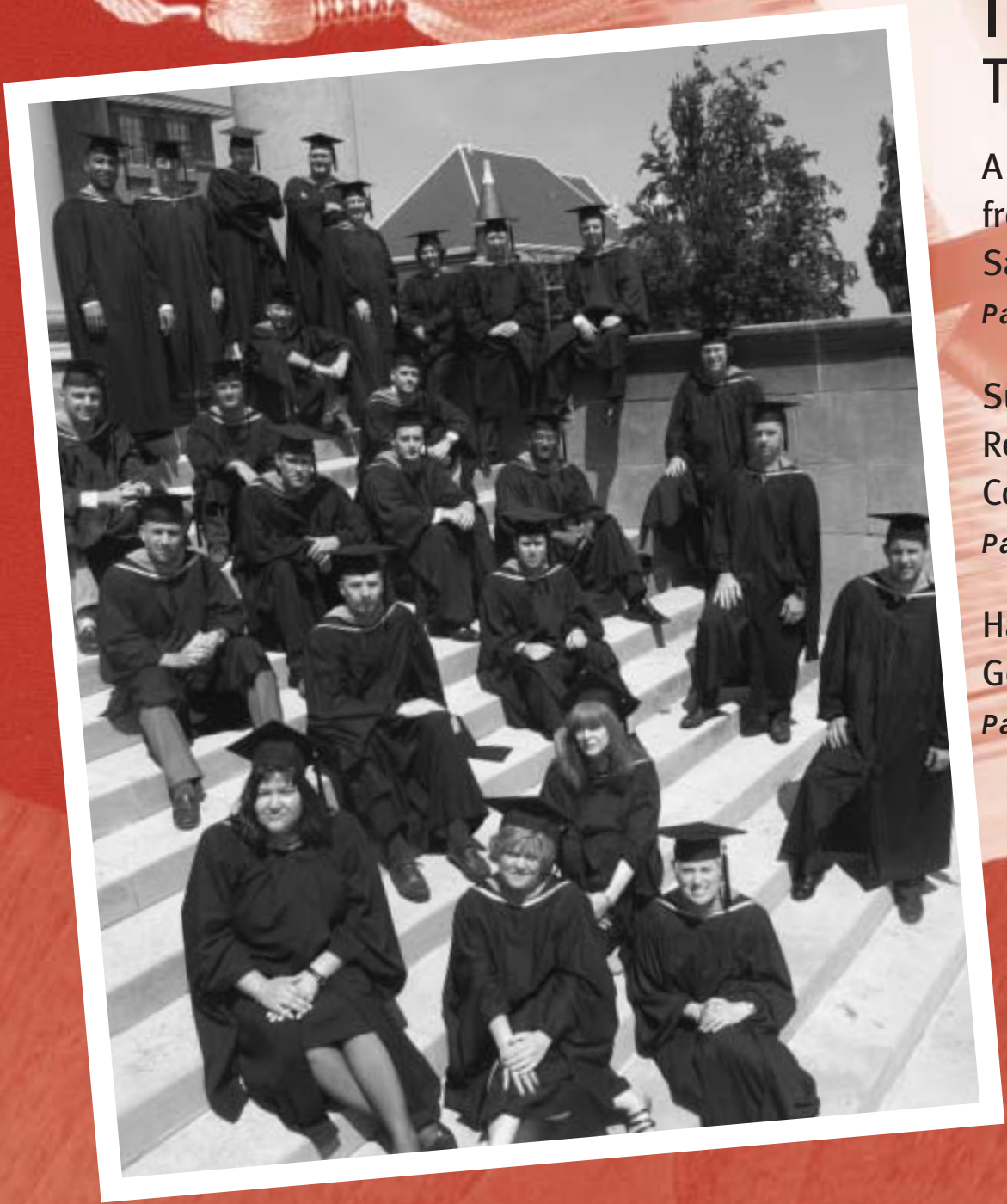
RESOURCE MANAGEMENT

4th Quarter 2003



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This medium is approved for official dissemination of material designed to keep individuals within the Army knowledgeable of current and emerging developments within their areas of expertise for the purpose of professional development.

By order of the Secretary of the Army:

Peter J. Schoomaker

General, United States Army
Chief of Staff

Administrative Assistant to
the Secretary of the Army

Joel B. Hudson

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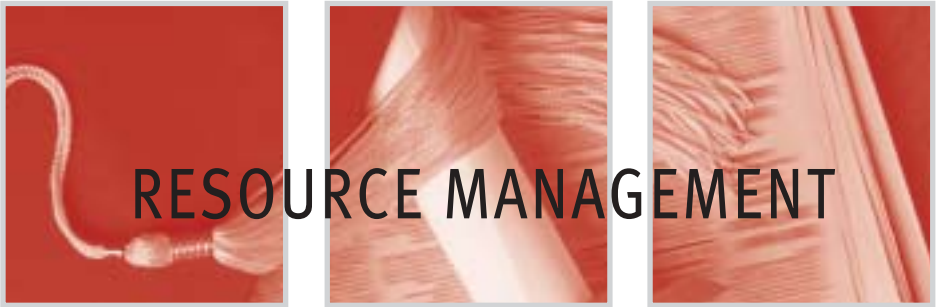
Assistant Secretary
of the Army
Financial Management
and Comptroller

Sandra L. Pack

Managing Editor,
the Pentagon

Wilett Bunton



RESOURCE MANAGEMENT

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A Farewell Message from the Assistant Secretary of the Army

Financial Management & Comptroller

The Honorable Sandra L. Pack

I am writing to let you know that I will depart the U.S. Army in early December to join the Bush-Cheney 2004 Campaign Committee as Chief Financial Officer. Although I am excited about my new role, I know that I will miss the Army and, most especially, the Army people.

Serving as Army Assistant Secretary has had a profound effect on me. The experience has been deeply enriching; the Army has educated me and broadened my understanding of national security. I hold the utmost admiration for the noble men and women, both uniformed and civilian, who dedicate themselves every day to protecting our freedom, our values and our families.

Before I depart, I would like to thank each of you for your service, your commitment and your collaboration during my Army tenure. I wish you the best and I hope that we will have the opportunity to work together again in the future.

Sincerely,
Sandra L. Pack

Mr. Ernest J. Gregory

PRINCIPAL DEPUTY ASSISTANT SECRETARY OF THE ARMY

FINANCIAL MANAGEMENT AND COMPTROLLER

Lieutenant General Jerry L. Sinn

MILITARY DEPUTY FOR BUDGET, ASSISTANT SECRETARY OF THE ARMY

FINANCIAL MANAGEMENT AND COMPTROLLER

A Renewed Emphasis on Controls

For resource managers, Priority No. 1 will always be to obtain the resources our Army needs to carry out its challenging, critical missions. And when those missions include, as they do today, combat and post-war operations, the importance of our task takes on even greater significance. But our key tasks don't end when we submit our budget requests or when our higher headquarters approves our budgets. After we have obtained the resources we need, then Priority No. 1A—the establishment and maintenance of effective resource stewardship—comes to the forefront.

In the coming year you will see an increased emphasis on financial and management controls, as we take positive actions to improve our stewardship of the resources we have been entrusted with. There are two reasons for this heightened focus on controls. First and foremost, it is our responsibility to assure the American people that the public funds we have been given are used as intended. Second, when we recognize that the Army budget in FY04 could reach $130 billion or more when our regular and supplemental appropriations are combined, the importance of controls becomes even more evident. If we are able to implement improved controls that affect just 1 percent of the budget, we will be making better use of more than $1 billion. Controls can be a powerful way to leverage our resources and assist us in better achieving Priority No. 1.

We began our increased emphasis on controls in early September when the Honorable Sandra Pack, the Assistant Secretary of the Army (Financial Management & Comptroller), hosted the Summer 2003 Army Resource Managers' Conference. We devoted a significant portion of the conference to a discussion of controls from numerous perspectives, to include the theoretical framework, the auditor's view, the private sector perspective, and the view from inside a program executive office. Each of the briefers made it clear that the establishment and maintenance of effective controls is essential to the success of any organization.

In an effort to provide a common focus on the way ahead for the entire financial management community, Mrs. Pack has commissioned a team to develop a roadmap to guide us in this endeavor. This team of outstanding professionals will quickly analyze the current control environment and recommend courses of action we should/must collectively pursue to improve our control measures and performance metrics across the Army.

Resource managers at all levels must be actively engaged, working to continuously improve the controls environment used to manage all Army resources. Whether you are a MACOM comptroller responsible for establishing command-wide policy, or an installation analyst who assists functional managers in developing adequate controls over their processes, each of you plays a part in helping us carry out our resource stewardship responsibilities and in helping to ensure that our resources are used effectively to support the finest Army and the finest Soldiers in the world.

Summer 2003 Army Resource Managers' Conference

By Mr. Joe Romito

As reported in previous editions of Resource Management, the Honorable Mrs. Sandra Pack, the ASA(FM&C), has instituted a series of conferences to help Army resource managers carry out their challenging missions. The second of these conferences, the Summer 2003 Army Resource Managers' Conference, was conducted 8-10 September at the Georgetown University Conference Center in Washington, D.C.

Conference Objectives

The conference series has several overarching objectives, and more specific objectives are established for each event. The overarching objectives are to:

- Maintain a focus on the warfighter.
- Provide a regular forum for members of the resource management community to share information.
- Enhance teamwork and networking opportunities.
- Provide opportunities for members of the community to gain an appreciation of the broader world in which resource managers operate

The specific objective for the Summer conference was to focus on the area of financial and management controls, a subject that will receive significant management attention in 2004.

The Warfighter

Consistent with Mrs. Pack's objective of ensuring that resource managers maintain a constant awareness of their ultimate customer — soldiers on the front lines — the initial conference presentation was made by Colonels Dan Allyn and Dave Perkins, brigade commanders in the 3rd Infantry Division, who led the successful attack into Iraq and Baghdad during Operation Iraqi Freedom. In describing the operation, Colonels Allyn and Perkins spoke vividly of the dedication, sacrifice, and valor of the American soldier, traits that were displayed routinely during the campaign.

Focus on Controls

Following this stirring presentation, most of the first day of the conference was devoted to a discussion of financial and management controls.

Mrs. Pack noted that the Army demands a lot from its commanders, expecting them to carry out their assigned missions and to maintain fiduciary responsibility for resources. But since these expectations are not always accompanied by training and education in the required skills, it is the resource manager's task to assist the commander. Resource managers owe it to their commanders to have a full understanding of their missions, and to give them the advice and support they need to execute those missions while still maintaining proper resource stewardship.

At the Army level, Mrs. Pack has established the goal — admittedly a stretch goal, one that will not be easily achieved — of receiving a clean audit of the Army's financial statements. Achieving this goal will be a clear signal to stakeholders, the American public, that the Army's financial house is in order.

To help reach this goal, the ASA(FM&C) has established the Management Control Project, a special 60-day effort to develop a

roadmap for a robust internal control structure for the Army. Commanders and resource managers can expect to hear more about this project in the coming months.

Mrs. Pack summarized her opening remarks by noting that the area of financial and management controls is one where a small amount of progress can reap huge dividends. For example, if increased attention to improved controls enables the Army to make better use of just one percent of its regular and supplemental budget in FY04, that would mean that more than $1 billion had been put to better use to support our soldiers and their missions.

Additional presentations complemented Mrs. Pack's opening remarks.

Mr. Dan Murrin, a partner in the auditing firm of Ernst & Young, discussed controls from the auditor's perspective. Mr. Murrin's presentation was not focused solely on the private sector, for he has significant experience assisting government agencies in implementing the Chief Financial Officers' Act and has had opportunities to observe public sector successes and failures in applying controls. He noted that key elements in an effective controls program include a robust risk assessment process and procedures that will prevent and detect improper actions. Attendees observed that DoD seems to be making progress in detection, but much work is still needed in the area of prevention.

The conferees also heard from Mr. Chris Kubasik, Senior Vice-President and Chief Financial Officer of Lockheed Martin, who discussed controls from the industry perspective. Mr. Kubasik noted that some of the highly-publicized corporate failures of recent years have led to the external imposition of controls that well-managed firms had been using for quite some time. He described controls as a means to an end: the means by which the company's primary stakeholders (customers, capital markets, and employees) can be assured that the company will achieve the ends they desire. The successful firm must employ an integrated set of controls, or risk management techniques, to achieve these ends, which include shareholder protection, best value, and access to required capital.

Resource Management Update

The agenda also included updates on topics of current interest within the resource management community:

- Business Management Modernization Program.
- FY05-09 Program Issues.
- FY03-04 Budget and Legislative Issues.
- Coalition Provisional Authority.

To the extent these presentations are releasable, they may be viewed on the web at http://www.asafm.army.mil/secretariat/document/rmc/rmc.asp.

Broadened Perspective

As noted, one of the continuing objectives for the series of conferences is to give members of the RM community an opportunity to consider the world beyond the narrow confines of resource management, and beyond the confines of the Army and DoD. Toward this end, the Summer conference featured keynote remarks by the Honorable Donald Evans, Secretary of Commerce, and by Dr. Robert Gallucci, Dean of the Walsh School of Foreign Service at Georgetown University.

Secretary Evans spoke of the progress being made to help make other nations more viable economic partners, an essential element for international stability.

Dr. Gallucci, whose tenure as Dean was preceded by more than 20 years with the State Department, has extensive experience dealing with the Middle East and with nuclear nonproliferation issues. He gave a thought-provoking presentation outlining the evolution of U. S. foreign policy from the early 19th century to the present day, and in so doing he discussed a range of options that might be available for dealing with current problems in the Middle East.

Looking to the Future

The series of conferences will continue in the future, and will continue to evolve. The next step in that evolution, reflecting the continuing collaboration between OASA(FM&C) and the PAED, will be an integrated conference, combining the PAED POM/Budget Offsite Conference and the Winter Resource Managers' Conference into a single event. The new event will be the Army Planning, Programming, Budgeting, and Execution (PPBE) Planning Conference. The PPBE Planning Conference will be held the week of 5 January 2004 at the Georgetown University Conference Center.

Information regarding the January conference and the overall series of conferences can be found on the ASA (FM&C) web site at http://www.asafm.army.mil/secretariat/document/rmc/rmc.asp.

About the author

Mr. Joe Romito, a Senior Research Fellow at Logistics Management Institute in McLean, Virginia, assists OASA(FM&C) and ODCS, G-8, on a wide range of projects. He is a former career Army officer whose assignments included two tours of duty at Headquarters, Department of the Army, where he served as an analyst in the DCSOPS Plans and Integration Office (DAMO-ZR) and as a division chief in the Army Budget Office.

