

CAN THE US ARMY AFFORD TO CIVILIANIZE  
THE FINANCE CORPS?

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by

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The opinions and conclusions expressed herein are those of the student author and do not necessarily represent the views of the US Army Command and General Staff College or any other governmental agency. (References to this study should include the foregoing statement).

## ABSTRACT

CAN THE US ARMY AFFORD TO CIVILIANIZE THE FINANCE CORPS? by MAJ David D. Dilks, 62 pages.

This thesis analyzes the feasibility of completely civilianizing the Finance Corps with government employees. With the downsizing of the military and the need to maximize the number of combat arms soldiers, the Army has been looking closely at minimizing the number of military support personnel. US Code, Title 31, section 3321, states that only officers and employees of the Department of the Treasury, the US Marshall's Office, the Department of Defense, and the Department of Transportation may act as disbursing officials of the executive branch and disburse public money. This prevents private contractors from acting as disbursing officials for the Department of Defense. Since disbursing is the most critical battlefield finance function, this thesis focuses on the feasibility of battlefield finance support by government employees.

The thesis first conducts an analysis of methods of execution of critical battlefield finance support needs. Then it examines battlefield force protection and sustainment requirements. Lastly, it looks at battlefield flexibility to resolve problems and maintain goodwill to the troops, local civilians, contractors, and foreign government officials. These areas provide a complete understanding of the requirements and potential limitations of finance support.

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## ABBREVIATIONS

AO	Authorizing Official
ASAFM&C	Assistant Secretary of the Army, Financial Management and Comptroller
ATM	Automated Teller Machine
CONUS	Continental United States
CVS	Commercial Vendor Services
DCPS	Defense Civilian Pay System
DDS	Defense Disbursing System
DFAS	Defense Finance and Accounting Services
DIMHRS	Defense Integrated Military Human Resources System
DMPO	Defense Military Pay Office
DMRD	Defense Management Resource Decision
DOD	Department of Defense
DODFMR	Department of Defense Financial Management Regulation
DTS	Defense Travel System
EEC	Emergency Essential Civilian
EFT	Electronic Funds Transfer
E/MSS	Employee/Member Self Service
EPW	Enemy Prisoner of War
FFS	Future Finance System
FINCOM	Finance Command
FIRM	Finance Resource Management

FIS	Finance School
IATS	Integrated Automated Travel System
IVR	Interactive Voice Response
MPT	Mobile Pay Team
MSC	Major Subordinate Command
MTOE	Modified Table of Organization and Equipment
NBC	Nuclear, Biological and Chemical
NEO	Noncombatant Evacuation Operation
OASAFM	Office of the Assistant Secretary of the Army for Finance Management
OCONUS	Outside the Continental United States
OPLOC	Operating Location
PERPAY	Personnel Pay
ROE	Rules of Engagement
SIDPERS III	Source Identification Personnel System
SOFA	Status of Forces Agreement
SSB	Soldier Support Battalion
SSG	Soldier Support Group
TDA	Table of Distribution and Allowances
UBL	Unit Basic Load
USAWC	US Army War College

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## CHAPTER 1

### INTRODUCTION

#### Overview

Can the US Army afford to civilianize the Finance Corps? This question does not entail contractor support to perform the functions of the Finance Corps. In accordance with US Code, Title 31, section 3321, only officers and employees of the Department of the Treasury, the US Marshall's Office, the Department of Defense (DOD), and the Department of Transportation may act as disbursing officials of the Executive Branch and disburse public money (*Depositing, Keeping, and Paying Money*. US Code, Title 31, section 3321, 2 Jan 01). This code prevents private contractors from acting as disbursing officials for DOD, hence preventing them from performing the most critical battlefield finance missions. Rather, this thesis will examine the feasibility of completely civilianizing the Finance Corps with government employees. The focus will be placed on battlefield support needs.

The need for a US Army Finance Corps has been a topic of debate within DOD on numerous occasions throughout the Corps' history and is on the forefront of discussion topics again. With the downsizing of the military and the need to maximize the number of combat arms soldiers, DOD and the Army have been looking closely at minimizing the number of military support personnel. Alternatives have ranged from out-sourcing to contractors, civilianizing with government employees, and merging separate branches to consolidate missions and reduce structure and manpower needs. Supply, maintenance, and administration have considerably reduced the Army's military strength in garrison and on the battlefield. Government civilian personnel have filled requirements once

maintained by military positions. Emergency Essential Civilians (EEC) are becoming more prevalent in overseas areas. Finance and accounting operations are no exception to this change. On numerous occasions throughout its history, the Finance Corps has been restructured to meet the needs of the nation.

### History of the Finance Corps

“The US Army Finance Corps originated 16 June 1775 when the Second Continental Congress introduced a resolution appointing a Paymaster General of the Army. Since that day, the US Army has always been provided financial services by Finance soldiers who were either organized in separate elements or integrated into existing units of the Army. In 1816, the Pay Department became a separate department. The Pay Department remained unchanged until 1912, when, in a major reorganization, it joined the Quartermaster Corps. During World War I, the Quartermaster Corps expanded to such a degree that it had a difficult time controlling disbursing and logistical activities. In October 1918, Congress authorized the Finance Service; and in June 1920, it approved the Finance Department to become a separate branch of the War Department. Unlike its predecessors, the Finance Department handled not only military pay and travel expenses, but also all financial activities of the War Department, including centralized disbursing, auditing, and budgeting. In 1933, President Roosevelt directed that the Finance Department assume the obligation of paying the Civilian Conservation Corps. The Finance Department remained a separate entity until World War II, when it joined the office of the Fiscal Director, Army Services Forces. Under this structure, it took on additional responsibilities, such as the sale of War Bonds and the promotion of National Service Life Insurance. After the war, the Office of the Fiscal Director was dissolved and

the Finance Department again became an independent Army staff agency. The Army Organizational Act of 1950 redesignated the Finance Department as a basic branch of the Army called the Finance Corps. The Finance Corps underwent further change when the Finance Corps Regiment was activated on 7 May 1987” (*History of the Finance Corps, US Army Finance Corps*).

In 1991, Defense Management Decision Report 910 directed a plan to capitalize and consolidate finance and accounting functions of the DOD components and assess the disposition of the tactical finance and accounting operations (*Consolidation of DOD Accounting and Finance Operations*. Defense Management Report Decision #910. US Department of Defense. 1991). This decision led to the creation of Defense Finance and Accounting Services (DFAS) Centers and Operating Locations (OPLOC) as well as Defense Military Pay Offices (DMPO). The consolidation reduced the number of military personnel needed for finance and accounting operations by approximately fifty percent (Arteaga, Roland A. 1992, 4). In 1992, the Finance Corps restructured into a modified table of organization and equipment (MTOE) organization with finance detachments, battalions and groups to more closely resemble the rest of the Army’s organizational structure. The restructure developed a Finance Corps that was trained and equipped to go to war anywhere in the world at a moment’s notice. In 1996, 18th Airborne Corps established provisional Soldier Support Battalions (SSB) and a Soldier Support Group (SSG) which combined finance and personnel units at battalion and group level. The Army has since decided to eliminate this structure. The constant change of the Finance Corps is very apparent. However, a change to a completely civilianized structure would be the most drastic change of all.

## Significance and Secondary Questions

The concern is--How effective could an all civilian finance support service be in meeting the nation's military support needs? Is it feasible to provide all the necessary finance and accounting support to the battlefield with only civilian personnel? This support includes: US military pay support for active and reserve soldiers, travel entitlement support for all branches of service and US government civilians, commercial vendor pay, local claims and solatia payments, noncombatant evacuation operation (NEO) payments, bounty programs (e.g. weapons for cash), US and foreign currency funding support, US Treasury check operations, local depository account (foreign bank account) operations, electronic funds transfers for US and foreign currency, general cashier services (check cashing and currency exchange), savings deposit program support, enemy prisoner of war (EPW) processing, and military accounting of all transactions. These are the missions this thesis will examine (through procedural requirements and methods of accomplishing these missions) in determining the efficiency and effectiveness of finance support by an all civilian workforce.

The Finance Corps currently integrates a civilian workforce in its table of distribution and allowances (TDA) structure and holds finance and accounting positions in many DOD offices, to include Defense Finance and Accounting Services Centers and operation locations throughout the continental US (CONUS) and the recently established OPLOCs in Germany and Japan. This structure works well in locations with stable political and economic structures. However, how effective would it be in a deployed environment in a location that is politically and economically unstable? If civilians are required to deploy to these locations, what force protection and sustainment issues must

be resolved and would there be a potential limitation or hindrance in doing so? The Finance Corps has an MTOE structure which provides organic weapons, vehicles, generators, unit basic loads (UBL) of ammunition and supplies, and other items. Where would civilians obtain the needed equipment and force protection? These concerns will be addressed in this thesis through examination of requirements, needs, experiences and lessons learned in previous operations.

