



Above: NCOs work on projects during the Finance Corps Senior Leader Course at Fort Jackson, S.C. (Photo by Clifford Kyle Jones)

Finance Corps Has History of Meeting Challenges

By Clifford Kyle Jones

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The smallest branch of the U.S. Army is also one of the oldest. The Finance Corps, which just like the Army traces its roots to even before the country's Declaration of Independence from Britain, makes up only one-half of 1 percent of the service. But its outsize role in Army operations means every Soldier is touched by the Finance Corps — in-garrison, and even more directly during deployments.

From its earliest history, what would become the Finance Corps was responsible for Soldiers' pay. The Second Continental Congress named the first paymaster general, James Warren, in July 1775.

"He was actually a civilian. He wasn't a general, but he was a paymaster general," said Robert McConnell, curator of the Finance Corps Museum at Fort Jackson, S.C. "He was essentially in charge of the finances of the Continental Army under George Washington."

Once the war was under way, McConnell said, "paymasters were appointed from the regiments and battal-

ions within the Continental Army, and it was basically on-the-job training. They would choose somebody who had some financial acumen, as opposed to someone who was actually a paymaster in the past."

Throughout its history, the Army has experimented with assigning finance duties to Soldiers with various levels of training and other responsibilities. But these days, solely Finance Corps are dedicated to the Army's fiscal missions and are provided extensive education, both in the Army's academies and through outside educational opportunities. The Finance Corps has also transitioned from the officer-heavy branch it was in its early days into a corps that depends on the ability, training and intelligence of its noncommissioned officers.

"We still have the honor and privilege to do military pay and to take care of Soldiers' pay as one of our missions. But there are other things we do," said Command Sgt. Maj. Jeffrey C. Green, command sergeant major of the U.S. Army Financial Management School at Fort Jackson who is also the corps and regimental command



Command Sgt. Maj. Jeffrey C. Green, command sergeant major of the U.S. Army Financial Management School at Fort Jackson, speaks to a company of students at the school. (Photo by Clifford Kyle Jones)

sergeant major.

Pay support, in fact, is only one of the Finance Corps' competencies, Green said. The competencies are split between two major areas: resource management and finance operations. Resource management includes funding the force and cost management. Finance operations include pay support and banking and disbursing. The three remaining competencies — financial management of planning and operations; internal controls; and accounting support — span both resource management and finance operations.

"The smallest piece of it is the accounting piece. Banking-disbursing is a big piece — including paying contract pay — especially involving contingency contracts and whenever we're deployed. Whenever we're deployed, probably the two biggest things are the disbursing piece and resource management — actually dealing with budgets."

Refining the Finance Corps role

The Army underwent several major transitions, both during wartime and peacetime, before the Finance Corps' importance was clearly recognized and its duties clearly delineated.

For much of the time before World War I, the country struggled with the value of its paper currency. During the Revolutionary War, when no one knew whether the American Revolution would be successful, the value of the currency the Americans issued fluctuated wildly. In the period around the Mexican-American War (1846-1848), much of the country operated using regional currency. This meant states or smaller regions issued their own currency, and it might not be recognized by neighboring states. At that time, the federal government paid its Soldiers using hard currency — actual coins

containing gold or silver — but even that was cumbersome, because although it had a consistent value, it was difficult to transport and carry. During the Civil War (1861-1865), competing Confederate and Union currencies often fluctuated with the gains and losses of the war effort.

In the latter part of the 1800s, the United States was able to stabilize its currency. But by the early part of the 20th century, its Army's paymasters were struggling, and they were about to meet one of their biggest challenges as World War I broke out.

"The National Defense Act of 1912 consolidated finance, administrative and supply under the Quartermaster Corps," McConnell said. "So they were making pay clerks do supply and admin duties. That would be like taking somebody who was an admin clerk and having them do pay and supply — you might be typing something, and then you'd have to go pay somebody, and then you'd have to go get something out of the supply room for somebody, so you can imagine, the continuity was not too good."



