



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

The 115th Congress will likely debate Overseas Contingency Operations (OCO) funding levels in the context of the FY2018 foreign affairs and defense budgets. A key feature of OCO funds is their potential role in avoiding sequestration if defense appropriations breach discretionary spending limits established by the Budget Control Act of 2011 (P.L. 112-25, BCA).

Funds that are designated as emergency or OCO are effectively exempt from the spending limits. Some Members have suggested that this exemption provides agencies with additional budget cushioning and flexibility, allowing overall defense and nondefense funding to exceed the spending caps.

Within the Bipartisan Budget Act of 2015 (P.L. 114-74, BBA), Congress raised the overall discretionary spending limits set by the Budget Control Act of 2011 and established minimum OCO funding levels for defense (\$58.8 billion) and nondefense (\$14.9 billion) for FY2016 and FY2017. This minimum was considerably higher than the OCO funding level of \$7.1 billion in the President’s request, \$7.3 billion in the House State, Foreign Operations appropriations bill, and \$9.3 billion in the Senate bill. The enacted omnibus appropriations law (Consolidated Appropriations Act, 2016, P.L. 114-113, Div. K) set foreign affairs OCO funding at \$14.9 billion, as required by the BBA. For FY2017, the enacted OCO level, including a supplemental amendment, totaled \$20.8 billion.

The FY2018 State, Foreign Operations budget request totals \$12.0 billion, 42% below the FY2017 enacted level. It seeks \$3.0 billion for Diplomatic and Consular Programs that includes \$2.4 billion for Worldwide Security Upgrades; \$1.3 billion for International Disaster Assistance for famine prevention, relief, and prevention; \$2.7 billion for the Economic Support Fund; and \$2.0 billion for Migration and Refugee Assistance, among funds for other things.

Background

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

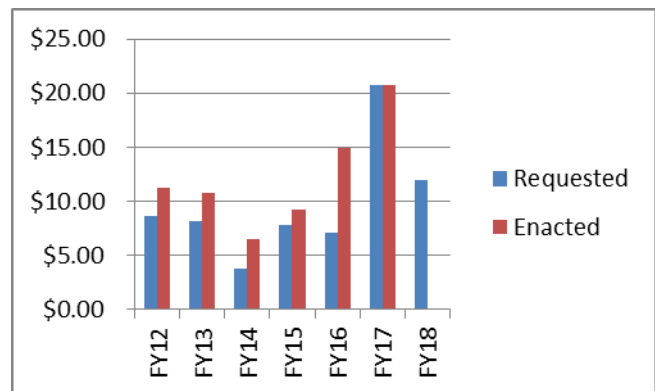
Congress, having provided OCO funds for the Department of Defense (DOD) earlier, adopted this approach for foreign affairs, although it never permanently defined its uses in

statute. Since 2012, Congress has appropriated more OCO funds than were requested each year and authorized its use in additional countries (see **Figure 1**). In contrast, President Obama first sought OCO funds for a country other than the three frontline states in the FY2015 request when he requested OCO funds for Syria.

For the first foreign affairs OCO appropriation, Congress provided FY2012 OCO funds (P.L. 112-74, Title VIII) for a wide range of recipients beyond the three frontline states, including Yemen, Somalia, Kenya, and the Philippines. In addition to country-specific uses, Congress also appropriated funds for the Global Security Contingency Fund.

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

Figure 1. Overseas Contingency Operations, FY2012-FY2018



Source: Department of State Congressional Budget Justifications, FY2014, FY2015, FY2016, FY2017, and FY2018, P.L. 114-254 and P.L. 115-31. The totals enacted include net rescissions.

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

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

The Obama Administration requested an expanded use of OCO funds for Syria and peacekeeping in FY2016 and FY2017. Congress provided OCO funding in both years for Ebola, Zika, counterterrorism, and countering Russian aggression. The FY2018 foreign affairs OCO request includes funds for famine relief and prevention, refugee assistance, and aid to Africa and the Middle East.