Professional Development for Cost Analysts

By Mr. Robert W. Young

Training, Educating and Equipping our Cost Analysts

Cost analysts play a critical role in today's ever-changing Army. They are responsible for a wide range of cost estimating and financial management activities in support of the Army Planning, Programming, Budgeting, and Execution System (PPBES) process. They must be experienced, continually trained, and educated to be able to meet the challenges before them. They must be equipped with knowledge of the latest tools, techniques, technologies, and remain current in their knowledge.

Cost Analysts are in two career fields, the Comptroller (CP 11) career program and the Acquisition Category K- Business, Cost Estimating and Financial Management (BCEFM) career field.

As Comptroller careerists, Cost Analysts are required to obtain and maintain Accreditation through the Comptroller Accreditation Program. To learn more about this program, visit the Proponency Office's website at http://www.asafm.army.mil/proponency/accredit/accredit.asp The focus of this article is only on the Acquisition Certification and its training requirements for the Army Cost Analysts.

Acquisition Certification

As an Acquisition careerist, the Cost Analyst is required to be Acquisition certified at Level III, which is the mark of proficiency, within the BCEFM category. The requirements by acquisition career field may be found in the Defense Acquisition University (DAU) Catalog, www.dau.mil.

There are a number of ways to obtain the training necessary to meet Acquisition certification training standards. Among them are:

- Attend DAU resident/on-site courses.
- Take DAU Distance Learning (Web-based) courses via the Internet.
- Obtain credit for substitute courses.
- Obtain credit through the DOD Fulfillment Program

A word about the DoD Fulfillment Program, it enables members of the Acquisition Workforce to receive credit for mandatory DAU courses by demonstrating competency through experience, education, and/or alternative training. The Army does not allow fulfillment for courses that are offered online. (Hybrid courses may be fulfilled.) The DoD guidance and the Army Implementing Instructions for Fulfillment may be found at http://asc.rdaisa.army.mil/. The process for requesting approval of a fulfillment package is the same as for certification. Once the package is complete, provide it to your Acquisition Career Manager (ACM) who will process it through the appropriate certifying official. See http://asc.rdaisa.army.mil/contact/acms.cfm for a listing of the ACMs.

Army Acquisition Workforce (AAW) Certification.

AAW certification identifies mandatory requirements in education, training and experience that are needed to meet the requirements of the Defense Acquisition Workforce Improvement Act (DAWIA). To occupy positions that are identified as "critical acquisition positions," a careerist must have (or obtain within a reasonable time) the appropriate AAW certification level in the appropriate Acquisition Career Field. These positions are normally at the GS 14 and 15 management levels. Category "K," like the others, is divided into three career levels for purposes of establishing education, training and experience standards. These career levels are:

LEVEL I (BASIC). This level is generally for individuals in the grades of GS 05-08/2LT-CPT. Basic level training standards are designed to establish fundamental qualifications and expertise in the individual's job series/functional area or career field. Development at the basic level lays the foundation for career progression and is designed to prepare qualified, motivated personnel for positions of increasing responsibility.

LEVEL II (INTERMEDIATE LEVEL). This level is generally for individuals in the grades of GS 09-12/CPT-MAJ. At the beginning of the intermediate level, specialization is emphasized and then later individuals begin to broaden their backgrounds toward a more general overall expertise in their career fields. A lateral movement should follow development of the experience in the individual's primary career field to a related specialty.

LEVEL III (SENIOR LEVEL). This level is generally for individuals in the grades of GS-13/MAJ and above. By the time an individual reaches Level III, he/she should have completed all mandatory training and education requirements (or equivalents) to that level. He or she should have advanced through a career pattern that has given him/her in-depth knowledge in his/her career field and breadth of knowledge across the entire acquisition process.

These acquisition career levels are unique to the AAW and (within it) the AAC. The Comptroller Accreditation Program is separate and distinct from the acquisition certification program. However, most of the required acquisition mandatory training requirements that apply to AAW personnel who are also in CP 11 will be fully transferable for credit toward Comptroller Accreditation.

The procedures to become Acquisition certified can be found in great detail on the Army Acquisition Corps Acquisition Management Branch website at https://www.perscomonline.army.mil/opfam51/ambmain.htm.

There are two documents that are required in maintaining a current record of one's career development. They are the Individual Development Plan (IDP) and the Acquisition Career Record Brief (ACRB).

Individual Development Plan (IDP) for Acquisition careerists

The IDP for the Acquisition careerist is a required document for all members of the A&TWF. It is a 5-year plan that outlines your education, training, and experience goals. Determine and define your career goals and objectives in concrete terms; that is, where you are in your career (on the Acquisition Career Development Plan (ACDP) Model) and where you want to be both in the short term and the long term. Using guidance provided by your ACM, work with your supervisor and agree on a plan that is consistent with the model and your goals. Document the desired education, training or experience on your IDP and have your supervisor approve. You may view your IDP on the Career Acquisition Personnel and Position Management Information system at https://rda.rdaisa.army.mil/cappmis/index.htm.

Acquisition Career Record Brief (ACRB)

The ACRB serves as the official document of record for your education, training, work experience, education, awards, acquisition status, current position information, and acquisition career field certification. The ACRB is mandatory and is the most important document for an acquisition professional. This automated historical document is required for all competitive boards. Workforce members are responsible for keeping their ACRBs updated. All updates to the ACRB must be made by the ACM. You may view your ACRB on the Career Acquisition Personnel and Position Management Information system at https://rda.rdaisa.army.mil/cappmis/index.htm.

Continuous Learning Points (CLPs)

Throughout your career you should participate in continuous learning activities. Once you are certified in the position you encumber, the USD(AT&L) Policy on Continuous Learning for the Acquisition Workforce requires that you complete a minimum of 80 Continuous Learning Points every two years. The USD(AT&L) policy on continuous learning for the DoD Acquisition Workforce may be accessed at http://asc.rdaisa.army.mil/. The purpose of the policy is to ensure workforce members participate in continuous learning activities throughout their careers. In today's rapidly changing environment, it is critical that acquisition professionals remain current with reforms and trends and are flexible and willing to learn new skills.

Your first and most important responsibility is to meet your position certification requirements. CLPs are earned for courses taken toward and certification. (It is the dual responsibility of supervisors and employees to ensure position certification requirements are met within 18 months of assignment to the position.) Once these are met, you should begin broadening activities. Attainment of CLPs is not limited to the traditional classroom setting but may be earned in numerous ways. These may include certifications at higher levels or in other career fields, leadership training, developmental assignments, seeking a degree, participating in career professional activities, etc., all of which may be counted toward earning CLPs. A wealth of information is available on the Army Civilian On-Line (CPOL) website at http://cpol.army.mil. A variety of educational opportunities offered by Federal Government agencies can be found at http://www.usajobs.opm.gov. Visit these and other websites, gain information and move toward your educational and professional goals. You may also visit http://asc.rdaisa.army.mil/divisions/cm/civilian.cfm for steps to take in planning for a career in Acquisition, and http://asc.rdaisa.army.mil/pubs/aac/default.cfm for the 2003 Career Management Handbook. Work with your supervisor to ensure attainment of CLPs is considered when developing your and approved by your supervisor. The CL Policy and Army Implementing Instructions may be found under the Other Information section.

About the author

Mr. Robert W. Young is the Deputy Assistant Secretary of the Army for Cost and Economics.

Resource Management Tactical Course (RMTC)

By Major Bill Bunting and Captain Tracy Foster

The Basics of Resource Management in Tactical Units or Operations

Picture this scenario for those working in the Comptroller career field: Your new boss says, "Welcome to the Division Resource Management (RM) office. I hope you learned a lot at Planning Programming and Budget Execution System and Resource Management Budget Course because you're going to need it. We're deploying a Brigade Combat Team (BCT) next week to a desert base camp in Southwest Asia next week for six months. You're going to be their comptroller dealing with Joint, OMA, OHDACA, and other authorities and agreement funding. Be prepared to handle interservice and interagency fund reporting, advising, and make funding recommendations based on issues that come up. By the way, we understand many Non-Governmental Organizations are working in the Area of Operations (AOR) and you'll have to help them. The Army Audit Agency and Government Accounting Office will come inspect your ledgers and spending habits. Document everything! I know no one has had the chance to show you how all this is done, but you'll figure it out. Good luck."

Ideally, the Army would not send soldiers or government employees to an operation unprepared. Army Field Manual (FM) 7-0 states that our soldiers must be comfortable and confident in the elements of field craft. Our training methodology is to Train, Alert, and Deploy. However, the dramatic increase in Operations Tempo (OPTEMPO) has revealed that the comptroller community is using an "Alert, Deploy, and Train on the Way" methodology for comptrollers going on deployments or to initial duty assignments. As leaders, we must put a halt to this

common scenario for our entry and intermediate level comptrollers.

Due to the OPTEMPO strain and lack of Modified Table of Organization (MTOE) positions for Functional Area (FA) 45s and 73Ds, civilians are also being tasked to augment in Contingency Operations (CONOPS) once the AOR has been secured and becomes stable. Many of our newly hired civilian CP-11s, functionally designated Captains, or career designated Majors serving their first comptroller assignment are never formally trained on the "how" of this career field.

For the past eight years, it was believed that on the job training (OJT) would suffice for comptrollers to learn basic skills. However, the lack of time, OPTEMPO pace, and reduction of comptroller positions no longer allow an OJT "grace" period. The US Army Finance School has now developed a course to address this issue.

The Resource Management Tactical Course (RMTC) has returned to the Finance school's course curriculum to train new comptrollers on how to do the basics from a tactical perspective. This course is also beneficial for Operations Career Field officers performing logistical duties. Based on the significant increase of deployments since September 11th, 2001, the Finance School resurrected this course to meet the needs of our comptrollers either deployed or at home station.

RMTC is designed to familiarize comptrollers with the day-to-day resource management operations in a tactical unit or environment. Furthermore, it provides entry-level comptrollers with the training on critical tasks and the "how to" tools to perform their mission. It is a five-day course taught at Fort Jackson, SC or at on-site locations. The course task list was reviewed, commented on, and approved by the comptroller community during the Financial Management Leaders' Meeting in May 2003. The specific classes and descriptions are:

Comptrollership—Covers how resource managers influence the fight, provide resources, support the commander, and ensure mission accomplishment at home station and abroad. The emphasis is on the four objectives of resource management.

Introduction to Mission Funding–Familiarizes students with the various "colors" of money that pertain to MTOE units. Covers the Management Decision Packages (MDEPs) and Army Management Structure Codes (AMSCOs) that apply to tactical units. Also explains the various fiscal authorities and agreements that pertain to home station training and CONOPS scenarios.

Single Stock Fund (SSF)—Provides students with an understanding of the flow of requisitions from cradle to grave with SSF and the interface with financial systems. Shows how the supply or stock fund operates and the impact on resource management.

Supply/Financial Interface—Familiarizes students with the myriad of supply and finance systems that they can use to monitor execution. Specifically, identifies which systems create obligations, how an

RM can monitor obligations and credits, and how to use these tools to perform an analysis.

Resource Management Operations Order Planning—Covers the application of the Military Decision Making Process (MDMP) to resource management. Students will review an Operation Plan (OPLAN)/Operation Order (OPORD) for a Brigade Combat Team or Division, and then use the MDMP on resource management specified, implied, and essential tasks to create a RM annex and conduct a concise briefing.

Resource Management in Joint Operations—Provides students with an understanding of the funding process in a joint environment in accordance with (IAW) Joint Publication (JPUB) 1-06, with emphasis on the Joint Task Force Comptroller duties and an explanation of what Joint Chiefs of Staff (JCS) funds can and cannot provide.

Tactical Unit Budget Development—Students will develop a Command Budget Estimate (CBE) based on information provided in a funding letter, cost models, and the Commander's Annual Training Guidance and Calendar. Students will compare funding levels per MDEP and Subactivity Group (SAG) to the Commander's guidance and build, brief, and explain a proposed annual budget. The scenario will include a decrement and enable students to begin an unresourced requirements (URR) list.

Contract Law for Deploying Forces—Familiarizes students with what can and cannot be funded during deployments. Provides students with tools for properly performing the core competency of advising the commander. Also reinforces the Time, Purpose, Amount, and Bona Fide needs principles and enables students to recognize what is authorized during deployments.

STANFINS Reports—Covers key financial reports and application to resource management. For example, students will review the Nonstock Fund Orders and Payables (NSFOP) report and identify Unliquidated Obligations (ULOs), Negative Unliquidated Obligations (NULOs), and transactions to deobligate. Students will analyze a Status of Funds report and make recommendations. Students will also prepare for a Joint Review with NSFOP provided.

Obligating Documentation—Introduces students to the primary documents that create a commitment and obligation, and other transactions that are associated with each document.

Exercise Budgeting—Familiarizes students with the resource management tasks, issues, and procedures associated with Combat Training Center (CTC), Joint Chiefs of Staff, and other exercises IAW Ch 3-4 of Forces Command Regulation (FR) 350-50-1/2/3 and Army Regulation (AR) 350-28. The focus is on incremental costs and what can and cannot be funded with MDEP WCJT, WCNT, and WJCS funds.

RMTC is designed to familiarize comptrollers with the day-to-day resource management operations in a tactical unit or environment.

Tactical Unit Budget Administration—Covers tools and techniques for administering a tactical unit budget through the use of Accounting Processing Codes (APCs). Students will receive an annual Funding Allowance Document (FAD) that depicts various MDEPs and AMSCOs. Students will then design an APC file to align these MDEPs, AMSCOs, and funded amounts to the MTOE of the unit. Furthermore, students will brief how they plan to phase funding, capture cost data, and provide execution reports.

Year End Procedures—Familiarizes students with the milestones and details of a tactical unit's budget year-end close out. Covers the guidance to units that comes from the RM office, other agencies involved at year-end, and the process of centralized fund control.

Although this course will not give every comptroller the tools to perform every assignment or position, it does provide the basic tasks that are required to understand execution at the tactical level. The US Army Finance School will begin teaching this course in FY 04, although specific dates have not yet been finalized. The school is continuing to analyze lessons learned and critical tasks for resource managers at the operational and tactical level. As this is done, RMTC will be adjusted as necessary so that it remains the most current, high quality course possible. For more information, comments, or recommendations, contact MAJ Bill Bunting at DSN 734-8659 (william.bunting@jackson.army.mil) or CPT Tracy Foster at DSN 734-8637 (fostert@jackson.army.mil). To get the latest information on courses, class schedules, Financial Management Redesign (FMR), and the FM14-100 revision, visit the Finance School web page at www.finance.army.mil.

