

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

For the past decade, Members of Congress have debated Overseas Contingency Operations (OCO) funding levels in the context of annual foreign affairs and defense budgets. First used by the foreign affairs agencies in FY2012, a key feature of OCO funds was their effective exemption, like emergency funds, from the discretionary spending limits established by the Budget Control Act of 2011 (BCA, P.L. 112-25). Some Members viewed OCO funding as a tool for preventing contingency needs from encroaching on funding for core agency activities. Others criticized the OCO designation, labeling it as a “slush fund” that provided funds for programs unrelated to contingency operations.

The BCA’s spending caps ended in FY2021. Under the Trump Administration, the foreign affairs agencies ceased requesting OCO funds after FY2018. However, Congress appropriated \$8.0 billion designated as OCO every year between FY2019 and FY2021 in State-Foreign Operations (SFOPS) appropriations bills. FY2022 may be a turning point, as the House recently approved an FY2022 SFOPS appropriations measure (H.R. 4373) that did not include OCO funding.

## Background on Foreign Affairs OCO

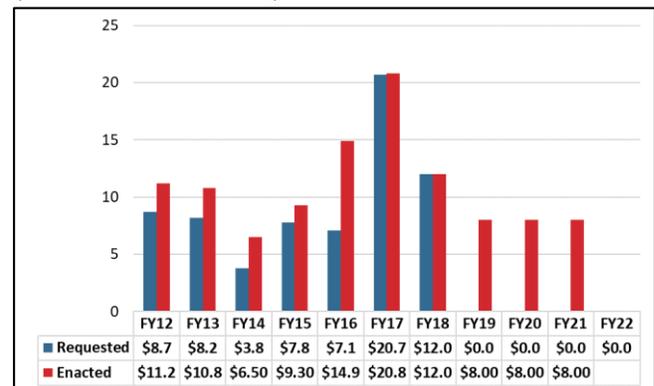
The foreign affairs agencies began requesting OCO funding in FY2012, distinguishing between enduring (ongoing costs) versus extraordinary, temporary costs of the Department of State and the U.S. Agency for International Development (USAID) in the frontline states of Iraq, Afghanistan, and Pakistan. OCO-designated funds largely replaced annual emergency supplemental appropriations to support the Global War on Terrorism (GWOT) in the frontline states that became the norm during the George W. Bush Administration. Congress, already using the OCO designation within the Department of Defense (DOD) budget, adopted this approach for foreign affairs, although it never permanently defined its uses in statute. Since FY2012, Congress has appropriated OCO-designated foreign affairs funds at higher levels and for broader purposes than were requested each year (see **Figure 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 activities beyond the three frontline states, including in Yemen, Somalia, Kenya, and the Philippines. In addition to country-specific uses, Congress also used the OCO designation for funds appropriated for the Global Security Contingency Fund. In the FY2013 full-year continuing appropriations (P.L. 113-6, Div. F, Title VII, §§ 1707-1708), Congress specified only Jordan as an additional OCO-recipient country.

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. FY2014 OCO-funded activities were implemented in Iraq, Afghanistan, Pakistan, Jordan, Lebanon, the Central African Republic, and Somalia.

**Figure 1. Foreign Affairs Overseas Contingency Operations Funding, FY2012-FY2022**

(in billions of U.S. dollars)



**Sources:** Annual Department of State Congressional Budget Justifications, annual SFOPS appropriations measures. The totals enacted include net rescissions.

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 and FY2017. Congress granted these requests in FY2016 (P.L. 114-113, Div. K, Title VIII) and FY2017 (P.L. 115-31, Div. J, Title VIII) and also provided OCO funding in both years to respond to the Ebola and Zika viruses, support counterterrorism, and counter 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-designated appropriations included funds to address global refugee responses and to support assessed peacekeeping contributions for operations in Somalia, among other activities.

In FY2020 (P.L. 116-94, Div. G) and FY2021 (P.L. 116-260, Div. K), Congress did not designate OCO funding in a

separate title of the bill; rather, OCO levels were embedded in select appropriations accounts throughout the legislation. OCO-designated funds in both years were distributed similarly, with Diplomatic and Consular Programs and humanitarian accounts receiving the majority share.

