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**FUTURE U.S. ARMY FINANCE CORPS' STRUCTURE
AT THE DEPARTMENT OF THE ARMY LEVEL**

BY

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ABSTRACT

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Defense Management Report Decision (DMRD) 910 significantly changed the Army's Finance Corps' structure. This study examines Finance Corps' history and lessons learned that highlight DMRD 910's shortcomings. It argues that as a result of DMRD 910, there is no Department of the Army (DA) level finance structure to develop, review, and coordinate Joint Chiefs of Staff deliberate and crisis action plans; no structure to provide direct assistance and guidance to 0-6 level finance commanders; and in the event of a major regional contingency, no structure that could deploy and direct overall Army finance operations in the theater of war. This study recommends that the Assistant Secretary of the Army for Financial Management and Comptroller take action to elevate the United States Army Finance Command to assume these additional responsibilities.

INTRODUCTION

Since 1775 the United States Army Finance Corps has provided pay support to the Army. Today the missions and traditions formed during the American Revolutionary War are carried-out by a professional Finance Corps. Much has changed, however, since those early days. The most recent and significant change has been the implementation of Defense Management Report Decision(DMRD) 910. Approved in November 1990, DMRD 910 consolidated the Services' finance and accounting functions under the auspices of the Defense Finance and Accounting Service (DFAS). The purpose of this restructure had virtuous intents; primarily to save millions of dollars by standardizing policies and systems, and consolidating functions performed separately by each Service.¹ With all its good intentions, however, DMRD 910 lacked an important element. It left the Army's Finance Corps with no clear and prominent structure at Department of the Army (DA)-level; a structure that would be relevant in today's joint environment.

The Joint Strategic Planning System (JSPS) requires a coordinated effort by Combatant Commands, Joint Chiefs of Staff (JCS), and the Services. An important part of this process is the Joint Strategic Capabilities Plan (JSCP). Published every two years, the JSCP links strategic planning with joint operations planning. It directs Combatant Commands to develop deliberate Operations Plans (OPLANS) and or Concept Plans (CONPLANS) with or without time-phase force and deployment data

(TPFDD). Another type of planning is Crisis Action Planning (CAP). While deliberate plans prepare for a possible contingency, CAP is based on actual events as they unfold. CAP is time sensitive and often requires immediate execution. Recently, the Combatant Commands and JCS have done a super job developing and executing deliberate and crisis action plans. An important element has been missing, however, from the planning process. The missing element is finance support. Finance has played a key role during every war and contingency operation, but has been overlooked on almost every occasion during the planning process.

In this paper I will address this issue by examining pre-DMRD 910 Finance Corps' history, DMRD 910 evolution, and finance lessons learned during Desert Shield/Desert Storm. My historical research will show that the Finance Corps has, routinely, not been involved in wartime planning or exercises, nor have they fielded pay systems or equipment adaptable to combat conditions. These are proven shortfalls that had a negative affect on morale and operations during most wars. More importantly, however, my analysis will show that we have not learned from some of these mistakes. Specifically, as a result of DMRD 910, there is no DA-level finance structure to develop, review, and coordinate Joint Chiefs of Staff (JCS) deliberate and crisis actions plans. Secondly, there is no DA-level finance structure to provide direct assistance and guidance to 0-6 level finance commanders. Finally, in the event of a major regional contingency (MRC),

there is no DA-level finance structure that could deploy and direct overall Army finance operations in the theater of war.

Since the Finance Corps provides vital pay and sustainment support that cannot be performed by any other organization in the Army, these are critical strategic shortfalls. To meet current challenges and future demands the Finance Corps must have a DA-level military organization that can provide an appropriate and timely response to the needs of the Army and joint community. I will conclude this paper with a proposal that will meet current and future requirements overlooked by DMRD 910.

HISTORY - U.S. ARMY FINANCE CORPS

From the time of the first Paymaster General until 1991, the Finance Corps always had senior military leadership and structure at the Army level. History indicates this leadership always responded to the Army's ever-changing financial needs. Whether the problem was uniform pay rates during the Revolutionary War or introducing an automated pay system in the early 1970's, there was senior military leadership and structure, in-place, that addressed the issues and problems of the period. Though history indicates that finance leadership responded to immediate crisis, it also indicates a certain lack of vision and preparedness at the onset of most wars. The Finance Corps entered most conflicts without leadership envisioning the need for wartime planning,

field exercises, or pay systems and equipment adaptable to combat conditions. The brief history that follows will provide a flavor of the challenges that finance leadership and soldiers have encountered, but also clearly show the recurring lack of planning and preparedness for war.

