TAXPAYERS for COMMON SENSE

FACT SHEET

August 2026

Understanding the Judgment Fund

The Judgment Fund was created by Congress in 1956 as a permanent, indefinite appropriation for the payment of court judgments that did not have another source of funds available. Congress created the fund to eliminate the procedural burdens involved in obtaining individual appropriations for judgment payments. This allowed claims to be paid more promptly, reducing the amount of interest the United States accrued between the issuance and payment of an award. In 1961, Congress expanded the Judgment Fund to allow it to pay compromise settlements entered into by the Attorney General arising from actual or imminent litigation.[1]

The Judgment Fund is administered by the U.S. Treasury's Bureau of the Fiscal Service (Fiscal Service) as a permanent account. Because it is a permanent, indefinite appropriation, it does not require a new congressional appropriation each year and can pay qualifying judgments, awards, and settlements without further congressional action. Since the Judgment Fund is not funded through the annual appropriations process, payments cannot be delayed because Congress has not enacted additional appropriations.

Accessing the Fund

There is no fixed dollar amount appropriated to the Judgment Fund each year. Instead, because it is a permanent, indefinite appropriation, the amount spent fluctuates based on the number and size of qualifying judgments and settlements.[2]

An agency may only request payment from the Judgment Fund if payment cannot legally be made from the agency's own appropriations or another available source of funds. Even if an agency's appropriated funds are insufficient, it may not use the Judgment Fund if another appropriation is legally available. Instead, the agency must seek additional appropriations from Congress.[3]

---

[1] Bureau of the Fiscal Service, "About the Judgment Fund," Accessed July 31, 2026. https://fiscal.treasury.gov/payments-from-government/judgment-fund/about
[2] 31 U.S.C. 1304
[3] Bureau of the Fiscal Service, "Judgment Fund," Accessed July 31, 2026. https://fiscal.treasury.gov/payments-from-government/judgment-fund

The U.S. Treasury certifies payments from the Judgment Fund only if the following requirements are met:

- The judgment, award, or settlement is final.
- The judgment, award, or settlement is monetary.
- Payment cannot legally be made from another source of funds.
- The judgment, award, or settlement was or could have been made in court.

Reimbursement

Agencies generally do not reimburse the Judgment Fund. There are two exceptions where the defendant agency must reimburse the Judgment Fund using available funds or request additional appropriations from Congress:

- Contract Disputes Act, which governs disputes between contractors and the federal government, including appeal rights and judicial review.
- Notification and Federal Employee Antidiscrimination and Retaliation Act of 2002 (No FEAR Act), which covers whistleblower and employment discrimination claims brought by federal employees.

Usage

Before the Judgment Fund existed, agencies generally had to seek a specific congressional appropriation each time the government lost a lawsuit. By creating the Judgment Fund, Congress streamlined the payment of qualifying judgments and settlements.

The fund may be used to pay final judgments, awards, and compromise settlements. It may also be used to pay interest and litigation costs when authorized by law. The Judgment Fund can only be used when there is a monetary award against the United States and no other source of funding is legally available. In 1977, Congress expanded the Judgment Fund to cover all Court of Claims and Federal Tort Claims Act judgments regardless of amount, as well as Federal Tort Claims Act settlements exceeding $2,500.[4]

Judgment Fund Spending

Between 2008 and 2025, the U.S. Treasury's Judgment Fund paid approximately $60 billion through 113,969 payments. During this period, the Centers for Medicare & Medicaid

---

[4] Congressional Research Service, "The Judgment Fund: History, Administration, and Common Usage," March 2013.
https://www.everycrsreport.com/files/20130307_R42835_59acaf309988cce1bd9542f41e9d8c6981ea752a.pdf

Services and the Department of Energy were among the two largest users of the fund, each accounting for more than $13 billion in payments.

Breach of contract claims accounted for roughly half of the total dollars paid from the fund. Traffic accidents under the Federal Tort Claims Act were the most common type of claim but accounted for only about 2 percent of total payments.

While Judgment Fund spending has generally remained relatively consistent, payments spiked in 2020, increasing from $1.5 billion to $14.2 billion. That increase was driven by breach of express contract claims, which accounted for $12.6 billion, or nearly 90 percent, of all payments made that year.[5]

Recent Uses of the Judgment Fund Raise Concerns for Taxpayers

More recently, the Trump administration has used the Judgment Fund to finance settlements related to offshore wind lease buyouts. On June 12, according to a settlement agreement with Invenergy California Offshore LLC, the Department of Justice is authorized to issue a settlement payment of $111,769,231 through the Judgment Fund. The Judgment Fund is also being used to pay Bluepoint Wind LLC $765,000,000, TotalEnergies LLC $928,333,333, and Duke Energy $129,000,000 as part of the Department of the Interior's offshore wind buyout agreements.

The use of the Judgment Fund for these settlements has been called into question regarding whether the payments qualify as judgments and compromise settlements arising from actual or imminent litigation when no other source of funding is available. Given the nature of these agreements, no litigation had been filed, and it is unclear whether the payments can be considered settlement that arose from actual or imminent litigation.

Regardless of the ultimate legal determination, these settlements raise broader questions about congressional oversight of the Judgment Fund. Congress created the fund to ensure the prompt payment of legitimate legal liabilities, not to provide an alternative source of funding for major executive branch policy decisions. Because the Judgment Fund is a permanent, indefinite appropriation that operates outside the annual appropriations process, its use deserves careful scrutiny to ensure it is being used consistently with the purposes Congress intended.

---

[5] U.S. Treasury Fiscal Data, "Judgment Fund: Annual Report to Congress," Accessed July 31, 2026. https://fiscaldata.treasury.gov/datasets/judgment-fund-report-to-congress/judgment-fund-annual-report-to-congress