

OVERSEAS CONTINGENCY OPERATIONS

Funding Highlights:

- Adopts a uniform approach to budgeting in conflict areas, thereby aligning priorities among Departments and improving coordination and efficiency.
- Includes the military and civilian costs necessary to achieve U.S. national security goals in Iraq, Afghanistan, and Pakistan including the transition from a military to a civilian-led mission in Iraq.
- Integrates International Affairs resource requirements related to extraordinary and temporary national security needs in Iraq, Afghanistan, and Pakistan with Department of Defense budget planning through creation of an Overseas Contingency Operations budget for the Department of State.
- Promotes transparency and fiscal discipline in the Budget by clearly separating those costs within the Overseas Contingency Operations budget that do not represent permanent base Budget requirements and will be phased out over time.
- Provides \$118 billion for the Department of Defense, of which \$107 billion is for Operation Enduring Freedom that supports activities in Afghanistan and \$11 billion for Operation New Dawn (formerly Operation Iraqi Freedom) that supports activities in Iraq.
- Funds \$8.7 billion for the Department of State, of which \$2.2 billion is for Afghanistan, \$1.2 billion is for Pakistan, and \$5.2 billion is for Iraq. The increase associated with the Department of State is more than offset by reduced costs for the Department of Defense.

The President's Budget, for the first time, adopts a uniform approach to budgeting for Department of Defense (DOD) and Department of State operations in conflict areas. By aligning priority war costs between the departments, efficiencies can be found and coordination improved. Beginning with the 2010 Budget request, the costs associated with funding military operations in Iraq and Afghanistan were provided through a separate DOD Overseas Contingency Operations (OCO) budget request to more accurately reflect the temporary and extraordinary requirements of these overseas operations. This year's Budget request includes key efforts to transition from military to civilian-led missions including:

- A drawdown of all U.S. troops in Iraq by December 31, 2011, in accordance with the U.S.-Iraq Security Agreement, and transfer or closure of over 500 bases to the Government of Iraq.
- Establishing two additional regional consulates and two Embassy Branch Offices and having the State Department take responsibility for over 400 essential activities that DOD currently performs.
- Establishing police and criminal justice hub facilities and security cooperation sites to continue enhancing security forces and ministry capabilities; carrying on efforts started by DOD.

- Beginning the responsible drawdown of U.S. forces in Afghanistan by July 2011.

Beginning with the 2012 Budget request, certain temporary and extraordinary Department of State diplomatic, development, and related assistance in Iraq, Afghanistan, and Pakistan will likewise be requested as OCO and be similarly funded. This approach improves budget transparency and fiscal discipline by extending the separate OCO mechanism to related international affairs spending in these countries, particularly as operations transition from military to civilian leadership.

Department of Defense

The Budget reflects an overall decrease in the OCO request for DOD. The DOD OCO request of \$118 billion funds continuing military operations supporting Operation Enduring Freedom, which is primarily conducted in Afghanistan, while also transitioning to a civilian-led mission in Iraq. In Afghanistan, the Budget funds operations; force protection; reconstitution of damaged equipment; activities to counter and defeat improvised explosive devices; intelligence activities; and the training, equipping, and sustaining of the Afghan National Security Forces. The Budget also supports transition efforts in Iraq including redeploying U.S. forces; transferring of responsibilities to Iraqis and U.S. civilian agencies; training, equipping, and advising Iraqi military and security forces; and supporting counterterrorism activities. The Budget includes anticipated costs for the Office of Security Cooperation in Iraq, which

will continue security assistance and security cooperation activities.

