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The War Chest

War Funding and the End of the War in Afghanistan

By Katherine Blakeley and Lawrence Korb October 2014

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Introduction and summary

As the third anniversary of the withdrawal of U.S. troops from Iraq in December 2011 approaches, the U.S. military finds itself in a period of transition. U.S. forces in Afghanistan are preparing to draw down to just 9,800 soldiers on the ground by January 1, 2015, a major decrease from the nearly 30,000 troops there now and well below the peak of about 100,000 troops in 2011. These remaining forces will halve to 4,900 by the end of 2015 and decrease to an “embassy presence” of about 300 thereafter, ending a conflict that has lasted more than a decade.¹

With the end of the war in Afghanistan in sight, Congress and the Pentagon must decide how to wind down the funding established to pay for these wars, known as Overseas Contingency Operations, or OCO, funding. The debate over the war funding is complicated by crises around the world. Russia’s belligerence in Ukraine; the advances of the Islamic State of Iraq and al-Sham, or ISIS, and the resulting U.S. airstrikes in Iraq and Syria; and the continued downward spiral of the Syrian civil war have all been trotted out as reasons to justify a substantial increase in the defense budget. Secretary of Defense Chuck Hagel has said that the Pentagon’s war-funding request for fiscal year 2015 might have to be “adjusted.” Experts believe that the Pentagon will ask for additional war funding, estimated at approximately \$6 billion.²

Rushing to add OCO money in response to the admittedly serious range of global crises, however, overlooks the fact that there is already substantial flexibility within already appropriated OCO funds to cover unexpected expenses. Beyond the immediate cries to increase defense spending to battle ISIS, the persistence of high OCO funding requests and appropriations is problematic. There is continued uncertainty about the stability and functionality of a unity government in Afghanistan and the timing of U.S. troop withdrawals. However, the FY 2015 OCO budget request of \$58.6 billion is a large request for what will become a small conflict as U.S. troops continue to draw down after the summer 2014 fighting season. Concerns have also been raised that some form of OCO funding will persist indefinitely, even after the war in Afghanistan concludes.

Allowing the U.S. Department of Defense, or DOD, to continue to have a separate war budget is both a fiscal and strategic mistake. Financially, the war funding decimates any pretense of fiscal discipline at the Pentagon. It has obscured the true costs of the wars in Iraq and Afghanistan and has allowed DOD to pay for substantial ongoing costs—ones that belong in the base budget—with war funding. Finally, it has let both Congress and DOD circumvent the caps on defense spending put in place by the Budget Control Act of 2011, or BCA.

Strategically, the abundance of war funding allows the Pentagon to pretend that the budget will remain effectively unlimited and to avoid the difficult conversations about our defense resources, commitments, investment priorities, and the necessary trade-offs. Using OCO funding to postpone these tough choices does our military—and our national security—a disservice. The use of existing OCO appropriations to pay for the current campaign against ISIS has allowed Congress and the public to sidestep important questions about the use and authorization of U.S. military force. The prospect of a permanent contingency fund risks further erosion of congressional prerogatives, as well as a de facto expansion of presidential war powers.

It's time to wind down the current war funding. Exceptional costs and new crises can be handled through requests for emergency funding, as was the case before the global war on terror. Congress needs to push DOD to return long-term costs to the base budget. The following key steps are necessary.

Keep OCO funds tied to the costs of war

The persistence of an ongoing spigot of money has decimated any pretense of fiscal discipline at the Pentagon. Unclear budget guidance and poor financial management have allowed DOD to shift substantial ongoing costs from the base budget into the OCO accounts and has obscured how much the wars in Iraq and Afghanistan actually cost. DOD has announced that it will release guidance on how to “migrate” activities funded in OCO to the base budget this fall, as part of the process of developing the FY 2016 budget request.³ This guidance must be robust, and DOD must move activities not directly related to the conflict in Afghanistan back to the base budget as quickly and thoroughly as possible. Congress must push DOD to make sure that permanent costs are not funded through OCO. Enduring costs—such as funding for the U.S. Central Command, or CENTCOM; the Navy's forward presence mission; surveillance capabilities; and routine levels of operations, including ongoing Special Forces operations—should be funded in the base budget.

Stop using OCO funds as a ‘safety valve’ for the base defense budget

The BCA ‘sequester’ caps that limit the base budget have further incentivized the services to shift funds from the base budget to the OCO budget, in effect sidestepping the BCA caps on the base budget and enabling substantially larger defense spending. While the 2009 Office of Management and Budget, or OMB, guidance does limit what items can be in OCO, there is considerable wiggle room, and the Pentagon has been able to use the OCO funds as a means to postpone or mitigate tougher choices about what to fund in the base budget. This stance, like the Pentagon’s projection of an additional \$115 billion in defense spending above the BCA caps through FY 2019, illustrates that the Pentagon is still operating as though the near-record-high funding levels that characterized the decade after 9/11 will return.⁴

Maintaining enduring costs in the OCO budget makes it much harder to wind down this unprecedented funding structure and normalize the defense budget in the future. According to the U.S. Government Accountability Office, or GAO, Pentagon officials have stated that “the constrained fiscal environment created by sequestration and DOD’s subsequent base-budget cuts have contributed to the department’s reluctance to transition OCO costs to DOD’s base budget.”⁵ In essence, DOD is using the continued availability of OCO funding to avoid making more difficult choices about resourcing in the base budget and to sidestep the BCA caps. The Pentagon has argued that OCO funds will be an “enduring requirement” for years after the end of the war in Afghanistan and will likely continue to avoid the tough choices.⁶ Army General John Campbell, former Army vice chief of staff and current commander of the International Security Assistance Force in Afghanistan, called OCO funding “crack cocaine” because “when you get on it, you don’t want to get off it.”⁷

Do not make OCO a permanent emergency fund

OCO funding risks becoming a permanent emergency fund. In FY 2013 and FY 2014, there have been substantial amounts of money left over in the OCO accounts. The use of remaining FY 2014 OCO appropriations to pay for the costs of the U.S. campaign against ISIS—as much as \$1.1 billion between June 16 and October 6—rather than requesting specific emergency supplemental appropriations, uses OCO as a default emergency fund.⁸

The \$4 billion requested in the FY 2015 OCO budget for a Counterterrorism Partnerships Fund and \$1 billion for a European Reassurance Initiative in response to crises in the Middle East and Ukraine would institutionalize OCO as permanent emergency money. Moreover, the \$500 million requested in the Counterterrorism Partnerships Fund for open-ended “crisis response” makes DOD’s desire for a permanent emergency fund explicit.⁹ However, both of these potential funds would largely pay for routine activities that belong in the base budget, rather than one-time emergency expenditures. Partnering with nations under threat from terrorism, increasing intelligence, surveillance, and reconnaissance, or ISR, and helicopter and maritime support capacity for U.S. forces should be funded in the base budget and balanced against other priorities. Before OCO, the Pentagon would request emergency supplemental appropriations to pay for the costs of responding to a crisis. DOD does not need a standing slush fund in the case of an emergency.