About the authors:

Major Bill Bunting, 13/45, is the Chief, Financial Management Division at the US Army Finance School. He has a BSBA in General Business from Bowling Green State University, MSA from Central Michigan University, and is an ACP graduate, class of 2001. He was the deputy comptroller for the 25th Infantry Division (Light), and Budget Officer for US Army Hawaii garrison. He is a Certified Defense Financial Manager and a member of ASMC, Palmetto Chapter.

Captain Tracy Foster, 44/45, is the RMBC course director at the US Army Finance School. He has a BSBA in Accounting from Montana State University and is also an ACP graduate, class of 2000. He is a Certified Public Accountant, Certified Defense Financial Manager, and member of ASMC, Palmetto Chapter.

Unleashing the Dog of War… Wartime Power of the Purse and Implications for Future Force Resource Managers

By Major Geoffrey T. Ballou

"…we have already given…one effectual check to the Dog of War by transferring the power of letting him loose from the Executive to the Legislative body…"

Thomas Jefferson, 1789

Executive Summary and Introduction

Conventional wisdom would have us believe that the United States Congress declares war (step 1), authorizes the funding for war (step 2), and then supports the President as he wages war (step 3). In practice it is not that simple, and has never been so, save for a very few exceptions. Rather, history shows that the struggle over the power of the purse has been fraught with extraordinary contests of power, constant political wrangling, and even the beheading of a King.

Our current system has its roots in 13th century England, beginning with a partnership between Parliament and the King. In those early times, Parliament exercised an extreme degree of control over the conduct of military campaigns, a trend that continued in America through the Revolutionary War. Since then, however, the lines of control have become more clearly and reasonably drawn: Congress retains the ability to provide or withhold the funds for any military action, and the executive branch controls the deployment and engagement of US forces. These roles have steadily evolved over the past two hundred years, as Congress has allowed the executive branch to expend funds prior to appropriation for national emergencies, and has used the "power of the purse" to control or modify US participation in conflicts once they are underway.

Thesis

The trend of congressional engagement on wartime funding—from one of prevalidation to one of *ex post facto* approval, rejection, or modification—is due in part to the increased speed of deployments, and is likely to intensify as the Army transforms to the Future Force, forcing Resource Managers to take bold, decisive steps to continue providing world-class support to the warfighters.

The Power of the Purse in Thirteenth Century England

The current United States system of congressional appropriation for military operations can be traced directly back to thirteenth-century England. The bond that was forged back then which bound together the "…parliamentary government, the power of the purse, and the royal military power…" exists just as strongly in our current system of military funding.

The system of shared responsibility was unique to England, and differed sharply from countries such as France, Castile, and Aragon, whose parliaments had earlier voted to fund standing armies to act at the King's behest. By doing so, they had voted themselves into irrelevance, giving the King the military force necessary to tax the citizens to fund any manner of military operation. In stark contrast, the British system of taxation depended on the "...willingness of [its] subjects' to consent to pay taxes.", a principle written into the Magna Carta in 1215 ("No `scutage' *[a tax paid in lieu of military service in feudal times]* or `aid' may be levied in our kingdom without its general consent..."). Thus, the King's ability to tax depended on the consent of his parliament, thus ensuring the continued relevance of the legislative body.

The First Appropriations

The first clear instance of parliamentary appropriation was a bill in 1340 stating that all funds "…shall be put and spent upon the Maintenance and Safeguard of our said Realm of England, and on Wars in Scotland, France and Gascoign, and in to places elsewhere during the said Wars." Parliament attached more conditions than the King expected, creating the impetus for the struggle between Parliament and the King over the funding for military campaigns that continued through the rest of the 14th century. Although Parliament only met when the King was forced to request money, the legislature had cemented its hold on the power of the purse, leaving open few options for the King but to continue to seek Parliament's blessing.

Rising Tensions

The battle for control over the power of the purse came to a climax during the reign of the Stuart Kings. James I was forced to ask repeatedly for money, and Parliament became ever more demanding in its attempts to dictate foreign policy as it grudgingly gave up money to the King. Continuing the pattern, Charles I led England to war with both France and Spain, and during the funding struggle the Parliament dealt the King a severe political blow, passing the 1628 Petition of Right that declared "... no person shall be compelled to make any loans to the king against his will..." and "... that they should not be compelled to contribute any tax... not set by common consent in Parliament." This so incensed Charles I that he dissolved Parliament and ruled England for 11 years without the legislative body. Throughout this time, however, he was unable to tax the citizens and therefore struggled to find alternate sources of revenue to fund the military, but had very limited success.

He eventually reconvened Parliament for national defense in 1640, and then again to repel the invading Scottish Army in 1641, but the differences over control of the purse were never resolved. Despite his belief in the divine right of Kings to rule, Charles I gradually granted more policy authority to the Parliament, each concession bringing the Parliament closer to total control over the executive branch. This continuing dispute culminated in January 1642 when Charles I marched into the House of Commons and demanded they hand over five of his staunchest opponents. The House refused to turn over the members, and instead presented Charles with Nineteen Propositions seeking to control his authority even further. The country plunged into civil war as "The King then withdrew from London, and in August 1642, declared war on parliament by raising his standard at Nottingham." King Charles was eventually executed on January 30, 1649, closing an extraordinary chapter in British history. This three-hundred year struggle between the English Kings and their parliaments helped to forge a new system, one in which the Parliament began to cede some policy authority to the King, as they began to place fewer conditions on the appropriations they collectively passed.

While placing fewer restrictions, they also began to overlook minor spending deviations by the King, especially if it appeared the deviations were required to meet an urgent need and not to deceive the Parliament. Despite these concessions, however, the model was set: Parliament maintained complete control over the purse, while the King maintained responsibility for executing foreign policy. Or, as James Madison later said more eloquently, "The sword is in the hands of the British King. The purse is in the hands of Parliament."

Colonial America

Early America adopted the British model of appropriations, and in fact on the eve of the Revolutionary War, the colonial governments exercised more power over the funding of armies than their counterparts in England had ever been able to achieve. For example, the lower house *(commons)* in South Carolina refused to fund James Oglethorpe's 1740 expedition against St. Augustine until they were allowed to set specific conditions, including "... the number of soldiers involved, their pay rates, and the total sum required." Examples of such controls are abundant in Colonial America, with one historian noting, "... the English House of Commons never interfered in military matters so extensively as did the American lower houses during the 18th century." Although the elected leaders railed against this degree of control by the lower houses, they ultimately accepted the restrictive provisions in order to fund their ongoing military operations. This extreme degree of control did not begin to ease until troubles arose during the conduct of the Revolutionary War.

Legislators as Strategists

The Continental Congress' conduct of the Revolutionary War was very nearly disastrous. They ran the war by committee, involving themselves in everything from logistics to strategy, from recruiting to training, from hospitals to spies. These Herculean efforts so burdened Congress that the war was run with a high degree of inefficiency. The backlash to this "war by committee" was a contributing factor to the Constitutional framers' insistence that military command rest solely with the President, stating in Section 2, "The President shall be commander in chief of the Army and Navy of the United States ... when called into the actual service of the United States." One of the most significant lessons of the Revolutionary War was that a legislative body is not suited for the execution of wartime strategy and operations. The great expense of the Revolutionary War in lives and treasure made it clear that operational power should be vested in the executive branch. However, the rather cumbersome system of tight congressional controls continued late into the 18th century, and was ratified during the Federal Convention of 1787.

The Chesapeake and the Leopard

Not until 1807 did the executive branch finally gain the amount of control necessary to spend money for emergency measures absent an existing appropriation. Congress was out of session on June 22, 1807 when the American ship Chesapeake set sail for the Mediterranean Sea. The Leopard, a British ship commanded by Admiral Berkley, followed the Chesapeake with orders to board the ship and search for deserters. Just off the coast of Cape Henry, the Leopard pulled alongside, and Admiral Berkley questioned the American commander about the 'deserters' he was looking for. Captain Barron replied that he did not have the men that were being described. Unsatisfied with the answer, the British immediately commenced firing at point-blank range, killing three men and wounding eighteen, until the Chesapeake was forced to haul down its colors in surrender.

With national security at stake, President Thomas Jefferson immediately ordered the procurement of gunpowder and lumber (for one hundred gunboats), on the presumption

that Congress would approve it. Once Congress reconvened, Jefferson reported the unauthorized spending, and asked for their sanction to make it legal, which they did by granting him an *ex-post facto* approval. These events set the precedent for Presidential spending in advance of an appropriation, but only in the face of a true emergency. Of course, the executive assumes the risk that the spending might not be sanctioned, and bears the responsibility for reporting the action to Congress as soon as possible. These procedures established in 1807 endure to this day, and have become commonplace in the execution of our National Security Strategy. This requirement for ex-post facto approval certainly exists today, and the requirement is likely to grow in the next 15-20 years as the Army transforms to the Future Force.

Funding Military Campaigns—The Future Force

The global situation is changing, and the United States Army is changing with it. Forming a force that is responsive, deployable, agile, versatile, lethal, survivable, and sustainable, the Army will be able to respond to "evolving geopolitical and military threats." The speed of these responses will be unmatched in military history.

The Future Force will be strategically and operationally responsive, able to deploy a brigade-size Unit of Action (UA) anywhere in the world in 96 hours, a division-size Unit of Employment (UE) in 120 hours, and up to five UE's in only 30 days. With deployments at this speed, it is highly unlikely that Congress will have time to deliberate the appropriations for an operation that requires such a swift military response. Relying on historical precedence and current practice, the President may deploy the Future Force, incur obligations, and rely on the Congress to validate his actions later. There simply will not be time to ask for permission first. History has established that this method of operation is legitimate, so the Army's Resource Managers must prepare for these new contingencies.

The Army's Future Force Resource Managers will be strategic thinkers, linked tightly to the Army's planners and operators, constantly scanning the political horizon for threats and actions, always working to anticipate the funding requirements of Future Force units. Planning for these future operations requires a few assumptions:

- The President will continue to act in the interest of national security, deploying Army units in emergency situations in advance of congressional appropriations.
- Congress will continue to support the President, providing appropriations after the fact where he has acted to protect US National Security.
- At the maneuver level, there will be little or no time to approach higher HQ for a funding supplemental in the event of a deployment. Divisions and Corps will be directed to execute missions in advance of additional funding.

Given these assumptions, there may be some steps that Army Resource Managers can take to mitigate the effect of increased deployment speed of Future Force Units:

- Larger contingency reserves—Commander's withhold accounts are a vital aspect of resource management. In the future, these accounts may need to grow 5-10% to cover the immediate deployment costs incurred in advance of emergency mission funding.
- Include Future Force deployments in budget submissions—Typically, zero-based budget justifications do not allow a "buffer" for unplanned missions. In the Future Force, however, this may have to change, even if the money is withheld at a higher level.
- Planning for new funding structure—There are suggestions within the Defense Department that the current Division/Corps structure may be replaced in the transformation process with smaller, more agile "battle groups." These 5,000-soldier units would perform combat missions such as airborne assaults, helicopter attacks, and armed reconnaissance. If this happens, the professional and efficient Resource Management officers and civilians in our divisions and corps would be reduced, realigned, or eliminated. Replacing this capability while seamlessly supporting the warfighters certainly presents a challenge. If these battle groups have embedded deployable RM's then a renewed emphasis on contingency resource management training may be required.

If recent history is any indication, today's Army Resource Management community is up to the challenge. According to senior aides, the Secretary of Defense is calling on the Army to create a ". . . cultural change to reward risk-taking and encourage innovation. . . " to help the Army achieve its goal of full-spectrum dominance in a strategically responsive force. Today's challenging global environment demands no less.

In conclusion, the principal tenets of congressional appropriation remain intact, and are unlikely to change significantly from their origins in 1807. The President will continue to exercise emergency deployment of military forces, and Congress will continue to give him the ex-post facto approval necessary to sanction his actions. The transformation effort will not hinder in any way Congressional Power of the Purse, but the increasing speed and frequency of military deployments may generate more situations where Congress steps in after the initial deployment to verify, validate, and fund ongoing military operations. All of these factors create challenges for the Army's Resource Managers, and prudent steps may be necessary to providing seamless support to the soldiers serving on the front lines of freedom.

About the Author:

Major Geoffery T. Ballou is one of five FA 45 officers participating in the Training With Industry program, in his case with USAA.

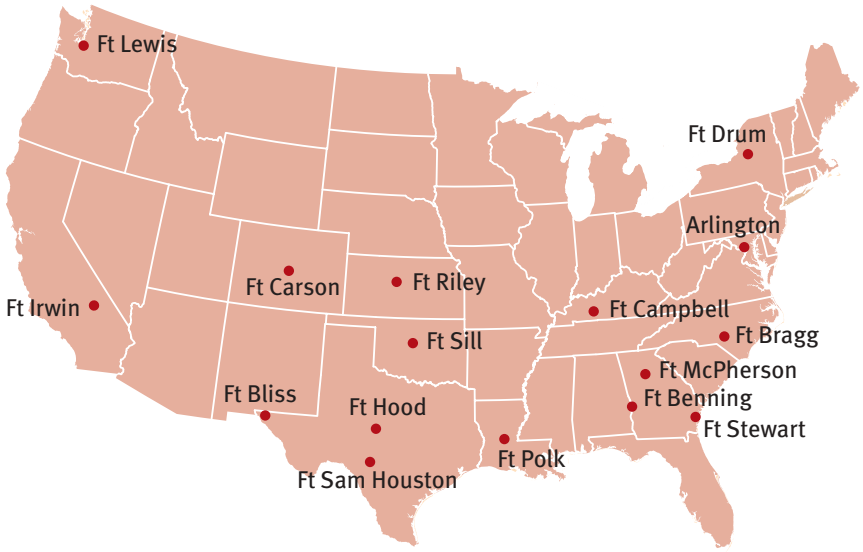
The United States Forces Command

Resource Management Connection

By Mr. Gary Mastrodonato

The Global War on Terrorism (GWOT) has many indispensable players. Vital to supporting the men and women on the front lines are the soldiers and civilians of the Resource Management organizations throughout the Army. Among the most essential is the US Army Forces Command (FORSCOM) Resource Management Team headquartered at Ft. McPherson, GA.

