

## OPERATION OF VETERANS' ADMINISTRATION OFFICE IN THE PHILIPPINES

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JULY 8, 1959.—Ordered to be printed

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Mr. BYRD of Virginia, from the Committee on Finance, submitted the following

### REPORT

[To accompany H.R. 5447]

The Committee on Finance, to whom was referred the bill (H.R. 5447) to extend the authority of the Administrator of Veterans' Affairs to maintain offices in the Republic of the Philippines, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

#### EXPLANATION OF BILL

The purpose of this legislation is to extend for a period of 10 years—to June 30, 1970—the existing authority of the Veterans' Administration to maintain a regional office in the Republic of the Philippines at Manila. The present authority expires on June 30, 1960, and the VA requests action at this time due to the fact that the necessary funds for the operation of this office must be submitted to the Bureau of the Budget in the early part of the fiscal year 1960.

When the Philippine Islands were granted their independence on July 4, 1946, the question of whether or not the Veterans' Administration could continue to operate an office in a foreign country was raised with the Comptroller General, who ruled that while there was no specific authority for such a regional office, he would interpose no objection to its continued operation through June 30, 1947. Public Law 91, 80th Congress, authorized the continuance of the office until June 30, 1948; Public Law 474 of the same Congress continued the authority until June 30, 1950; it was again extended to June 30, 1954, by Public Law 546 of the 81st Congress; and to June 30, 1960, by Public Law 181, 83d Congress. All of these laws have been repealed and the authority is currently restated in section 230(b) of title 38, United States Code.

The Veterans' Administration believes that it is essential that this office be continued. There are approximately 358,000 living veterans of service in the U.S. Armed Forces in the Philippines, as well as dependents of 71,000 deceased veterans. In addition to operating the various benefit programs, such as compensation, pension, education, etc., this office is charged with supervising the hospital contract which the Veterans' Administration has with the Philippine Government, pursuant to Public Law 85-461. This hospital was built at the expense of the United States.

The administrative cost of operating the regional office in Manila was \$1,563,122 for fiscal 1958 and, although the figures are not complete, it appears the operational cost for fiscal 1959 will be within \$1.5 million.

THE FOLLOWING LETTERS FROM THE ADMINISTRATOR OF VETERANS' AFFAIRS URGE ENACTMENT OF THIS LEGISLATION

JUNE 26, 1959.

Hon. HARRY F. BYRD,  
*Chairman, Committee on Finance,*  
*U.S. Senate, Washington, D.C.*

DEAR SENATOR BYRD: The following comments on H.R. 5447, 86th Congress, an act to extend the authority of the Administrator of Veterans' Affairs to maintain offices in the Republic of the Philippines, are submitted in response to your request.

This bill, as passed by the House of Representatives, is identical with a draft bill transmitted by the Veterans' Administration with a letter of explanation and justification, dated February 27, 1959, to the President of the Senate. We understand the draft and accompanying letter were referred to your committee on March 5, 1959.

A copy of our letter of February 27, 1959, is enclosed. For the reasons stated therein, the Veterans' Administration earnestly recommends favorable consideration of H.R. 5447 by your committee.

Sincerely yours,

SUMNER G. WHITTIER, *Administrator.*

FEBRUARY 27, 1959.

Hon. RICHARD M. NIXON,  
*President of the Senate,*  
*Washington, D.C.*

DEAR MR. PRESIDENT: There is transmitted herewith a draft of a bill to extend for a period of 10 years the existing authority of the Administrator of Veterans' Affairs to maintain offices in the Republic of the Philippines.

Under section 7 of the World War Veterans' Act, 1924 (43 Stat. 609), the Administrator of Veterans' Affairs was authorized to establish such regional offices and subregional offices within the Territory of the United States and its outlying possessions as might be deemed necessary by him and in the best interests of the work committed to the Veterans' Administration. In supplementation of this authority, section 101 of the Servicemen's Readjustment Act of 1944 (58 Stat. 284), authorized the Administrator "to establish necessary regional offices, suboffices, branch offices, contact units, or other subordinate offices in centers of population where there is no Veterans' Adminis-

tration facility, or where such a facility is not readily available or accessible."

Pursuant to the mentioned statutory authority we established a Veterans' Administration office in Manila prior to World War II to receive and develop claims, investigate doubtful and fraudulent claims, handle guardianship matters and authorize hospital and medical care to American veterans residing in the Philippines. After the reoccupation of the Philippines by the American forces in World War II, this insular office was reopened early in 1945. Due to the expanding services required to handle the great additional number of claims, a regional office was subsequently activated.

In view of the independence of the Philippines on July 4, 1946, and the status of the Republic as a foreign country after that date, a question arose as to the legality of expending Veterans' Administration appropriated funds for the continued maintenance of the regional office. The question was submitted to the Comptroller General of the United States who advised that although there was no specific authority for the maintenance of a regional office after July 4, 1946, he would interpose no objection to its continued maintenance for a reasonable period not extending beyond June 30, 1947.