Exercise authorizing and oversight authority for military action

The use of existing OCO appropriations to pay for the current campaign against ISIS has allowed Congress and the public to sidestep important questions about the use and authorization of U.S. military force. The current U.S. military airstrikes and other activities in Iraq—estimated to cost about \$1.1 billion to date—are being funded out of unobligated FY 2014 OCO appropriations.¹⁰ Relying on the pool of extra FY 2014 OCO funding has so far allowed Congress to sidestep questions about the authorization of military force in the conflict with ISIS.

However, congressional oversight and debate for these requests, and for broader questions about the use of military force in the region, is essential. These are substantial commitments of resources and must be debated on their own terms. The prospect of an enduring OCO request that includes nearly \$5 billion in flexible funding for broadly defined “counterterrorism support” and “crisis response” allows DOD to fund a wide range of operations, while permitting Congress to sidestep the important debate about authorizing the use of military force.¹¹ A permanent contingency fund risks further erosion of congressional prerogatives and a de facto expansion of presidential war powers.

Have the tough conversations about defense resources and trade-offs

Strategically, the abundance of war funding allows the Pentagon to pretend that the defense budget will remain effectively unlimited. The persistence of the separate OCO budget request, which typically receives less scrutiny than the base budget request, means that necessary conversations about U.S. defense resources, commitments, investment priorities, and trade-offs do not occur.¹² Having a full picture of DOD's spending, priorities, and commitments in the base budget is essential to evaluating the prioritization, resourcing, and trade-offs in the nation's defense budget. Using OCO funding to postpone these tough choices does our military—and our national security—a disservice.

As Congress considers the FY 2015 DOD appropriations bill, H.R. 4870, it must execute its oversight responsibility over the OCO request. This report discusses the history and context of the war funding and the details of the FY 2015 request and offers specific conclusions and recommendations to policymakers.

War funding in context

Overseas Contingency Operations funding originated in the form of emergency supplemental appropriations to the Department of Defense and other federal agencies in the immediate aftermath of the terrorist attacks on September 11, 2001.¹³ Thirteen years after the beginning of the conflict in Afghanistan, DOD has requested \$58.6 billion in emergency funding to pay the costs of what used to be known as the Global War on Terror. At the same time, the defense budget remains very high in historic terms, and despite the drawdowns of troops in Iraq and Afghanistan, the \$554 billion total defense budget request is still nearly 30 percent larger than the Pentagon's fiscal year 2000 budget in real terms.¹⁴

This persistence of 'emergency' war funding is unprecedented. Historically, emergency appropriations were used to fund the incremental "initial or unexpected costs of most contingency operations," such as campaign-level military operations, disaster relief, peacekeeping, or humanitarian assistance within the same fiscal year. Once cost projections could be done, longer-term operations were funded out of the next year's base budget.¹⁵ For example, during the first two years of the Vietnam War, the costs were mostly paid for via supplemental appropriations. By FY 1968, the Johnson administration asked for just \$1.3 billion in supplemental appropriations, about 5 percent of the estimated cost of the war in that year.¹⁶ However, the Bush administration made it the norm to request all Global War on Terror costs as emergency funding rather than moving longer-term costs into the base budget, which is subject to the normal DOD budget review process.¹⁷

Starting in 2006, the DOD revised its internal budget guidance to allow "longer war against terror" costs to be paid for via these emergency and supplemental appropriations. These costs could include reset costs for equipment, accelerated repair for equipment, and costs to speed up specific force capability, but DOD did not specifically define what costs were to be included.¹⁸ With little guidance, the services developed their own systems for attributing costs not clearly linked to specific war on terror operations, frequently attributing normal base budget costs as incremental war on terror costs. For example, in FY 2008, the Navy attributed

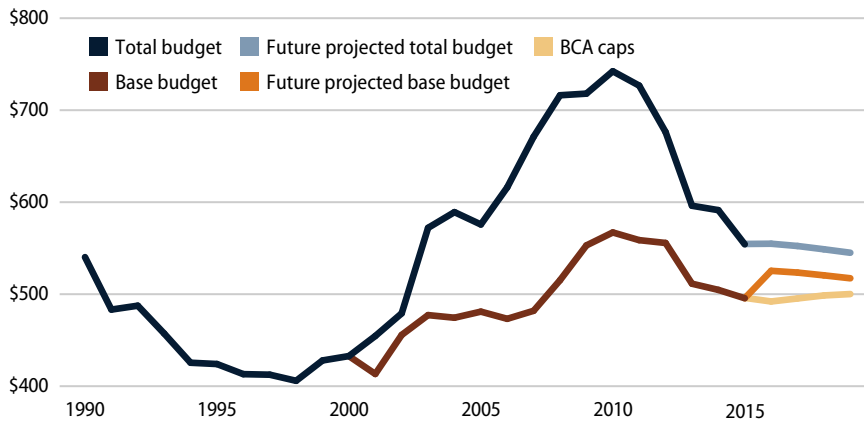
\$875 million of the costs of humanitarian assistance missions in Central and South America and forward presence missions by the Pacific fleet stationed in Hawaii, Japan, and Guam to the “longer war against terror,” though the Navy would normally have ships operating in the regions during peacetime.¹⁹

Very little of the costs of the wars in Iraq and Afghanistan have been shifted to the base budget. Between FY 2001 and FY 2011, as the defense budget nearly doubled, all but \$3 billion of DOD’s war costs were funded through supplemental or emergency appropriations.²⁰ Between FY 2001 and FY 2015, DOD asked for about \$1.7 trillion in FY 2015 dollars for war funding, in addition to the base budget request.²¹ These requests have funded Operation Enduring Freedom, or OEF, which funds the conflict in Afghanistan as well as anti-terrorism operations in the Philippines and other areas; Operation Noble Eagle, which enhanced security for U.S. military bases and other homeland security initiatives; Operation Iraqi Freedom, which funded the conflict in Iraq from its buildup in the fall of 2002 through the end of combat operations at the end of August 2010; and Operation New Dawn, which supported the military’s train-and-assist operation in Iraq between September 2010 through the withdrawal of U.S. combat forces from Iraq, completed in December 2011. The current U.S. military airstrikes and other activities in Iraq, estimated at about \$1.1 billion to date, are also being funded out of unobligated FY 2014 OCO appropriations.

Emergency-designated funding for the wars in Iraq and Afghanistan ranged between a low of \$17 billion in FY 2002—\$24 billion in FY 2015 dollars—and a peak of \$187 billion in FY 2008. This is \$201 billion in FY 2015 dollars. (see Figures 1 and 2) At times, the war funding has been equal to about 40 percent of DOD’s base budget. For FY 2015, DOD requested \$58.6 billion in war funding and anticipates future OCO requests of about \$30 billion annually from FY 2016 to FY 2019.²² While these are only estimates, it means that the Pentagon is anticipating requesting an additional \$178.6 billion in OCO funding—nominally for the war in Afghanistan and other counterterrorism operations—over the next five years, in addition to DOD’s base budget.