On 14 June 1775, the Second Continental Congress enacted legislation that created the Army. In establishing an Army, the Congress also realized that throughout history no army ever marched without being paid. So two days later, on 16 June, they passed a resolution establishing the position of Paymaster General.² Thus, the forefather of the present day Finance Corps was born. During the Revolutionary War the Paymaster General dealt with two basic issues, regularity and uniformity of pay. He learned just because Congress passed resolutions did not mean everything would fall into place. Resolutions passed in 1775 set uniform pay rates for the different ranks and required that "troops in the new Army be paid monthly."³ What actually occurred, however, was quite different. First, it seemed that pay rates were just as varied as the soldiers' uniforms. A common practice was to pool the company payroll for both officers and men, and then divide it into equal shares among each member of the company.⁴

Another recurring problem involved state militias. Congress directed each state to provide a certain number of soldiers. To encourage enlistments states began offering enlistment bounties higher than the amount offered by Congress for soldiers recruited

into the colonial army. Massachusetts and Connecticut offered recruits \$33.33 more than Congress. New Jersey offered \$53.33 more. Later, Massachusetts and New Hampshire countered with an amount \$86.66 higher than Congress'. Adding to this problem, states paid recruits in hard currency, while Congress paid by note. Some men would make a business out of this arrangement; enlisting in one state militia, receiving the pay and equipment of that state, then vanish only to reappear in another state militia. This practice allowed states to meet their personnel requirements on paper, but did not provide General Washington with the troops he needed to fight.⁵

Another issue facing the Paymaster General was that troop pay was usually several months in arrears. This was not so much a lack of Paymaster organization, but a reflection of the country's inefficient system for collecting revenue. Naturally, this led to funding shortfalls and subsequent arrears in pay. It got so bad in 1780 that six regiments from Pennsylvania put down their arms in protest. The troops were initially cooled with promises, but finally, one week after a twenty day negotiation with Congress, the soldiers received their pay and provisions.⁶

In the years that followed the finance mission would expand to include paying for services and materials purchased by the Army.⁷ When the American Civil War began, the scope of finance operations greatly increased. With rapid recruitment the United States Army grew to one million and required the services of 447 paymasters.⁸ Also, after the outbreak of war, the first

allotment system was installed. This allowed soldiers to have their pay collected and forwarded to their families. Using the banking system, a troop's pay was collected, deposited in a bank, and credited to the person he designated.⁹

Compounding the increased administrative burdens was difficulties posed by combat conditions and the vast area that paymasters had to cover. During the Civil War frontier outposts were often neglected. Paymasters would venture out after long intervals in wagons heavily laden with payrolls. However, as a result of transportation breakdowns, enemy action, and Indian or outlaw attacks they rarely arrived at their destination. To quell the rising discontent and hardship among their men, some frontier commanders would advance their personal funds to soldiers.¹⁰

Infrequency of pay was not just a frontier problem. In October 1862, Major General George B. McClelland reported that some of his regiments had not been paid in eight months.¹¹ By War's end, however, making a soldiers' pay current was not only a top priority, but a mission the Pay Department accomplished. Sixty rendezvous locations were identified for mustering-out pay operations. By 20 November 1865, the Paymaster General reported that all mustered-out soldiers pay was current and all retained soldiers pay was current through 30 June.¹²

By the turn of the century, getting soldiers paid on a monthly basis was not a paymaster's most pressing problem. In fact, Paymaster General Stanton's 1896 annual report cited that

twenty-two of eighty-five posts were paid by a paymaster, while sixty-three were paid by check or by funds shipped through express mail. The next Paymaster General, however, was soon faced with other difficulties. In 1898, the Spanish American War was triggered by the loss of the U.S.S. Maine in Havana Harbor. A call-up of 200,000 troops not only tripled the Army's size, but American soldiers were now deployed overseas from Cuba to the Philippines.¹³

In 1899, to overcome the problem of distance and the tremendous cost of shipping a payroll, monies were wired to paymasters in Manila for the small cost of an international telegram. Paymaster General Alfred E. Bates cites in his 1900 annual report,

