

# OVERSEAS CONTINGENCY OPERATIONS

## **Funding Highlights:**

- Provides \$96.7 billion in unified Defense, State, and USAID funding for Overseas Contingency Operations (OCO), a reduction of 24 percent below the 2012 enacted level. This primarily reflects the savings from the end of military operations in Iraq and the drawdown of forces in Afghanistan.
- Maintains a unified approach to budgeting in conflict areas by continuing to integrate International Affairs resource requirements related to extraordinary and temporary national security needs with Department of Defense budget plans.
- Caps OCO spending through 2021 at \$450 billion, which allows year-by-year flexibility for the Administration to respond effectively to changing circumstances on the ground, and which prevents the use of OCO funding as a way around discretionary caps.
- Addresses the military and civilian costs necessary to achieve U.S. national security goals in Afghanistan, Pakistan, and Iraq, including support for an entirely civilian-led mission in Iraq.
- Supports the security, diplomatic, and development requirements for successful military-to-civilian transitions in Iraq and Afghanistan, including continued support to critical coalition partners.
- Provides \$88.5 billion for the Department of Defense, of which \$85.6 billion is for Operation Enduring Freedom and \$2.9 billion is for activities related to Iraq, primarily the repair and replacement of damaged equipment and the operation of the Office of Security Cooperation-Iraq.
- Reduces military spending at a rate consistent with the complete withdrawal of U.S. troops from Iraq and a 30 percent decline in the number of troops deployed to Afghanistan.
- Provides \$8.2 billion for Department of State and USAID OCO activities, of which \$3.3 billion is for Afghanistan, \$1.0 billion is for Pakistan, and \$4.0 billion is for Iraq.
- Promotes transparency and efficiency in the Budget by separating the costs of supporting OCO from those that are included in Department of Defense and Department of State and USAID base budgets.

For the second year, the President's Budget reflects a unified approach to budgeting for Department of Defense (DOD), Department of State, and U.S. Agency for International Development (USAID) operations in conflict areas. By aligning priority missions across these agencies, the Budget takes advantage of efficiencies, improves coordination, and reduces overall costs. Further, isolating the military and civilian costs related to temporary and extraordinary requirements in the OCO request promotes transparency and efficiency across the security agencies of the Federal Government. The President's 2013 Budget provides \$96.7 billion for these operations, a reduction of 24 percent below the 2012 enacted level.

The Budget also reflects the Administration's efforts to constrain OCO spending in the years beyond 2013. The Budget Control Act of 2011 (BCA) established year-by-year caps on discretionary spending for agencies' base budgets through 2021, reducing the 10-year budget deficit by about \$1 trillion. However, the BCA did not limit OCO funding. Leaving OCO funding unconstrained could allow future Administrations and Congresses to use it as a convenient vehicle to evade the fiscal discipline that the BCA caps require elsewhere in the Budget. With the end of our military presence in Iraq, and as troops continue to draw down in Afghanistan, the Budget proposes a binding cap on OCO spending, as well. From 2013 through 2021, the Budget limits OCO appropriations to \$450 billion. Given the need for ample flexibility in budgeting for overseas contingencies, this is a multi-year total cap, rather than a series of year-by-year caps, and future Congresses may adjust it in the event of a national emergency requiring additional OCO spending.

### ***Transitions from Military to Civilian-led Missions***

The Budget funds several key efforts in the transition from military to civilian-led missions, including:

- Supporting a smaller number of U.S. forces in Afghanistan, down from about 100,000

at the beginning of 2012 to about 68,000 at the beginning of 2013.

- Supporting the continued development and professionalization of the Afghan National Security Forces (ANSF), enabling the ANSF to take increasing responsibility for the security of Afghanistan.
- Laying the groundwork to expand the civilian footprint in Afghanistan as U.S. forces draw down, while focusing civilian assistance on foundational investments in economic growth, reconciliation and reintegration, and capacity building.
- Reducing Iraq-related costs dramatically, reflecting the withdrawal of U.S. troops completed in December 2011.
- Strengthening the State Department's capacity to manage over 400 essential activities that it has taken over from DOD at Embassy Baghdad and three regional consulates in Iraq.
- Operating police and criminal justice hub facilities and security cooperation sites to continue enhancing Iraqi security forces and civilian ministries.

