

GAO Highlights

Highlights of [GAO-17-68](#), a report to congressional requesters.

Why GAO Did This Study

Since 2001 Congress has provided over \$1.6 trillion in appropriations to fund OCO. For fiscal year 2017, DOD requested \$64.6 billion in funding for OCO. While DOD's OCO budget request has included amounts for contingency operations primarily in Iraq and Afghanistan, more recently the request has also included other activities, such as efforts to deter Russia and reassure U.S. allies and partners. DOD acknowledges that many OCO costs are likely to endure after contingency operations cease.

GAO was asked to review DOD's use of OCO funds. This review assesses (1) the extent to which OMB's 2010 criteria address the activities included in DOD's OCO budget request; and (2) whether DOD has developed and reported an estimate of the costs being funded with OCO appropriations that are likely to endure beyond current contingency operations. GAO analyzed OMB's criteria for determining whether costs belonged in the OCO budget and reviewed DOD-provided information on its enduring OCO costs.

What GAO Recommends

GAO recommends that DOD, in collaboration with OMB, reevaluate and revise the criteria for determining what can be included in DOD's OCO budget requests; and that DOD develop a complete and reliable estimate of enduring OCO costs to report in future budget requests. DOD concurred with our first recommendation and plans to propose revised OCO criteria to OMB. DOD partially concurred with our second recommendation but identified no steps planned to develop and report its enduring OCO costs.

View [GAO-17-68](#). For more information, contact John Pendleton at 404-679-1816 or pendletonj@gao.gov.

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OVERSEAS CONTINGENCY OPERATIONS

OMB and DOD Should Revise the Criteria for Determining Eligible Costs and Identify the Costs Likely to Endure Long Term

What GAO Found

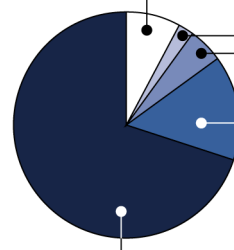
In 2010 the Office of Management and Budget (OMB), in collaboration with the Department of Defense (DOD), issued criteria for deciding whether items properly belong in the base budget or in the overseas contingency operations (OCO) funding request, but the criteria are outdated and do not address the full scope of activities included in DOD's fiscal year 2017 OCO budget request. For example, they do not address geographic areas such as Syria and Libya, where DOD has begun military operations; DOD's deterrence and counterterrorism initiatives; or requests for OCO funding to support requirements not related to ongoing contingency operations. Further, the amount of OCO appropriations DOD considers as non-war increased from about 4 percent in fiscal year 2010 to 12 percent in fiscal year 2015. DOD officials agree that updated guidance is needed but note that the Office of Management and Budget has deferred the decision to update the criteria until a new administration is in place in 2017. Without reevaluating and revising the criteria, decision makers may be hindered in their ability to set priorities and make funding trade-offs.

Fiscal Year 2017 Overseas Contingency Operations Funding Request, by Activity^a

8% (5.2 billion)

OCO funding to support base requirements

According to DOD officials, this reflects base amounts included in DOD's overseas contingency operations (OCO) budget request



2% (\$1.0 billion)

Counterterrorism Partnerships Fund

Supports partner nations and augments U.S. capability to support partners in counterterrorism operations

5% (\$3.4 billion)

European Reassurance Initiative

Funds efforts to deter Russia and reassure U.S. allies

15% (\$9.9 billion)

Operation Inherent Resolve

and related missions

Supports increased activities in Iraq and Syria including training and equipping the Iraqi and Syrian forces

70% (\$45.1 billion)

Operation Freedom's Sentinel and related missions

Includes funding for training and equipping the Afghan security forces and maintains a U.S. presence in Afghanistan

Source: GAO analysis of Department of Defense (DOD) data. | GAO-17-68

^a Includes \$5.8 billion in additional OCO funds requested in a November 2016 amendment to DOD's OCO request. The amendment included \$20 million in OCO funding for Operation Odyssey Lightning not shown above.

DOD officials told GAO that the department had developed an initial estimate of costs being funded with OCO appropriations that are likely to endure beyond current operations, but has not finalized or reported its estimate outside of the department. In May and July 2016, OMB and DOD officials said the estimate of enduring costs was between \$20 billion and \$30 billion—as much as 46 percent of DOD's total OCO budget request for fiscal year 2017—and indicated that DOD continues to evaluate and revise this estimate, which might be closer to the higher end of that range. GAO recommended in 2014 that DOD develop guidance for transitioning enduring costs funded by OCO appropriations to DOD's base budget. According to DOD officials, DOD has not finalized and reported its estimate of enduring costs because current statutory spending caps limit its ability to increase base budget funding. Without a reliable estimate of DOD's enduring OCO costs, decision makers will not have a complete picture of the department's future funding needs or be able to make informed choices and trade-offs in budget formulation and decision making.