Lastly, a more intangible aspect of the issue deals with efficiency in resolving problems and goodwill toward fellow troops, local citizens, contractors, and foreign government officials in the area. If support is provided remotely (e.g., via CONUS-based operations) or by individuals unauthorized or unable to go to the source of the need, how can they expeditiously resolve a problem to ensure procurement of a critical good or service is not delayed? The ability to effectively wage war is critically dependent on the ability to provide necessary resources to the battlefield. These resources are frequently procured on or near the battlefield area of operations (AO) through local vendors with special considerations from local governments through status of forces agreements (SOFA) and other similar arrangements. This procurement requires support that can be flexible enough to: (1) be there when it is needed, (2) have the proper method and amount of payment, and (3) properly account for transactions. If an entirely civilianized workforce is unable to effectively provide this flexibility, we will suffer degradation in our ability to effectively meet the needs of the missions at hand. Also, what affect might it have on commanders, troops, local citizens and contractors if a weapons for cash program or a regularly scheduled claim and solatia payment rendezvous is hampered by inflexible finance support mechanisms? This concern will be very difficult to address.

However, personal accounts from individuals with previous deployment experience and documentation of lessons learned from those operations should provide trend and anecdotal evidence for consideration.

#### Limitations and Delimitations

This study will focus on battlefield support needs and the required support external to the battlefield. It will not focus on garrison support requirements in CONUS or established permanent garrisons outside the continental US (OCONUS). Although there are currently many projects in progress throughout DOD which may affect finance operations, this study will focus only on those affecting battlefield support and have a high likelihood of occurring.

#### Assumption

The Army will continue to have a need for battlefield finance support. Although much of it may be met outside the theaters of operation, there will be some needed through local channels. This support concerns the ability to pay for battlefield needs as well as provide the flexibility to quickly and effectively resolve finance issues. These needs may vary from operation to operation but will always include payment for goods and services.

#### Summary

The Finance Corps has had a history of many changes to its structure, and there is currently a debate in considering the necessary finance missions and roles on the battlefield. Although contractor support is being examined throughout DOD for finance and accounting support, this thesis only examines the complete civilianization of the US Army Finance Corps with US government employees. In an attempt to determine the

feasibility of civilianization, it examines: (1) the procedural requirements and methods of execution of battlefield finance missions, (2) force protection and sustainment issues, and (3) flexibility in resolving problems and goodwill toward the troops, local civilians, contractors, and foreign government officials.

### Key Terms and Phrases

Defense Finance and Accounting Services (DFAS). A branch of the Department of Defense which provides finance and accounting support.

DFAS Center. Central finance and accounting offices that support each branch of service.

DFAS Operating Locations (DFAS OPLOC). DFAS operations with assigned areas of support.

Defense Military Pay Office (DMPO). Offices that provide limited finance support and are supported by assigned OPLOCs.

Disbursing Officer (DO). A designated account holder appointed to the United States Department of the Treasury and entrusted with the disbursement and collection of all forms of monies to and from the US government.

Finance Command (FINCOM). A theater major subordinate command (MSC) assigned to specific regions to provide theater finance and accounting support to Army, joint, and multinational commands, as well as policy, technical guidance, and assistance to all finance units in theater.

Finance Group (FG). A brigade equivalent corps asset that provides direct finance support to corps and general finance support to Army, joint, and multinational

commands, as well as policy, procedures and assistance to its subordinate finance battalions.

Finance Battalion (FB). Provides direct finance support to divisions and general finance support to Army, joint, and multinational commands as well as policy, procedures and assistance to its subordinate finance detachments.

Finance Detachment (FD). Provides direct finance support to brigades and general finance support to Army, joint, and multinational commands.

Mobile Pay Team (MPT). Mobile finance support team that moves to different locations on the battlefield to provide finance support to Army, joint, and multinational commands.

## CHAPTER 2

### LITERATURE REVIEW

#### Introduction

In determining the answer to the thesis question, “Can the US Army afford to civilianize the Finance Corps?” focus must be placed on the missions required to be executed, by whom and where. This focus leads to numerous secondary and tertiary questions, the first and foremost being which of these missions must be executed for forward theaters of operation? Once these missions are determined, the next step is to determine the benefits and drawbacks of the possible locations to execute them (e.g., in theater or remotely in CONUS or other permanent OCONUS garrisons). Those missions which can be executed remotely from the theater of operations can be executed by civilian personnel. Therefore, the focus then narrows to those missions which must be executed in theater. Can civilians execute those missions in theater? If so, how and at what cost? These are the questions which get to the heart of the matter.

Battlefield finance missions are clearly outlined in FM 14-100, *Financial Management Operations*. However, in order to determine the stipulations surrounding feasible support methods and locations, this thesis examines procedures and requirements for their execution in the following publications:

*Military Justice*. Army Regulation 27-10, 20 August 1999.

*Mobilization, Deployment, Redeployment, Demobilization*. Field Manual 100-17, 28 October 1992.

*Reception, Staging, Onward Movement, and Integration*. Field Manual 100-17-3, 17 March 1999.

*Combat Service Support.* Field Manual 100-10, 3 October 1995.

*Contracting Support on the Battlefield.* Field Manual 100-10-2, 4 August 1999.

*Disbursing Policy and Procedures.* DOD Financial Management Regulation 7000.14-R, vol. 5, August 1999 with changes thru December 2001.

*Military Pay Policy and Procedures - Active Duty and Reserve Pay.* DOD Financial Management Regulation 7000.14-R, vol. 7A, February 2002.

*Travel Policy and Procedures.* DOD Financial Management Regulation 7000.14-R, vol. 9, September 2000.

*Contract Payment Policy and Procedures.* DOD Financial Management Regulation 7000.14-R, vol. 10, March 2002.

*Reimbursable Operations, Policy and Procedures.* DOD Financial Management Regulation 7000.14-R, vol. 11A, December 1999 with changes thru December 2001.

*The Joint Federal Travel Regulations, Uniformed Service Members.* vol. 1, March 2002.

*The Joint Travel Regulations, DOD Civilians.* vol. 2, March 2002.

*Mobilization Management of the DOD Civilian Workforce.* DOD Directive 1400-31, April 1995.

*Retention of Emergency Essential DOD U.S. Citizen Employees Overseas.* DOD Directive 1404-10, April 1992.

*Mobilization Preparedness Planning for the DOD U.S. Civilian Workforces.* DOD Instruction 1400-32, April 1995.

*Doctrine Support for Logistics Support for Joint Operations.* Joint Publication 4.0, February 2001.

## Background Information

In order to more clearly understand the potential for a civilianized finance support workforce, it is critical to analyze recent and upcoming changes to systems and procedures that will have a significant impact on the way the Finance Corps currently executes missions and how it will execute them in the near future.

In November of 1999, with the full support of the ASAFM&C, the Finance School (FIS) accepted the mission to develop a plan, to include appropriate organizational structure, for a merger of the Finance Branch with the Comptroller functional area. (*Finance--Resource Management (FIRM)*, US Army Finance Corps). Once implemented, the finance resource management (FIRM) concept will greatly increase the workload requirements and responsibilities of the field finance units.

Another initiative currently being phased in is the Employee/Member Self Service (E/MSS). It uses interactive voice response (IVR) and internet web-based technologies to allow DFAS customers to make changes directly to their own pay accounts in a secure electronic environment. E/MSS is available to DOD civilian employees, active duty and reserve members, military retirees, and annuitants (*Employee/Member Self Service*, Defense Finance and Accounting Services). This initiative should reduce workloads for leave and earnings distribution and many of the military pay inputs.

An interim system that is currently being implemented is known as Army Human Resources System (AHRs) Super Server. This super server allows personnel database synchronization worldwide and smoothly integrate personnel data into the military pay system (*Army Human Resources System (AHRs) Super Server*, The Adjutant General). The smooth integration into the military system is allowed through the Personnel Pay

(PerPay) system. This is the interface between personnel and military pay systems. The impact of this to the Finance Corps is that it transfers responsibility of the bulk of military input to personnel administration, thus reducing the workload of the Finance Corps in this area.

DFAS is developing the Defense Integrated Military Human Resources System (DIMHRS) to provide all military human resource system support. This system will replace AHRS and streamline many other systems. It is an all-encompassing human resource database system which will allow single data entry and single records for personnel and pay. The ultimate objective is to create a standard database for all services of the armed forces with interface between all necessary support systems (Troller, 2002. *Army DIMHRS Update*. Briefing for CGSC). It will provide comprehensive pay coverage for active and reserve duty warfighters of all four military services.

