



Veterans Affairs
Canada

Anciens Combattants
Canada

Evaluation of the War Veterans Allowance Program

Final: March 2014

Audit and Evaluation Division

Canada 

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EXECUTIVE SUMMARY

The War Veterans Allowance (WVA) Program (“Program”), which began in 1930, provides monthly financial support to low-income war service Veterans and civilians (e.g., Overseas Welfare Workers, Auxiliary Services Personnel) or their survivors/dependents to help them meet their basic needs.

The number of Program recipients and the Program costs continue to decline due to recipient mortality. As of March 31, 2013, the Program had approximately 3,500 recipients (596¹ (17%) were Veterans, the majority were survivors), a decrease of 13% from 2012², and had a corresponding decline in Program expenditures (a decrease of 11% from 2012 to 2013). The Program represents 0.3% of total VAC program expenditures (e.g., in 2012-13, \$9.5M out of \$3.1B³).

On October 1, 2013, changes to the *War Veterans Allowance Act (WVA Act)* came into force. These resulted in expanded eligibility and increased benefits for a number of Veterans, civilians and survivors/dependents. This evaluation was conducted prior to October 2013; therefore, the evaluation does not include an assessment of impacts resulting from the legislative change.

The evaluation findings confirm that the Program is relevant, effective and efficient. There are no recommendations required.

¹ VAC Statistics Directorate. VAC Quarterly Fact Sheet. March 31, 2013.

² Ibid.

³ Veterans Affairs Canada Facts and Figures Book. September 2013 Edition.

1.0 INTRODUCTION

The Program is a VAC financial assistance program that was introduced in 1930. The objective of the Program is: *“to ensure that eligible Veterans and other clients are provided with regular monthly income to meet their basic needs.”* Eligible Program recipients are low-income Canadian and Allied Veterans of the First World War, Second World War, and the Korean War, as well as eligible civilians⁴ and their survivors/dependents.

The amount an eligible Veteran or civilian recipient may receive is dependent upon: war service, other income, marital status, number of dependents and health/age. A surviving spouse/common-law partner or orphan may also qualify for Program funding based on the deceased Veteran/civilian's war service and income level. The maximum allowance payable is set out in the *WVA Act* and is adjusted quarterly in accordance with increases to the Canadian Consumer Price Index. The maximum monthly allowance payable for January 1 to June 30, 2013, is presented in the table below.

Table 1 – Income Factor by Recipient Type (January 1 – June 30, 2013)

Single Rate	Single Rate (Blind) ⁵	Married Rate	Married Rate (Blind)	Each additional dependent child
\$1,396.78	\$1,451.43	\$2,118.42	\$2,172.88	\$233.45

The Program is low risk and stable. There has been a steady decline in recipients, mostly due to mortality (-13% from 2012 to 2013)⁶. As of March 31, 2013, the Program had a population of approximately 3,500 recipients. Of this population 596⁷ (17%) were Veterans. The majority of recipients are survivors and the demographic is largely female. As recipients decline, there is also a corresponding decline in Program expenditures (-11% from 2012 to 2013). In terms of materiality, the Program represents 0.3 % of total VAC program expenditures (e.g., in 2012-13, \$9.5M out of \$3.1B). See Appendix A for additional data on the recipient population and Program expenditures.

2.0 EVALUATION APPROACH, SCOPE, AND METHODOLOGY

This evaluation was conducted in accordance with Section 42.1 of the *Financial Administration Act* which requires that every federal department conducts a review of the relevance and effectiveness of each ongoing program of grants and contributions programs every five years. The Terms and Conditions for the Program were last renewed in 2005 and are valid until March 31, 2021.

⁴ 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)

⁵ Individuals who are declared legally blind are entitled to a higher WVA rate, as per the *WVA Act*.

⁶ VAC Statistics Directorate. VAC Quarterly Fact Sheet. March 31, 2013.

⁷ VAC Statistics Directorate. VAC Quarterly Fact Sheet. March 31, 2013.

As the Program is stable, low risk, and low complexity with high satisfaction and relatively low expenditures, an evaluation approach commensurate with the risk level was used. As such, the evaluation covered a narrower area of scope, a shortened timeline and relied on secondary data. The evaluation findings are based on a literature and documentation review, analysis of Program data, findings from previous audits and evaluations, as well as interviews with four key individuals.

