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Overseas Contingency Operations Funding: Background and Status

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SUMMARY

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Overseas Contingency Operations Funding: Background and Status

Congressional interest in Overseas Contingency Operation (OCO) funding has continued as Members debate ways of funding priorities without breaching discretionary spending limits set in law.

Since the terrorist attacks of September 11, 2001, Congress has appropriated approximately $2 trillion in discretionary budget authority designated as *emergency requirements* or for *Overseas Contingency Operations/Global War on Terrorism* (OCO/GWOT) in support of the broad U.S. government response to the 9/11 attacks and for other related international affairs activities. This figure amounts to approximately 9.4% of total discretionary spending during this period.

Congress has used supplemental appropriation acts or designated funding for emergency requirements or OCO/GWOT—or both—in statute. These funds are not subject to limits on discretionary spending in congressional budget resolutions or to the statutory discretionary spending limits established by the Budget Control Act of 2011 (BCA; P.L. 112-125). The Balanced Budget and Emergency Deficit Control Act of 1985 (BBEDCA; P.L. 99-177) allows emergency funding to be excluded from budget control limits. The BCA added the OCO/GWOT designation to the BBEDCA exemption, thereby providing Congress and the President with an alternate way to exclude funding from the BCA spending limits.

While there is no overall statutory limit on the amount of emergency or OCO/GWOT spending, both Congress and the President have fundamental roles in determining how much of the spending to provide each fiscal year. Congress must designate any such funding in statute on an account-by-account basis. The President is also required to designate it as such after it is appropriated to be available for expenditure. Debate over what should constitute OCO/GWOT or emergency activities and expenses has shifted over time, reflecting differing viewpoints about the extent, nature, and duration of U.S. military operations in Afghanistan, Iraq, Syria, and elsewhere. Funding designated for OCO/GWOT has also been used to fund base-budget requirements of the DOD and State Department and to prevent or respond to crises abroad, including armed conflict, as well as human-caused and natural disasters.

Some defense officials and policymakers argue OCO funding allows for flexible response to contingencies, and provides a "safety valve" to the spending caps and threat of sequestration—the automatic cancellation of budget authority largely through across-the-board reductions of nonexempt programs and activities—under the BCA. Critics, however, have described OCO/GWOT as a loophole or "gimmick"—morphing from an account for replacing combat losses of equipment, resupplying expended munitions, and transporting troops through war zones, to a "slush fund" for activities unrelated to contingency operations.

Congress appropriated approximately $103 billion for OCO in FY2017 (8.5% of all discretionary appropriations), $78 billion for OCO in FY2018 (5.5% of all discretionary appropriations), and $68.8 billion for OCO so far in FY2019. Discretionary appropriations for FY2019 are not yet final; a continuing resolution expired December 21, 2018.

Following passage of the Bipartisan Budget Act of 2018 (P.L. 115-123), which raised discretionary budget caps for defense and foreign affairs agencies in FY2018 and FY2019, the Administration proposed shifting some OCO funding into the *base*, or regular, budget. Although Congress has generally not followed Administration requests for reduced funding for foreign affairs and domestic activities and has increased funding for defense, the President has asked cabinet secretaries to propose spending cuts of 5% in FY2020. Such proposals, if requested in a budget submission, may create difficult choices for Congress in FY2020 and FY2021—the final two years of the BCA discretionary spending limits. Congress's decisions on OCO/GWOT designations will affect how much agency funding is available for military operations and foreign affairs activities overseas, how much is subject to the BCA caps, and how much is incorporated into regular budgets and long-term budget projections.

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Introduction

This report provides background information and potential oversight issues for Congress on war-related and other international emergency or contingency-designated funding since FY2001.

Since the terrorist attacks of September 11, 2001, Congress has appropriated approximately $2 trillion in discretionary budget authority designated for emergencies or OCO/GWOT in support of the broad U.S. government response to the 9/11 attacks and for other related international affairs activities.[1] This figure includes $1.8 trillion for the Department of Defense (DOD), $154 billion for the Department of State and U.S. Agency for International Development (USAID), and $3 billion for the Department of Homeland Security (DHS) and Coast Guard (see **Figure 1**).[2]

This CRS report is meant to serve as a reference on certain funding designated as *emergency requirements* or for *Overseas Contingency Operations/Global War on Terrorism* (OCO/GWOT), as well as related budgetary and policy issues. It does not provide an estimate of war costs within the OCO/GWOT account (all of which may not be for activities associated with war or defense) or such costs in the DOD base budget or other agency funding (which may be related to war activities, such as the cost of health care for combat veterans).

For additional information on the FY2019 budget and related issues, see CRS Report R45202, *The Federal Budget: Overview and Issues for FY2019 and Beyond*, by Grant A. Driessen; CRS In Focus IF10942, *FY2019 National Defense Authorization Act: An Overview of H.R. 5515*, by Brendan W. McGarry and Pat Towell; 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.

For additional information on the Budget Control Act as amended, see CRS Report R44874, *The Budget Control Act: Frequently Asked Questions*, by Grant A. Driessen and Megan S. Lynch, and CRS Report R44039, *The Defense Budget and the Budget Control Act: Frequently Asked Questions*, by Brendan W. McGarry.

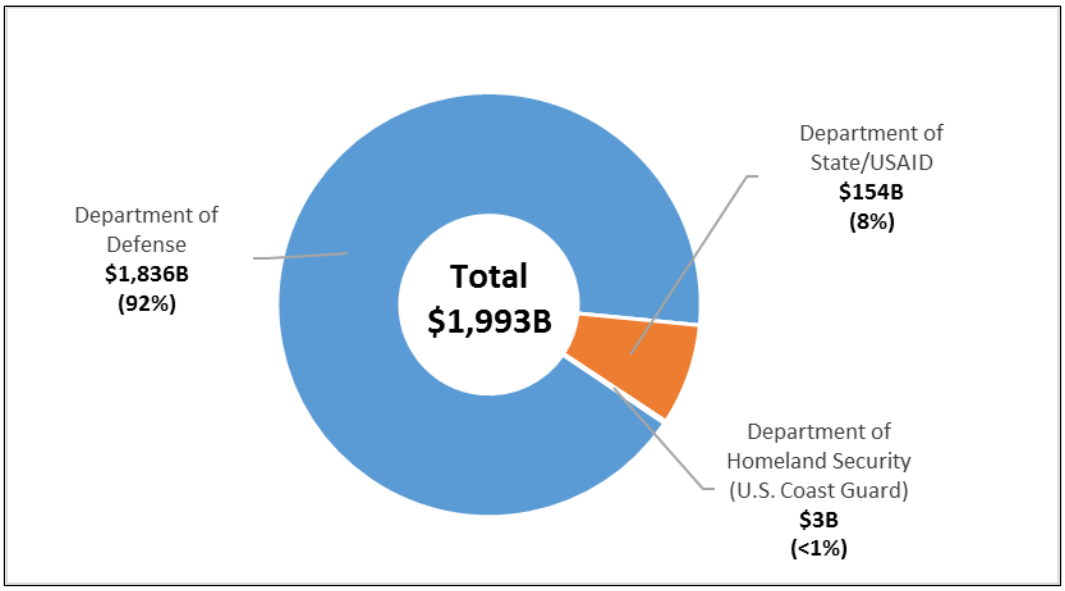
For additional information on U.S. policy in Afghanistan and the Middle East, see CRS Report R45122, *Afghanistan: Background and U.S. Policy*, by Clayton Thomas, CRS Report R45096, *Iraq: Issues in the 115th Congress*, by Christopher M. Blanchard, and CRS Report RL33487, *Armed Conflict in Syria: Overview and U.S. Response*, coordinated by Carla E. Humud.

[1] The figures in this paragraph are in nominal, or current, dollars (not adjusted for inflation).

[2] CRS analysis of Department of Defense, National Defense Budget Estimates for FY2019, Table 2-1: Base Budget, War Funding and Supplementals by Military Department, by P.L. Title (FY2001-FY2019), April 2019; Department of State, Foreign Operations and Related Programs Congressional Budget Justifications, FY2001-FY2019; Department of Homeland Security, Budget in Brief documents, FY2001-FY2019; Congressional Budget Office, *Final Fiscal Year 2018 House Current Status of Discretionary Appropriations, as of September 30, 2018*; Congressional Budget Office, *Fiscal Year 2019 House Current Status of Discretionary Appropriations*, as of October 5, 2018.

Figure 1. Emergency and OCO/GWOT Discretionary Budget Authority, FY2001-FY2019, by Agency

(in billions of dollars)



Source: CRS analysis of Department of Defense, National Defense Budget Estimates for FY2019, Table 2-1: Base Budget, War Funding and Supplementals by Military Department, by P.L. Title (FY2001-FY2019), April 2019; Department of State, Foreign Operations and Related Programs Congressional Budget Justifications, FY2001-FY2019; Department of Homeland Security, Budget in Brief documents, FY2001-FY2019; Congressional Budget Office, *Final Fiscal Year 2018 House Current Status of Discretionary Appropriations*, as of September 30, 2018; Congressional Budget Office, *Fiscal Year 2019 House Current Status of Discretionary Appropriations*, as of October 5, 2018.

Notes: Figures in nominal, or current, dollars (not adjusted for inflation). Totals may not sum due to rounding. FY2019 figure for State/USAID and DHS were not available because continuing resolutions P.L. 115-245 and P.L. 115-298 included partial-year funding. DHS (Coast Guard) figures do not include funding redirected from P.L. 107-38. Figures do not include funding for domestic programs, or other agency funding identified for OCO/GWOT or related purposes amounting to less than 1% of the total.

Background

Increase in War-Related Appropriations after 9/11

Congress may consider one or more supplemental appropriations bills (colloquially called supplementals) for a fiscal year to provide funding for unforeseen needs (such as a response to a national security threat or a natural disaster), or to increase appropriations for other activities that have already been funded.[3] Supplemental appropriations measures generally provide additional funding for selected activities over and above the amount provided through annual or continuing appropriations.[4]

[3] For more information on the appropriations process, see CRS Report R42388, *The Congressional Appropriations Process: An Introduction*, coordinated by James V. Saturno.

[4] Some observers use the term *supplemental* as a colloquialism to describe the OCO budget request. While the OCO budget request is in addition, or supplemental, to an agency's *base* budget requirements, OCO funding may be provided through any of the three types of appropriations measures: regular appropriations bill, continuing resolution, or

Throughout the 20th century, Congress relied on supplemental appropriations to fund war-related activities, particularly in the period immediately following the start of hostilities. For example, in 1951, a year after the start of the Korean War, Congress approved DOD supplemental appropriations totaling $32.8 billion ($268 billion in constant FY2019 dollars). In 1952, DOD supplemental appropriations totaled just $1.4 billion ($11 billion in constant FY2019), as the base budget incorporated costs related to the war effort. A similar pattern occurred, to varying degrees, during the Vietnam War and 1990-1991 Gulf War.[5]

During the post-9/11 conflicts, primarily conducted in Afghanistan and Iraq but also in other countries, Congress has, for an extended period and to a much greater degree than in previous conflicts in the 20th century, appropriated supplemental *and* specially designated funding over and above the base DOD budget—that is, funding for planned or regularly occurring costs to man, train, and equip the military force. Since FY2001, DOD funding designated for OCO/GWOT has averaged 17% of the department's total budget authority (see **Figure 2**). By comparison, during the conflict in Vietnam—the only other to last more than a decade—DOD funding designated for non-base activities averaged 6% of the department's total budget authority.[6]

Supplemental appropriations can provide flexibility for policymakers to address demands that arise after funding has been appropriated. However, that flexibility has caused some to question whether supplementals should only be used to respond to unforeseen events, or whether they should also provide funding for activities that could reasonably be covered in regular appropriations acts.[7]

Shift from Emergency Supplementals to Contingency Funding

Congress used supplemental appropriations to provide funds for defense and foreign affairs activities related to operations in Afghanistan and Iraq following 9/11, and each subsequent fiscal year through FY2010. Initially understood as reflecting needs that were not anticipated during the regular appropriations cycle, supplemental appropriations were generally enacted as requested, and almost always designated as emergency requirements.

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supplemental appropriations. The reader should not confuse a reference to a "supplemental appropriation measure" with a request for funds to supplement an agency's base budget requirements.

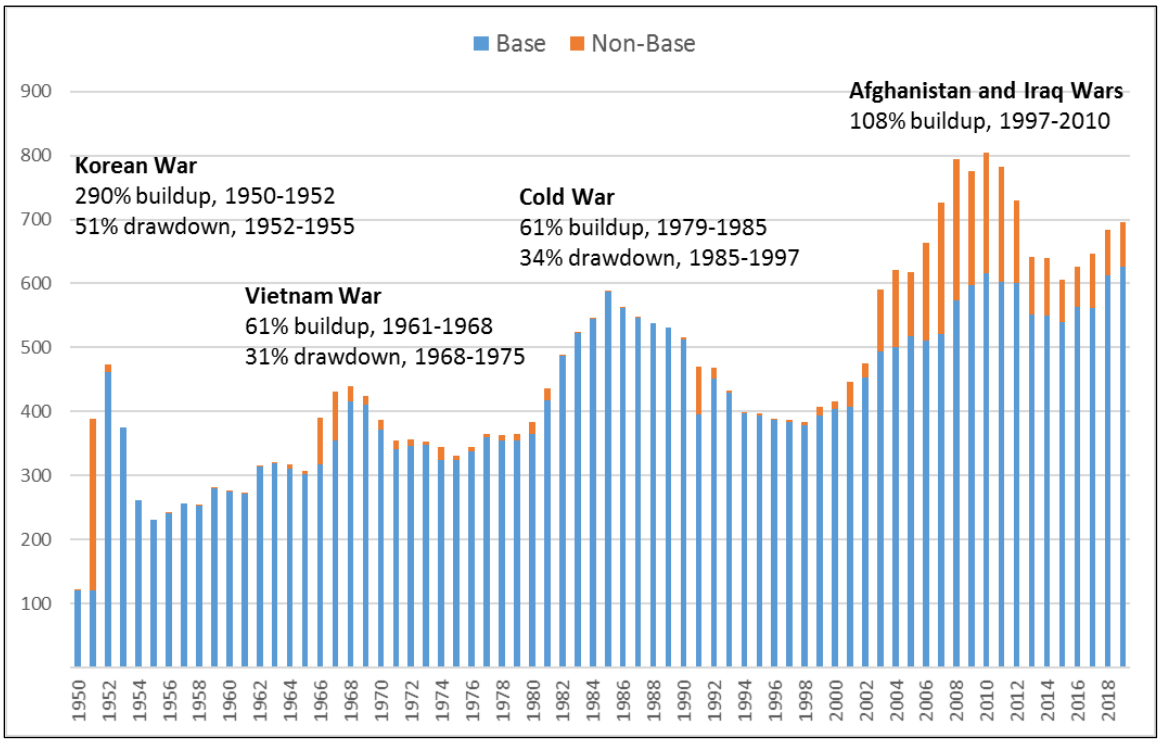
[5] CRS analysis of Department of Defense, National Defense Budget Estimates for FY2019, "Table 6-8: DOD Budget Authority by Public Law Title (FY1948-FY2023)," "Table 2-1: Base Budget, War Funding and Supplementals by Military Department, by P.L. Title (FY2001-FY2019)," and "Table 1-9: National Defense Budget Authority-Discretionary and Mandatory," April 2019; Department of Defense, FAD-809 table, January 1978; Congressional Budget Office, *Final Fiscal Year 2018 House Current Status of Discretionary Appropriations*, as of September 30, 2018; CBO, *Fiscal Year 2019 House Current Status of Discretionary Appropriations*, as of October 5, 2018; Congressional Budget Office, Supplemental appropriations reports from the 1970s-2000s; Office of Management and Budget, Historical Tables, "Table 10.1-Gross Domestic Product and Deflators Used in the Historical Tables: 1940–2023."

[6] Ibid.

[7] For a recent example of the distinction between emergency and OCO/GWOT funding, as part of the third FY2018 Continuing Resolution (P.L. 115-96), Congress appropriated an additional $4.5 billion, designated as "emergency requirements" (and, thus, exempt from the BCA-originated cap on discretionary defense spending), to accelerate improvements in missile defenses and other activities oriented toward North Korea and to repair two Pacific Fleet destroyers damaged in collisions.

Figure 2. DOD Budget Authority: A Historical Perspective

(in billions of constant FY2019 dollars)



Sources: CRS analysis of Department of Defense, National Defense Budget Estimates for FY2019, "Table 6-8: DOD Budget Authority by Public Law Title (FY1948-FY2023)," "Table 2-1: Base Budget, War Funding and Supplementals by Military Department, by P.L. Title (FY2001-FY2019)," and "Table 1-9: National Defense Budget Authority-Discretionary and Mandatory," April 2019; Department of Defense, FAD-809 table, January 1978; Congressional Budget Office, *Final Fiscal Year 2018 House Current Status of Discretionary Appropriations*, as of September 30, 2018; Congressional Budget Office, *Fiscal Year 2019 House Current Status of Discretionary Appropriations*, as of October 5, 2018; Congressional Budget Office, Supplemental appropriations reports from the 1970s-2000s; Office of Management and Budget, Historical Tables, "Table 10.1-Gross Domestic Product and Deflators Used in the Historical Tables: 1940–2023."