“Development and maintenance of the DIMHRS Pay Module will be the responsibility of DFAS. It is being developed as an unclassified automated information system, which will fulfill a congressional mandate to bring all four Services under a common personnel and pay system. This mandate is the direct result of Desert Shield/Desert Storm, where the difficulty Joint Commanders experienced in tracking personnel from all Services into and out of theater became evident. Also, the recent trend of engaging US warfighters in humanitarian and peacekeeping missions has emphasized the need for improved personnel tracking, customer service and streamlined mobilization procedures. DIMHRS will standardize personnel and pay information and enable it to be transferable between all Services. The new system will encompass all types of personnel and pay transactions for active and reserve duty. DIMHRS will also generate personnel transactions for

retired military, although the current retired military pay system will remain in place. In addition, the system will also contain information on all DOD-sponsored civilians, specified foreign nationals, and contractors deployed to a theater of operation. Since the transactions will be standardized, redundancy in data input will be eliminated and maintenance costs will be reduced” (*Defense Integrated Military Human Resource System (DIMHRS)*, Defense Finance and Accounting Services). With PerPay and AHRS, and ultimately DIMHRS, the military pay mission of the Finance Corps will be limited to resolving critical pay problems and alleviating personal financial hardships created by those problems.

Another system currently being implemented is the Defense Travel System (DTS). It is a paperless travel system that allows the traveler to coordinate and arrange temporary duty (business) travel quicker and easier. In theory, travel orders, transportation coordination, advances and settlements can be made from a single computer system. The authorizing official (AO) is responsible for travelers, ensuring the trip is in support of government business and money is available for the trip. The AO checks the request and authorizes the travel by signing it electronically. Any problems will be coordinated between the traveler and the AO. If an AO has questions or problems, he can turn to the Defense Travel Administration (*Defense Travel System*, The Per Diem, Travel and Transportation Allowance Committee). This system has already been implemented in several installations in CONUS and will ultimately be established throughout all garrisons. The reduction in travel support workload by finance personnel should be significantly reduced.

Among E/MSS, PERPAY, DIMHRS and DTS two of the Finance Corps' major functions (military pay and travel) will be almost entirely handed over to DFAS. However, the potential merger of Finance and Resource Management (FIRM) will offset this decrease in workload. The other three functions of the Corps (disbursing, accounting, and commercial vendor services) are the meat of finance support and truly define it as a logistical support element. Logistical support revolves around the money to support it and around the ability or inability to adequately and timely pay for bare base development in an area with limited infrastructure. This support has dramatic impact on the operations and clearly demonstrates the need for battlefield finance support.

A critical issue regarding battlefield finance support, if using civilian government employees, is who will provide their force protection and sustainment requirements? Would this external requirement sacrifice needed manpower and equipment from other needed areas? Given that the Finance Corps is under a table of organization and equipment (TOE) structure, it has its own deployable equipment and unit basic loads (UBL) for force protection and sustainment. This flexibility allows it to go anywhere it is called upon to provide the necessary battlefield finance support with minimal external support.

#### Information Related to Thesis

There has been several research papers written that relate to Finance Corps history, structure, and ongoing developments, along with proposals for future structure. These papers were written by Finance Officers at the Command and General Staff Officers' Course for masters of military arts and sciences (MMAS) and at the US Army War College (USAWC) as research projects.

Colonel M. C. Mattingly, US Army, wrote a research paper at the USAWC in 1999 entitled “Is the End Near for the Army’s Paymaster Corps?” In it he discusses the impact of *Defense Management Resource Decision (DMRD) No. 910*. Occurring in January of 1991, this decision created the Defense Finance and Accounting Service (DFAS) which is now responsible for all DOD finance and accounting functions. The concern was that the creation of DFAS would eliminate the need for a Finance Corps. That was eleven years ago. Colonel Mattingly went on to say that the determining factor in not civilianizing the Finance Corps was the need for finance soldiers with financial, payroll, and accounting specialties and a sustaining military base to perform essential finance missions on the battlefield. Can the Army continue to claim that need? After examining current Finance Corps force structure, technology, DOD initiatives and finance missions, Colonel Mattingly concluded that the Finance Corps must merge with Resource Management in order to meet the demands of the twenty-first century missions, prevent any significant reductions in TDA military spaces in DFAS operations, and ensure finance officers and soldiers are placed in key financial management or comptroller positions in operational units, DFAS, and the Office of the Assistant Secretary of the Army for Finance Management (OASA(FM)) (Mattingly, 1998. 1-3, 6-9, 20-23).

Another USAWC research paper written in 1996 by Lieutenant Colonel William H. Anderson, US Army entitled “Future US Army Finance Corps’ Structure at the Department of the Army Level” also discusses *DMRD No. 910*. The focus and recommendation of his paper is on the need for the US Army Finance Command to assume the duties of (1) developing, reviewing and coordinating the finance aspects of

the Joint Chiefs of Staff deliberate and crisis action plans, (2) providing direct assistance and guidance to O-6 level finance commanders, and (3) in the event of a major regional contingency operation, deploy, and direct overall Army finance operations in the theater of war. It discusses the significant roles and impact that finance has had in every war and contingency operation while at the same time being overlooked in the planning process. (Anderson, 1996. 2, 21-27).

A research paper entitled “Building Combat Power, the Army’s Modern Land Force Finance” written at the USAWC by Lieutenant Colonel William M. Landrum III, US Army, also discusses the need to merge finance operations and resource management. However, it also mentions the need for advancement of three features (modularity, joint connectivity, and mobility). Modularity deals with the aspect of being able to tailor finance structure with the needs of a particular contingency operation; joint connectivity applies finance capabilities across the full range of military operations; and mobility implies adequate resourcing and capabilities to move on a moment’s notice and be at the right place at the right time (Landrum, 1996. 1-6, 11-13, 22-23).

In his 1993 USAWC research paper “Finance Corps: Reformulated for the 21st Century,” Lieutenant Colonel Hugh B. Tant, US Army addresses the need to have a Theater Finance Command deployed to the theater of operations during the next major campaign. Applying the lessons learned from Desert Shield and Desert Storm, Lieutenant Colonel Tant illustrates the importance of having one central finance policy maker on the battlefield and the problems generated without one. In his conclusion, he introduces a six-step process to creating a “purple-suited” finance operation for the twenty-first century. Step one is to place the comptroller functional area under the

Finance Branch within the US Army. Step two is to create a Joint Resource Management Corps (JRMC) steering committee. Step three is to designate the US Army as the executive agent to develop joint training and doctrine for the JRMC. Step four is to adopt joint service software for all services. Step five is to consolidate the joint service software for all services at one DFAS Center. Lastly, step six is to create a JRMC. Under this concept, the JRMC would be responsible for all military and civilian finance and resource management personnel, regardless of which service they belong. Additionally, it would promote unity of effort among the services (military and civilians alike). (Tant, 1993. 5-6, 14, 20-26).

Lieutenant Colonel Roger W. Scearce wrote a USAWC research paper in 1990 entitled “Finance Support During Low Intensity Conflict: Providing the Sustainment Edge.” The paper focuses on finance and resource management service and support issues associated with sustaining low intensity conflicts (LIC) or contingency operations. He stresses that this is the most likely type of conflict the US military will face in future years. The LIC sustainment operation topics discussed are installations, units (task forces), and individual soldiers. He states that US Army doctrine is built around mid to high intensity scenarios and needs to be revised. Finance Groups must have the flexibility to task organize finance elements to best support individual operations. To accomplish this he believes finance detachments and finance support teams best suit the needs. Also, all finance units in direct support of contingency operations must be at ALO 1 and their TOE equipment must all be coded with equipment readiness code A (ERC A). He states the need to better integrate the missions of civil affairs and finance elements and believes finance leadership should be a player in the Battle Command Training

Program (BCTP) and rotate to NTC and JRTC to practice and refine their skills. (Searce, 1990. 44-57).

Another USAWC research paper, written by Lieutenant Colonel Morgan F. Denny in 1992, discusses the downsizing of the Finance Corps and possible upcoming changes. Within the paper are details of finance force structure, finance operations, the impact of the DFAS consolidation and possibly developing a Resource Management Corps. He states that a Sigma study was conducted in 1991 and it concluded that it is necessary to consolidate all resource management positions to increase control over functions and to increase experience levels of comptrollers. He recommends that the Finance School be appointed as the primary training institution for DFAS, and to conduct a revalidation of the current TOE structure. (Denny, 1992. 8-9, 25-32, 43-58).

Lieutenant Colonel Roland A. Arteaga wrote a USAWC research paper in 1992 entitled "The Mission and Role of the Finance Corps 1995 and Beyond: Will There Be One?" Again the *DMRD No. 910* was addressed with regards to the impact on the Finance Corps. The paper discusses the likelihood of the Finance Corps of having a vital role in the Army and also necessary changes for tomorrow's tailored force. He discusses three options: (1) consolidate the Finance Corps into another branch (preferably Quartermaster), (2) civilianize the Corps and increase Finance reserve component structure (implies the necessity of having military finance personnel on the battlefield), and (3) eliminate the bulk of TDA Finance Corps soldiers, simultaneously reducing the number of TOE units and reorienting the peacetime functions and training to performing and polishing wartime functions. He concludes that the third option would best fit the needs of all concerned (Arteaga, 1-6, 14-26).

