procedures, systems, and policies to implement GMRA required actions at the Service-level where paradoxically few financial management officers worked. Even the best comptrollership at field commands meant little for compliance if the Service's foundation had fault lines.[111]

The FFMIA of 1996 built on the CFO Act and GMRA by putting more emphasis on the integrity of financial systems. FFMIA required agencies to implement systems compliant with more stringent requirements, federal accounting standards, and the capacity to process individual transactions in accordance with U.S. Standard General Ledger coding standards. FFMIA then required external auditors to attest to the degree compliance in its reports. Collectively, all three pieces of clean audit legislation induced new strains on the Marine Corps. These struggles are evident in the Marine Corps' failure to pass a clean audit.[112]

---

contained within the act quickly become very technical and tend to eclipse that more important point that a major overhaul of financial management became necessary to produce the statements and achieve transparency. The overhaul required a workforce with a richer understanding of government-wide accounting and systems, not just individual agency practices.

[111] Ibid, 44. United States General Accounting Office, "The Chief Financial Officers Act," 17; Office of Manpower and Budget, "Audit Requirements for Federal Financial Statements" OMB Bulletin No. 07-04 (2004): 4. GMRA mandated "audited consolidated, department-level balance sheets, statements of net cost, changes in net position/income statement." GMRA meant that conceptually simple matters like intradepartmental transactions had to be worked out to ensure funds were accurately accounted for only once at the departmental level, as the DoD was mandated to produce consolidated, net financial statements. For example, if the Marine Corps provisioned strategic cargo flights from U.S. Transportation Command (USTRANSCOM) and transferred funding to pay for the lift, the Marine Corps needed systems and methods to ensure intradepartmental eliminations could be made, so that funding was not double counted by both the Marine Corps and USTRANSOM.

[112] United States General Accounting Office, "FFMIA Implementation Critical for Federal Accountability" Report GAO-02-29 (Washington, DC: GAO, 2001), 1-2, https://www.gao.gov/assets/240/232810.pdf.

Despite being forecasted in 1990 and mandated in 1996, the Marine Corps took over fifteen years just to become audit ready. Audit ready meant that conditions were finally in place to permit an auditor to perform financial statement examinations. Audit ready did not necessarily mean a successful audit. Even once the Marine Corps was audit ready, the initial scope of the early audits was rather limited. The DoD designated the Marine Corps as the test bed for the military Services and agreed to allow the Marine Corps to attempt the audits in a phased approach. DoD rationalized that Marine Corps was the smallest Service, and therefore, DoD envisioned that the Marine Corps could become the first Service to score a win for the DoD.[113]

In the spirit of a quick win, the first audits focused on a very narrow subset of possible statements spelled out in the CFO Act. Specifically, in 2011, the Marine Corps underwent an audit of its Statement of Budgetary Resources (SBR), which was widely anticipated to be the easiest statement to pass audit. The Marine Corps' SBR was compared against Treasury records, in a process very similar to reconciling a checkbook with a bank statement. The audit was unsuccessful with the General Accountability Office asserting that the Marine Corps lacked effective processes for reconciling its Fund Balance with Treasury (FBWT).[114]

The GAO made over 139 recommendations to correct identified weakness, and it summarized the findings by stating the Marine Corps lacked adequate processes, systems controls, and internal controls for accounting, reconciling, and reporting on the use of budgetary resources and management of key information technology (IT) systems. As just one example of the findings, auditors concluded the Marine Corps had made payments without proper documentation demonstrating evidence of the completeness and accuracy of vouchers. Simple documentation such as the required purchase order, receiving report, and the invoice was missing from the payment

[113] Ibid.
[114] United States Government Accountability Office. *DOD Financial Management: Challenges in Attaining Audit Readiness and Improving Business Processes and Systems.* GAO-12-642T, (Washington, DC, 2012), 12. Other statements include the statement of financial position, a statement of operations, a statement of cash flows, and a reconciliation to the budget report, and a statement on internal accounting and administrative control systems.

