



Testimony of Mandy Smithberger, Director of the Center for Defense Information
Project On Government Oversight
before the House Appropriations Committee, Subcommittee on Defense
on “Future Defense Spending”
March 23, 2021

Chair McCollum, Ranking Member Calvert, and members of the Subcommittee, thank you for inviting me to testify today on future defense spending plans. I am Mandy Smithberger, the director of the Center for Defense Information at the Project On Government Oversight (POGO). POGO is a nonpartisan independent watchdog that investigates and exposes waste, corruption, abuse of power, and when the government fails to serve the public or silences those who report wrongdoing. We champion reforms to achieve a more effective, ethical, and accountable federal government that safeguards constitutional principles.

I’m especially happy to be talking to the subcommittee to share our views about the future of the Overseas Contingency Operations (OCO) account. This subcommittee knows better than most the many ways that this account has been abused to circumvent spending limits put in place by the Budget Control Act.¹ We agree completely with the diagnosis included in the committee’s report last year that “the OCO experiment has been an abject failure and has given the Department a budgetary relief valve that has allowed it to avoid making difficult decisions.”² This misuse of OCO is bad for the Department of Defense, and it’s bad for the budget overall. We recommend ending its use.

The expiration of the Budget Control Act provides Congress and this administration with an important opportunity to adjust defense budget priorities. Ending off-budget accounts like OCO is in line with the new administration’s commitment to ending endless wars and restoring regular order and responsible governing. Consistent with those goals, we support this committee’s recommendation that the Department of Defense stop requesting funding for the OCO accounts, and would urge the committee to push the Pentagon to avoid creating or using supplemental funds for base budget needs in the future.

The department’s reliance on supplemental and off-budget spending has become so commonplace in the past 20 years that it can be easy to forget just how unusual the practice is. From the 1950s to 2001, the United States only used supplemental spending to augment the Pentagon’s base budget in the initial years of a war, when the costs were unpredictable. The Congressional Budget Office found that from 1970 to 2000, “nonbase funding accounted for

¹ Budget Control Act of 2011, Public Law 112-25, 125 Stat. 240.

² House Appropriations Committee, *Department of Defense Appropriations Bill, 2021, to accompany H.R. 7617*, H. Rep. No. 116-453, 5 (2020). <https://www.congress.gov/116/crpt/hrpt453/CRPT-116hrpt453.pdf>

about 2 percent of DoD's total spending."³ Most if not all of the costs of war were incorporated into the department's base budget.⁴

The amount of spending through supplemental and off-budget spending since then is substantial and ripe for abuse.

The Congressional Research Service found that between fiscal year 2001 and fiscal year 2019 Congress appropriated nearly 10% of total discretionary spending—over \$2 trillion—as emergency requirements or for Overseas Contingency Operations.⁵

Continued reliance on the Overseas Contingency Operations account harms planning and management. As the Congressional Budget Office has previously testified, using OCO makes it easier to fund expensive and lower-priority programs that wouldn't normally make the cut.⁶ In a particularly telling example of insufficient planning, a \$33 billion OCO request for operations and maintenance several years ago came with only five pages of explanation from the Pentagon for how those funds would be spent.⁷

Reliance on OCO also adds unnecessary budget instability and uncertainty for personnel and multiyear programs. As former Navy Undersecretary Janine Davidson and Atlantic Council fellow Emerson T. Brooking wrote, funding programs through emergency, year-by-year appropriations "makes it virtually impossible for Pentagon officials to think ahead."⁸

OCO has become almost totally disconnected from its original purpose of supporting unanticipated, emergency, or difficult-to-plan costs for operations in Iraq and Afghanistan as both Congress and the Department of Defense have used the funds to support base budget needs. In perhaps the most galling example, only 15% of the \$165 billion fiscal year 2020 OCO budget request was for missions in Afghanistan, Iraq, and Syria.⁹ One metric of this discrepancy is the ratio of troop deployments to OCO spending. A Stimson Center report found that when OCO

³ Congressional Budget Office, *Overseas Contingency Operations: Trends and Issues* (March 7, 2019). <https://www.cbo.gov/publication/55012>

⁴ Congressional Budget Office, *Funding for Overseas Contingency Operations and Its Impact on Defense Spending* (October 1, 2018), 2. https://www.cbo.gov/system/files/2018-10/54219-oco_spending.pdf; Jacob Marx, "The Pentagon's Wartime Slush Fund," Project On Government Oversight, March 26, 2015.

