

VETERANS' ADMINISTRATION REGIONAL OFFICE IN
THE PHILIPPINES

JUNE 16, 1970.—Ordered to be printed

Mr. TALMADGE, from the Committee on Finance,
submitted the following

REPORT

[To accompany H.R. 16739]

The Committee on Finance, to which was referred the bill (H.R. 16739) to extend for a period of 10 years the existing authority of the Administrator of Veterans' Affairs to maintain office in the Republic of the Philippines, having considered the same, reports favorably thereon with amendments and recommends that the bill as amended do pass.

EXPLANATION OF THE BILL

As it passed the House, H.R. 16739 would extend for 10 years, until June 30, 1980, the authority of the Veterans' Administration to operate and maintain a regional office in the Republic of the Philippines.

As amended by the Committee on Finance, the bill would extend this authority until July 3, 1974, the last day the Preferential Trade Agreement with the Philippines is effective.

Prior to World War II, the Veterans' Administration operated an office in Manila and after the liberation of the Philippines, the office was reopened early in 1945. After the Philippines became independent, the Congress authorized the Veterans' Administration to continue the office until June 30, 1948. Since then, the authority to continue the operation of this office has been extended by the Congress on several occasions—the current authority expiring on June 30, 1970.

Under the Philippine Trade Act of 1946 (the Bell Trade Act), the United States negotiated a Preferential Trade Agreement with the Republic of the Philippines providing for special trade relationships between the United States and the Philippines until July 3, 1974. In 1955, under the Philippine Trade Agreement Revision Act of 1955, the Laurel-Langley Trade Agreement was concluded which modified the provisions of the Bell Trade Act involving the special trade relationships between the United States and the Philippines.

The committee felt it appropriate to continue the authority of the Veterans' Administration to operate and maintain a regional office in the Republic of the Philippines for another 4 years, until the expiration of the current Preferential Trade Agreement.

Extension of this authority was requested by the Veterans' Administration and was supported by the Department of State. The Veterans' Administration states that enactment of this bill will involve no additional expense to the Government. The magnitude of the operation of the Veterans' Administration in the Philippines is indicated in the statistical tables which will follow.

TABLE 1.—*Estimated veteran population in the Philippines*

U.S. veterans.....	14, 000
Old Scouts (Philippine Scouts enlisting prior to October 6, 1945).....	6, 000
Commonwealth Army Veterans of World War II:	
Service in U.S. Armed Forces of the Far East.....	74, 000
Recognized guerrilla service.....	173, 000
Both service in U.S. Armed Forces of the Far East and recognized guerrilla service.....	31, 000
New Scouts (Philippine Scouts enlisting after October 6, 1945).....	30, 000
Total.....	328, 000

TABLE 2.—*Regional office activity, Manila, Philippines—Reported number of payees as of June 30, 1969, in the "Compensation and pensions" appropriation*

Disability compensation.....	13, 379
Death compensation.....	} 35, 506
Dependency and indemnity compensation.....	
Pensions:	
Living (old law).....	24
Living (Public Law 86-211).....	3, 369
Deceased (old law).....	12
Deceased (Public Law 86-211).....	3, 498
Other payees.....	0
Total.....	6, 903

NOTE.—Data hereon are payees and not cases.

TABLE 3.—REPUBLIC OF THE PHILIPPINES CASELOAD. FISCAL YEAR 1970 (AS OF MAR. 31, 1970)

Period of service	Disability		Death		Total		Grand total
	Compensation	Pension	Compensation	Pension	Compensation	Pension	
Korean conflict.....	138	8	24	160	162	18	330
World War II.....	11, 441	1, 016	28, 924	3, 978	40, 365	4, 994	45, 359
World War I.....	53	2, 344	16	2, 629	69	4, 973	5, 042
Regular Establishment.....	913	534	39	835	952	1, 369	2, 321
Vietnam.....	84	1	2	144	86	145	231
Total.....	12, 629	3, 903	29, 005	7, 746	41, 634	11, 649	53, 283