vouchers. Officials at the Service headquarters, the majority of which were generalists on three-year orders, were responsible for achieving a clean audit failed to manage the institution-wide policies, procedures, and systems necessary to prevent these improper payments. By 2016, the same SBR audit was reattempted two more times, neither of which were fully successful in reconciling the FBWT for essentially the same reasons. These problems are not unique to the Marine Corps, but also not widespread across the entire DoD. The Army Corps of Engineers, a number of defense agencies, and all DoD trust funds have already successfully passed audit.[115]

In fiscal year 2018, the Marine Corps went through a full external audit of financial statements. The audit resulted in a disclaimer of opinion, meaning that the independent auditor refused to present an opinion on the integrity of Marine Corps financial statements on the basis of insufficient evidence and transactional data. In short, the inadequacy of Service-wide policies, internal controls, and systems created the conditions whereby transactional data was not managed. Officials at P&R, who tended to be generalists, directly controlled the conditions, systems, and policies whereby these problems persisted. Officials at P&R solely exercised control, jurisdiction, and the ability to resolve the root problems of the failed audits. In November 2018, after receiving the results, the Commandant bluntly wrote, "we have a lot of work to do…problems require us to improve in fundamental skills for information technology, financial management, personnel and pay management, and the management of plant, property, and equipment."[116]

The Commandant's comments echoed a prophecy from the General Accounting Office almost two decades earlier, when it reported that one of greatest challenges to improving financial

[115] United States Government Accountability Office, "Marine Corps Statement of Budgetary Resources Audit Results and Lessons Learned" GAO-11-830 (Washington, DC: GAO, 2011), highlights, 7, https://www.gao.gov/products/GAO-11-830; US Marine Corps, *FY17 Marine Corps Full Financial Statement Audit*, MARADMIN 542/16 (Washington, DC, 20160, https://www.marines.mil/News/Messages/Messages-Display/Article/972460/fy17-marine-corps-full-financial-statement-audit/; *DoD's Plans for Financial Management Improvement and Achieving Audit Readiness: Panel on Defense Financial Management and Auditibility Reform before Committe on Armed Services, 112th Cong* (July 28, 2011). (statement of Hon. Robert F. Hale, Under Secretary of Defense Comptroller, U.S. Department of Defense), U.S. Government Publishing Office. https://www.gpo.gov/fdsys/pkg/CHRG-112hhrg68167/html/CHRG-112hhrg68167.htm
[116] United States Marine Corps, *Fiscal Year 2018*, 3, 35.

management is a well-qualified, professional financial management workforce. The GAO made the conclusion after reviewing the education, experience, training, and professional certifications of a cross-section of surveyed respondents who conducted financial management in the Marine Corps at the Service Headquarters and major command level. The GAO was not convinced the Marine Corps had the right people in its key financial management billets. The study was ultimately ignored after the Department of Navy Comptroller wrote a scathing rebuttal saying the GAO was misguided by emphasizing accounting backgrounds and professional certifications.[117] The response illustrated the Marine Corps' perception that generalists in financial management billets remained feasible even in recent decades.

Appearing before Congress over seven years ago, the DoD's comptroller characterized the state of financial management as, "we are just doing some things which are effective in terms of meeting war fighter needs, but aren't auditable."[118] For example, the Marine Corps was faulted for how it paid Marines. Specifically, the GAO took issue with the practice of administratively setting aside all funding for military payrolls in a single bulk obligation. The accounting standards demanded more fidelity and accuracy in the form of individual (not bulk) obligations, which from the Marine Corps' perspective, generated a lot more bureaucratic churn for little purpose other than compliance. Although the Marine Corps was noncompliant with accounting and audit standards, it was nonetheless capable of the more important task of getting Marines paid, so no alarm bells were triggered. This illustrates just one example of how the Corps has been effective in meeting warfighter needs but not auditability. While many of the bad practices have rational and practical origins, they have led to repeated audit failures.[119]

---

[117] General Accounting Office. *Profile of Navy and Marine Corps Financial Managers*, GAO/AIMD-98-86, (Washington, D.C., 1998), 1, 83. https://www.gao.gov/assets/230/225485.pdf.
[118] *DoD's Plans for Financial Management Improvement and Achieving Audit Readiness: Panel on Defense Financial Management and Auditibility Reform before Committe on Armed Services*, *112th Cong*.(July 28, 2011). (statement of Hon. Robert F. Hale, Under Secretary of Defense Comptroller, U.S. Department of Defense), U.S. Government Publishing Office. https://www.gpo.gov/fdsys/pkg/CHRG-112hhrg68167/html/CHRG-112hhrg68167.htm
[119] Ibid.

