

Date: January 19, 2024

From: Rachel Ramoni, Chief Research and Development Officer, Office of Research and Development (ORD)

Subj: Guidance on Use of Toxic Exposure Funding for Medical Research in the Office of Research and Development (ORD)

To: ORD Services, Associate Chiefs of Staff for Research (ACOS), Research Administrative Officers (AOs), Facility Chief Fiscal Officers (CFOs), and VISN CFOs

A. Purpose

This memorandum provides the legal authorities and associated budget allocation/execution guidance for the Toxic Exposure Fund (TEF) Appropriation to obligate funding for medical and other research relating to exposure to environmental hazards as authorized by 38 U.S.C. § 324(c)(3). The guidance only pertains to research activities administered and funded by the Office of Research and Development (ORD).

B. Background

Section 805 of the PACT Act (P.L. 117-168), codified in 38 U.S.C. 324, established the Toxic Exposure Fund (TEF), and authorized funding to be appropriated to the TEF for “medical and other research relating to exposure to environmental hazards.”

This TEF appropriation is a separate appropriation from the Medical and Prosthetics Research Appropriation. The Research Component of the TEF Appropriation was included in the FY 24 President’s Budget Request and will be included in future budget requests. Approved ORD TEF Allocations and Obligations will only be used to support research Awards (including Merit, CSP, MVP), Research Career Scientist Awards, Research infrastructure, and overall capacity building that fully support medical and other research relating to exposure to environmental hazards.

The guidance below contains the criteria for allocating funding, execution, and reporting guidance in the Office of Research and Development (ORD). For ORD, funding in the TEF will be executed out of fund Codes **1126RD** and **1126R5**.

C. Specific Criteria for Authorized Medical Research, Oversight, PACT Act Implementation, and Infrastructure Obligations

Approved ORD TEF Allocations and Obligations will only be used to support research Merit Awards (studies), Research Career Scientist Awards, Research infrastructure, and overall capacity building that fully supports medical and other research relating to exposure to environmental hazards. ORD efforts using TEF in support of PACT Act goals may address a range of scientific research activities related to identifying mechanisms, associations, treatments and/or care and care delivery related to toxic exposures related to Military Service.

Additionally, research activities for which TEF funding can be applied include ones intended for evidence-generation and/or implementation of science-based approaches to support access to VA resources and healthcare (treatment and screening) for individuals exposed to toxic exposures during military service. To achieve these objectives, TEF funding may be used to support of a range of needs/resources and/or related activities. Such resources may be centrally coordinated and/ or based in the field to achieve maximum efficiency as part of a larger ORD research enterprise approach.

Categories and examples of activities and/ or resources eligible for TEF supported research include the below:

1. Implementing and Supporting Research activities for ORD's Military Exposures Research Program (MERP)

This includes necessary expenses related to medical and other research relating to exposure to environmental hazards (as referenced in the TEF appropriations language), such activities shall include:

- a. Coordination and integration of the ORD military toxic exposure research portfolio.
- b. Establishment of the toxic/military exposure research infrastructure (e.g., technical and scientific research cores, biorepository(ies) to support Research studies on Military Exposures Research.
- c. Staffing cost for Scientific Portfolio Managers (SPMs) and Subject Matters Experts (SMEs) in ORD to manage the scientific portfolio in Military Exposure Research who work exclusively in Military Exposure Research.

2. Funding investigator-initiated and program-directed medical research in the Military and Environmental Exposure and Gulf War Designated Research Areas (DRAs)

This includes necessary expenses related to medical and other research relating to exposure to environmental hazards (as referenced in the TEF appropriations language), such activities shall include Project Staff Salaries/Costs (Principal Investigators, Laboratory Technicians, Research Associates, and Research Coordinators, etc.), supplies, equipment, subject participation, travel, publication fees, and contracts. Specific Research Projects that are considered a necessary expense under TEF criteria include the following:

