



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 one or more of the nine discretionary appropriation accounts that can also be used to pay for covered activities.

Toxic Exposures Fund

| | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 | 2026-2030 | 2026-2035 |
|---|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-----------|-----------|
| BUDGET INFORMATION | | | | | | | | | | | | | |
| Millions of dollars, by fiscal year | | | | | | | | | | | | | |
| Funding for Covered Activities in the Toxic Exposures Fund^a | | | | | | | | | | | | | |
| Estimated Budget Authority | 24,517 | 29,878 | 33,740 | 38,416 | 42,612 | 47,711 | 52,213 | 56,815 | 61,314 | 65,616 | 69,517 | 192,357 | 497,832 |
| Estimated Outlays | 23,598 | 28,352 | 32,072 | 36,555 | 40,732 | 45,569 | 50,065 | 54,579 | 59,004 | 63,263 | 67,175 | 183,280 | 477,366 |
| Funding for Covered Activities in Other Accounts^b | | | | | | | | | | | | | |
| Estimated Budget Authority | 120,043 | 124,115 | 127,868 | 131,625 | 135,378 | 139,376 | 143,377 | 147,442 | 151,688 | 156,058 | 160,504 | 658,362 | 1,417,431 |
| Estimated Outlays | 117,671 | 121,740 | 126,207 | 129,903 | 133,652 | 137,636 | 141,567 | 145,590 | 149,773 | 154,083 | 158,475 | 649,138 | 1,398,626 |
| Total Funding for Covered Activities | | | | | | | | | | | | | |
| Estimated Budget Authority | 144,560 | 153,993 | 161,608 | 170,041 | 177,990 | 187,087 | 195,590 | 204,257 | 213,002 | 221,674 | 230,021 | 850,719 | 1,915,263 |
| Estimated Outlays | 141,269 | 150,092 | 158,279 | 166,458 | 174,384 | 183,205 | 191,632 | 200,169 | 208,777 | 217,346 | 225,650 | 832,418 | 1,875,992 |

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

| | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 |
|--|------|------|------|------|------|------|------|------|------|------|------|
| | 17 | 19 | 21 | 23 | 24 | 26 | 27 | 28 | 29 | 30 | 30 |

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. 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 year 2025. CBO's baseline estimates for fiscal years 2026 through 2035 start with that amount 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 one or more of the nine discretionary appropriation accounts that can also be used to pay for covered activities. The allocation will be made on the basis of the percentage of all funding for those activities that is projected, in CBO's baseline, to come from the TEF.