FIGURE 1
OCO budget in context, FY 1990 to FY 2019

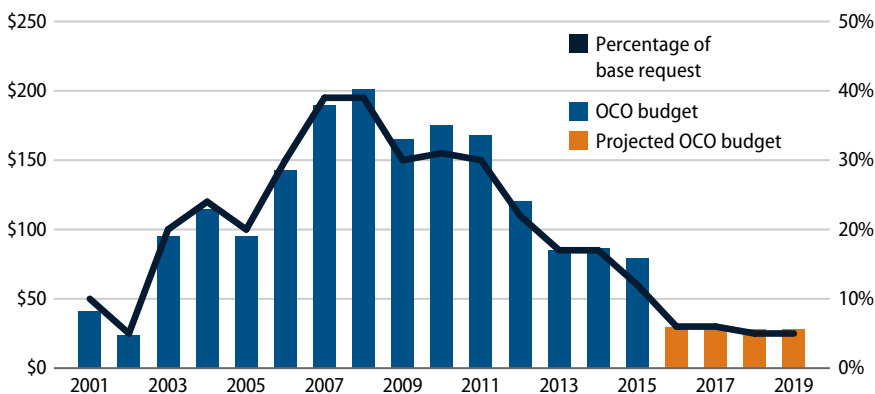
Constant FY 2015 dollars, in billions



Source: Sources: Figures from the Office of the Under Secretary of Defense, *United States Department of Defense Fiscal Year 2015 Budget Request Overview* (U.S. Department of Defense, 2014), p. 15, available at http://comptroller.defense.gov/Portals/45/Documents/defbudget/fy2015/fy2015_Budget_Request_Overview_Book.pdf; Office of the Under Secretary of Defense, *United States Department of Defense Fiscal Year 2014 Budget Amendment Overview: Overseas Contingency Operations* (U.S. Department of Defense, 2014), p. 6, available at http://comptroller.defense.gov/Portals/45/Documents/defbudget/fy2015/amendment/fy2015_Budget_Request_Overview_Book_Amended.pdf. BCA caps from DOD's share of the defense BCA caps was estimated at 95.5 percent, following previous application. See Congressional Budget Office, "Long-Term Implications of the 2014 Future Years Defense Program" (2013), Figure 1, Note D, available at http://www.cbo.gov/sites/default/files/cbo_files/attachments/44683-FYDP.pdf; Current year dollars were converted to constant FY 2015 dollars using the deflation factors from Office of Management and Budget, *Fiscal Year 2015 Historical Tables: Budget of The U.S. Government* (2014), Table 10.1, "Gross Domestic Product and Deflators Used in the Historical Tables: 1940-2019," available at <http://www.whitehouse.gov/omb/budget/historical>.

FIGURE 2
OCO funding as a percentage of base DOD budget, FY 2001 to FY 2019

Constant FY 2015 dollars, in billions



Sources: Amounts in constant FY 2015 Dollars. Current year figures from the Office of the Under Secretary of Defense, *United States Department of Defense Fiscal Year 2015 Budget Request Overview* (U.S. Department of Defense, 2014), p. 15, available at http://comptroller.defense.gov/Portals/45/Documents/defbudget/fy2015/fy2015_Budget_Request_Overview_Book.pdf; Office of the Under Secretary of Defense, *United States Department of Defense Fiscal Year 2014 Budget Amendment Overview: Overseas Contingency Operations* (U.S. Department of Defense, 2014), p. 6, available at http://comptroller.defense.gov/Portals/45/Documents/defbudget/fy2015/amendment/fy2015_Budget_Request_Overview_Book_Amended.pdf; Current year dollars were converted to constant FY 2015 dollars using the deflation factors from the Office of Management and Budget, *Fiscal Year 2015 Historical Tables: Budget of The U.S. Government* (2014), Table 10.1, "Gross Domestic Product and Deflators Used in the Historical Tables: 1940-2019," available at <http://www.whitehouse.gov/omb/budget/historical>.

BCA caps and war funding

The Budget Control Act of 2011, which limited the base budgets for all federal agencies and departments, has further muddled the DOD budget picture.

The Pentagon exaggerates the impact of the BCA caps. Under the BCA caps, the DOD base budget—its portion of the overall defense share—is capped at \$496 billion in FY 2015, higher than DOD's base budget in FY 2007 in real terms. The DOD budget caps rise to \$554 billion in FY 2021—\$507 billion in FY 2015 dollars.²³ Overall, under the BCA caps, the base budget would in FY 2021 be 10 percent lower than its peak in FY 2010 and just slightly lower than it was in FY 2008. Compared with FY 2001, the FY 2021 base budget under the BCA caps would be \$94 billion larger in real terms, or 23 percent larger.²⁴

The BCA caps have complicated moving money from OCO funding back into the base budget, despite the allocation criteria established by the Office of Management and Budget in 2009. While the DOD base budget is capped through FY 2021, funds designated as OCO or emergency appropriations are not subject to the same limits on discretionary spending. Both Congress and DOD have taken advantage of this wiggle room.

In the FY 2013 budget, the Army decided that funding for about 50,000 soldiers should be considered part of the temporary buildup for Iraq and Afghanistan and therefore paid for out of the more generous and lightly reviewed OCO budget. This sleight of hand freed up \$4.1 billion in the base budget that the Army could then use for other priorities.²⁵ And in the FY 2015 OCO budget request, the Pentagon has asked for \$4 billion for a Counterterrorism Partnerships Fund and nearly \$1 billion for a European Reassurance Initiative. Divorced from specific contingencies and with anticipated activities such as improved U.S. intelligence, surveillance, and reconnaissance capability, as well as helicopters for Special Forces, these funds do not belong in the OCO budget.

The Government Accountability Office also estimates that the services fund about 75 percent of U.S. Central Command's headquarters costs with OCO funds.²⁶ In the FY 2015 OCO request, \$18.1 billion supports U.S. forward presence in the CENTCOM region, including an anticipated 63,309 troops. Although these soldiers do support OEF activities in Afghanistan, much of this cost can be considered a long-term mission and should be funded in the base budget.

Congress has also shifted Operation and Maintenance, or O&M, funds into OCO from the base budget. Despite the fact that DOD tried to move funding for the Joint Improvised Explosive Device Defeat Fund into the base budget, Congress moved the funding back into OCO even though this is logically a long-term counterterrorism activity.²⁷ Shortly after the BCA deal was made in September 2011, the conferees on the DOD appropriations bill agreed to shift \$1.5 billion of the Pentagon's request for unmanned aerial vehicles, or UAV, funding to OCO funds from the base budget, freeing up money subject to the BCA caps.²⁸ More recently, in the markup of the FY 2015 defense appropriations bill, the House and Senate Appropriations Committees added \$2 billion and \$1 billion, respectively, for National Guard equipment in the OCO accounts, reprising what has become an annual tradition.²⁹

Plenty of money in the war chest

The high OCO request in FY 2015, even as U.S. forces are drawing down in Afghanistan, raises concerns that OCO funding will continue long after the wars in Afghanistan and Iraq conclude. The Pentagon's budget projections include a placeholder of \$30 billion in war funding each year through FY 2021. Meanwhile, the advances of the Islamic State of Iraq and al-Sham, the beginning of U.S. airstrikes in Iraq and Syria, and the continued downward spiral of the Syrian civil war have all been trotted out as reasons to justify a substantial increase in the defense budget. Some experts think that the Pentagon will ask for more OCO funding, perhaps about \$6 billion, on top of the FY 2015 request.³⁰ Defense Secretary Hagel has said that the Pentagon's request for war funding might have to be "adjusted" upward, depending on the duration and intensity of the U.S. engagement.³¹

Rushing to add additional war funding on top of the \$58.6 billion already requested for FY 2015 conveniently overlooks a fundamental truth: There is already plenty of extra money in the OCO budget to cover unexpected contingencies.

