

EVALUATION OF THE WAR VETERANS ALLOWANCE PROGRAM

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Audit and Evaluation Division



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Executive Summary

Veterans Affairs Canada's War Veterans Allowance (WVA) Program, which was initiated in 1930, provides financial support on a monthly basis to War Service Veterans, qualified civilians and their survivors to help them meet their basic needs.

The Department continues to receive an average of one application per day for the Program, however, the number of recipients of the War Veterans Allowance has steadily declined during the review period and this trend is forecasted to continue. As of March 31, 2018, the Program had 1,895 recipients (84% survivors and orphans). This represents a decrease of approximately 22% of recipients (from 2,445 to 1,895) over the fiscal year just two years prior. Similarly, program expenditures fell by the same percentage in that time period (from \$7.5M to \$6.1M). War Veterans Allowance Program expenditures represent about 0.1% of the Department's total program expenditures.

Program data revealed that 63% of applications received an unfavourable decision during the review period. A review of a random sample of applications that received an unfavourable decision found that 61% were unfavourable as a result of the applicant having an income higher than the WVA threshold. A further 30% received an unfavourable decision because the service periods of the Veteran associated with the application were ineligible.

Interviews with key informants, a review of documents and program data revealed that the Program is meeting its outcomes although there is an opportunity for greater consistency in the collection and use of performance measurement information. Application decisions are being made accurately and in a timely manner.

The evaluation findings confirm that the program continues to be relevant, effective and efficient. There are no recommendations required, however, there is an opportunity for greater consistency in the collection and use of performance measurement information to help guide program management decisions and an opportunity to share the findings with the Policy Directorate in support of future policy renewal.

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1.0 Introduction

Initially established in 1930, the War Veterans Allowance (WVA) Program, hereinafter called the "Program" delivered by Veterans Affairs Canada (VAC), provides monthly financial assistance to help low income War Service Veterans¹, qualified civilians² and their survivors meet basic needs. In addition to the monthly income support, a favourable decision provides access to other departmental benefits such as: Health Care Benefits (Treatment Benefits), Veterans Independence Program, Long-Term Care and the Assistance Fund.

1.1 Program Overview

The amount an eligible War Service Veteran or qualified civilian receives is dependent upon: their income, marital status and number of dependents. A surviving spouse/common-law partner or orphan may also qualify for financial support based on the deceased War Service Veteran/qualified civilian's war service and income level.

The monthly maximum allowance payable to eligible recipients is adjusted quarterly as set out in the *WVA Act* in accordance with increases to the Canadian Consumer Price Index³. The maximum monthly allowance payable for January 1 to March 31, 2018, is presented in the table below.

Table 1 – Income Factor by Recipient Type (January 1 – March 31, 2018)

Single Rate	Single Rate (Blind) ⁴	Married Rate	Married Rate (Blind)	Each additional dependent child	Orphan
\$1,619.61	\$1,679.74	\$2,413.64	\$2,473.57	\$256.87	\$769.73

Over the past five years, expenditures relating to the Program have decreased by 28% (from \$8.5 million in 2013-14 to \$6.1 million in 2017-18). This trend is expected to continue over the next five years with a forecasted further 31% decrease to \$4.2 million in 2022-23. As of March 31, 2018, there were 1,895 Program recipients. Of this group, 323 were Veterans and qualified civilians while 1,572 were survivors and orphans. The Program represented approximately 0.1% of total VAC program expenditures in 2017-18.

¹ World War II Veterans and Korean War Veterans are known as War Service Veterans

² An example of a civilian group who may be considered to meet the war service requirements is "a person who was a member of the Corps of (Civilian) Canadian Fire Fighters for Service in the United Kingdom and served during World War II in a theatre of actual war". (VAC Policy, Civilians - War Veterans Allowance Program)

³ The Canadian Consumer Price Index is an indicator of the change in consumer prices. It measures price change by comparing through time a fixed basket of consumer goods and services.

⁴ Individuals who are declared legally blind are entitled to a higher WVA rate, as per the WVA Act.

As of September 30th, 2018, the average age of Veterans and qualified civilians (including Near Recipients⁵) was 94 years old with 61% of recipients who are male and 39% who are female. The average age of survivors was 86 and orphans was 55.