Notes: 1950-2017 nominal DOD funding from DOD Table 6-8; 2018-2019 nominal DOD funding from CBO *Current Status of Discretionary Appropriations* tables; 1950-1977 nominal DOD non-base funding from DOD FAD-809 table; 1978-2000 nominal DOD non-base funding from CRS research; 2001-2017 nominal DOD non-base funding from DOD Table 2-1; 2018-2019 nominal DOD non-base funding from CBO Current Status of Discretionary Appropriations tables and DOD Table 1-9; nominal figures adjusted to constant FY2019 dollars using calculations based deflators in OMB Table 10.1.

Beginning in FY2004, DOD received some of its war-related funding in its regular annual appropriations; these funds were designated as emergency. When funding needs for war and non-war-related activities were higher than anticipated, the Bush Administration submitted supplemental requests.[8]

[8] These supplemental requests sometimes included appropriations to special accounts to meet unanticipated wartime needs. For example, the Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Hurricane Recovery, 2006 (P.L. 109-234) appropriated $2 billion for the Joint Improvised Explosive Device Defeat Fund to develop, buy, and field devices to counter improvised explosive devices. For more on these funds, see the "Other Congressionally Authorized Funds or Programs" section in **Appendix B**.

In the FY2011 appropriations cycle, the Obama Administration moved away from submitting supplemental appropriations requests to Congress for war-related activities and used the regular budget and appropriation process to fund operations. This approach implied that while the funds might be war-related, they largely supported predictable ongoing activities rather than unanticipated needs. In concert with this change in budgetary approach, the Obama Administration began formally using the term *Overseas Contingency Operations* in place of the Bush Administration's term *Global War on Terror*.[9] Both the Obama and Trump Administrations requested that OCO funding be designated in a manner that would effectively exempt such funding from the BCA limits on discretionary defense spending.

Currently, there is no overall procedural or statutory limit on the amount of emergency or OCO/GWOT-designated spending that may be appropriated on an annual basis. Both Congress and the President have roles in determining how much emergency or OCO/GWOT spending is provided to federal agencies each fiscal year. Such spending must be designated as such within the President's budget request for congressional consideration. The President must separately designate the spending after Congress enacts appropriations for it to be available for expenditure.

Designation of Funding as Emergency or OCO/GWOT

The *emergency* funding designation predated the *OCO/GWOT* designation. Through definitions statutorily established by the Balanced Budget and Emergency Deficit Control Act of 1985 (BBEDCA; P.L. 99-177), spending designated as emergency requirements is for "unanticipated" purposes, such as those that are "sudden ... urgent ... unforeseen ... and temporary."[10] The BBEDCA does not further specify the types of activities that are eligible for that designation. Thus, any discretionary funding designated by Congress and the President as being for an emergency is effectively exempted from certain statutory and procedural budget enforcement mechanisms, such as the BCA limits on discretionary spending.[11]

Debate of what should constitute OCO/GWOT or emergency activities and expenses has shifted over time, reflecting differing viewpoints about the extent, nature, and duration of U.S. military operations in Afghanistan, Iraq, Syria, and elsewhere. Over the years, both Congress and the President have at times adopted more, and at times less, expansive definitions of such designations to accommodate the strategic, budgetary, and political needs of the moment.

Prior to February 2009, U.S. operations in response to the 9/11 attacks were collectively referred to as the *Global War on Terror*, or GWOT. Between September 2001 and February 2009, there was no separate budgetary designation for GWOT funds—instead, funding associated with those operations was designated as an emergency requirement.

The term OCO was not applied to the post-9/11 military operations in Iraq and Afghanistan until 2009. In February 2009, the Obama Administration released *A New Era of Responsibility: Renewing America's Promise*, a presidential fiscal policy document.[12] That document did not mention or reference GWOT; instead, it used the term OCO in reference to ongoing military operations in Iraq and Afghanistan. The first request for emergency funding for OCO—not

[9] Office of Management and Budget, *A New Era of Responsibility: Renewing America's Promise*, February 2009.

[10] These definitions are codified in 2 U.S.C. 900-922. See "The Balanced Budget and Emergency Deficit Control Act (BBEDCA) of 1985" section in **Appendix A**.

[11] For more information, see the "OCO and the Budget Control Act (BCA)" section later in this report.

[12] Office of Management and Budget, *A New Era of Responsibility: Renewing America's Promise*, February 2009.

GWOT—was delivered to Congress in April 2009.[13] Since the FY2010 budget cycle, DOD has requested both base budget and OCO funding as part of its annual budget submission to Congress.[14]

Beginning with the National Defense Authorization Act for Fiscal Year 2010 (NDAA; P.L. 111-84), the annual defense authorization bills have referenced the authorization of additional appropriations for OCO rather than the names of U.S. military operations conducted primarily in Afghanistan and Iraq.[15] In 2011, the BCA (P.L. 112-125) amended the BBEDCA to create the *Overseas Contingency Operations/Global War on Terrorism* designation, which provided Congress and the President with an alternate way to exempt funding from the BCA caps without using the *emergency* designation.[16] Beginning with the Consolidated Appropriations Act, 2012 (P.L. 112-74), annual appropriations bills have referenced the OCO/GWOT designation.[17]

The foreign affairs agencies began formally requesting OCO/GWOT funding in FY2012, distinguishing between what is referred to as enduring, ongoing or base costs versus any extraordinary, temporary costs of the State Department and USAID in supporting ongoing U.S. operations and policies in Iraq, Afghanistan, and Pakistan.[18] Congress, having used OCO/GWOT exemption for DOD, adopted this approach for foreign affairs, though its uses for State, Foreign Operations, and Related Programs (SFOPS) activities have never been permanently defined in statute. For the first foreign affairs OCO/GWOT appropriation, in FY2012, funds were provided for a wide range of recipient countries beyond the countries in the President's request, including Yemen, Somalia, Kenya, and the Philippines. In addition to country-specific uses, OCO/GWOT-designated funds were also appropriated for the Global Security Contingency Fund.[19]

OCO and the Budget Control Act (BCA)

All budgetary legislation is subject to a set of enforcement procedures associated with the Congressional Budget Act of 1974 (P.L. 93-344), as well as other rules, such as those imposed by

[13] The Obama Administration's Department of Defense FY2009 Supplemental Request, April 2009, augmented the Bush Administration's Department of Defense Fiscal Year 2009 Global War on Terror Bridge Request, May 2008.

[14] Department of Defense, Office of the Under Secretary of Defense (Comptroller), Fiscal Year 2010 Budget Request, Summary Justification.

[15] Title XV of the FY2010 NDAA (P.L. 111-84) was entitled, *Authorization of Additional Appropriations for Overseas Contingency Operations*. Title XV of the FY2009 NDAA (P.L. 110-417) was entitled, *Authorization of Additional Appropriations for Operation Iraqi Freedom and Operation Enduring Freedom*, the previous names for U.S. military operations primarily conducted in Iraq and Afghanistan, respectively.

[16] Title I, Sec. 101, of the Budget Control Act of 2011 (BCA; P.L. 112-25) amended the Balanced Budget and Emergency Deficit Control Act of 1985 (BBEDCA; P.L. 99-177).

[17] In appropriations bills, the description of additional funding designated for OCO/GWOT typically states: "Provided, That such amounts in this paragraph are designated by the Congress for Overseas Contingency Operations/Global War on Terrorism pursuant to section 251(b)(2)(A) of the Balanced Budget and Emergency Deficit Control Act of 1985."

[18] Department of State, Executive Budget Summary, Function 150 & Other International Programs, Fiscal Year 2012; and Fact Sheet, FY2012 State and USAID - Overseas Contingency Operations, February 14, 2011.

[19] According to the State Department: the Global Security Contingency Fund (GSCF) is intended to improve the planning and execution of shared Department of State and Department of Defense security assistance challenges in partner countries. First authorized in the FY2012 National Defense Authorization Act (NDAA), the program is funded by both departments and has backed projects in 13 countries from the Lake Chad Basin to the Philippines to Eastern Europe. Congress renewed the GSCF authority in the FY2018 NDAA for two fiscal years, through FY2019. See https://www.state.gov/t/pm/gpi/gscf/index.htm.

the Budget Control Act of 2011 (P.L. 112-125) as amended. Those rules provide mechanisms to enforce both procedural and statutory limits on discretionary spending.[20]

The Budget Control Act of 2011[21]

Enacted on August 2, 2011, the BCA as amended sets limits on defense and nondefense spending. As part of an agreement to increase the statutory limit on public debt, the BCA aimed to reduce annual federal budget deficits by a total of at least $2.1 trillion from FY2012 through FY2021, with approximately half of the savings to come from defense.[22]

The spending limits (or *caps*) apply separately to defense and nondefense discretionary budget authority.[23] The caps are enforced by a mechanism called *sequestration*. Sequestration automatically cancels previously enacted appropriations (a form of budget authority) by an amount necessary to reach prespecified levels.[24] The BCA effectively exempted certain types of discretionary spending from the statutory limits, including funding designated for OCO/GWOT.[25]

As a result, Congress and the President have designated funding for OCO to support activities that, in previous times, had been funded within the base budget. This was done, in part, as a response to the discretionary spending limits enacted by the BCA. By designating funding for OCO for certain activities not directly related to contingency operations, Congress and the President can effectively continue to increase topline defense, foreign affairs, and other related discretionary spending without triggering sequestration.

Congress has repeatedly amended the legislation to raise the spending limits (thus lowering its deficit-reduction effect by corresponding amounts). Congress has passed four bills that revised the automatic spending caps initially established by the BCA, including the following:

- American Taxpayer Relief Act of 2012 (ATRA; P.L. 112-240);
- Bipartisan Budget Act of 2013 (BBA 2013; P.L. 113-67);
- Bipartisan Budget Act of 2015 (BBA 2015; P.L. 114-74); and
- Bipartisan Budget Act of 2018 (BBA 2018; P.L. 115-123).

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[20] A designation of funding as emergency requirements or for OCO/GWOT effectively protects it from points of order raised under sections 302 and 311 of the Congressional Budget Act of 1974 (P.L. 93-344). The enactment of spending with either designation would also result in an adjustment of the appropriate spending cap, as provided in section 251(b) of the BBEDCA, so that such spending would not cause a breach of that spending limit, thus triggering a sequester. For more information, see CRS Report R42388, *The Congressional Appropriations Process: An Introduction*, coordinated by James V. Saturno.

[21] For more information on the BCA, see CRS Report R44874, *The Budget Control Act: Frequently Asked Questions*, by Grant A. Driessen and Megan S. Lynch.

[22] Congressional Budget Office, Letter from then-Director Douglas W. Elmendorf to then-Speaker of the House John Boehner and then-Majority Leader of the Senate Harry Reid, "CBO Estimate of the Impact on the Deficit of the Budget Control Act of 2011."

[23] Budget authority is authority provided by law to a federal agency to obligate money for goods and services. The defense limits apply to discretionary base budget authority for national defense (budget function 050). For more on the national defense budget function, see CRS In Focus IF10618, *Defense Primer: The National Defense Budget Function (050)*, by Christopher T. Mann.

[24] For more information on sequestration, see CRS Report R42972, *Sequestration as a Budget Enforcement Process: Frequently Asked Questions*, by Megan S. Lynch.

[25] Technically, the BCA allows an upward adjustment to the limits for certain types of funding. For more information on the defense budget and the BCA, see CRS Report R44039, *The Defense Budget and the Budget Control Act: Frequently Asked Questions*, by Brendan W. McGarry.

The Bipartisan Budget Act of 2018

On February 9, 2018, three days before President Donald Trump submitted his FY2019 budget request, Congress passed the Bipartisan Budget Act of 2018 (BBA 2018, P.L. 115-123). The act raised the discretionary spending limits set by the BCA from $1.069 trillion for FY2017 to $1.208 trillion for FY2018 and to $1.244 trillion for FY2019. The BBA 2018 increased FY2019 discretionary defense funding levels (excluding OCO) by the largest amounts to date—$85 billion, from $562 billion to $647 billion, and nondefense funding (including SFOPS) by $68 billion, from $529 billion to $597 billion. It did not change discretionary spending limits for FY2020 and FY2021.[26]

OCO Funds for Non-War DOD Activities

DOD documents indicate the department in recent years has used OCO funding for activities viewed as unrelated to war.

For example, the department's FY2019 budget request estimates $358 billion in OCO funding from FY2015 through FY2019. Of that amount, DOD categorizes $68 billion (19%) for activities unrelated to operations in Afghanistan, Iraq, and Syria. These activities are described as "EDI/Non-War," referring in part to the European Deterrence Initiative, and "Base-to-OCO," referring to OCO funding used for base-budget requirements.[27]

Similarly, a DOD Cost of War report from June 2018 shows $1.8 trillion in war-related appropriations from FY2001 through FY2018 for operations primarily conducted in Afghanistan, Iraq, and Syria. Of that total, DOD categorizes $219 billion (12%) as other than "war funds." These funds are described as "Classified," "Modularity," "Fuel (non-war)," "Noble Eagle (Base)," and "Non-War."[28]

International affairs agencies also began increasing the share of their budgets designated for OCO, and applying the designation to an increasing range of activities apparently unrelated to conflicts. OCO as a share of the international affairs budget grew from about 21% in FY2012 to nearly 35% in FY2017. Unlike DOD, however, the State Department and USAID have not specified whether any OCO-designated funds are considered part of the agencies' base budgets.

Previous Proposal to Move OCO Funding to Base Budget

According to a DOD budget document from FY2016, the Obama Administration planned to "transition all enduring costs currently funded in the OCO budget to the base budget beginning in 2017 and ending by 2020."[29] The plan was to describe "which OCO costs should endure as the United States shifts from major combat operations, how the Administration will budget for the uncertainty surrounding unforeseen future crises, and the implications for the base budgets of DOD, the Intelligence Community, and State/OIP. This transition will not be possible if the

[26] For more information on the BBA 2018, see CRS Insight IN10861, *Discretionary Spending Levels Under the Bipartisan Budget Act of 2018*, by Grant A. Driessen and Marc Labonte.

[27] Department of Defense, Office of the Under Secretary of Defense (Comptroller), Defense Budget Overview, FY2019 budget request, revised February 13, 2018, p. 4-3.

[28] Department of Defense, Cost of War report, June 2018, p. 9.

[29] Department of Defense, Office of the Under Secretary of Defense (Comptroller), United States Department of Defense Fiscal Year 2016 Budget Request Overview, February 2015, p. 7-9.

sequester-level discretionary spending caps remain in place."[30] The BCA remained in effect and OCO funding was used for base-budget requirements.

OCO: Safety Valve, Slush Fund, or Practical Solution?

Some defense officials and policymakers say OCO funding enables a flexible and timely response to an emergency or contingency and provides a political and fiscal safety valve to the BCA caps and threat of sequestration.[31] They say if OCO funding were not used in such a manner and discretionary spending limits remained in place, DOD and other federal agencies would be forced to cut base budgets and revise strategic priorities. For example, former Defense Secretary Jim Mattis has said if Congress allows the FY2020 and FY2021 defense spending caps to take effect, the 2018 National Defense Strategy, which calls for the United States to bolster its military advantage against potential competitors such as Russia and China, "is not sustainable."[32]

Critics, including Acting White House Chief of Staff Mick Mulvaney, have described the OCO account as a "slush fund" for military and foreign affairs spending unrelated to contingency operations.[33] Mulvaney, former director of the White House Office of Management and Budget (OMB), has described the use of OCO funding for base budget requirements as "budget gimmicks."[34] Critics argue what was once generally restricted to a fund for replacing combat losses of equipment, resupplying expended munitions, transporting troops to and through war zones, and distributing foreign aid to frontline states has "ballooned into an ambiguous part of the budget to which government financiers increasingly turn to pay for other, at times unrelated, costs."[35]

OMB criteria for OCO funding include the combat losses of ground vehicles, aircraft, and other equipment; replenishment of munitions expended in combat operations; facilities and infrastructure in the theater of operations; transport of personnel, equipment, and supplies to and from the theater; among other items and activities.[36]

Determining which activities are directly related, tangentially related, or unrelated to war operations is often a point of debate. Some have questioned the use of OCO funding to purchase F-35 fighter jets: "It is jumping the shark.... There's no pretense that it has anything to do with the region."[37] Others have argued it makes sense for the military to use OCO funding to purchase new aircraft to replace planes used in current conflicts and no longer in production: "What are the

[30] Ibid.

[31] Mark Cancian, "Two Cheers for OCO: Grease for Budget Wheels," *Breaking Defense*, October 20, 2016.

[32] Testimony of Defense Secretary James Mattis, in U.S. Congress, Senate Armed Services Committee, Fiscal 2019 Defense Department Posture, 115th Cong., 2nd sess., April 26, 2018. For more on the National Defense Strategy, see CRS Report R45349, *The 2018 National Defense Strategy: Fact Sheet*, by Kathleen J. McInnis.

[33] In 2016, then a congressman from South Carolina, Mick Mulvaney proposed legislation intended to "help prevent abuse of the Overseas Contingency Operations slush fund." See "Reps. Mulvaney, Van Hollen, Lee, Sanford Amendment Helps Prevent Abuse of OCO Slush Fund," press release, Targeted News Service, May 19, 2016.

[34] Office of Management and Budget, President's Budget, "Addendum to the FY2019 Budget," February 12, 2018.

[35] Paul D. Shinkman, "Inside the Pentagon's 'Slush Fund'," *US News and World Report*, February 12, 2016.

[36] For the full list of criteria for OCO funding, see Table A-1 in **Appendix A**.