For example, the current U.S. military airstrikes and other activities in Iraq, estimated to cost about \$1.1 billion to date, are being funded out of unobligated FY 2014 OCO appropriations. While \$1.1 billion is a large amount of money, it is small in terms of last year's appropriations of \$85.3 billion in OCO funding—a mere 1.3 percent. Moreover, there is still plenty of unobligated FY 2014 OCO funding. The Pentagon's most recent figures estimate that just 83 percent of the FY 2013 OCO appropriations were obligated by the end of that fiscal year on September 30, 2013, leaving

an unobligated balance of \$8.3 billion. With the current drawdown in Afghanistan well underway and proportionally higher FY 2014 OCO appropriations, there are likely even greater unobligated balances for FY 2014.³²

The excess funding is also aptly illustrated by the Pentagon's request to transfer nearly \$2 billion in FY 2014 OCO Army O&M funds to new purposes. Most eye-rolling is the Marine Corps and Air Force's request to use \$1.1 billion to buy eight F-35s—in theory to replace aircraft lost in combat, though the F-35 is not yet fully operational.³³ Rep. Rodney Frelinghuysen (R-NJ), the chair of the House Appropriations Subcommittee on Defense, rejected this request in a dry letter, noting that it violated the 2009 OMB guidance and describing the committee's concern that "OCO appropriations, which are provided ... specifically for ongoing combat operations and related efforts, are being utilized ... to backfill budgetary shortfalls in acquisition programs that have only tenuous links to the fight in Afghanistan."³⁴ Other requests would move \$1 billion, also from the Army's OCO O&M funds, to fund humanitarian assistance for West African countries affected by the Ebola virus.³⁵ By contrast, the Pentagon's request to move money around to pay for the actual costs incurred in support of higher operational tempos in the Middle East are far more modest: \$70 million for aviation fuel and aircraft maintenance costs for the Navy; \$80 million for increased surface fleet maintenance; and \$28 million for special operations forces assisting the Iraqi security forces, assessing ISIS, and protecting the embassy in Baghdad.³⁶

The FY 2015 OCO request

The Department of Defense's fiscal year 2015 Overseas Contingency Operations request is \$58.6 billion.³⁷ This includes approximately \$53.6 billion for activities related to Operation Enduring Freedom; \$4 billion for a new Counterterrorism Partnerships Fund, which includes \$500 million to arm members of the Syrian opposition and \$500 million to stabilize Syria's neighbors; and \$925 million for a new European Reassurance Initiative to increase U.S. military presence in Europe, reassure U.S. NATO allies, and bolster U.S. European partners. At \$58.6 billion, the FY 2015 request is about \$23 billion less than the FY 2014 OCO budget request and is equivalent to about 12 percent of DOD's base budget request. (see Figure 3)

Afghanistan and CENTCOM

The FY 2015 OCO request for approximately \$53.6 billion related to Afghanistan and the U.S. Central Command theater includes:

- **Operations and force protection:** Incremental operational costs related to the combat mission in Afghanistan, the withdrawal of equipment and military personnel, and the dismantling of in-country facilities as combat operations decrease to the planned 4,900 troops by the end of 2015 (\$11 billion)
- **Remaining personnel:** Army and Marine Corps personnel over the planned permanent end-strength levels (\$2.1 billion and \$300 million, respectively)
- **In-theater support:** Supporting forward presence, including support for operations in Afghanistan from forces and units outside of Afghanistan, such as regional logistics hubs; activities in the Horn of Africa and the Philippines; activities that could be viewed as more enduring missions and therefore as enduring costs, such as the incremental additional costs for ships and aircraft in the region; the capabilities of CENTCOM; and some activities in the United States, such as intelligence, surveillance, and reconnaissance and drone pilots (\$18.1 billion)

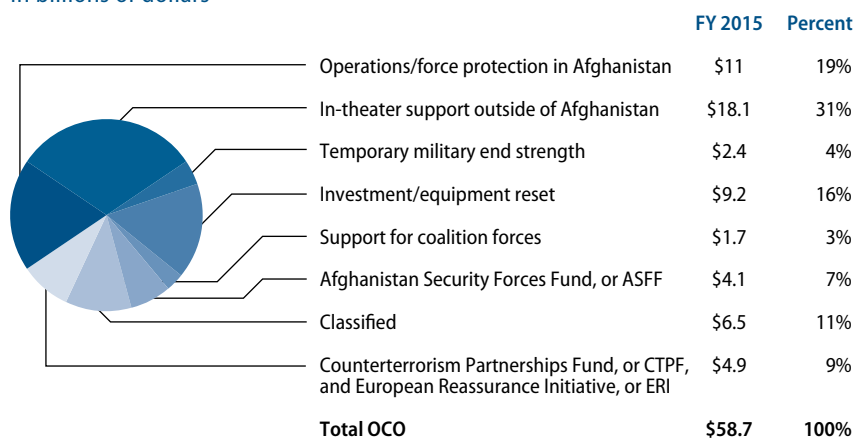
- **Hardware:** Repair and replacement of war-worn equipment and munitions (\$9.2 billion)
- **International support programs:** Afghanistan Security Forces Fund (\$4.1 billion), coalition support (\$1.7 billion), unexploded ordnance removal (\$300 million), and the Office of Security Cooperation-Iraq (\$100 million)
- **Other/classified:** Undisclosed programs (\$6.2 billion)³⁸

For more detailed breakdowns and percentages of funding, see Figures 3 and 4 below.

FIGURE 3

FY 2015 OCO request by functional area

In billions of dollars



Source: Office of the Under Secretary of Defense, *United States Department of Defense Fiscal Year 2014 Budget Amendment Overview: Overseas Contingency Operations* (U.S. Department of Defense, 2014), p. 3, available at http://comptroller.defense.gov/Portals/45/Documents/defbudget/fy2015/amendment/FY2015_Budget_Request_Overview_Book_Amended.pdf.

FIGURE 4
FY 2015 request by appropriations title

In billions of dollars



Source: Office of the Under Secretary of Defense, *United States Department of Defense Fiscal Year 2014 Budget Amendment Overview: Overseas Contingency Operations* (U.S. Department of Defense, 2014), p. 3, available at http://comptroller.defense.gov/Portals/45/Documents/defbudget/fy2015/amendment/FY2015_Budget_Request_Overview_Book_Amended.pdf.