TABLE 4.—A BREAKDOWN OF COMPENSATION AND PENSION PAYMENTS TO BENEFICIARIES BY PERIOD OF SERVICE, REPUBLIC OF THE PHILIPPINES, FISCAL YEAR 1970 (ESTIMATE)

Period of service	Disability		Death		Total		Grand total
	Compensation	Pension	Compensation	Pension	Compensation	Pension	
Vietnam.....	\$372, 600	\$3, 304	\$221, 863	\$3, 607	\$594, 463	\$6, 911	\$601, 374
Korean conflict.....	429, 260	20, 093	298, 244	24, 943	727, 504	45, 036	772, 540
World War II.....	11, 151, 088	1, 604, 711	22, 093, 484	1, 215, 732	33, 244, 572	2, 820, 443	36, 065, 015
World War I.....	197, 920	3, 862, 968	358, 424	2, 428, 580	555, 344	6, 291, 543	6, 847, 892
Regular Establishment.....	1, 521, 924		1, 632, 284		3, 154, 208		3, 154, 208
Spanish-American War.....		112, 942	3, 216	942, 813	3, 216	1, 055, 755	1, 058, 971
Total.....	13, 672, 792	5, 604, 018	24, 607, 515	4, 615, 675	38, 280, 307	10, 219, 693	48, 500, 000

TABLE 5.—COMPENSATION AND PENSIONS APPROPRIATION—TOTAL EXPENDITURES TO THE PHILIPPINES, FISCAL YEAR 1969

	Total payments in Philippines, fiscal year 1969		
	June 20 cases	June 30 payees	Dollars (in thousands)
Disability compensation: Total.....	12,792	13,379	\$12,908
Dollars.....	1,712	1,832	4,129
Dollars paid in pesos.....	11,080	11,542	8,779
Disability pensions.....	3,401	3,520	5,715
Death compensation: Total.....	30,194	35,506	23,470
Dollars.....	4,507	5,286	9,063
Dollars paid in pesos.....	25,687	30,220	16,407
Death pensions.....	2,986	3,596	4,825
Total compensation.....	42,986	48,880	36,378
Total pensions.....	6,387	7,116	10,540
Total compensation and pensions.....	49,373	55,996	46,918

TABLE 6.—TOTAL FOREIGN PAYMENTS AND PAYMENTS TO PHILIPPINES ONLY

A. TOTAL FOREIGN PAYMENTS

Fiscal year	Grand total	Compensation and pension					
		Total		Living veterans		Deceased veterans	
		Cases	Cost	Cases	Cost	Cases	Cost
1958.....	\$86,960,203	77,337	\$69,249,769	28,417	\$26,502,784	48,920	\$42,746,985
1959.....	86,762,088	77,686	67,952,589	29,127	26,672,204	48,559	41,280,385
1960.....	89,912,154	78,855	67,595,611	30,551	27,373,335	48,304	40,222,276
1961.....	85,725,143	79,430	62,884,659	31,425	26,824,088	48,005	36,060,571
1962.....	73,876,290	79,430	57,824,375	31,712	26,465,783	47,718	31,358,393
1963.....	69,302,443	79,867	55,744,531	32,064	27,408,755	47,803	28,355,776
1964.....	70,486,327	80,331	57,177,119	31,994	27,854,918	48,337	29,322,201
1965.....	70,909,201	78,387	59,156,482	31,597	29,172,393	46,790	29,984,089
1966.....	70,471,577	78,095	60,917,110	31,905	30,951,473	46,190	29,965,637
1967.....	82,315,432	77,105	69,948,160	31,633	34,279,065	45,472	35,669,095
1968.....	92,796,975	76,522	76,429,479	31,129	36,115,225	45,393	40,314,254
1969.....	97,840,507	76,976	79,478,617	30,854	37,868,892	45,122	41,609,725
1970 (estimate).....	102,529,000	77,000	82,365,000	31,700	39,250,000	45,300	43,115,000