The 26th of September 1899, marked the initiation of plans for supplying in part, from moneys in the island, the currency needed in the Philippines for the payment of troops. The custom prior to that date had been to send in advance with an out-going paymaster, on government transport and adequately guarded, the actual cash requisite for a two months' payment, in denominations ranging from 5 cents to 20 dollars. Between eight and nine million of American money had thus been transported to the Philippines, when it became obvious that the cable might, to a material extent, supplement shipments by transports and thus modify the monthly drain on the Treasury. Accordingly, conferences were had with the Secretaries of War and Treasury, and corresponding with the assistant treasurer of New York, which resulted in an effective arrangement whereby the chief paymaster at Manila is enabled to acquire unemployed currency from Manila Banking Houses by cabling this office the amount obtainable there. Whereupon a check for such amount is mailed from Washington to New York agents of the Manila banks, and the

transaction is closed without more expense than the cost of the cablegram. From September 26, 1899 to June 30, 1900, \$2,605,000.00 have thus been inexpensively, and without risk of shipment, added to the needs of the Philippine Army.¹⁴

Thirteen years after the Spanish American War and despite a splendid record, the Pay Department became part of the Quartermaster Corps.¹⁵ From 1912 until after World War I (WWI), all finance personnel were also expected to perform Quartermaster functions. This reorganization caused a number of problems during WWI.¹⁶ Government contractors complained of late payments on Army accounts, while field commanders complained that their soldiers were not being paid on-time. These problems necessitated centralizing all finance services under a Director of Finance within the Quartermaster Corps. Brigadier General Herbert M. Lord, the first Director, then proved through, "exemplary service in straightening out pay problems that an independent finance organization was essential to the Army."¹⁷ In 1920, the 1916 National Defense Act established the Finance Department as a separate branch under the War Department.¹⁸

With the advent of World War II (WWII), the Finance Department was not prepared. During the years between WWI and WWII, the Finance Department was charged with all disbursements for the Civilian Conservation Corps.¹⁹ So rather than preparing wartime plans, the Chief of Finance was preoccupied with other matters. As Walter Rundell, Jr. states in his book Military Money, "the War Department realized in early March 1942 that the Chief of Finance offered inadequate leadership."²⁰ Thus, the

Chief of Finance had his policy and planning authority supplanted by a new superior Office of the Fiscal Director. Major General Arthur H. Carter, the first Director, prescribed the Finance Department war activities and set broad finance policies throughout the period.²¹

The Fiscal Director executed his plans and policies through Theater Fiscal Directors. The most active were the North African, European and Pacific. The missions of these theater fiscal offices bear some similarities to today's theater finance mission. The North African fiscal office was responsible to

formulate and recommend to the theater commander policies for financial administration; to advise on rates of exchange, currency problems, and the impact of military expenditures within the area; to advise on lend-lease and reciprocal aid; to coordinate with the British; to promote the sale of war bonds; to supervise the work of disbursing officers; to supervise the processing of allotments; and to review reports of survey and board proceedings."²²

Another important part of the Theater Fiscal Director's responsibilities included fiscal diplomacy. Not only did they ensure compliance with American fiscal policies, but they also had to cooperate with allied and other foreign governments. Though the Finance Department and Fiscal Director's rarely negotiated directly with foreign governments, they did provide necessary advice to higher level authorities (Theater Commander, Secretary of State, the President) handling these matters. High-level policy issues included negotiating with France on the franc exchange rate, establishing occupation costs in Italy, providing

currency for Chang Kai-shek in China, and serving as the fiscal office for the new Philippine government.²³ Lower-level diplomatic involvement included payments to foreign troops and commercial vendors, and negotiating tax rates on foreign purchases. These are all sensitive issues which Finance leadership had to either advise or negotiate, but ultimately they had to satisfy foreign governments and vendors with how they handled matters. If they did not satisfy them, as was sometimes the case, the resulting difficulties and friction ensued.²⁴