[37] Steven Kosiak, Adjunct Senior Fellow, Center for a New American Security, remarks made at American Enterprise Institute event, "The defense budget and emergency war spending: Does it help more than it hurts?" moderated by Mackenzie Eaglen, Resident Fellow, AEI, March 15, 2017. For more on the F-35 program, see CRS Report RL30563, *F-35 Joint Strike Fighter (JSF) Program*, by Jeremiah Gertler.

conditions that are making the combatant commanders and those with train/equip authority to say, 'We need more of this?'"[38]

GWOT/OCO Appropriations by Agency, FY2001-FY2019

Congress has appropriated approximately $2 trillion in discretionary budget authority for war-related and other international emergency or contingency-designated activities since 9/11. This figure is a CRS estimate of funding designated for emergencies or OCO/GWOT in support of the broad U.S. government response to the 9/11 attacks, as well as other foreign affairs activities, from FY2001 through FY2019. This includes $1.8 trillion for DOD, $154 billion for the Department of State and USAID, and $3 billion for DHS and the Coast Guard (see **Table 1**). These figures do not include emergency-designated funding appropriated in this period for domestic programs, such as disaster response.

Table 1. Emergency and OCO/GWOT Appropriations by Agency, FY2001-FY2019

(in billions of dollars)

Fiscal Year	DOD	State/USAID	Homeland	Total
2001	22.9	0.3	0.0	23.2
2002	16.9	2.1	0.0	19.0
2003	72.5	7.8	0.4	80.7
2004	90.8	21.8	0.1	112.7
2005	75.6	5.5	0.1	81.2
2006	115.8	4.0	0.2	119.9
2007	166.3	5.8	0.1	172.1
2008	186.9	7.5	0.2	194.6
2009	145.7	8.8	0.2	154.7
2010	162.4	5.0	0.2	167.6
2011	158.8	0.0	0.3	159.0
2012	115.1	11.2	0.3	126.5
2013	82.0	10.8	0.3	93.0
2014	84.9	6.5	0.2	91.7
2015	63.0	9.3	0.2	72.5
2016	58.9	14.9	0.2	74.0
2017	82.5	20.8	0.2	103.4
2018	65.9	12.0	0.2	78.1
2019	68.8	n/a	n/a	68.8
Total	**1,835.7**	**154.1**	**3.2**	**1,993.1**
Agency % of Total	92.1%	7.7%	0.2%	100%

[38]Roger I. Zakheim, Visiting Fellow, American Enterprise Institute, remarks made at American Enterprise Institute event, "The defense budget and emergency war spending: Does it help more than it hurts?" moderated by Mackenzie Eaglen, Resident Fellow, AEI, March 15, 2017.

Source: CRS analysis of Department of Defense, National Defense Budget Estimates for FY2019, Table 2-1: Base Budget, War Funding and Supplementals by Military Department, by P.L. Title (FY2001-FY2019), April 2019; Department of State, Foreign Operations and Related Programs Congressional Budget Justifications, FY2001-FY2019; Department of Homeland Security, Budget in Brief documents, FY2001-FY2019; Congressional Budget Office, *Final Fiscal Year 2018 House Current Status of Discretionary Appropriations*, as of September 30, 2018; Congressional Budget Office, *Fiscal Year 2019 House Current Status of Discretionary Appropriations*, as of October 5, 2018.

Notes: Figures in nominal dollars (not adjusted for inflation). Totals may not sum due to rounding. FY2019 figure for State/USAID and DHS were not available because continuing resolutions P.L. 115-245 and P.L. 115-298 included partial-year funding. DHS (Coast Guard) figures do not include funding redirected from P.L. 107-38. Figures do not include funding for domestic programs, or other agency funding identified for OCO/GWOT or related purposes amounting to less than 1% of the total.

DOD

OCO/GWOT Funding as a Share of the DOD Budget

From FY2001 through FY2009, DOD received $1.8 trillion in appropriations for OCO/GWOT, or approximately 17% of the department's total discretionary budget authority of $10.8 trillion during the period.[39]

The department's OCO/GWOT funding peaked in FY2008 both in terms of nominal dollars, at $186.9 billion, and as a share of its discretionary budget, at 28.1% (see **Figure 3**), after the Bush Administration surged additional U.S. military personnel to Iraq. The department's OCO funding also increased as a share of its discretionary spending from FY2009 to FY2010 following the Obama Administration's deployment of more U.S. military personnel to Afghanistan, and again in FY2017 following enactment of legislation in response to the Trump Administration's request for additional appropriations.[40]

In FY2019, the department's OCO/GWOT funding totaled $68.8 billion, or 10% of its discretionary spending.[41]

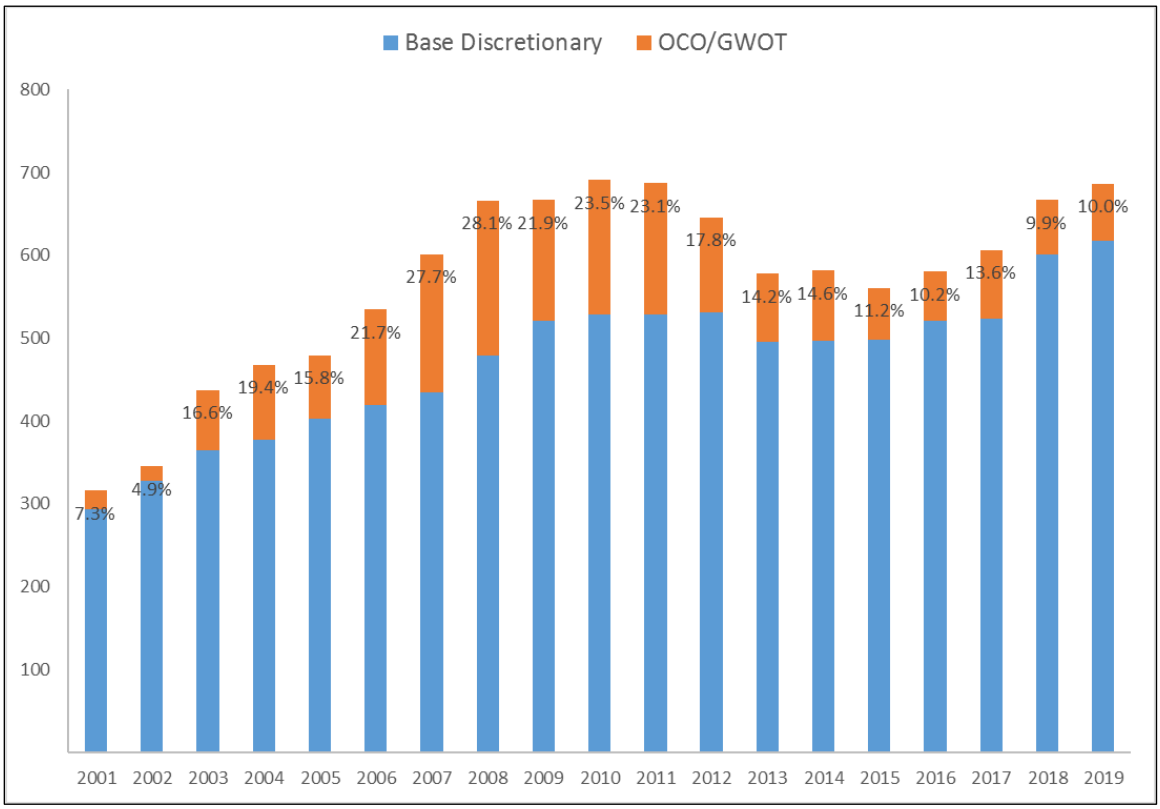
[39] Department of Defense, Office of the Under Secretary of Defense (Comptroller), National Defense Budget Estimates for FY2019, "Table 2-1: Base Budget, War Funding and Supplementals by Military Department, by Public Law Title," April 2018.

[40] Ibid. For more information on U.S. policy response to the Islamic State see CRS Report R43612, *The Islamic State and U.S. Policy*, by Christopher M. Blanchard and Carla E. Humud.

[41] Congressional Budget Office, *Fiscal Year 2019 House Current Status of Discretionary Appropriations*, as of October 5, 2018. This figure does not include the $165 million requested in the FY2019 DOD budget for the Navy intended for Coast Guard operations in support of OCO.

Figure 3. OCO/GWOT Funding as a Share of DOD Discretionary Budget Authority, FY2001-FY2019

(in billions of dollars and as a percentage of the total)



Source: Department of Defense, National Defense Budget Estimates for FY2019, Table 2-1: Base Budget, War Funding and Supplementals by Military Department, by P.L. Title (FY2001-FY2019), April 2019.

Notes: Figures in nominal dollars (not adjusted for inflation). DOD OCO/GWOT figures do not include appropriations for hurricane relief, avian flu and Ebola assistance, Iron Dome, missile defeat, and other purposes.

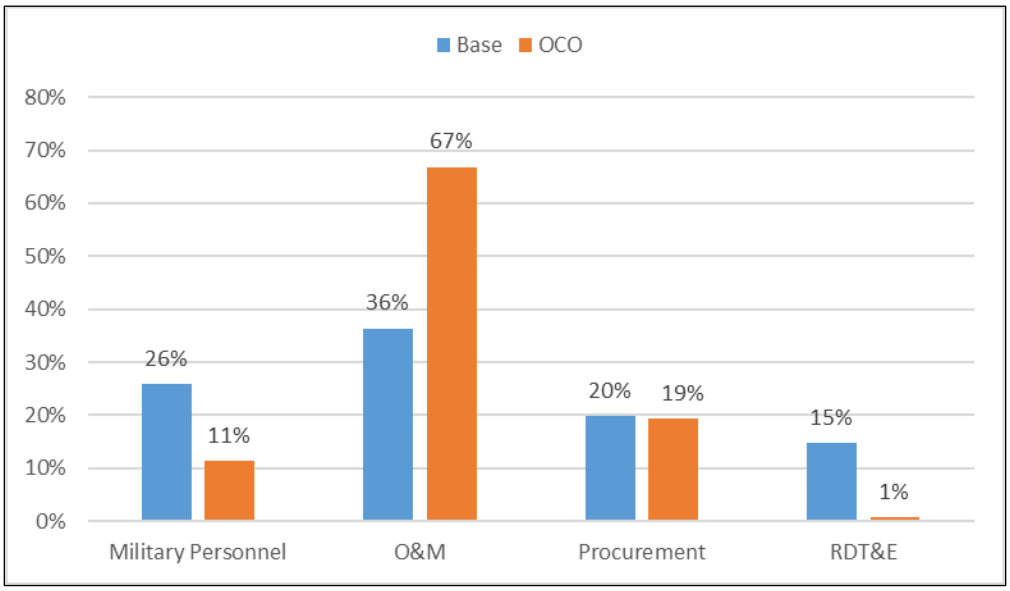
OCO, Base Budget Comparisons by Appropriations Title, Military Service

In terms of appropriations titles, more than two-thirds of OCO/GWOT funding since FY2001 has been for Operation and Maintenance (O&M)—nearly double the percentage of base budget funding for O&M over the same period (see **Figure 4**). O&M funds pay for the operating costs of the military such as fuel, maintenance to repair facilities and equipment, and the mobilization of forces. DOD describes "war-related operational costs" as operations, training, overseas facilities and base support, equipment maintenance, communications, and replacement of combat losses and enhancements.[42]

[42] DOD, Cost of War report, June 2018, p. 1.

Figure 4. Share of Base and OCO/GWOT Funding by Selected Appropriation Title, FY2001-FY2019

(in percentages of discretionary budget authority)



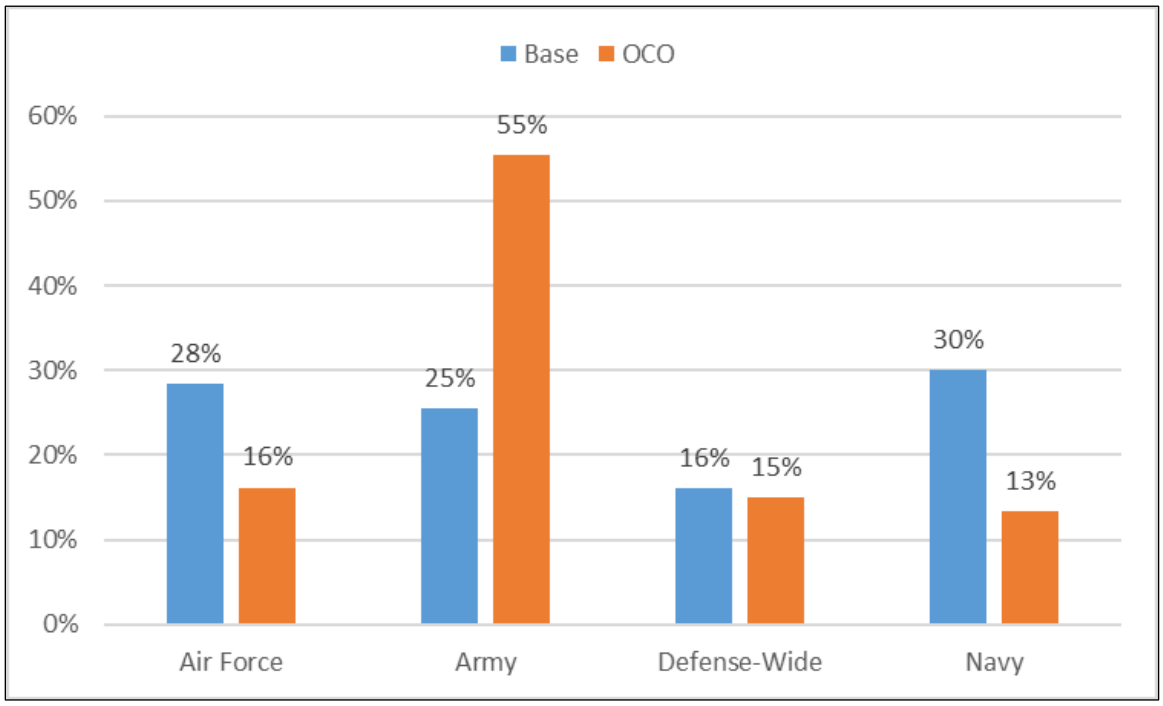
Source: DOD, National Defense Budget Estimates for FY2019, Table 2-1: Base Budget, War Funding and Supplementals by Military Department, by Public Law Title.

Notes: Figures include DOD estimates for FY2018 and FY2019.

In terms of the military services, more than half (55%) of OCO/GWOT funding since FY2001 has gone to the Army—more than double the percentage of base budget funding for the service during this period (see **Figure 5**). Emergency appropriations were initially provided as general "defense-wide" appropriations. Beginning in FY2003, as operations evolved and planning developed, allocations increased and were specifically provided for the services.

Figure 5. Share of Base and OCO/GWOT Funding by Military Service, FY2001-FY2019

(in percentages of discretionary budget authority)



Source: DOD, National Defense Budget Estimates for FY2019, Table 2-1: Base Budget, War Funding and Supplementals by Military Department, by Public Law Title.

Notes: Figures include DOD estimates for FY2018 and FY2019.

Trends in OCO Funding and Troop Levels

OCO funding for DOD has not decreased at the same rate as the number of U.S. troops in Afghanistan, Iraq, and Syria has decreased.[43] For example, the number of U.S. military personnel in Afghanistan, Iraq, and Syria decreased from a peak of 187,000 personnel in FY2008 (including 148,000 in Iraq and 39,000 in Afghanistan) to an assumed level of nearly 18,000 personnel in FY2019 (including 11,958 personnel in Afghanistan and 5,765 personnel in Iraq and Syria)—a decline of approximately 169,000 personnel (90%).[44] Meanwhile, OCO funding decreased from a peak of $187 billion in FY2008 to $69 billion in FY2019—a decline of approximately $118 billion (63%).

While the number of U.S. forces in Afghanistan, Iraq, and Syria has decreased since FY2009, the number of U.S. troops deployed or stationed elsewhere to support those personnel has fallen by a

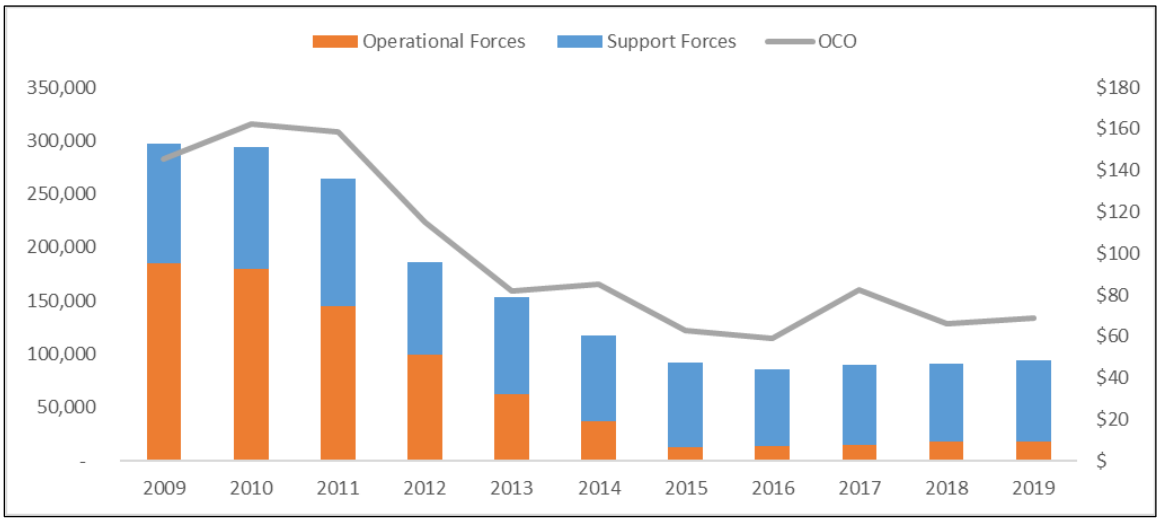
[43] For more information about U.S. policy in these countries, see the following: CRS Report R45122, *Afghanistan: Background and U.S. Policy*, by Clayton Thomas, CRS Report R45096, *Iraq: Issues in the 115th Congress*, by Christopher M. Blanchard, and CRS Report RL33487, *Armed Conflict in Syria: Overview and U.S. Response*, coordinated by Carla E. Humud.

