



## **SPECIAL REPORT: The Republican OCO Gimmick is Bad for National Defense and Military Families**

*National security leaders across the military services have already denounced the Republican gimmick to increase defense spending through the Overseas Contingency Operations (OCO) account. Across the board, the Secretary of Defense and key leaders of the military have pointed out how using OCO for core military programs is ineffective, imperils our national security, and provides no certainty to the men and women in uniform trying to carry out their mission. Even Senator John McCain has called OCO a “gimmick” and “not legitimate budgeting.”*

*Unfortunately, our national defense is not the only victim of the Republican OCO gimmick. America’s military families sacrifice so much, but Republicans have no plan to protect their non-defense benefits from automatically triggered cuts. Without a responsible solution to provide equal relief from automatically triggered cuts so we can have a strong military abroad and be strong at home, America’s military families will lose access to critical benefits like job training, school aid, and Head Start.*

### **The OCO Gimmick is Bad for National Defense**

#### **The Senate and House NDAA bills violate OCO’s funding purpose.**

- **Defense budgeting is based on multi-year, long-term planning.** Defending our nation is not a temporary responsibility. By relying on a one-year gimmick, the Senate and House NDAA bills would start a dangerous precedent of inefficient, costly, and highly fluid procurements. [OMB Letter to House Appropriators, [6/1/15](#)]
- **Defense contractors building weapons systems need certainty to deliver cutting-edge products.** Secretary Carter has been clear – OCO will not allow defense industry partners to budget and deliver weapons systems effectively. [Carter Testimony, Senate Committee on Appropriations, [5/6/15](#)]

#### **The large majority of federal agencies fighting terrorism at home and abroad do not receive relief.**

- Our security efforts extend well-beyond the Department of Defense, but the Republican OCO gimmick would provide no relief for automatically triggered cuts to key anti-terror programs at the FBI, DoJ, and DHS. [OMB Letter to House Appropriators, [6/1/15](#)]

## **Pay for Our Service Members Cannot Rely on a Gimmick**

**The Republican OCO gimmick disregards the need for steady funding of pay and benefits for our military families.**

- **The House Republican Defense Appropriations bill jeopardizes pay for our troops by taking military compensation out of the base budget.** The bill takes \$7 billion worth of military compensation – an unprecedented amount – out of the base budget and into the temporary funding mechanism known as OCO. The \$7 billion that the House bill de-prioritizes includes basic pay, housing and subsistence allowances, death gratuities, and other special and incentive pays. [OMB Letter to House Appropriators, [6/1/15](#)]
- **The Senate Republican NDAA bill threatens to crowd out military families' compensation in future years by funding must-have projects in the OCO gimmick.** Funding enduring readiness requirements through OCO inappropriately adds to the deficit and as a result, could force painful decisions in the future. Instead of finding an appropriate sequester relief solution, using the OCO budget could potentially force difficult choices from the services between readiness and programs like tuition assistance programs, child and youth programs, family advocacy programs, suicide prevention programs, sexual assault programs and resources, and financial literacy programs.

## **Military Families Need Relief at Home**

The Republican OCO gimmick would provide no relief for domestic priorities that military families rely on. Republicans would use the gimmick as a way to make an end-run around automatically triggered defense cuts while doing nothing for investments in the things we need to be strong at home.

**The Republican Budget could lead to deep cuts to schools that teach over 360,000 military connected children.**

- **The Republican budget makes deep cuts to federally funded education programs like Impact Aid.** Since 1950, Congress has provided financial assistance through the Impact Aid program to compensate local school districts that have lost property tax revenue due to the presence of tax-exempt federal property, including military installations, or districts that have increased expenditures due to the enrollment of federally connected children. For many districts enrolling high numbers of military children, this funding represents the very lifeblood that allows their school systems to operate. In FY 2014, Impact Aid provided nearly \$1.2 billion to 1,140 school districts nationwide. This funding helped educate more than 8.6 million students nationwide, including more than 360,000 military connected children. [New America Foundation, [4/22/14](#); CRS, 6/15]