One such case involved Australian workers early in the war. The Pacific Army was clearly dependent on the Australian economy for a majority of its support. Australian workers realized this and, when convenient, they demanded better pay and working conditions. When workers demanded paid rest breaks and lunch money, the situation soon escalated to a point where their demands exceeded the authority for payments. Thus, Captain Ralph A. Metzger, the Melbourne disbursing officer directly responsible for local commercial payments, promptly stopped payment. General MacArthur soon learned of this problem and called in Captain Metzger for a face-to-face discussion. MacArthur explained to Metzger that Australians had a lower standard of living than Americans who, comparatively, were living well and making few sacrifices. He further pointed out that these payments helped keep the war from America's shores, and Metzger should not hesitate in making payment. To Captain Metzger's credit he was not moved nor intimidated by General MacArthur's demands, and

told him he was aware of these facts. However, he pointed out to the General that as a disbursing officer he was duty-bound to follow army regulations and General Accounting Office (GAO) policy. He believed the payment was questionable and, if paid, he would be personally liable once audited. General MacArthur then provided Metzger with written permission to pay the workers. Later, in 1944, the GAO audited this payment and took exception to \$3,368,000. Captain Metzger was held personally liable for this amount until he produced General MacArthur's written permission.²⁵

Fiscal diplomacy with foreign governments, though sensitive and demanding, was not the "most telling" complaint during the war. The Army's new Fiscal Director was faced with a peacetime pay system that was not suitable for deployment outside of a garrison environment. No wartime planning or field exercises were ever conducted or envisioned by senior finance leadership. In Military Money, Walter Rundell states, "before the war began, those in the Finance Department responsible for planning had failed to foresee that the existing method of payment was not fitted for overseas. They also neglected to provide finance service for nondivisional troops, as well as suitable office equipment and transportation."²⁶ Colonel George R. Gretser, Finance Officer, Eighth Armored Division, confirms this dilemma. Acknowledging the tremendous difference between computing a payroll with electric adding machines in a stateside office with conditions in the North African desert with wind and sand

whipping around, he declared, "you just don't put a man under a palm tree to figure a payroll." Overseas class A agents had to "chase around all over the countryside looking for their men when they should have been free to command them in the field. That the job got done over there was a credit to the men running the system, not to the system itself. They were hardworking men who simply made the inadequate system work."²⁷

By all accounts the Finance Department's record during WW II was, as Rundell states, "handicapped by inadequate prewar planning." When the War Department planners staged the Louisiana Maneuvers to test combat arms' readiness, the Finance Department did not participate. The Office of the Chief of Finance did not have the vision to plan for wartime fiscal operations. And like today, the War Department did not pressure the Finance Department for contingency plans. As a result, when war began, the Finance Department had to scramble around to meet, what was now, emergency demands.²⁸

Following WWII it was obvious a new pay system was needed to keep pace with the increasing complex pay mission. During WWII increased benefits allowed allotments for dependents, insurance, and war bonds. Soldiers also received other special pays for hazardous duty related to flying or parachuting as well as pay for being stationed overseas. Complicating these matters, pay clerks had to review each soldier's account for cumulative payments or deductions, and keep track of soldiers as they transferred from unit to unit, usually without their pay

record.²⁹ The introduction of the Military Pay Record (MPR) System in 1949, was suppose to remedy these problems, but was introduced without proper testing. Thus, with the outbreak of the Korean War, the MPR system was in immediate trouble. Since it required heavy equipment and bulky records, it did not work well in combat. Combat units were constantly on the move and, with burdensome equipment and records, finance offices could not keep up with the unit they served. Not only did finance units lack transportation, but finance equipment was sensitive and often broke down - with no means of repair.³⁰

After the Korean War finance leadership took time to research and study before introducing the Military Pay Voucher (MPV) System in 1959. MPV was a great step forward. Basic pay data was now prepared by the unit personnel office instead of the finance office. For the first time soldiers received, in-hand, a pay voucher detailing all their entitlements and collections. This not only boosted soldiers morale, but gave commanders the information needed to explain simple pay inquiries. The system was also well-suited for combat conditions, provided timely and accurate accounting information, significantly reduced the opportunity for fraud, and made it much easier for finance personnel to compute and maintain a soldier's pay account.³¹ Though the MPV system was a major advance, it had drawbacks. It was labor intensive, requiring manual computing, editing, and disbursement of payrolls. Quality control was another problem as manual computation resulted in an unacceptable error rate even

though two clerks computed the same voucher. Labor savings and quality control now became issues leading to the next generation pay system.³²