[44] In FY2019 budget documents, the Department of Defense includes a force level assumption of 11,958 personnel in Afghanistan for budgeting purposes (average annual troop strength), but acknowledged a "current" force level of 14,000 personnel in the country following an increase of 3,500 personnel and a change in accounting methodology. See Department of Defense, Office of the Under Secretary of Defense (Comptroller), Defense Budget Overview, FY2019 budget request, revised February 13, 2018, p. 4-2. FY2009 is the earliest year for which DOD reported the number of support personnel.

lesser degree and, in recent years, remained relatively steady. For example, the number of support forces—that is, personnel from units and forces operating *outside* of Afghanistan, Iraq, Syria, and other countries (including those stationed in the continental United States or otherwise mobilized) decreased from 112,000 personnel in FY2009 to an assumed level of 76,073 personnel in FY2019—a decline of 35,927 personnel (32%). In addition, when these support forces are combined with in-country force levels, the total force level decreases by a percentage more similar to the OCO budget, from 297,000 personnel in FY2009 to an assumed level of 93,796 personnel in FY2019—a decline of 203,204 personnel (68%) (see **Figure 6**).

Figure 6. Number of Operational and Support Forces for Afghanistan, Iraq, and Syria, and DOD OCO Appropriations, FY2009-FY2019

(left scale: average annual troop strength; right scale: billions of dollars)



Source: Department of Defense, Defense Budget Overview documents, FY2011-FY2019.

Notes: Support forces include personnel from units and forces operating *outside* of Afghanistan, Iraq, Syria, and other countries (including those stationed in the continental United States or otherwise mobilized). DOD began detailing the number of in-theater support forces in the FY2009 budget request.

Some of these support forces serve in U.S. Central Command's area of responsibility, which includes 20 countries in West Asia, North Africa, and Central Asia, and whose forward headquarters is based in Al Udeid Air Base in Qatar.[45]

According to DOD, the reason OCO funding has not fallen in proportion to the number of U.S. troops in Afghanistan, Iraq, and Syria is "due to the fixed, and often inelastic, costs of infrastructure, support requirements, and in-theater presence to support contingency operations."[46] For example, in FY2019, the department requested $20 billion in OCO funding for "in-theater support"—nearly 30% of the OCO request and more than any other functional category.[47]

[45] According to the Department of Defense, U.S. Central Command's area of responsibility (AOR) includes 20 countries: Egypt, Israel, Lebanon, Jordan, Saudi Arabia, Yemen, Oman, United Arab Emirates, Qatar, Kuwait, Iraq, Syria, Iran, Afghanistan, Pakistan, Turkmenistan, Uzbekistan, Kazakhstan, Kyrgyzstan, and Tajikistan.

[46] Department of Defense, Office of the Under Secretary of Defense (Comptroller), Defense Budget Overview, FY2019 budget request, revised February 13, 2018, p. 4-2.

[47] For more information on the FY2019 OCO budget request, please see the section "FY2019 OCO Funding" section

However, some analysts have noted the U.S. military's fixed costs in Afghanistan remained relatively stable at roughly $7 billion a year from FY2005 through FY2013 until after the BCA went into effect—and have since increased to roughly $32 billion a year, suggesting "that roughly $25 billion in 'enduring' or base budget costs migrated into the Afghanistan budget, effectively circumventing the budget caps. The actual funding needed for operations in Afghanistan is roughly $20 billion in FY2019."[48]

DOD Criteria for Contingency Operations

Title 10, Section 101, of the United States Code, defines a *contingency operation* as any Secretary of Defense-designated military operation "in which members of the armed forces are or may become involved in military actions, operations, or hostilities against an enemy of the United States or against an opposing military force." Since the 1990s NATO intervention in the Balkans, DOD Financial Management Regulations (FMR) have defined contingency operations costs as those expenses necessary to cover incremental costs "that would not have been incurred had the contingency operation not been supported."[49] Such incremental costs would not include, for example, base pay for troops or planned equipment modernization, as those expenditures are normal peacetime needs of the DOD.[50]

In September 2010, the Office of Management and Budget (OMB), in collaboration with DOD, issued criteria for the department to use in making war/overseas contingency operations funding requests (see **Appendix A**).

In January 2017, the Government Accountability Office (GAO) concluded the criteria for deciding whether items belong in the base budget or OCO funding "are outdated and do not address the full scope of activities" in the budget request.[51] "For example, they do not address geographic areas such as Syria and Libya, where DOD has begun military operations; DOD's deterrence and counterterrorism initiatives; or requests for OCO funding to support requirements not related to ongoing contingency operations" it states.[52]

Section 1524 of the National Defense Authorization Act for Fiscal Year 2018 (P.L. 115-91), directed the Secretary of Defense to "update the guidelines regarding the budget items that may be covered by overseas contingency operations accounts."

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later in this report.

[48] Todd Harrison and Seamus P. Daniels, "Analysis of the FY2019 Defense Budget," *Center for Strategic and International Studies*, September 2018, p. 6. Note the Department of Defense breaks down OCO funding by *operation*, such as Operation Freedom's Sentinel (OFS) that is primarily conducted in Afghanistan. For more information, see the "OCO Funding by Operation" section later in this report.

[49] Department of Defense, *Financial Management Regulation*, Contingency Operations, vol. 12, ch. 23, December 2017, p. 23-6.

[50] DOD Financial Management Regulation (FMR) states that only those costs in addition to the department's normal peacetime activities, such as those incurred because troops are deployed in support of a contingency operation are to be considered OCO. To aid in the identification of such activities, the DOD regulation requires the military services to show how additional contingency operation deployments and operations affect peacetime assumptions about troop levels and operational tempo. Long-term equipment procurement or similar investment costs are only to be included if "necessary to support a contingency operation" and are "not to be used to procure durable and expendable items in excess of what is required."

[51] U.S. Government Accountability Office, *Overseas Contingency Operations: OMB and DOD Should Revise the Criteria for Determining Eligible Costs and Identify the Costs Likely to Endure Long Term*, GAO-17-68, January 18, 2017.

[52] Ibid.

Costs of Major DOD Contingency Operations

Congress has enacted legislation directing DOD to compile reports on the costs of certain contingency operations.

Section 1266 of the National Defense Authorization Act for Fiscal Year 2018 (P.L. 115-91) directs the Secretary of Defense to submit the Department of Defense Supplemental and Cost of War Execution report, known as the Cost of War report, on a quarterly basis to the congressional defense committees and the GAO: "Not later than 45 days after the end of each fiscal year quarter, the Secretary of Defense shall submit to the congressional defense committees and the Comptroller General of the United States the Department of Defense Supplemental and Cost of War Execution report for such fiscal year quarter."[53]

The conference report accompanying the Department of Defense and Labor, Health and Human Services, and Education Appropriations Act, 2019 and Continuing Appropriations Act, 2019 (P.L. 115-245) requires DOD to report incremental costs for operations in Afghanistan, Iraq, and other countries in the U.S. Central Command area of responsibility and directs:

> the Secretary of Defense to continue to report incremental costs for all named operations in the Central Command Area of Responsibility on a quarterly basis and to submit, also on a quarterly basis, commitment, obligation, and expenditure data for the Afghanistan Security Forces Fund, the Counter-Islamic State of Iraq and Syria Train and Equip Fund, and for all security cooperation programs funded under the Defense Security Cooperation Agency in the Operation and Maintenance, Defense-Wide Account.[54]

DOD's June 2018 Cost of War report to Congress details $1.5 trillion in *obligations* associated with certain contingency operations from FY2001 through FY2018.[55] That figure includes $757.1 billion for those conducted primarily in Iraq—Operation Iraqi Freedom (OIF), Operation New Dawn (OND), and Operation Inherent Resolve (OIR); $727.7 billion for those conducted primarily in Afghanistan—Operation Enduring Freedom (OEF) and Operation Freedom's Sentinel (OFS); and $27.8 billion for those conducted primarily in the United States (see **Table 2** and **Figure 7**).[56]

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[53] Section 1266 of P.L. 115-91 amended Subsection (c) of Section 1221 of the National Defense Authorization Act for Fiscal Year 2016 (P.L. 109-163), which directed the Secretary of Defense to submit such reports to the Comptroller General "not later than 45 days after the end of each reporting month" and the Comptroller General to provide Congress with quarterly updates on the costs of Operation Iraqi Freedom and Operation Enduring Freedom. 10 USC 101 defines *congressional defense committees* as the House and Senate Committees on Armed Services and Appropriations. DOD details reporting requirements in Volume 12, Chapter 23, of 7000.14-R Financial Management Regulation (FMR). The Comptroller General of the United States is the director of the GAO.

[54] See Reporting Requirements under Title IX, Overseas Contingency Operations/Global War on Terrorism, in H.Rept. 115-952, Department of Defense for the Fiscal Year Ending September 30, 2019, and for Other Purposes. Note this language was revised in 2017 to eliminate the monthly Cost of War reporting requirement; see the same section in the explanatory text to Department of Defense Appropriations Act, 2017 (Division C of H.R. 244), which states, "The agreement eliminates the Cost of War reporting requirement for detailed monthly obligation and expenditure data by appropriation account," available at https://www.congress.gov/crec/2017/05/03/CREC-2017-05-03-bk2.pdf#page=320.

[55] Department of Defense, Cost of War report, June 2018. Note this total reflects DOD obligations for selected Overseas Contingency Operations and differs from the total OCO/GWOT figure cited earlier in this report, which reflects OCO/GWOT budget authority. Budget authority is provided by law to incur financial obligations; obligations are binding agreements that will result in outlays.

[56] Ibid.

Table 2. OCO/GWOT Obligations of Major DOD Contingency Operations Since FY2001

(in billions of dollars)

Primary Country	Major Operations	Date(s)	Cost ($)	Description	Related Missions
Afghanistan	Operation Enduring Freedom (OEF)	2001-December 2014	581.1	U.S. operation in response to 9/11 terrorist attacks; targeted Al Qaeda and Taliban; included operations in Afghanistan and other countries; succeeded by OFS.	OEF-Horn of Africa (continues under OFS as Combined Joint Task Force-Horn of Africa);[a] OEF-Trans Sahara (continues under OFS as Operation Juniper Shield);[b] OEF-Philippines (concluded in summer 2014);[c] OEF-Caribbean and Central America; Operation Spartan Shield (continues under OFS);[d] Other classified worldwide counterterrorism missions.
Afghanistan	Operation Freedom's Sentinel (OFS)	January 2015-Current	146.6	U.S. contribution to NATO Resolute Support mission to train, advise, and assist Afghan Security Forces; successor to OEF.	Combined Joint Task Force-Horn of Africa; Operation Spartan Shield
Subtotal, Afghanistan			***727.7***		
Iraq	Operation Iraqi Freedom (OIF)	March 2003-September 2010-	730.9[e]	U.S.-led invasion of Iraq to oust Saddam Hussein; buildup of forces began in September 2002 for invasion in March 2003	
Iraq	Operation New Dawn (OND)	September 2010-December 2011	n/a	Focus on stability operations and training, advising, and assisting Iraqi Security Forces (ISF).	Successor to OIF.

Primary Country	Major Operations	Date(s)	Cost ($)	Description	Related Missions
Iraq/Syria	Operation Inherent Resolve (OIR)	August 7, 2014-Current	26.2	U.S. operation targeting the Islamic State (ISIS/ISIL) in Iraq and Syria; began with airstrikes and expanded to include ground forces.	Office of Security Cooperation–Iraq; Other OND-related activities; Operation Yukon Journey in the Middle East[g]; Northwest Africa Counterterrorism[h]; East Africa Counterterrorism[i]; and Operation Pacific Eagle-Philippines (OPE-P)[j].
Subtotal, Iraq			***757.1***		
Libya	Operation Odyssey Lightning	2016	n/a	U.S. warplanes struck Islamic State training camp in western Libya near the border with Tunisia.	Airstrike intended to support the Libyan government's (Government of National Accord) counter-Islamic State operations.[k]
United States	Operation Noble Eagle[f]	2001-Current	**27.8**	Response to defend the U.S. homeland in the wake of the attacks of 9/11.	Provides for enhanced security for military bases and other homeland defense activities.
Total			**1,512.6**[l]		

Source: Cost figures from Department of Defense, Cost of War report, June 2018; names and descriptions of operations from CRS research, DOD sources.

Notes: Figures may not include funding for certain overseas contingency operations, including three recently classified missions targeting militants affiliated with al-Qaeda and the Islamic State—Operation Yukon Journey in the Middle East, and Northwest Africa Counterterrorism and East Africa Counterterrorism in Africa. See the Limitations to Cost of War Data section below—as well as Operation Pacific Eagle-Philippines (OPE-P).

a. OEF-Horn of Africa is headquartered at the U.S. Navy's Combat Command Support Activity at Camp Lemonnier, Djibouti. It supports special operations forces conducting counterterrorism operations, civil affairs, and military information support operations in the Horn of Africa.

b. OEF-Trans Sahara, now known as Operation Juniper Shield, constitutes DOD's support to State Department-led Trans-Sahara Counter Terrorism Program (TSCTP); program also supports the Commander of U.S. Africa Command in carrying out the National Military Strategy for U.S. military operations in ten partner nations (Algeria, Burkina Faso, Chad, Mali, Mauritania, Morocco, Niger, Nigeria, Senegal, and Tunisia); the operation is currently funded in the DOD base budget.

c. The mission of OEF-Philippines was to advise and assist the Armed Forces of the Philippines in combatting terrorism, and specifically the activities of the terrorist group Abu Sayaf, in the Philippines. See table note below for later mission Operation Pacific Eagle-Philippines (OPE-P).

d. Operation Spartan Shield contributes to U.S. Central Command missions.

e. Figure includes amounts for Operation New Dawn.

f. Initially funded with supplemental appropriations, ONE was transferred to the base budget in 2005. ONE obligations have totaled less than $1 billion since FY2008, according to DOD.

g. According to the Lead Inspector General Report to the United States Congress, Operation Inherent Resolve and Other Overseas Contingency Operations, through September 30, 2018, "On February 9, 2018, the Secretary of Defense designated three new named contingency operations: Operation Yukon Journey, and operations in Northwest Africa and East Africa. These operations, which are classified, seek to degrade al Qaeda and ISIS-affiliated terrorists in the Middle East and specific regions of Africa."

h. Ibid.

i. Ibid.

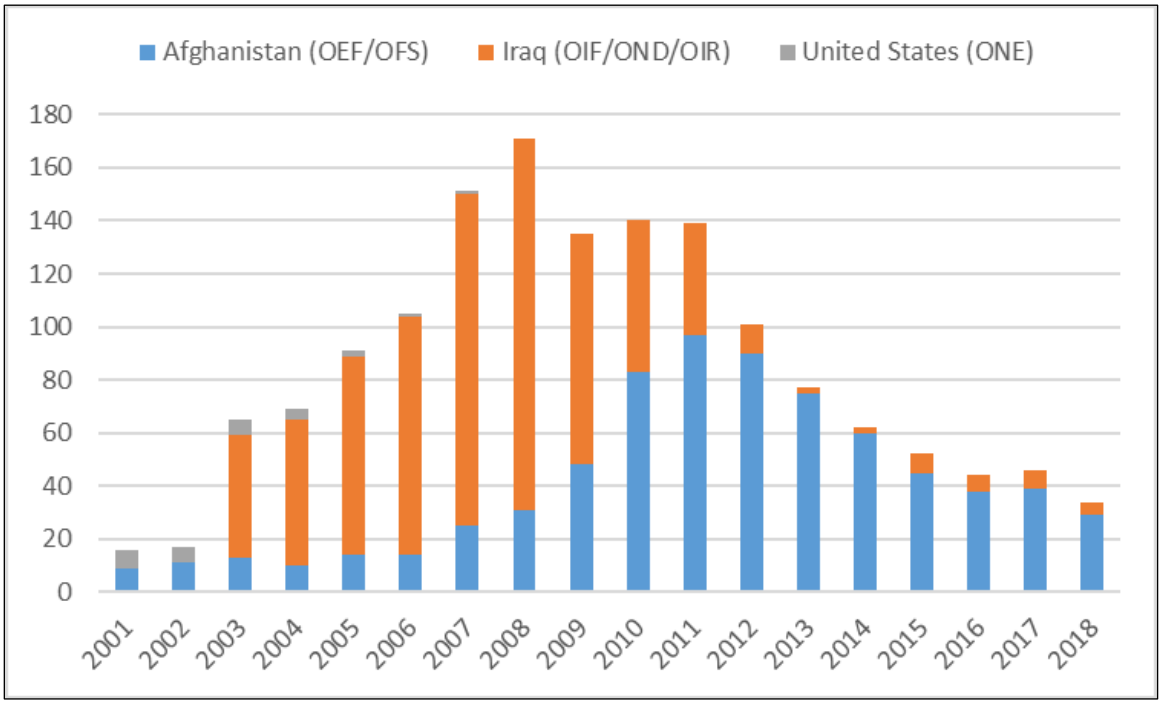
j. According to the Lead Inspector General Report to the United States Congress, Operation Inherent Resolve Operation Pacific Eagle-Philippines, through September 30, 2018, "The Secretary of Defense designated OPE-P as a contingency operation in 2017 to support the Philippine government and military in their efforts to isolate, degrade, and defeat Islamic State of Iraq and Syria (ISIS) affiliates and other terrorist organizations in the Philippines." The report references "$100.2 million in DoD obligations for OPE-P reported in FY2018."

k. The Administration's November 2016 amendment to the OCO budget included $20 million in funding to support U.S. counter-ISIL efforts and to finance the incremental Navy and Air Force cost of operations, flying hours, and deployments in Libya. See DOD Overview: Overseas Contingency Operations Budget Amendment FY2017, Figure 1 footnote.

l. Note this total reflects DOD obligations for selected overseas contingency operations and is different than the total OCO/GWOT figure cited earlier in this report, which reflects OCO/GWOT budget authority. Budget authority is provided by law to incur financial obligations; obligations are binding agreements that will result in outlays.

