

# Proposed Active Component Cuts Put Reserve Financial Management Centers at Risk

Reducing the number of Active component personnel assigned to Reserve component financial management centers could degrade the quality of oversight of financial management operations.

By Major William C. Keltner

**W**ith the wars in Southwest Asia ending, the Active Army will soon shrink. Now that the withdrawal from Iraq is complete and the withdrawal from Afghanistan is being planned, proposals for reducing Army personnel are picking up steam. In these times, no Active component (AC) duty position is completely safe from the looming “chopping block.” If proposals surface that include eliminating the AC positions that are assigned to the Reserve component (RC) financial management centers (FMCs), I believe that risks would be involved with such cuts.

I recently served as the operations officer of the 469th FMC, which oversees the control and disbursement of public funds on the battlefield. I have observed firsthand the valuable contributions to operations, planning, and training made by the AC personnel working in these positions to ensure that the 469th FMC had proper oversight of taxpayer dollars. I also bear witness to what can happen when enough oversight of financial management (FM) is not provided. Actually, we need only to look at the historical relevance of the RC as part of the total force, the critical FM mission of the 469th FMC within the RC, and the work performed by AC personnel in an FMC to realize that eliminating these positions may have far-reaching, negative consequences.

## End Strength Reduction

From a historical perspective, a post-war drawdown is inevitable. One should expect AC strength to be reduced after a drawdown of wartime operations. Since the birth of our Nation, the Active Army has ramped up during wartime and drawn down during peacetime. As Field Manual (FM) 1, The Army, points out, “After the Revolutionary War, the government reduced the Army to fewer than 100 Soldiers. This action began a recurring pattern of small peacetime forces followed by wartime expansion.”

However, we now find ourselves in a different kind of war: a protracted war on terrorism. During World War II, we knew where the Axis Powers were located. We battled on the front lines until their militaries and governments were defeated. Now, no front lines exist. Our current enemies are sometimes hard to find, are not always state sponsored, and may obtain unconventional weapons that can reach deep into the heart of our country. FM 1 states—

*Today’s enemies include nonstate organizations. Their members and power sources are hard to find and defeat. New enemies may appear with little warning. This situation makes it impossible to determine when the War on Terrorism will end. It places a premium on operational flexibility and adaptability—attributes of Army forces with balanced capabilities. It requires Army forces to sustain a consistently high readiness level.*

## Total Force Concept Outside of War

Our military, as a total force, has always relied on a capable Reserve force that is larger than the Active force. The Army Reserve must maintain a high state of readiness as indicated by the Total Force Concept.

The current critical importance of the Army Reserve is illustrated by Secretaries of Defense who have handed down guidance concerning how the Reserves are a vital part of the total force. Secretary of Defense Melvin R. Laird’s 21 August 1970 policy memorandum, Support for Guard and Reserve Forces, stated, “Economies will require reductions in overall strengths and capabilities of the active forces, and increased reliance on the combat and combat support of the Guard and Reserves. . . . A total force concept will be applied in all aspects of planning, programming, manning, equipping, and employing Guard and Reserve Forces.”

Secretary of Defense James R. Schlesinger's 23 August 1973 policy memorandum, Readiness of the Selected Reserve, stated, "Total Force is no longer a concept. It is now the Total Force Policy which integrates the Active, Guard and Reserve forces into a homogenous whole." Clearly the total force depends on Reserve forces to be ready to perform their wartime missions.

### 469th FMC Mission

The 469th FMC has a vital mission within the total force. It ensures FM support to the theater C-8, J-8, and G-8 in support of overseas contingency operations, with emphasis on the full range of FM operations within the U.S. Southern Command (SOUTHCOM). The 469th provides technical oversight for all FM companies and detachments in theater and for all theater finance operations. This support includes negotiating with host-nation banks, advising unit commanders on the use of local currency, and coordinating with national providers.

The 469th FMC also sustains Army, joint, and combined operations by providing timely contractual and procurement payment and theater disbursing capabilities. In short, it ensures public funds are not lost and are disbursed properly so that the Army can accomplish its

mission. The 469th's mission is made even more critical during these times of great budgetary constraint.

The AC personnel are leaders who direct, plan, and supervise daily staff operations and ensure personnel are trained, equipped, and ready to perform their missions. The experience, expertise, and networking connections that AC personnel bring to the 469th FMC are invaluable for training during battle-assembly weekends, annual training, and deployments. The AC personnel shoulder most of the training burden and offer day-to-day coordination and planning, which is made possible by their AC experience.

