



EXPLANATION OF FIRST PAYMENTS SEPTEMBER 11th VICTIM COMPENSATION FUND (VCF)

Under the Zadroga Act, the total amount of money for the September 11th Victim Compensation Fund (VCF) is \$2.775 billion. This amount must cover both claims and our administrative costs. Of that total, the Act makes only 31% (\$875 million) available during the VCF's first five years. Because the funding works in this way, the Act requires the VCF to break up awards for eligible claims into two payments: one pro-rated payment during the first five years, and a second payment during the sixth year when the additional money may be spent.

Thus, in the first five years, we cannot pay anyone the full amount of his or her claim. Instead, we have to make sure that everyone who is eligible gets a payment.

Consequently, for every eligible claim, we will calculate a total award – the full amount of money that we think the claimant is entitled to under the law. (For more information on those calculations, please go to www.vcf.gov.) After determining the total amount of the award, we must calculate how much should go into the first payment. This requires us to balance the Fund's interest in providing as much immediate compensation as possible to each claimant with the need to ensure that the Fund maintains enough money in reserve to continue paying claims throughout the five-year period.

This document explains how we are calculating these first payments.

Calculating Initial Payments for Years 1-5

In order to figure out the right size of the first payments, we must estimate (1) how many people will apply and be found eligible for the VCF and (2) the total value of their claims.

To do this, we looked to several pieces of information, including: the analysis prepared by the Congressional Budget Office while the Zadroga Act was being considered by Congress; disease incidence statistics provided by the National Institute of Occupational Safety and Health; the experience of the original VCF program; and information from the medical centers treating individuals with 9/11-related injuries and medical conditions. We took into account all of the 9/11-related physical injuries that are presumptively covered by the Fund, including the list of cancers added by the World Trade Center Health Program in October 2012. Due to the importance of making sure the VCF does not run out of money before everyone has received a payment, we had to make sure these estimates are conservative.

After accounting for administrative costs, we then compared the estimated total of all awards to the total amount allocated for the Fund's first five years. Based on this analysis, we currently estimate the initial percentage distribution to claimants at 10 percent. This means that for each claim, we will calculate a total award, but the first payment will be only 10 percent of the award. We realize that this number is lower than many expected, and if at any time we learn information that causes us to believe that our estimate was too low, we will change it and issue additional payments.

As a reminder, attorneys may not charge any claimant more than 10% of the payment the claimant receives as a VCF award. Thus, in a hypothetical in which the claimant's full award is \$100,000 and the first payment is \$10,000, the attorney may charge a fee up to \$1,000 at the time of the first payment. Any additional legal fees may be charged only after additional payments have been made.



We have made available on our website a detailed explanation of the factors we considered and the way these estimates were calculated. The following chart summarizes the results of that analysis.

Estimated Population	681,255
Estimated Total Number of Claims Filed	34,447
Estimated Number of Awards	26,475
Estimated Total Dollar Awards	\$8,519,026,453
WTC Captive Offset Estimate	\$579,400,035
Initial Funding	\$875,000,000
Expected 5-Year Administrative Costs	\$80,000,000
Initial Available Funding	\$795,000,000
Initial Payment Percentage	10.0%