Figure 7. DOD OCO/GWOT Obligations, FY2001-FY2018

(in billions of dollars)



Source: DOD, Cost of War report, June 2018.

Notes: ONE obligations have totaled less than $1 billion since FY2008.

Limitations to Cost of War Data

DOD's quarterly Cost of War reports are intended to provide Congress, GAO, and other stakeholders insight into the how the department obligates war-related appropriations. The reports include base and OCO obligations related to war activities, as well as obligation data broken down by certain major operations, service, component, agency, and appropriation.

However, as GAO has noted, "the proportion of OCO appropriations not associated with specific operations identified in the statutory Cost of War reporting requirement has trended upward" in part because the criteria DOD uses for making OCO funding requests is outdated and not always used.[57]

More recently, the June 2018 Cost of War report does not appear to reference three recently classified overseas contingency operations targeting militants affiliated with al-Qaeda and the Islamic State of Iraq and Syria (ISIS): Operation Yukon Journey in the Middle East, Northwest Africa Counterterrorism, and East Africa Counterterrorism.[58]

[57] U.S. Government Accountability Office, *Overseas Contingency Operations: OMB and DOD Should Revise the Criteria for Determining Eligible Costs and Identify the Costs Likely to Endure Long Term*, GAO-17-68, January 18, 2017.

[58] Department of Defense, *Lead Inspector General Report to the United States Congress, Operation Inherent Resolve and Other Contingency Operations*, July 1, 2018-September 30, 2018. This report states, "On February 9, 2018, the Secretary of Defense designated three new named contingency operations: Operation Yukon Journey, and operations in Northwest Africa and East Africa. These operations, which are classified, seek to degrade al Qaeda and ISIS-affiliated terrorists in the Middle East and specific regions of Africa."

Some observers have noted other limitations to Cost of War reports, such as incomplete accounting of costs, limited distribution of the documents and underlying data, and formatting that makes it difficult to reconcile the data with information contained in budget justification documents.

State/USAID

Between FY2001 and FY2018, Congress appropriated a total of $154 billion in OCO funds for State Department and USAID. For FY2018 (the most recent full-year appropriations for foreign affairs agencies), OCO funding amounted to 22% of the total appropriations for State Department, Foreign Operations and Related Programs appropriation.

The Obama Administration's FY2012 International Affairs budget request was the first to include a request for OCO funds for "extraordinary and temporary costs of operations in Iraq, Afghanistan, and Pakistan."[59] At the time, the Administration indicated that the use of this designation was intended to provide a transparent, whole-of-government approach to the exceptional war-related costs incurred in those three countries, thus better aligning the associated military and civilian costs. This first foreign affairs OCO request identified the significant resource demands placed on the State Department as a result of the transitions from military-led to civilian-led missions in Iraq and Afghanistan, as well as the importance of a stable Pakistan for the U.S. effort in Afghanistan.

The FY2012 foreign affairs OCO request included:

- for Iraq, funding for the U.S. Embassy in Baghdad, consulates throughout Iraq, security costs in light of the then-planned U.S. military withdrawal, a then-planned civilian-led Police Development and Criminal Justice Program, military and development assistance in Iraq, and oversight of U.S. foreign assistance through the Special Inspector General for Iraq Reconstruction;
- for Afghanistan, funding to strengthen the Afghan government and build institutional capacity, support State/USAID and other U.S. government agency civilians deployed in Afghanistan, provide short-term economic assistance to address counterinsurgency and stabilization efforts, and provide oversight of U.S. foreign assistance programs in Afghanistan through the Office of the Special Inspector General for Afghanistan Reconstruction; and
- for Pakistan, funding to support U.S. diplomatic presence and diplomatic security in Pakistan, provide Pakistan Counterinsurgency Capability Funds (PCCF) to train and equip Pakistani forces to eliminate insurgent sanctuaries and promote stability and security in neighboring Afghanistan and the region.

In subsequent years, the Administration designated certain State Department activities in Syria and other peacekeeping activities as OCO, and Congress accepted and broadened this expanded use of OCO in annual appropriations. In the FY2017 budget request, the Administration further broadened its use of State OCO funds, applying the designation to funds for countering Russian aggression, counterterrorism, humanitarian assistance, and aid to Africa. In addition to OCO funds requested through the normal appropriations process, the Administration in recent years requested emergency supplemental funding (designated as OCO) to support State/USAID efforts in countering the Islamic State and to respond to global health threats such as the Ebola and Zika viruses.

[59] Department of State, Executive Budget Summary, Function 150 and Other International Programs, FY2012.

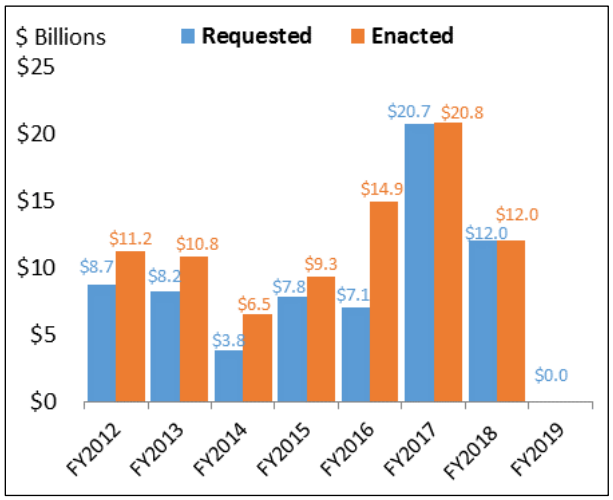
For FY2019, the Trump Administration requested no OCO/GWOT funding for the Department of State and USAID, although the FY2019 House and Senate SFOPS bills (H.R. 6385 and S. 3108, 115th Congress) would have appropriated approximately $8 billion in OCO-designated funding for various priorities.

The estimated $154.1 billion in emergency and OCO/GWOT appropriations enacted to date for State/USAID includes major non-war-related programs, such as aid for the 2004 tsunami along Indian Ocean coasts, 2010 earthquake in Haiti, 2013 Ebola outbreak in West Africa, and 2015 worldwide outbreak of the Zika virus; as well as diplomatic operations (e.g., paying staff, providing security, and building and maintaining embassies). OCO/GWOT has also funded a variety of foreign aid programs, ranging from the Economic Support Fund to counter-narcotics in Afghanistan, Pakistan, and Iraq, among other activities in other countries.

Figure 8 depicts the emergency or OCO appropriations for foreign affairs activities. Since 2012, when the OCO designation was first used for foreign affairs, more OCO funds have been appropriated than were requested each year, and those have also been authorized to be used in additional countries.

Figure 8. State/USAID OCO Funding, FY2012-FY2019

(in billions of dollars)



Source: Department of State Congressional Budget Justifications, FY2014, FY2015, FY2016, FY2017, and FY2018, P.L. 114-254 and P.L. 115-31, P.L. 115-141.

Note: Totals include net rescissions. FY2019 appropriations have not been enacted.

DHS (USCG)[60]

Since January 2002, approximately $3 billion of post-9/11 emergency and OCO-designated funding has been provided to the U.S. Coast Guard (USCG) for its traditional homeland security missions and for USCG operations in support of U.S. Navy activities.[61] This funding has been provided at various times as either an appropriation to the Coast Guard's operating expenses accounts, or as a transfer from Navy accounts to the Coast Guard.

[60] William L. Painter, CRS Specialist in Homeland Security and Appropriations, contributed this section.

[61] Department of Homeland Security email to CRS, October 17, 2018.

Open-source information on the use of those funds has varied. One FY2009 supplemental appropriations request included funding as a transfer, with the intent of funding "Coast Guard operations in support of OIF and OEF, as well as other classified activities."[62] The FY2017 OCO request for annual appropriations for Navy Operations and Maintenance included $163 million for Coast Guard operational support for the deployment of patrol boats to the Northern Arabian Gulf and a port security unit to Guantanamo Bay, among other pay and equipment expenses.[63]

FY2019 OCO Funding

President's FY2019 OCO Request

Budget Deal Prompts OCO-to-Base Shift

The Trump Administration initially requested a total of $89 billion in OCO funding for FY2019. All the funding was requested by DOD.[64]

In an amendment to the budget after Congress raised the BCA spending caps as part of the Bipartisan Budget Act of 2018 (BBA 2018; P.L. 115-123), the Administration removed the OCO designation from $20 billion of the funding, in effect, shifting that amount into the DOD base budget request.[65]

In a statement on the budget amendment, Mulvaney said the request fixes "long-time budget gimmicks" in which OCO funding has been used for base budget requirements.[66] Beginning in FY2020, "the Administration proposes returning to OCO's original purpose by shifting certain costs funded in OCO to the base budget where they belong," he wrote.[67]

OCO Funding by Operation

Of the revised amount of $69 billion requested for DOD OCO funding in FY2019:

- $46.3 billion (67%) was for Operation Freedom's Sentinel (OFS) in Afghanistan and related missions;
- $13 billion (22%) for Operation Inherent Resolve (OIR) in Iraq and Syria and related missions;

[62] Letter from then-President Barack Obama to House Speaker Nancy Pelosi, requesting supplemental appropriations, April 9, 2009.

[63] Department of Defense, Office of the Under Secretary of Defense (Comptroller), Department of the Navy Fiscal Year (FY) 2017 Budget Estimates, Justification of Estimates, February 2017.

[64] This figure includes the $165 million requested in the FY2019 DOD budget for the Navy intended for Coast Guard operations in support of OCO. According to DOD, Coast Guard activities assisting DOD include the operation and maintenance of six 110-foot Island-class patrol boats operating in U.S. Central Command, law enforcement detachments, and the deployment of a port security unit detachment to Guantanamo Bay, Cuba, in support of maritime/counterterrorism security operations. See Department of the Navy Fiscal Year (FY) 2019 Budget Estimates, Justification of Estimates, February 2018.

[65] Office of Management and Budget, Supplementals, Amendments, and Releases, "Estimate #1-FY2019 Budget Amendments," April 18, 2018; and Department of Defense, Office of the Under Secretary of Defense (Comptroller), Defense Budget Overview, FY2019 budget request, revised February 13, 2018.

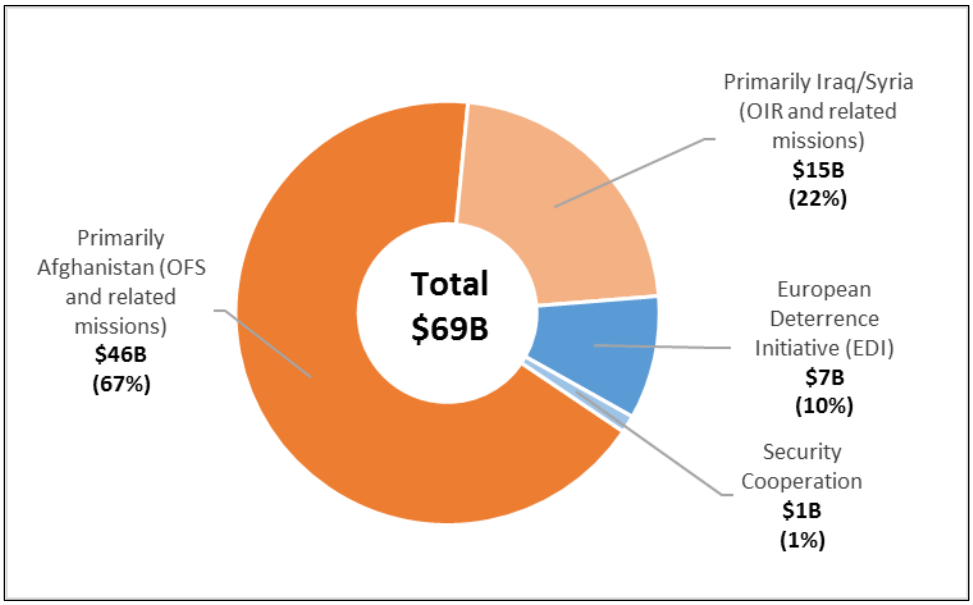
[66] Office of Management and Budget, President's Budget, Estimate #1-FY2019 Budget Amendments, April 18, 2018; and OMB, "Addendum to the FY2019 Budget," February 12, 2018.

[67] Ibid.

- $4.8 billion (9%) for the European Deterrence Initiative (EDI) to boost the U.S. military presence in eastern Europe to deter Russian military aggression; and
- $0.9 billion (1%) for security cooperation (see **Figure 9**).[68]

Figure 9. OCO Funding by Operation/Activity in FY2019 DOD Budget Request

(in billions of dollars and percentages of the total)



Source: Department of Defense, Office of the Under Secretary of Defense (Comptroller), Defense Budget Overview, FY2019 budget request, revised February 13, 2018.

Notes: OFS: Operation Freedom's Sentinel; OIR: Operation Inherent Resolve.

The FY2019 OCO budget assumes a total force level (average annual troop strength) of 93,796 personnel. That figure includes:

- 11,958 primarily in Afghanistan (OFS);
- 5,765 primarily in Iraq and Syria (OIR);
- 59,463 for in-theater support; and
- 16,610 primarily in the continental United States (CONUS) or otherwise mobilized (see **Figure 10**).

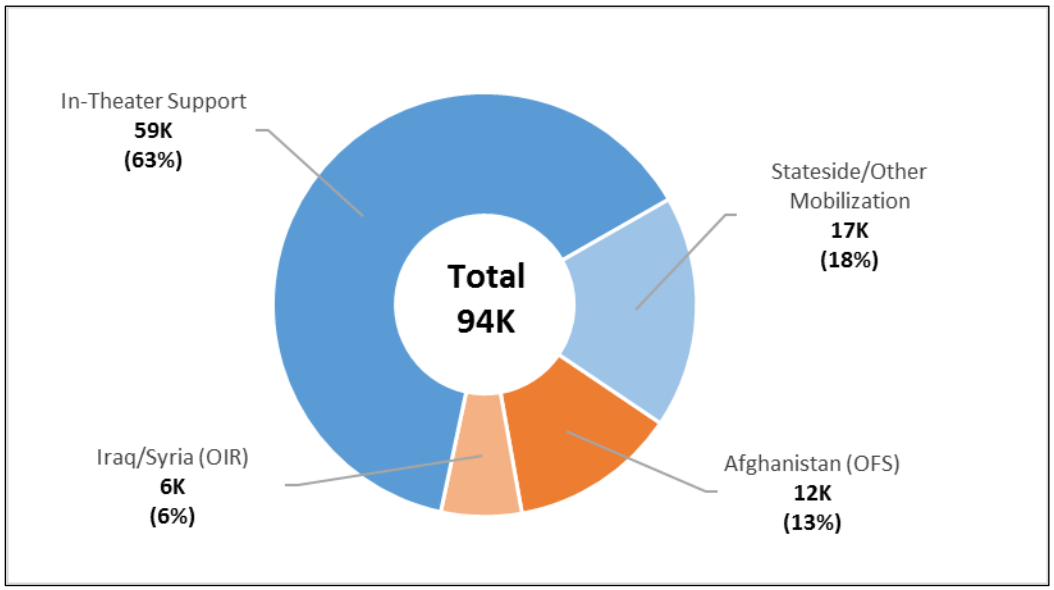
The number of personnel actually in-country or in-theater at any given time may exceed or fall below those assumed levels. The FY2019 force level assumes an increase of 3,153 personnel (3.5%) from the FY2018 assumed level, all of which is assumed for in-theater support.[69] (For analysis of troop level and budget trends, see the section, "Trends in OCO Funding and Troop Levels," earlier in this report.)

[68] Department of Defense, Office of the Under Secretary of Defense (Comptroller), Defense Budget Overview, FY2019 budget request, revised February 13, 2018, p. 4-1.

[69] Ibid. p. 4-2. Note this document makes a distinction between the average annual troop strength figure used for budgeting purposes and "current force level," which it cites as 14,000 U.S. personnel in Afghanistan following an increase of 3,500 personnel and a change in accounting methodology.

Figure 10. U.S. Force Level Assumptions in FY2019 DOD OCO Budget Request

(average annual troop strength in thousands and percentages of the total)



Source: Department of Defense, Office of the Under Secretary of Defense (Comptroller), Defense Budget Overview, FY2019 budget request, revised February 13, 2018.

Notes: The department makes a distinction between the average annual troop strength figure used for budgeting purposes and "current force level," which it cites as 14,000 U.S. personnel in Afghanistan following an increase of 3,500 personnel and a change in accounting methodology.