An exhibit at the Finance Corps Museum highlights Maj. Richard Wright, who was appointed as a paymaster during the Spanish-American War. He was a volunteer Soldier in a unit of black Soldiers. Wright, who was born a slave, later became president of Atlanta College and then moved north and becomes a banker. He established one of the first successful African-American banks. One of his goals was to get a Black History Day, and he petitioned several presidents. In 1946, he petitioned President Harry S. Truman. Wright died that year, but in 1947, Truman signed into law Black History Month. Wright was instrumental in getting that legislation passed.

"Pay during World War I did not go smoothly," he said.

Recognizing the challenges that the blending of duties created, Congress passed additional legislation during World War I to try to correct some of the problems.

"In order to make sure that Soldiers who were acting as pay clerks weren't getting shanghaied, so to speak,

they made them all second lieutenants,” McConnell said. “So they were all officers near the end of the war. That was the short-term solution.”

After the war, in 1920, Congress created the Finance Department under Brig. Gen. Herbert Lord, who had served as the head of finance under the Quartermaster Corps during World War I. The creation of the department marks the official beginning of the finance branch.

“It’s at that time that Lord establishes an enlisted and an officer finance school in Washington, D.C.,” McConnell said. “So they’re actually committed to training people as finance personnel. Prior to the end of World War I, it’s kind of catch-as-catch-can. Lord is a major figure in the transition of Army pay to a professional branch. He’s instrumental in that transition — moving the Army away from a mixed position of Soldiers doing more than one job and finance being only an aspect of it, to these are finance designated roles.”

Before there was another major wartime test of the U.S. military pay system during World War II, the Finance Department faced a major peace-time test of its operations when President Franklin D. Roosevelt tasked it with overseeing one of the administration’s New Deal economic recovery efforts, the Civilian Conservation Corps. The CCC provided young men who couldn’t find work during the Great Depression with jobs intended to help conservation efforts on government lands.

“The Finance Department did not get any augmentation in administering the CCC,” McConnell said. “They had to essentially hire civilians for their pay offices, train civilians who seemed to have financial acumen, or even train Soldiers in order to expand their pay offices in the CCC. At each camp, they had a pay office, obviously. But they would have to train them on-the-spot. It was quite a bit to ask of somebody.

“The lasting importance of [the CCC] was that a lot of these guys who got discipline and training were later drafted or joined the services after their Civilian Conservation Corps service,” he said.

Finance in Pacific, Europe

World War II, with its multiple theaters of operation and back-and-forth acquisitions of territory, created new challenges for military pay. Near the end of the war, for instance, service members stationed in Hawaii were paid with notes that were only good in Hawaii. When Soldiers left, they were required to cash in that scrip for actual currency. This was a lesson the United States learned after losing the Philippines to Japan.

“If Japan had invaded Hawaii, we would have been able to declare that (money) worthless, which is not what happened in the Philippines,” McConnell said. “When



A World War I-era picture shows the Finance School in Washington, D.C. (Photo courtesy of Finance Corps Museum)

the Japanese captured the Philippines, they captured a number of banks, including the main one in Manila, which was basically like capturing a Federal Reserve bank. It had gold and silver deposits in it and a lot of federal greenbacks. The Army tried to get rid of a lot of it, and they did manage to sink some in the harbor — they wrote down the coordinates and were able to get that later. But a lot of it, the Japanese captured. It was legal tender, and they had a hold of it.”

And it wasn’t only the enemy the United States had to worry about. During the Allied occupation of Europe after the war, the Russians badly devalued the Allied deutsche mark in Germany by printing too much currency and requiring their soldiers to spend any marks before they left Germany.

Even with those challenges, the Allies were able to stabilize the European economy shortly after the end of World War II — in no small part through the disbursing efforts of the U.S. Army’s Finance Department.

“Germans decimated economies by undermining currencies and drawing off workers,” McConnell said. “American and British currency helped stabilize Allied countries after German occupations.”