### **Reduces Defense Spending in Line with Troop Withdrawals.**

The Budget reflects a significant decrease in the OCO request for DOD, from \$115.3 billion enacted in 2012 to \$88.5 billion requested in 2013. This reflects the withdrawal of U.S. troops from Iraq and a 30 percent decline in the number of troops deployed to Afghanistan. Nearly all of these DOD funds support Operation Enduring Freedom (OEF), which is primarily conducted in Afghanistan. For OEF, the Budget funds military operations, incremental personnel costs, force protection, repair and replacement of damaged equipment, activities to counter and defeat improvised explosive devices, intelligence activities, support for coalition partners, and the training, equipping, and sustaining of the ANSF. To support implementation of the Nation's new defense strategy, the Budget funds, within the OCO request, the portion of the Army

and Marine Corps end strength that DOD will remove from the force within the next five years. This end strength supports current operations in Afghanistan and elsewhere, but will not be required as troops withdraw.

The Budget provides \$2.9 billion to support DOD's Iraq-related costs, including repair and replacement of equipment leaving the country, replenishment of munitions previously expended in combat, and the operation of the Office of Security Cooperation-Iraq (OSC-I). This is a reduction of about \$7 billion from the 2012 enacted level for Iraq. Under the aegis of the U.S. diplomatic mission to Iraq, OSC-I is the cornerstone of the U.S.-Iraqi strategic security partnership and serves as the hub of both security assistance and security cooperation activities, including cooperation on counterterrorism, counterproliferation, maritime security, and air defense.

**Provides Department of State and USAID Funding for Civilian-Led Missions.** The Budget reflects the OCO costs associated with Department of State and USAID activities in Iraq, Afghanistan, and Pakistan. Overall, the 2013 request for OCO represents a decrease of

\$2.9 billion from the 2012 enacted level, and reflects a more conservative OCO definition that avoids the risk of inadequate base funding for enduring activities once OCO funding under the proposed cap is exhausted. These 2013 OCO costs are limited to certain near-term operational, security and development components of assistance programs related to stabilization and counterinsurgency operations, protection of civilian personnel, and oversight activities of the Special Inspector General for Afghanistan. In Iraq, these temporary operations and assistance programs are necessary to sustain a civilian-led mission; strengthen the capacity of the Iraqi government through police training, criminal justice programs, and military assistance; and ensure the Department and USAID have the necessary resources to support and secure the diplomatic mission. For Afghanistan and Pakistan, unique challenges require near-term stabilization and development assistance to support a responsible security transition in Afghanistan and support Pakistan's counterinsurgency programs. In Afghanistan, OCO funding will provide the initial infrastructure to maintain the diplomatic platform and security posture as Afghan forces take greater responsibility for security operations.

**Overseas Contingency Operations (OCO)**  
(In millions of dollars)

	Actual 2011	Estimate 2012	2013
<b>Spending Memorandum:<sup>1</sup></b>			
Discretionary Cap Adjustment: <sup>2</sup>			
Department of Defense			
Operation Enduring Freedom.....	113,963	105,737	85,627
Operation New Dawn / Iraq.....	45,044	9,604	2,855
Subtotal, Department of Defense <sup>3</sup> .....	159,007	115,341	88,482
Department of State and U.S. Agency for International Development (USAID) <sup>4</sup>			
Iraq .....	—	4,802	4,019
Afghanistan .....	—	3,636	3,267
Pakistan and Other.....	297	2,750	959
Subtotal, Department of State and USAID .....	297	11,188	8,245
Other International Agencies .....	—	14	—
Subtotal, Department of State, USAID, and Other International Agencies.....	297	11,203	8,245
Department of Justice .....	101	—	—
Total, Discretionary budget authority.....	159,405	126,544	96,727

<sup>1</sup> OCO funding is included in the related agency chapter tables and is presented here as a non-add detail table.

<sup>2</sup> The Balanced Budget and Emergency Deficit Control Act of 1985 (BBEDCA), as amended by the Budget Control Act of 2011, limits—or caps—budget authority available for discretionary programs each year through 2021. Section 251(b)(2) of BBEDCA authorizes certain adjustments to the caps after the enactment of appropriations. Amounts in 2011 are not so designated but are shown for comparability purposes.

<sup>3</sup> For comparability purposes, the DOD totals include \$254 million in 2011 and \$258 million in 2012 that were requested in Defense but that Congress appropriated directly to the Department of Homeland Security (DHS), for Coast Guard operating expenses. The Budget requests \$254 million in Defense that may be transferred to DHS for the same purpose in 2013.

<sup>4</sup> OCO funds were first appropriated to the Department of State, USAID, and Other International Programs in 2012. The 2011 OCO amount reflects a transfer from the Department of Defense to the Department of State.