Where We Are
FORSCOM'S FORCES



FORSCOM is the largest major command in the United States Army. Its seven hundred-fifty thousand active Army and Reserve component soldiers and more than twenty-four hundred civilians provide trained and ready soldiers to combatant commanders. FORSCOM supports the Army's role in executing the National Military Strategy worldwide, focusing on the Army's war-fighting competence: training, mobilizing, deploying, sustaining, and reconstituting combat ready forces to meet the requirements of combatant commanders. Through higher headquarters and joint commands, FORSCOM is currently on point for our nation in "Operation Enduring Freedom" in Afghanistan and "Operation Iraqi Freedom" in Iraq, as well as "Operation Noble Eagle" here at home. To accomplish its missions FORSCOM uses a mix of Army Reserve, federalized Army National Guard, and Active Component Forces.

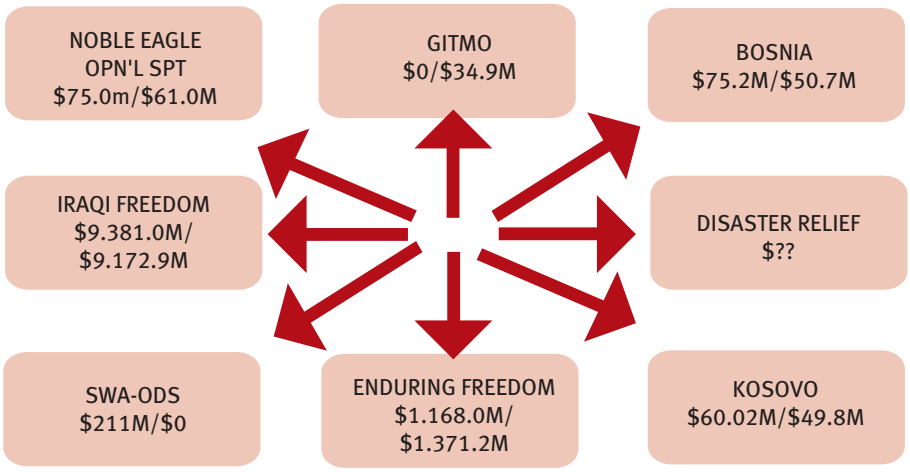
As part of the Army Team, FORSCOM Headquarters and the Resource Managers (RM's) associated with FORSCOM G-8 are unsung heroes. They are dedicated soldiers and civilians who work conscientiously day-in and day-out to keep our soldiers supplied, well-protected and paid.

This hasn't come easily. At FORSCOM, Ms. Vicky Jefferis, G-8 has had to manage resources to the minutest levels. To complement her efforts the field resource managers have demonstrated an ability to adjust quickly to very fluid situations.

LTC Johnnie Beale, the Chief of FORSCOM G8's Current Operations Branch, responsible for Contingency Operations (CONOPS) budgeting and finance policy recently talked about his expanded role. "I'm just amazed at the Operating Tempo (OPTEMPO) level to which the FORSCOM RM and Finance communities have ramped up and sustained since September 11, 2001 in support of the many parts of the GWOT. There are lots of behind the scene RM and Finance heroes doing super jobs on a daily basis, resourcing and supporting the deployed force." To put it in perspective budget-wise, FORSCOM's Contingency Operations budget went from approximately $400 million in FY01 to over $10 billion in FY03. People and resources are pushed to the limit and the demand far exceeds the available funds. Everyone needs funding and they need it NOW.

Numbers can be bantered all day, but they show the magnitude of the work being done, often by the same number of RM personnel or fewer, as before 9/11. For example, one of FORSCOM's components, Fifth Army, while executing Operations Noble Eagle and Enduring Freedom funding and military pay guidance, saw the number of documents they processed to

FY03/04 Current Operations Estimate: $10,970.2M/ 10,741.3M*



* *This number reflects known current deployment conditions and will change as operations mature.*

support operations increase 184%, from a normal of approximately 5,000 per month to over 12,700 per month.In addition, they provided oversight funding execution and closeout of Border Support missions involving over 1,100 soldiers located at 73 sites. Those are huge increases over normal activities.

When asked about managing billions of the USA's tax dollars, through multiple field activities, COL Michael Reagan, the Deputy G-8, FORSCOM Headquarters, had this to say: "Given that we have very stringent public laws that dictate how we manage our money, it's amazing that we haven't even come close to breaking any laws. The field has been very tolerant and very cooperative in working with us." The combination of expanded budgets and real-time needs makes for wildly expanded hours of duty and innovation, at FORSCOM Headquarters and in the field.

COL Reagan added, "We often had to be creative, borrowing against and using all available funds.At one time we had to borrow against civilian pay to meet our Area of Responsibility (AOR) obligations, for example, in theater sustainment costs. We essentially borrowed against the annual program. War has no time-outs and resourcing can not impede our combat efforts."

COL Kevin Kerns, FORSCOM G-8 Budget Officer, said, "It literally became a daily juggling act. Funds were so tight that our only hope was to try to keep everyone at the same level of obligation." COL Kerns kept a constant dialogue open with the field and Headquarters, Department of the Army (HQDA). His office established an accessible spreadsheet for key Resource Managers at FORSCOM Headquarters and the field, showing allotment, annual funding targets, and current funding levels for each activity by sub-activity group. It is appropriately named the "Money Tree." As a result, this tool allowed his budget shop to instantly and intensely manage the command's resources. This daily printout of allotments and Annual Funding Programs (AFPs) by installation helped them better manage their resources.

With the Money Tree, when an installation pleaded for money, HQ FORSCOM could instantly access their relative position to the total FORSCOM picture and invariably the justification of proposed needs became clearer. In addition, by managing the budget on a daily basis there were actual instances where FORSCOM saw an installation's shortfalls before they did. When called to their attention they were grateful that the command was looking out for their interest. This helped build trust throughout the command. The information was also shared with the Department of Army, so it became a three-way partnership. With this tool they were able to anticipate the field's needs in particularly unique and volatile times.

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As the GWOT heated up, no one cried wolf. FORSCOM RMs began to believe they were all in this together and together they could get through it with a little common sense and a lot of "give and take." Resource Managers across the command cross-leveled their resources and worked as a team and understood the command's priorities, never once yelling "What about me?" COL Kerns called it a great team effort.

"There were times I felt like a factory owner trying to make payroll," he added. "We often asked ourselves if we could make it through the next week or two. We were buying time; this was all new to us. On occasion it got hectic, but I always told the Resource Managers in the field that they shouldn't go home suicidal. If you need money tonight, we'll get it to you even if we have to rob Peter to pay Paul. One installation was always able to help another out if we couldn't. This daily financial management actually saved time and it really worked."

LTC Scott Printz, Director of Resource Management (DRM), Fort Riley, KS echoed COL Kerns, managing with an installation perspective. At Fort Riley they mobilized over 8,000 reserve component soldiers and deployed active component forces of the 3rd Brigade Combat Team and 937th Engineer Group in support of Operations Enduring Freedom and Iraqi Freedom. They used extensive forecasting to develop their fiscal requirements, which assisted them in disseminating clear policies and procedures governing the appropriate use of contingency operations funds. This ensured a first-rate stewardship of the Army's resources. Similar to FORSCOM Headquarters, the Fort Riley DRM was challenged daily to coordinate and communicate resource requirements across the installation which was vital to managing their cash flow and balancing constrained funding against urgent and increasing requirements. LTC Printz deftly managed to fully fund their GWOT requirements while simultaneously funding essential base support operations. Like the other FORSCOM installations, throughout the process Fort Riley kept FORSCOM informed of resource requirements, challenges and funding status.

Up and down the command lines FORSCOM looked for and shared ideas and innovations. COL Reagan emphasized that when he noted that as an Army, we seldom work in a vacuum and in times like these, it's especially important to work in partnership with as many allies as possible.

One very important partner was the Defense Finance and Accounting Service (DFAS.) In a welcomed change of policy they allowed the installations to balance to budget activity level as opposed to the usual and more labor-intensive sub-activity level. This became a tremendous workload savings

without any detriment to accountability and with a great time enhancement that was better devoted to mission.

Along with working closely with its partners, FORSCOM took advantage of all available funding. Naturally, normal appropriated funds were distributed, but along the way they learned to work with Vested and Found Monies.

"All for one, one for all" was no longer just a Dumas père inspired line, but it became the way to do business. In the midst of several GWOT efforts, many good ideas and best practices evolved.

COL Reagan explained, "In the near future we hope to be managing Iraqi Oil Money but early in the Iraqi War, the Federal Reserve put a hold on the existing Iraqi holdings, Vested Money. The Treasury subsequently released it to us and we were able to pay that country's pensioners as well as its local police and firemen. What few people realize is that we just can't go to a bank, make a substantial deposit and start writing checks. We have to work with actual currency, which means we have to secure and ship American dollars to Iraq through Kuwait and make physical distribution. This can only be accomplished on site by US Army certified cashiers, some of our best resource managers."

This wasn't the only time our Army cashiers performed on-site duties. BG (P) Edgar E. Stanton III reported that when eighteen tractor trailers full of Saddam Hussein's purloined Iraqi money was discovered, it became Found Money and it took fifty Army finance personnel three days to count it. All were trained and carried Army Cashier Orders. The amount found? One-half billion dollars - $500,000,000 - now being put to use within Iraq, for the benefit of those who need it most.

"All for one, one for all" was no longer just a Dumas père inspired line, but it became the way to do business. In the midst of several GWOT efforts, many good ideas and best practices evolved. Several installations and activities chipped in with first-class, functional ideas with immediate and transferable results. For example, Fort Bragg's Automation Team created an automated prior year reutilization program that improved Fort Bragg's purchasing power. The Ft. Bragg team also has created a pre-edit and history file for researching supply transactions.

As mentioned earlier, with Ft. Riley and Ft. Bragg, during periods of conflict, not all the problems surface in war zones. As more and more Army Reserve and National Guard units were activated, the strain on CONUS installation facilities became enormous. Personnel facilities and training facilities were stretched to the maximum. Normal Memorandum of Understandings and Memorandum of Agreements (MOUs/MOAs) covered a small percentage of the true costs. LTC C.A. Cruse, III, DRM, Fort Drum, NY faced significant challenges with the build-up. In response, he developed and negotiated a plan with the National Guard which he subsequently prepared into a comprehensive guide for expense reimbursement. This guide has been distributed throughout FORSCOM and has helped ease a potentially heavy cost absorption by the installations. In the most crucial of times, problems are innovatively solved and as in this case, future activities will benefit too.

Down the street from FORSCOM Headquarters at Fort McPherson resides the home of the United States Army Reserve Command (USARC.) This command has mobilized over 60,000 soldiers for Operation Noble Eagle/Operation Enduring Freedom/Operation Iraqi Freedom (ONE/OEF/OIF), no small task. As the Global War on Terrorism heated up, their day-to-day functions were rapidly multiplied. Suddenly the USARC Resource Management folks found themselves having to support a new and expanded customer base. Here's a sampling of some of the things they accomplished astonishingly well, all with the same level of staffing:

1. Coordinated International Merchant Purchase Authorization Card (IMPAC) procedures for mobilizing numerous Army Reserve units
2. Went on-site to Mobilization stations and trained Active Components (AC) and Reserve Components (RC) soldiers in travel voucher preparation
3. Worked with individual Army Reserve soldiers, Army Reserve units and the DFAS Contingency Travel Operations office to assist with travel payments for mobilized soldiers
4. Implemented a Blanket Order Agreement (BOA) policy to support the GWOT and issued BOA cards to support the 60,000+ Army Reservists mobilized
5. Processed over 580,000 reserve pay transactions during the period Jan-Apr 03, a new record number for 4 months
6. Created a reserve pay mobilization inquiry team on 5 May 03 and resolved over 2,400 mobility related pay inquiries since its inception

7 Assessed the status of reserve pay issues in Kuwait prior to Operation Iraqi Freedom and trained AC soldiers on use of Defense MilPay Office- Reserve Component (DMO-RC) and reserve pay and entitlements.

8 Performed consistent and extensive review and analysis of the newly expanded obligations and disbursements related to Operations Nobel Eagle, Enduring Freedom and Iraqi Freedom.

9 Provided detailed guidance to subordinate units on CONOPS related issues

USARC's expanded services didn't come cheaply. USARC absorbed over $87M in costs directly related to the Army Reserve's support of Operations Nobel Eagle, Enduring Freedom and Iraqi Freedom.

We can't fight today's wars using old technology, nor can Resource Management personnel service their customers using old methods. They have had to use technology to their advantage. For example, since 9-11-2001, the First U.S. Army Deputy Chief of Staff (DCS), G-8 has been actively engaged in meeting the nation's contingency missions. To assist the effort their Manpower/Management Analysis Team converted the submission of active component Table of Distribution and Allowance (TDA) command plan changes to electronic submission versus manual entry, saving valuable time the team needed to meet the requirements of mobilization. In addition, they established an electronic library of all FY03 & FY04 TDA First and Fifth Army Documents, approximately 263 documents. This sure beat the old way of doing business, signing out hard-copy documents from the static library.

Other organizations have also come up with innovative solutions to problems. Fifth Army developed the template adopted by United States Army Force Management Support Agency (USAFMSA) and FORSCOM for the Training Support XXI (TSXXI) structure and developed organization and core models for the current TSXXI organization.

As a Major Army Command, more times than not, FORSCOM relies on its soldiers at the installations and in the field for first hand accounts of how things are on the war fronts. FORSCOM Headquarters G-8 recently deployed one of its own, MAJ (P) Mick Simonelli, a military comptroller, to Afghanistan, a continuingly unstable environment. He was the first comptroller sent to control funds for building the Afghan military.

"All for one, one for all" was no longer just a Dumas père inspired line, but it became the way to do business. In the midst of several GWOT efforts, many good ideas and best practices evolved.

