

The Honorable John A. Yarmuth
Member of Congress
3rd District, Kentucky

Member Day
House Armed Services Committee
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Chairman Thornberry, Ranking Member Smith, and members of the Committee, thank you for the opportunity to testify today.

As the ranking member of the House Budget Committee, I am compelled to come before you to raise my concerns over the misuse of the Overseas Contingency Operations (OCO) budget designation to fund activities unrelated to war activities. For years, the OCO designation has been used as a back-door loophole to circumvent budget controls in order to fund additional on-going base-budget activities. We need to end this practice because it hides the true cost of our national security strategy and it undermines the integrity of the budget process.

In view of this, I request the Committee draft a national defense authorization bill for 2019 that includes OCO authorizations for appropriation that do not exceed \$69 billion, the level agreed to as part of this year's bipartisan budget agreement, unless it can be shown that all of the funds designated as OCO are for war-related activities. Further, I request that the Committee, as part of its oversight responsibilities, encourage the Department of Defense (DoD) to identify enduring activities that are currently being financed with OCO funds and to plan for transitioning these costs back to the base budget in future years. I am not alone in making recommendations along these lines. The Government Accountability Office recommended that DoD develop a complete and reliable estimate of enduring OCO costs to report in future budget requests. This recommendation came on the heels of DoD officials stating in 2016 that the estimate of enduring costs was as much as \$30 billion, or 46 percent, of DoD's total 2017 OCO budget.

I recognize that the unrealistically low budget caps as a consequence of the Budget Control Act (BCA) of 2011 were the genesis of the OCO abuse—abuse that both the executive branch and Congress participated in. But, with this year's budget agreement that lifted the 2019 defense cap by \$85 billion and with a negotiation on lifting the caps of the final two years of the BCA on the horizon, it is well past time to correct our past mistakes and finally have a fair accounting of these costs.

This year the Pentagon is spending more than \$900 million to conduct its first department-wide audit and to fix deficiencies in its financial systems so that we ensure the most accurate and

clear accounting of DoD's financial information. With that in mind, we should make every effort to fund the government's activities without slight-of-hand budget gimmicks that serve to obfuscate costs for the sole purpose of circumventing the budget process.

Again, thank you for the opportunity to testify today and I look forward to working with you on this issue in the coming weeks.