2.0 Scope and Methodology

The Government of Canada's *Policy on Results* requires that every department conduct evaluations of all ongoing programs of grants and contributions that have a five-year average actual expenditure of \$5 million or greater per year. This evaluation was calibrated in a manner that is appropriate for the risk, complexity and materiality of the program.

The Program was last evaluated in 2014 and the conclusion, at that time, was that the Program was relevant, effective and efficient with no recommendations required. In addition, the Terms and Conditions for the Program were last renewed in 2005 and are valid until March 31, 2021. This evaluation will support the renewal of the Terms and Conditions in 2021.

The Evaluation covered the time period of April 1, 2014 to September 30, 2018.

In support of developing the scope for the evaluation, the following activities were completed:

- Preliminary interviews with key informants including staff from Head Office and Field Operations.
- A document review, including; policy/business processes/procedures, relevant legislation/regulations, internal and external reports, media articles, and the Minister's Mandate letter.
- A review and analysis of available program data including a Gender Based Analysis (GBA+) analysis of available program data.

Programs such as the Health Care Benefits Program, the Long-Term Care Program and the Veterans Independence Program, which can be obtained via a favourable decision, were excluded from the scope of this evaluation.

2.1 Multiple Lines of Evidence

The evaluation incorporated multiple lines of evidence to ensure the reliability of collected information and reported results. The lines of evidence used to evaluate the Program are shown in Table 2.

⁵ "Near Recipient" is the term used to describe a person who is a qualified Veteran or civilian who would be eligible to receive a monthly allowance under the *WVA Act*, if they were not in receipt of an Old Age Security/ Guaranteed Income Supplement payment under the *Old Age Security Act* that pushed them above the WVA income threshold.

Table 2 - List of Methodologies

Methodology*	Source
Departmental Documentation and Secondary Research Review	The following departmental documents/information were reviewed to understand the program objectives/intent, their authorities and requirements, complexity, context and any key issue areas: departmental planning documents, previous audits and evaluations, legislation, regulations, policies, business processes, strategic documents, performance reports, and the National Client Survey results.
Non-Departmental Document Reviews	Various non-departmental documents were reviewed such as: program literature from both federal and provincial government departments/agencies, Parliamentary reports, Budget Speeches, and Speeches from the Throne.
Interviews	Interviews (nine individuals) were conducted with VAC management and staff involved in the management and operations of the Program; and subject matter experts.
Statistical Analysis	Financial and operational data collected by VAC for fiscal years 2014-15 to 2017-18 was analysed, where available. Client forecasts and demographic data was also analysed.
File Review	A file review of 182 applicants, whose applications received unfavourable decisions between April 1, 2017, and September 30, 2018, was conducted to develop a profile of the reasons why the decisions were unfavourable. The random sample size was calculated using a 95% confidence level.

^{*} See Appendix A for the full evaluation matrix.

2.2 Considerations

- The Program is a long established program which has evolved over the years to accommodate the needs of War Service Veterans, qualified civilians and their survivors, however, there have been no major changes implemented during the review period.
- The most recent evaluation, published in March 2014, confirmed that the Program is relevant, effective and efficient and no recommendations were required.
- Administrative costs for the Program were less than 0.2% of all VAC program administration costs and therefore, further analysis of administrative costs was not undertaken due to the low risk and low materiality of the Program.

2.3 Limitation

• The evaluation team did not speak directly with individuals accessing the Program. Where available, the evaluation team used existing public

opinion research, interviews with key informants and other available sources such as a file review of recent applications with unfavourable decisions.

This limitation had minimal impact on the evaluation process due to the longevity of the Program, minimal recent changes, and availability of other relevant sources such as key informant interviews.

3.0 Findings – Relevance

The Program has remained relatively stable with few changes since the last evaluation published in March 2014. The Program also plays a part in supporting the Department's mandate⁶ of supporting the well-being of Veterans and their families.

3.1 Continued Need for the Program

There is a continued need for the Program

The Program continues to receive new applications each year. In 2017-18, VAC received an average of one application per day. Table 3 shows the number of applications received.