<https://www.pogo.org/analysis/2015/03/pentagons-wartime-slush-fund/>

⁵ Brendan W. McGarry, Congressional Research Service, *Overseas Contingency Operations Funding: Background and Status*, R44519 (September 6, 2019), 1-2. <https://crsreports.congress.gov/product/pdf/R/R44519>

⁶ David Thornton, "Using OCO funds to bypass budget caps 'departure from historical norms,' CBO says," *Federal News Network*, March 1, 2019. <https://federalnewsnetwork.com/budget/2019/03/using-oco-funds-to-bypass-budget-caps-departure-from-historical-norms-cbo-says/>

⁷ Bryan Bender and Jeremy Herb, "War budget might be permanent 'slush fund,'" *Politico*, March 24, 2015.

<https://www.politico.com/story/2015/03/war-budget-might-be-permanent-slush-fund-116367>. For comparison, last year's operations and maintenance overview budget submission was 346 pages long. Office of the Under Secretary of Defense (Comptroller)/Chief financial Officer, *Operation and Maintenance Overview, Fiscal Year 2021 Budget Estimates* (February 2020).

https://comptroller.defense.gov/Portals/45/Documents/defbudget/fy2021/fy2021_OM_Overview.pdf

⁸ Janine Davidson and Emerson T. Brooking, "The Pentagon's War Budget Won't Be Easy to Roll Back," *Defense One*, June 16, 2015. <https://www.defenseone.com/ideas/2015/06/pentagons-war-budget-wont-be-easy-roll-back/115432/>

⁹ McGarry, *Overseas Contingency Operations Funding: Background and Status*, 27 [see note 5].

spending was at its peak, in fiscal year 2008, the U.S. spent about \$1 million in OCO per troop deployed. By the fiscal year 2017 request, that figure had nearly quintupled to \$4.9 million per troop.¹⁰ Admirably, the last Trump administration budget submission at least made clear that its request for OCO included \$16 billion for base budget needs.¹¹

OCO reform has been one of the rare issues in Washington to garner, and continue to maintain, bipartisan support.¹² Members in the House last year offered several bipartisan amendments to the National Defense Authorization Act that would have both required more transparency and the creation of a plan to end the department's reliance on OCO.¹³ Moving OCO to base was also included in the recommendations of both the bipartisan Sustainable Defense Task Force and the National Defense Strategy Commission. While the former saw this as part of a strategy for necessary defense budget cuts, and the latter argued the budget should increase, both agreed on the need to draw down from OCO.¹⁴ For the commission's part, its report criticized the use of OCO as "not the way to provide adequate and stable resources" for the department.¹⁵

Thanks to pressure from Congress and civil society, the department has already been planning to draw down its reliance on OCO. Both the Trump administration budget and the Future Years Defense Program would significantly decrease OCO starting this fiscal year.¹⁶ The goal should be to cease using it as soon as possible.

¹⁰ Laicie Heeley and Anna Wheeler, Stimson Center, *Defense Divided: Overcoming the Challenges of Overseas Contingency Operations*, Stimson Center (2016), 6. https://www.stimson.org/wp-content/files/file-attachments/DefenseDivided_OCO.pdf

¹¹ Office of the Under Secretary of Defense (Comptroller)/Chief Financial Officer, *Defense Budget Overview*, May 13, 2020, 1-3. https://comptroller.defense.gov/Portals/45/Documents/defbudget/fy2021/fy2021_Budget_Request_Overview_Book.pdf

¹² As a National Taxpayers Union report notes, "Progressives like Reps. Barbara Lee (D-CA) and Ilhan Omar (D-MN) have proposed decreasing or eliminating OCO funding, while conservatives like Sens. Mike Enzi (R-WY) and Rand Paul (R-KY) have proposed drawing down OCO budget authority over several fiscal years. Recent National Defense Authorization Acts (NDAAs), which almost always pass with bipartisan support, have included requirements for DoD to report on enduring costs funded through OCO and have sought to clarify the roles of inspectors general (IGs) in overseeing OCO funds." Andrew Lautz, National Taxpayers Union, *Reforming the OCO Account: A Better Deal for Taxpayers, Watchdogs, and the Military* (May 26, 2020).