In 1996, Major Darryl Murch wrote a thesis while attending the Command and General Staff Officers Course entitled “Army Finance Organizational Support of Force Projection Operations.” The objective of his thesis was to determine if the current Army’s financial management organizational structure adequately supports finance operations in a force projection environment. In his research he examines force structure, doctrine, training, and leader development at all levels of support. His conclusion was that the structure does not adequately support finance operations in a force projection environment. He recommends increasing staff elements within finance units, relocating the US Army Finance Command (USAFINCOM) with DFAS headquarters in Washington, DC and creating a USAFINCOM commander which will also be the Deputy Assistant Secretary of the Army (DASA) for Finance and Accounting to the Assistant Secretary of the Army, Financial Management and Comptroller (ASAFM&C). Lastly, he recommends establishing a battle roster within the organization similar to the Logistical Support Element (LSE) concept used by the US Army Material Command (AMC). This will allow for the necessary planning, preparation and deployment of finance support for force projection operations. (Murch, 1996. 2, 95-99).

### Summary

New systems and DOD initiatives will have a great impact on the way the Finance Corps executes its missions. Many missions will change; however, the workload may only shift from one area to another. How will this impact the need for military finance personnel on the battlefield? In the areas of military pay and travel, there may be minimal need for battlefield support. However, there will continue to be a great need for

disbursing and possibly commercial vendor services. These areas will be the focus of this thesis.

The research papers summarized above clearly demonstrate a concern for the need of a Finance Corps. However, none of them closely examine the feasibility of civilians executing the necessary battlefield finance missions. This thesis will attempt to do so in a logical, systematic fashion.

## CHAPTER 3

### RESEARCH METHODOLOGY

#### Introduction

The thesis question “Can the US Army Afford to Civilianize the Finance Corps?” will be analyzed in three separate subject areas: (1) the procedural requirements and methods of execution of battlefield finance missions, (2) force protection and sustainment issues, and (3) flexibility in resolving problems and goodwill toward the troops, local civilians, contractors, and foreign government officials. These three areas fully encompass the necessary aspects of the thesis question in order to address it properly. If, through content and qualitative analysis, all three areas indicate that it is feasible to completely civilianize the Finance Corps, the answer to the thesis question is yes. However, if any one of these areas indicate that it is not feasible, then the answer to the thesis question is no. Note, this thesis focuses on feasibility, not capability. In other words, although a civilian workforce could execute all missions, could they complete them with minimal sacrifice to efficiency and effectiveness to battlefield finance support? Minimal sacrifice is that which would not disrupt the overall potential for mission accomplishment in the area of operations.

#### Subject Area 1

Subject area 1 focuses on the procedural requirements and methods of execution of battlefield finance missions. Example, in accordance with the contract terms, a local contractor requires payment in local currency in net fifteen (no later than fifteen days after the US receives and accepts the goods or services) and, due to the poor banking support in the area, he does not have electronic funds transfer (EFT) capabilities. This is

a procedural requirement. A method of execution may be to pay him remotely from the DFAS Operating Location (OPLOC) in Germany. There are two problems: (1) how does the Germany office pay him in the local currency? and (2) given the time constraints and contract requirements, how can they get it to him in net fifteen?

In determining the procedural requirements and methods of execution, each battlefield finance mission will be analyzed to determine if there are any requirements or methods which would hinder a civilian from executing it. This will be accomplished by examining the finance regulations for each of the missions and methods in which the support can be provided. The missions to be examined and their corresponding regulations are:

1. US military pay support for active and reserve soldiers (DOD FMR, vol. 7a)
2. Travel entitlement support for all branches of service and US government civilians (DODFMR, vol. 9)
3. Commercial vendor pay (DFAS-IN 37-1)
4. Local claims and solatia payments (AR 27-20)
5. NEO payments (DODFMR, vol. 9)
6. Weapons for cash programs (DODFMR, vol. 5)
7. Other bounty programs (DODFMR, vol. 5)
8. US and foreign currency funding support (DODFMR, vol. 5)
9. US Treasury check operations (DODFMR, vol. 5)
10. Local depository account operations (DODFMR, vol. 5)
11. Electronic funds transfers for US and foreign currency (DODFMR, vol. 5)
12. Check cashing and currency exchange (DODFMR, vol. 5)

13. Savings deposit program support (DODFMR, vol. 5)

14. Military accounting (DFAS-IN 37-1)

The criteria for subject area 1 will be simply whether or not there are procedures and methods that would allow civilians to execute each of the stated missions. Looking back at the example provided, the method used to provide the service, given the procedural requirements, does not provide a feasible execution of the mission. Therefore, an alternative method would have to be used. This thesis will examine several alternative methods for each mission as needed until a feasible solution can be found or all methods are exhausted. Alternative methods will be examined from sources such as proponents of the respective areas of responsibility and experience of finance officers that have performed battlefield finance support missions.

### Subject Area 2

Subject area 2 focuses on force protection and sustainment issues. This includes: (1) the ability to carry weapons and ammunition to defend oneself against threats; (2) living quarters; (3) transportation assets; (4) communication assets; (5) operational equipment such as generators, computers, printers, copiers, telephones, and other items; (6) food and water support; (7) expendable items, (8) training, and (9) deployability. Although arrangements could be made to provide for these needs through external sources, this external would draw from the available manpower (force protection) and resources that have other missions.

In determining the impact of force protection and sustainment issues, an examination of support requirements to civilians will be researched through requirements and limitations of civilians on a battlefield in accordance with Title 5, US Code. Also, a

qualitative analysis of experiences and lessons learned will be conducted from a survey and after action reports from previous operations. Problems or issues of concern will be related to the severity of impact on critical missions in theater.

Criteria for this subject area will be based on determining the number of force protection and sustainment requirements needed for civilian finance support on the battlefield and their necessity. If the finance support mission is critical to the overall mission and the impact of delayed or nonsupport is severe enough to disrupt battlefield operations or objectives, the Finance Corps is considered a critical need for the Army. Example, a mission to provide claim payments in the local area on an asymmetrical battlefield with a threat of hostilities would require weapons, ammunition, communication equipment, and transportation. If these needs can only be met through external sources, it is unfeasible for civilians to accomplish this mission.

### Subject Area 3

Subject area 3 focuses on resolving problems and goodwill toward the troops, local civilians, contractors, and foreign government officials. This is the most difficult area to substantiate in either direction. A survey has been conducted for personal accounts from individuals with previous deployment experience, and after action reports will be used to draw from lessons learned. This will provide trend and anecdotal evidence for consideration. A matrix will be developed to indicate the number of individuals that addressed each issue. If at least thirty percent of the respondents address a specific issue, it is considered significant enough to examine the criticality of the mission that the issue addresses. As in subject area 2, if the issue of concern is critical to

the overall mission and the impact is severe enough to disrupt battlefield operations or objectives, the Finance Corps is considered a critical need for the Army.

### Survey

As part of the thesis research, a qualitative analysis survey was conducted to determine concerns of specific issues regarding the thesis question. The questions on the survey focused on primarily the respective finance and accounting missions on the battlefield and were written in general context in order to prevent the steering of answers in one direction or another. It was approved by the Development and Assessment Division (DAD) of the Command and General Staff College (CGSC) and assigned survey number 02-022. (See Appendix for a copy of the survey). The survey targeted key leaders and various finance experts in the field to gather experienced opinions for trend analysis. The survey was sent to forty-eight individuals as follows:

Finance Corps CGSOC students (Majors)	16
Colonels & Brigadier Generals in the Finance Corps	17
Command Sergeants Major within the Finance Corps	5
DOD Civilians in DFAS	8
Retired Officers of the Finance Corps	2

The survey sample was specifically designed to draw upon expert opinion and experiences on the battlefield as well as support from rear areas. National Guard and Reserve finance unit commanders were also chosen to ensure a representative cross-section of US Army finance units. Lastly, DFAS civilian leaders were chosen to avoid an all-military biased opinion. Overall, the survey should provide a solid basis of opinion to address concerns regarding civilianization of the US Army Finance Corps.

## Validity

In conducting the research for this thesis, specific internal validity concerns must be addressed. The first internal validity concern is the author's own bias towards the outcome of the research (Will a vested interest steer the results to the desired conclusion?). This will be controlled by allowing a committee of nonbiased individuals to examine the process and results of the research, as well as the conclusions, and provide necessary input to prevent anything from being tainted by the author's own bias. The second internal validity concern is the development of a biased questionnaire. In order to control this bias, all questions have been written in a generalized manner so as to avoid "setting a stage" for and steering a response in one direction or another. The questionnaire (survey control number 02-022) has been reviewed and approved for administration by the Development and Assessment Division of the Command and General Staff College. A third internal validity concern is the standard of measurement in identifying issues of concern of an intangible nature (e.g. problem solving and goodwill). This issue is addressed by establishing a thirty percent recurrence trend on survey responses for identifying genuine issues of concern. Lastly, an external validity concern is a bias based upon the sample population being surveyed. In order to prevent this bias, civilian employees in key positions within the DOD finance community have also participated in the survey. Overall, the research methodology and the controls emplaced within it should provide for a clear, objective conclusion to the research question.