As previously discussed, DOD acknowledges "OCO funding has not declined at the same rate as the in-country troop strength … due to the fixed, and often inelastic, costs of infrastructure, support requirements, and in-theater presence to support contingency operations." The departments lists the following as OCO cost drivers:

- In-theater support, including infrastructure costs like command, control, communications, computers, and intelligence (C4I) and base operations for U.S. Central Command (CENTCOM) locations;
- Persistent demand for combat support such as intelligence, surveillance, and reconnaissance (ISR) assets used to enhance force protection;
- Equipment reset, which lags troop level changes and procurement of contingency-focused assets like munitions, unmanned aerial vehicles and force protection capabilities that may not be linked directly to in-country operations; and
- International programs and deterrence activities, which are linked to U.S. engagement in contingency operations and support U.S. interests but are not directly proportional to U.S. troop presence.[70]

OCO Funding by Functional Category

DOD also breaks down the FY2019 OCO budget request by functional category (see **Table 3**). By this measure, the largest portion of OCO funding was $20 billion for in-theater support,

[70] Department of Defense, Office of the Under Secretary of Defense (Comptroller), Defense Budget Overview, FY2019 budget request, revised February 13, 2018, p. 4-4.

followed by operations and force protection (including the incremental cost of military operations in Afghanistan, Iraq, Syria, and other countries), at $14.7 billion; and unspecified classified programs, at $9.9 billion.

Table 3. OCO Funding by Functional Category in FY2019 DOD Budget Request

(in billions of dollars)

Functional/Mission Category	FY2019 Budget Request	% of Total
In-Theater Support	20.0	29%
Operations/Force Protection	14.7	21%
Classified Programs	9.9	14%
Equipment Reset and Readiness	8.7	13%
European Deterrence Initiative (EDI)	6.5	9%
Afghanistan Security Forces Fund (ASFF)	5.2	8%
Counter-ISIS Train and Equip Fund (CTEF)	1.4	2%
Support for Coalition Forces	1.1	2%
Security Cooperation	0.9	1%
Joint Improvised-Threat Defeat	0.6	1%
Total	**69**	**100%**

Sources: Department of Defense, Office of the Under Secretary of Defense (Comptroller), Defense Budget Overview, FY2019 budget request, Figure 4.4: OCO Functional/Mission Category, p. 4-4; Congressional Budget Office, *Funding for Overseas Contingency Operations and Its Impact on Defense Spending*, October 23, 2018.

According to the Congressional Budget Office (CBO), approximately $47 billion (68%) of the FY2019 OCO budget request consists of enduring activities—that is, "those that would probably continue in the absence of overseas conflicts"—that could be funded in the DOD base budget.[71] CBO associates enduring activities with the following DOD functional categories: in-theater support, classified programs, equipment reset and readiness, European Deterrence Initiative, security cooperation, and joint improvised-threat defeat.

Differing OCO Projections

Executive Branch budget documents for FY2019 show differing projections for how much OCO would be apportioned over the Future Years Defense Program (also known as the FYDP, pronounced "fiddip," the five-year period from FY2019 through FY2023).[72] For example, Table 1-11 in DOD's National Defense Budget Estimates for FY2019, citing OMB data, projects five-year OCO funding at $359 billion. However, Table 1-9 of the same document puts the figure at $149 billion after assuming a higher amount of OCO funding shifting into the base budget.[73]

[71] CBO defines enduring activities as those that would probably continue in the absence of overseas conflicts. See CBO, Funding for Overseas Contingency Operations and Its Impact on Defense Spending, October 23, 2018.

[72] For more information on the FYDP, please see CRS In Focus IF10831, *Defense Primer: Future Years Defense Program (FYDP)*, by Brendan W. McGarry and Heidi M. Peters.

[73] Department of Defense, National Defense Budget Estimates for FY2019, Table 1-11: Discretionary Budget Authority for Selected Programs and Table 1-9: National Defense Budget Authority – Discretionary and Mandatory, April 2018. See also Office of the Under Secretary of Defense (Comptroller), Defense Budget Overview, FY2019

According to OMB, the President's initial FY2019 budget request projected increasing caps on defense discretionary base budget authority by $84 billion (15%) to $660 billion in FY2020 and by $87 billion (15%) to $677 billion in FY2021.[74] It also projected defense funding for Overseas Contingency Operations (OCO) totaling $73 billion in FY2020 and $66 billion in FY2021.[75] Thus, projected defense discretionary funding would total $733 billion in FY2020 and $743 billion in FY2021.

FY2019 DOD budget documents show the same defense discretionary topline for FY2020 and FY2021.[76] But they list an "Outyears Placeholder for OCO" of $20 billion in fiscal years FY2020-FY2023, and an "OCO to Base" amount of $53 billion in FY2020 and $45.8 billion in each year from FY2021-FY2023. The documents do not break down what accounts or activities are included in these amounts.

The emergence of any new contingencies or conflicts would likely change DOD assumptions about OCO needs.

Congressional Action on the FY2019 OCO Request and Appropriations

Congress has appropriated a total of $68.8 billion for DOD OCO funding in FY2019, including the following amounts:

- $67.9 billion in defense funds provided in the Department of Defense and Labor, Health and Human Services, and Education Appropriations Act, 2019 and Continuing Appropriations Act, 2019 (P.L. 115-245), which Congress passed on September 26, 2018; and
- $921 million in defense funds provided in the Energy and Water, Legislative Branch, and Military Construction and Veterans Affairs Appropriations Act, 2019 (P.L. 115-244), which Congress passed on September, 21, 2018.

For the Department of State and USAID, as well as the Department of Homeland Security and U.S. Coast Guard, FY2019 OCO levels have not yet been determined. They remain at prorated FY2018 levels because of continuing resolutions (CR) to fund certain agencies through December 21, 2018.[77]

The FY2019 House and Senate SFOPS bills (H.R. 6385 and S. 3108, 115th Congress) would have appropriated approximately $8 billion in OCO-designated funding for various priorities. The House committee-reported version of the Homeland Security appropriations bill (H.R. 6776, 115th Congress) would not have appropriated any OCO/GWOT funding for the Coast Guard, while the Senate committee-reported version of the bill (S. 3109, 115th Congress) would have appropriated $165 million for OCO/GWOT funding for the Coast Guard.[78]

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budget request, Figure 1.3. Defense Topline – a historical funding picture, revised February 13, 2018.

[74] Office of Management and Budget, Budget of the U.S. Government for Fiscal Year 2019, Table S-7. Proposed Discretionary Caps for 2019 Budget.

[75] Ibid.

[76] Department of Defense, Office of the Under Secretary of Defense (Comptroller), National Defense Budget Estimates for FY2019, Table 1-9: National Defense Budget Authority-Discretionary and Mandatory, April 2019.

[77] The first CR through December 7, 2018, was P.L. 115-245; the second CR through December 21, 2018, was P.L. 115-298.

[78] S.Rept. 115-283, the Senate Appropriations Committee report accompanying S. 3109, states "The Committee

Issues for Congress

How Could the BCA Affect Future OCO Levels?

Any decision by the 116th Congress to change discretionary defense and nondefense spending limits that remain in effect for FY2020 and FY2021 under the Budget Control Act (BCA; P.L. 112-25) could impact future OCO funding levels.

Lawmakers may consider the following questions:

- Will Congress keep the BCA as is and rely on OCO funding that is not subject to the caps to meet agency requirements?
- Will Congress repeal the BCA and use less OCO funding?
- Will Congress amend the BCA limits for future years and continue to use OCO funding, as it has in the past?
- Will Congress significantly reduce DOD and international affairs funding to stay within the BCA caps and not use OCO funding?

In a November 2018 report, the National Defense Strategy Commission, a bipartisan panel created by Congress, issued recommendations related to OCO and the BCA.[79] Recommendation No. 24 states, "Congress should eliminate the final two years of caps under the BCA." Recommendation 29 states, "To better prepare for major-power competition, Congress should gradually integrate OCO spending back into the base Pentagon budget. This also requires a dollar-for-dollar increase in the BCA spending caps, should they remain in force, so that this transfer does not result in an overall spending cut."[80]

Will Congress Continue to Use OCO for State/USAID?

Both House and Senate FY2019 committee-reported appropriations bills from the 115th Congress included about $8 billion in OCO funding for State/USAID. It remains to be seen if the 116th Congress will pass this OCO level as requested or extend the continuing resolution.

How Much Would Defense Spending Caps Increase under the Administration's Budget Plans?

Congress could enact legislation to authorize and appropriate a level of base and OCO spending to meet current or revised discretionary defense spending caps in any number of ways.

In FY2019 budget documents from OMB and DOD, the Trump Administration projected increasing defense spending in FY2020 and FY2021 beyond the statutory limits of the Budget Control Act of 2011 (P.L. 112-25), but by differing amounts based on differing OCO projections. These figures serve as possible scenarios or options for Congress to consider.

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recommends $165,000,000 for Coast Guard operations in support of OCO. While funding for these activities is requested in the Department of Defense budget for the U.S. Navy, the Committee adopted a practice, beginning in fiscal year 2009, of recommending these amounts be appropriated directly to the Coast Guard."

[79] Eric Edelman, Gary Roughead, et al., "Providing for the Common Defense: The Assessment and Recommendations of the National Defense Strategy Commission," *United States Institute of Peace*, November 14, 2018.

[80] Ibid, pp. 70-71.

FY2020 Projections

According to OMB budget documents, the President's initial FY2019 budget request projected $733 billion in defense discretionary spending in FY2020, including a base budget of $660 billion (which assumes an $84 billion, or 15%, increase in the BCA defense cap—or repeal of the legislation altogether) and an OCO defense budget of $73 billion (see **Figure 11**).[81]

According to DOD budget documents, the President's revised FY2019 budget request projected $733 billion in defense discretionary spending in FY2020, including a base budget of $713 billion (which assumes a $137 billion, or 24%, increase in the BCA defense cap—what would be the largest increase to the BCA defense caps yet—or repeal of the legislation altogether) and an OCO budget of $20 billion.[82]

Alternatively, assuming no change in the cap and congressional support for the Administration's projected $733 billion topline in FY2020, Congress could keep the BCA defense cap unchanged at $576 billion and designate an additional $157 billion for OCO.

FY2021 Projections

According to OMB budget documents, the President's initial FY2019 budget request projected $743 billion in defense discretionary spending in FY2021, including a base budget of $677 billion (which assumes an $87 billion, or 15%, increase in the BCA defense cap—or repeal of the legislation altogether) and an OCO budget of $66 billion (see **Figure 11**).[83]

According to DOD budget documents, the President's revised FY2019 budget request projected $743 billion in defense discretionary spending in FY2021, including a base budget of $723 billion (which assumes a $133 billion, or 23%, increase in the BCA defense cap—or repeal of the legislation altogether) and an OCO budget of $20 billion.[84]

Alternatively, assuming no change in the cap and congressional support for the Administration's projected $743 billion topline in FY2020, Congress could keep the BCA defense cap unchanged at $590 billion and designate an additional $153 billion for OCO.

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[81] Office of Management and Budget, Budget of the U.S. Government for Fiscal Year 2019, Table S-7. Proposed Discretionary Caps for 2019 Budget. These figures assume a defense cap of $576 billion in FY2020, as estimated in Congressional Budget Office, Sequestration Update Report: August 2018.

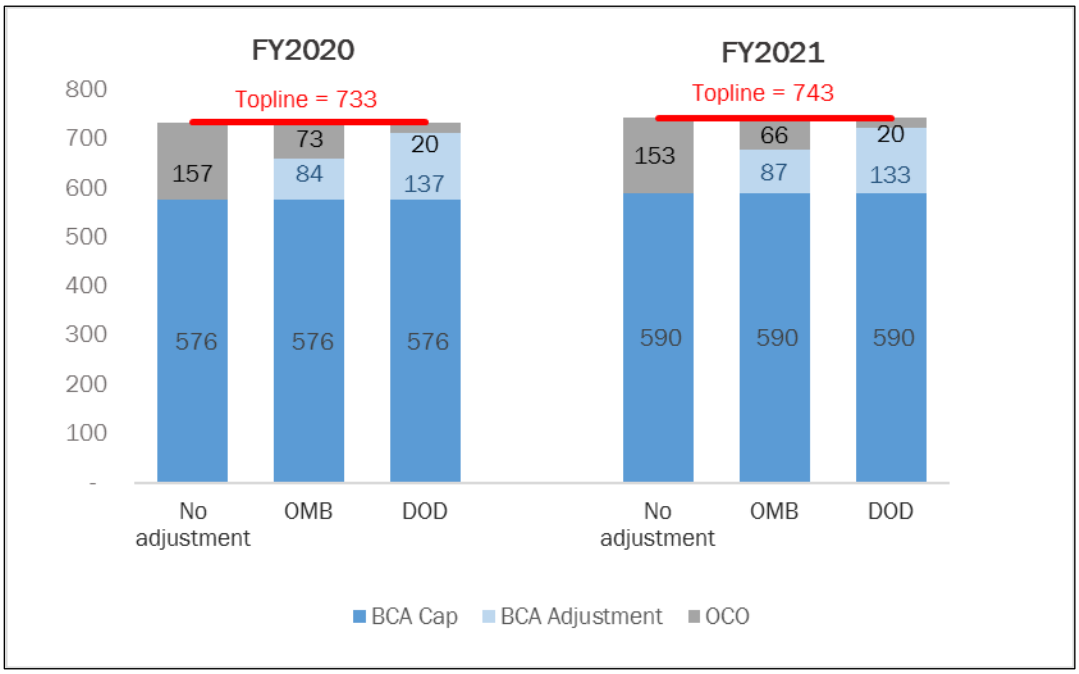
[82] Department of Defense, Office of the Under Secretary of Defense (Comptroller), National Defense Budget Estimates for FY2019, Table 1-9: National Defense Budget Authority-Discretionary and Mandatory, April 2018. These figures assume "OCO to Base" amounts are treated as base budget funding. For information on previous increases to the defense spending caps, see CRS Report R44039, *The Defense Budget and the Budget Control Act: Frequently Asked Questions*, by Brendan W. McGarry.

[83] Office of Management and Budget, Budget of the U.S. Government for Fiscal Year 2019, Table S-7. Proposed Discretionary Caps for 2019 Budget. These figures assume a defense cap of $590 billion in FY2021, as estimated in Congressional Budget Office, Sequestration Update Report: August 2018.

[84] Department of Defense, Office of the Under Secretary of Defense (Comptroller), Table 1-9: National Defense Budget Authority-Discretionary and Mandatory, National Defense Budget Estimates for FY2019, April 2018. These figures assume "OCO to Base" amounts are treated as base budget funding. For information on previous increases to the defense spending caps, see CRS Report R44039, *The Defense Budget and the Budget Control Act: Frequently Asked Questions*, by Brendan W. McGarry.

Figure 11. Possible Adjustments to BCA Defense Caps and OCO Funding in FY2020 and FY2021

(in billions of dollars of discretionary budget authority)



Sources: CRS analysis of Office of Management and Budget, Budget of the U.S. Government for Fiscal Year 2019, Table S-7: Proposed Discretionary Caps for 2019 Budget; Department of Defense, Office of the Under Secretary of Defense (Comptroller), National Defense Budget Estimates for FY2019, Table 1-9: National Defense Budget Authority – Discretionary and Mandatory; Congressional Budget Office, Sequestration Update Report: August 2018.

Notes: For each set of toplines, the left-most bars assume no change to the BCA defense cap and the difference would be made up entirely by OCO funding; the middle bars assume OCO funding as projected by OMB in Table S-7; the right-most bars assume $20 billion in OCO funding as projected by DOD in Table 1-9. These figures assume "OCO to Base" amounts are treated as base budget funding and a defense cap of $576 billion in FY2020 and $590 billion in FY2021, as estimated in CBO's Sequestration Update Report.

Flat FYDP?

As previously discussed, these figures would change with different toplines for the national defense budget function (050).[85]

Former Defense Secretary Jim Mattis and the National Defense Strategy Commission have recommended that Congress increase the defense budget between 3% and 5% a year above inflation ("real growth") to meet U.S. strategic goals.[86]

[85] National defense is one of 20 major functions used by the Office of Management and Budget (OMB) to organize budget data—and the largest in terms of discretionary spending. The national defense budget function (identified by the numerical notation 050) comprises three subfunctions: Department of Defense (DOD)-Military (051); atomic energy defense activities primarily of the Department of Energy (DOE) (053); and other defense-related activities (054) such as Federal Bureau of Investigation (FBI) counterintelligence activities. For more information, see CRS In Focus IF10618, *Defense Primer: The National Defense Budget Function (050)*, by Christopher T. Mann.

[86] Department of Defense, "Mattis, Dunford: 2018 Budget Will Continue Readiness Recovery," press release, June 14, 2017.