Department of State

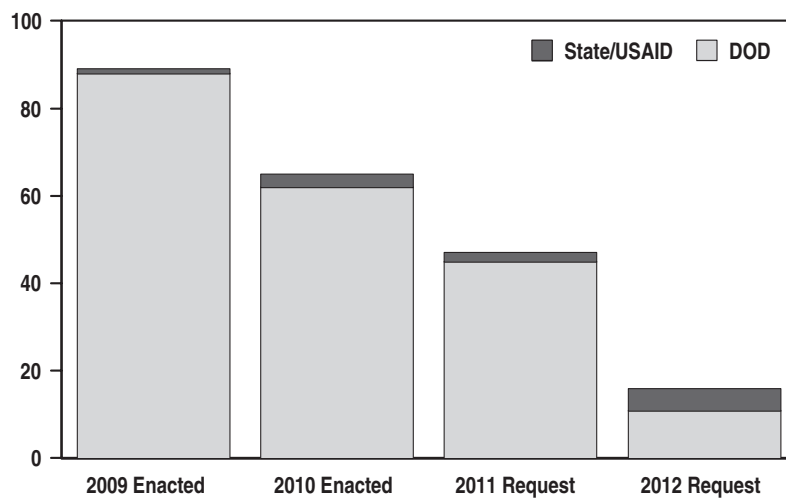
The Budget reflects the OCO costs associated with Department of State activities in Iraq, Afghanistan, and Pakistan. These costs, such as certain near-term security and development components of assistance programs related to stabilization and counterinsurgency operations, protection of civilian personnel, and oversight activities of the Special Inspectors General for Iraq and Afghanistan, are required to meet U.S. objectives. In Iraq, these temporary operations and assistance increases are necessary to transition from a military to a civilian-led mission and strengthen the capacity of the Iraqi government through police training, criminal justice programs, and military assistance. For Afghanistan and Pakistan, unique challenges require near-term stabilization and development assistance related to a responsible security transition in Afghanistan and related counterinsurgency programs in Pakistan.

Overseas Contingency Operation Funding for 2009–2012

As the charts below show, the increase in OCO funding for State and USAID, particularly in Iraq, is more than offset by reductions in OCO funding for DOD.

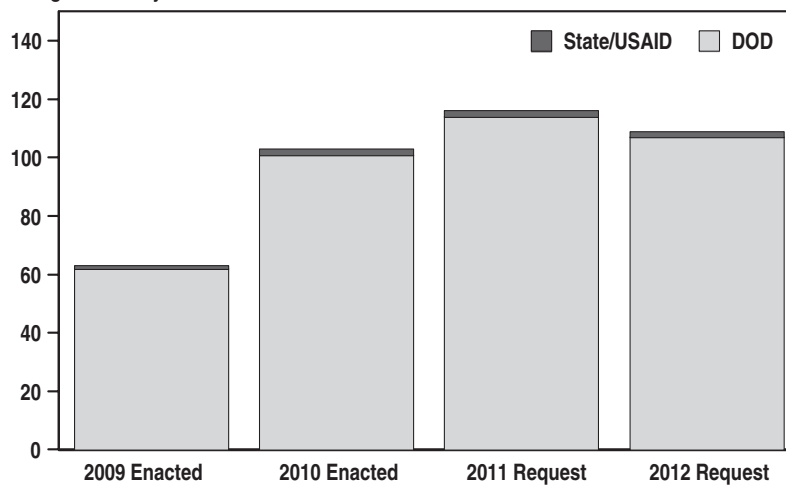
DOD and State/USAID Budget Authority for Iraq

Budget authority in billions of dollars



DOD and State/USAID Budget Authority for Afghanistan

Budget authority in billions of dollars



Overseas Contingency Operations
(In millions of dollars)

	Actual 2010	Estimate	
		2011	2012
Spending			
Discretionary Budget Authority:			
Department of Defense:			
Operation Iraqi Freedom/Operation New Dawn	61,517	45,640	10,442
Operation Enduring Freedom.....	100,748	113,442	107,143
Sub-Total, Department of Defense ¹	162,265	159,082	117,585
Department of State and U.S. Agency for International Development (USAID):			
Iraq	2,795	1,685	5,248
Afghanistan	2,212	2,368	2,208
Pakistan.....	79	1,333	1,246
Sub-Total, Department of State and USAID ^{2,3}	5,085	5,387	8,703
Total, Discretionary budget authority.....	167,350	164,469	126,288

¹ The DOD 2010, 2011, and 2012 numbers represent an estimate by military operation, and excludes transfer amounts to the Department of Homeland Security (U.S. Coast Guard) in 2011 and 2012. The 2010 amount does not include funding for Haiti.

² The 2010 and 2011 totals for Department of State and USAID represent estimated OCO equivalent funding.

³ The Department of State and USAID 2010 total includes \$2.3 billion in OCO equivalent funding from the 2010 Supplemental (P.L. 111-212) and \$0.4 billion in OCO equivalent forward funding from the 2009 Supplemental (P.L. 111-32).