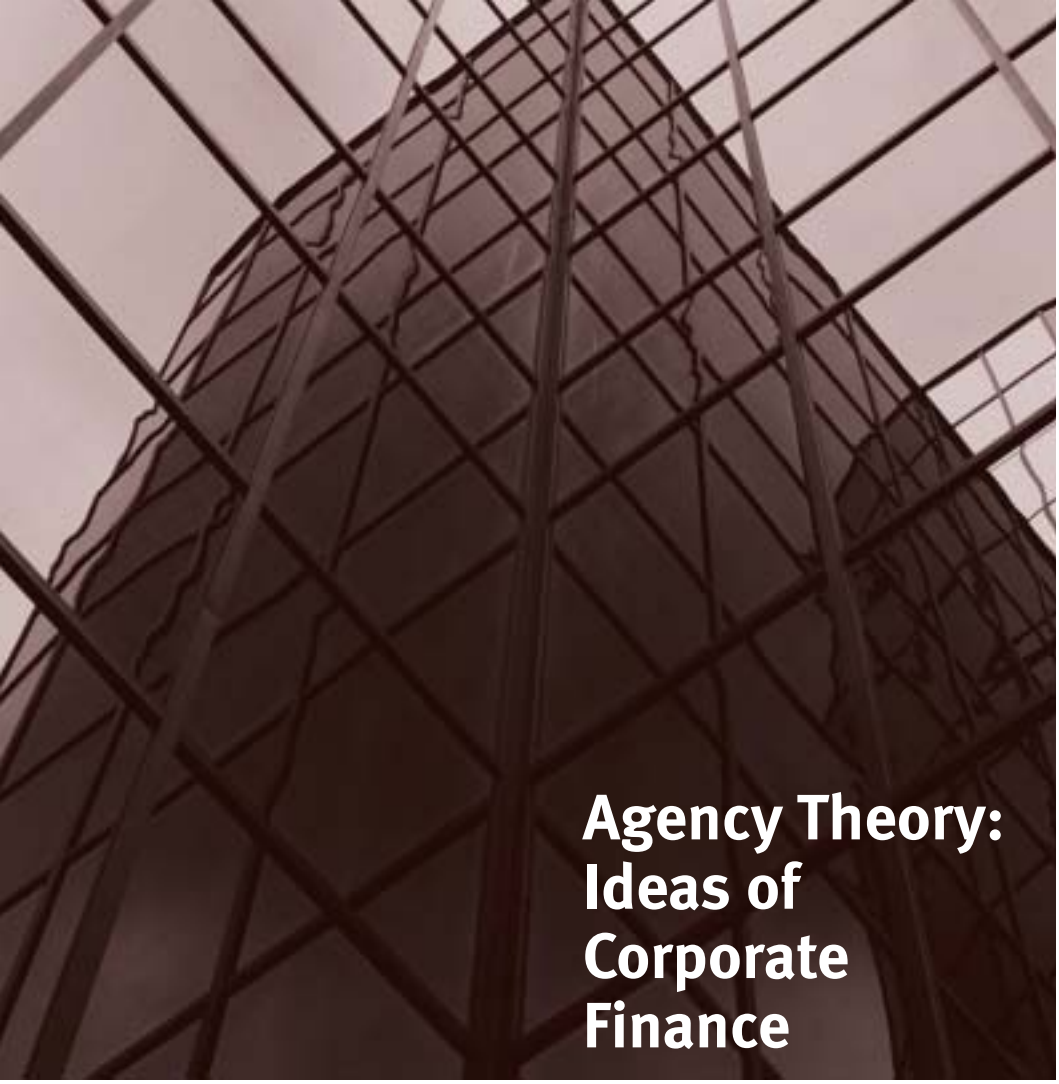
MAJ (P) Simonelli's mission was to establish and manage financial accounts for the Afghan National Army. Charged with controlling the funds for building a foreign Army from scratch, MAJ Simonelli served as the sole comptroller responsible for over $400M in Fiscal Year '03 funds that the United States provided Afghanistan to build their Army. While controlling funds for the most ambitious foreign Army building project in recent history, MAJ Simonelli established processes and industry footholds that are helping to stabilize the volatile region in and around Afghanistan. Afghan President Karzai said in a Presidential Decree, "The establishment of a National Afghanistan Army is the most important goal of Afghanistan."

In Afghanistan the United States is committed in a big way, to the tune of $2.1 billion through FY07 for Foreign Military Financing. This money will be distributed to sub-programs such as Equipment, Training, Infrastructure, Sustainment, Pay, and other emerging requirements.

These are just some of the superb things being done throughout the FORSCOM family's Resource Management Community. There are many more stories out there, but the reality is that some commands have been too busy completing their missions and they haven't had time to document it all. As a team, from the comptrollers in the field to the installation financial support players along with FORSCOM's backing and guidance and Army funding, they all equal: One Army, One Mission, and One Team in support of the Global War on Terrorism.

About the Author

Mr. Gary Mastrodonato is Chief of Strategic Planning, Resource Management at Headquarters, United States Army, Forces Command.



Agency Theory: Ideas of Corporate Finance

By Captain (P) Andrew J. Hyatt

Introduction

Agency theory is the study of the principal-agent relationship and its significance to understanding the basic functioning of economic systems. Although nearly seven decades old, agency theory still draws critical attention and is often the subject of new and provocative research and analysis. It is valuable in that it can be used to examine a variety of situations faced in daily life. Most recently, agency theory has served as a lens for studying corporate malfeasance and developing solutions to protect against such actions. Understanding the different aspects of agency theory is particularly important for individual investors and can be a useful means of ensuring effective decision-making. This paper will address agency theory by providing a brief review of 1) the theoretical development of the idea, 2) its implication for the decisions of corporate finance, and 3) the current relevance of the theory to understanding the decisions of corporate finance.

Theoretical Development of the Idea

Economist Ronald H. Coase is noted for developing the foundations of agency theory. In 1937, he published *The Nature of the Firm* in which he first presented his groundbreaking ideas. Coase formulated much of this work during a trip to the United Sates in which he was attempting to understand the reason why firms exist.[1] *The Nature of the Firm*, combined with his later writings, earned Coase the Nobel Prize in 1991. Today, Coase is a senior fellow in economics at the University of Chicago. He is largely recognized for discovering and clarifying the significance of both transaction costs and property rights for the institutional structure and functioning of the economy.[2]

According to Coase, traditional economic thinking relied principally on the "price mechanism" to explain the coordination of economic systems.[3] In simple terms, this meant supply was driven by demand and production by consumption. Yet Coase argued, "in the real world, we find that there are many areas where [the price mechanism] does not apply."[4] Notably, Coase authored his article at a time when the nation's industries had just shifted from predominantly small owner-managed firms to the modern large corporation. In *The Nature of the Firm*, Coase's main purpose was to emphasize how he believed the price-mechanism had been displaced as the element that controlled this new economic system.

Coase asserted that many of the problems investigated in *The Nature of the Firm* had been neglected by other economists. He also dismissed the explanations offered by his contemporaries regarding the subject. Again, the key issue Coase addressed was why, if coordination could be regulated by the price mechanism, were firms even necessary? His study determined that one of the justifications for firms is that there are costs to using the price mechanism. Coase referred to these as transaction costs. Coase further explained that transaction costs were managed through contracts and that firms, in general, operated with fewer contracts: "Contracts are not eliminated when there is a firm but they are greatly reduced."[5]

Interestingly, the most valuable contribution of Coase's article is its concluding discussion in which he briefly introduces the relationship between a "master and servant" or "employer and employee."[6] These ideas comprise what is now commonly referred to as the principal-agent relationship and foundation of agency theory. Coase's apparent purpose in presenting the principal-agent relationship was to provide a metaphor to further substantiate the existence of transaction costs and need for contracts. Notably, this metaphor makes a very important distinction

between a servant and an agent, which is the freedom enjoyed by the latter in carrying out his employment. This key distinguishing characteristic of the agent has important implications for the subsequent development of agency theory.

Agency Theory Defined

"Agency theory is directed at the ubiquitous agency relationship, in which one party (the principal) delegates work to another (the agent), who performs that work." [7] Agency theory attempts to describe the relationship as a contracting problem concerning how much of the value that the agent produces should go back to him in the form of a payment.[8] The simplest examples of the principal-agent relationship are that of a patient and doctor or defendant and lawyer. With respect to a firm, the principal-agent relationship manifests between the shareholders and manager (or CEO). There are both positive and negative aspects of the principal-agent relationship. On one hand, the principal benefits most when the agent is an expert at making the necessary decisions for which he is being contracted. On the other hand, the arrangement does not work well when the principal and agent share different interests and goals. As noted, this incongruence of ideas is partially remedied by the contract, which serves to specify the terms of their relationship.[9]

Most recently, agency theory has served as a lens for studying corporate malfeasance and developing solutions to protect against such actions.

Part of understanding agency theory involves important underlying assumptions about individual self-interest and rationality. The theory holds that individual needs and preferences are subjective and result in different interests. Accordingly, in a principal-agent relationship, conflicts of interest may occur. For example, the principal and agent might prefer varying levels of risk, which may lead them to take different actions. Because an agent does not always act in the best interests of the principal, the principal incurs "agency costs" to monitor and influence the agent's actions.[10] Realizing this, one of the main objectives of agency theory is to explain how contracting parties design contracts to minimize the costs associated with such problems.[11]

Two other notable aspects of agency theory are moral hazard and adverse selection. Moral hazard is the condition under which the principal cannot be sure if the agent has put forth maximal effort. As noted previously, an agent often enjoys a certain degree of freedom and therefore is able to engage in discretionary behavior. Moral hazard problems can occur when an agent has multiple clients and ineffective incentive contracts.[12] To reduce moral hazard, the principal must induce the agent to take the most appropriate actions. In order to do this, the principal and agent must design a contract that balances incentives and risk sharing as well as rewards and punishment.[13]

Adverse selection is the condition under which the principal cannot ascertain if the agent accurately represents his ability to do the work for which he is being paid. An element of adverse selection risk undoubtedly occurs in all hiring decisions. To reduce the problem of adverse selection, agency theory suggests due diligence, referrals, signaling, and screening.[14] Agency theory literature also provides some more general solutions to principal-agent problems including arranging contracts with long-term horizons, utilizing ratification mechanisms such as principal final approval or veto, applying formal control systems such as auditing, and implementing agent budget restrictions. Measures such as these effectively serve to align the agent's interests more closely with those of principal.

Agency Theory Implications for the Decisions of Corporate Finance

Agency theory evolved from an interest in understanding the firm. The distinguishing characteristic of the firm is the separation of the owners of the assets from control of those assets.[15] More precisely, while ownership is vested in the shareholders, control is in the hands of the managers. As a result, shareholders bear the consequences of the manager's actions. The prevailing question then is: "How does it happen that millions of individuals are willing to turn over a significant fraction of their wealth to organizations run by managers who have so little interest in their welfare?"[16] This is an important question and goes to the heart of the principal-agent relationship. With all the potential for problems such as moral hazard and adverse selection that exists amongst this "nexus of contracts,"[17] one might assume that agents would be hesitant to invest their monies at all. According to Jensen and Meckling, however, the growth in investment and market value of the corporation indicates that investors have not been disappointed with the results of the principal-agent partnership.[18]

Most individuals believe that the agency relationship between managers and shareholders can be effective as long as managers make investment decisions that are consistent with shareholder interests. The more closely aligned the two parties goals are, the more likely this scenario will be. In general, shareholders are most pleased when managers make decisions that maximize shareholder wealth. If this is done consistently, shareholders will have few concerns about delegating the day- to-day investment decisions to managers.[19]

Agency theory additionally examines the principal-agent relationship "from the point of view of risk, as any attempt to produce something carries a certain probability of failure." [20] Because of the limited liability feature of equity claims in corporations,

shareholders are typically risk neutral—shareholders risk only the capital they have invested in the business. In contrast, managers are typically risk averse. While a shareholder can diversify risk through measures such as investment in a portfolio, a manager's risk is likely to be undiversified.[21] Accordingly, managers have much to lose and are therefore likely to pursue investment opportunities characterized by limited risk. In some cases, managers will refrain from making certain value-maximizing decisions due to hidden or asymmetric information. In these cases, managers, who have greater knowledge about a firm's prospects than outsiders, will deliberately avoid risky investments. This is especially true if the manager receives only a fixed salary and cannot share in the upside of risky projects.[22] Managers might also engage in other undesirable actions such as reducing effort (shirking), empire building, and entrenching.[23]

Monitoring and incentives are two measures that principals can use in order to influence appropriate agent decision-making. In simple principal-agent relationships, the principal monitors the agent simply by observing his efforts or checking to see if work has been done correctly. In such cases, monitoring is both effective and effortless. In decisions of corporate finance, however, monitoring is typically much more difficult and expensive. One of the elements that complicate monitoring is shareholder dispersion. This situation arises when a firm has many owners, each with a small investment, and often necessitates delegation of monitoring. The "free-rider problem" occurs if and when each investor is tempted to leave the task of monitoring to others.[24] Often, the task of monitoring is the responsibility of the Board of Directors who, in turn, delegates it to an independent audit committee.

Monitoring alone will not eliminate all potential conflicts of interest and shareholders should therefore also use incentives as a means to curb agency costs. Incentives should be chosen that align the agent's interests with those of the principal. The most obvious and popular incentive is compensation such as stock-option grants and bonuses. Depending on the nature of the principal-agent relationship, different and more creative incentives can potentially be considered and implemented.

Current Relevance of Agency Theory for Understanding Decisions of Corporate Finance

"During the past two years, examples of gross corporate greed and impropriety have created shockwaves through the investment community and the general public."[25] As a result of poor agent decision-making at Enron, WorldCom, and other firms, many shareholders incurred significant losses and suffered other financial woes. These examples not only epitomize the problem of corporate malfeasance but also suggest quite clearly that agency theory is more than just theoretical. "The collapse of Enron is likely to make regulators and financial theorists rethink the relationship between incentive alignment and the need for monitoring by a company's board of directors, and more specifically, the audit committee of the board of directors."[26] In these particular cases, agency theory suggests that improper incentives precipitated a conflict of interest that directly contributed to the problems experienced in these business relationships. Fortunately, agency theory can also offer some possible solutions.

Government intervention has been suggested as a means of attempting to rectify some of the problems noted in the ongoing investigation into these firms' downfall. A reading of agency literature shows that it is by no means unusual for agency theory to advocate government intervention on the basis that, in the real world, individuals and the market are not able to resolve agency problems.[27] Regulation is appropriate because individuals are often unable to protect themselves. New proposals implemented by the Bush administration include requiring CEO certification of financial statements and disgorgement of compensation.[28] Likewise, the Securities and Exchange Commission (SEC) has recommended modifying the current system for reporting financial performance, and major lending institutions have changed the way they underwrite debt and equity issues: "Not only will current borrowers and issuers of capital have to withstand this additional scrutiny but they will also have to be willing to pay more if they are to receive any financial capital at all."[29] All these changes are bound to have significant impact but none can guarantee an end to all the problems of the principal-agent relationship.

Agency theory is extremely practical and provides important insight into understanding not only the decisions of corporate finance but also some of the decisions made by individuals in everyday life.

The second fundamental change proposed in corporate finance decisions is aimed not at monitoring but rather at incentives—specifically compensation. Significant problems in the area of executive compensation were also highlighted by the Enron debacle. In the past, compensation methods relied heavily on stock option grants and bonuses. As a result, much of executive compensation was tied to short-term increases in company stock: "In that respect, their interests were not aligned with the interests of other shareholders."[30] Most new proposals suggest tying executive compensation to the long-term growth and financial strength of their companies as the best means of creating productive and responsible management incentives. Rather than relying solely on

changes in stock price, better plans measure profitability through economic value added or relative stock market return.[31] In this manner, some of the flaws of the traditional accounting system can be avoided. Similar compensation reform is also being adopted for members of corporate boards who are engaged by the shareholders to monitor management's decisions.