The answer to computing vouchers from scratch each month while simultaneously correcting errors could only be solved one way - automation. Following labor saving initiatives in industry, finance leadership adopted a centralized pay system. The Centralized Automated Pay System (CAPS) (later called the Centralized Automated Military Pay System - CAMPS) was introduced in 1964. Using this system, finance offices no longer computed payrolls. Pay data was coded and keypunched by field finance offices and transmitted to the main Finance Center, Indianapolis, Indiana via AUTODIN by the 22d of each month. After computation by the central computer, pay vouchers and checks were forwarded to field offices for distribution on payday. Once CAMPS was fully implemented, soldiers could receive up to half their pay at mid-month, either in cash or check.³³

During this period the Vietnam War escalated and finance support was, again, tested under fire. The war also tested the resolve of finance soldiers who proved that even under fire they could provide "first rate pay support over the full depth of the battlefield."³⁴ During Vietnam finance support was tailored to meet the varied needs of supported units. Typically, small finance support teams would take a footlocker full of cash to a brigade location and meet Class A agents. Agents would then board helicopters and often fly hundreds of miles to pay soldiers

and collect pay inquiries. In the 1st Infantry Division small finance teams would go out for two or three day missions paying soldiers in bunkers, foxholes, messhalls or wherever they were. On one mission a finance soldier was flown by helicopter and dropped-off in an open field. Standing alone, a passing armored personnel carrier picked him up, put him to work manning a 50 caliber machine gun while continuing on a fast ride to an artillery base. Finding the base under attack the soldier manned another weapon. Following the firefight, the soldier accumulated twenty-four pay inquiries and was flown back to his base. The entire mission had taken only four hours. During Vietnam finance soldiers proved their worth. Finance office equipment, however, succumbed to the alternate effects of the dry season and monsoons.³⁵

In 1966, while the Army was still heavily engaged in Vietnam, the Department of Defense mandated the installation of the Joint Uniform Military Pay System (JUMPS). The Army implemented JUMPS in two phases; phase I in 1968 and phase II in 1971. During JUMPS-Army Phase I the 1st Cavalry Division (Airmobile) and 1st Brigade, 5th Infantry Division (Mechanized), both stationed in the Republic of Vietnam, used the new pay system. The 1st Cavalry Division keypunched their data and transmitted it to the Army Finance Center using the AUTODIN network at Bien Hoa Airbase. Under this system, 1st Cav soldiers could receive their mid-month pay in theater and end-of-month pay as net pay - check mailed to an address. The 1st Brigade, 5th

Infantry Division (Mechanized), not having keypunch capability, prepared coding sheets which they mailed to the Finance Center for keypunching and input. JUMPS-Army Phase II was introduced Army-wide in 1971.³⁶ It established a comprehensive Master Military Pay File (MMPF) which contained all relevant pay data on each soldier. The system allowed soldiers a mid and end-of-month pay option, cash or check payment, direct deposit to a financial institution or various combinations. Improved internal controls and edits greatly improved both the timeliness of pay changes and error rates. However, JUMPS still required several steps to transfer pay data from source documents to computer cards. Even with built-in accuracy checks, this lengthy process allowed too many errors.³⁷

Twenty years after JUMPS-Army was implemented, there was another significant improvement in pay support. The JUMPS-Army Automated Coding System (JACS) was introduced in 1984. JACS eliminated numerous steps involved with transcribing data from source documents to keypunch forms to computer punch cards. Now finance soldiers input transaction directly into a Cathode Ray Tube linked to a minicomputer. At the end of each day the information was transferred to a magnetic tape and sent to USAFAC via AUTODIN. Errors were significantly reduced since two coders input data from the same source document, while a verifier reviewed and corrected their discrepancies. Identification and format errors were virtually eliminated by using a local data base. Furthermore, accuracy and speed were enhanced as time-

consuming manual edits and keypunching were eliminated. Finance soldiers also had direct access to the MMPF and could tell whether a particular pay change had been input and accepted. With this capability, finance offices reduced the processing time for pay inquiries, allowing supported soldiers to quickly return to their units to perform normal duties.³⁸ Though both JUMPS and JACS significantly improved the timeliness and accuracy of pay support, they were essentially peacetime systems. They were great for the garrison environment, but not deployable for operations under field conditions.