Troop strength

The FY 2015 OCO request would support a drawdown in Afghanistan from current U.S. troop levels of approximately 30,000 to 9,800 U.S. troops by the end of December 2014. The total troops in the NATO International Security Assistance Force, including U.S. forces, will draw down from the current level of about 41,100 to 14,000 conventional troops by the end of December 2014.³⁹ Of these 14,000 troops, about 8,000 conventional U.S. troops would join approximately 4,000 NATO troops, focusing on training and advising Afghan security forces. An additional 1,800 U.S. forces will focus on the counterterrorism mission.⁴⁰ This force level of 9,800 U.S. troops would remain in Afghanistan for the rest of FY 2015—through September 2015—before decreasing by about half to approximately 4,900 U.S. troops stationed in Kabul and Bagram by the end of December 2015. According to DOD, the average troop strength in Afghanistan would be 11,661 troops in FY 2015.⁴¹ This number would fall further, to approximately 1,000 troops by the end of December 2016, and would consist of a residual counterterrorism force and a “normal embassy presence”—generally around 300 troops.⁴²

However, the total number of troops providing in-theater support for the war in Afghanistan and other activity in the region is scheduled to rise slightly in FY 2015, from 61,071 to 63,309. (see Table 1) While the number of in-theater support personnel can be expected to decline after the end of combat in Afghanistan, a large proportion of these personnel support what appear to be enduring counterterrorism or forward presence missions. For example, these troops include the

security assistance advisors in Iraq and the forces at U.S. bases in Kuwait. A core policy question is whether these are enduring missions and therefore ought to be funded in the base budget, rather than through war funding.

TABLE 1
Annual Average OEF troop strength FY 2013 to FY 2015

OCO forces	FY2013	FY 2014 average	FY 2015 average	Delta FY 2013 to FY 2014	Delta FY 2014 to FY 2015	Delta FY 2013 to FY 2015
Afghanistan	62,763	37,234	11,661	-41%	-69%	-81%
In-theater support	64,417	61,071	63,309	-5%	4%	-2%
Total OEF	127,180	98,305	74,970	-23%	-24%	-41%

Source: Office of the Under Secretary of Defense, *United States Department of Defense Fiscal Year 2014 Budget Amendment Overview: Overseas Contingency Operations* (U.S. Department of Defense, 2014), p. 6 and Table 2, available at http://comptroller.defense.gov/Portals/45/Documents/defbudget/fy2015/amendment/FY2015_Budget_Request_Overview_Book_Amended.pdf.

Skyrocketing operational costs

Even as troop numbers in Afghanistan decline rapidly through the end of 2016, the operational funding that DOD has requested declines much more slowly. This requested OCO operational funding is increasingly divorced from the actual costs on the ground in Afghanistan and instead is supporting DOD's broader costs in the region—costs that will endure long after all U.S. forces exit Afghanistan.

DOD has requested about \$31.5 billion in operational funding for OEF, including \$11 billion for operational costs of the U.S. in-country forces, \$2.4 billion for the Army and the Marines—\$2.1 billion and \$300 million, respectively—in Afghanistan and in theater over the planned permanent end-strength levels, and a further \$18.1 billion to support forward presence and pay for in-theater support. At the force levels described above, this requested \$31.5 billion in operational funding for OEF works out to about \$2.7 million in operational funds per U.S. soldier on the ground in Afghanistan in FY 2015—an extraordinary amount.⁴³

Previewing the FY 2015 OCO request in May, President Barack Obama's Deputy National Security Advisor Tony Blinken said that it would cost about \$20 billion to support 9,800 troops in Afghanistan, or about \$2 million for each troop on the ground.⁴⁴ This requested operational funding per soldier in country has sharply risen between FY 2013 and FY 2015. The FY 2014 enacted OCO budget included a total of \$50.8 billion for operations and force protection in Afghanistan, end-

strength costs, and in-theater support outside of Afghanistan, supporting an average force presence of 37,234 troops. Compared with FY 2014, the number of troops in Afghanistan will decline by 80 percent, but the requested operational funds will decline by only 41 percent. In other words, the number of troops is falling twice as fast as the requested funding, more than tripling operational funding per troop in Afghanistan since FY 2013. (see Table 2) Much of this increase in per-troop cost is because the supporting infrastructure of DOD’s regional activities—the in-theater support costs—have not declined, even though the number of troops on the ground has declined sharply.

TABLE 2
Growing operational costs per troop in Afghanistan

	FY 2013	FY 2014	FY 2015	Delta FY 2013 to FY 2014	Delta FY 2014 to FY 2015	Delta FY 2013 to FY 2015
Average number of troops in Afghanistan	62,763	37,234	11,661	-41%	-69%	-81%
Cost in-country						
Operations/force protection costs in Afghanistan, in billions of dollars	\$26.2	\$26.2	\$11	0%	-58%	-58%
<i>In-country cost per troop in Afghanistan</i>	<i>\$417,400</i>	<i>\$703,660</i>	<i>\$943,300</i>	<i>69%</i>	<i>34%</i>	<i>126%</i>
Cost in-theater						
Total operational costs for Afghanistan, (total of operations/force protection, in-theater support, and incremental end-strength) in billions of dollars	\$53.7	\$50.8	\$31.5	-5%	-38%	-41%
<i>Total operational cost per troop in Afghanistan</i>	<i>\$855,600</i>	<i>\$1,364,340</i>	<i>\$2,701,310</i>	<i>59%</i>	<i>98%</i>	<i>216%</i>

Sources: Office of the Under Secretary of Defense, *United States Department of Defense Fiscal Year 2014 Budget Amendment Overview: Overseas Contingency Operations* (U.S. Department of Defense, 2014), p. 6 and Table 2, available at http://comptroller.defense.gov/Portals/45/Documents/defbudget/fy2015/amendment/FY2015_Budget_Request_Overview_Book_Amended.pdf. FY 2015 spans from October 1, 2014 through September 30, 2015. The current withdrawal from Afghanistan calls for drawing down the current levels of approximately 32,000 troops to 14,000 by December 2014 and then maintaining 9,800 troops in Afghanistan through the end of FY 2014. Total operational costs for Afghanistan calculated by summing function OCO budget lines “Operations/force protection,” and “In-theatre support,” and the incremental “End Strength” as described in the FY 2015 OCO budget briefing. It excludes budget items related to the wars in Afghanistan but not directly connected to U.S. forces on the ground, including the Joint IED Defense Fund, the Military Intelligence Program, the Afghan National Security Fund, Coalition Support Payments, and funds to reset equipment.

While the retrograde—or removal of troops, equipment, and facilities from Afghanistan—is costly, it cannot fully explain the persistence of these funds from FY 2014 to FY 2015. In 2013, DOD estimated that the retrograde, which was already underway in FY 2014, would cost about \$6 billion in total.⁴⁵

Troops are drawing down, but regional costs remain high

The FY 2015 budget request includes \$11.1 billion to support contingency operations in Afghanistan and \$18.1 billion to support U.S. forces' forward presence in the broader region—nearly 60 percent more than the cost of operations in Afghanistan. The persistence of the ongoing costs of forward presence in the greater CENTCOM area of responsibility, as costs specifically in Afghanistan decline rapidly, is also reflected in the O&M request for FY 2015. This portion of the FY 2015 war-funding request shows sharply declining funds for combat operations in Afghanistan consistent with a troop drawdown but a much slower decline in funds requested for supporting activity. (see Table 3)

Leaving out the \$4 billion requested to fund Afghan security forces, nearly 70 percent—or \$38 billion—of the total OCO request is allotted for Operation and Maintenance funding. Of this \$38 billion for O&M, \$26 billion, or 66 percent, is for Operating Forces (Budget Activity 1), which is the budget activity that funds the costs directly associated with executing contingency operations. This includes the day-to-day costs of security and combat operations, logistics, equipment maintenance and repair, and base operations support—housing and dining, among others—to forward-deployed units in support of OEF both in Afghanistan and throughout the theater. O&M is the most fungible and flexible of the appropriations titles, as DOD has broad latitude to redistribute funds in this title to different items without requesting congressional approval.