<https://www.ntu.org/publications/detail/reforming-the-oco-account-a-better-deal-for-taxpayers-watchdogs-and-the-military>

¹³ National Defense Authorization Act for FY 2021, H. Rules Comm. Print 116-57 (2020) (amendment 84, offered by Representatives Ralph Norman (R-SC) and Kurt Schrader (D-OR)), https://amendments-rules.house.gov/amendments/NORMSC_092_xml710201430453045.pdf; National Defense Authorization Act for FY 2021, H. Rules Comm. Print 116-57 (2020) (amendment 132, Representatives David Schweikert (R-AZ) and Kurt Schrader (D-OR)) https://amendments-rules.house.gov/amendments/SCHWEI_037_xml%20OCO%20Criteria7132011070575.pdf

¹⁴ Center for International Policy, *Sustainable Defense: More Security, Less Spending* (June 2019), 6. https://67ae62e0-a930-4a42-8f98-6c406ea4d9de.filesusr.com/ugd/3ba8a1_635241b0a0894b3fb377c88e500c3620.pdf

National Defense Strategy Commission, *Providing for the Common Defense: The Assessment and Recommendations of the National Defense Strategy Commission* (November 13, 2018), xii. <https://www.usip.org/sites/default/files/2018-11/providing-for-the-common-defense.pdf>

¹⁵ National Defense Strategy Commission, *Providing for the Common Defense*, 59 [see note 14].

¹⁶ Congressional Budget Office, *Long-Term Implications of the 2021 Future Years Defense Program* (September 2020). <https://www.cbo.gov/publication/56554>

I would also urge the committee to look at other current policies that fuel the unsustainable topline by reducing budget discipline and increasing the likelihood of wasting taxpayer dollars, particularly statutory requirements for the military services, combatant commands, and the Missile Defense Agency to provide Congress annual unfunded priorities lists.

An ideal budget process, at the Department of Defense or any other federal agency, should create clear priorities for spending and program execution. By telling Department of Defense components they'll have two bites at the apple, Congress is encouraging the already palpable pressure and incentives to increase the department's budget. Last year's list of unfunded priorities totaled \$18 billion, which was more than the budget requests for the departments of Treasury, Interior, and Labor.¹⁷ Prior to this requirement, former Defense Secretary Robert Gates discouraged the practice, which the Army's then-vice chief of staff General Peter Chiarelli said encouraged closer scrutiny and a significant reduction in the size and costs of those lists.¹⁸ Getting rid of this statutory requirement would enhance discipline and civilian control without jeopardizing Congress's ability to conduct oversight and receive feedback from the executive branch.

POGO also urges the committee to continue to examine whether new authorities given to the Nuclear Weapons Council in last year's National Defense Authorization Act will lead to wasteful spending.¹⁹ Allowing Defense leaders to add their own spending priorities to other agencies' budgets, without any requirement to propose offsets to pay for proposed spending increases, is likely to lead to the nuclear weapons spending budget going only one direction—up.

To the maximum extent possible we should have a process that encourages the president and Congress to set responsible fiscal goals and make tough choices about priorities. We urge you to work with the department by ending the use of the OCO account.

Thank you again for the opportunity to testify. I am happy to answer any questions you may have.

¹⁷ Sandra Erwin, "U.S. military's annual list of 'unfunded priorities' includes \$1 billion for Space Force," *Space News*, February 22, 2020. <https://spacenews.com/u-s-militarys-annual-list-of-unfunded-priorities-includes-1-billion-for-space-force/>; Taxpayers for Common Sense, "OCO is Fourth Largest 'Agency,'" February 10, 2020. <https://www.taxpayer.net/budget-appropriations-tax/oco-is-fourth-largest-agency/>

¹⁸ Mark Thompson, "Gates Takes Aim at the Military's Spending Wish Lists," *Time*, July 17, 2009. <http://content.time.com/time/nation/article/0,8599,1911152,00.html>

¹⁹ John Donnelly, "Congress moves to give Pentagon more say in Energy Department's nukes budget," *Roll Call*, December 7, 2020. <https://www.rollcall.com/2020/12/07/congress-moves-to-give-pentagon-more-say-in-energy-departments-nukes-budget/>; House Appropriations Committee, *Department of Defense Appropriations Bill, 2021, to accompany H.R. 7617*, H. Rep. No. 116-453, 422 (2020). <https://www.congress.gov/116/crpt/hrpt453/CRPT-116hrpt453.pdf>