Throughout history finance leadership and soldiers have made noteworthy accomplishments. However, history also points to the Finance Corps obvious lack of vision and preparedness as the nation faced the threats of war. Wartime planning and exercises were virtually nonexistent, while pay systems were either inadequate or required equipment that was unsuited for field conditions. These failures should not fall entirely on the shoulders of finance leadership. Rather they are failures shared with senior Army leadership that did not recognize the Finance Corps key role on the battlefield. This mistake was perpetuated with the implementation of DRMD 910 and proven with the lessons learned from Desert Shield/Desert Storm.

DEFENSE MANAGEMENT REPORT DECISION (DMRD) 910

Prior to 1991, the services operated a finance and accounting network, consisting of five large finance and accounting centers (one for each service and a contract pay center) and over 300 small finance and accounting offices at different military bases and installations. This network paid approximately six million people (three million uniformed service members, one million civilians, and two million retirees and annuitants) and over fifteen million invoices annually. It also disbursed over \$250 billion dollars annually and provided financial information and reports used by managers throughout DoD.³⁹

In the late 1980's President Bush challenged DoD to streamline acquisition management. Accepting the President's challenge, DoD outlined their proposed management improvements in a series of Defense Management Report Decisions (DMRD). DMRD 910, published in 1989, proposed consolidating all DoD finance and accounting functions.⁴⁰

The Deputy Secretary of Defense (DEPSECDEF) wanted DMRD 910 examined more closely, so he directed the DoD Comptroller to form a study group. Once completed, the study group's report to the DEPSECDEF included a series of proposals to improve finance and accounting policies and systems, and a proposal to consolidate most military pay, civilian pay, accounting, and disbursing functions within the Department. Supporting their proposal was

the prospects for \$150 million in annual savings. Accepting the groups' recommendations, the DEPSECDEF now directed the DoD Comptroller to form an implementation group to "create a new organization to standardize accounting and finance policy, standards, procedures, and systems throughout DoD."⁴¹ He also authorized the consolidation of the military services' finance and accounting centers. In November 1990, the implementation group made its report to the DEPSECDEF, which included a charter for a new organization. After receiving the group's report, the DEPSECDEF signed DoD Directive 5118.5 establishing the Defense Finance and Accounting Service (DFAS) on 26 November 1990.⁴²

DFAS was given the mission to "strengthen DoD's financial management operations by standardizing, consolidating, and streamlining finance and accounting policies, procedures, and systems."⁴³ It was also given direct management control of the five large finance and accounting centers and some of the functions performed at over 300 small offices. Of the 46,000 personnel in the finance and accounting network in 1990, 27,000 were transferred to DFAS. The remaining 19,000 personnel continued to perform various functions for their respective military service. DFAS operates as a Defense Business Operations Fund (DBOF), a revolving fund activity that provides finance and accounting support to the services and DoD agencies. It recoups its costs by charging the services and defense agencies for the support it provides. In fiscal year 1995, the DFAS operating budget was approximately \$2 billion which was paid primarily from

the military services' and defense agencies' operations and maintenance appropriation.⁴⁴

DFAS has been in existence for five years, but has not significantly improved DoD's financial operations. The General Accounting Office (GAO) in its September 1995 report cites that DFAS "still does not have a standard set of systems and processes for performing finance and accounting operations, finance and accounting data is inaccurate and unreliable, and none of the services are able to produce auditable financial statements."⁴⁵ The report goes on to cite previous reports that detail a lack of clear policies and procedures regarding financial management responsibilities between DFAS and the military services - without this guidance, the GAO states it is difficult to assign responsibility for resolving problems. DFAS has consolidated financial operations and considers this a major milestone in their financial management reform plan. The GAO feels, however, that DFAS must implement other parts of the plan before it can achieve significant improvements. "These include standardizing financial data and definitions, improving financial systems so they allow DoD to comply with the requirements of the Chief Financial Officers Act, as well as reengineering business and organizational practices."⁴⁶

DFAS is clearly challenged by its mission. Nowhere in its mission, however, is it responsible to develop and coordinate JCS deliberate and crisis action plans. Nor will DFAS deploy during a MRC to direct overall theater finance operations. In creating

DFAS, DMRD 910 obviously failed to consider these important responsibilities, leaving the Finance Corps with no prominent military structure to get these missions accomplished.