- a. Study of the relationship between military toxic exposures and rare diseases, multigenerational studies as well as prevention, diagnostic, and treatment strategies.
- b. Assessing military exposures and care and policy implications
- c. Expanding research on conditions or substances encountered during military service, and the healthcare utilization and delivery of care to Veterans with these exposures. This may include studies on Agent Orange, and other herbicides and pesticides, dioxins, industrial chemicals, industrial materials, oil fires, dioxins, insecticides/pesticides, burn pits, micro-particulates, jet fuel, radiation, electromagnetic and acoustic exposures. Supporting important gaps in exposure assessment research, including exposure assessments that identify and quantify toxic agent(s) to which an individual was exposed during military service. The development of new methods and/or assays that will directly or indirectly identify

an exposure to a toxic agent using biological materials or surrogates. This includes studies of novel animal or organoid/tissue chip exposure models. Expanding the workforce in military toxic exposures research and education with the support of clinician and non-clinician career development (CDA) and clinician and non-clinician Senior Career research scientist awards.

- d. Establishing and maintaining military toxic exposures data / biorepository collection sites as enterprise resources. This includes leveraging data and biorepository sites as active contributors to novel military exposure research.

3. Support and Implementation of Section 501 of the PACT Act (P.L. 117-168), Interagency Working Group on Toxic Exposure Research

Implementation of title V of the PACT Act is a necessary expense of TEF funds as outlined above, and includes the following activities:

- a. Funding to establish and manage the interagency toxic exposure research workgroup to develop and execute the 5-year strategic plan for research on military toxic exposures.
- b. Funding to support work with interagency partners to identify collaborative research activities and resources.
- c. Agreements to provide funding for interagency partners (under the Economy Act) who participate in the interagency toxic exposure research workgroup.

D. Process for Allocating Funding from the TEF (based on Criteria from Section C and D)

Funding and Resource Allocation decisions/management for use of the TEF will be managed by ORD Finance working in conjunction with the TEF Reviewing Committee, Military Exposures Research Program and ORD Executive Leadership. See **Appendix A for the detailed guidance on Allocation, Execution, and Reporting Requirements.**

TEF costs for personnel must first be paid out of the Research appropriation because personnel can only be funded out of one Fund Control Point (FCP). Due to this accounting/HR Smart structure, Research Offices and Facility Fiscal/Accounting Office will collaborate and coordinate to perform quarterly expenditure transfers (by the 10th business day) following the end of the quarter to ensure accurate reporting to VHA Finance, the Department, OMB, Congress, GAO, and OIG.

Questions:

For any questions or concerns, please contact Rudy Johnson (Rudolph.Johnson3@va.gov) Karen Block (Karen.Block@va.gov) for scientific matters and Joy Langston (Joy.Langston@va.gov) and Erin Olson (Erin.Olson@va.gov) for fiscal matters.

**Rachel Ramoni, DMD, ScD
Chief Research and Development Officer
Department of Veterans Affairs**

Appendix A: Standard Operating Procedure for Allocation, Execution, and Reporting for TEF Funds

I. Submitting Request for TEF Funding

ORD Finance working in conjunction with the TEF Reviewing Committee, and the Military Exposures Research Program Director will maintain the [TEF Allocation Request Form](#). Only ORD Service/Portfolio Administrative Officers (AOs) should add TEF funding requests to the form. Field requests should be submitted through their respective Service/SPM. This will include the associated pertinent data and document the specific criteria for permitting this activity to utilize TEF funding.

1. The form will maintain request/approval for items funded through the Research Allocation Forecasting Tool (RAFT) and non-RAFT based activities.
2. ORD Finance Budget Analyst and ORD Services will work to identify current research efforts that qualify for TEF funds that are currently coded in RAFT under the Military Environmental Exposure and Gulf War designated Research Areas (DRAs) and enter the data in the requested form fields.
3. The purpose of the form is to document the reallocation of the **Medical and Prosthetic Research Appropriation (0161A1)** to **TEF (1126RD or 1126R5)** or document request for new TEF allocations through the ORD Request for application (RFA) process. This is required to create an auditable record of approval for a Project/Activity to use TEF funding for internal/external stakeholders.
4. In FY 2024 (and beyond), the form will document the allocations for the Initial Target Allowance (ITA) for TEF funding.