The evaluation covers the period from April 1, 2009 to March 31, 2013. As such, it does not include an assessment of impacts realized from legislative changes to the *WVA Act* that came into force on October 1, 2013, and resulted in expanded eligibility and increased benefits for war service Veterans, civilians and survivors/dependents.

The previous 2008 Program evaluation concluded that the Program was both valuable and relevant and should continue. The current evaluation confirms relevance and success.

Considerations/Limitations

The evaluation has some limitations due to the scaled evaluation approach described above, which was based on a risk assessment. For example, the evaluation team did not speak directly with Program recipients, and as the timeline was short, a limited number of staff interviews were conducted. Also, the assessment of resource utilization did not include a detailed analysis of administrative costs due to the low materiality and low risk level of the Program. It is the evaluation team's opinion that these limitations had minimal impact on the evaluation process and results due to the stability of the Program and the availability of information from other relevant sources.

3.0 RELEVANCE

3.1 Continued Need for the Program

A document review and interview results indicate that the Program continues to meet a need. Although the number of Program recipients continues to decline due to a declining target population, the Program continues to be relevant to recipients because⁸:

- their dignity is maintained by eliminating, or minimizing, the need for welfare (or social assistance) in order to meet their basic needs;
- they benefit from improved long-term health and socio-economic conditions;
- they experience increased independence and self-sufficiency; and
- they benefit from an improved quality of life.

Eligibility for the Program was expanded in 2010 to include some Allied Veterans. As well, a change in the *WVA Act* as of October 1, 2013, resulted in expanded eligibility for war service Veterans, civilians, and survivors/dependents. This means that any VAC

⁸ WVA Performance Measurement Strategy. March 15, 2013.

disability pension, or foreign disability pension, for which a Veteran is in receipt, will no longer be considered as income. As a result, a number of Program recipients and near recipients⁹ are expected to receive increased payments and some individuals will gain eligibility to the Program. It is too early to confirm the impact of the change to the *WVA Act*; however, initial forecasts indicate that potentially an incremental 3,000 Veterans, civilians and survivors/dependents (in addition to the originally forecasted 3,200 recipients¹⁰) may qualify for Program benefits or increased Program benefits in fiscal year 2013-2014¹¹. The expanded reach is expected to be temporary due to the advanced age of most recipients and increasing mortality rates of war service Veterans. Program forecasting is further elaborated in Section 4.2.

3.2 Alignment with Government Priorities

The Program is aligned with the Government of Canada priorities as stated in the June 2011 Speech from the Throne, “*Our Government will continue to recognize and support all Veterans*”.

One of the expected results from the Government of Canada’s programs in the area of Economic Affairs is “*income security and employment for Canadians*.”¹² The Program aligns with this result as it provides regular monthly income to a vulnerable portion of Canadian society (i.e., low-income Veterans, civilians and survivors) to help them meet their basic needs. As such, it contributes to VAC’s first Strategic Outcome of “financial, physical and mental well-being of eligible Veterans”.

3.3 Alignment with Federal Roles and Responsibilities

The Program is aligned with Federal roles and responsibilities. Specifically it fulfills the legislative requirement as per the *Department of Veterans Affairs Act*, Section 4(a)(i), 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 ... and the care of the dependants or survivors of any person referred to ...”

Consistent with this mandate, VAC offers income support to ensure Program recipients receive monthly income to meet their basic needs.

⁹ ‘Near recipient’ is the term used to describe a person who is a qualified Veteran or civilian who would be eligible to receive an allowance payment under the *WVA Act*, if they or their spouse/common-law partner were not in receipt of a payment under the *Old Age Security Act*, or similar legislation of another country.

¹⁰ See Appendix A, Table A-2 – WVA Recipient Breakdown.

¹¹ These forecasts are estimates and are not currently included in formal departmental forecasting documents.

¹² Canada’s Performance 2010-2011 – the Year in Review.

Potential Program Duplication and/or Overlap

Although there are two other federal government programs that provide financial assistance to senior Canadians – the Old Age Security (OAS) pension and the Guaranteed Income Supplement (GIS) – the evaluation team found no evidence that these or other federal or provincial programs delivered a duplicate program. Most WVA Program recipients are in receipt of OAS and GIS funds in addition to WVA benefits because of the WVA Program recipients' age and income levels. The WVA Program is designed to provide a source of income in addition to the OAS and GIS.