The Pentagon's request for O&M funds to support Operating Forces (Budget Activity 1) has declined from earlier years. However, this decline is spread unevenly throughout the combat operations accounts. Money requested to fund combat operations has dropped by 60 percent to 75 percent for some items, while funds for combat support and base support—which are not as closely tied to combat operations in Afghanistan—have fallen much more slowly or even increased, despite the planned drawdown in Afghanistan in FY 2015. Some of these support expenses reflect the dismantling of bases, the destruction of equipment, and the transportation of equipment home. However, at a total estimated cost of \$6 billion—and considering that the drawdown was already underway in FY 2014—the costs of the withdrawal from Afghanistan cannot account for the persistence of the bulk of these support funds. For example, the Army's request for \$13 billion for O&M that supports Budget Activity 1 combat operations is half of what it was in FY 2014. Within this bucket, the funding requested for land forces has fallen sharply, by 74 percent, while funding requested for Land Force Readiness Support has declined by a more modest 30 percent.

This pattern is also reflected in the Air Force's O&M request for Operating Forces (Budget Activity 1). For FY 2015, the Air Force is projecting 225,500 flying hours in support of combatant command, or COCOM, missions—30 percent fewer than in FY 2014—but projects just a 5 percent decline in OCO personnel.⁴⁶ Like the other services, the Air Force's request for O&M funds in this category declines unevenly. The Air Force's FY 2015 request for primary combat forces is \$1.2 billion, 64 percent less than in FY 2014. Half of the Air Force's request for O&M funds for Operating Forces, about \$2.4 billion, is for base support, depot maintenance, facilities sustainment, restoration, and modernization. These requests declined by just 21 percent compared with FY 2014. The Air Force is also asking for additional funds in some areas, including a slight increase for Combat Enhancement Forces—which funds electronic warfare and drones—to \$803 million, and a 200 percent increase to \$92 million in funds for global command, control, communication, and intelligence and early warning.

The Navy's OCO O&M Operating Forces (Budget Activity 1) request has the same pattern, with sharp declines in funding requested for its air missions and combat support. However, the Navy has long considered ongoing forward presence missions and ship maintenance costs to be OCO activities. In FY 2008, the Navy attributed \$875 million of the costs of humanitarian assistance missions in Central and South America and forward presence missions by the Pacific fleet stationed in Hawaii, Japan, and Guam to the “longer war against terror.”⁴⁷ In the FY 2015 budget, the Navy is actually asking for a 16 percent increase in mission and ship operations funding.

TABLE 3

Personnel levels and selected OCO funding, Operation and Maintenance, Budget Activity 1: Operating Forces

by service, in billions of dollars

	FY 2014 enacted	FY 2015 request	Delta
Army			
Army OCO personnel	57,500	34,000	-41%
Army BA1: Operating forces total	\$25.1	\$13.3	-47%
Army land forces	\$7.1	\$1.8	-74%
Army land forces readiness	\$3.6	\$1.3	-63%
Army land forces readiness support	\$14.5	\$10.2	-30%
Air Force			
Air Force OCO personnel	24,889	23,715	-5%
Air Force flight hours	321,337	225,532	-30%
Air Force BA1: Operating forces total	\$7.1	\$4.7	-33%
Primary combat forces, Air Force	\$3	\$1.1	-62%
Depot maintenance, Air Force	\$1.5	\$1.1	-27%
Base support, Air Force	\$1.3	\$1.1	-16%
Other combat operations support programs	\$0.14	\$0.17	20%
Combat enhancement forces or electronic warfare and drones	\$0.8	\$0.8	0%
Navy			
Navy OCO personnel	6,408	5,143	-20%
Navy BA1: Operating forces total	\$8.2	\$5	-39%
Mission and other flight operations: OPTEMPO	\$0.08	\$0.05	-36%
Combat Support Forces	\$1.2	\$0.7	-44%
Mission and other ship operations	\$0.09	\$1.1	16%
Ship depot maintenance	\$1.7	\$1.9	14%

Sources: Department of the Army, *Fiscal Year (FY) 2015 Amended Budget Estimate, Overseas Contingency Operations (OCO) Request, Operation and Maintenance, Army, Justification Book June 2014* (2014), available at asafm.army.mil/Documents/OfficeDocuments/Budget/budgetmaterials/fy15/ABE/oma.pdf; Department of the Air Force, *FY 2015 Amended Budget Estimates (OCO), June 2014, Operation and Maintenance, Volume III* (2014), available at www.saffm.hq.af.mil/shared/media/document/AFD-140709-029.pdf; Department of the Navy, *Fiscal Year (FY) 2015 Budget Estimates, Justification of Estimates, July 2014, FY2015 Overseas Contingency Operations Request* (2014), pp. 117–226, available at www.finance.hq.navy.mil/FMB/15pres/FY15_OCO_Book.pdf.

These larger requests for forward presence and in-theater support across the services—despite an average troop strength of just 11,611 in Afghanistan in FY 2015 and the modest one-time costs of the withdrawal of people and equipment from Afghanistan—raises serious questions about the duration and cost of U.S. contingency operations, forward presence, and supporting activities outside Afghanistan. It also raises concerns about DOD’s ability to transition these supporting funds back into the base budget as the war budget declines and ends. How many support troops and how much in-theater support will DOD need after U.S. troops have withdrawn from Afghanistan? Will the Pentagon still request OCO funds to pay for this kind of routine forward presence and support?

Procurement

Of the \$9.2 billion requested for the reset and reconstruction of equipment in the FY 2015 OCO budget, about \$6.2 billion is for procurement; \$2.6 billion of this is classified. Of the remaining \$3.4 billion, the Army and the Air Force each account for about \$1.3 billion; the Navy accounts for about \$0.7 billion; the United States Special Operations Command accounts for \$143 million; and department-wide programs account for the remainder.

Major procurement items include:

- **Air Force:** \$192 million for 12 MQ-9 Reapers, \$70 million for a crashed C-130J Hercules, \$114 million for Hellfire missiles, and \$107 million for austere deployment station kits. Unusually, and against Office of Management and Budget guidance, it also includes \$90 million for a service life extension plan for B-1 engines.⁴⁸
- **Army:** \$379 million for the Joint Improvised Explosive Device Defeat Fund, \$95 million for 286 medium tactical vehicles, \$192 million for recapitalization of 473 Heavy Expanded Mobile Tactical Trucks, \$197 million for Mine-Resistant Ambush-Protected, or MRAP, vehicle reset, and \$46 million for Distributed Common Ground System-Army intelligence system in-theater equipment.⁴⁹
- **Navy:** \$30 million for Cobra helicopter upgrades, \$41 million for 2 Fire Scout drones, \$32 million in aircraft electronic countermeasures, \$207 million for unexploded ordnance disposal equipment, and \$53 million for Marine Corps procurement.⁵⁰

Citing ongoing costs to repair or replace equipment damaged or left behind in Afghanistan, the Pentagon has projected placeholder OCO requests of about \$30 billion annually through FY 2019.

