



Toxic Exposures Fund

The Honoring our PACT Act of 2022 established the Toxic Exposures Fund (TEF) to provide mandatory funding for benefits for veterans who have been exposed to toxic substances or environmental hazards. The fund is administered by the Department of Veterans Affairs (VA) to support five covered activities: health care, processing of disability claims, medical research, modernizing information technology systems, and other services.

For fiscal year 2023 and subsequent years, the PACT Act authorized appropriations of “such sums as are necessary” above the amount provided in fiscal year 2021 to pay for those covered activities. Section 805 of that act states that the amounts appropriated to the TEF are to be classified as direct spending in CBO’s baseline budget projections, and no amount appropriated to the fund is to be counted either as discretionary budget authority or as direct spending for any estimate of an appropriation act. Because the PACT Act did not allow for the 2021 funding amount to be adjusted for inflation, however, any amounts authorized to be appropriated to the TEF are tied to the increase in costs above the 2021 appropriation.

As a result of the PACT Act, some funding for covered activities could be provided through mandatory appropriations. CBO will allocate some of the costs to the TEF in cost estimates for legislation that would affect those covered activities. The allocations will be based on the percentage of all funding for those activities that, in CBO’s baseline, is projected to come from the TEF; the rest of the costs will be allocated to other discretionary appropriation accounts.

Toxic Exposures Fund

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2025- 2029	2025- 2034
BUDGET INFORMATION													
Millions of dollars, by fiscal year													
Spending for Covered Activities From the Toxic Exposures Fund^a													
Estimated Budget Authority	20,268	24,455	29,800	33,700	38,400	42,600	47,700	52,200	56,800	61,300	65,600	168,955	452,555
Estimated Outlays	11,121	20,862	35,899	34,886	37,945	41,188	46,086	50,619	55,178	59,648	63,947	170,780	446,258
Spending for Covered Activities From Other Accounts^b													
Estimated Budget Authority	126,925	110,996	114,470	117,959	121,402	124,965	128,581	132,303	136,128	140,009	144,107	589,792	1,270,920
Estimated Outlays	129,682	110,915	113,065	116,327	119,808	123,485	127,033	130,708	134,477	138,316	142,345	583,600	1,256,479
Total Spending for Covered Activities													
Estimated Budget Authority	147,193	135,451	144,270	151,659	159,802	167,565	176,281	184,503	192,928	201,309	209,707	758,747	1,723,475
Estimated Outlays	140,803	131,777	148,964	151,213	157,753	164,673	173,119	181,327	189,655	197,964	206,292	754,380	1,702,737

Budget Authority for Covered Activities From the Toxic Exposures Fund (Percent of total funding)^c

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	14	18	21	22	24	25	27	28	29	30	31

The Toxic Exposures Fund (TEF), which is managed by the Department of Veterans Affairs (VA), supports the following covered activities: health care, processing of disability claims, medical research, modernizing information technology systems, and other services. Spending from the fund is classified as direct spending under the Honoring our PACT Act of 2022.

- The Fiscal Responsibility Act of 2023 appropriated amounts for the TEF for fiscal years 2024 and 2025. CBO's baseline projections for fiscal years 2026 through 2034 start with those amounts and increase over time to reflect growth in per capita costs above the 2021 amount as well as continued growth in the number of eligible beneficiaries.
- In addition to the TEF, the following appropriation accounts also are available to pay for covered activities: Medical Services, Medical Community Care, Medical Support and Compliance, Veterans Electronic Health Care Record, Medical and Prosthetic Research, General Operating Expenses for the Veterans Benefits Administration, General Administration, Board of Veterans Appeals, and Information Technology Systems.
- If authorization legislation affects VA's costs for covered activities, CBO will allocate the estimated costs between the TEF and the discretionary appropriation accounts on the basis of the percentage of all funding for those activities that is projected, in CBO's baseline, to come from the TEF.