B. PAYMENTS TO PHILIPPINES							
Fiscal year	Grand total	Cases	Cost	Cases	Cost	Cases	Cost
1958.....	\$62,929,557	57,940	\$49,418,381	15,726	\$12,850,332	42,214	\$36,568,049
1959.....	63,601,735	57,658	48,383,558	16,012	14,039,186	41,646	34,344,372
1960.....	65,609,980	47,280	46,996,471	16,308	13,878,183	40,972	33,118,288
1961.....	60,055,607	56,730	40,742,698	16,486	13,945,181	40,244	26,797,517
1962.....	49,607,804	56,233	35,676,842	16,688	11,986,573	39,545	23,690,269
1963.....	42,948,704	55,407	31,769,545	16,607	11,691,607	38,800	20,077,938
1964.....	43,087,724	55,499	31,925,212	16,792	11,825,500	38,707	20,099,712
1965.....	41,807,257	52,805	32,266,796	16,654	12,107,177	36,196	20,119,619
1966.....	40,772,396	52,213	32,810,873	16,590	12,976,143	35,623	19,834,730
1967.....	49,171,178	50,973	40,344,845	16,550	15,976,559	34,423	24,368,286
1968.....	57,817,853	50,319	45,779,236	16,503	18,214,417	33,816	27,564,819
1969.....	59,631,743	49,373	46,917,773	16,193	18,648,396	33,180	28,269,377
1970 (estimate).....	63,436,000	48,800	48,500,000	16,120	19,276,610	32,680	29,229,390

TABLE 7.—TOTAL DISABILITY AND DEATH COMPENSATION CASES PAID IN PESOS

June 30—	Cases	U.S. dollars	Pesos
1958.....	42,232	\$30,837,165	61,674,330
1959.....	42,130	30,150,208	60,300,416
1960.....	41,993	28,412,060	58,712,310
1961.....	(¹)	22,889,348	59,594,300
1962.....	40,696	17,508,595	53,638,216
1963.....	39,850	13,500,360	52,516,400
1964.....	239,000	13,255,684	51,683,914
1965.....	238,400	12,943,044	50,477,872
1966.....	238,350	12,802,517	49,805,632
1967.....	237,600	20,037,128	77,950,439
1968.....	236,900	24,933,000	96,996,850
1969.....	236,767	25,185,953	97,980,913
1970.....	233,900	25,440,000	98,969,232

¹ Not available.² Estimated.

TABLE 8.—Conversion rate of pesos to dollars (number of pesos for \$1)

Fiscal year 1958.....	2.00	November 1961.....	2.75
Fiscal year 1959.....	2.00	January 1962.....	2.83
July 1960.....	2.30	November 1963.....	3.90
September 1960.....	2.50	January 1964.....	3.87
December 1960.....	2.75	January 1965.....	3.90
September 1961.....	2.70	June 1965.....	3.90
October 1961.....	2.73	June 1966-January 1970.....	3.8903

TABLE 9.—VETERANS' ADMINISTRATION EXPENDITURES TO FOREIGN COUNTRIES, FISCAL YEARS 1965-70

Total expenditures	Actual					Estimated 1970
	1965	1966	1967	1968	1969	
Philippines.....	\$41,807,257	\$40,772,396	\$49,171,173	\$57,817,853	\$59,631,743	\$63,436,000
All other.....	29,101,944	29,699,181	33,144,254	34,979,122	38,208,765	39,093,000
Total foreign.....	70,909,201	70,471,577	82,315,432	92,796,975	97,840,507	102,529,000
All other by country:						
France.....	856,003	780,077	966,454	1,020,219	1,117,255	1,142,000
Germany.....	1,025,721	1,075,288	1,477,996	1,790,580	2,079,632	2,127,000
Greece.....	2,451,221	2,510,963	2,596,181	2,705,727	2,869,390	2,936,000
Ireland.....	1,389,622	1,428,774	1,495,923	1,572,710	1,666,285	1,704,000
Italy.....	8,845,485	9,186,985	9,445,068	9,616,701	10,284,434	10,524,000
Norway.....	647,310	661,762	687,123	717,057	703,749	719,000
Sweden.....	617,017	616,666	688,180	660,367	671,956	688,000
United Kingdom.....	1,603,637	1,410,122	1,956,080	2,056,006	1,920,296	1,966,000
Canada.....	3,542,083	3,501,960	3,917,915	3,999,102	4,212,902	4,312,000
Mexico.....	1,507,154	1,507,510	1,840,289	2,051,705	2,154,688	2,205,000
Australia.....	418,512	427,850	535,544	591,460	659,027	672,000
Japan.....	517,574	512,263	709,226	845,991	873,503	895,000
Other.....	5,680,605	6,078,961	6,828,275	7,351,497	8,995,647	9,203,000