4.0 PERFORMANCE (Effectiveness, Economy, and Efficiency)

4.1 Achievement of Expected Outcomes (Effectiveness)

A review of Program data, pertinent documents and interviews with key individuals indicate that the Program continues to contribute to the established Program outcomes listed in the Program Logic Model (Appendix B).

IMMEDIATE OUTCOME – ELIGIBLE VETERANS AND OTHER CLIENTS HAVE ACCESS TO INCOME TO SUPPORT BASIC NEEDS

The Program has the most influence over the immediate outcome. Interview evidence and Program data indicate that this outcome is being achieved. The Program provides eligible recipients with access to additional income to support their basic needs. The amount payable is reviewed quarterly against the Canadian Consumer Price Index and adjusted as necessary. Increases to the Program amount are consistent with increases to the OAS and GIS program¹³.

The Program measures timeliness of access through the time it takes to make first application decisions as well as review decisions. The performance target for both of these service standards is that 80% of decisions will be rendered within four weeks. These performance targets were met for the majority of the review period. In the first two fiscal quarters of 2011-12, performance on Program decisions lagged behind the target of 80%, with decisions being rendered 75% of the time within four weeks. Performance was improved in 2011-12¹⁴ by implementing a new workforce management system that allowed staff to focus more time on decisions and the Department to exceed its target. In 2012-13, 95% of first application decisions were made within four weeks; however, the percentage of review decisions completed in 2012-13 within the same service standard (four weeks) dipped to just below the target at 79%. Initial data for 2013-14 suggests that the Program will exceed the 80% performance target for first application and review decisions.

¹³ The OAS and GIS are also based on the Canadian Consumer Price Index. Income factor amounts may be adjusted from time to time, other than through regular quarterly adjustments, by amendments to the *Old Age Security Act*.

¹⁴ 2011-12 VAC Departmental Performance Report.

INTERMEDIATE OUTCOME – ELIGIBLE VETERANS AND OTHER CLIENTS ARE ABLE TO FUND BASIC NEEDS

Although the Program strongly contributes to the intermediate outcome, other factors such as recipient health, spending habits, and family composition, as well as regional variances in the cost of living, may also influence the achievement of this outcome.

As a result of the Program, eligible recipients receive financial support to help fund their basic needs. The performance target is that 80% of Program recipients indicate that they are able to meet their basic living expenses. Evidence from key interviews as well as 85% of the respondents from the 2010 National Client Survey indicates that Program recipients were able to meet their basic living expenses, exceeding the performance target of 80%.

ULTIMATE OUTCOME – ELIGIBLE VETERANS' AND OTHER CLIENTS' BASIC NEEDS ARE MET

Program theory surmises that if eligible Program recipients have access to income to support basic needs, they will use this income to fund those needs, and the financial support received will therefore contribute to their basic needs being met. Similar to the intermediate outcome, direct influence of the Program over the ultimate outcome cannot be isolated due to the same impacting factors (e.g., recipient health and family composition).

The performance target for this outcome is that 80% of Program recipients indicate that their basic needs are met. The main line of evidence used to measure the success of the ultimate outcome is the National Client Survey. In 2010 (most recent), 83% of Program survey respondents reported that their basic needs were met. Given that the National Client Survey is not administered annually, VAC has chosen an alternate source of information to measure the ultimate outcome of the WVA Program. In the future, the national Low Income Measure¹⁵ will be used as an indicator of success.

Key individuals stated that most Program payments are for relatively small amounts. The more important benefit to the WVA recipient may be the additional VAC program eligibilities that they gain¹⁶ (e.g., once eligible for the WVA Program, a Veteran may become eligible to receive support from other VAC programs such as: the Assistance Fund; the Health Care Benefits and Services (Treatment Benefits) Program; the Veterans Independence Program; and, the Long Term Care Program). Eligibility to these VAC programs supports WVA recipients in meeting their basic needs.

¹⁵ Statistics Canada describes the national Low-Income measure as: "*The Low-income measure before tax (LIM-BT) is a fixed percentage (50%) of median adjusted total income of households observed at the person level, where 'adjusted' indicates that a household's needs are taken into account. Adjustment for household sizes reflects the fact that a household's needs increase as the number of members increase, although not necessarily by the same proportion per additional member.*"

¹⁶ Survivors are not eligible to receive additional VAC program eligibilities by virtue of their WVA eligibility.

Near recipients of WVA may also be eligible for VAC's Health Care Benefits and Services. As of March 31, 2013, just over 12,000¹⁷ Veterans were considered near recipients of the WVA Program. Eligibility to these additional programs can help improve the quality of life and well-being of recipients and near recipients.

