

**STATEMENT OF
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ADMINISTRATION
U.S. DEPARTMENT OF VETERANS AFFAIRS
BEFORE THE
OVERSIGHT AND INVESTIGATIONS SUBCOMMITTEE
OF THE HOUSE ARMED SERVICES COMMITTEE
June 24, 2014**

Chairman Heck, Ranking Member Tsongas, and Subcommittee Members, thank you for the opportunity to provide an update on the Department of Veterans Affairs' (VA) administration of the Filipino Veterans Equity Compensation (FVEC) fund.

Overview

To remedy what some saw as an injustice caused by the limited VA benefits available to Filipino World War II Veterans, Congress established the FVEC Fund through the enactment of The American Recovery and Reinvestment Act of 2009 (Recovery Act). The FVEC provision authorized a one-time payment of \$15,000 for qualified U.S. citizens and \$9,000 for qualified non-U.S. citizens who filed within the one-year filing deadline. To qualify for the FVEC payment, an individual must have served before July 1, 1946, in the Philippine Commonwealth Army, including recognized guerrillas, or in the New Philippine Scouts. In determining whether claimants are eligible for any VA benefit, including FVEC, VA must have verification from the U.S. military service department as to whether the claimant has qualifying service in accordance with 38 C.F.R. § 3.203.

Less than two months after the law was passed, VA established an adjudication process, payment system, accounting system, and payment delivery

system to successfully issue the first FVEC payment on April 8, 2009. VA conducted numerous successful outreach programs to inform Veterans and their families about this benefit. This outreach continued until February 16, 2010, the end of the filing period. VA's Manila RO established a dedicated team of employees who solely processed FVEC claims. The Manila RO also sent letters to all Veterans found eligible for the FVEC benefit advising them of their potential eligibility for VA disability compensation benefits. Numerous Filipino World War II Veterans have subsequently been found eligible for recurring monthly disability compensation payments.

Update on Disposition of Claims Received

The Manila RO received 42,755 claims for FVEC between February 2009 and February 2010. As of June 1, 2014, of the 42,755 claims received, the Manila RO granted 18,900 FVEC payments, totaling \$225,341,204. Currently there are 23,855 FVEC claims that have not been granted due to ineligibility. All original claims for FVEC have received a decision, but there are currently 19 reopened claims for FVEC and 31 appeals pending with VBA. Approximately 48 appeals of FVEC decisions are pending with the Board of Veterans' Appeals, and another 16 appeals are before the United States Court of Appeals for Veterans Claims. If all individuals with reopened claims or pending appeals are found to be eligible for the FVEC payment, the Manila Regional Office would pay additional funds of approximately \$1.7 million out of the FVEC fund. This assumes that all reopened and appealed claims, if granted, would be granted the maximum \$15,000. In addition, \$14.5 million has been returned to the Treasury for returned checks, which result when a Veteran dies without a surviving spouse claimant. A total of \$53.9 million remains in the FVEC appropriation.

The primary reason for denial of claims was the inability of these individuals to establish qualifying service required by section 1002(d) of the Recovery Act. The denied claimants included individuals from all walks of life,

who exercised their right to make an application to VA. They included children, grandchildren, and other family members of alleged Veterans, widows of long-deceased alleged Veterans, and thousands of duplicate claims.

In October 2012, the White House Initiative on Asian Americans and Pacific Islanders, in collaboration with the Office of Management and Budget and the Domestic Policy Council, created the Filipino Veterans Equity Compensation Fund Interagency Working Group (IWG) comprised of the Department of Veterans Affairs, the Department of Defense, and the National Archives and Record Administration to address the concerns of Filipino Veterans who believe that their claims were improperly denied, or that they did not receive a satisfactory explanation as to why their claims were denied.

The IWG's goal was to increase transparency and accelerate processing of claims within the existing framework. Some highlights of the IWG's efforts include:

- VA created a special team dedicated to FVEC appeals and obtained copies of certain Philippine Army documents from the Adjutant General of the Philippines.
- The Army developed more detailed response letters for requests for service determination that explain why an application was denied.
- NARA decreased the response time for service determination requests to 10 days or less.

Process for Verifying/Determining Service

In determining whether a claimant is eligible for a VA benefit, including FVEC, VA is legally bound under its regulations by military service department determinations as to service [38 C.F.R. § 3.203(a), (c)]. Currently, unless VA has a genuine document issued by a U.S. military service department containing needed information to establish eligibility, VA regulations, applicable to all

claimants, require that VA request verification of military service from the appropriate military service department. For claims based on Philippine Service in World War II, the U.S. Army is the relevant military service department. VA requests verification from the National Personnel Records Center (NPRC) which, since 1998, has acted as the custodian of the U.S. Army's collection of Philippine Army and guerrilla records.

This concludes my testimony, Mr. Chairman. I would be happy to address any questions you or the other Members of the Subcommittee may have.