TABLE 10.—U.S. Veterans' Administration—Disbursements by fiscal year in the Philippines¹

Year:	Totals	Year—Continued	Totals
1946.....	\$1,299,513.90	1959.....	\$63,601,735.00
1947.....	14,912,883.41	1960.....	65,609,980.00
1948.....	37,856,760.23	1961.....	60,055,607.00
1949.....	58,641,896.14	1962.....	49,854,871.00
1950.....	57,942,940.46	1963.....	42,948,704.00
1951.....	65,644,384.74	1964.....	43,087,724.00
1952.....	86,082,904.48	1965.....	41,807,257.00
1953.....	88,132,546.78	1966.....	40,772,396.00
1954.....	73,059,469.34	1967.....	49,171,178.00
1955.....	69,104,082.55	1968.....	57,817,853.00
1956.....	65,499,164.26	1969.....	59,631,743.00
1957.....	62,076,953.09	1970 (estimate)....	63,436,000.00
1958.....	62,929,557.00		

¹ Includes benefit payments, salaries and other administrative expenses, and grants-in-aid disbursements

TABLE 11.—VETERANS' ADMINISTRATION TOTAL EXPENDITURES, REPUBLIC OF THE PHILIPPINES, FISCAL YEARS 1961-70

Fiscal year	Total	Compensation and pensions	Readjustment benefits, including subsistence allowances	Grants to the Republic of Philippines ²	General operating expenditures	Insurance	Dept. of Medicine and Surgery expenditures ³	Other
1961	\$60,055,607	\$40,742,698	\$3,381,071	\$498,890	\$1,118,943	\$12,831,143	\$1,264,412	\$218,450
1962	49,854,871	35,676,842	3,332,146	359,307	1,102,194	8,145,056	1,025,610	213,716
1963	42,948,704	31,769,545	2,777,072	307,354	899,653	6,134,914	871,795	188,371
1964	43,087,724	31,925,212	1,173,090	274,210	857,149	7,455,275	985,733	417,055
1965	41,807,257	32,226,796	775,031	296,301	902,688	6,065,663	1,093,162	447,616
1966	40,772,396	32,810,873	574,292	296,914	915,072	4,677,314	1,115,345	382,586
1967	49,171,178	40,344,845	1,220,298	454,000	836,000	4,794,284	1,172,751	349,000
1968	57,538,377	45,779,236	3,294,647	1,432,071	1,006,949	4,556,816	1,080,129	388,529
1969	59,631,743	46,917,773	4,809,634	1,365,670	955,855	4,200,764	1,144,327	237,720
1970 ¹	63,786,000	48,500,000	7,200,000	1,511,000	1,018,000	4,000,000	1,217,000	340,000

¹ Estimate.² For health care of Commonwealth Army veterans.³ For health care of U.S. veterans and Old Scouts.

TABLE 12.—Veterans' Memorial Hospital, Manila, Philippines

Construction completion date	1955
Construction and equipment cost	\$9,400,000
Constructed bed capacity	750
Operating beds—1970 (Additional 150 beds not funded by United States)	900
Bed occupants consist of:	
1. U.S. veterans and "Old" Philippine Scouts for service-connected and non-service-connected disabilities. Costs are paid from Department of Medicine and Surgery appropriations.	
2. Commonwealth Army Veterans for service-connected disabilities only. Costs are paid from grants-in-aid appropriations.	
3. Philippine Government beneficiaries—veteran and non-veteran. Costs are paid by Philippine Government.	
Average daily patient load—1970:	
U.S. veterans and Old Scouts (paid from D.M. & S. funds)	161
Commonwealth Army Veterans (paid from grants funds)	438
Estimated Philippine Government beneficiaries (paid by Philippine Government)	150 to 200

NOTES

The Veterans' Memorial Hospital was constructed (1953-55) for the Republic of the Philippines at a cost of \$9,399,961 and was opened in November 1955.