Having an understanding and awareness of basic aspects of agency theory is important when reviewing other decisions in corporate finance as well. As previously noted, shareholders primarily are concerned only with maximizing their wealth. When managers make decisions irrespective of this fact, value is lost. This is perhaps best evidenced by instances where companies look to do socially responsible actions. As Milton Friedman observed in his article, *The Social Responsibility of Business*, "the only guiding criterion for the corporation should be profitability."[32] Friedman believed that it was not the role of business to promote social ends and that a corporation had "no true responsibilities to any constituencies other than its owners, the shareholders."[33] Whether in cases of misaligned social responsibility, corporate malfeasance, or something else, effective use of monitoring and incentives provides the best assurances to principals that only the most appropriate decisions will be made on their behalf.

Conclusion

When Ronald Coase first published *The Nature of the Firm*, he probably underestimated the impact of his work. In studying the role of the firm in the economy, he formulated the now widely analyzed principles of agency theory. Agency theory is extremely practical and provides important insight into understanding not only the decisions of corporate finance but also some of the decisions made by individuals in everyday life. Agency theory appropriately recognizes the inherent conflicts of interest between principals and agents and suggests a variety of means by which they can be minimized. It is arguably important for modern investors to have a basic understanding of agency theory when making investment decisions. Though investors would like to think that managers are honest, diligent, and ethical, the truth is that the world is not perfect. Chances are that it is more likely than not that future incidents of corporate wrongdoing will occur. Fortunately, agency theory provides useful thoughts for how our economic system and government can develop appropriate remedies to address the issue.

About the Author:

Captain (P) Andrew J. Hyatt is a Program/Budget Officer in the Comptroller Proponency Office, Office of the Assistant Secretary of the Army (Financial Management and Comptroller) and an ACP Class of 2003 graduate.

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Transforming Military Housing With

The Residential Communities Initiative

By Major Gregory A. White

Abraham Maslow, the famous psychologist and philosopher of motivation, understood that when one was at his or her best, one had been successful in satisfying a pyramid of hierarchical needs resulting in what he termed "Self Actualization," or achievement of one's highest form of human potential. Getting to this pinnacle, however, first requires one to be able to satisfy other lower level basic needs, such as adequate food, water and shelter (1: 56). Whether inspired by Maslow's theory or not, it is clear that the Department of Defense (DoD) and Army have taken a proactive step in moving soldiers closer to self-actualization by improving the quality and availability of government housing.

The Residential Communities Initiative is a prime example of a transformation effort aimed at preserving and improving the morale of what is arguably the most valuable asset of the armed forces, its personnel. When completed, the Residential Communities Initiative (RCI) will have improved the quality of life for soldiers and their families; reduced the cost of providing military housing and strengthened civil-military relationships.

Military analysts contend that soldier morale is a combat multiplier. To the extent one is able to sustain or improve a soldier's morale, one is more likely to enhance the unit's combat effectiveness and readiness. Affordable and adequate military housing is directly related to a soldier and his family's well-being. The condition of existing housing on most installations is eroding, in short supply and does not resemble current standards of modern neighborhoods and communities available in the private sector. RCI addresses and improves these quality of life shortcomings by establishing partnerships with private sector developers to build world class 21st century residential communities for soldiers and their families (2: no #). The need for such a program has never been greater. Recently the Army had accumulated $6 billion in backlogged revitalization work. Additionally, more than 70% of existing family quarters were in need of some form of renovation or replacement (2: no #). Unfortunately, due to significant competing demands for such things as transformation and modernization efforts and the Global War on Terrorism, it is unlikely that traditional methods of addressing such requirements will be effective. Compounding the problem is the lack of adequate and affordable housing located nearby most installations. The combined effect of frequent permanent change of station (PCS) moves coupled with few good choices for housing are making the military lifestyle and career less attractive to more and more otherwise satisfied military personnel and their families.

RCI gets at the heart of the problem by building new, modern style homes in sufficient numbers to accommodate more families than previously possible with MILCON appropriated funding. Moreover, the homes are built quickly as many appropriation limitations and standards no longer have to be considered. The fact that RCI gets good homes in significant numbers built quickly is a tremendous accomplishment in and of itself, but RCI goes even further to meet the needs of its customer's quality of life requirements. Legislation making RCI a reality also makes it possible for developers to include ancillary facilities such as childcare centers, community centers and housing offices (2: no #). It is important to understand that RCI is doing more than just building quarters, but has truly embraced a holistic approach towards improving the average military family's standard of living.

Of course enhancing one's standard of living is easy if money is no object, but the reality is that RCI would not have survived if it were not able to effectively reduce the cost of providing military family housing. This savings has taken many forms. For example, Basic Allowance for Housing (BAH) must be paid to military personnel electing to live in

the local community instead of government provided housing. Personnel living in military quarters do not receive BAH pay. Having enough suitable quarters available to the majority of personnel would alleviate the services of the burden trying to support BAH rates with adequate funding. Instead though, the government is in the difficult financial position of attempting to keep pace with the rising rate of rents and mortgages across the country by increasing corresponding BAH rates. Compounding the pressure on BAH rates and their shortcomings is what has occurred in the utilities market. While BAH was never intended to cover all the costs of living on the local economy, the effect of rising utility rates has had a severe impact on the buying power of the BAH dollar making it even more difficult for the service member to find suitable (affordable and adequate) housing. Residing in government housing obviously solved the utility rate problem in the past, as the service member no longer paid the bill. In the future with RCI however, this may no longer be the case. Individuals will now pay for their own utilities in addition to forfeiting their BAH when they live in government housing. While this may sound like a drawback to the program, the truth is that the current practice of the services paying the utility bill will no longer be financially feasible whether paid by the developer or the government. The expectation is that the new construction will be so appealing and such an improvement over existing conditions that most families will knowingly accept this extra expense without complaint. Another fall-out from the lack of sufficient quarters comes in the form of higher moving costs. When quarters on the installation do become available to the service member, the military normally pays the cost of moving the soldier's family into government quarters. The effect is that the government pays for a soldiers move twice; once to move from the old duty station to the new duty station and then again if the soldier decides to move into the quarters on the installation. While it will never be possible to have an empty set of quarters ready and waiting for each family moving to a new installation, RCI will go a long way in eliminating this inherently wasteful practice of paying for moves twice.

No amount of money though can replace the long-term benefit of having a strong partnership with the local civilian community surrounding the military installation. Many might characterize the civil-military relationship as symbiotic with each populace benefiting and relying on the other's talents, resources and attributes. RCI reinforces the bond with the civilian sector in a variety of ways, but perhaps most importantly in the areas of leveraged economic growth and increased community involvement. From a pure numbers point of view, it is hard to argue with the success of RCI. The Army's sixty two million dollar investment has netted the development of $1.2 billion in military housing assets which serves 68,000 soldiers and families (2: no #). Developers have benefited as well in the form of below market rate building loans; guaranteed occupancy levels; protection from base closures and deployments and other benefits of long-term business relationships. In addition to the financial successes however, local communities will benefit from increased sales tax revenue from dense military populations; greater participation in civic and school system activities and collaborative efforts in shared security concerns brought on by the events of September 11th, 2001.

The Residential Communities Initiative is a prime example of a transformation effort aimed at preserving and improving the morale of what is arguably the most valuable asset of the armed forces, its personnel.

The federal government can do many remarkable things and certainly has the potential to achieve even more. Traditional means, however, may not always be the best method for doing so. This is what Dave Anderson, author of No-Nonsense Leadership says about change. "Dakota tribal wisdom declares that when a horse dies, the rider must dismount. Oftentimes, the dead horse is an impotent strategy, an ineffective leader or poor process." For many in the DoD, it is time to dismount. Anderson goes on to say, "There are other options. You can change riders and see how far the dead horse goes. Or, you can appoint a focus group to study dead horses or better yet, benchmark how other companies ride dead horses." Mr Anderson's point is that leaders have to get off their saddles and grow organizations by advancing new strategies as opposed to the optimizing tactics of flawed processes and systems (3: 65). To the extent the Department of Defense can continue to tap into the expertise, innovation and capital resources of the private sector, it should continue to do so. This is especially true as the DoD presses on with the challenge of transforming the way it defends the Nation and the way it takes care of the people responsible for the mission.

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About the Author

Major Gregory A. White works as a Budget Analyst at TRADOC Headquarters, for the Deputy Chief of Staff, Resource Management.

Base Realignment and Closure (BRAC)

By Ms. Dolores R. Gahres

On November 15, 2002, the Secretary of Defense (SECDEF), Mr. Donald H. Rumsfeld issued broad guidelines for the Fiscal Year (FY) 2005 Base Realignment and Closure (BRAC) to his department heads. The SECDEF wrote, "At a minimum, BRAC 2005 must eliminate excess physical capacity; the operation, sustainment and recapitalization of which diverts scarce resources from defense capability. However, BRAC 2005 can make an even more profound contribution to transforming the Department by rationalizing our infrastructure with defense strategy." (1:1) The BRAC 2005 provides the Department of Defense (DoD) an opportunity to reduce excess infrastructure and reduce operational costs. To successfully reduce infrastructure, the Services must, focus on supporting the Combatant Commander's mission, identify areas where support functions can be combined into Joint activities, and stop competitive sourcing under Office of Management and Budget (OMB) Circular A-76.

In an interview with Government Executive, Mr. Raymond F. DuBois, Deputy Under Secretary of Defense (Installation and Environment), stated "If we approach BRAC from simply a basing for infrastructure-footprint-real property assessment point of view, it would be simplistic and ineffective." (2:1) All Services support the Combatant Commanders. As the Services review their infrastructure and formulate recommendations for closure, their focus must be supporting the Combatant Commander's mission and how realigning their infrastructure can better support joint operations. Establishing multi-Service, multi-functional bases aligned to the Combatant Commander's mission and consolidating support operations across the DoD are key enablers. The DoD Transformation Planning Guidance states, "Joint education is fundamental to creating a culture that supports transformation founded on leaders who are innately joint and comfortable with change. This requires a fundamentally revised approach to joint professional military education. Joint education must prepare our leaders both to conduct operations as a coherently joint force and to think their way through uncertainty." (3:21) As part of BRAC 2005, Services must work toward establishing joint training programs. A first step can be standardizing and consolidating basic training. Since future operations are expected to be joint, all soldiers, sailors, airmen and marines need to receive the same basic skills. Consolidation of follow-on advanced or specialty training is possible if the functional schools (e.g., Judge Advocate General, Communication-Electronic, etc.) include in the curriculum time for unique service or weapon system specific training.

The key components of support missions such as finance, personnel, or logistics are the same. Where they break down is in terminology and automation. If the requirements are the same, why are the terminology and the automation different? Combined training will force the Services to standardize the terminology and automation of the functional area. Standardization is critical to executing successful operations in a Joint environment. This BRAC needs to seriously look at combining schools and forcing standardization.

"Each of the Services had their own little horror stories where we didn't realize until literally the recommendations went forward to [the Defense Secretary's Office] that we were taking an action someplace that might have an impact on one of the other Services and we just didn't know it." (4:1) Joint deployment requires coordination with and support from other Services. The Army depends on the Air Forces to transport them to drop zones. The Marine Corps depends on the Navy to transport them to beachheads. While some of the Service support missions are located in the same community as the units they support, (e.g., Fort Bragg and Pope AFB) they still operate autonomously on separate bases. There is no logical reason for keeping separate bases and base operations. Why isn't the Air Wing that supports the Airborne and Special Forces units a tenant on the Army base that supports its primary tactical mission? By creating multi-service bases, the Services can begin reducing the support element footprint through consolidation of functions, which will allow the tactical Commanders more time to focus on joint operations instead of base support. Creating multifunctional, multi-Service bases must be a major component of BRAC 2005.

A key element to creating multifunctional bases is consolidating the support

operations. The BRAC 2005 gives the DoD the impetus it needs to combine support operations, reducing both facilities and resource requirements. However, the only way to successfully combine support operations is to direct it from the highest level of DoD. Anything less than top down direction is doomed to failure. Consolidation does not come quickly when the method of implementation is consensus building nor does it result in optimized operations. The Services reluctance to "break rice bowls" stopped numerous consolidation initiatives of prior Administrations.

The DoD needs more support agencies, like the Defense Finance and Accounting Service, which create opportunities to streamline business practices, reduce manpower requirements, standardize systems and consolidate operations and training. The Services are consolidating some support operations, such as Civilian Personnel, within the Service, but they need to go one step further and consolidate all of the base support functions, (e.g., Personnel, Logistics, Contracting, Information Technology, Medical-care, Transportation) Service-wide.

There is a joint Transportation Command, but execution of the transportation mission remains the responsibility of the Service owning the assets rather than the Transportation Command. Since we have a Defense level command, give it total responsibility for the joint mission, and eliminate the Service Transportation Commands. The Services need to stop the parochialism of "we're unique" and focus on conducting the joint operations required by the Combatant Commander. By consolidating our support functions, processes, and location we increase both funding and manpower available for the mission and equipment needs of the warfighter.

Consolidation of support functions leads us to a key initiative of the current Administration, privatizing functions the private sector can perform. "Authorized by OMB Circular A-76, the Commercial Activities Program (commonly referred to as the "A-76 Program) is a valuable resource management tool that allows commanders to compare the relative cost of performing commercial activity type work using Government employees versus contract services." (5:1) An A-76 process takes 18 to 24 months to complete. The corner stone of an A-76 is the statement of work (SOW) developed by the activities under review, which results in a request for proposal issued by the Contracting Officer. The Contracting Officer receives proposals from both the Government for its Most Efficient Organization (MEO) and Contractor's technical and cost proposals for performing the work. An A-76 results in a minimum 10% reduction in operational cost and the elimination of the Military positions. Military personnel are reassigned to tactical positions, which support the Combatant Commanders. The fate of the Government employees depends on who wins the A-76. If it is the MEO, Government right-sizes through attrition or as a last resort severance from government employment. If the contractor wins, the Government employees have the right of first refusal for contractor positions. Regardless of who wins the A-76 process and the implementation of the MEO or the Contract impact the installation mission. Conducting A-76 studies during a BRAC is counter-productive when all activities are potential BRAC sites. To conduct an A-76, key government employees are pulled from their daily mission to write a SOW and to develop the government employee's MEO. The A-76 results in reducing the size of the Government's workforce. Delaying A-76 studies until the BRAC 2005 decisions are announced reduces the turmoil within government and Contractors and reduces the total cost of rightsizing the DoD.

