



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

Congressional interest in Overseas Contingency Operations (OCO) funding levels has continued as Members debate annual foreign affairs and defense budgets. A key feature of OCO funds is their effective exemption, like emergency funds, from the discretionary spending limits established by the Budget Control Act of 2011 through FY2021 (BCA, P.L. 112-25). Some Members have suggested that this exemption provides agencies with additional budget cushioning and flexibility, allowing defense and nondefense foreign affairs funding to exceed the spending caps. Others have criticized the OCO designation, labeling it as a “slush fund” that provides funds for programs unrelated to contingency operations.

In the Bipartisan Budget Act of 2019 (BBA 2019, P.L. 116-37), Congress raised the overall discretionary spending limits for FY2020 and FY2021, the last two years in which the BCA caps are in effect. BBA 2019 also included nonbinding targets for OCO funding in both FY2020 and FY2021; defense OCO targets were set at \$71.5 billion for FY2020 and \$69 billion for FY2021, while the foreign affairs OCO targets were set at \$8 billion for each fiscal year. The Trump Administration has not requested OCO funding for foreign affairs since FY2018. (In FY2019, the Administration initially requested \$12 billion for foreign affairs OCO, but following passage of the 2018 Bipartisan Budget Agreement (P.L. 115-123), it issued an addendum requesting that all foreign affairs OCO be shifted to base funding.)

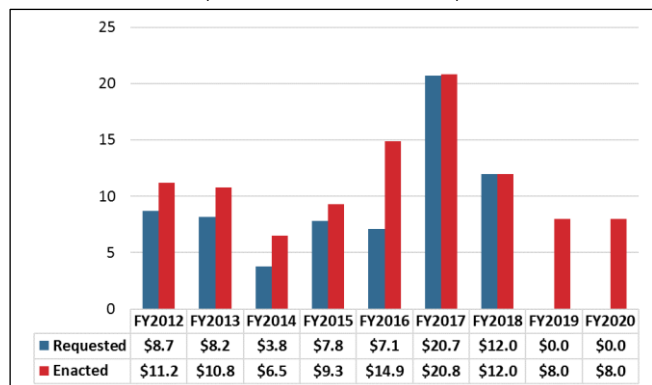
While ongoing debate in Congress over OCO may focus on defense spending (where the largest share of OCO funds are appropriated), foreign affairs OCO funding may continue to play a role in the international affairs budget.

## Background on Foreign Affairs OCO

The foreign affairs agencies began requesting OCO funding in FY2012, distinguishing between what is referred to as enduring (ongoing costs) versus extraordinary, temporary costs of State and USAID in the frontline states of Iraq, Afghanistan, and Pakistan. Many view this approach as similar to the annual emergency supplemental appropriations to support the Global War on Terrorism (GWOT) in the frontline states during the George W. Bush Administration. Congress, having provided OCO funds for the Department of Defense (DOD) earlier, adopted this approach for foreign affairs, although it never permanently defined its uses in statute. Since 2012, Congress has appropriated more foreign affairs OCO funds than were requested each year and authorized its use for various functions (see **Table 1**).

For the first foreign affairs OCO appropriation in FY2012 (P.L. 112-74, Div. I, Title VIII), Congress provided funds 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. Foreign Affairs Overseas Contingency Operations, FY2012-FY2020**  
(in billions of U.S. dollars)



**Source:** Department of State Congressional Budget Justifications, FY2014-FY2020, P.L. 115-141, P.L. 116-6, and P.L. 116-94. The totals enacted include net rescissions.

For FY2014 (P.L. 113-76, Div. K, 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 across 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 implemented in Iraq, Afghanistan, Pakistan, Jordan, Lebanon, the Central African Republic, and Somalia.

For FY2015 (P.L. 113-235, Div. J, Title VIII), although Congress did not provide specific OCO funds for countering the Islamic State (IS), as was requested by the Obama Administration, 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 (P.L. 114-113, Div. K, Title VIII)

and FY2017 (P.L. 115-31, Div. J, Title VIII). Congress also provided OCO funding in both years for Ebola, Zika, counterterrorism, and countering Russian aggression.

The FY2018 (P.L. 115-141, Div. K, Title VIII) and FY2019 (P.L. 116-6, Div. F, Title VIII) foreign affairs OCO appropriations included funds to address global refugee responses and to support assessed peacekeeping contributions for operations in Somalia, among other activities.