President Donald Trump has said the discretionary defense spending request would total $700 billion in FY2020, a decrease of 2% in nominal terms from FY2019. Trump said, "We know what the budget—the new budget is for the Defense Department. It will probably be $700 billion."[87] However, some media outlets have since reported that the President intends to request a discretionary defense budget of $750 billion in FY2020.[88]

Senator James Inhofe, chairman of the Senate Armed Services Committee, and Representative Mac Thornberry, ranking member of the House Armed Services Committees in the 116th Congress, have argued, "Any cut in the defense budget would be a senseless step backward."[89] Thornberry has also said transferring recurring OCO costs into the regular budget "makes sense … it makes for more predictable budgeting, but it's all about what happens on the topline."[90] Representative Adam Smith, chairman of the House Armed Services Committee in the 116th Congress, has said of the defense budget: "I think the number is too high, and it's certainly not going to be there in the future … We've got a debt, we've got a deficit, we've got infrastructure problems, we've got healthcare, education—there's a whole lot that is necessary to make our country safe, secure, and prosperous."[91]

Acting Defense Secretary Patrick Shanahan has talked about a flat topline for national defense: "When you look at the $700 billion, it's not just for one year drop down, [or] a phase, it's a drop and then held constant" over the FYDP.[92] Under Secretary of Defense (Comptroller)/Chief Financial Officer David Norquist, who is also performing the duties of the Deputy Secretary of Defense, at one time was reportedly preparing two budgets for FY2020—one assuming $733 billion for national defense and another assuming $700 billion.[93]

An analyst has noted "returning enduring OCO costs to the base budget, particularly a vast majority of those enduring costs over a short period as DOD has outlined, could significantly complicate an agreement between congressional Democrats and Republicans to increase both the defense and nondefense BCA budget caps for FY2020 and FY2021."[94]

How Much OCO Funding Could Shift to the DOD Base Budget?

As analyst noted, "OCO has become an even less-defined pot of money … Congress needs to properly question the DOD budget planners on the future of OCO."[95]

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[87] White House, "Remarks by President Trump in a Cabinet Meeting," transcript, October 17, 2018.

[88] Wesley Morgan, "Trump reverses course, tells Pentagon to boost budget request to $750 billion," *Politico*, December 9, 2018.

[89] James Inhofe and Mac Thornberry, "Don't Cut Military Spending, Mr. President," *Wall Street Journal*, November 29, 2018.

[90] Roxana Tiron and Tony Capaccio, "Trump Space Force, Pentagon Plan Set to Collide With Budget Caps," *Bloomberg Government*, October 10, 2018.

[91] Tony Bertuca, "Smith: U.S. should cut defense spending and not 'cling' to notions of post-WWII dominance," *Inside Defense*, September 5, 2018.

[92] Department of Defense, "Mattis, Dunford: 2018 Budget Will Continue Readiness Recovery," press release, June 14, 2017.

[93] Aaron Mehta, "It's official: DoD told to take cut with FY20 budget," *Defense News*, October 26, 2018.

[94] Seamus P. Daniels, "Bad Idea: Moving OCO Back into the Base Budget (While Negotiating a Budget Deal)," *Center for Strategic and International Studies*, November 30, 2018.

[95] Frederico Bartels, Thomas Spoehr, et al., "Backgrounder: How Congress Can Improve the 2019 President's Budget Request for Defense," *The Heritage Foundation*, March 30, 2018.

In a January 2017 report, GAO concluded, "Without a reliable estimate of DOD's enduring OCO costs, decision makers will not have a complete picture of the department's future funding needs or be able to make informed choices and trade-offs in budget formulation and decision making."[96]

The department states it has not fully estimated those costs in part because of the BCA.[97] In a response to GAO, DOD wrote, "Developing reliable estimates of enduring OCO costs is an important first step to any future effort to transition enduring OCO costs to the base budget. In the context of such an effort, the Department would consider developing and reporting formal estimates of those costs. However, until there is sufficient relief from the budgetary caps established in the Budget Control Act of 2011, the Department will need OCO to finance counterterrorism operations, in particular [OFS] and [OIR]."[98]

In an October 2018 report, the Congressional Budget Office estimated OCO funding for DOD enduring activities—that is, those that would probably continue in the absence of overseas conflicts—totaled more than $50 billion a year (in 2019 dollars) from 2006 to 2018—and are projected to total about $47 billion a year starting in FY2020.[99]

This figure appears to be consistent with projections published by DOD. According to the department's FY2019 budget documents, DOD projected $53 billion for "OCO to Base" in FY2020 and $45.8 billion for "OCO to Base" for FY2021 through FY2023.

How Does OCO Funding Affect Defense Planning?

Some analysts have concluded:

> Uncertainty created by current reliance on OCO, particularly to fund base budget needs, could be detrimental to national security on three levels: (a) by undermining budget controls and contributing thereby to larger deficits, (b) by generating insecurity in the defense workforce and in defense suppliers, and (c) by creating long-term uncertainty in defense planning. The alternative, transitioning longer-term OCO expenses to the base budget, could be achieved through a combination of increased budget caps, targeted cuts in inefficient Defense programs, and increased revenues.[100]

For example, a potential enduring activity in the OCO budget is the European Deterrence Initiative (EDI). It was previously known as the European Reassurance Initiative (ERI), an effort that began in June 2014 to increase the number of U.S. military personnel and prepositioned equipment in Central and Eastern Europe intended in part to reassure NATO allies after Russia's military seized Crimea.[101] As some analysts have noted, "Because it is in the OCO part of the budget request, EDI funding does not include a projection for how much funding will be allocated

[96] Government Accountability Office, *Overseas Contingency Operations: OMB and DOD Should Revise the Criteria for Determining Eligible Costs and Identify the Costs Likely to Endure Long Term*, GAO-17-68, January 18, 2017.

[97] The Department of Defense has included "Base-to-OCO" amounts in annual budget documents. See Department of Defense, Office of the Under Secretary of Defense (Comptroller), Defense Budget Overview, FY2019 budget request, Table 4.3: OCO Funding and Troop Level Trends, revised February 13, 2018.

[98] Government Accountability Office, *Overseas Contingency Operations: OMB and DOD Should Revise the Criteria for Determining Eligible Costs and Identify the Costs Likely to Endure Long Term*, GAO-17-68, January 18, 2017.

[99] Congressional Budget Office, *Funding for Overseas Contingency Operations and Its Impact on Defense Spending*, October 23, 2018, p. 2.

[100] Laicie Heeley and Anna Wheeler, "Defense Divided: Overcoming the Challenges of Overseas Contingency Operations," *Stimson Center*, 2016.

[101] For more information, see CRS In Focus IF10946, *The European Deterrence Initiative: A Budgetary Overview*, by Pat Towell and Aras D. Kazlauskas.

in future years, which can create uncertainty in the minds of allies and adversaries alike about the U.S. military's commitment to the program."[102] On the other hand, some contend that it is precisely EDI's flexibility that allows the commander of European Command to quickly respond to changing security and posture needs in Europe, and ensure that monies intended for European deterrence will not be redirected to other DOD priorities.[103]

In its November 2018 report, the National Defense Strategy Commission quoted the late military strategist Bernard Brodie, who wrote "strategy wears a dollar sign."[104] The panel concluded that relying on OCO funding to increase the defense budget "is not the way to provide adequate and stable resources" for the type of great power competition outlined in the Secretary of Defense's 2018 National Defense Strategy (NDS), which calls for the United States to bolster its competitive military advantage relative to threats posed by China and Russia:

> Because of budgetary constraints imposed by the BCA, lawmakers and the Department of Defense have increasingly relied upon the overseas contingency operations (OCO) fund to pay for warfighting operations in the greater Middle East, as well as other activities and initiatives. Yet this approach to resourcing has produced problems and distortions of its own. For one thing, the amount of money devoted to OCO since the BCA was enacted no longer corresponds to warfighting operations in the greater Middle East. Furthermore, such operations are no longer a top priority as articulated in the NDS. Finally, reorienting the military toward high-end competition and conflict will require new capabilities beyond the current program of record. OCO is not the way to provide adequate and stable resources for such a long-term endeavor, given its lack of predictability and the limitations on what OCO funds can be used to buy."[105]

[102] Todd Harrison and Seamus P. Daniels, "Analysis of the FY2019 Defense Budget," *Center for Strategic and International Studies*, September 2018, pp. 6-7.

[103] These arguments may also apply to other OCO-funded activities, such as the Afghanistan Security Forces Fund (ASFF) and the Counter-ISIS Train and Equip Fund (CTEF).

[104] Eric Edelman, Gary Roughead, et al., "Providing for the Common Defense: The Assessment and Recommendations of the National Defense Strategy Commission," *United States Institute of Peace*, November 14, 2018, p. 49.

[105] Ibid. p. 59. For more on the NDS, see CRS Report R45349, *The 2018 National Defense Strategy: Fact Sheet*, by Kathleen J. McInnis.

Appendix A. Statutes, Guidance, and Regulations

The designation of funding as *emergency requirements* or for *Overseas Contingency Operations/Global War on Terrorism* (OCO/GWOT) is governed by several statues as well as Office of Management and Budget (OMB) guidance and the Department of Defense (DOD) Financial Management Regulation (FMR).

The Balanced Budget and Emergency Deficit Control Act (BBEDCA) of 1985

BBEDCA, as amended, includes the statutory definitions of *emergency* and *unanticipated* as they relate to budget enforcement through sequestration. The act also allows for appropriations to be designated by Congress and the President as *emergency requirements* or for *Overseas Contingency Operations/Global War on Terrorism*. Such appropriations are effectively exempt from the statutory discretionary spending limits.[106]

Balanced Budget and Emergency Deficit Control Act (2 U.S.C. §900) Definitions

(20) The term "emergency" means a situation that-

(A) requires new budget authority and outlays (or new budget authority and the outlays flowing therefrom) for the prevention or mitigation of, or response to, loss of life or property, or a threat to national security; and (B) is unanticipated.

(21) The term "unanticipated" means that the underlying situation is-

(A) sudden, which means quickly coming into being or not building up over time;

(B) urgent, which means a pressing and compelling need requiring immediate action;

(C) unforeseen, which means not predicted or anticipated as an emerging need; and (D) temporary, which means not of a permanent duration.

Notes: As amended by the Budget Control Act of 2011 (P.L. 112-25).

[106] Other related sections of United States Code include 10 U.S.C. §127a—Operations for which funds are not provided in advance: funding mechanisms; 22 U.S.C. §2421f—Sustainability requirements for certain capital projects in connection with overseas contingency operations; and 22 U.S.C. §1702—Chief Acquisition Officers and senior procurement executives.

Balanced Budget and Emergency Deficit Control Act (2 U.S.C. §901)
Enforcing Discretionary Spending Limits

(a) Enforcement

(1) Sequestration

Within 15 calendar days after Congress adjourns to end a session there shall be a sequestration to eliminate a budget-year breach, if any, within any category.

(2) Eliminating a breach

(b) Each non-exempt account within a category shall be reduced by a dollar amount calculated by multiplying the enacted level of sequestrable budgetary resources in that account at that time by the uniform percentage necessary to eliminate a breach within that category. Adjustments to discretionary spending limits

(1) Concepts and definitions

When the President submits the budget under section 1105 of title 31, OMB shall calculate and the budget shall include adjustments to discretionary spending limits (and those limits as cumulatively adjusted) for the budget year and each outyear to reflect changes in concepts and definitions. Such changes shall equal the baseline levels of new budget authority and outlays using up-to-date concepts and definitions, minus those levels using the concepts and definitions in effect before such changes. Such changes may only be made after consultation with the Committees on Appropriations and the Budget of the House of Representatives and the Senate, and that consultation shall include written communication to such committees that affords such committees the opportunity to comment before official action is taken with respect to such changes.

(2) Sequestration reports

When OMB submits a sequestration report under section 904(e), (f), or (g) of this title for a fiscal year, OMB shall calculate, and the sequestration report and subsequent budgets submitted by the President under section 1105(a) of title 31 shall include adjustments to discretionary spending limits (and those limits as adjusted) for the fiscal year and each succeeding year, as follows:

(A) Emergency appropriations; overseas contingency operations/global war on terrorism

If, for any fiscal year, appropriations for discretionary accounts are enacted that -

(i) the Congress designates as emergency requirements in statute on an account by account basis and the President subsequently so designates, or

(ii) the Congress designates for Overseas Contingency Operations/Global War on Terrorism in statute on an account by account basis and the President subsequently so designates, the adjustment shall be the total of such appropriations in discretionary accounts designated as emergency requirements or for Overseas Contingency Operations/Global War on Terrorism, as applicable.

Notes: As amended by the Budget Control Act of 2011 (P.L. 112-25).

Title 10, United States Code—Armed Forces

10 U.S.C. 101—Definitions

Section 101 provides definitions of terms applicable to Title 10. While it does not define overseas contingency operations, it does include a definition of a *contingency operations*.

10 U.S.C. §101- Definitions

(13) The term "contingency operation" means a military operation that-

(A) is designated by the Secretary of Defense as an operation in which members of the armed forces are or may become involved in military actions, operations, or hostilities against an enemy of the United States or against an opposing military force; or

(B) results in the call or order to, or retention on, active duty of members of the uniformed services under section 688, 12301(a), 12302, 12304, 12304a, 12305, or 12406 of this title, chapter 15 of this title, section 712 of title 14, or any other provision of law during a war or during a national emergency declared by the President or Congress.

Administration and Internal Guidance

In addition to statutory requirements, the DOD and the Department of State are subject to guidance on OCO spending from the Administration. In October 2006, under the Bush Administration, then-Deputy Secretary of Defense Gordon England directed the services to break with long-standing DOD regulatory policies and expand their request for supplemental funding to reflect incremental costs related to the "longer war on terror." There was no specific definition for the "longer war on terror," now one of the core missions of the DOD.

In February 2009, at the beginning of the Obama Administration, the Office of Management and Budget (OMB) issued updated budget guidance that required DOD to move some OCO costs back into the base budget. However, within six months of issuing the new criteria, officials waived restrictions related to pay and that would have prohibited end-strength growth.[107] In a letter from OMB to the then-Under Secretary of Defense (Comptroller) Robert Hale, the agency characterized its 2009 criteria as "very successful" for delineating base and OCO spending but stated, "This update clarifies language, eliminates areas of confusion and provides guidance for areas previously unanticipated."[108] GAO subsequently reported that the revised guidance significantly changed the criteria used to build the fiscal year 2010 OCO funding request by:

- specifying stricter definitions for repair and procurement of equipment;
- limiting applicability of OCO funds for RDT&E;
- excluding pay and allowances for end-strength above the level requested in the budget;
- excluding enduring family support initiatives; and
- excluding base realignment and closures (BRAC) amounts.[109]

OMB again revised its guidance in September 2010 following a number of GAO reports that had concluded DOD reporting on OCO costs was of "questionable reliability," due in part to imprecisely defined financial management regulations related to OCO spending.[110]

[107] Government Accountability Office, *Overseas Contingency Operations: Funding and Cost Reporting for the Department of Defense*, GAO-10-288R, December 18, 2009.

[108] Letter from Steven M. Kosiak, then-Associate Director for Defense and Foreign Affairs, OMB, to Robert Hale, then-Under Secretary of Defense, Comptroller, "Revised War Funding Criteria," September 9, 2010.

[109] Government Accountability Office, *Overseas Contingency Operations: Funding and Cost Reporting for the Department of Defense*, GAO-10-288R, December 18, 2009.

[110] Government Accountability Office, *Opportunities to Improve Controls over Department of Defense's Overseas Contingency Operations Cost Reporting*, GAO-10-562R, May 27, 2010.

Table A-1. OMB Criteria for War/Overseas Contingency Operations Funding Requests

(as of September 9, 2010)

Item	Definition of Criteria
Geographic area covered/"Theater of operations"(for non-classified war/overseas contingency operations funding)	Geographic areas in which combat or direct combat support operations occur: Iraq , Afghanistan, Pakistan, Kazakhstan, Tajikistan, Kyrgyzstan, the Horn of Africa, Persian Gulf and Gulf nations, Arabian Sea, the Indian Ocean, the Philippines, and other countries on a case-by-case basis. Note: OCO budget items must also meet the criteria below.
Major Equipment (General)	Replacement of losses that have occurred but only for items not already programmed for replacement in the Future Years Defense Plan (FYDP)— no accelerations. Accelerations can be made in the base budget. Replacement or repair to original capability (to upgraded capability if that is currently available) of equipment returning from theater. The replacement may be a similar end item if the original item is no longer in production. Incremental cost of non-war related upgrades, if made, should be included in the base. Purchase of specialized, theater-specific equipment. Funding must be obligated within 12 months.
Ground Equipment Replacement	Combat losses and washouts (returning equipment that is not economical to repair); replacement of equipment given to coalition partners, if consistent with approved policy; in-theater stocks above customary equipping levels on a case-by-case basis.
Equipment Modifications (Enhancements)	Operationally required modifications to equipment used in theater or in direct support of combat operations, for which funding can be obligated in 12 months, and that is not already programmed in FYDP.
Munitions	Replenishment of munitions expended in combat operations in theater. Training ammunition for theater-unique training events is allowed. Forecasted expenditures are not allowed. Case-by-case assessment for munitions where existing stocks are insufficient to sustain theater combat operations.
Aircraft Replacement	Combat losses, defined as losses by accident or by enemy action that occur in the theater of operations.
Military Construction	Facilities and infrastructure in the theater of operations in direct support of combat operations. The level of construction should be the minimum to meet operational requirements. At non-enduring locations, facilities and infrastructure for temporary use are covered. At enduring locations, construction requirements must be tied to surge operations or major changes in operational requirements and will be considered on a case-by-case basis.
Research and Development	Projects required for combat operations in these specific theaters that can be delivered in 12 months.