Finance Lessons Learned During Operations Desert

Shield/Storm(DS/DS)

At the same time DoD was implementing DMRD 910, Central Command (CENTCOM) was engaged in Operations Desert Shield/Desert Storm. The Finance Corps had a pivotal role during these operations. Due to the distance from CONUS, the quick buildup, and scarce transportation, the Army procured much of its subsistence supplies from local Saudi vendors. The following excerpt from Lieutenant General (LTG) William G. Pagonis, Commander, 22d Support Command (SUPCOM), highlights finance's important role supporting the logistics operation,

Having been here from the start, I can attest that the rapid buildup just could not have been accomplished without the contributions of the Finance Corps, particularly in supporting procurement operations. Finance places purchasing power in commander's hands by allowing ordering officers to immediately procure goods and services from the local economy to sustain our forces. This has become especially important, given our very extended supply lines. Finance support is one thing I can confidently say is not broke. Finance units are very small, but take care of very large populations, spread over vast distance. Pay support is very important to our soldier's and their families' morale. However, finance, contracting and host nation support have been the foundation of our logistical efforts in Saudi Arabia. Finance has been

available around the clock and is an integral part of every unit's operations. They serve as true combat multipliers by enabling the log base to become established as commanders obtain what they need locally.⁴⁷

LTG Pagonis' remarks clearly amplifies finance's significant contributions during Operations DS/DS. The Finance Corps' self-evaluation, however, identified several major shortcomings. In his report on Operations DS/DS Military Pay Support, Brigadier General (BG) Bruce Hall (Director, Oversight and Management, Headquarters, DFAS) cites two issues that support the need for a DA-level military finance organization. First, the requirement for a deployable CONUS-based Finance Command and, secondly, the need for a DA-level contingency planning staff.⁴⁸

During Operations DS/DS, the Finance Corps did not deploy a Theater-level Finance Command. At the time finance doctrine delineated a force structure consisting of Theater Finance Commands (TFC), Finance Groups (FG), and Finance Support Commands (FSC) tasked organized with Finance Detachments (FD). The TFC provides policy and technical guidance, central currency funding, civilian pay, appropriated fund accounting, and overall coordination of services. The FG provides finance support to joint and combined forces within their assigned Corps or Theater Army Area Command (TAACOM) geographic boundary. The FSC provides organizational and individual support based on a geographic area assigned by their FG. Organizational support focuses on funding local procurement that provides the supplies, equipment, and services to sustain the force. Individual support includes

military pay and cashier services for individual soldiers.⁴⁹

Initially, the theater was a single Corps size with the 18th Finance Group, XVIII Airborne Corps, carrying-out all Army finance missions, including command and control of FSCs providing support at Echelons Above Corps (EAC). When the President decided in early November 1990 to commit the VII Corps, the 7th FG was alerted for deployment. Once 7th FG deployed, there were two FGs in theater, but no TFC to direct overall finance policy, operations, or service. Since Army Central Command (ARCENT) never established a formal TAACOM, a TAACOM FG never deployed to support EAC units. With no TFC or TAACOM FG in theater, the ARCENT Commander continued to have the 18th FG perform theater level finance missions, while handing policy and planning responsibilities to the ARCENT Deputy Chief of Staff for Resource Management. This was a convoluted structure which contradicted doctrine, and often resulted in conflicting and duplicate policy guidance.⁵⁰ In his report BG Hall notes,

The deployment of a TFC could have improved coordination of services provided in-theater and communications with CONUS agencies. A TFC, commanded by a Brigadier General, is the organization specified in FM 14-7 to be deployed to a theater of operations when EAC units are involved. Early efforts by the Comptroller of the Army and the J-8, Forces Command, to deploy a TFC were not approved by the CG, ARCENT. The TFC is comparable to the 10th PERSCOM which was deployed to provide EAC control of personnel activities.⁵¹

To solve this problem he recommended establishing a deployable CONUS based Theater Finance Command. This organization would

enhance finance support for deployed forces by performing all theater level finance missions and, most importantly, provide consistent theater finance policy.⁵²

Prior to Operation DS/DS, the Finance Corps did not perform requisite contingency planning at the theater level. Most planning had been performed at FG level and below. This lack of planning "degraded the total finance network support to the Army during Operations DS/DS."⁵³ The second most common complaint from in-theater finance personnel was the timeliness of implementation guidance and information. The consensus was that procedures, programming, and policy should be developed in advance of legislative or executive decisions. To accomplish this task requires development of an "entitlements contingency package" - a package of policies, procedures, and software that can be immediately implemented during contingency operations. BG Hall's report recommends a "Contingency Planning Staff" to perform these key planning functions,