During the war, the Finance Department played a major effort, as well. One of the first American units ashore during the invasion of Normandy was the 136th Finance Disbursing Section.

“They actually set up a pay facility on the second day, June 7, 1944,” McConnell said. “They had four duffel bags full of Allied military currency — it would have been francs — in waterproof bags that were under lock. If the transports were sunk, they might be able to recover them. One of them was (sunk), but somebody grabbed the bag and brought it up on the beach. The unit found it, and they were able to pay Soldiers out of it.”

After World War II, in 1946, the Army Finance Center was established in St. Louis. That site didn’t last

long, though. The center had been established in an old munitions factory, and when the United States entered the Korean War in earnest in 1950, the Finance Center had to be moved when the munitions factory was put back into use. Maj. Gen. Emmett J. Bean, the head of the Finance Department at the time, began the process of moving the Finance Center to Fort Benjamin Harrison, Ind., where it would stay until the 1994 Base Realignment and Closure process moved it to Fort Jackson. The Finance Department officially became the Finance Corps in 1950, as well.

“There were 6,000 workers in St. Louis, at its height, and it was all manual pay; there was no automation at all,” McConnell said. “By the 1960s, when [the Army] automated check printing, they were down to 2,600.”

The shift from manual pay to automated pay marked the beginning of a period of rapid technological changes that affect the Finance Corps even today. McConnell said that change exemplifies the many times the Finance Corps has been at the forefront of Army innovation.

“Finance is one of the leaders in Army automation,” he said. “They were using computer punch card as checks — your paycheck would be a computer punch card — until we eventually went to direct deposit.”

The large, loud punch card machines used to automate the pay process were in use through the Vietnam War and into the 1980s.

Finance Corps overseas

After the shift to direct deposit in the 1980s, the Finance Corps played an integral role in Operations Desert Storm and Desert Shield.

One of the exhibits in the Finance Corps Museum features an anti-aircraft machine gun captured by the 7th Finance Group. It illustrates the “war trophy” aspect of that conflict, because U.S. forces “captured a lot of Iraqi weapons,” McConnell said.

In addition to being responsible for accounting for and tracking seized weapons, the Finance Corps was responsible for the belongings and finances of prisoners of war. When one of the numerous captured or surrendered Iraqis entered into the U.S. Army’s care, a Finance Corps Soldier accounted for his weapons, his currency, any photographs that might be of military value, and “even his ID card, because it might show what unit he was with,” McConnell said. POWs were left certain essentials, such as their gas masks in case of chemical or biological attack, and were paid in U.S. Army scrip.

“The finance person who would actually account for [their belongings] would return them after they were released. But they were prisoners,” he said. “It’s analogous



An exhibit highlighting the Finance Corps’ work in Iraq shows some of the fake gold bars seized. (Photo by Clifford Kyle Jones)

to going to jail: We take your stuff, but you get paid.”

The museum also features numerous items and photos from the 2003 invasion of Iraq, including uncut counterfeit dinars and stacks of fake gold bars.

“There was quite a bit of counterfeiting going on even before we arrived,” McConnell said. “And then, we actually contributed to that. We wanted to destabilize the dinar and make it worth less. I’m guessing [the zinc and copper bars made to look like gold] were going to be used to fool somebody into getting hard cash, probably U.S. dollars.

“Iraq had quite a bit of U.S. cash and was always making weapons purchases on the gray market,” he said. “They would buy up demilitarized equipment and get hardware to add on to it. For instance, they would buy French Gazelle helicopters, then they would buy used TOW (tube-launched, optically-tracked, wire-guided) antitank missiles and mate those parts together for an antitank helicopter. Iraq was notorious for that, and



dollars are good for buying weapons.

"I had the Finance NCO and Soldier of the Year come by last year, and I gave them the tour," he continued. "And the Finance NCO of the Year, Staff Sgt. Brian Hicks, was in one of the details to count some of this stuff. They were wearing PT uniforms, because it was so hot. And he was inside this huge steel safe that was inside a huge Iraqi aircraft hangar. He said this safe was so big you could drive a truck into it. He said they would be counting money around-the-clock, seven days a week for at least two weeks. He said he was never more glad for a job to end than that one. They had to account for all that — the dollars, the dinar, the gold — then catalog it and eventually get it moved out of Iraq."