The assignment policy undeniably contributes to the struggles with auditability. In spite of this fact, a senior executive at P&R openly claimed the Marine Corps still needs more infantry and aviators serving at P&R in October 2018. Such comments suggest the generalist argument remains alive and well at the highest levels. Today, the generalist argument seems to be unique and limited to the Marine Corps financial management community. In most Headquarters Marine Corps billets, Marine officers typically work under Deputy Commandants functionally aligned to their occupational specialties. For instance, aviators predominately serve under the Deputy Commandant for Aviation, and logistics officers serve on the staff of the Deputy Commandant for Installations and Logistics. With the Service-level financial management billets, however, more non-financial managers serve under the Deputy Commandant for P&R than do financial managers. This non-standard construct is misaligned for today's complexities. The practice of assigning untrained and unfamiliar personnel to important financial management positions has been the historic norm and remains business as usual.[120]

Balance can be struck today to satisfy two key objectives in financial management - meeting warfighter requirements and Congressional oversight requirements. Those who advocate for combat arms officers in key financial management billets discount or neglect Congressional oversight requirements and tend to emphasize combat arms officers' leadership abilities to overcome technical deficiencies. This argument simply has not proven true. Quite to the opposite, congressional calls for increased accountability are making it increasingly more apparent that financial management is such a complex endeavor that not just anyone can perform well without appropriate training and education. Financial management officers' skillsets and experience are best suited for today's complexities, especially audit.[121]

---

[120] Ibid; Anonymous for non-attribution, "Financial Management Class to Command and Staff Student Body" (speech, Quantico, VA, October 2018). Taking it a step further, most would probably agree that it would be absurd to appoint a private sector Chief Financial Officer who lacked any prior knowledge or experience with financial matters. In fact, some might say this more than simply an unwise decision, it is negligence.
[121] Holt, "Evolution," viii.

Conclusion

Over its history, the Marine Corps experimented with various forms of financial management – principally in who should do it and where they should do it from. Policy changes influenced conflicts between centralization-decentralization and generalization-specialization constructs in Marine Corps financial management. Three distinct policy environments in the Marine Corps' history punctuate these conflicts wherein a laissez-faire approach to government in the 19th Century set a strong foundation, public accountability in the first half of the 20th Century stressed the foundation, and later calls for efficiency and transparency altered the foundation.

From the birth of the Marine Corps and through the 19th Century, laissez-faire-inspired policies influenced only minor tensions between the centralization-decentralization and generalization-specialization constructs in Marine Corps financial management. The laissez-faire approach permitted financial management to grow organically with few constraints. Broad overarching governance, the simple nature of appropriations acts, and the permissibility in early legislation created an uncomplicated framework which meant financial management was inherently simple enough as to not require much consideration in how it should be structured. Financial management could be organized in either a centralized or decentralized fashion and practiced at the hands of either specialists or generalists. As a result, the Marine Corps organized financial management in manner that came natural without any true deliberate planning. Once organized, a lasting foundation was set. Generalist officers served in financial management billets, and headquarters maintained a tight central grip on financial management. These precedents remained stable for over the next hundred years, and the reason was simple. The Marine Corps had little impetus to change as few external pressures, weak Congress's oversight, and sporadic accountability defined the laissez-faire era.