## CHAPTER 4

### ANALYSIS

#### Introduction

The United States Army Finance Corps has just over 3,000 soldiers (DA PERSCOM). This comprises less than one percent of the total Army's military strength. With this small percentage of soldiers, the US Army receives the capability to provide fully trained and equipped (deployable) finance and accounting support worldwide under any conditions. This capability may be provided by civilian government employees. If so, it would allow the US Army to eliminate the 3,000 finance soldiers and reallocate the forces elsewhere. The below analysis explores the potential for civilianized finance support and its limitations in order to determine if it is a feasible course of action for the US Army.

#### Subject Area 1

As stated in chapter 3, Subject Area 1 focuses on the procedural requirements and methods of execution of battlefield finance missions. These missions are examined individually in order to determine the feasibility of their performance by a completely civilianized workforce.

US military pay support for active and reserve soldiers is regulated by the DODFMR, vol. 7A (*Military Pay Policy and Procedures - Active Duty and Reserve Pay*) and includes processing military basic and special pay, incentive pay, allowances, miscellaneous payments, allotments of pay, deductions and collections. Currently, these transactions are processed via US Army finance and administration applications which input directly into a central database and personnel administration systems which

interface with the military pay system. Since most of the data is administrative in nature (e.g. pay grade, duty station, dependents, etc.), personnel administration applications are being developed to process virtually all of these transactions. However, some transactions would still require external input (outside of the personnel administration system). Transactions such as garnishment of pay for debts to other agencies, travel advances, settlements and collections, and casual payments (called health and comfort or combat payments on the battlefield) require input from other respective sources. The Army is currently developing DIMHRS (see chapter 2 for details) as a human resource central database to streamline system requirements. This database will ultimately provide the capability of allowing interface capability with all necessary systems to affect pay changes.

On the battlefield, it is likely that soldiers will receive health and comfort payments and emergency travel advances. Frequently, deployment entitlements are not input, or are improperly input, at home stations and reception stations. In addition, deployed soldiers sometimes move from one location to another while on deployments. These movements may affect their pay (e.g. moving to and from a combat zone tax exclusion area). Failure to input the necessary pay changes in a timely manner could create a debt and a financial burden on the soldier. Example, a soldier is deployed to Hungary (not designated as a combat zone for pay purposes). He then relocates to Bosnia (designated as a combat zone for pay purposes), only to be moved back to Hungary in two months. Upon relocating (on orders) to Bosnia, combat zone tax exclusion (CZTE) and hostile fire pay is started. Hostile Fire Pay is currently \$150.00 per month and CZTE can range from a few hundred dollars to over a thousand dollars per month depending on

the rank of the soldier (*Military Pay Policy and Procedures - Active Duty and Reserve Pay*, DOD Financial Management Regulation 7000.14-R, vol. 7A). Theoretical problem-his movement back to Hungary was never captured on the personnel or pay systems. After two more months pass, he realizes the mistake; unfortunately, he now must pay back the money he received from the two months he was not entitled to it. The problem must be expeditiously resolved or it will continue to compound. Additionally, the current debt might place his family in a financial bind if it is collected back all at once. This is where a battlefield finance element can provide face-to-face resolution because they will be able to talk to the soldier and not just process paperwork. This ensures proper and timely input as well as an opportunity to prorate the debt collection over several months. For this reason some military pay support is needed on the ground in the theater of operations and is considered unfeasible to handle from other locations. This is because processing a pay inquiry from the command to support elements outside of theater greatly increases the risk of the inquiry getting lost or misunderstood. It may also prohibit the soldier from clearly articulating his need for prorating the debt collection. Thus it would cause a lump sum deduction of potentially a few thousand dollars from his pay. In most forward environments, connectivity for input can be provided through existing infrastructure support. However, this infrastructure can be poor and unreliable or may not even exist in some remote and austere environments. In addition, it is not feasible to place finance support elements in every location that the Army has troops on the battlefield. The Finance Corps routinely sends mobile pay teams (MPT) to the supported units in order to quickly resolve pay issues and prevent financial burdens on the soldiers and their families. This is the one area of concern regarding military pay support by

civilian government employees. If the Army were completely civilianized, two alternative methods could be used to handle these situations: (1) require all military pay issues to be forwarded to a secure area that has proper input capability, or (2) provide the civilians with the external resources (transportation, force protection and sustainment) required to move about on the battlefield and execute the missions in an expedient manner. Although these are both feasible methods to perform the military pay mission, long delays in the processing could occur if relying on a push system of handling pay inquiries. Therefore, the best option is method number two. This provides the Army the necessary flexibility to prevent undue hardship on soldiers and their families.

Travel support for all branches of service and US government civilians is regulated by DODFMR, vol. 9 (*Travel Policy and Procedures*), the *Joint Federal Travel Regulation* (JFTR) vol. I (uniformed personnel), and the *Joint Travel Regulation* (JTR), vol. II (civilian personnel). This support includes permanent change of station, temporary duty, and evacuation entitlements as well as transportation allowances. Currently, several different travel systems are being used (depending on the location) to process travel claims. However, the Integrated Automated Travel System (IATS) continues to be the system used for battlefield travel support. IATS is currently a stand-alone system with no central database to capture the travel. Therefore, many finance operations create workaround access to their travel data files on their servers which can be accessed via the internet. This allows rear area finance support to check for travel advances or settlements that have been processed by forward finance elements. However, this access is limited to those that have coordinated for it. Since travelers come from virtually any unit or service branch (and civilians) located throughout the world,

only a select few offices that have a need for the information can gather it in a timely manner. All others must rely on the individual travelers for the documents or wait for it to run through their respective branch accounting systems. Another method of travel support from rear areas is to have the forward finance elements transfer files via the internet along with scanned copies of the orders and vouchers. This method will work as long as there are good communications on the battlefield to support the data transfer requirements.

Frequently, deployed soldiers (especially general and joint staff cells, civil affairs and other special operations soldiers) travel from one forward location to another (intra-theater, or even from one theater to another) and require travel advances and partial settlements in order to sustain them on the local economy. In remote and austere locations, the government travel card is useless due to the lack of infrastructure needed to accept them for payment or in providing necessary funds from automated teller machines (ATMs) for cash payments. In circumstances where the traveler is moving from one austere location to another, he or she requires access to someone or something that can provide the necessary funds. If the traveler must procure a travel advance of all necessary funds from a rear area prior to travel, he could potentially have to carry several types of currency that may value tens of thousands of dollars. This is not a feasible option for a traveler under these circumstances. Another option would be for the traveler to return to the rear area finance operation after completing travel to each of the locations. This is a feasible option under most circumstances, but could potentially hinder time-critical missions. MPTs and paying agents are the best alternative in providing maximum flexibility to accomplish the mission under these circumstances. Paying agents do not

have to be finance personnel. However, they must be trained, certified and funded by the disbursing offices that provide the funds (*Disbursing Policy and Procedures*. DOD Financial Management Regulation 7000.14-R, vol. 5). These agents are designated by their commanders for specific units' mission requirements with designated funding amounts. This is a great method for isolated areas and has been used extensively with much success by special operations personnel. In an area with larger scale military operations, greater flexibility is allowed when finance personnel are moving on the battlefield to provide general support needs. The reason for this increase in flexibility is that they are not limited to supporting only the command that appointed and funded them. They can support any authorized traveler on the battlefield. Whereas a non-finance paying agent is appointed on orders by their commander to provide specific finance support with specific funding limitations placed on those orders. Government civilians could provide this type of support on the battlefield if, as stated earlier, they are provided the external resources (transportation, force protection and sustainment) required to move about on the battlefield and execute the missions in an expedient manner.

The last travel issue is noncombatant evacuation operations (NEO). Travel processing for NEO would, in all but extreme circumstances, be conducted in relatively secure locations away from (and hopefully prior to) enemy hostilities. Evacuation travel claims may also be processed after-the-fact under extreme circumstances (*Travel Policy and Procedures*. DOD Financial Management Regulation 7000.14-R, vol. 9). This flexibility provides feasible processing of evacuation travel claims by civilian employees regardless of the circumstances.