TABLE 13.—NEGOTIATED CONTRACT PER DIEM RATE FOR HOSPITAL CARE

	Pesos	Dollars
1963	19.22	\$4.93
1964	20.95	5.33
1965	26.01	6.67
1966	27.39	7.07
1967	28.92	7.22
1968	29.00	7.37
1969	30.11	7.47
1970	32.99	8.46

TABLE 14.—U.S. VETERANS' ADMINISTRATION BENEFITS IN THE PHILIPPINES (FOR WARTIME SERVICE ONLY)

[Revised April 1970]

	U.S. veterans residing in United States	U.S. Army, Navy, Air Force, Marines, Coast Guard, WACS, WAVES, SPARS, WMC residing in Philippines USV	Philippine Scouts (enlisted prior to Oct. 6, 1945) USV	Philippine Army (service July 26, 1941, to June 30, 1946) CAV	Recognized guerrillas (service Apr. 20, 1942, to June 30, 1946) CAV	Spanish- American War veterans (service, Apr. 21, 1898, to July 15, 1903) residing in Philippines USV	Philippine Scouts (enlisted after Oct. 6, 1945, Public Law 190, 79th Cong.)
Disability compensation.....	Yes; \$	Yes; \$	Yes; \$	Yes; P	Yes; P	Yes; \$	Yes; P
Disability pension.....	Yes; \$	Yes; \$	Yes; \$	No	No	Yes; \$	No
Death compensation.....	Yes; \$	Yes; \$	Yes; \$	Yes; P	Yes; P	Yes; \$	Yes; P
Dependency and indemnity compensation.....	Yes; \$	Yes; \$	Yes; \$	Yes; P	Yes; P	Yes; \$	Yes; P
Death pension.....	Yes; \$	Yes; \$	Yes; \$	No	No	Yes; \$	Yes; P
Contract insurance.....	Yes; \$	Yes; \$	Yes; \$	(1)	No	Yes; \$	No
Gratuitous insurance.....	Yes; \$	Yes; \$	Yes; \$	(3)	No	No	(2)
War Orphans Educational Act.....	Yes; \$	Yes; \$	Yes; \$	No	No	No	No
Hospital care for non-service-connected disability.....	Yes	Yes	(4)	No	No	Yes; \$	No
Hospital care or outpatient treatment for service-connected disability.....	Yes	Yes	(4)	No	No	(4)	No
Veterans rehabilitation and education:			Yes	Yes	Yes	Yes	No
Public Law 16, 78th Cong.....	} Yes; \$	} Yes; \$	} Yes; \$	} No	} No	} No	} No
Public Law 346, 78th Cong.....							
Public Law 894, 81st Cong.....							
Public Law 550, 82d Cong.....							
Public Law 89-138.....							
Burial allowance.....	Yes; \$	Yes; \$	Yes; \$	Yes; P	Yes; P	Yes; \$	No
Burial flag.....	Yes	Yes	Yes	Yes	Yes	Yes	No
Automobile for amputees.....	Yes; \$	Yes; \$	Yes; \$	No	No	No	No
Domiciliary care.....	Yes	No	No	No	No	No	No
Loans:							
Business.....	} Yes	} No	} No	} No	} No	} No	} No
Housing.....							
Specialty adapted housing.....	Yes	(5)	(5)	No	No	(5)	No

¹ Contracts entered prior to Feb. 18, 1946.

² Contracts entered (1) prior to May 27, 1946; (2) under secs. 620 or 621 of the National Service Life Insurance Act of 1940; or (3) under 38 U.S.C. 722.

³ Captured, besieged, or otherwise isolated prior to Apr. 20, 1942.

⁴ Only hospitalized at Veteran Memorial Hospital and unable to defray cost of hospitalization, such determination to be made by MRO.

⁵ Not prohibited by statute, but not feasible to administer outside United States.