### The Importance of Expert Oversight

The 469th FMC is theater-committed to SOUTHCOM. Accordingly, the 469th provides FM support to U.S. Army South as it executes contingency operations in the SOUTHCOM area of responsibility. This support is provided by an FM team of AC personnel who deploy within 48 hours of notification as part of U.S. Army South's initial-entry task force. In 2010, the team quickly deployed to Haiti to set up disbursing operations after Hurricane Tomas. These Active Duty personnel provided the immediate response critical to initial-entry disbursing

*The author (far right), an Active component financial management officer, trains financial management support operations officers from both the Active and Reserve components at Diamond Saber 2010.*



operations. If the operation depended on the mobilization of RC personnel, the response would have been much slower.

The 469th FMC was the exercise agent for Diamond Saber 2010. Diamond Saber is the Finance Corps' premiere annual FM exercise involving up to 50 units and more than 600 personnel from Army Active and Reserve components. Participants receive training on their wartime missions, such as management of commercial vendor services and disbursement operations, financial management support, and military pay operations. Exercise agent duties rotate to a different FMC each year. The 469th FMC could not have accomplished this colossal task without the planning and operational involvement of its AC personnel. Thus, removing the AC personnel may curtail the ability of RC FMCs to host future exercises.

Providing technical oversight through the proper funding and management of FM units within a theater of operations is the 469th FMC's primary wartime mission. For this, the AC personnel play a major role in mission planning, training, and execution.

During its previous deployment, the 469th FMC provided oversight of all FM companies and detachments supporting Operations Iraqi Freedom and Enduring Freedom. It managed one treasury and two local depository accounts with monthly balances exceeding \$200 million. It centrally funded over \$2 billion in U.S. and foreign currency to the FM units. The 469th also coordinated with the Defense Finance and Accounting Service, the Army Financial Management Command, the Federal Reserve Bank of Boston, the Department of the Treasury, the Iraqi Ministry of Finance, and others to increase Iraq's confidence in its financial institutions and to reduce the amount of U.S. dollars in theater. The 469th FMC's AC personnel played a major role in all of these wartime accomplishments.

### **The Buck Stops Where?**

Overall, the 469th ensures public funds are properly disbursed so the Army can accomplish its mission. But does the buck stop there? Who is ultimately responsible? With recent transformation, the Army has removed all FM units from the mission command of FM experts such as the 469th FMC. FM units are now under the mission command of sustainment commanders. The sustainment commanders are in charge of both the FM mission and the FM units executing that mission now that FM is a sustainment mission.

I have spent the last 8 years with sustainment commands, where I worked as a comptroller, FM support operations officer, and FMC operations officer. Most commanders and staff that I have seen within the sustainment community are happy to be actively engaged in accomplishing their FM mission. Some of them are

not. I have seen occasions when FM personnel have not been used within their FM occupational specialty. Amazingly, I even saw a sustainment command use an HR staff officer to oversee all FM operations in Iraq. Often I have found that sustainers are just too busy with other logistics concerns and have neither the training nor the time to be FM experts.

Naturally, the Army's sustainment commanders depend on FMCs now more than ever to have the overall technical expertise to ensure that FM units are accomplishing the FM mission throughout the theater. However, if the FM mission is not accomplished, funds may be mismanaged or lost, the overall mission of the maneuver commander on the battlefield may be placed in jeopardy, and the sustainment commander may be held to blame.

The AC positions were integrated into the RC for a reason. They were a critical necessity then, and in my opinion, they still are. AC personnel are not an extra luxury to embellish the Reserve FMCs. They are a must. Cutting the AC personnel from the 469th FMC would unequivocally remove its critical AC experience, expertise, and FM oversight, causing some dire consequences. The unit's mission readiness would significantly decrease. The 469th FMC would lose the ability to provide SOUTHCOM contingencies with the level of support that it provided in Haiti. The ability to conduct Diamond Saber would be severely hampered. The ability to conduct central funding operations and internal control as part of technical oversight support for theater units would be greatly diminished. Training readiness for the FMC's mission would also decrease.

The better choice is to keep the AC positions in place. If that is not feasible, another recommended course of action would be to replace the AC personnel with Active Guard Reserve personnel who could at least provide the needed expertise and full-time support. If neither is done, FM oversight of funds may be further diminished. At the end of the day, the potential risk is having more losses of funds critical to supporting the operational needs of the Soldier.

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