It is imperative that contingency planning staffs be established at service and DFAS levels to ensure total finance network support of operations.... Operations DS/DS demonstrated the need for orchestrated planning across the finance network, including both deployable and sustaining base organizations.⁵⁴

It is imperative that the Finance Corps learn from its shortcomings during Operations DS/DS. BG Hall's comprehensive report takes a hard look at critical finance issues and makes needed recommendations. Obviously, there is a requirement for a deployable CONUS based finance command that also performs JCS

deliberate and crisis action planning. Without this capability, the Finance Corps is destined to repeat its mistakes.

PROPOSED FINANCE ORGANIZATION

In order to correct past mistakes and be relevant in today's joint environment, I propose that the Assistant Secretary of the Army for Financial Management and Comptroller (ASA-FM&C) establish a deployable finance command, commanded by a general officer and capable of performing JCS deliberate and crisis action planning.

The proposed command should be designated a field operating agency (FOA), reporting directly to the Deputy ASA(FM&C) for Financial Operation. This supervisory relationship is most appropriate, since the Deputy ASA(FM&C) for Financial Operations is the Secretariat level organization responsible for finance operations within the Army. The command must deploy when a specific contingency requires the presence of a theater-level finance organization. This would normally occur during a MRC when two or more FGs have deployed into the theater. The FOA will also provide the Army with strategic level Finance and Accounting guidance and policy, and contribute to the JCS deliberate and crisis action planning process. Working closely with joint, DA, and DFAS staffs, it will focus its attention on developing and coordinating JSCP directed OPLANS/CONPLANS. Since

it must work closely with these staffs, its proximity to the Pentagon is essential. To ensure the FOA has the requisite level of leadership to perform this essential mission, the commander's position must have table of distribution and allowance (TDA) and officer distribution plan (ODP) support for a Brigadier General (O-7). This grade structure gives the organization the level of authority commensurate with its responsibilities.

For the ASA(FM&C) to establish an organization to perform these functions will not be exceeding difficult, since the foundation for such an FOA already exists. Presently, the United States Army Finance Command (USAFINCOM) exists as a FOA within, but not reporting directly to, the Deputy ASA(FM&C) for Financial Operations. Activated as a result of DMRD 910, the organization acts, more or less, as a liaison to the Army and DFAS on matters related to the adequacy of Finance and Accounting policies, procedures, systems, and reporting requirements. Its headquarters is collocated with DFAS-Indianapolis, while portions of its organization are officed in the Pentagon. The USAFINCOM commander calls for a Brigadier General (O7) on the TDA, however, the ODP only supports it at the grade of Colonel (O6). Since the organization does not participate in joint planning nor does it deploy, it is of questionable relevance. The ASA(FM&C), however, can easily change this state of affairs.

The ASA(FM&C) can have USAFINCOM report directly to the Deputy ASA(FM&C) for Financial Operations; enhance USAFINCOM's mission to reflect broader responsibilities, including JCS

deliberate and crisis action planning, and theater deployment requirements; and to facilitate staff actions, move USAFINCOM headquarters from DFAS-Indianapolis to the vicinity of the Pentagon. The ASA(FM&C) should give all possible effort to secure ODP support for a Brigadier General (07) to command this organization.

CONCLUSION

In this paper I addressed pre-DMRD 910 Finance Corps' history, DMRD 910 evolution, and finance lessons learned from Operations Desert Shield/Desert Storm. My historical research revealed that the Finance Corps had, routinely, not been involved in wartime planning. DMRD 910 perpetuated this shortcoming leaving no strategic military finance structure to fulfill JCS planning requirements, no structure to advise 0-6 level finance commanders, and no structure to deploy to direct overall finance operations in a theater of war. The Finance Corps' self-evaluation after Operations Desert Shield/Desert Storm clearly highlights the need for contingency planning and a deployable theater-level finance command. Since the Finance Corps provides essential pay and sustainment support that cannot be performed by any other organization in the Army, these issues require ASA(FM&C) immediate action. If no action occurs, the Finance Corps is destined to repeat the mistakes of the past.

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