Table 3 – Applications Received by VAC

Fiscal Year	Total Applications	Favourable	Unfavourable*
2014-15	448	178 (40%)	270 (60%)
2015-16	460	147 (32%)	313 (68%)
2016-17	381	131 (34%)	250 (66%)
2017-18	365	152 (42%)	213 (58%)
2018-19**	163	60 (37%)	103 (63%)

^{*} the number of applications with unfavourable decisions will be discussed later in the report.

Despite an overall recipient population which continues to decline, the continued receipt of new applications, key informant interviews and a review of documents indicate that the Program continues to meet a need for this population of

^{**} first six months of fiscal year 2018-19.

⁶ Veterans Affairs Canada's mandate is to support the well-being of Veterans and their families, and to promote recognition and remembrance of the achievements and sacrifices of those who served in Canada in times of war, military conflict and peace.

Veterans, qualified civilians and their survivors. Recipients of the Program are provided with regular monthly income to meet basic needs. In addition, a favourable decision provides access to other important programs such as the Health Care Benefits (Treatment Benefits) Program, the Veterans Independence Program, the Long-Term Care Program and the VAC Assistance Fund.

On October 1, 2013, a change was implemented to the Program such that a Veteran's disability pension would no longer count as income in their WVA monthly payment <u>calculation</u>. The 2014 evaluation reported that because of this change, it was forecasted that the Program could receive an additional 3,000 Veterans and recipients. Actuals showed that despite a small increase in Veteran recipients from 2012-13 to 2013-14, the overall recipient number continued to decline although it was at a slower rate. Figure 1 shows recipient trends over time.

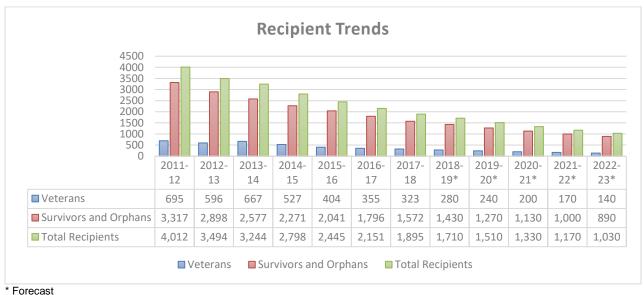


Figure 1 – Actual and Forecasted Program trends over time

3.2 Alignment with Government Priorities

The Program is aligned with Government priorities.

Budget 2016 reiterated the Government's commitment to Veterans, stating "Our veterans have dedicated their lives to the defence of their country. They deserve our gratitude, our respect and our support. We made a solemn promise that they will have it. And we will keep that promise."

More recently, the Veterans Affairs Canada Minister's mandate letter from 2017 talks about ensuring, "that Veterans receive the respect, support, care and

economic opportunities they deserve" and the Departmental Plan for 2018-19 lists "Veterans and their families are financially secure" as a core responsibility.

In addition, the most recent Departmental Plan highlights the core responsibilities of the Department which include providing benefits, services and support saying, "Everything we do under this Core Responsibility is designed to achieve the following Departmental results: Veterans are physically and mentally well; Veterans and their families are financially secure ...".

3.3 Alignment with Federal Roles and Responsibilities

The Program continues to align with Federal Roles and Responsibilities.

Delivery of the Program is aligned with federal roles and responsibilities. More specifically, VAC derives its legislative authority to deliver the Program from Section 4(a)(1) of the <u>Department of Veterans Affairs Act</u> which assigns the Minister of Veterans Affairs the powers, duties, and functions to provide for:

"...the care, treatment or re-establishment in civil life of any person who served in the Canadian Forces or merchant navy or in the naval, army or air forces or merchant navies of Her Majesty, of any person who has otherwise engaged in pursuits relating to war, and of any other person designated by the Governor in Council..."

VAC offers a number of benefits and services to meet this mandate including financial support to allow qualified recipients to receive a monthly income to meet their basic needs.

VAC's responsibility to deliver the Program is outlined further in the <u>War Veterans Allowance Act</u> and the <u>Civilian War-related Benefits Act</u> which discuss payment of allowances as well as appeals and quarterly adjustment of rates.