Counterterrorism Partnerships Fund

In addition to the \$53.6 billion request to support the war in Afghanistan, the Obama administration requested a total of \$4 billion for a new Counterterrorism Partnerships Fund, or CTPF, first described in President Obama's June speech at West Point.⁵¹ According to DOD, this program will function as a holding fund, with pre-appropriated monies that, after notifying Congress, it could transfer to traditional DOD accounts for execution of approved initiatives.

As described in the FY 2015 OCO budget request, DOD would allocate \$2.5 billion of this \$4 billion for "counterterrorism support" to "build partner capacity" and "augment U.S. capacity to support partners in CT [counterterrorism] operations." DOD's examples of potential counterterrorism support uses of this fund include:

- Partnering with nations facing internal threats from terrorism in the Horn of Africa, North and West Africa, and Yemen (\$200 million to \$300 million)
- Increasing U.S. ISR capability (\$470 million)
- Increasing rotary-wing support for U.S. Special Forces (\$210 million)
- Maritime support for U.S. Special Forces (\$90 million)
- Naval counterterrorism enablers such as communications and logistics support at austere locations (\$100 million)
- Global lift and sustainment for partners conducting counterterrorism operations such as logistics, airlift, ISR, and refueling (\$150 million)⁵²

DOD would allocate \$1 billion of the remaining \$1.5 billion for the Syria Regional Stabilization Initiative, of which \$500 million would be spent to "train and equip vetted elements of the Syrian armed opposition." Another \$500 million would be spent to stabilize Syria's neighbors—Iraq, Lebanon, Jordan, and Turkey—which all face increasing security threats and a growing refugee crisis.⁵³ The Department of State has also requested \$500 million in its OCO budget for a Regional Stabilization Initiative to provide humanitarian assistance to the refugees of the Syrian crisis.⁵⁴

The final \$500 million would be allocated for “crisis response.”⁵⁵ DOD has provided very few details about what would trigger use of this crisis-response fund or what additional operations it would finance. More broadly, the bulk of these projected uses are routine costs or expenditures that can be anticipated and built into the base budget request. For example, more funding for helicopters for Special Forces and long-term counterterrorism partnerships are not sudden emergencies.

European Reassurance Initiative

In the OCO budget request, DOD has also requested \$925 million for a European Reassurance Initiative, or ERI, intended to “reassure NATO allies and bolster the security and capacity of U.S. partners.” This fund, similar to the Counterterrorism Partnerships Fund, would allow DOD to transfer monies freely within DOD accounts and between DOD and the Department of State, after notifying Congress.

DOD’s examples of potential uses of this fund include:

- Increasing U.S. military presence in Europe, such as increased rotations of Army brigade combat teams, augmentation of NATO’s Baltic Air Policing Mission, and increasing Navy and Marine Corps presence and multilateral engagements in the Baltic and Black Seas (\$440 million)
- Increasing U.S. participation in exercises and training with NATO and partner countries (\$75 million)
- Improving infrastructure in Europe, including airfields in Eastern Europe and training ranges and operations centers (\$250 million)
- Enhancing the prepositioning of U.S. equipment in Europe (\$125 million)
- Building partner capacity in newer NATO allies and non-NATO partners such as Georgia, Moldova, and Ukraine (\$35 million)⁵⁶

Similar to the proposed Counterterrorism Partnerships Fund, the activities that the ERI would fund are not emergency expenditures, despite Russia’s aggression in Ukraine and an increased focus on the NATO alliance. Moreover, this nearly \$1 billion request to support NATO security in Europe stands in stark contrast to the anemic defense spending and lack of coordinated capability among our NATO partners.

Congressional action for FY 2015

The House passed DOD appropriations bill H.R. 4870 on June 20, 2014. It includes \$79.4 billion for OCO—the same amount as the placeholder in the president’s FY 2015 budget request.⁵⁷ The Senate Appropriations Subcommittee on Defense considered the bill in July, after the detailed OCO budget request for \$58.6 billion was submitted to Congress on June 27. The Senate report appropriates \$59.7 billion for OCO, an increase of nearly \$1 billion from the administration’s request. The Senate appropriators allocated \$1.9 billion for the Counterterrorism Partnerships Fund and \$1 billion in the O&M accounts for counterterrorism partnerships—a total of \$1.1 billion less for counterterrorism partnerships than requested—while increasing funding for the ERI by \$75 million to make it an even \$1 billion. The Senate appropriators also moved \$1 billion of funding in the National Guard and Reserve equipment account for equipment modernization from the base budget to the OCO budget.⁵⁸ Floor time for the Senate defense appropriations bill and the defense policy bill remains uncertain.

With the FY 2015 appropriations bill stalled, Congress passed a continuing resolution that funds all agencies at their FY 2014 levels through December 11, 2014. At the FY 2014 OCO appropriation level of \$86.7 billion annually, this amounts to about \$20 billion in war funding before the continuing resolution expires—more than one-third of the total FY 2015 request.⁵⁹

Policy recommendations

As Congress considers the fiscal year 2015 Department of Defense appropriations bill, it must execute its oversight responsibility over DOD's war funding.

First, Congress should ensure that FY 2015 Overseas and Contingency Operations funds are tied directly to the costs of the war in Afghanistan and Operation Enduring Freedom and push DOD to return permanent costs to the base budget.

At \$58.6 billion, the FY 2015 war-funding proposal is a big request for what is becoming a much smaller conflict. As the war in Afghanistan draws down to just 9,800 troops by the end of this year—an 80 percent troop reduction from last year—the war-funding request is just 30 percent smaller than last year. The operational cost per troop on the ground has more than tripled since FY 2013, to about \$2.7 million per troop in Afghanistan. Much of this increase is because the costs of DOD's regional activities and support functions have held steady or even increased, despite the drawdown in Afghanistan. The persistence of high OCO requests for this kind of forward presence and support raises serious questions about the role of these functions after the end of the war in Afghanistan and how they will be paid for in the base budget. Congress must scrutinize the war budget to make sure that it funds only activities directly related to the war in Afghanistan and other ongoing operations, not enduring routine costs.

DOD has used unclear budget guidance and poor financial management to move substantial ongoing costs from the base budget into the war budget. However, DOD has announced that it will release guidance on how to “migrate” activities currently funded in OCO to the base budget this fall, in time to formulate the FY 2016 budget request.⁶⁰ Congress must push DOD to make sure that this guidance is actually robust. Enduring costs, such as funding for U.S. Central Command; the Navy's forward presence missions; surveillance capabilities; and routine levels of operations, including ongoing Special Forces operations, should be funded in the FY 2016 base budget, not OCO.

Second, Congress and DOD must both resist the temptation to continue using the OCO budget as a ‘safety valve’ for the base defense budget under the Budget Control Act caps.

Under the BCA caps, the base defense budget will rise slightly faster than inflation through FY 2021, to about \$554 billion in today’s dollars. The defense budget in that year will be higher than the FY 2007 base budget in inflation-adjusted dollars and nearly \$100 billion higher than the defense budget was on 9/11. However, both Congress and the Pentagon have avoided the BCA caps on the base budget by shifting funding from the base budget to the uncapped OCO budget. For example, shortly after the BCA cap passed, Congress moved \$1.5 billion for unmanned aerial vehicles from the base budget to OCO, freeing up \$1.5 billion under the base budget BCA caps.