Commercial vendor pay (Contract Payment Policy) support is regulated by DODFMR, vol. 10 and DFAS-IN 37-1. Although many support contracts are established and maintained outside the battlefield area via LOGCAP and other contracting agreements, a large amount of support is required from local sources via local procurement and service contracts. Although DOD's objective is to pay contracts via EFT through automated systems, it is frequently unfeasible in austere overseas areas due to the lack of infrastructure to support it. Battlefield contracting support in environments such as Somalia and Afghanistan typically demands cash, frequently of currencies other than US dollars. Contractors must receive payments in a timely manner in order to maintain their ability to support the Army's needs. Timeliness may be jeopardized due to the length of time required to receive all the required payment documents (e.g. invoice and receiving reports) prior to payment. In developed areas, it is feasible to forward the necessary payment documents in a timely manner via fax machines or express mail delivery and pay the contracts from rear areas, provided the contractor has EFT capability. In these cases civilians would have no problem processing and paying commercial vendors. However, in some environments fax machines and express mail delivery are not present. It may also be impossible to EFT the payments to a bank account or write a check and mail it to the contractor in time. Therefore, it is critical to have a payment mechanism on the ground in theater. In accordance with the Prompt Payment Act (PPA), the US government is required to pay contractors, to include local vendors within the time constraints stated on the contract, not to exceed those required by law for specific categories of purchases (*Contract Payment Policy and Procedures*. DOD Financial Management Regulation 7000.14-R, vol. 10. US Department of Defense).

Local support contracts are frequently established through field ordering officers and paying agents which can be located in relatively hostile environments on the battlefield. The paying agents are either appointed by the supported command or they are finance personnel. Either method is acceptable. However, when operating in large theaters of operations, general support by finance personnel provide more flexibility for the same reason as stated for travel support. Again, civilians could provide this type of support on the battlefield if, as stated earlier, they are provided the necessary external resources.

Solatia payments and other foreign claims are regulated by AR 27-20. Payments are typically established in accordance with local customs as an expression of sympathy for victims' losses (*Financial Management Operations*. Field Manual 14-100). These claims are typically for damages to or destruction of property. They can be for the loss of livestock or may even be for the loss of a family member. Payments are rarely paid in rear areas of operation. Normally, the staff judge advocate (SJA) representative and finance personnel (with a security force) meet with claimants at a location (sometimes potentially hostile) on the local economy for settlement and payment. This too could be done by civilians if they are provided the necessary resources. However, it would be impossible to accomplish this mission from sources outside the theater of operations.

Bounty Programs are established in certain areas to obtain items or information which will aid in overall mission accomplishment. The weapons-for-cash program (a type of bounty program) is used where the local populace has a large number of weapons. The objective is to reduce the threat of these weapons by offering monetary compensation to individuals that turn them in to the military (*Military Justice*. Army

Regulation 27-10). Paying agents are typically military police or combat arms soldiers that have been trained, certified and funded by disbursing officers in theater. However, finance personnel acting as disbursing agents may also perform this mission. Civilian disbursing agents must be in theater in order to perform this mission and would require external resources for support. External resources would also be required if they are funding the paying agents from remote locations.

Disbursing operations are regulated by DODFMR, vol. 5 and include the most critical needs of finance support on the battlefield: US and foreign currency funding support, US Treasury check operations, local depository account operations, electronic funds transfers for US and foreign currency, check cashing, and currency exchanges. Since disbursing operations involve large sums of cash and negotiable instruments, stringent security measures must be taken into consideration. Proper rules of engagement (ROE) must be developed and approved by the base commander in case of attempted theft or assault. Weapons and ammunition must be maintained by the disbursing personnel if no other force protection elements are dedicated to the operation. Armed guards must be present at all times if an alarm system is not in place (*Disbursing Policy and Procedures*. DOD Financial Management Regulation 7000.14-R). These security requirements are met by finance soldiers that maintain their own weapons and ammunition. They can also be met by civilians if they are properly trained and authorized to carry their own weapons and ammunition.

Battlefield disbursing operations provide check-cashing services and currency exchange transactions to all branches of service, retirees, DOD civilians, and contractors and other personnel as designated by the commander of that area of operation. Although

the Army is attempting to field ATMs to provide cash on the battlefield, they are not a viable alternative for mobile services in hostile environments. Success has been met in places like Germany, Korea and many other locations where there are no ongoing hostilities. But they are cumbersome targets of opportunity in more austere environments. AAFES and contracted banking support (for check-cashing and currency exchanges) have been successfully used in many locations. However, AAFES cannot be everywhere on the battlefield and contracted banking support is not available in more austere environments. The implementation of smart card technology (essentially individual military debit cards) has been used successfully in garrison. However, the use of these cards is only as effective as the infrastructure that supports them. Again, AAFES and ATMs that support smart cards are limited to secure areas. Immature and asymmetrical battlefields greatly limit their use.

Local depository accounts (LDA) are typically established by disbursing operations where local bank support is available. LDAs are merely bank accounts established between the US Department of the Treasury and the local banks. These accounts can be established in US dollars or the local currency. They are critical in providing foreign currency necessary for currency exchange transactions and funding local contract payments. As a checking account for the US government, they provide the means to pay local contractors in local currency via checks. Lastly, depending on the infrastructure, these accounts may also provide the ability to make EFT payments in local currency. Without LDAs, disbursing operations would be limited to US dollars, unless it is a type of currency the Army operates with in other secure OCONUS operations. In many regions US dollars are not the currency of choice and the limitation may prevent

the negotiation of necessary local contractor support. The US Army central funding operations at the 208th Finance Battalion located in Germany can provide deutschemarks and a few other currencies through its local banking support. However, currencies not readily available must be provided in theater.

US Treasury check and EFT operations provide the necessary means of funding battlefield support requirements. Treasury checks can be cut in theater for all types of payments and for deposit into LDAs. Treasury EFT (via FEDLINE) allows for prompt payment of US contractors on the battlefield. Although this function could be conducted outside of theater, it would not provide the flexibility necessary to provide prompt payments if supporting documents are delayed or discrepancies must be resolved prior to payment. Also, the use of US Treasury checks is essential for providing funding support in LDAs.

Disbursing operations fund paying agents in US and foreign currency throughout the battlefield. Without this ability on the battlefield paying agents would be required to travel outside of theater to clear their agent accounts and receive further funding. This could be time consuming and costly. One area of operations could feasibly contain over a hundred paying agents. If each one of them had to travel back to a secure garrison environment outside of theater on a weekly, biweekly, or even a monthly basis, travel costs would be enormous. More importantly, the more time out of theater, the more likely they are to jeopardize critical missions on the battlefield.

It is feasible for civilians to provide all disbursing operation support, provided they receive external resources, the most important of which are the necessities for proper security of funds. However, under no circumstances could you expect to remotely

provide the entire battlefield disbursing support. The inflexibility it would create could cause mission failure at any level of operation.

Savings deposit programs are regulated by DODFMR, vol. 5 and are usually established in designated combat zone tax exclusion areas of operation. Individuals present for duty in these areas may deposit money in the form of military allotments from their pay, personal checks or even cash to the supporting finance office. Support needs for this mission would be the same as that of any cashier operation. Thus, civilians could perform it even as MPT members as long as they have the proper resources provided to them.

Finance commanders are responsible for pay and accounting of enemy prisoners of war (EPW) and civilian internees (CI). Funds and personal property found on the individuals must be properly accounted for and safeguarded. EPWs and CIs are entitled to work pay and allowances as established by the EPW/CI facility commander. Finance must properly manage the deposits made and payments from the designated accounts or trusts. Upon release, funds and property that were safeguarded upon in-processing must be inventoried and returned to the individuals, work pay due must be paid, and remaining balances in the account or trust must be transferred out (*Financial Management Operations*. Field Manual 14-100). Since the facility should be secure at all times, it is feasible for civilian employees to perform these missions. However, since there is a threat within the compound, greater care must be taken to ensure the safety of civilians.

US Army accounting is regulated by DFAS-IN 37-1. Virtually all accounting is conducted in areas with the necessary infrastructure to support system input, usually in rear areas. Therefore, there should be no hindrances to civilians conducting these

operations. However, much of the battlefield costs are captured on the battlefield and need a resource management element on the ground for that purpose.

In conducting the survey for this thesis, sixteen individuals responded. The below table represents results from the survey questions four through seven which focused on battlefield support requirements. See appendix A for questions.

Table 1, Responses to survey questions 4, 5, 6, and 7

	None	Minimal	Partial	Full
Military Pay	2	6	7	1
Travel	1	12	3	0
Contract	0	0	10	6
Disbursing	0	0	3	13

Comments provided by the respondents were broken down into the four categories listed in the columns of table 1. The term “minimal” was the exact terminology used by the respondents in all categories. The column stated as partial was a representation based on comments made in each category. For military pay, partial support was stated as resolving pay inquiries and providing pay information to the soldiers and their command chains. The reason full support would not be required was due to the current and future interface capability of the personnel services (human resources) systems into the military pay system and E/MSS capability by the individual soldiers. Partial travel support was considered a need for emergency travel advances, travel support in austere environments and intra-theater movement (travel). Although the

majority of comments associated with minimal support included the same types as listed in partial, the term “minimal” was not stated on three of the respondents’ surveys. In contract (or commercial vendor) support, potential limitations on EFT capabilities and IMPAC usage were the most frequent elements listed for requiring battlefield contract support. There was also a concern for late payments if the contracts were remotely paid. Lastly, in the area of disbursing, statements were made that although there would be an increased usage of ATMs and smart cards on the battlefield, it would not limit the need for full disbursing support. The most critical areas of disbursing support need would remain as funding agents, exchange transactions, and casual payments. It should be noted that contract payments require processing through an accounts payable element as well as the disbursing agent in order to be properly paid. Therefore, they are critical needs in both categories (contract and disbursing support).

