



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	7,580	20,612	38,466	36,109	37,945	41,188	46,086	50,619	55,178	59,648	63,947	174,320	449,798
Spending for Covered Activities From Other Accounts^b													
Estimated Budget Authority	142,154	147,186	151,561	155,889	160,177	164,610	169,062	173,710	178,367	183,227	188,269	779,423	1,672,058
Estimated Outlays	139,199	145,070	149,608	153,919	158,298	162,863	167,238	171,795	176,382	181,175	186,143	769,758	1,652,491
Total Spending for Covered Activities													
Estimated Budget Authority	162,422	171,641	181,361	189,589	198,577	207,210	216,762	225,910	235,167	244,527	253,869	948,378	2,124,613
Estimated Outlays	146,779	165,682	188,074	190,028	196,243	204,051	213,324	222,414	231,560	240,823	250,090	944,078	2,102,289

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
	12	14	16	18	19	21	22	23	24	25	26

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.