Potential Program Duplication and/or Overlap

The Old Age Security (OAS) pension and the Guaranteed Income Supplement (GIS) are federal government programs that are designed to provide financial support to senior Canadians. The Program does not replace either of these programs. Instead, it is designed to provide an extra source of funds, in addition to the OAS and GIS, to help qualified recipients meet basic needs.

4.0 Findings - Performance

4.1 Effectiveness and Performance Measurement

In July 2016, the *Policy on Results* was implemented, replacing the previous *Policy on Evaluation*. Under this new policy, additional emphasis was placed on monitoring and reporting of performance measurement for federal government departments, including requirements for reporting and consultation with Treasury Board Secretariat on program performance outcomes, indicators, and outputs.

Performance measurement is a key function that aides in effective program management. Performance measurement is generally described as the regular measurement of indicators and outputs established to track progress towards achieving the intended outcomes of a program. This information is used to assess the effectiveness and efficiency of programs and to inform day-to-day decision making in program management.

Currently, a Performance Information Profile⁷, is in place for the Program which outlines outcomes, outputs, accompanying indicators and targets for the Program. Appendix B shows a summary of the outcomes listed in the Performance Information Profile. The evaluation found that there is an opportunity for greater consistency in the collection and use of performance measurement information to help guide program management decisions made by the Rehabilitation, Financial Well-Being and Business Intelligence Unit.

4.2 Outcomes

The Program is meeting its ultimate outcomes:

- Veterans are physically and mentally well.
- Veterans and their families are financially secure
- Veterans are satisfied with the services they receive

The 2017 VAC National Survey⁸ identified that 92% of War Service Veterans were satisfied or very satisfied with their overall well-being. In addition, 89% indicated they were satisfied or very satisfied with their financial situation and 94% were satisfied or very satisfied with the services they receive from VAC. This is important because War Service Veterans are the target group for the

⁷ The document that identifies the performance information and anticipated outcomes for each program from the Department's program inventory. The program inventory is a list of all the Department's programs.

⁸ The National Client Survey is undertaken to gather information on client health and well-being and the extent to which programs are effective in meeting clients' needs.

Program and these numbers are well above identified targets in the Performance Information Profile.

Key informant interviews and the file review provided insight that access to other VAC programs through eligibility for the Program may actually be more important to the Veterans than the actual monthly payment itself. This includes access to Health Care Benefits (Treatment Benefits), the Veterans Independence Program, the Long-Term Care Program and the VAC Assistance Fund. Eligibility for these programs enhances the ability of the recipient to meet their basic needs.

By providing eligible recipients with access to additional income to support their basic needs and serving as a gateway to other programs and services, the Program contributes to the achievement of these ultimate outcomes. However, it is important to recognize that other health factors, regional variances in cost of living, family composition, and spending habits may also influence the ultimate outcome.

The Evaluation team was unable to fully assess the Program's intermediate outcome:

• Eligible Veterans and other clients' basic needs are met

2017 VAC National Survey results discussed above relates to War Service Veterans satisfaction with their current financial situation.

The Performance Information Profile identifies an additional performance measurement outcome for this indicator: a target of 5% or less WVA recipients below the Low Income Measure⁹(LIM). Through consultation with the Program area, the evaluation team was informed that the Department will use data collected through the 2019 VAC National Survey and conduct secondary analysis to calculate the LIM for WVA recipients. However, the measurement of this performance indicator has limitations in that the recipients are a small subpopulation of the overall War Service Veteran population. Therefore, 2019 VAC National Survey results may not be statistically significant. Moreover, the survey sample includes Veterans and survivors; data will not be collected from orphan recipients. The Program area will work with VAC Statistics and the Business Intelligence Unit to develop a more comprehensive method of measurement for this outcome indicator.

In addition, the Program area intends to review the current performance information profile for the Program and seek the necessary approvals for any identified updates.

Evaluation of the War Veterans Allowance Program

 $^{^{9}}$ Low Income Measure is a fixed percentage (50%) of median adjusted household income, where adjusted indicates that household needs are taken into account.

The Program is meeting its immediate outcome:

 Veterans and their families have timely access to War Veterans Allowance funding to meet basic needs

The performance target for this service standard is that 80% of decisions will be rendered within four weeks. Program data confirms that, on average, 83% of decisions were made within four weeks over the entire review period as outlined in Table 4.

