

Center for American Progress



ASSOCIATED PRESS/MARK WILSON

# The War Chest

## War Funding and the End of the War in Afghanistan

---

By Katherine Blakeley and Lawrence Korb      October 2014

# 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.<sup>1</sup>

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.<sup>2</sup>

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.<sup>3</sup> 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.<sup>4</sup>

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.”<sup>5</sup> 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.<sup>6</sup> 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.”<sup>7</sup>

---

## 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.<sup>8</sup>

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.<sup>9</sup> 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.<sup>10</sup> 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.<sup>11</sup> 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.<sup>12</sup> 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.

---

The Center for American Progress is a nonpartisan research and educational institute dedicated to promoting a strong, just, and free America that ensures opportunity for all. We believe that Americans are bound together by a common commitment to these values and we aspire to ensure that our national policies reflect these values. We work to find progressive and pragmatic solutions to significant domestic and international problems and develop policy proposals that foster a government that is “of the people, by the people, and for the people.”

---