In the first half of the 20th Century, accountability-focused policy strained the Marine Corps financial management model, but did little to necessitate major change. During this period, the

Marine Corps felt the shockwaves emanating from accountability reform in public sector, private sector, and the Budget and Accounting Act of 1921, but it was always far enough away from the epicenter to not feel threatened or do serious harm. Thus, the shockwaves necessitated little more than halfhearted tweaks to financial management in the Marine Corps. Locked into precedents born out of laisse-fair governance, the Marine Corps struggled to see the increasingly complicated, accountability-minded policies as compelling enough to adapt. The Marine Corps made no meaningful changes to the centralization-decentralization and generalization-specialization constructs in financial management.

In the last half of the century, this all changed as new transparency-inspired and efficiency-minded governance completely crumbled the tight centralization construct, bringing about a corresponding and necessary change to the degree of specialization in the financial management workforce. Calls for efficiency and transparency were evident in naval policy, Department of Defense (DoD) policy, and clean audit legislation. As a result of the policies, the Marine Corps delegated funding decisions below the Service headquarters, established comptroller billets, and established a financial management occupational field. Whereas naval and DoD policies altered the foundation of financial management and led the Marine Corps to repair many of the major fault lines in its foundation, legislation aimed at improving transparency has exposed an unresolved fault line in the foundation. The financial management assignment policy remains a key factor contributing to unresolved problems with transparency. Today's over-reliance on generalists has contributed to Marine Corps' failure to successfully pass an audit, and the workforce must be rebalanced. As the Marine Corps has done over its history, the assignment model needs to be reframed today in light of new policy-induced challenges.

Bibliography

Barth, John D., and Robert M. McGuiness. "Decreasing Budget Flexibility for Commanders of Marine Corps Installations in the Pacific: Sources, Significance, and Solutions." Master's thesis, Naval Postgraduate School, 1992, https://apps.dtic.mil/dtic/tr/fulltext/u2/a261928.pdf

Bell, Michael C. "Budgeting and Financial Information Systems in the Marine Corps." Master's thesis, George Washington University, 1972, http://hdl.handle.net/10945/16012

Burkhead, Jesse. *Government Budgeting.* New York: John Wiley and Sons, 1959.

Callahan, Kathe. "Elmer Boyd Staats and the Pursuit of Good Government." *Public Administration Review* 66, no. 2 (2006): 159-166, http://www.jstor.org.lomc.idm.oclc.org/stable/3542669.

Carey, A. B. "The Pay Department." In *The Army of the US Historical Sketches of Staff and Line with Portraits of Generals-in-Chief*. Edited by T. F. Rodenbough, & W. L. Haskin. New York: Maynard, Merrill, and Co., 1896, https://history.army.mil/books/R&H/R&H-Pay.htm

Carter, Donald A. *The U.S. Army before Vietnam, 1953-1965.* Washington, DC: Center of Military History, 2015.

Coffman, Edward M. *The War to End All Wars: The American Military Experience in World War I* revised ed. Kentucky: University Press of Kentucky, 1998 ed.

Commandant of the Marine Corps. *Organization and Functioning of the Staff in Financial Planning and Administration.* MCO 5450.2B, n.d.

Condit, Kenneth W., Gerald Diamond, and Edwin T. Turnbladh. *Marine Corps Ground Training in World War II.* Washington, DC: Historical Branch, G-3, Headquarters, U.S. Marine Corps, 1956.

Condit, Kenneh W., John H. Johnstone, and Ella W. Nargele. *A Brief History of Headquarters Marine Corps Staff Organization.* Washington, D.C.: Historical Division, Headquarters U.S. Marine Corps, 1971, https://www.marines.mil/Portals/59/Publications/A%20Brief%20History%20of%20Headquarters%20Marine%20Corps%20Staff%20Organization%20PCN%2019000248700.pdf?ver=2012-10-11-163141-160

Crim, Kathryn E. "Computer Training for Financial Management Officers in the Marine Corps." Master's thesis, Naval Postgraduate School, 1986, http://www.dtic.mil/dtic/tr/fulltext/u2/a175177.pdf

Divine, William R. "The Second Hoover Commission Reports: An Analysis." *Public Administration Review* 15, no. 4 (1955): 263-69, www.jstor.org/stable/972980

Fredriksen, John C. *The United States Marine Corps: A Chronology, 1775 to the Present.* Santa Barbara, CA: ABC-CLIO, LLC, 2011.

