



Foreign Affairs Overseas Contingency Operations (OCO) Funding: Background and Current Status

The 116th Congress may debate Overseas Contingency Operations (OCO) funding levels in the context of the FY2020 foreign affairs and defense budgets. A key feature of OCO funds is their effective exemption, like emergency funds, from the discretionary spending limits established by the Budget Control Act of 2011 (BCA, P.L. 112-25). Some Members have suggested that this exemption provides agencies with additional budget cushioning and flexibility, allowing defense and nondefense funding to exceed the spending caps.

Within the Bipartisan Budget Act of 2018 (BBA, P.L. 115-123), Congress raised the overall discretionary spending limits set by the BCA. It increased FY2019 defense funding levels by \$85 billion and FY2019 nondefense funding levels (including foreign affairs) by \$68 billion. In response to the raised caps, the Administration requested no foreign affairs OCO funds for FY2019, instead proposing that all funds fall within regular funding. The FY2019 enacted omnibus appropriations law (Consolidated Appropriations Act, 2019, P.L. 116-6, Div. F) set foreign affairs OCO funding at \$8.3 billion.

While ongoing debate in Congress over OCO may focus on defense spending (where the largest share of OCO funds are appropriated), foreign affairs OCO funding may continue to play a role in the international affairs budget.

Background on Foreign Affairs OCO

The foreign affairs agencies began requesting OCO funding in FY2012, distinguishing between what is referred to as enduring (ongoing costs) versus extraordinary, temporary costs of State and USAID in the frontline states of Iraq, Afghanistan, and Pakistan. Many view this approach as similar to the annual emergency supplemental appropriations to support the Global War on Terrorism (GWOT) in the frontline states during the George W. Bush Administration.

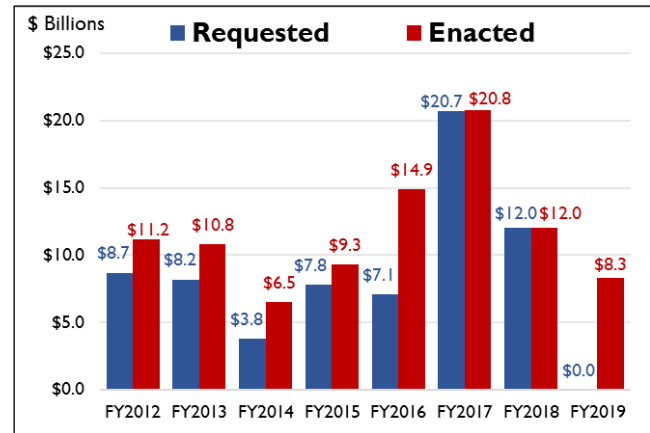
Congress, having provided OCO funds for the Department of Defense (DOD) earlier, adopted this approach for foreign affairs, although it never permanently defined its uses in statute. Since 2012, Congress has appropriated more nondefense OCO funds than were requested each year and authorized its use in additional countries (see **Figure 1**). In contrast, President Obama first sought OCO funds for a country other than the three frontline states in the FY2015 request when he requested OCO funds for Syria.

For the first foreign affairs OCO appropriation, Congress provided FY2012 OCO funds (P.L. 112-74, Title VIII) for a wide range of recipients beyond the three frontline states, including Yemen, Somalia, Kenya, and the Philippines. In

addition to country-specific uses, Congress also appropriated funds for the Global Security Contingency Fund.

In the FY2013 full-year continuing appropriations (P.L. 113-6, Div. F, Title VII, Sec. 1707-1708), Congress specified only Jordan as an additional OCO-recipient country.

Figure 1. Nondefense Overseas Contingency Operations, FY2012-FY2019



Source: Department of State Congressional Budget Justifications, FY2014, FY2015, FY2016, FY2017, FY2018, and FY2019, P.L. 115-141, and P.L. 116-6. The totals enacted include net rescissions.

For FY2014 (P.L. 113-76, Title VIII), Congress provided four accounts with no-year (available until expended) OCO funds, but made most foreign affairs OCO funds available for two years—or until September 30, 2015. Congress also expanded the terms of transfer authority, providing greater flexibility among certain accounts. It also authorized transfers from those accounts to International Disaster Assistance (IDA) and Migration and Refugee Assistance (MRA) accounts, subject to certain dollar amounts or percentages, and regular notification procedures. FY2014 OCO-funded activities were in Iraq, Afghanistan, Pakistan, Jordan, Lebanon, the Central African Republic, and Somalia.

For FY2015, although Congress did not provide specific OCO funds for countering the Islamic State (IS), as was requested, it did provide an increase in OCO funds in many accounts with language that allowed it to be used for counterterrorism.