A key element for transforming the DoD is the elimination of unnecessary infrastructure. The BRAC 2005 provides the DoD an opportunity to reduce excess infrastructure and reduce operational costs. Services must correct their myopic vision and identify solutions that meet the National Strategy and support the Combatant Commander's mission. Without a change in mind-set at the highest levels, BRAC 2005 will be ineffective. The Transformation Planning Guidance provides the strategy for the future force. All future contingencies will be lead by Combat Commanders using Joint forces. A Service no longer operates in isolation from its sister Services. To minimize disruption in mission, competitive outsourcing, A-76 studies, need to be postponed until BRAC 2005 is completed. The BRAC 2005 is the stepping-stone for redefining support operations, to include consolidation between Services and privatization.

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About the Author:

Ms. Dolores R. Gahres works as a Budget Analyst at Army Materiel Command, in Alexandria, Virginia.

Happy Holidays and "Good Judgment!"

By Mr. Matt Reres

The time of year for holiday celebrations is approaching. The Army leadership encourages each of you to enjoy the season with your friends, family and co-workers. To make these events enjoyable, there are some workplace ethics ground rules.

Before addressing specific issues, I must point out that we need to be sensitive to the fact that many of us celebrate different holidays. Hanukkah, Christmas, and Kwanzaa are holidays enjoyed by most in our American society. What we call the celebration, how we refer to the season, and our greetings to one another should reflect this. At times, generic holiday greetings are the most appropriate salutation: "HAPPY HOLIDAYS!"

Use of Government Time. Some holiday celebrations may occur on Government time, but only to a certain extent. Time taken for an actual event—perhaps a "pot luck" in the office, or a luncheon at a restaurant—is seldom an issue. However, preparation for these events may create ethical issues. The key here is "Good Judgment!" Supervisors may permit some use of duty time for preparations. However, preparing holiday events should never be a significant part of any employee's duties. Examples:

- A committee of employees should never spend duty time visiting potential restaurants to explore facilities and menus, followed by other days to inform the group, obtain votes, and develop consensus, followed by another trip to make final arrangements. On the other hand, a few telephone calls during the day requesting faxes from restaurants, some short planning discussions in the office, and visiting one or two restaurants during lunch is permissible and would exercise Good Judgment!
- A decorations committee should avoid wasting workdays visiting party shops, followed by other work time for decorating. (Also, appropriated funds may never be used to purchase decorations for individual offices.) However, a brief planning session on Government time, followed by a few telephone calls to party shops, visits and purchases made after duty hours, and decorating the office during lunch periods or after the duty day, is permissible. Good Judgment!

Fundraising. Your office may decide to raise money to reduce the cost of a holiday event. The general rule is "no fundraising in the Federal workplace." However, there is an exception for office events:

- The DOD Joint Ethics Regulation, 5500.7-R, permits employees to raise money among their members for their own benefit when approved by the head of the organization and the Ethics Counselor. For example, employees could have a bake sale to reduce the cost of tickets for the office holiday celebration. Use the following checklist for such events:
- Keep it low key.
  - Use minimal Government time. No duty time should be used to bake or purchase cookies and refreshments. Some minimal time during the day may be used to plan the sale. Employees conducting the sale should do so on their personal time.
  - Government equipment, such as computers and printers, may be used at no cost to the Government. Items, such as placards and announcements, must never be ordered or obtained from the audio-visual office. Use of Government resources requires Good Judgment!
  - Never solicit outside sources (such as employees of support contractors) to contribute baked goods or other items.
  - Contractor employees and visitors who become aware of the bake sale may purchase items. The important thing is that we must never personally solicit from contractor employees, or target them.
- Outside sources (local restaurants, car dealerships, department stores, professional associations, and contractors) must never be solicited for donations, to include door prizes.
- Raffles must never be used to raise money for office functions.

Contractor Employees. Contractor employees may attend our celebrations. However:

- There should be no official encouragement for contract employees to leave their workplace. We can let it be known that these employees of an Army contractor may attend and will be a welcome part of the event. But the contractor must first authorize the attendance of his/her employees at an office party.
- Contractor employee time off, and the nature of the time off (leave, personal day, administrative absence) are between the contractor and its employees. When a contractor's employee is absent to attend a party, the contractor is prohibited from billing for their services during this down time. Moreover, contractors must still attend to issues such as contract schedules, delivery dates, etc. Accordingly, the contractor alone must decide if its employees may be absent to attend a party.
- Contractor employees must never be tasked, or asked to volunteer, to organize holiday events.

Gifts. Gifts among employees may be exchanged during the holiday season. However, be mindful of appearances. It requires Good Judgment to avoid creating the perception of partiality or favoritism. Gift giving in the workplace should be even-handed and democratic in spirit. No one should be left out. Some specific rules apply:

- The value of a holiday gift to a superior is limited to $10. And, you are prohibited from soliciting contributions from other employees. There are no similar restrictions on gifts to peers and gifts to subordinates.
- You must never accept a gift from anyone who makes less money than you do as a Federal employee, unless there is no superior-subordinate relationship, and there is a personal relationship that would justify the gift. Again, the exception would be for a gift where the value is less than $10, with no soliciting of contributions from other employees.
- You may have a gift exchange among employees. If it is an anonymous exchange, a reasonable value should be established for the individual gifts. (If it is open and directed to an individual, $10 is the limit.) If contractor employees are participating in an anonymous gift exchange, the gift limit must be less than $20, as discussed in the point below.
- Federal employees may accept gifts from contractors or contractor employees. However, a specific gift (non-cash) from a contractor to an employee must never exceed $20 in value and multiple gifts from a contractor to an employee must never exceed $50 in value in one year.

Attendance at Parties.

- All employees and contractor employees are free to attend a private party hosted by a Federal employee. Food, refreshments and entertainment may be shared and enjoyed. Subordinates may bring hospitality gifts, such as a bottle of wine, but these gifts must be modest in cost. Hospitality gifts may exceed $10 in value, but Good Judgment should always be your guide. However, hospitality gifts from contractor employees are strictly limited to $20 in value. Ideally, hospitality gifts will be edible.
- Federal employees may accept free attendance at a private party hosted by a contractor or a contractor employee if any of the following conditions apply. If none apply, then the invitation must be declined or the employee must pay for attendance.
  - The average cost per guest is less than $20.
  - The invitation is based on a bona fide personal relationship with the contractor employee--not just a congenial office relationship.
  - The party qualifies as a "widely-attended gathering"--that is, there will be more than 20 attendees representing a diversity of views and backgrounds, and the employee's supervisor determines that it is in the agency's interest for the employee to attend.
  - The contractor is having an open house, open to the public or to all Government employees or military personnel in the area.
  - The invitation is offered to a group or class of individuals that is unrelated to Government employment, such as all GEICO, PFCU or USAA customers.
  - You have been assigned to represent the Army at an official function (such as an embassy event).

Holiday Greetings.

- Appropriated funds are unauthorized to purchase holiday greeting cards. Superiors may never allow subordinates to prepare or address personal greetings. Finally, official resources--including paper, printers, envelopes and postage—are unauthorized for holiday greeting cards.
- Electronic greeting cards with digital photographs, video, sound, or other large file attachments are unauthorized for transmission on official Army systems. Further, sending such messages with executable attachments, including files that end in "exe" or "jgb," (such as, Santa Bowling for Dwarves) or opening such attachments is inappropriate.

Alcohol. Consistent with paragraph 2-8, AR 600-85, Army Substance Abuse Program, official and unofficial functions that market or promote the consumption of alcohol must be discouraged. In this regard, alcoholic beverages may never be given as a prize. For events on the Pentagon Reservation where alcohol will be served, there must be compliance with the Army's implementation of 32 C.F.R. 234.11.

- Alcoholic consumption on the Pentagon Reservation is limited to special events and availability of alcohol should never be the purpose or focus of the event.
- Requests to serve alcoholic beverages will be prohibited unless authorized by the Director, Washington Headquarters Services or his designee, or the heads of the Military Departments, or their designees. Requests must be signed or endorsed by a principal official or deputy and include the following information:
  - **a.** Purpose of event and number of attendees.
  - **b.** Time, date, and location.
  - **c.** Type and volume of alcohol to be served.
  - **d.** POC and telephone number.
- Written notice of such authorization shall be provided to the Defense Protective Service.
- Supervisors must ensure that: appropriate safety precautions are in effect; non-alcoholic beverages are available; personnel who consume alcoholic beverages are of legal drinking age; designated drivers are identified; and that the event complies with the spirit and intent of the Army's Substance Abuse Program.

Conclusion. Employees may plan and participate in holiday events. And, while some limited use of Government resources and time is permitted, each of us must use common sense and Good Judgment! Have a happy and safe holiday season! Should you have any questions, please contact the Army Standards of Conduct Office at 588-6707 or the Deputy General Counsel (Ethics & Fiscal) at 697-5105.

About the Author:

Mr. Matt Reres is the Deputy General Counsel (Ethics & Fiscal) in the Army's Office of the General Counsel

Army Comptrollership Program Graduates First Class with Dual Master's and M.B.A. Degrees

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In an Aug. 8 ceremony at Syracuse University's Hendricks Chapel, the Martin J. Whitman School of Management's Army Comptrollership Program (ACP) honored its first class to ever earn concurrent M.B.A. degrees and master's degrees in public administration. Students completed coursework for both degrees in 14 months.

"The new program has made a major improvement in the skill set of ACP graduates," says retired Col. David B. Berg, director of Army programs and executive education at the Whitman School. "The M.B.A. has provided, and continues to provide, students with the skills needed to understand and operate in financial management in the private and public sectors. The M.A. in public administration has provided students with an understanding of the broad policy implications of financial decisions. The combination provides an ideal match for their work in Department of Defense financial and resource management."

Sandra Pack, assistant secretary of the Army (Financial Management & Comptroller), was the graduation speaker. Two outstanding ACP alumni were also honored: Anita Bales from the Army Audit Agency and retired Col. Paul Terry from the US House of Representatives Appropriations Committee staff.

The average GPA for the 25 members of the class was 3.7. The Neuman Award for the highest GPA was presented to Steven March. Five students – March, Marcus Seitz, Julio Arana, Andrew Hyatt and James Fasano – were inducted into Beta Gamma Sigma, the national business honor society. The Laychak/Rasmussen Award for Selfless Service was presented to Denise Saenz. Global Entrepreneurial Management Outstanding Project Awards were presented to Patrick Lamb, Gerald Skaw and John Chverchko. The class received the Chancellor's Award for Public Service in recognition of its community service.

Berg lauds the quality of the work performed by students "In spite of taking classes over the Christmas holiday break, doing 24 hours of community service, 12 credits each summer and 18 credits in the spring semester, they maintained a positive attitude and did excellent academic work," he says. "They have an unbelievable work ethic."

The ACP was inaugurated in 1952 in response to financial problems identified during World War II. More than 1,300 military and civilian personnel have gone through the 14-month program, preparing them to financially manage military conflicts and fluctuations in the Defense Department's budget.

Under the newly updated program, students take 42 credits in the Whitman School and 18 in the Maxwell School, and each student must complete 24 hours of community service, a requirement that has been in place since 1997.

Commencement Speech

By the Honorable Sandra L. Pack

Assistant Secretary of the Army for Financial Management and Comptroller

Congratulations and thank you very much for the invitation to be here with you today as you celebrate a very notable achievement. You are the first Syracuse ACP class to earn both an MBA and an MPA in a single year. And, I am extremely impressed by your dedication and your ability to complete this grueling dual-degree course.

I also would like to thank the Maxwell School and to say that I am quite pleased it has committed to educating the Army's financial managers. The Maxwell curriculum broadens and deepens the skills of our personnel. It adds an entirely new and very valuable dimension, which not only will enrich your lives but also will benefit the Army and the country we serve.

Now, during the preceding 14 months, this group has been somewhat insulated by the halls and walls of academia. So, I would like to talk about what you will face when you return to the office or to the field. The past two years have been extremely challenging for the United States and our military. Our troops are engaged in dozens of places around the globe, such as Afghanistan, Bosnia, Kosovo, Korea, Colombia and the Sinai. But, of course, the war in Iraq has drawn the most attention recently and our mission there is far from over.

I imagine that, for many of you, being in school while so much was happening around the world was difficult, due to the double workload and to the amount of effort required to remain focused on your coursework. Naturally, everyone wants to contribute, to be in the thick of things, especially in times of war. As members of the Department of the Army, you have chosen a life of service to others – which is a noble and great calling -- so I expect that some or all of you may have, at times, felt misgivings

about being students in Syracuse, NY, while others were preserving national security on the front lines in Iraq and elsewhere.

I want to assure you that all of you made the right decision when you matriculated to this program. You've been hard at work, earning degrees, and doing it when you should have been doing it. You've been preparing to carry out our nation's responsibilities and we are grateful for your perseverance and devotion to duty.

And, I can guarantee that there will be plenty for you to tackle when you reach your next assignment. When faced with a daunting challenge, one goes back to the people who have performed time and time again in order to get the mission accomplished. For the security of this nation, the go-to people are the United States Army. We can be honored and proud that our country relies on us so heavily, but we can also expect to be quite busy for the foreseeable future. In addition to all of its other commitments, the United States faces the tough task of rebuilding Iraq: its infrastructure, its economy, its civil society. The Army will bear the largest burden in this process.

Obviously, our soldiers will continue to form the majority of ground forces charged with removing the last vestiges of Saddam Hussein's regime and Ba'ath party. Our troops also must set the conditions for the Iraqi people to re-establish the prosperous civilization they once had.

Our Corps of Engineers is deeply involved in the reconstruction of Iraq, supervising infrastructure repairs and improvements, restoration of the oil industry, and rehabilitation of schools and hospitals. Under Hussein, Iraq also suffered devastating ecological damage, particularly in the southern marsh area. The Corps will help remediate as much of this environmental devastation as possible.

Additionally, this month the Army officially assumed the executive agency for the Coalition Provisional Authority. That means that we will be handling the CPA's finances, its contracting, its logistics. And when the CPA doesn't have enough money on hand to cover a particular requirement, the Army, as executive agent, will be tapped

to cash-flow CPA operations until funds are made available.