**The Senate Republican MilConVA Appropriations bill cuts medical benefits for veterans and new military construction projects for families of active duty troops.**

- **The Department of Veterans Affairs (VA) Medical Care budget is cut by nearly half a billion dollars, equivalent to the cost of providing care for tens of thousands of veterans.** According to the Administration, the bill would negatively

impact veterans' medical care services, including reducing VA's ability to activate new and replacement facilities with sufficient staff and equipment and to adequately maintain facility infrastructure. [OMB Letter to Senate Appropriators, [6/2/15](#)]

- **The MilConVA bill cuts defense military construction by \$355 million.** This cut will delay or defer projects that will serve members of our Armed Forces and their families. [OMB Letter to Senate Appropriators, [6/2/15](#)]

### **The Republican Budget cuts to job training mean tens of thousands of service members will find it harder to gain employment after their service.**

- American Job Centers serve 1.2 million veterans annually, including 300,000 who receive intensive employment services. Funding for these services is provided in the Labor, Health and Human Services, and Education, and Related Agencies Appropriations bill. [OMB Letter to Senate Appropriators, [6/2/15](#)]
- Transition assistance provides 200,000 service members each year with employment guidance and information as they prepare to enter the civilian workforce. Funding for these services is provided in the Labor, Health and Human Services, and Education, and Related Agencies Appropriations bill. [OMB Letter to Senate Appropriators, [6/2/15](#)]

### **Thousands of military children could lose access to school readiness programs.**

- **In 2013-2014, nearly one million low-income families benefited from the Head Start program, including 7,552 families that had a parent or guardian who was a member of the U.S. military on active duty.** Under the Republican Budget, the Administration estimates that 35,000 children nationwide would lose access to Head Start. The Head Start program helps promote the school readiness of low-income children from birth to the age of five years-old by providing comprehensive early childhood education, health, nutrition, and parent involvement services. Children receiving high-quality early childhood education are less likely to be placed into special education, less likely to repeat a grade, less likely to end up in the criminal justice system, and more likely to complete high school and go onto college. [White House, [3/15](#); CRS, [6/15](#)]

### **The Republican Budget attack on the Consumer Financial Protection Bureau (CFPB) will mean less financial protection for military families.**

- **Cuts to funding for the CFPB in Appropriations could mean less direct relief for service members and their families.** The CFPB has returned \$201.5 million dollars in monetary relief for service members for a variety of illegal lending practices related to mortgages, consumer loans, auto loans, student loans, and credit cards. This also includes enforcement actions such as the recent \$92 million in debt relief the CFPB secured for 17,000 service members and others harmed by predatory lending. [CFPB, [7/29/14](#)]
- **Undercutting the CFPB means that the agency will have less resources to manage service member complaints and evaluate top service member financial issues.** The CFPB's consumer complaint function has been instrumental in highlighting issues that service members and their families face. Just last year, more than 17,000 service members, veterans, and their families filed complaints with the Bureau and recovered more than \$1.6 million through these complaints. [CFPB, [4/15](#)]

**The Senate Republican Energy and Water Appropriations bill would cut funding for the new *Solar Ready Vets* program.**

- This new program is connecting service members that return home from battle to the solar energy industry, preparing them for careers as solar installers, sales representatives, system inspectors, and other solar-related occupations. The Energy and Water bill reduces investment in the Department of Energy's Office of Energy Efficiency and Renewable Energy, which helps fund this program, by nearly \$790 million, or 29 percent, compared with the President's Budget. [OMB Letter to Senate Appropriators, [6/2/15](#)]

**Cuts to heating assistance for thousands of low-income Americans means more veterans could go to bed cold at night.**

- The Republican budget cuts to LIHEAP means that more than 111,000 households with veterans may lose heating assistance or their benefits would be cut by 7 percent or some combination of the two. [DPCC calculations based on Senate Budget Committee data; National Energy Assistance Directors' Association, [12/8/11](#)]