The Obama Administration requested an expanded use of OCO funds for Syria and peacekeeping in FY2016 and FY2017. Congress also provided OCO funding in both

years for Ebola, Zika, counterterrorism, and countering Russian aggression.

The FY2018 foreign affairs OCO request included funds for famine relief and prevention, refugee assistance, and aid to Africa and the Middle East. The initial FY2019 budget request included \$12 billion in OCO funds for costs in war areas including Syria, Iraq, and Afghanistan. However, upon passage of the 2018 BBA (P.L. 115-123), the President issued an addendum requesting that all funds previously designated as OCO be shifted to base funding.

Within the Consolidated Appropriations Act, 2019 (Div. F, P.L. 116-6), Congress appropriated a total of \$54.4 billion for the State Department, Foreign Operations and Related Programs (SFOPS): \$46.4 billion for regular or base funds and \$8.3 billion (15% of total SFOPS funds) for OCO. The FY2019 act, as is normally the case for appropriations measures, provided various time periods of funding availability for both regular and OCO accounts. It continued multiyear spending and broad transfer authorities with regular notifications, making OCO use somewhat flexible. **Table 1** below details enacted OCO funding levels by account and availability for FY2019 and beyond:

Table 1. FY2019 Foreign Affairs OCO Funding Levels
(\$ millions)

Total	8,301.2
Funds available until September 30, 2020	
Diplomatic Programs (DP)	3,226.0
Office of Inspector General (OIG)	54.9
Contributions to International Organizations (CIO)	96.2
Contributions for International Peacekeeping	988.7
USAID's Operating Expenses (OE)	158.1
Economic Support Fund (ESF)	1,172.3
Peacekeeping Operations (PKO)	325.2
Foreign Military Financing (FMF)	229.4
Funds available until expended	
Worldwide Security Protection within DP	[2,626.1]
Transition Initiatives (TI)	62.0
International Disaster Assistance (IDA)	584.3
Migration and Refugee Assistance (MRA)	1,404.1

Source: Consolidated Appropriations Act, 2019, P.L. 116-6, Div. F, Title VIII.

Note: Numbers within brackets are subsumed in DP.

Issues

The Bipartisan Budget Act of 2018 (BBA)

The appropriations process for FY2019 was shaped by the Bipartisan Budget Act of 2018 (BBA, P.L. 115-123), which

Congress passed on February 9, 2018. The act raised the overall revised discretionary spending limits set by the Budget Control Act of 2011 (BCA, P.L. 112-25) from \$1.069 trillion for FY2017 to \$1.208 trillion for FY2018 and to \$1.244 trillion for FY2019. The BBA increased FY2019 defense funding levels by \$85 billion, from \$562 billion to \$647 billion, and nondefense funding (including SFOPS) by \$68 billion, from \$529 billion to \$597 billion. The bill did not change discretionary spending limits for FY2020 and FY2021 but it extends direct spending reductions from FY2021 in the original BCA through FY2027, as amended.

OCO and Spending Limit Implications

Through FY2027, as amended, the BCA imposes limits on discretionary spending and provides for adjustments to those limits for funds designated as OCO or emergency requirements. When the House and Senate draft the budget resolutions and the appropriations subcommittees consider funding for DOD and foreign affairs, OCO can be used to provide funds that are effectively not subject to those spending limits, even if the funds have only a tangential relationship to the war on terrorism. In the FY2015 budget process, for example, some questioned the Senate's increased use of OCO funds over the previous fiscal year, asserting it was done to free up discretionary funding for other agency budgets and still meet the FY2015 limit of \$1.014 trillion.

Enactment of the BBA in 2015 resulted in reducing foreign affairs regular funding that year by 11% within the omnibus appropriations and increasing foreign affairs OCO funds by 60%, perhaps helping to meet nondefense discretionary budgetary caps without reducing the overall foreign affairs total.

Despite the BBA of 2018 raising spending limits and no Administration request for foreign affairs OCO funds for FY2019, Congress appropriated more than \$8.3 billion in foreign affairs OCO in FY2019. It remains to be seen how a return to discretionary spending limits in FY2020 will affect the foreign affairs OCO appropriations level.

More Information

For more information on OCO and the foreign affairs budget, see CRS Report R44519, *Overseas Contingency Operations Funding: Background and Status*, by Brendan W. McGarry and Susan B. Epstein, and CRS Report R45168, *Department of State, Foreign Operations and Related Programs: FY2019 Budget and Appropriations*, by Susan B. Epstein, Marian L. Lawson, and Cory R. Gill

Susan B. Epstein,

Emily M. Morgenstern, Analyst in Foreign Assistance and Foreign Policy

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