4.2 Economy

Between 2009 and 2013, Program expenditures decreased by 35% and the number of Program recipients decreased by 40%. As of March 2013, there were just fewer than 3,500 recipients with an annual Program expenditure of \$9.5M¹⁸ compared to the expenditure forecast of 9.8M¹⁹. The average monthly expenditure by Program recipient is just over \$200, for an average annual payment by recipient of under \$3,000.

As indicated in Appendix C, a decreasing trend is forecasted for both the Program recipient base and Program expenditures. Expenditures are expected to steadily decline. By 2020-21, it is expected that there will be 1,600 Program recipients with \$5.2M in annual Program expenditures.^{20 21}

At the time of the evaluation, the departmental forecasts for Program recipient uptake had not been adjusted to account for the October 1, 2013, changes to the *WVA Act* mentioned in section 3.1 of this report. Initial Program expenditure forecasting has been adjusted to account for these changes. Appendix A highlights the forecasted financial impact on the Program for the first five years after the change. It is expected that the resulting increase in Program recipients and expenditures will have an upward impact on Program expenditure and recipient forecasts for a few years and will then decline to near original forecasts due to recipient mortality.

Resource Utilization

In 2012-13, VAC salary costs allocated to the Program activities were less than 0.5% of all VAC program administration salary costs. This figure is comparable to the level of Program expenditures, which is about 0.3% of total VAC Program expenditures. Further analysis of administrative costs was not undertaken due to the low risk and low materiality of the Program.

¹⁷ VAC Statistics Directorate.

¹⁸ VAC Integrated Corporate Management Division. VAC Facts and Figures Book, June 2013.

¹⁹ VAC Statistics Directorate. VAC Client and Expenditure Forecast 2013-14.

²⁰ VAC Statistics Directorate. VAC Client and Expenditure Forecast 2013-14.

²¹ The 2020-21 forecasts do not take into account adjustments for October 1, 2013, changes to the *WVA Act*.

4.3 Efficiency

The 2008 Program evaluation found that the Program was stable and that efficiency had been improved by consolidating Program delivery. Interviews with key individuals confirmed that the Program continues to be largely efficient.

From 2009-10 to 2011-12, there were minimal changes to the Program. Since 2012-13, there have been various changes aimed at meeting recipient needs, streamlining processes and reducing red tape, including:

- WVA policies were consolidated, simplified and modernized as part of the Department's Transformation initiative. The number of policies has been dramatically reduced from 117 to 17; and
- VAC incoming mail (including Program applications, documents and correspondence) is being sent to Matane, Québec, to be electronically scanned as of January 2013. Having recipient documents entered into VAC's electronic system enables quicker and more efficient access to recipient documentation for decision/review purposes.

The recent legislative changes are expected to increase the number of Program recipients. The future trends and impacts of these changes are not fully known. It would be appropriate to consider alternative delivery methods in a future evaluation, once Program uptake from the legislative change has stabilized. Considering the evidence and the Program's life cycle, the evaluation team is of the opinion that the current delivery mechanism is the most appropriate, at this time.

No additional efficiencies were identified.

5.0 KEY FINDINGS AND CONCLUSIONS

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

- Eligibility expansion has enabled the Program to increase reach and thereby meet the basic needs of more Veterans and civilians. The expanded Program reach is expected to be temporary due to the advanced age of most recipients and increasing mortality rates of war service Veterans.
- The Program continues to be aligned with the Department and Government of Canada priorities and responsibilities.
- Program activities and outputs can reasonably be expected to contribute to the achievement of Program outcomes, although it is difficult to attribute Program activities and outputs to achieving long-term outcomes due to the influence of impacting factors such as recipient health, spending habits and family composition.

- As part of the Transformation initiative, Program improvements have been implemented to streamline processes and reduce red tape, with the objective of improving the efficiency and effectiveness of the WVA Program.

6.0 RECOMMENDATIONS, MANAGEMENT RESPONSE AND ACTION PLAN

The Program continues to be relevant, effective and efficient. There are no recommendations required.

Management Response:

Management agrees with the findings of this report.