II. TEF Review Committee

The TEF Reviewing Committee provides scientific and program review of applications for funding under the TEF. The Director of the Military Exposure Research Program (Dr. Rudy Johnson) summarizes the committee's findings and provides a recommendation to the Deputy Chief of Research and Development for Enterprise Optimization (Dr. Grant Huang). The DCRADO EO provides concurrence to the ORD Office of Finance. ORD Office of Finance implements funding procedures.

The TEF Reviewing Committee includes the following ORD Staff: The Associate CRADO for Epidemiology and Public Health (Vicky Davey), The Director of the Military Exposures and Research Program (MERP), and the Director of Gulf War Veterans' Illnesses (Dr. Karen Block).

There is no maximum funding limit on TEF applications, subject to funding availability and funding announcement limits.

III. Approval Steps of TEF Reviewing Committee

1. Information from the TEF Request Form will be forwarded by ORD Finance to the TEF Reviewing Committee.
2. The TEF Reviewing Committee will meet monthly, or as needed, to determine which applications will be recommended for approval. The expected response time for funding applications will be 2 weeks from date of submission.

3. The MERP Director will summarize the TEF Reviewing Committee findings and provide an email recommendation to the DCRADO EO.
4. The Deputy Chief of Research and Development for Enterprise Optimization will provide concurrence.
5. The MERP Director will then forward the approved applications to ORD finance.
6. The MERP Director will share all updates with the TEF Reviewing Committee and applicants.

IV. ORD TEF Funding Process

Funding and Resource Allocation decisions for use of the TEF will be managed by the ORD Finance working in conjunction with the TEF Reviewing Committee, Military Exposures Research Program and ORD Executive Leadership.

Below are the specific details on the Allocation of TEF Funding in ORD:

ORD Finance working in conjunction with the TEF Reviewing Committee, and the Military Exposures Research Program Director will maintain the [TEF Allocation Request Form](#). ORD Service/Portfolio Administrative Officers (AOs) can add TEF funding requests to the form. This will include the associated pertinent data and document the specific criteria for permitting this activity to utilize TEF funding.

- a. The form will maintain request/approval for items funded through the Research Allocation Forecasting Tool (RAFT) and non-RAFT based activities.
- b. ORD Finance Budget Analyst and ORD Services will work to identify current research efforts that qualify for TEF funds that are currently coded in RAFT under the Military Environmental Exposure and Gulf War designated Research Areas (DRAs) and enter the data in the requested form fields.
- c. The purpose of the form is to document the reallocation of the **Medical and Prosthetic Research Appropriation (0161A1)** to **TEF (1126RD or 1126R5)** or document request for new TEF allocations through the ORD Request for application (RFA) process. This is required to create an auditable record of approval for a Project/Activity to use TEF funding for internal/external stakeholders.
- d. In FY 2024 (and beyond), the form will document the allocations for the Initial Target Allowance (ITA) for TEF funding.
- e. When completing the form, please take note of the following consideration:
 - i. Directly reference from Section C of the guidance to demonstrate how the activity qualifies for TEF funding.
 - ii. Ensure the abstract/program description directly contains linking information from column N to ensure approval of TEF allocation.
- f. In accordance with this memo, ORD Finance (the Director of Finance) working on the recommendation of the Military Exposures Research Program Director and concurrence of the Deputy Chief of Research and Development will issue a funding approval memo documenting the funding decision memo that includes each requested item and itemized table.
- g. Once funding decisions are received the ITA will be updated in RAFT for FY 24 and beyond.

- h. Any subsequent Project Modification Orders (PMOs) will be handled through existing ORD Service policies. Any changes in Project/Activity scope or increases in budget requirement will require approval by the MERP director. ORD Finance and VHA CFO's Office will coordinate the TDA process in AACS to distribute this funding to the field.

