



Insight

Primer: Overseas Contingency Operations

RACHEL HOFF | MARCH 16, 2016

A somewhat obscure spending account plays an outsized role in the overall budget process. The Overseas Contingency Operations fund, also known as OCO, has emerged in recent years as a dominant feature of the debate over government budgeting.

OCO, as the name implies, is intended to fund emergency scenarios overseas – specifically, war-fighting. Initially, the account was called Global War on Terrorism (GWOT) by the Bush Administration, and Congress still uses this label for the account despite the Obama Administration’s effort to rename it Overseas Contingency Operations. The U.S. government began using GWOT/OCO to provide supplemental funding to the Department of Defense in 2001 after the September 11th terrorist attacks. The funding paid for costs related to GWOT, from deploying troops, equipment, and supplies to Afghanistan and Iraq to increasing the overall size of the military during those years. During the height of the Iraq War in 2007, OCO topped \$200 billion to fund the troop surge. OCO fell significantly as the Obama Administration withdrew troops from Iraq and Afghanistan. It has increased again with U.S. operations against the Islamic State.

The passage of the [Budget Control Act](#) (BCA) in 2011 significantly changed the role of the OCO account. Because of the “contingent” nature of the funding, OCO is unconstrained by the BCA spending caps. As a result, OCO has become as a way to make up for [shortfalls](#) in the diminishing base defense budget, which [defense officials](#) have warned is at the “lower ragged edge of manageable risk.” Congress and the White House have come use OCO to boost the defense budget by adding funding above and beyond what is necessary for combat operations so the Pentagon can draw on these funds for other activities. Derided as a budget gimmick, this has become common practice in recent years. Republicans and Democrats in Congress and the administration have accepted OCO as a less-than-ideal solution to give the military the funding it needs.