Gehri, Donald. J. “Comptrollership Development in the U.S. Marine Corps.” Master’s thesis, Naval Postgraduate School, 1958, http://hdl.handle.net/10945/26421

General Accounting Office. *Profile of Navy and Marine Corps Financial Managers.* GAO/AIMD-98-86, Washington, D.C., 1998, https://www.gao.gov/assets/230/225485.pdf

Godbold, Edwin C. “The Planning and Programming System in Headquarters Marine Corps.” PhD dissertation, American University, 1967, https://search-proquest-com.lomc.idm.oclc.org/docview/302306112

Gombo, Johnie. “An Evaluation of Financial Management Education and Training Provided Marine Officers with Primary 3415 MOS.” Master’s thesis, Naval Postgraduate School, 1980, http://www.dtic.mil/dtic/tr/fulltext/u2/a093588.pdf

Hale, Robert. “DoD's Plans for Financial Management.” House Panel on Defense Financial Management and Auditibility Reform before Committe on Armed Services. Interview, July 28, 2011, https://www.gpo.gov/fdsys/pkg/CHRG-112hhrg68167/html/CHRG-112hhrg68167.htm

Headquarters Marine Corps. *USMC Financial Guidebook for Commanders.* NAVMC 2664 REV 1.0, Washington, D.C., 2011, https://www.logcom.marines.mil/portals/184/docs/sites/prog_resources/files/afd/financial_guidebook_for_commanders_signed_4-3-09.pdf

Hicks, N. W. (1961). *A Brief History of the United States Marine Corps.* Washington, D.C.: Historical Branch, G-3 Division, Headquarters, U. S. Marine Corps.

Historical Section. “Staff Beginnings in the U. S. Marine Corps.” *Marine Corps Gazette (Pre-1994*) 26, no. 4 (1942): 154-154, 227, https://search-proquest-com.lomc.idm.oclc.org/docview/206296868.

Holt, Michael S. “Evolution of the Marine Corps Officer Promotion System: A Re-evaluation of the Current Officer Promotion System.” Master’s thesis, United States Marine Corps Command and Staff College, 2005, https://apps.dtic.mil/dtic/tr/fulltext/u2/a506899.pdf

Hoover Commission on Organization of the Executive Branch of the Government. *Budget and Accounting: A Report to the Congress.* Washington, DC: U.S. Government Printing Office, 1955, https://books.google.com/books?id=podX_MS6XRMC&q

Jablon, Howard. “General David M. Shoup, U.S.M.C.: Warrior and War Protester.” *The Journal of Military History* 60, no. 3 (1996): 513-538, www.jstor.org/stable/2944523

Johnson, Edward C. *Marine Corps Aviation The Early Years 1912-1940.* Washington, DC: Headquarters Marine Corps, 1977, https://www.marines.mil/Portals/59/Publications/Marine%20Corps%20Aviation%20The%20Early%20Years%201912-1940%20PCN%2019000316800_1.pdf

Jones, L. R. , Philip J. Candreva, and Marc R. Devore. *Financing National Defense: Policy & Process.* Charlotte: Information Age Publishing, 2012.

Judge Advocate General's School. *The Antideficiency Act.* Washington, DC: Department of Defense, 2014, https://www.loc.gov/rr/frd/Military_Law/pdf/FLD_2014_Ch4.pdf

Judge Advocate General's School. *Introduction to Fiscal Law.* Washington, DC: Department of Defense, 2018, https://www.loc.gov/rr/frd/Military_Law/pdf/FLD_2014_Ch1.pdf

Kreisa, L. C. *Bureau of Ships Journal Book.* Washington, DC: Department of the Navy, 1956.