During Operation Able Sentry in the Republic of Macedonia there were a large number of claims filed for crop damage (*Operation Able Sentry, Lessons Learned*. 1994, 148-149). In order to pay these claims, paying agents were required to be on the ground with the ability to move from place to place. During Operation Uphold Democracy in Haiti the Special Forces units alone used over forty paying agents. The finance element also paid the international police monitors on a monthly basis. Overall, there was a need for full service finance operations with commercial accounts and disbursing operations being the most significant of the needs (*Operation Uphold Democracy*. 1995, 236-238). Among the first to arrive in Rwanda during Operation Support Hope were field ordering officers and paying agents. Their mission was to obtain local contractor support required to develop the area for the operation. Although their cash was of limited supply, a

funding element arrived a little later to provide all their funding needs (Cunitz, 1995. 2-4). These are routine requirements on the battlefield today and will remain being requirements in most future operations. This means finance personnel will continue to be a critical need on the battlefield. Technological advances, systems and equipment development, and procedures can greatly reduce the workload, but they will never eliminate it.

In summing up subject area 1, all missions could feasibly be conducted by civilian government employees. However, many of these missions would have to be conducted within the theater of operations and the Army would have to provide them the necessary resources from other means. This external support will limit the versatility of finance support on the battlefield. Subject area 2 will take a closer look at the necessary resources and the potential impact of losing capabilities organic to MTOE finance units.

### Subject Area 2

Subject area 2 focuses on force protection and sustainment issues. This includes: (1) the ability to carry weapons and ammunition to defend oneself against threats, (2) living quarters, (3) transportation assets, (4) communication assets, (5) operational equipment such as generators, computers, printers, copiers, telephones, etc., (6) food and water support, (7) expendable items, (8) training, and (9) deployability.

Only emergency essential civilians are authorized to carry weapons and ammunition (*Mobilization Management of the DOD Civilian Workforce*. DOD Directive 1400-31). This implies that force protection and security of funds must either be provided by other personnel, or civilians must be designated as emergency essential and issued weapons and ammunition from external sources.

TO&E finance units maintain and deploy with their own organic equipment. This equipment includes: tactical vehicles, trailers, generators, radios and telephones, tents, weapons, flak vests, NBC equipment, equipment necessary to operate (e.g., computers and field safes), along with many other items which allow the personnel to “shoot, move, and communicate” on the battlefield without borrowing from other sources. This provides great flexibility to be anywhere and provide the necessary finance support in a timely manner without taking resources away from other units. However, this capability may not be necessary. If the Army is willing to limit battlefield finance support to secure rear areas and have only paying agents in unsecured areas (returning to rear areas on a regular basis to balance their accounts and receive further funding), then it would be feasible to completely civilianize the Finance Corps. The degree of hindrance to overall missions would be dependent on the environment from which the operations are conducted. The environment with the most concern is an immature theater of operations which is being rapidly built up. Personnel and resources are scarce and in high demand at this point. At the same time demand for finance support for local goods and services is extremely high. The Army will need finance personnel on the ground in these environments. In order for civilian finance personnel to provide the necessary support, the Army must dedicate the necessary transportation, communication and force protection assets to them from other units. This diverts these resources from their primary purposes. Although this is feasible, it is not practical given the critical needs of the AO.

Another issue of concern is the responsibility for food, expendable items, and general welfare of civilians. Units on the ground must be designated to provide this support. Currently there is no structure in place to address this issue.

Training on tactical survival skills is another critical area of concern when deploying civilian personnel. Although EECs must conduct specific tactical training in garrison, they are not indoctrinated to it as are military personnel. Basic training, advanced individual training, officer basic and advanced courses, all condition soldiers to a battlefield environment. Soldiers receive continuous reinforcement training on these perishable skills through individual and team training at the units. Since EECs do not get indoctrinated as military personnel, their reinforcement training, which is not nearly to the level of the military, is actually initial training. The amount of training they receive is so limited that most don't even develop the necessary survival skills.

Deployability is another area of concern regarding civilian personnel. Physical fitness and medical screening requirements must be addressed when determining eligibility for deployment. Individuals must be able to withstand austere environments. Current doctrine does not address these issues. This requires them to be relatively physically fit as well as free from health issues that could hinder them from effectively executing their duties and responsibilities.

This survey questions eight through ten focused on limitations of civilian capabilities on the battlefield. The below table represents issues of concern provided by respondents to this survey. Since the same issues were represented in each of the questions, the table combines all questions into one line below the categories of concern. The number below the issues represents the number of respondents out of eleven that

addressed the respective issues (five of the sixteen respondents had no experience with forward deployed civilians and did not comment). See appendix A for questions.

Table 2, Survey questions 8, 9 and 10

Health and Fitness	Deployment Expertise	Equipment Competency	NBC Requirements	Tactical Skills	Security Requirements
4	6	5	4	5	9

Health and fitness issues ranged from being overweight and out of shape to not tolerating harsher weather and living conditions. Deployment expertise applied to the knowledge and understanding of how to operate in a field environment using available assets. Equipment competency, NBC requirements and tactical skills primarily focused on civilians’ survival and operating capabilities. Examples were given for Operation Desert Shield and Desert Storm, Bosnia, Haiti, and the Multinational Forces and Observers (MFO) in the Sinai where NBC gear and other tactical equipment was not issued to civilians. Skill in properly operating and maintaining personal and field equipment was negligible. In addition, expertise in many areas of field finance operations was found lacking. Warfighting and survivability skills, authorization and ability to bear arms, and necessary individual and team equipment are major areas concern that must be addressed when placing civilians on the battlefield. Examples of operations where they would have been hindered were Operations Desert Shield and Storm, Somalia, Bosnia and Kosovo where their lack of training and equipment would limit their effectiveness as paying agents since their mobility on the battlefield would be

greatly inhibited. Although these are merely opinions, they are based on many years of experience in providing finance and accounting support in garrison and on the battlefield. Two of the respondents were civilians and both of them addressed concerns regarding civilianizing the Finance Corps.

During Operation Restore Hope in Somalia, commands raised several issues regarding the deployment of civilian personnel. The first issue was that there was no structure developed, nor guidance given, for the accountability and care of the civilians. Civilians came into theater with a lack of training and physical conditioning. They were unprepared for the harsh conditions on the ground and had not been medically screened before being deployed. Individual equipment such as protective masks, flak vests and weapons had not been issued to them. Lastly, billeting, food, transportation and general welfare requirements had not been arranged to meet their requirements (*Operation Restore Hope, 3 Dec 92 - 4 May 93. 1993, II-10-18*).

### Subject Area 3

Subject area 3 focuses on resolving problems and goodwill toward the troops, local civilians, contractors, and foreign government officials. The best way to resolve battlefield problems is to maximize your flexibility on the battlefield. By limiting the methods in which finance services can be provided, you lose that flexibility. Ten out of sixteen survey respondents stated concerns about attempting to make contractor payments through automated systems outside of theater. The ability to work on the ground to resolve issues regarding invoice discrepancies and receiving report requirements will be a critical need on the battlefield. Eight out of sixteen survey respondents considered cashier services an area of concern. Smartcards and ATMs are only good in secure areas

and only limited quantities of ATMs are available. IMPAC and travel card usage is only as effective as the infrastructure that supports them. Eight out of sixteen survey respondents stated concerns that the supported commanders would not have confidence in civilians on the battlefield regarding their survival and tactical skills, as well as the need to divert personnel and equipment to support their requirements.

In survey question numbers one, two, and three, thirteen of sixteen respondents addressed civilianization concerns applicable to Subject Area 3. The major concern was the ability to provide responsive and flexible service on demand. On many occasions finance personnel are called on to perform unusual duties. One example by a respondent was forward EPW operations during Operation Desert Storm. During that operation several finance personnel were tasked to move forward on the battlefield and conduct EPW operations. Because they were properly trained and equipped, they were able to accomplish the mission with no problems. Civilians do not receive the training and indoctrination that soldiers receive in order to accomplish such missions. Commanders would be hesitant to task civilians to conduct such operations. Another issue brought out in survey questions one through three was the limits of authority to task civilians for certain missions. Given the constraints, some commanders would find it very difficult to task civilian finance personnel to perform any tasks that put them in harm's way without considerable external support. This limit in flexibility could greatly hinder the overall effectiveness of the mission.