More recently, Deputy Secretary of Defense Robert Work outlined how OCO could become a more blatant end-run around the BCA caps. While acknowledging that there is “a lot of money in the OCO that should be in the base budget,” with Congress opposed to DOD’s proposed cuts in the base budget, moving these funds back to the base budget would run up against the BCA caps. Work said that the most likely option was that “OCO will continue into the future, and we’ll establish the rules to do it.”⁶¹ Using OCO to evade the BCA caps flagrantly disregards the intent of the BCA: to keep defense spending within U.S. national means. Rather than using OCO for budgetary sleight of hand, DOD and Congress must actually weigh the appropriate trade-offs within the defense budget caps, or revisit the questions of appropriate federal revenue and spending that led to the Budget Control Act of 2011 and the defense and nondefense caps.

Third, OCO should not become a permanent emergency fund.

DOD has used leftover money from FY 2014 OCO appropriations, nominally all earmarked to cover costs related to the war in Afghanistan, to pay for the costs of the campaign against ISIS—up to \$1.1 billion so far.⁶² With about \$8.3 billion of OCO funding left over at the end of FY 2013 and the ongoing drawdown in Afghanistan, there is likely to be even more money left over from FY 2014 appropriations. For FY 2015, DOD has asked for \$4 billion for a Counterterrorism Partnerships Fund—including \$500 million for nonspecific “crisis response”—and nearly \$1 billion for a European Reassurance Initiative. These two funds are being characterized as open ended and able to fund a range of actions. However, most of the things DOD has said it might do with these funds are long-term activities that belong in the base

budget. For example, partnering with nations that face threats from terrorism; improving intelligence, surveillance, and reconnaissance; and expanding helicopter and maritime support capacity for U.S. forces are routine costs that should be funded in the base budget. Overall, OCO is drifting toward being a permanent emergency slush fund. Before OCO, the Pentagon would request emergency supplemental appropriations to pay for the costs of responding to a crisis.

Fourth, Congress must wind down enduring OCO funding in order to better exercise its authorizing authority and oversight role for military action.

The current discussion about the need for President Obama to seek congressional authorization for ongoing military action against the Islamic State of Iraq and al-Sham, amid debate about the scope and purpose of U.S. involvement, highlights the central constitutional role of Congress in authorizing and overseeing military action. Currently, the military actions against ISIS are being paid for with FY 2014 OCO funding. The Pentagon estimates the cost at about \$7 million to \$10 million per day and at about \$1.1 billion since the beginning of U.S. military involvement in mid-June—a significant investment of U.S. resources.⁶³ Defense Secretary Hagel has said that DOD may need to increase the FY 2015 OCO request, depending on the duration and intensity of U.S. involvement.⁶⁴ However, DOD had about \$8.3 billion in leftover OCO money at the end of FY 2013. There is likely to be even greater funds remaining from FY 2014 appropriations because of the further drawdown of U.S. troops in Afghanistan. This pool of leftover OCO money has allowed the Pentagon to engage ISIS without having to ask Congress for specific authorization or funding. Furthermore, it has let Congress sidestep open debate on the scope, duration, and strategy of the fight against ISIS.

Congressional oversight of these funding requests and debate about the broader questions of the use of military force in the region is essential. Winding down the OCO funding means that DOD would have to ask Congress to fund military action, providing another avenue for congressional oversight alongside the War Powers Act. By contrast, a permanent contingency fund that DOD can tap at-will risks further erosion of congressional prerogatives and a de facto expansion of presidential war powers.

Finally, Congress needs to have the tough conversations about U.S. defense resources, commitments, investment priorities, and trade-offs.

The Pentagon and Congress must face the fact that they need to make choices about how to spend the nation's defense dollars. As the defense budget draws down from the record highs of FY 2009 through FY 2012, they will need to make hard choices to prioritize the investments needed to craft a force for the coming decades. The persistence of high OCO budgets allows the Pentagon and Congress to avoid making tough choices within the base defense budget. According to Deputy Secretary of Defense Work, Congress' avoidance of necessary budget cuts has put DOD \$70 billion in the red in the coming years.⁶⁵

Having all of our enduring defense needs in the base budget makes evaluating defense resources, commitments, investment priorities, and trade-offs easier. The current have-it-all approach can be seen in conversations about the upcoming huge costs of the Pentagon's crown jewels of acquisitions, including the F-35, the replacement class of ballistic missile submarines, and the long-range strike bomber, which risk crowding out other items in the defense budget by the 2020s. Using OCO funding to postpone these choices does our military—and our national security—a disservice.

Conclusion

Allowing the Department of Defense to continue to have a separate war budget is both a fiscal and strategic mistake. Financially, the free flow of war funding has decimated any pretense of fiscal discipline at the Pentagon. The dual-budget system has obscured the true costs of the wars in Iraq and Afghanistan. Unclear budget guidance and poor financial management have allowed DOD to pay for substantial enduring costs with war funding rather than the base budget, further muddying the waters. Now, the war funding is being used as a safety valve, allowing DOD and Congress to circumvent the caps on defense spending put in place by the Budget Control Act of 2011.

Strategically, the abundance of war funding allowed the Pentagon and Congress to pretend that the defense budget would remain effectively unlimited, despite the BCA caps. The uncapped OCO funding has allowed the DOD to sidestep or postpone difficult decisions about U.S. defense resources, commitments, investment priorities, and the necessary trade-offs. Having all of the United States' enduring defense needs in the base budget, with the associated detailed budget justification documents, makes weighing the options easier. Using OCO funding to kick the can down the road has not done our military any favors.

The use of existing fiscal year 2014 OCO appropriations to pay for the current campaign against the Islamic State of Iraq and al-Sham has allowed Congress and the public to sidestep important questions about the use and authorization of U.S. military force. A permanent contingency fund would further erode congressional prerogatives and de facto expansion of presidential war powers.

It's time to wind down the current war funding. Congress needs to push DOD to return long-term costs to the base budget. Exceptional costs and new crises can be handled through requests for emergency funding, as was the case before the global war on terror.

About the authors

Katherine Blakeley is a Research Assistant at the Center for American Progress. Her work focuses on the defense budget and national security. Prior to joining CAP, Blakeley was a defense analyst at the Congressional Research Service, working on defense budget and military policy issues for Congress. Blakeley is also a doctoral candidate in political science at the University of California, Santa Cruz, where her dissertation focuses on congressional defense policymaking. She received her bachelor's degree from Vassar College.

Lawrence J. Korb is a Senior Fellow at the Center for American Progress and an adjunct professor at Georgetown University. Korb previously served as assistant secretary of defense for manpower, reserve affairs, installations, and logistics from 1981 through 1985. In that position, he administered approximately 70 percent of the defense budget. For his service in that position, Korb was awarded the Department of Defense's Medal for Distinguished Public Service.

Prior to joining CAP, Korb held senior positions at the Council on Foreign Relations, the Center for Public Policy Education, the Brookings Institution, and the American Enterprise Institute.

Korb served on active duty for four years as a naval flight officer and retired from the Naval Reserve with the rank of captain. He received his Ph.D. in political science from the State University of New York at Albany and has held full-time teaching positions at the University of Dayton, the Coast Guard Academy, and the Naval War College.

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