Admittedly, the weeks and months since major combat concluded have proven difficult – perhaps, in some ways, more difficult than expected. Post-war planning is never exact. Additionally, the vast extent to which Hussein ravaged and destroyed his own country is just now being uncovered -- and it is truly shocking. But this is no time to become weak-kneed. We, in green, must focus and deliver. This mission simply is not doable without the United States Army. Only we can accomplish what has to be done in Iraq.

As certified defense managers, you will be key to our achieving success.

Lately, many have raised questions about whether the military has been properly engaged over the past six months. With the difficulties I mentioned earlier, it is possible to understand from whence these doubts come. But I have two things I would like to relay to you, which, I think, will help to erase any uncertainty regarding our actions.

First, I want to tell a quick story.

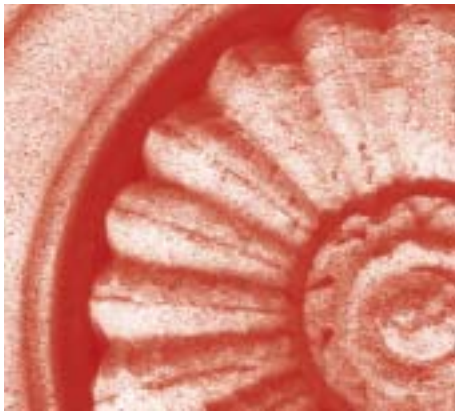
A couple of months ago, we celebrated the Army's birthday and we had a birthday cake cutting ceremony at the Pentagon. And as I sat in my seat, I noticed a label on the seat next to me that said "Gen. Franks." And I thought, "Well, I wonder if this is the famous Tommy Franks -- the combatant commander for Central Command, the man who led the charge in Afghanistan and now is leading the charge in Iraq." The ceremony began, the chair was empty and then he walked in from the side and sat down beside me. And I must say he looks just as good in person as he does on TV.

I said good morning to him and as he sat down I introduced myself and I said, "I go by Sandy." And he said, "Pleasure to meet you. I go by Tommy." .And there was an empty seat next to him. Then, a little later I noticed that that empty seat was occupied by a tiny little girl. And I could tell that she and Gen. Franks were having a conversation. And he must have asked her how old she was because I noticed she went, "Four" (while holding up four fingers). And I was genuinely impressed how soon it was that she was sitting in Gen. Franks' lap. And, when there was a standing ovation, he would stand and he would lift her up along with everybody else. And after several of those, I turned to him and I said, "You have a new friend." And he said, "Yes. Isn't she beautiful?"

I thought that was quite remarkable. And what is it that I found remarkable? Here's a little girl, a little four-year-old girl, and little girls just like her are now in school in Afghanistan for the first time in decades, largely because of the effort that Gen. Franks led. I like to think of that story because education is everything, as you all know now.

Second, this morning I have given each member of the graduating class a small photo, which was taken by a member of the 3rd Infantry Division somewhere in the vicinity of Baghdad. I obtained it via a Marine reservist stationed in Iraq and I think it requires little elaboration. That image by itself explains and illustrates why we the United States, we the military, we the Army have committed ourselves to doing whatever it takes, for as long as it takes, to ensure our citizens, our families can live in peace and safety. If ever you are having a bad day, or a moment of difficulty, I want you to take a look at that picture. It will remind you of what's important, why you are serving your country, and why we all must remain ever mindful of our larger purpose.

Again, thank you very much for your hard work. Congratulations to you and your families on your graduation from Syracuse.



Acceptance Speech

By Colonel Paul Terry
Lieutenant General James F. McCall Award Recipient

Honorable Pack; Dean Burman; Dean Hurd; Dean Straussman; Dean Bobrowski; Colonel Berg; Ms. Bales; Distinguished Faculty; ACP 2003 Graduates; family members and friends.

Thank you for honoring me as the 2003 recipient of the James F. McCall Award for Distinguished Service. When I was first assigned to the Army Budget Office, General McCall was the Comptroller of the Army. He served then, as he does now, as a great role model and teacher to military resource managers. Receiving this award, named for General McCall, is very special to me.

My family and I came to the Comptroller Program in 1979, returning from a tour in Germany. We lived in Liverpool. Our daughter was born during the school year. She is now a graduate student at the University of Virginia. The Carrier Dome was under construction that year. All the football games were played on the road. During that year our United States Embassy in Iran was overrun by a mob and the staff were held as hostages. Handheld calculators that could perform present value calculations were the latest thing. We prepared our papers on typewriters.

I am sure that the Class of 2003 will remember the War with Iraq, and the Orangemen winning a national championship in basketball. You will enter on your comptroller careers with a great many technologically advanced tools to help you manage the Army's program and budget. You will need those tools and I am sure you have been very well prepared to succeed.

I have fond memories of a great year of study and learning here at Syracuse University. Doctor Vedder, Doctor Wasserman, and many other superb educators helped our class expand our understanding of statistics, logistics, economics and accounting, subjects so important to military resource managers. The case studies, projects, discussions and exercises completed

here provided a solid foundation for the members of our class as we began our service as Army comptrollers. And I am certain that the members of the Class of 2003 return to the Army superbly prepared to serve in the most demanding comptroller positions.

As a resource manager I have been privileged to serve at unit level, in the Army Budget Office, in the office of the DoD Comptroller, as a civilian contractor, and now as a professional staff member of the House Appropriations Committee. As this graduating class prepares to depart Syracuse University, and to assume new duties as Army Comptrollers, I offer three suggestions.

First, as you proceed in your career, I believe it will benefit both you and the Army if you gain experience across the various appropriations, from operations and personnel, to research and development, acquisition, and military construction. Seek varied assignments. Continue your professional development, and share your skills with others.

Second, I suggest that when you are serving as a supervisor, assign clear tasks to your subordinates. Then give them space in which to operate. Assess performance fairly, and provide feedback...let people know how they are doing. Do not attempt to do all the work yourself. Require each person to carry his or her fair share of the load. You will be working with good people, who want to succeed. Let them contribute. In return, you support their professional development and career advancement.

Third, be aware of the tasks your boss is trying to accomplish and help him or her achieve success. Be aggressive and enthusiastic, and be part of the solution.

Exciting duties as Army comptrollers await you. The Army needs your expertise, your integrity, and your devotion to the highest quality resource management. Give the best possible support to our great soldiers. Congratulations on completing a rigorous, and highly respected program. Please remember to thank the family and friends who have helped you achieve this outstanding accomplishment. Good luck to you all.

Thank you, again.

Acceptance Speech

By Ms. Anita Bales
Leonard F. Keenan Memorial Award Recipient

Thank you.

Honorable Mrs. Pack, Distinguished Deans and Faculty of Syracuse University, Colonel Berg, class of 2003, and friends and family.

It's a pleasure to be back here on campus and in Hendricks Chapel for the commencement of another outstanding ACP class. A special thanks to COL Berg for allowing one of the auditors to slip back in for a visit.

It's a very great and unexpected honor to be here to receive the Leonard F. Keenan award. I strongly believe in his goals of raising the quality of professionalism and fostering excellence in the resource management community. These goals are more important than ever as we face the challenges of improving financial management and increasing the confidence of the appropriators and the taxpayers that the Army is a good steward of America's resources. And, we have to do this in an environment where new challenges and changes face us around each corner.

Theodore Roosevelt said, "Far and away the best prize that life offers is the chance to work hard at work worth doing." With that in mind I think each of us in the RM community has won the Powerball lottery of jobs, because as we face these daily challenges there is no doubt that we have to work hard and the work is worth doing. When you go to your new jobs and that voice in your head (or if you'd rather say your conscience so it sounds a little more sane) asks, "Why am I here?", there are two groups of people that I want you to think about—our soldiers and the taxpayers.

Our jobs are worth doing for our soldiers on point. As resource managers, we may not be on CNN every night as they show news of Iraq or Afghanistan or the many other places our soldiers are deployed, but our work is there because it is our responsibility to make sure the soldiers get the resources they need to do their job and come home safely. Our jobs are also worth doing for the taxpayers even though they might not realize it or not always appreciate government employees—"those bureaucrats." I was back visiting my family in small town Iowa a couple of weeks ago and we had a get together where an old family friend came up to me and said, "You are keeping everything straight out there, aren't you?" Now keep in mind that coming from a place where we know everyone in the town and most everyone in the county, it's hard for them to understand that I don't know everyone and everything that's going on in the Pentagon let alone the whole government. But, in that simple question is a truth, the taxpayers are relying on us to keep it all straight, this guy just had a face to which to ask the question. What we do is important to people, don't ever forget that and let it be one of your guiding forces as you start your new job.

As the first ACP class to receive both an MBA and MAPA degree you are uniquely qualified to face these challenges and much will be expected of you. When I heard similar words as I sat right over there for my commencement and again as I stand here being given the honor of receiving this award, one of the thoughts going through my mind was and is, please don't let me disappoint the people that gave me this opportunity. Keep that in mind as you go out and continue the proud tradition of excellence and service that the ACP family has. And it is a family, your fellow alumni are sprinkled throughout the Defense community and we will be there to help you.

Finally, I want to thank the families and friends of the graduates for sharing them with their ACP and resource management families. Thank you for providing the support they needed to get through the past 14 months and the continued support they'll need as they go on to excel in their careers. Thank you and congratulations graduates!

Army Comptroller Students Partner with the Corps of Engineers

By Mr. Robert E. Derrane

On a beautiful spring weekend in early May 2003, students of the Army Comptrollership Program joined forces with the Buffalo District Corps of Engineers to perform volunteer work at Mount Morris Dam.

The Army Comptrollership Program is a 14-month graduate program at Syracuse University that recently celebrated its 50th anniversary. It is the Department of Defense's premier financial management course where military and civilian students earn two Masters Degrees, a Masters in Business Administration from the Syracuse University School of Management and a Master of Arts in Public Administration from the Maxwell School of Citizenship and Public Affairs. One requirement of the course is that the students or more commonly referred to as 'ACPer's', complete 24 hours of volunteer service to enrich their experience and engender a spirit of lifelong community service.

Being a former District employee and now an ACPer myself, I suggested a weekend outing after the spring semester finals were completed. I contacted Lynn Greer, a Physical Scientist and the District's Volunteer Coordinator, to see if the Corps needed any volunteer work done. The Corps of Engineers is one of a handful of government agencies that can legally accept volunteer work. Ms. Greer suggested a volunteer weekend at Mount Morris Dam with camping at nearby Letchworth State Park. The weekend would be part of the District's 'Spruce up for Spring' which combines the activities of Earth Day and Arbor Day.

Mount Morris Dam is a Corps operated facility that is situated deep in the gorge of the Genesee River about 67 miles from the city of Rochester, New York. The dam provides flood protection to farmlands, residential areas and industrial and commercial developments in the lower Genesee River Valley.[1] Across from the facility is Letchworth State Park. Often called the 'Grand Canyon of the East', Letchworth boasts of more than 70 miles of hiking trails. The 14,350-acre park offers scenic beauty through its three canyons, two valleys and numerous waterfalls. Cabins and campgrounds are available for adventure seekers.

The weekend began Friday with Major David Hinkes, Denise Saenz and myself landscaping the entrance to the Dam. That night, more ACPers, some with spouses and children in tow, arrived to lend a hand and coordinate for Saturday's activities. Friday night was spent around the campfire reminiscing about the school year and sharing good times. Thanks to the wonderful talents of Donna Torche, Anita Puterbaugh and Cecile Batchelor, everyone was well fed.

Saturday started with a full-scale assault on the William B. Hoyt II Visitor Center. Old shrubs and plants were dug out and replaced with new perennials. Thanks to Corps employee, David Laurenza, and his Bobcat tractor, fresh mulch was laid. A stone wall, ringing the newly created gardens, accentuated the stone and wood exterior of the visitor center.

Meanwhile, other ACPers were busy cleaning out the Corps' 'Green House.' The Green House was the former residence of the Assistant Dam Foreman. It was hoped that a partnership could be formed between the Corps and the local Audubon Society to provide office space once the furniture was removed.

Saturday night was another night of camaraderie around the campfire and the first ever ACP Cajun Shrimp Boil. Under the guidance of LTC Mark Robinson and his wife Marlene, pounds of fresh shrimp, salt potatoes, corn on the cob and sausage were boiled and seasoned. Once cooked, the whole mixture was poured onto a stainless steel table and the feeding frenzy began. No utensils were allowed, only lots of napkins and cold beer to wash it down.

Sunday was a day reserved for families to explore Letchworth Park and visit the local shops. All in all it was a great weekend for both ACPers and the Buffalo District. I for one hope that it is the beginning of a great relationship. Civilian class leader, Donna Torche, commented, "The opportunity to participate in the Letchworth Park project turned out to be more than just about meeting our volunteer requirement included as part of the Army Comptrollership Program. It became two days of camaraderie and working as a team to complete a worthwhile endeavor. The folks at the Army Corps site were receptive to our assistance and the results were something to be proud of." Military class leader LTC Robinson added "The Letchworth volunteer day is an example of what makes our country so special . . . Americans helping America in every little way." Lynn Greer commented, " The ACP volunteers were a great group of individuals who accomplished a lot of work at the facility. The Corps employees appreciate the hard work by all and look forward to partnering with future ACP classes."

[1] US Army Corps of Engineers, Buffalo District Mount Morris Dam brochure 2/03

About the Author:

Mr. Robert E. Derrane, CPA, CMA, CDFM is currently employed with the Buffalo District Corps of Engineers and is an ACP graduate class of 2003.

Syracuse Whitman School of Management Construction

Construction of the new home for the Whitman School of Management has begun at the building site on the corner of University Avenue and Marshall Street. The new building - 160,000 square feet, 250 percent more space than in the existing Crouse-Hinds School of Management Building - is being constructed on the former site of the Marshall parking lot.

The new building will include 22 state-of-the-art classrooms; 20 undergraduate and 20 graduate breakout rooms; a 200-seat auditorium; a three-story, 4,000-square-foot Grand Hall; an Investment Research Center; incubator start-up business space; a center for doctoral students; an Executive Education Center with two classrooms, six meeting rooms, a lounge and a dining room; and faculty seminar rooms and offices. The building is scheduled for occupancy in winter of 2005.

On 2 May, 2003, the Army had one military and four civilian students graduate from Class 03-C of the DoD Professional Military Comptroller School. These students joined Air Force, Navy, Marine Corps, DFAS, and other DoD students in completing six weeks of graduate level education in contemporary resource management issues and problems facing financial managers thought out the Department of Defense.

Name	Army MACOM
Major Gregory White	TRADOC
Ms. Dolores Gahres	AMC
Mr. Chin Sok Kim	USFK
Mr. Edward Klug	USARPAC
Mr. Donald Ripp	USARSO

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