Within the Further Consolidated Appropriations Act, 2020 (P.L. 116-94, Div. G), Congress appropriated a total of \$54.8 billion for the Department of State, Foreign Operations and Related Programs (SFOPS) appropriation: \$47.1 billion for base or enduring funds and \$8.0 billion (nearly 15% of total SFOPS funds) for OCO, as well as approximately \$296 million in rescissions. Unlike previous fiscal years, the FY2020 act did not have OCO designated as a separate title of the bill; rather, OCO levels were embedded in select appropriations accounts throughout the legislation. **Table 1** below details enacted OCO funding levels by account for FY2020:

**Table 1. FY2020 Foreign Affairs OCO Funding Levels**  
(in millions of U.S. dollars)

Total	8,000.0
<b>Appropriated Funds</b>	
Worldwide Security Protection (within Diplomatic Programs)	2,626.1
State Department Office of Inspector General	54.9
Worldwide Security Upgrades (within Embassy Security, Construction and Maintenance)	424.1
Contributions to International Organizations (CIO)	96.2
Contributions for International Peacekeeping	988.7
International Disaster Assistance (IDA)	1,734.0
Migration and Refugee Assistance (MRA)	1,521.4
Peacekeeping Operations (PKO)	325.2
Foreign Military Financing (FMF)	511.9
<b>Rescissions</b>	
Embassy Security, Construction and Maintenance	(242.5)
Complex Crises Fund (CCF)	(40.0)

**Source:** Further Consolidated Appropriations Act, 2020, P.L. 116-94, Div. G.

**Note:** Numbers within parentheses are negative.

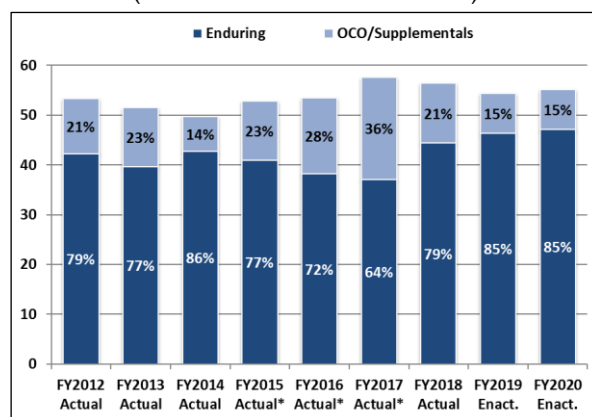
## The Future of Foreign Affairs OCO

OCO has consistently been described by Congress as supporting extraordinary budget needs, even as the use of the designation has expanded over the years to apply to an increasing range of activities, many of which are not directly related to active conflicts. According to the joint explanatory statement accompanying final FY2020 appropriations, “[OCO] funds are intended to address the extraordinary costs of operations and assistance in countries in conflict and areas of instability and violence, particularly for security, stabilization, and peacekeeping programs; humanitarian activities; and counterterrorism and

counterinsurgency efforts.” The OCO designation has arguably devolved into a mechanism that has enabled Congress and prior Administrations to increase spending on regular operations while technically complying with BCA budget caps. The Trump Administration, meanwhile, has repeatedly requested significant budget cuts for international affairs activities and has not sought OCO funds for this purpose. Perhaps reflecting these conflicting approaches, OCO as a share of the international affairs budget has declined in recent years, from a peak of 36% in FY2017 to 15% in FY2020 (see **Figure 2**).

**Figure 2. OCO & Emergency Supplemental Funding as a Share of Total International Affairs Budget**

(in billions of current U.S. dollars)



**Source:** Department of State Congressional Budget Justifications, FY2014-FY2020, P.L. 115-141, P.L. 116-6, and P.L. 116-94. The totals enacted include net rescissions.

**Notes:** \* indicates years in which funding includes more than OCO. FY2015 includes the Ebola Response Supplemental Funding (P.L. 113-235); FY2016 includes the Zika Response Supplemental Funding (P.L. 114-223); and FY2017 includes the Security Assistance Appropriations Act (P.L. 114-254) OCO funding.

As BCA discretionary spending caps are set to expire after FY2021, the use of OCO as a foreign affairs funding mechanism may change. Congress may continue the downward trend in use of the OCO designation, using OCO funds only for extraordinary contingency programs, as in the past. Alternatively, Congress may phase out the use of foreign affairs OCO entirely, instead integrating OCO funding for regular operations into the base budget and relying on emergency supplemental appropriations to address out-of-cycle, unanticipated needs, as was the norm prior to use of the OCO designation.

## More Information

For more information on OCO and the foreign affairs budget, see CRS Report R44519, *Overseas Contingency Operations Funding: Background and Status*, and CRS Report R45763, *Department of State, Foreign Operations, and Related Programs: FY2020 Budget and Appropriations*.

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