V. Execution of TEF Funding

Below are the specific details on the Execution of TEF Funding managed by ORD:

1. In conjunction with the TDA/AACS actions, ORD Finance will distribute to all Headquarter/Field Stations utilizing TEF funding this guidance, the approval memo, and these detailed requirements for executing TEF funding.
2. For FTE related costs, obligations/expenditure will require an Expenditure Transfer (EW) as personnel can only be hired/funded out of one Fund Control Point (FCP).
3. All other non-pay cost can either be directly obligated out of the TEF appropriation or expenditure transferred from 0161A1 appropriation.
4. In accordance with the **VA Financial Policy Volume I-Chapter 9**, expenditure transfers are permitted when the payment is recorded in one appropriation and an adjustment is needed to record the payment properly to temporarily charge another appropriation for an expenditure benefiting the TEF appropriation, as long as amounts are available in both appropriations and the accounts are adjusted to reimburse the appropriation initially charged. Ref: [Chapter 09 - VA Financial Policies and Procedures Expenditure Transfers - Financial Policy Documents](#)
5. **Expenditure Transfer Transaction Deadlines:** Expenditure transfers should be conducted (quarterly in coordination between Research Offices and Facility Fiscal/Accounting Staff to adhere to Congressional Reporting requirements of obligations on the TEF fund. All expenditure transfers are recommended to be completed by the 10th business day following the end of each quarter (January/April/July/October).
6. ORD Finance will review the status of Expenditure Transfers and obligations in the VSSC (F20 reports) quarterly, and follow-up individually with stations that have not completed expenses transfers.

VI. Auditing of TEF Funding

Each quarter ORD Finance will conduct a randomized audit of the VSSC F20 Report (Daily Activity by Account Classification Code) to ensure that Station level transactions follow ORD TEF Policy. The objective of the audit will be to ensure transactions in the F20 Report are only for activities approved in the TEF approval memo.

Appendix B: Legislative Language

Section 805 of the PACT Act (P.L. 117-168)

38 U.S.C. § 324. Cost of War Toxic Exposures Fund

(a) ESTABLISHMENT. —There is hereby established in the Treasury of the United States an account to be known as the ‘Cost of War Toxic Exposures Fund’ (the ‘Fund’), to be administered by the Secretary.

(b) DEPOSITS. —There shall be deposited in the Fund such amounts as may be appropriated to the Fund pursuant to subsection.

(c) AUTHORIZATION OF APPROPRIATIONS. —There is authorized to be appropriated to the Fund for fiscal year 2023 and each subsequent fiscal year such sums as are necessary to increase funding, over the fiscal year 2021 level, for investment in—

(1) the delivery of veterans’ health care associated with exposure to environmental hazards in the active military, naval, air, or space service in programs administered by the Under Secretary for Health;

(2) any expenses incident to the delivery of veterans’ health care and benefits associated with exposure to environmental hazards in the active military, naval, air, or space service, including administrative expenses, such as information technology and claims processing and appeals, and excluding leases as authorized or approved under section 8104 of this title; and

(3) medical and other research relating to exposure to environmental hazards.

FY 2023 Consolidated Appropriations Act (P.L. 117-328)

COST OF WAR TOXIC EXPOSURES FUND

For investment in the delivery of veterans’ health care associated with exposure to environmental hazards, the expenses incident to the delivery of veterans’ health care and benefits associated with exposure to environmental hazards, and medical and other research relating to exposure to environmental hazards, as authorized by section 324 of title 38, United States Code, and in addition to amounts otherwise available for such purposes in the appropriations provided in this or prior Acts, \$5,000,000,000, to remain available until September 30, 2027: Provided, That not later than 30 days after the date of enactment of this Act, the Secretary of Veterans Affairs shall submit to the Committees on Appropriations of both Houses of Congress an expenditure plan for funds provided under this heading for fiscal year 2023.

Fiscal Responsibility Act of 2023 (P.L. 118-5)

SEC. 101. DISCRETIONARY SPENDING LIMITS.

(d) APPROPRIATION FOR COST OF WAR TOXIC EXPOSURES FUND.—In addition to amounts otherwise available for such purposes, there are appropriated, out of any money in the Treasury not otherwise appropriated, for investment in the delivery of veterans’ health care associated with exposure to environmental hazards, the expenses incident to the delivery of veterans’ health care and benefits associated with exposure to environmental hazards, and medical and other research relating to exposure to environmental hazards, as authorized by section 324 of title 38, United States Code—

(1) \$20,268,000,000, which shall become available on October 1, 2023, and shall remain available until September 30, 2028; and **(2)** \$24,455,000,000, which shall become available on October 1, 2024, and shall remain available until September 30, 2029.