Table 4 – Decisions Rendered within Service Standard

Year	Total Decisions	Decisions within Standard	Percentage
2014-15	448	402	90%
2015-16	460	390	85%
2016-17	381	275	72%
2017-18	365	292	80%
2018-19*	163	157	96%
Overall	1,817	1,516	83%

^{*} first six months of fiscal year 2018-19

Although, the percentage of decisions rendered dipped below the standard in 2016-17, key informant interviews identified that the training of new analysts contributed to the recent improvement. Achieving 96% of decisions rendered within the standard in the first six months of fiscal 2018-19 demonstrates the positive impact of the training of the new analysts.

4.3 Economy

Between fiscal year 2014-15 and fiscal year 2017-18, Program expenditures decreased by 28% and the number of Program recipients decreased by 32%. As of March 2018, there were 1,895 recipients and annual Program expenditures of \$6.1M compared to the expenditure forecast of \$6.4M. The average annual payment per recipient was \$3,219.

The decreasing trend is forecasted to continue for both the Program recipient base and the Program expenditures into the foreseeable future. By 2022-23, it is forecasted that there will be 1,030 recipients receiving \$4.2M.

Veterans, whose receipt of OAS/GIS places them above the income threshold for a payment, also known as Near Recipients, may also be eligible for VAC Health Care Benefits and Services. As of March 31, 2018, 4,196 Veterans who were considered a near recipient and therefore having access to important benefits and services to meet their health needs.

Resource Utilization

In 2017-18, VAC salary costs allocated to the Program activities were less than 0.2% of all VAC program administration costs. This figure is comparable to the level of Program expenditures, which is about 0.1% of total VAC Program expenditures. Further analysis of administrative costs was not undertaken due to the low risk and low materiality of the Program.

4.4 Efficiency

The 2014 evaluation of the Program found it to be stable and efficient. Key informant interviews, as well as a review of documents, indicate that few changes have occurred since the last evaluation. The Program continues to be delivered by a small, centralized team.

In addition, the improvement on decisions rendered within the service standard point to the positive effect of training of new analysts.

VAC Policy also has a longer term goal of reducing the current number of policies associated with the Program (13) down to one overarching policy to simplify direction associated with the Program.

4.5 Unfavourable Decisions

Program data, key informant interviews and a review of documents identified that there is a high rate of unfavourable decisions among applications received for the Program. A file review of a random sample of 182 applicants with unfavourable decisions between April 1, 2017, and September 30, 2018, provided additional information around the reasons behind the unfavourable decisions. Table 5 shows a detailed breakdown.

Table 5 – Random Sample of 182 Applicants with unfavourable decisions between April 1, 2017 and September 30, 2018

Reasons	Number unfavourable within sample	Percentage unfavourable within sample
Unfavourable – Service ¹⁰	54	30%
Unfavourable – Excess Income ¹¹	111	61%
Unfavourable – Other ¹²	17	9%
Total	182	100%

Through the file review, the Evaluation team found that a number of applications for the Program originated as a result of individuals seeking access to other VAC programs such as the Health Care Benefits (Treatment Benefits) Program, the Veterans Independence Program and the Long-Term Care Program.

The file review found that 30% of applications in the sample received unfavourable decisions as it was found that the Veteran associated with the application had an ineligible service period. The review also found that 61% of applications in the sample received unfavourable decisions as a result of the applicant having income above the threshold. Table 6 shows a detailed breakdown of the unfavourable decisions in the sample and their proximity to the income threshold.

Table 6 – Unfavourable Decisions – Monthly Income over the threshold

War Veterans Allowance	Total	< \$200 per month	\$201 - \$500 per month	> \$500 per month	Average per month
Veteran	72	7 (10%)*	9 (13%)	56 (78%)	\$1,117
Survivor/Orphan	39	13 (33%)	17 (44%)	9 (23%)	\$498

^{*} Percentages may not add due to rounding.

On average, Veterans, who applied for the Program and who received unfavourable decisions for income in excess of the threshold, were \$1,117 away

¹⁰ Unfavourable – Service means an application was denied because the verified service dates of the Veteran associated with the application were not within the eligible periods for the Program.