In the decade that Congress provided OCO for foreign affairs purposes, the highest proportion of funds was appropriated for global humanitarian accounts (28% for MRA, IDA, and Emergency Refugee and Migration Assistance combined), followed by Diplomatic and Consular Programs (24%), and Economic Support Fund (17%). (For all funding accounts that received OCO funds between FY2012 and FY2021, see **Figure 2**.)

**Figure 2. FY2012-FY2021 Foreign Affairs OCO Funding by Appropriations Account**  
(in millions of U.S. dollars)



**Source:** Annual SFOPS Appropriations measures.

**Notes:** Totals do not include rescissions, including those from sequestration, and may not match totals provided in **Figure 1**. ESCM = Embassy Security, Construction and Maintenance; NADR = Nonproliferation, Anti-Terrorism, Demining and Related Programs; AEECA = Assistance for Europe, Eurasia, and Central Asia.

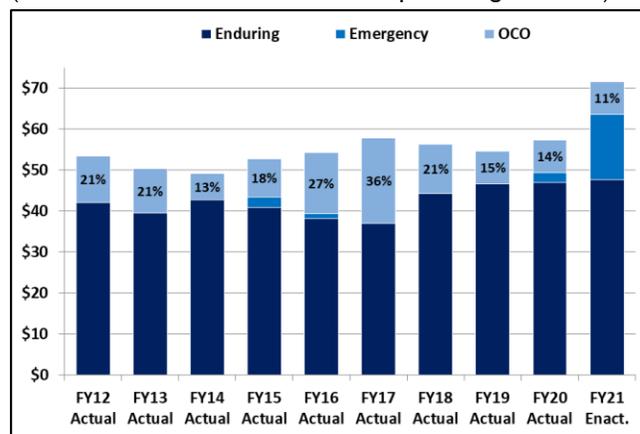
### Outlook for Foreign Affairs OCO

OCO had consistently been described by Congress as supporting extraordinary budget needs, even as the use of the designation expanded over the years to apply to an increasing range of activities, many of which were not directly related to active conflicts. During the Obama Administration, the OCO designation arguably devolved into a mechanism that enabled Congress to increase spending on regular operations while technically complying with BCA budget caps. The Trump Administration

repeatedly requested significant budget cuts for international affairs activities and did not seek OCO funds for the majority of its tenure; however, Congress continued to appropriate OCO funds and did not enact large cuts to the international affairs budget overall. OCO-designated funds as a share of the international affairs budget declined in recent years, from a peak of 36% in FY2017 to 11% in FY2021. Further, the use of emergency funding in FY2020 and FY2021 to address the Coronavirus Disease 2019 (COVID-19) pandemic, specific assistance for Sudan, and humanitarian assistance for Afghanistan and Afghan refugees may indicate a return to the practice of using non-OCO emergency funding to support extraordinary needs (see **Figure 3**).

**Figure 3. OCO Funding as a Share of Total International Affairs Budget**

(in billions of current U.S. dollars and percentages of total)



**Source:** Annual Department of State Congressional Budget Justifications, annual SFOPS appropriations measures. The totals enacted include net rescissions.

**Notes:** “Emergency” designates funding that was appropriated as emergency funds (meaning they also fall outside of the BCA spending caps) but not designated as OCO.

Congress may choose to discontinue the use of OCO as a foreign affairs funding mechanism with the expiration of the BCA discretionary spending caps. The Biden Administration did not include OCO in its budget request for FY2022, instead incorporating activities previously funded by OCO into base budgets, and the House did not include OCO in its approved FY2022 SFOPS appropriations measure (H.R. 4373). Ceasing the use of OCO may affect executive agencies’ budget planning and presentation (including the annual Congressional Budget Justification), financial regulations, reporting requirements, and certain other aspects of congressional oversight.

### More Information

For more information on OCO and the foreign affairs budget, see CRS Report R44519, *Overseas Contingency Operations Funding: Background and Status*.

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