Item	Definition of Criteria
Operations	Direct War costs: • transport of personnel, equipment, and supplies to, from, and within the theater of operations; • deployment-specific training and preparation for units and personnel (military and civilian) to assume their directed missions as defined in the orders for deployment into the theater of operations; Within the theater, the incremental costs above the funding programmed in the base budget: • to support commanders in the conduct of their directed missions (to include Emergency Response Programs); • to build and maintain temporary facilities; • to provide food, fuel, supplies. contracted services and other support; and • to cover the operational costs of coalition partners supporting U.S. military missions, as mutually agreed. Indirect War Costs: Indirect war costs incurred outside the theater of operations will be evaluated on a case-by-case basis.
Health	Short-term care directly related to combat. Infrastructure that is only to be used during the current conflict.
Personnel (Incremental Pay)	Incremental special pays and allowances for Service members and civilians deployed to a combat zone; incremental pay. Special pays and allowances for Reserve Component personnel mobilized to support war missions.
Special Operations Command	Operations and equipment that meet the criteria in this guidance.
Prepositioned Supplies and Equipment	Resetting in-theater stocks of supplies and equipment to pre-war levels. Excludes costs for reconfiguring prepositioned sets or for maintaining them.
Security Force Funding	Training, equipping, and sustaining Iraqi and Afghan military and police forces.
Fuel	War fuel costs and funding to ensure that logistical support to combat operations is not degraded due to cash losses in DoD's baseline fuel program. Would fund enough of any base fuel shortfall attributable to fuel price increases to maintain sufficient on-hand cash for the Defense Working Capital Funds to cover seven days' disbursements. (This would enable the Fund to partially cover losses attributable to fuel cost increases.)
Exclusions from war/overseas contingency funding - Appropriately funded in the base budget	
Training equipment	Training vehicles, aircraft, ammunition, and simulators. Exception: training base stocks of specialized, theater-specific equipment that is required to support combat operations in the theater of operations, and support to deployment-specific training described above.
Equipment Service Life Extension Programs (SLEPs)	Acceleration of SLEPs already in the FYDP.
Base Realignment and Closure (BRAC)	BRAC projects.
Family Support Initiatives	Family support initiatives to include the construction of childcare facilities; funding private-public partnerships to expand military families' access to childcare; and support for service members' spouses professional development.
Industrial Base Capacity	Programs to maintain industrial base capacity (e.g. "war-stoppers").

Item	Definition of Criteria
Personnel	Recruiting and retention bonuses to maintain end-strength. Basic Pay and the Basic allowances for Housing and Subsistence for permanently authorized end strength. Individual augmentees will be decided on a case-by-case basis.
	Office of Security Cooperation
	Support for the personnel, operations, or the construction or maintenance of facilities, at U.S. Offices of Security Cooperation in-theater.
Special Situations	
Reprogrammings and paybacks	Items proposed for increases in reprogrammings or as payback for prior reprogrammings must meet the criteria above.

Source: Letter from Steven M. Kosiak, Associate Director for Defense and Foreign Affairs, OMB, to Robert Hale, Under Secretary of Defense, Comptroller, "Revised War Funding Criteria," September 9, 2010.

DOD Financial Management Regulations

DOD incorporated the September 2010 OMB criteria for war costs into the Financial Management Regulation. **Table 1** includes the general cost categories DOD uses in accounting for costs of contingency operations.

Table A-2. DOD General Cost Categories for Contingency Operations

Category	Activity
Personnel	Incremental pay and allowances of DOD military and civilians participating in or supporting a contingency operation.
Personnel Support	Materials and services required to support Active and Reserve Component personnel and DOD civilian personnel engaged in the contingency operation.
Operating Support	Incremental costs of material and services used to conduct or support an operation, including contract services.
Transportation	Transportation costs associated with supporting the contingency operation, including contract services, for all phases of the operation (i.e., deployment, sustainment and redeployment).
Working Capital Fund Support Costs	Costs associated with supporting the contingency operation accepted by Defense Working Capital Fund organizations for contingency operations.
Investment Costs	Costs associated with supporting the contingency operation, appropriately financed in the Procurement; Research Development, Test and Evaluation (RDT&E); and in the Military Construction appropriations for projects in support of contingency operations.
Other Support Costs	Includes various departmental programs designed to reimburse coalition countries for logistical and military support; to provide lift to and to sustain coalition partners during military operations; and to execute the Commander's Emergency Response Program.

Source: DOD, "Financial Management Regulation," Contingency Operations, Table 23-1 (September 2007); http://comptroller.defense.gov/Portals/45/documents/fmr/current/12/12_23.pdf.

Note: The current FMR also includes training and equipping the "Afghan National Army and the Armed Forces of Iraq" in the Other Support Costs category.

Appendix B. Transfer Authorities, Special Purpose Accounts

In addition to the supplemental appropriations and emergency or OCO/GWOT designation, the Department of Defense and the Department of State also have the authority to shift funds from one budget account to another in response to operational needs.

For DOD, these transfers (sometimes called *reprogramings*) are statutorily authorized by 10 U.S.C. 2214—Transfer of funds: procedures and limitations. This authority allows the Secretary of Defense to reallocate funds for higher priority items, based on unforeseen military requirements, after receiving written approval from the four congressional defense committees. DOD may also reprogram funds within an account from one activity to another, as long as the general purpose for the use of those funds remains unchanged.[111] Specific limits to transfer or reprogramming authorities have also been added to these general authorities through provisions in annual defense authorization and appropriation acts.[112] The FY2019 defense appropriations bill sets the base budget transfer cap at $4 billion and the OCO transfer cap at $2 billion.[113]

The Department of State's OCO transfer authority has been provided in appropriations acts and has specifically authorized the Administration to transfer OCO funds only to other OCO funds within Title VIII SFOPS appropriations, not between OCO and base accounts. The transfer authority is capped, specified by account, and requires regular congressional notification procedures.

Overseas Contingency Operations Transfer Fund (OCOTF)

The OCOTF was established for DOD in FY1997 as a *no year* transfer account (meaning amounts are available until expended) in order to provide additional flexibility to meet operational requirements.[114] Transfers from the OCOTF are processed using existing reprogramming procedures. A quarterly report is submitted to the congressional oversight committees, documenting all transfers from the OCOTF to DOD components base budget accounts. Beginning in FY2002, funds to support Southwest Asia, Kosovo, and Bosnia contingency requirements were appropriated directly to DOD components' Operation and Maintenance (O&M) and Military Personnel accounts rather than to the OCOTF for later

[111] 10 U.S.C. 2214 and Department of Defense Financial Management Regulation 7000.14-R Volume 3: "Budget Execution-Availability and Use of Budgetary Resources," September 2015—see Chapter 6, "Reprogramming of DOD Appropriated Funds." This section focuses on the reprogramming of funds appropriated through unclassified DOD base and OCO accounts, as well as State/USAID appropriations—separate reprogramming authorities and processes are used for military construction and family housing appropriations; and for National Intelligence Program and Military Intelligence Program appropriations.

[112] See sections 1001, "General transfer authority," and 1512, "Special transfer authority," of the John S. McCain National Defense Authorization Act for Fiscal Year 2019 (P.L. 115-232) and sections 8005 and 9002 of the Department of Defense Appropriations Act, 2019 (Division A of P.L. 115-245).

[113] Section 8005 of P.L. 115-245 states the Secretary of Defense may transfer up to $4 billion of working capital funds to the Department of Defense "for military functions (except military construction)," and that military personnel appropriations do not count toward the limit; Section 9002 states the Secretary of Defense may transfer up to $2 billion between the appropriations or funds made available to DOD in the OCO title.

[114] Department of Defense, Office of the Under Secretary of Defense (Comptroller), Justification for Component Contingency Operations and the Overseas Contingency Operations Transfer Fund (OCOTF), June 2008. The term *no year appropriation* is defined in the U.S. Congress, House, Statement of Disbursements, Glossary of Terms, 114th Cong., 2nd sess.

disbursement. FY2014 was the last year the Administration requested a direct appropriation to the OCOTF.[115]

Contingency Operations Funded in the DOD Base Budget[116]

As first mandated by section 8091 of the Department of Defense Appropriations Act, 2008 (P.L. 110-116), Congress has required DOD to provide separate annual budget justification documents detailing the costs of U.S. armed forces' participation in all named contingency operations where the total cost of the operation exceeds $100 million or is staffed by more than 1,000 U.S. military personnel.[117]

Funding for certain DOD contingency operations has been moved to the base budget request, and is no longer designated as emergency or OCO/GWOT requirements.[118] This movement of funding from the OCO request to the base budget request typically occurs as the operational activities of an enduring contingency operation evolve over time and DOD determines that certain elements of the associated military operations have become stable enough to be planned, financed, and executed within the base budget. For example, funding for Operation Noble Eagle, which provides fighter aircraft on 24/7 alert at several U.S. military bases, was moved from the GWOT request to the base budget request in 2005.

Contingency operations and other activities funded wholly or in part through DOD's base budget have included:

- **NATO Operations in the Balkans.** The U.S. Army and U.S. Air Force provide support to the North Atlantic Treaty Organization-led operations in the Balkans region. Most U.S. forces are deployed to Kosovo in support of the NATO-led Kosovo Force (KFOR). A small number of U.S. personnel are deployed to the NATO headquarters in Sarajevo in Bosnia and Herzegovina;[119]
- **Joint Task Force-Bravo.** U.S. forces support this task force, which operates from Soto Cano Air Base in Honduras and supports joint, combined, and interagency exercises and operations in Central America to counter the influence of transnational organized crime; carry out humanitarian assistance and disaster relief; and build military capacity with regional partners and allied nations to promote regional cooperation and security;[120]
- **Operation Juniper Shield.** Previously known as Operation Enduring Freedom-Trans Sahara (OEF-TS), this operation supports efforts to defeat violent extremist

[115] Department of Defense, Office of the Under Secretary of Defense (Comptroller), Justification for Component Contingency Operations and the Overseas Contingency Operations Transfer Fund (OCOTF), FY2014 budget request, May 2013.

[116] Contributed by Heidi Peters, Analyst in U.S. Defense Acquisition Policy.

[117] U.S. Congress, House Committee on Appropriations, Making Appropriations for the Department of Defense for the Fiscal Year Ending September 30, 2008, and for Other Purposes, Conference report to accompany H.R. 3222, 110th Cong., 2nd sess., November 6, 2007, H.Rept. 110-434 (Washington: GPO, 2007), Joint Explanatory Statement, p. 87.

[118] Funding requests in the base budget for overseas contingency operations are not designated as emergency or OCO/GWOT in accordance with the BCA exception and are therefore counted against the DOD's total discretionary spending limit.

[119] Department of Defense, Office of the Under Secretary of Defense (Comptroller), Justification for Component Contingency Operations and the Overseas Contingency Operations Transfer Fund (OCOTF), FY2009 Budget Request, June 2008.

[120] Ibid.

organizations in East Africa. This operation also provides military-to-military engagement with partner African countries, as well as readiness for crisis response and evacuation of U.S. military, diplomatic, and civilian personnel;[121]

- **Operation Noble Eagle.** This operation funds the continuing efforts to defend the United States from airborne attacks, maintain the sovereignty of the United States airspace, and defend critical U.S. facilities from potentially hostile threats or unconventional attacks;[122]
- **Operation Enduring Freedom-Horn of Africa**. This operation was established to support efforts to defeat violent extremist organizations in East Africa; provide military-to-military engagement with partner African countries, as well as readiness for crisis response and evacuation of U.S. military, diplomatic, and civilian personnel throughout East Africa;[123]
- **Operation Enduring Freedom-Caribbean and Central America.** A U.S. regional military operation initiated in 2008, under the operational control of Special Operations Command-South, this operation was established to focus on counterterrorism to support DOD's overall military objectives and the larger fight against terrorism.[124]
- **Operation Observant Compass.** This operation was established to support the deployment of approximately 100 U.S. military personnel assisting the Ugandan People's Defense Force and neighboring partner African countries in countering the Lord's Resistance Army operations.[125]
- **Operation Spartan Shield.** This operation was established to support ongoing U.S. Central Command missions.[126]

Other Congressionally Authorized Funds or Programs

Through the OCO authorization and appropriation process, Congress has created numerous funds and programs that are designed to finance specific overseas contingency operations-related activities that do not fit into traditional budgetary accounts. Many of these funds and programs are supplied with amounts that are available until expended—however, authorization for the specified fund or program has an expiration date, thereby requiring further congressional action for reauthorization of affected funds or programs.[127] Congress has also provided increased transfer authority to provide greater flexibility for U.S. government activities in situations that are

[121] Ibid.

[122] Ibid.

[123] Department of Defense, Office of the Under Secretary of Defense (Comptroller), Justification for Component Contingency Operations and the Overseas Contingency Operations Transfer Fund (OCOTF), FY2017 Budget Request, February 2016.

[124] Ibid. In FY2017, funding for OEF-CCA was requested in the U.S. Special Operations Command OCO O&M budget justification documents.

[125] Ibid.

[126] Ibid. Beginning in FY2016, funding for OSS was requested in U.S. Army and U.S. Navy budget justification documents under Operation Freedom's Sentinel.

[127] See Title VIII of Division K and Title IX of Division C in the Consolidated Appropriations Act, 2016 (P.L. 114-13); and Title XII of the National Defense Authorization Act for Fiscal Year 2016 (P.L. 114-92).

typically unpredictable.[128] Examples of these types of congressionally authorized OCO programs or funds have included:

- **Afghanistan Security Forces Fund (ASFF)** and **Counter-ISIS Train and Equip Fund (CTEF).** These funds were established to provide funding and support for the training, equipping, and expansion of selected military and security forces in support of U.S. objectives;[129]
- **Counterterrorism Partnerships Fund.** This fund was established to provide funding and support to partner nations engaged in counterterrorism and crisis response activities;[130]
- **Commander's Emergency Response Program.** This program was established to support infrastructure improvements, such as road repair and construction and enable military commanders on the ground to respond to urgent humanitarian relief and reconstruction needs by undertaking activities that will immediately aid local populations and assist U.S. forces in maintaining security gains;[131]
- **Joint Improvised Explosive Device (IEDs) Defeat Fund.** This fund was established to coordinate and focus all counter-IED efforts, including ongoing research and development, throughout DOD. Due to the enduring nature of the threat, DOD began moving associated funding to the base budget in FY2010;[132]
- **Mine Resistant Ambush Protected Vehicle (MRAP) Fund.** This fund was intended to expedite the procurement and deployment of MRAPs to Iraq and Afghanistan;[133]
- **European Deterrence Initiative (EDI).** Initially the European Reassurance Initiative (ERI), this effort was established to provide funding and support to NATO allies and partners to "reassure allies of the U.S. commitment to their security and territorial integrity as members of the NATO Alliance, provide near-term flexibility and responsiveness to the evolving concerns of our allies and partners in Europe, especially Central and Eastern Europe, and help increase the capability and readiness of U.S. allies and partners;"[134]

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[128] These functions include bilateral economic assistance ("Transition Initiatives," "Complex Crises Fund," "Economic Support Fund," and "Assistance for Europe, Eurasia and Central Asia") and international security assistance ("International Narcotics Control and Law Enforcement," "Nonproliferation, Anti-terrorism, Demining and Related Programs," "Peacekeeping Operations," and "Foreign Military Financing Program").

[129] Department of Defense, Office of the Under Secretary of Defense (Comptroller), Defense Budget Overview, FY2019 budget request, revised February 13, 2018, p. 4-2.

[130] Department of Defense, Office of the Under Secretary of Defense (Comptroller), Defense Budget Overview, FY2017 budget request, February 2016, p. 7-1.

[131] Department of Defense, Office of the Under Secretary of Defense (Comptroller), Defense Budget Overview, FY2017 budget request, February 2016, p. 7-4.

[132] Department of Defense, Office of the Under Secretary of Defense (Comptroller), Joint Improvised Explosive Device Defeat Organization, Joint Improvised Explosive Defense Defeat Fund Budget Justification Document for FY2010.

[133] For more information on the MRAP program, see CRS Report RS22707, *Mine-Resistant, Ambush-Protected (MRAP) Vehicles: Background and Issues for Congress*, by Andrew Feickert.

[134] Department of Defense, Office of the Under Secretary of Defense (Comptroller), European Reassurance Initiative, FY2016 budget request, February 2015, p. 1. For more information, see CRS In Focus IF10946, *The European Deterrence Initiative: A Budgetary Overview*, by Pat Towell and Aras D. Kazlauskas.

- **Global Security Contingency Fund.** This fund was established to provide funding for the Department of State and the Department of Defense "to facilitate an interagency approach to confronting security challenges;"[135]
- **Complex Crises Fund.** This fund was established to provide funding through the State Department and USAID "to help prevent crises and promote recovery in post-conflict situations during unforeseen political, social, or economic challenges that threaten regional security;"[136]
- **Migration and Refugee Assistance Fund.** This fund was established to provide funding to respond to refugee crises in Africa, the Near East, South and Central Asia, and Europe and Eurasia;[137] and
- **Ukraine Security Assistance Initiative.** This initiative was established to provide assistance, including training, equipment, lethal weapons, of a defensive nature; logistics support; supplies and services; sustainment; and intelligence support to the military and national security forces of Ukraine.[138]

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[135] Department of State, "The Global Security Contingency Fund," available at https://pa-web1.state.gov/t/pm/gpi/sfcb/index.htm.

[136] USAID, Office of Program, Policy, and Management, Complex Crises Fund, at https://www.usaid.gov/who-we-are/organization/bureaus/bureau-democracy-conflict-and-humanitarian-assistance/office-program.

[137] Department of State, Congressional Budget Justification, Department of State, Foreign Operations, and Related Programs, Fiscal Year 2019, p. 99 and p. 145.

[138] Department of Defense, Office of the Under Secretary of Defense (Comptroller), Security Cooperation Consolidated Budget Display, FY2019 Budget Request, February 2018, p. 29.

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