¹¹ Unfavourable – Excess Income means the application was denied because the eligible income associated with the application was above the WVA income threshold.

¹² Unfavourable – Other means the application was denied for other reasons including service information being unable to be verified and income information not being provided.

from qualifying as a near recipient. By comparison, survivors and orphans were, on average, \$498 away from qualifying for a monthly WVA payment. Further analysis reveals that 77% of the survivor and orphan group were within \$500 per month of qualifying while 33% were within \$200 per month of qualifying.

The findings of this file review can be used by the Policy Directorate in support of future policy renewal.

In addition, during the review period, only thirteen files were received by the Veterans Review and Appeal Board on appeal and of these, only five were overturned.

5.0 Key Findings and Conclusion

The Program continues to be a relevant, effective and efficient program. Key findings from the evaluation are as follows:

- Despite a declining population, the Program continues to help Veterans, qualified civilians and their survivors meet basic needs. It also provides important access to other VAC programs such as Health Care Benefits (Treatment Benefits), The Veterans Independence Program, the Long Term Care Program and the VAC Assistance Fund.
- The Program continues to be aligned with Departmental and Government of Canada priorities and responsibilities.
- Applications for the Program are being processed quickly and accurately.
- By providing eligible recipients with access to additional income to support their basic needs, the Program contributes to the achievement of the intended outcomes. However, it is important to recognize that other health factors, regional variances in cost of living, family composition, and spending habits may also influence these outcomes.

Appendix A – Evaluation Matrix

Issues / Questions		Indicators	Collection Methods	Data Sources		
Rel	Relevance					
1.	To what extent does the Program continue to address a demonstrable need, now and in the future?	Number of applicants and recipients. Number of approved and denied applicants. Forecast of population indicates future demand for the program. Number of WVA recipients accessing the assistance fund.	Interviews / Observations File Review Data Analysis Document Review	Legislation, departmental priorities/mandate letter, policies, processes, VAC National Survey, Office of the Veterans Ombudsman (OVO) reports Program documents VAC staff Veteran files Statistical and program data		
2.	To what extent does the program align with Government of Canada priorities and with federal roles and responsibilities?	The degree of alignment with Government of Canada priorities and departmental mandate commitments.	Interviews Document Review	Legislation, policies, processes, VAC National Survey, OVO reports, budget documents, mandate letter Program documents VAC staff		
Per	formance					
3.	To what extent is the program achieving its outcomes? - Immediate - Intermediate - Ultimate	Percentage of WVA decisions rendered within four weeks. Program Information Profile in place and performance data is being consistently collected and used. Process towards outcome achievement (short-term, intermediate and ultimate as per performance information profile).	Data Analysis Interviews Document Review	Statistics Directorate Program Management VAC National Survey		
4.	Are there opportunities to improve the efficiency and economy of the program?	Program expenditures Process improvements	Data Analysis Interviews Document Review	Program data VAC staff Statistics Directorate		
5.	Are there any unintended impacts (positive or negative) that have occurred?	Positive and/or negative impacts realized from the program	Interviews File Review Data Analysis	Program data VAC staff		

Appendix B – Outcomes From Performance Information Profile

War Veterans Allowance - Performance Information Profile Outcomes **Outcome Type** Indicator **Target Data Source** Ultimate - Veterans are % of Veterans who report 50% Life After Service physically and mentally their health is very good Studies (LASS) and well. monitored through or excellent the VAC National Survey Ultimate - Veterans and % of Veterans who are 70% LASS and monitored their families are satisfied with their through the VAC financially secure. financial situation National Survey Ultimate - Veterans are % of clients who are 85% LASS and monitored satisfied with the through the VAC satisfied with the quality services they receive. National Survey of service delivery they receive from Veterans Affairs Canada Intermediate - Eligible Proportion of WVA 5% Study Veterans and other recipients whose clients' basic needs are household income is met. below the Low Income Measure (LIM) Immediate - Veterans % of War Veterans 80% VAC Reporting and their families, in . Database Allowance decisions recognition of war rendered within 4 weeks service, have timely access to War Veterans Allowance funding to meet basic needs.