



March 3, 2015

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

Near the end of the 113<sup>th</sup> Congress, Members examined foreign affairs funding designated as Overseas Contingency Operations (OCO) for possible use as Ebola emergency funding, to combat the Islamic State (IS), and other budgetary reasons. Funds that are designated as emergency or OCO are effectively exempt from the spending limits established by the Budget Control Act of 2011 (P.L. 112-25, BCA). Some Members have suggested that this exemption provides agencies with additional budget cushioning and flexibility, allowing their overall funding to exceed the spending caps.

Within the Consolidated and Further Continuing Appropriations Act, 2015 (Div. J, Title VIII of P.L. 113-235), Congress appropriated \$9.26 billion for State Department, Foreign Operations and Related Programs OCO funds, or 18% of the total foreign affairs funding that year. It also continued multiyear spending and broad transfer authorities, making OCO use somewhat flexible. The amended FY2015 OCO request of \$7.8 billion represented about 15% of the total foreign affairs request for that year.

### 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.

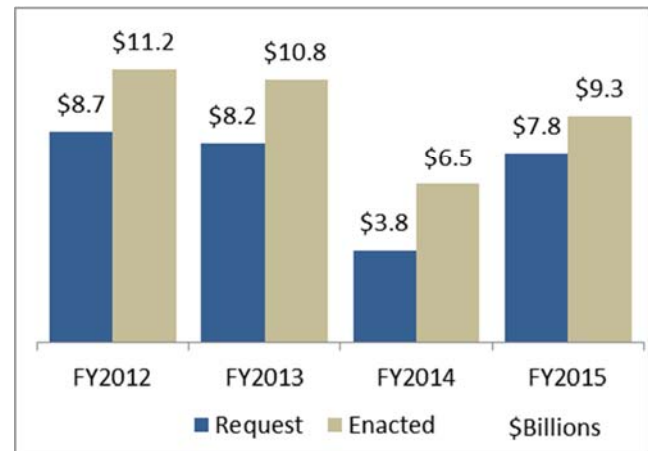
Congress, having provided OCO funds for the Department of Defense (DOD) earlier, adopted this approach for foreign affairs, although it never permanently defined its uses in statute. Since 2012, Congress has appropriated more OCO funds than were requested each year and authorized its use in additional 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. Congress included limited transfer authority between OCO accounts subject to regular notification requirements.

In the FY2013 full-year continuing appropriations (P.L. 113-6, Div. F, Title VII, Sec. 1707-1708), Congress did not specify additional OCO-recipient countries except for Jordan. Congress did provide limited transfer authority of OCO funds, subject to regular notification procedures.

**Figure 1. Overseas Contingency Operations, FY2012-FY2015**



**Source:** Department of State Congressional Budget Justifications, FY2014, FY2015, and P.L. 113-235. The totals enacted are 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 (see **Table 1**). Congress also expanded the terms of transfer authority, providing greater flexibility among certain accounts. It also authorized that transfers from those accounts be available to International Disaster Assistance (IDA) and Migration and Refugee Assistance (MRA), 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 IS, as was requested, it did provide an increase in OCO funds in many accounts with language such as “for other assistance,” “for other areas of unrest,” or “for extraordinary costs, including those resulting from conflict.” Congress continued certain

transfer authority and multiyear availability of most OCO funds.

## Current Funding and Issues

Enacted OCO funding levels for FY2015 are as follows:

**Table I. FY2015 OCO Funding Levels**  
(\$ million)

Total	9,258.0
<b>Funds available until September 30, 2016</b>	
Diplomatic and Consular Programs (D&CP)	1,350.8
Office of Inspector General (OIG)	56.9
International Broadcasting Operations	10.7
USAID's Operating Expenses (OE)	125.5
Transition Initiatives (TI)	20.0
Complex Crises Fund (CCF)	30.0
Economic Support Fund (ESF)	2,114.3
International Narcotics Control and Law Enforcement (INCLE):	443.2
Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR)	99.2
Peacekeeping Operations (PKO)	328.7
Foreign Military Financing (FMF)	866.4
<b>Funds available until expended</b>	
Conflict Stabilization Operations (CSO)	15.0
Embassy Security, Construction and Maintenance (ESCM)	260.8
International Disaster Assistance (IDA)	1,335.0
Migration and Refugee Assistance (MRA)	2,127.1
<b>One-year funding</b>	
Contributions to International Organizations (CIO)	74.4

**Source:** Consolidated and Further Continuing Appropriations Act, 2015 (P.L. 113-235, Div. J, Title VIII).

### OCO for Aid to Ebola-Stricken Countries

On November 5, 2014, the Administration requested a total of \$6.2 billion in a comprehensive emergency supplemental package to address the Ebola crisis. Of that, nearly \$3 billion would have been for foreign affairs accounts within the State, Foreign Operations appropriations.

Prior to availability of FY2015 funds, State/USAID used enduring funds in IDA and the Global Health (GHP) accounts within State-Foreign Operations appropriations, and Title II of Food for Peace within the Agriculture Appropriations.

Some lawmakers looked into the possibility of using an expanded OCO or a portion of the \$924.2 million of

OCO/IDA funds and the nearly \$1.3 billion of OCO/MRA funds, or transfer authority for U.S. overseas Ebola response, rather than a large emergency supplemental. The four congressional defense committees had permitted a reprogramming of DOD's OCO-designated funds for its Ebola-related activities, so a precedent to use OCO for a non-GWOT-related activity existed.

The 113<sup>th</sup> Congress agreed to enact Ebola Emergency funding separate from OCO within the FY2015 appropriations law. Title IX provided \$2.5 billion for the State Department and USAID's Ebola efforts in FY2015.

### OCO Amendment for IS

On November 10, the Obama Administration submitted amendments to the FY2015 OCO request for both DOD (\$5 billion) and the Department of State (\$520 million) to counter IS. The amendments would have been in addition to the \$58.6 billion for DOD and \$7.3 billion for State, thus making the total FY2015 OCO request \$71.4 billion, of which \$7.8 billion would fund foreign affairs accounts: D&CP, ESF, FMF, PKO, IDA, and International Broadcasting.

For FY2016, the Administration is requesting \$7.05 billion for OCO funds, including some Syria-related funds and some to support U.S. efforts against the Islamic State.

### 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.

The President's FY2016 request seeks to raise the BCA overall spending limits beyond the OMB-estimated \$1.016 trillion. If agreed to by Congress, this could reduce pressure on enduring funds while possibly reducing OCO funds. How this might affect the State, Foreign Operations FY2016 appropriations, however, remains to be seen.

### More Information

For more information on the foreign affairs budget, see CRS Report R43901, *State, Foreign Operations, and Related Programs: FY2016 Budget Overview*.

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