VETERANS' ADMINISTRATION REPORT

The report of the Veterans' Administration follows:

VETERANS' ADMINISTRATION,
OFFICE OF THE ADMINISTRATOR OF VETERANS AFFAIRS,
Washington, D.C., February 25, 1970.

HON. SPIRO T. AGNEW,
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' Administration 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. When title 38, United States Code was codified, the authority of the Administrator to establish necessary offices in the Philippines through June 30, 1960, was restated in section 230(b), and this authority was extended to June 30, 1970, by Public Law 86-103.

The continued maintenance of Veterans' Administration operations in the Philippines beyond June 30, 1970, is of great importance. There are approximately 472,000 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 many thousands of 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. Subject to varying eligibility criteria and depending on the period of the veteran's military service, these veterans and their survivors are eligible for the following direct veterans' benefits: service-connected disability and death compensation, dependency and indemnity compensation, non-service-connected disability and death pension, hospital care and medical services, certain insurance benefits, War Orphans' and Widows' educational assistance, and burial benefits.

In addition to the direct benefits described above, the Veterans' Administration 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 authorized to be provided through June 30, 1973, pursuant to 38 U.S.C. 632. During fiscal year 1969, the Veterans' Administration disbursed a total of more than \$58 million in benefits in the Republic of the Philippines.

In addition, for some 12 years the Veterans' Administration Regional Office in Manila has, through an interagency agreement with the Social Security Administration, handled that agency's benefit program in the Philippines. This program is large and continues to expand. There are approximately 20,000 social security beneficiaries in the Philippines who receive payments of approximately \$12.5 million per year. Our Manila regional office assists in the filing of social security benefit applications, in securing and validating supporting claims evidence, and in handling fiduciary appointments and reports.

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 infeasible 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. It is expected, however, that such facilities will be necessary for some considerable period of time. It is believed that a 10-year extension of the authority to operate these offices is reasonable and will obviate the necessity of frequent reconsideration of the matter by the Congress.

Activities associated with the administration of veterans' benefits in foreign countries are generally handled through the facilities of the

Department of State. The veteran population in foreign countries, with one exception, is comparatively small. The exception is the Republic of the Philippines where the veteran population and workload are such that, for all practical purposes, it would be impossible for the Department of State's representatives to handle the administration of the Veterans' Administration's programs. In this regard, the Acting Secretary of State has recently advised that it continues to be the view of the Department of State that it is undesirable and infeasible to place the administration of the Veterans' Administration programs in the Philippines under the Department of State, both administrative and policy reasons militating against such a change, and that it is therefore the Department's opinion that "an office of the Veterans' Administration in the Philippines should by all means be continued." A copy of his letter is enclosed.

Our enclosed 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 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, 1970.

Advice has been received from the Bureau of the Budget that there is no objection, from the standpoint of the administration's program, to the presentation of the draft legislation to the Congress.

Sincerely,

DONALD E. JOHNSON, *Administrator.*

DEPARTMENT OF STATE,
Washington, December 8, 1969.

MR. DONALD E. JOHNSON,
Administrator of Veterans' Affairs,
The Veterans' Administration.

DEAR MR. ADMINISTRATOR: I refer to your letter of November 26, concerning the need for new legislative authority which would permit the continued operation of the Veterans' Administration office in the Republic of Philippines.

It continues to be the view of the Department of State that it is undesirable and infeasible to place the administration of the Veterans' Administration programs in the Philippines under the Department of State. Both administrative and policy reasons militate against such a change.

It is the opinion of the Department therefore that an office of the Veterans' Administration in the Philippines should by all means be continued.

With kindest regards,
Sincerely,

ELLIOT L. RICHARDSON,
Acting Secretary.

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, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets; new matter is printed in italic; existing law in which no change is proposed is shown in roman):

TITLE 38, UNITED STATES CODE

PART I. GENERAL PROVISIONS

CHAPTER 3—VETERANS' ADMINISTRATION; OFFICERS
AND EMPLOYEESSubchapter III—Veterans' Administration Regional Offices;
Employees

§ 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, 1970]** *July 3, 1974.*

