

## A War Over the War Budget

Lawmakers in both chambers are attempting to alleviate the pressure on defense spending next year by relying on the largely unconstrained war budget to serve as an overflow valve for tens of billions of dollars in programs that would ordinarily be funded out of the Pentagon's base budget accounts.

The so-called overseas contingency operations accounts have been used quietly—yet repeatedly—over the years to pay for items, including new aircraft, that many budget watchdogs believe should be paid out of the regular budget.

But this year's effort by hawks on Capitol Hill may be the most brazen use yet of the war accounts and would almost certainly squash hopes of ending the Defense Department's heavy reliance on OCO as the operations in Afghanistan wind down.

However, it is also a clear signal that a bipartisan budget deal giving the Pentagon at least some relief from the stringent caps on the 2016 budget is simply not within grasp. The war accounts are not subject to the same caps that affect the base budget.

Indeed, Senate Armed Services Chairman John McCain (R-Ariz.), a longtime watchdog of government spending, initially blasted the strategy to move billions to OCO as a "gimmick." Just days later, however, he had changed his tune, saying it was the only way to get the military the funds it needs next year.

"I don't like OCOs. I think they should have gone away some time ago," McCain told reporters in March. "But if that's the only way to get the required level of defense spending, I would support" it.

McCain's comments came as both the House and Senate were drafting their budget resolutions, largely symbolic documents that nonetheless serve as a guide for the Armed Services and Appropriations committees as they get to work on the annual defense authorization and spending bills.

In the House, hawks narrowly succeeded in getting approval for an amendment to the budget resolution that raises the limit on war accounts to \$96 billion—\$38 billion above the Administration's request—and gives Congress a pass for finding an offset elsewhere in the federal budget.

The additional war spending is intended to make up for the amount defense spending exceeded the budget caps, with about \$1 billion to spare.

The Senate's version of the resolution also includes \$96 billion in war funding, but makes OCO subject to a point of order of those accounts exceeding \$58 billion. The inclusion of that language could effectively allow fiscal hawks to block efforts to plus-up OCO.

is a one-year-at-a-time thing, doesn't work for national defense. It's not going to permit us to carry out the strategy as we've planned."

The use of OCO for base-budget bills also significantly broadens the umbrella of items that can be considered war-related,



Wherever the funding comes from—OCO or regular funding—keeping the tanker on track is a priority.

Nonetheless, hawks see the budget resolutions as at least a step in the right direction, in the likely event the two parties cannot agree to a deficit-reduction deal that gives the Defense Department's base budget more funding than currently allowed under the caps.

But relying on OCO comes with its own set of problems. It is, for one, just a one-year fix that does not provide the department any more budgetary stability in the outyears, which are also subject to the caps.

Without any confidence that it can rely on OCO in Fiscal 2017, the Defense Department cannot be assured that programs can continue on the same trajectory, raising significant questions as detailed planning gets underway for 2017 and beyond.

"We need the budget that we have laid out not just in one year, but in the years to come," Defense Secretary Ashton B. Carter told the House Armed Services Committee March 18. "And so, budgeting one year at a time, and this proposal

effectively reducing the prospects for eliminating—or at least sharply curtailing—the war budget in the coming years.

But with no other alternative right now, defense hawks will take what they can get to keep military programs—including Air Force priorities like the F-35A Lightning II, KC-46 aerial refueling tanker, and next generation bomber—on track, for now.

McCain, meanwhile, says he is hopeful that his wing of the party will ultimately prevail over fiscal conservatives in the budget battle.

"One way or another, I am confident that defense spending increases are coming—hopefully because prudent arguments will prevail, but if not, I fear it will be in response to a national security crisis," he said March 26 at the Center for Strategic and International Studies in Washington, D.C. ★

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