As the mission changed in Iraq, so did the duties of the Finance Corps.

"The [Finance Corps'] Resource Management Office was in Iraq at the end," McConnell said. "They were responsible for reconstruction; the goal was basically to win hearts and minds. They worked on manufacturing, electrification, water (pump) repair, hydroelectric projects, repairing oil facilities — one of Iraq's major economic sources of income. It was the things that would enable the U.S. to pull the civilian community away from terrorist groups, or at least would limit the influence of al-Qaida and other groups that were in Iraq. So the Resource Management Office was instrumental in how this money would be spent, and then they would have to account for how that money was being used."

Peacetime challenges

As the nation's wars wind down, the Finance Corps finds itself with new peacetime challenges. In fact, it is in the midst of one of the biggest transitions in its centuries-long history, Green said. Military pay, which Green said has been the highest-profile mission of the Finance Corps throughout its history, is being shifted away from the branch and will become an administrative duty handled by a new system, the Integrated Personnel Pay System for the Army, in 2016.

But the Finance Corps will still have plenty to do, Green said. Of the corps' domains, funding the force — part of resource management — has been the most severely tested recently. When plans are developed by the president and other top military leaders, the Army develops budgets based on those plans.

"What we do is we execute budgets for commanders," Green said. "That's the resource management side; we manage those funds for those commanders. We do budget analyses to tell them: This is how your money's being spent; this is how much money you have to spend. Especially now, since we were just told about the budget cuts, we've been really busy."

Even before the budget cuts became reality, the Finance Corps was undergoing a major transition in its resource management duties.

"Fund the force' is the resource management and budget piece, and that's probably the biggest challenge we have today as far as (what we teach in) our schoolhouse," Green said. "We have a new system that has come on board — it's the General Fund Enterprise Business System — so we need to make sure that everybody's trained on that."

GFEBS is a web-enabled financial, asset and accounting management system that will share data across the active and Reserve components. It will replace more than 80 legacy systems and is intended to give Army leadership more reliable and consistent financial data. It will also make the Army's accounting statements auditable for the first time.

"Right now, our financial statements are not auditable," Green said. "When you deal with the civilian side and civilian accounting, that kind of blows your mind. You have to have that; that tells you whether you're doing everything right or not, and that's the problem: We don't have it. ... GFEBS is what's going to help us get there."

"It's a very strict system. It's not something easy," Green said. "That's why we're doing a lot of training now. That piece of it — having auditable financial statements — is huge in what we're working toward. That's properly accounting for all the funds that we've been given correctly."

Dennis K. Davis, the Financial Management School's deputy commandant, said that by 2015, "big Army has to be able to certify that our books are in balance."

"It's like running a private company," Davis said. "You want to be able to account for what the overhead of running this company is, what the light bill is, what the goods and services are to run your company. The Army is not about profit, but we still have a responsibility to account for the monies that Congress give us: How is it spent? What part of it has to deal with infrastructure? Roads? Energy?"

"So GFEBS will lead us to be able to have what are called lines of accounting that will tell Congress, this is how we spent the money you gave us. We weren't able to do that — not with any fidelity, not with any certainty."

Shifting how they train

Davis was a sergeant major with the Finance Corps and joined the school after his retirement from active duty in 1995. He became the deputy commandant in 1999. He said the new roles and responsibilities, particularly those of enlisted personnel, have required a shift in the way the school trains and a new reliance on the intelligence and abilities of noncommissioned officers.

“We still teach financial management, arithmetic, accounting; 1+1 should still equal 2,” he said. “But sometimes you can buy this stapler for \$10 or you could buy this other one for \$15, and you may think that you’re getting a better deal if you buy this \$10 one. But it could be that buying this \$15 stapler is a better deal because it lasts longer, and you don’t have to replace it as often. As far as training is concerned, we focus on teaching Soldiers how to think instead of what to think, so that, when you’re trying to make a decision about best value for the Army, you consider the second- and third-order effects.