Funding and Issues

Within the Consolidated Appropriations Act, 2017 (Div. J, Title VIII, P.L. 115-31), Congress appropriated a total of \$57.5 billion for the State Department, Foreign Operations and Related Programs (SFOPS): \$36.7 billion for regular or base funds, as well as \$20.8 billion (36% of total SFOPS funds) for OCO, including \$4.3 billion from a supplemental amendment. The FY2017 act, as is normally the case for appropriations measures, provided various time periods of funding availability for both regular and OCO accounts. It continued multiyear spending and broad transfer authorities with regular notifications, making OCO use somewhat flexible. **Table 1** below details enacted OCO funding levels by account and availability for FY2017 and beyond:

Table 1. FY2017 OCO Funding Levels
(\$ million)

Total	20,785
Funds available until September 30, 2018	
Diplomatic and Consular Programs (D&CP)	3,462.8
Office of Inspector General (OIG)	57.4
Contributions to International Organizations (CIO)	96.2
Contributions for International Peacekeeping	1,354.7
International Broadcasting Operations	4.8
USAID's Operating Expenses (OE)	157.1
USAID's Office of Inspector General	2.5
Economic Support Fund (ESF)	3,639.8
Assistance for Europe, Eurasia & Central Asia	610.7
International Narcotics Control and Law Enforcement (INCLE):	438.6
Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR)	469.8
Peacekeeping Operations (PKO)	524.0
Foreign Military Financing (FMF)	1,525.8
Funds available until expended	
Worldwide Security Protection within D&CP	[2,742.4]
USAID Capital Investment Fund	25.0
Transition Initiatives (TI)	87.2

Complex Crises Fund (CCF)	20.0
Embassy Security, Construction and Maintenance (ESCM)	1,893.2
International Disaster Assistance (IDA)	3,929.3
Migration and Refugee Assistance (MRA)	2,446.2
Emergency Refugee and Migration (ERMA)	40.0

Source: Further Continuing and Security Assistance Act, 2017, Div. B, Title II (P.L. 114-25 and Consolidated Appropriations Act, 2017 (P.L. 115-31), Div. J, Title VIII.

Note: numbers within brackets are subsumed in D&CP.

The Bipartisan Budget Act of 2015 (BBA)

On November 2, 2015, President Obama signed into law the Bipartisan Budget Act of 2015 (H.R. 1314; P.L. 114-74). The law raised by \$50 billion the overall discretionary spending limit set by the Budget Control Act (P.L. 112-25) for FY2016 from \$1.016 trillion to \$1.066 trillion and by \$30 billion from \$1.039 trillion to \$1.069 trillion for FY2017. It increased security and nonsecurity spending limits and established minimum OCO funding levels for both defense and nondefense for FY2016 and FY2017. For nondefense (SFOPS) OCO, the minimum for both fiscal years was \$14.9 billion. Congress could opt to enact a new BBA for FY2018 to accommodate increasing the defense budget above BCA caps.

OCO and Spending Limit Implications

Through FY2021, the BCA imposes limits on discretionary spending and provides for adjustments to those limits for funds designated as OCO or emergency requirements. When the House and Senate draft the budget resolutions and the appropriations subcommittees consider funding for DOD and foreign affairs, OCO can be used to provide funds that are effectively not subject to those spending limits, even if the funds have only a tangential relationship to the war on terrorism. In the FY2015 budget process, for example, some questioned the Senate's increased use of OCO funds over the previous fiscal year, asserting it was done to free up discretionary funding for other agency budgets and still meet the FY2015 limit of \$1.014 trillion.

Enactment of the BBA in 2015 resulted in reducing foreign affairs regular funding that year by 11% within the omnibus appropriations and increasing foreign affairs OCO funds by 60%, perhaps helping to meet nondefense discretionary budgetary caps without reducing the overall foreign affairs total. A budget agreement that appropriates more within foreign affairs OCO accounts and less in foreign affairs regular accounts is possible again in FY2018.

More Information

For more information on the foreign affairs budget, see CRS Report R44890, *State, Foreign Operations, and Related Programs FY2018 Budget Request: In Brief*.

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