APPENDIX A – War Veterans Allowance (WVA) Program Data

Table A-1 – WVA Expenditures (Millions \$)²²

	Actual				Forecast				
	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Veterans	1.9	1.9	1.7	1.4	1.3	1.1	1.0	0.9	0.8
Survivors	10.8	9.5	9.0	8.0	7.3	6.9	6.6	6.2	5.8
Adjustment for October 2013 WVA Act changes	--	--	--	--	3.4	6.5	5.8	5.0	4.6
Total WVA Expenditures	12.8*	11.4	10.7	9.5*	12.0	14.5	13.4	12.1	11.2

* Total is different due to rounding

Source: VAC Integrated Corporate Management Division. VAC Facts and Figures Book. September 2013.

Table A-2 – WVA Recipient Breakdown²³

	Actual				Forecast				
	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Veterans	832	787	695	596	500	500	400	400	300
Survivors	4,288	3,785	3,317	2,898	2,700	2,500	2,300	2,200	2,000
Total WVA Recipients	5,120	4,572	4,012	3,494	3,200	3,000	2,700	2,500*	2,300

* Total is different due to rounding

Source: VAC Integrated Corporate Management Division. VAC Facts and Figures Book. September 2013.

Table A-3 – Average Annual WVA Expenditure by Recipient (\$)

	Actual				Forecast		
	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Veterans	2,341	2,421	2,460	2,355	2,402	2,450	2,499
Survivors	2,515	2,521	2,719	2,592	2,644	2,697	2,751
Total Average	2,491	2,505	2,669	2,547	2,598	2,650	2,703

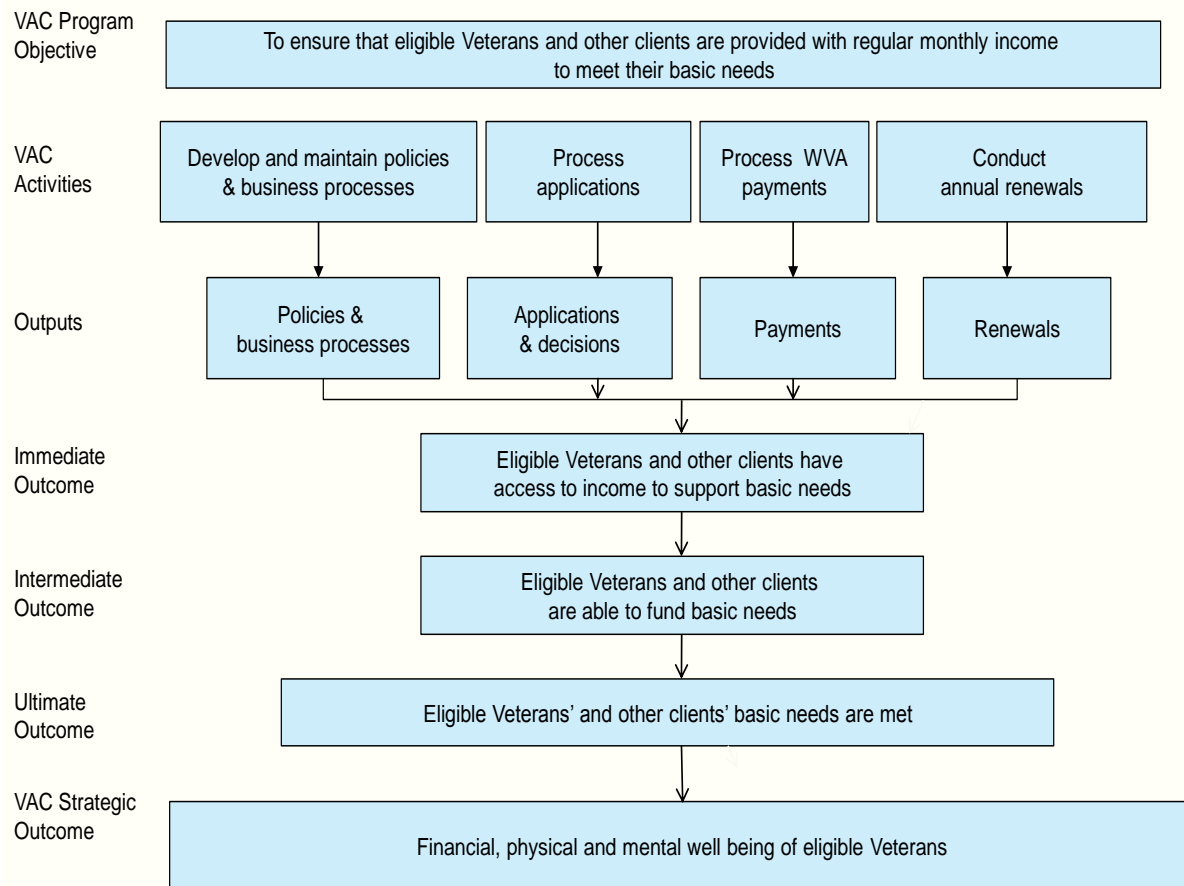
Source: VAC Statistics Directorate. VAC Client and Expenditure Forecast 2013-14. (provides both actuals and forecasts)