“That’s how I think our POI — programs of instruction — are changing,” Davis said. “It’s also changing in the sense that we are treating the students as equal partners in the education process. They aren’t coming to us as a blank slate. They’re coming to us having been in various job assignments where they’ve accumulated or acquired some experience. So while the instructor — and we’ve even changed the name from “instructor” to “facilitator” — has a guide, a program of instruction, that he has to follow, we can draw on the collective student body to help shape the direction of the learning. We don’t dwell on something just because it’s in my POI if my class is already there. We can accelerate the training process, accelerate the learning and the education.”

Davis noted that he read an article recently titled, “Is the Army Ready for Smart Sergeants?” He said he already knows the answer.

“The Army always has been ready, but now it’s more open and upfront with leveraging the talents of those smart sergeants,” he said. “If you were to walk through this organization, you would see the deputy commandant, a former noncommissioned officer, advising the chief of the corps. I didn’t just wake up and be the deputy commandant. The education and the preparation that got me here was as a noncommissioned officer. The strategic integrator integrating the actions across the corps for us in this school is a former noncommissioned officer. If you go through the hallways, you’ll see (retired) noncommissioned officers working as instructors. The technical knowledge and smart underpinnings were always there. I recognize that the Army is a hierarchical organization, but we (NCOs) have always been there providing that support to the decision-making process of officers.”

Those critical thinking skills will become ever more important as enlisted personnel get more responsibility and autonomy in their decision-making, Green said.

Currently, he said, about 20 percent of enlisted Finance Corps Soldiers handle resource management and about 70 percent handle financial operations, such as pay support, banking and disbursing, and internal controls. The remaining 10 percent perform functions such as duties at the finance school, acting as drill sergeants and working in recruiting.

On the officer side, though, those percentages are reversed, with about 70 percent working on the budgeting and analyses involved in resource management.

“That’s something we’re trying to change,” Green said. “We have a conference that’s going on right now that’s looking at [financial management] transformation and how we’re going to be structured — how does Finance need to be organized and structured?”

Green said that in addition to the significant technological and process changes that are forcing the Finance Corps to reconsider its structure and functions, the past decade of war has shown another area that needs careful consideration as the Finance Corps transforms: training.

“At this time in finance history, we’re probably looking at some of the biggest changes, because we’ve been told by the Pentagon that we need to do a complete study of how we’re set up in-garrison and how we deploy,” Green said. “Sometimes there’s a mismatch between what we do — because what we do when we’re here isn’t what we do whenever we’re deployed. So we need to make sure that we’re trained. We don’t have the opportunities to train like we need to in-garrison.

“For example, on the banking and disbursing piece, whenever a Soldier’s here, nobody needs to come to us to write a check or get cash handed to them because there are so many banks, ATM machines and all that. We’re not needed to do that,” Green said. “Also, we do a lot of contract payments whenever we’re deployed, but we don’t have the opportunity to do that while we’re here on the installation. The bulk of what we do when we’re deployed — which is disbursing and contingency operations payments — we don’t do that while we’re in-garrison. That’s the challenge: making sure that we cover the capability gap between the two. How do we do that? How do we train here in-garrison so that we’re able to do our mission better whenever we deploy?”

Green and Davis have no doubt that the Finance Corps will transition once again to remain relevant to the Army and to the nation.

“For the Finance Corps, the mere fact that the word ‘corps’ is in there speaks to the military piece. But what we do is bigger,” Davis said. “We account for the nation’s fiscal resources. We have organizations, formations that are populated with Soldiers, that not only pay Soldiers but also develop budgets and then account all the way back to Congress for the appropriations that Congress has approved for national defense. So we are the nation’s military purse-keepers, both in terms of identifying what the fiscal requirements are, executing it and then reporting back to Congress how we spent it.”



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