The Veterans' Administration thereupon submitted the matter to the Congress and legislation was enacted (Public Law 91, 80th Cong.) authorizing the Administrator to establish and continue offices in the Republic of the Philippines until June 30, 1948. During the second session of the 80th Congress, Public Law 474 was enacted continuing this authority to June 30, 1950. This authority was again extended to June 30, 1954 by Public Law 546, 81st Congress, and to June 30, 1960 by Public Law 181, 83d Congress. All of the cited provisions of law have since been repealed. The authority of the Administrator to establish necessary offices in the Philippines through June 30, 1960, is currently restated in section 230(b) of the recently codified title 38, United States Code.

The continued maintenance of Veterans' Administration operations in the Philippines beyond June 30, 1960, is of great importance. There are approximately 358,000 living veterans of service in and with the U.S. Armed Forces in the Philippines, a substantial number of which, as well as the dependents of approximately 71,000 deceased veterans, are potentially eligible for certain benefits administered by the Veterans' Administration. This total includes American veterans of the Spanish-American and later wars and of peacetime service who are residing in the Philippines; the Philippine Scouts, a component of the Regular Army of the United States; and those Filipinos of the organized military forces of the Philippines who were called into service with our Armed Forces pursuant to the military order of the President of the United States of July 26, 1941, and who are entitled to certain insurance benefits, compensation for service-connected disabilities and death, dependency, and indemnity compensation for service-connected death, and burial benefits. We also administer educational benefits for orphans of veterans of the U.S. Armed Forces who died as the result of service during World War I, World War II, and the Korean conflict, and provide certain hospital care and medical services to our veterans who are in the Philippines.

In addition to the direct benefits described above, this agency is charged with the responsibility of administering a program of hospital

care for certain disabled Philippine Army veterans determined by the Veterans' Administration to be in need thereof, through payments to the Veterans Memorial Hospital at Manila, and providing outpatient treatment, principally through the regional office facilities, when needed by such veterans for service-connected disabilities. These programs are provided through June 30, 1963.

It is readily apparent that in the light of the substantial veteran population and the heavy workload of the various benefit programs it would be unfeasible if not impossible to carry on the administration of such benefits to this group solely from offices in the continental United States. We cannot at this time foretell when the need for administrative offices in the Philippines will no longer exist. However, it is expected that such facilities will be necessary for some considerable period of time. It is believed that the suggested 10-year extension of the authority to operate these offices is reasonable and will obviate the necessity of frequent consideration of the matter by the Congress.

Although the activities of the Veterans' Administration in foreign countries generally are handled through the facilities of the Department of State, it should be noted that the veteran population in foreign countries, save one, is comparatively small. The exception is the Republic of the Philippines. It is believed that nothing would be gained from an attempt to administer veterans' benefits in that country through the Department of State. In this regard, the Acting Assistant Secretary of State has recently advised that both administrative and policy reasons militate against such a change and therefore they are of the opinion that the facilities of the Veterans' Administration in the Philippines should by all means be continued. A copy of his letter is enclosed.

The proposed legislation will merely authorize the Administrator of Veterans' Affairs to continue the present administrative operations in the Philippines. Accordingly, it is believed that its enactment will involve no additional expense to the Government.

For the foregoing reasons, the Veterans' Administration earnestly recommends favorable consideration of this legislative proposal by the Congress. Its prompt consideration will be appreciated since, depending upon the ultimate disposition of the bill by the Congress, appropriate administrative action by the Veterans' Administration will be required prior to the expiration date of June 30, 1960. Further, adequate justification for the necessary funds for operations in the Philippines for fiscal year 1961, which must be submitted to the Bureau of the Budget in the early part of the fiscal year 1960, is contingent upon specific congressional authority to operate in the Philippines during fiscal year 1961.

The Bureau of the Budget advises that there is no objection to the presentation of the draft bill to the Congress for its consideration.

Sincerely yours,

SUMNER G. WHITTIER, *Administrator.*

## CHANGES IN EXISTING LAW

In compliance with subsection 4 of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill are shown as follows (existing law proposed to be omitted is enclosed in black brackets; new matter is printed in italics; existing law in which no change is proposed is shown in roman):

## SECTION 230, TITLE 38, UNITED STATES CODE

**§ 230. Central and regional offices**

(a) The Central Office of the Veterans' Administration shall be in the District of Columbia. The Administrator may establish such regional offices and such other field offices within the United States, its Territories, Commonwealths, and possessions, as he deems necessary.

(b) The Administrator may exercise authority under this section in territory of the Republic of the Philippines until June 30, [1960.] 1970.