Lederle, J. W. "The Hoover Commission Reports on Federal Government." *Marquette Law Review* 33, no. 2 (1949), 89-98, http://scholarship.law.marquette.edu/mulr/vol33/iss2/3

Little, Charles C. and James Brown. *The Statutes at Large and Treaties of the United States of America.* Philadelphia: Library of Congress, 1845, https://www.loc.gov/law/help/statutes-at-large/1st-congress/c1.pdf

Ma, Jun and Yilin Hou. "Budgeting for Accountability: A Comparative Study of Budget Reforms in the United States during the Progressive Era and in Contemporary China." *Public Administration Review,* 69, no. S53-S59 (2009), https://www.jstor.org/stable/40469072

Manos, Karen L. "The Antideficiency Act Without an M Account: Reasserting Constitutional Control." *Public Contract Law Journal* 23, no. 3 (1994): 337-77, http://www.jstor.org/stable/25754139

Matthews, John C. “The Functions and Corresponding Processes Involved with Field Level Comptrollership.” Master’s thesis, Naval Postgraduate School, 1977, https://apps.dtic.mil/dtic/tr/fulltext/u2/a041155.pdf

McClellan, Edwin N. “The Annual Report of the Major General Commandant (1921).” *Marine Corps Gazette* 7, no. 1 (March 1921): 31-40.

McClellan, Edwin N. “The Naval War with France.” *The Marine Corps Gazette*, 7, no. 4 (December 1922), 339-364, https://books.google.com/books?id=_MPNMojtCCAC&dq

Myers, Louis B. “Impacts of the Department of Defense Program System on Planning and Programming in the U.S. Marine Corps, 1961-1965.” Master’s thesis, George Washington University, 1965, https://calhoun.nps.edu/handle/10945/12318

National Tax Association. “Federal Budget on Performance Basis.” *National Tax Journal* 2, no. 3 (1949): 284, https://search-proquest-com.lomc.idm.oclc.org/docview/1304516730

Office of the Undersecretary of Defense (Comptroller). *Financial Improvement and Audit Readiness Report.* Washington, DC: US Department of Defense, 2017, https://comptroller.defense.gov/Portals/45/documents/fiar/FIAR_Plan_November_2017.pdf

Reed, Brian F. and Randall D. McMahon. “An Evaluation of the Education and Training for Entry Level Marine Corps Officers in the Military Occupational Speciality 3415.” Master’s thesis, Naval Postgraduate School, 1983, http://www.dtic.mil/dtic/tr/fulltext/u2/a132377.pdf

Reisinger, Harold C. “The Paymaster's Department, U. S. Marine Corps.” *Marine Corps Gazette (pre-1994)* 17, no. 3 (1932): 24-31, https://search-proquest-com.lomc.idm.oclc.org/docview/206285765

Rider, James W. “Controllership in the United States Marine Corps: A Critical Evaluation.” Masater’s thesis, George Washington University, 1972, http://hdl.handle.net/10945/16053

Schwoerer, Lois G. "The Literature of the Standing Army Controversy, 1697-1699," Huntington Library Quarterly 28, no. 3 (1965): 210. doi:10.2307/3816707

Scott, Robert N. *Analytical Digest of the Military Laws of the United States.* Philadelphia: Lippincott and Co, 1873. http://www.loc.gov/rr/frd/Military_Law/Lieber_Collection/pdf/Analytical-digest.pdf

Shannon, Thomas H. “A Critical Evaluation of Controllership in the Marine Corps.” Master’s thesis, George Washington University, 1971, http://hdl.handle.net/10945/15639

Short, Lloyd M. *The Development of National Administrative Organization in the United States.* Baltimore: Johns Hopkins Press, 1923. https://books.google.com/books?id=N12GAAAAMAAJ&pg

Simmons, Edwin H. “Budgeting in the Marine Corps.” *The Armed Forces Comptroller* XIV, no. 2 (April 1969): 22-27.

Smith, Robert S. *A Statement of All the Monies, Advanced for the Pay, Clothing, Subsistence & Contingencies of the Corps of Marines, from the Time of the Organization and Establishment of that Corps, to the Close of the Last Year.* U.S. Navy Department, 1804.

