



Insight

House Budget Proposal Underfunds National Security Needs

RACHEL HOFF | MARCH 16, 2016

The congressional budget process began this week with House Republicans unveiling their [proposal](#). A somewhat obscure spending account – the [Overseas Contingency Operations](#) (OCO) fund – has yet again taken center stage in the debate.

The two-year [budget deal](#) that Congress and the White House reached in the fall of last year set \$551 billion in defense spending for Fiscal Year 2017 (FY17). Because the Department of Defense (DOD) was [projected](#) to need \$574 billion for FY17, this left a \$23 billion shortfall.

The budget deal set FY17 OCO funding at \$74 billion, and there is some question as to whether this was a [minimum](#) amount. The president's [budget request](#) asked that \$15 billion of the OCO funding go to the State Department, leaving \$59 billion for the DOD. As has become [common practice](#) in recent years, it was assumed that some of the Pentagon's OCO funds would be used to make up for the shortfall in base defense spending.

The exact amount of OCO funding that would go toward base defense requirements was never set. In its official budget [briefing](#), the Pentagon stated that \$5 billion of the OCO funding would help offset the \$23 billion shortfall. (The rest of the difference would be made up from lower oil prices and real cuts to defense acquisition programs.) The House Republican [budget](#), on the other hand, claims that a full \$23 billion of the OCO funding would go toward base defense requirements to boost total defense spending back up to \$574 billion – meaning that of the \$59 billion of defense OCO agreed to in the budget deal, only \$36 billion would be left to fund actual Overseas Contingency Operations.

The fact is, real OCO costs are rising as the world becomes more dangerous. Since the budget deal was signed, the national security situation has deteriorated significantly. The terrorist attacks in Paris and San Bernardino occurred within one month of the budget deal. Since then, the United States has increased its military campaign against the Islamic State. The deteriorating security situation in Eastern Europe demands U.S. defense investments to deter Russian aggression, and North Korea's recent missile tests and nuclear provocations require U.S. military activities to prepare for that threat.

In the months since the budget deal was reached, the U.S. military's operational needs have increased. The purpose of OCO is to fund these unexpected or emergency needs. Using OCO to compensate for [shortfalls](#) in the base defense budget is an imperfect, short-term solution to the systemic, long-term problem of the [Budget Control Act](#) spending caps and the [resulting cuts](#) to the U.S. defense spending. But in the context of rising global threats, using OCO in this way effectively means cutting money for current military operations in order to fund general defense budget needs.

By its very nature as “contingent” funding, the OCO account should never be fixed. Adhering to the OCO level from a budget deal agreed to under different national security conditions is foolish. In the end, however, the Budget Committee does not allocate real dollars – that happens during the appropriations process.