



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 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 nine discretionary appropriation accounts.

Toxic Exposures Fund

	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2027-2031	2027-2036
BUDGET INFORMATION													
Millions of dollars, by fiscal year													
Funding for Covered Activities in the Toxic Exposures Fund^a													
Estimated Budget Authority	52,676	57,400	62,000	66,300	70,300	73,800	77,500	81,400	85,500	89,800	94,300	329,800	758,300
Estimated Outlays	50,135	56,018	60,919	65,204	69,194	72,707	76,357	80,198	84,237	88,474	92,909	324,042	746,217
Funding for Covered Activities in Other Accounts^b													
Estimated Budget Authority	123,683	112,472	115,724	118,870	122,002	125,283	128,602	131,975	135,455	139,018	142,732	594,351	1,272,133
Estimated Outlays	125,077	113,096	114,620	117,706	120,830	123,984	127,223	130,561	134,001	137,519	141,186	590,236	1,260,726
Total Funding for Covered Activities													
Estimated Budget Authority	176,359	169,872	177,724	185,170	192,302	199,083	206,102	213,375	220,955	228,818	237,032	924,151	2,030,433
Estimated Outlays	175,212	169,114	175,539	182,910	190,024	196,691	203,580	210,759	218,238	225,993	234,095	914,278	2,006,943

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

2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
30	34	35	36	37	37	38	38	39	39	40

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 Continuing Appropriations, Agriculture, Legislative Branch, Military Construction and Veterans Affairs, and Extensions Act, 2026, appropriated amounts for the TEF for fiscal year 2026. CBO's baseline estimates for fiscal years 2027 through 2036 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 authorizing legislation affects VA's costs for covered activities, CBO will allocate the estimated costs between the TEF and nine 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.