Responses to survey question number eleven addressed other taskings finance soldiers receive that would not be undertaken by civilian finance personnel on the battlefield. The taskings listed actually occurred in various recent operations. In

Operation Desert Shield and Desert Storm, finance personnel were tasked as chemical survey teams to detect chemical contamination in designated base clusters. Also in Operation Desert Shield, finance personnel were used as cargo handlers as they developed the theater of operations. Guard duty has been performed by finance personnel in almost every recent operation. Finance personnel were also used for quick reaction force (QRF) duty in Haiti, the Sinai, Somalia, Bosnia, and Kosovo. These tasks could be shifted to other personnel. However, the more limits you place on commanders in the use of available personnel, the more you limit their flexibility in accomplishing their missions.

When asked if it is feasible to civilianize the US Army Finance Corps, seven respondents said yes and nine respondents said no to the question. All but one of the respondents that said yes also stated the same concerns that were stated by the respondents that said no to the question. Additionally, although they said it could be feasible, it might not be worth the cost given the few personnel the Army would gain as opposed to the flexibility and responsiveness it would lose.

Overall, subject areas 2 and 3 demonstrate major concerns regarding the complete civilianization of the Finance Corps. Although complete civilianization is feasible, it is an area of great concern that must be addressed. Perhaps LTC Arteaga, in his USAWC research paper, provided a very reasonable alternative. His conclusion was to eliminate the bulk of TDA Finance Corps soldiers, simultaneously reducing the number of TOE units and reorienting the peacetime functions and training to performing and polishing wartime functions. Also, a suggestion made by one the survey respondents was to keep the Finance Corps, but place the bulk of the personnel in the reserve component much

like Civil Affairs is organized. The remainder of the required finance support would then be civilianized. The reserves would train at OPLOCs to maintain their finance skills and be ready, along with some civilians to augment the active finance personnel during surge requirements. Two other respondents also stated that the Finance Corps could perhaps civilianize more of its personnel, but should not completely civilianize it. Regardless of how the Finance Corps is structured, all individuals (civilians and soldiers alike) must have the proper training and equipment to deploy to the battlefield and execute finance missions on the ground. Service from rear areas along with the implementation of new systems and procedures should considerably reduce the workload for finance on the battlefield, but it will not eliminate it.

## CHAPTER 5

### CONCLUSIONS

#### Introduction

The Finance Corps has the ability to provide all necessary battlefield finance support. It can sustain itself and provide its own security and force protection requirements. These components allow it be extremely flexible in a time of war. With the changing battlefield environment, flexibility will be a critical ingredient to successful operations. With less than one percent of the Army's total force strength, is civilianizing the Finance Corps worth giving up this capability?

#### Subject Area 1

Subject Area 1 examined specific missions within each of the major areas of support. These areas are: (1) military pay support for active and reserve soldiers, (2) travel support for all branches of service and DOD civilians, (3) contract payment support, (4) foreign claim payment support, (5) bounty program support, (6) disbursing operations, (7) savings deposit plan support, (8) enemy prisoner of war processing, and (9) accounting support. After analyzing the different missions within the Finance Corps to determine potential methods of performing them, all missions appeared to be feasibly accomplishable by civilians. However, some missions would require civilians to deploy to the theater of operations. Respondents to the survey believed that although military pay and travel support on the battlefield would be minimal, there would still be some need for these support requirements. Contract payment processing and disbursing operations would continue to be major support requirements on the battlefield. Battlefield finance support needs were addressed in lessons learned in documents

covering Macedonia, Rwanda, and Haiti. Although the use of paying agents is an excellent method of providing necessary finance support in remote areas, it should not be relied upon to provide all the finance support needs. In using the examples of Haiti, Rwanda, and Somalia, there would be too many paying agents with too few dollars and too many restrictions to provide adequate support under all circumstances.

Given the requirement to deploy finance support elements to the battlefield, there are certain limitations with civilians which must be addressed. These limitations are: tactical skills, lack of organic equipment, and movement outside secure areas. If the Army provides all the necessary external support requirements to a civilian finance support element, they can accomplish the mission.

### Subject Area 2

Sustainment and force protection concerns hinder civilians from performing their finance missions in five ways: being properly trained on tactical survival skills, being physically fit with no medical problems which might inhibit the mission, providing own security for base operations, directly providing finance support in unsecured areas, and providing their own sustainment. Although limited mobility can be overcome through the extensive use of paying agents, it will also increase the risk for loss of funds and the accountability of transactions. Also, this method greatly limits the flexibility on the ground in providing the necessary support to the operations. The Army must address all of these issues if it is to civilianize the Finance Corps. The survey results indicated major concerns regarding the health and fitness of civilians, deployment expertise, equipment competency, NBC requirements, tactical skills and security requirements. The lessons learned in Somalia identified much of the same issues as problems which the command

had to resolve in theater. The issues of greatest concern are security (of funds and personnel) and lack of transportation. In order for civilians to deploy to the battlefield, these issues must be resolved.

### Subject Area 3

The major concern in subject area 3 is the flexibility in providing necessary finance support on an asymmetrical battlefield or in remote locations. The limited resources and need to use other units' personnel and equipment could hinder some operations. The lack of training and experience in tactical environments by civilians could jeopardize lives or change plans in order to accommodate the situation. Although feasible, it may be sacrificing too much in order to meet its objective. The other issue is with the commanders' flexibility to use personnel where needed. Survey responses provided specific examples where there was a definite need for finance soldiers to perform missions other than their normal finance duties. These duties ranged from guard duty, to cargo handling, and even EPW operations in forward areas. With civilians, this command flexibility becomes much more limited.

### Recommendation

Overall, new systems and procedures are being developed which will greatly decrease the finance support workload on the battlefield. Once implemented, DIMHRS and DTS will allow military pay and travel support to be conducted almost entirely from rear areas. The paperless contract systems being developed and implemented will provide the ability to pay most US contractors and many foreign contractors remotely, provided the infrastructure is on the ground to support it. Given all these advancements there will continue to be a need for battlefield support in all of these areas. Although the

support should be minimal in military pay and travel, the volume of support needed for contract payments and disbursing will continue to be large.

With immature theaters rising up all over the world and today's battlefield becoming more and more asymmetrical, the Army needs the flexibility to provide necessary finance support without delays or disruption. Although it is feasible to use civilians for all finance support, it is not practical to completely rely upon them for all battlefield finance support. Technology can only be leveraged so far on a battlefield. When you rely on support from the local area, you must also interface with the local populace. This applies to finance support as much as anything else. As stated earlier, the US Army Finance Corps has just over 3,000 soldiers. This comprises less than one percent of the total Army's military strength. With this small percentage of soldiers, the US Army receives the capability to provide fully deployable finance and accounting support worldwide. Since the workload of the Finance Corps is decreasing as new systems and technologies are being developed and implemented, perhaps the best solution is to minimize the active duty finance personnel, while maintaining a force structure capable of deploying anywhere, anytime to meet the challenges of any battlefield environment. The active and reserve finance forces should remain under a TO&E structure in order to allow them the capabilities necessary to meet all battlefield finance needs. The remainder of finance support could be provided by civilians, to include many battlefield environments. Individual and organizational tactical equipment must be maintained for such contingencies. In addition, tactical training on equipment and battlefield survival, to include weapon proficiency, must be addressed in civilian battlefield doctrine. Lastly, units must be designated in plans and orders to provide

sustainment and operational requirements to civilians. Also, an increase in designated EECs in CONUS would be required in order to provide the necessary finance support in those theaters which are more established and have the infrastructure to support a more stationary finance element. This would minimize the risk of impaired missions due to an inflexible finance support system. Without flexibility, the Army could jeopardize mission success because of self-imposed limitations placed upon the ability to develop an immature theater and sustain the battlefield environment.

## APPENDIX A

Questionnaire for MMAS thesis (*Can the US Army Afford to Civilianize the Finance Corps?*) by Major David D. Dilks, survey number 02-022, DAD, CGSC.

1. Do you believe it is feasible for the US Army to completely civilianize the Finance Corps with government employees? (Why or why not?)
2. There is a proposal to merge finance and resource management functions (FI-RM). Is this a good idea? (Why or why not?)
3. What barriers do you see to civilianizing resource management functions?
4. What requirements do you see for travel services on the future battlefield?
5. What requirements do you see for military pay support on the future battlefield?
6. What requirements do you see for cashier services on the future battlefield?
7. What commercial vendor support issues do you see that may limit the procedures for payments on the future battlefield?

8. Have you ever experienced (directly or indirectly) any situations on the battlefield in which civilians might have been hindered in serving as paying agents or disbursing officers? (If so, what were the hindrances, where and when?)

9. Have you ever experienced (directly or indirectly) any situations on the battlefield in which civilians might have been hindered in conducting activities such as claim processing, enemy prisoner-of-war processing, weapons-for-cash programs, or bounty programs? (If so, what were the hindrances, where and when?)

10. Have you ever experienced (directly or indirectly) any force protection or sustainment issues on the battlefield which might hinder the conduct of finance operations in theater by civilians? (If so, what were the hindrances, where and when?)

11. Have you ever experienced special requests from commanders on the battlefield which civilians might not be able to adequately meet? (If so, what were the requests, where and when?)

12. Additional comments regarding civilianizing the Finance Corps.

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