²² Table A-1 provides adjusted WVA expenditure forecasting for fiscal years 2013-14 through 2017-18. These expenditure forecasts are at a high level and do not reflect expenditure forecasts by recipient group (i.e., Veterans and Survivors) as there is no current forecast for Program recipient uptake.

²³ Departmental forecasting for Program recipient uptake has not yet been adjusted to account for program changes related to the recent October 1, 2013, changes to the WVA Act. Program recipient forecasting will be adjusted in 2014-15, after the first year of uptake has occurred and baseline numbers exist on which to base forecasting.

APPENDIX B – War Veterans Allowance (WVA) Program Logic Model

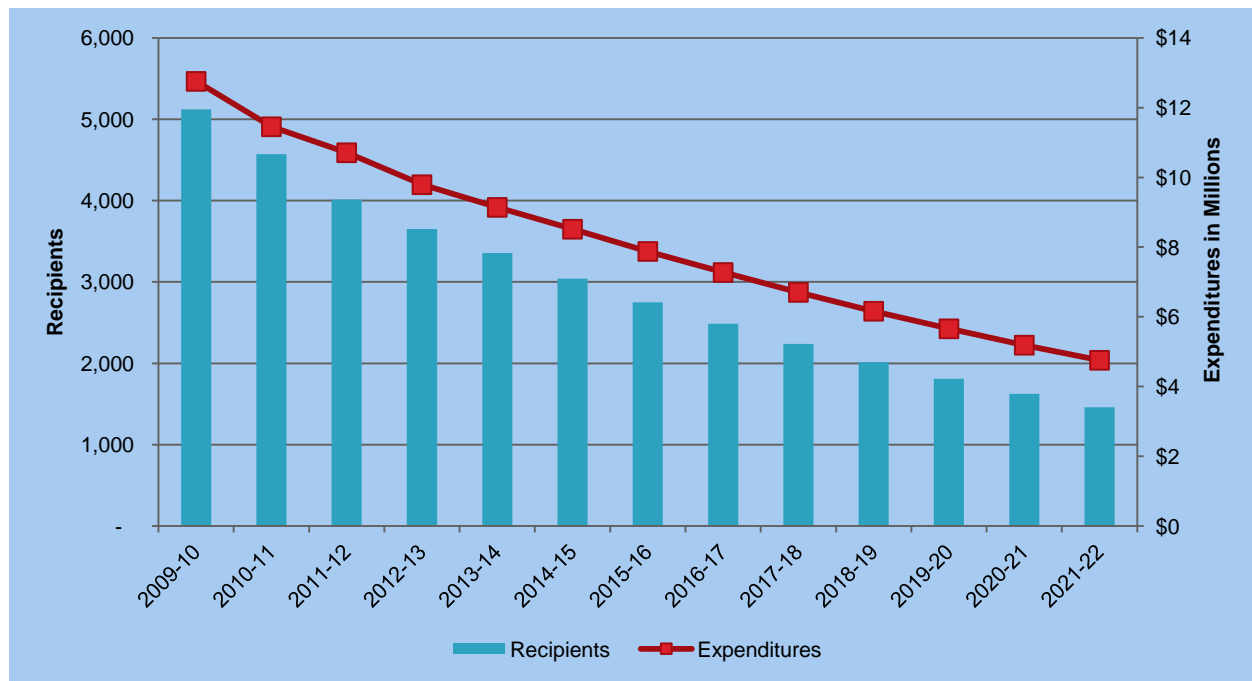
Logic Model - War Veterans Allowance Program



Source: WVA Program Performance Measurement Strategy, March 15, 2013.

APPENDIX C – Program Recipients and Actual and Forecasted Expenditures

(Not inclusive of impacts of October 1, 2013 change)



Data Source: VAC Statistics Directorate. VAC Client and Expenditure Forecast 2013-14. (provides both actuals and forecasts)