Stith, Kate. “Congress' Power of the Purse, Yale Faculty Scholarship Series.” *Yale Law Journal* 97, no. 1343 (1988): 1343-1396, https://digitalcommons.law.yale.edu/fss_papers/1267

Tavares, Jeffrey L. “Lessons Learned from 14-Year Systems Development of the Marine Corps Standard Accounting, Budgeting, and Reporting System.” Master’s thesis, Naval Postgraduate School, 1994, http://www.dtic.mil/dtic/tr/fulltext/u2/a281641.pdf

Trask, Roger R. GAO History 1921-1991. Washington: GAO, 1991.

Ulbrich, David. *Preparing for Victory: Thomas Holcomb and the Making of the Modern Marine Corps, 1936-1943.* Annopolis: Naval Institute Press, 2013.

United States Congress. *American State Papers: Documents, Legislative and Executive, of the Congress of the United States* Vols. I, VI, XXIII. New York: Gales and Seaton, 1834, https://books.google.com/books?id=jPxPAAAAYAAJ&dq

United States Government Accountability Office. *DOD Financial Management: Challenges in Attaining Audit Readiness and Improving Business Processes and Systems.* GAO-12-642T, Washington, DC, 2012, https://apps.dtic.mil/dtic/tr/fulltext/u2/a561118.pdf

United States General Accounting Office. *The Chief Financial Officers Act: A Mandate for Federal Financial Management Reform.* Washington, DC: GAO, 1991, https://www.gao.gov/special.pubs/af12194.pdf

United States General Accounting Office. *FFMIA Implementation Critical for Federal Accountability*. Washington, DC: GAO, 2001, https://www.gao.gov/assets/240/232810.pdf

United States Government Accountability Office. *Marine Corps Statement of Budgetary Resources Audit Results and Lessons Learned.* Washington, DC: GAO, 2011, https://www.gao.gov/assets/330/323281.pdf

United States Government Accountability Office. *DOD Financial Management: Challenges in Attaining Audit Readiness and Improving Business Processes and Systems.* GAO-12-642T, Washington, DC: GAO, 2012, https://apps.dtic.mil/dtic/tr/fulltext/u2/a561118.pdf

United States General Accounting Office. *Profile of Navy and Marine Corps Financial Managers.* GAO/AIMD-98-86, Washington, D.C: GAO, 1998, https://www.gao.gov/assets/230/225485.pdf

United States Marine Corps. *Fiscal Year 2018 Agency Financial Report.* Programs and Resources, Washington, DC, 2018, https://www.hqmc.marines.mil/pandr/

United States Congress. *An Act Reorganizing Fiscal Management in the National Military Establishment to Promote Economy and Efficiency.* HR 5632, 81st Cong., Congressional Record, Chapter no. 412, Public Law 216, August 10, 1949, https://www.loc.gov/law/help/statutes-at-large/81st-congress/session-1/c81s1ch412.pdf

Walker, David M. *GAO: Supporting Congress for the 21st Century : Statement of David M. Walker, Comptroller General of the United States, before the Subcommittee on Government Management, Information and Technology, Committee on Government Reform, House of Representatives.* Washington, DC: U.S. General Accounting Office, 2000. http://purl.access.gpo.gov/GPO/LPS8735

Wilcox, Edward A., D. L. Sellers, R. J. Lyons, and J. F. Jones. “Financial Management in the Marines Corps: An Evaluation.” Master’s thesis, George Washington University, 1962, http://hdl.handle.net/10945/12216

Williams, Daniel W. "Measuring Government in the Early Twentieth Century." *Public Administration Review* 63, no. 6 (2003): 643-659, https://www.jstor.org/stable/3542461

Wilmerding Jr., Lucius. *The Spending Power: A History of the Effects of Congress to Control Expenditures.* New Haven, CT: Yale University Press, 1943.

Wright, Anthone R. “A Guideline from Marine Corps Financial Managers.” Master’s thesis, Naval Postgraduate School, 1988, http://hdl.handle.net/10945/32676