

MAIN ESTIMATES - DEPARTMENTAL BUDGET 2020-2021

- Veterans Affairs Main Estimates reflect this government's continued commitment to Veterans to restore critical access to services and improve the long-term financial security and independence of ill and injured Veterans and their families.
- Over 90% of the Department's budget represents payments to Veterans, their families and other program recipients.
- Increases to Veterans Affairs Canada's budget reflect the historic steps we have taken to ensure Canadian Veterans and their families are treated with care, compassion and respect.

BACKGROUND – MAIN ESTIMATES – DEPARTMENTAL BUDGET 2020-2021

- Veterans Affairs Canada's planned spending each year is established through the Main Estimates and Supplementary Estimates.

Main Estimates 2020-21

- Main Estimates provides a detailed listing of the resources required by Veterans Affairs Canada for the upcoming fiscal year in order to deliver its programs.
- The 2020-21 Main Estimates provide Veterans Affairs Canada funding of \$5.24 billion, which represents a net increase of \$817.7 million (or 19%) in comparison to last year's Main Estimates (2019-20).

Summary of key changes:

- \$33.7 million increase in Vote 1 (Operating) primarily related to adjustments in:
 - Regular Operating – **\$30.9M decrease** due to the conclusion of temporary funding in 2019-20 for both Service Excellence and the implementation of Pension for Life;
 - Other Health Purchased Services – \$67.8M increase, due to increased demand for health services for clients;
 - Veterans Support Services – \$3.6M increase, due to increased demand for rehabilitation and support services for clients;
 - Advertising initiatives – **\$2.2M decrease**, as funding concludes after fiscal year 2019-20;
 - Budget 2017 Outreach Strategy – **\$3.5M decrease** (2020-21 is the final year for the fund); and
 - Ste. Anne's Hospital – **\$1.3M decrease**, due to a decrease in funding requirements.
- \$864 million increase in Vote 5 (Grants and Contributions) primarily related to adjustments in:
 - Disability Pensions (\$86M increase) – Temporary funding received to correct the indexation of disability pension, which is offset by a decrease due to a decline in the number of War Service Veterans and Survivors.
 - Due to the transition of Pension for Life suite of programs, the following programs are being adjusted:
 - Increases due to PFL Implementation**
 - Pain and Suffering Compensation - \$616M Increase
 - Income Replacement Benefit - \$240M Increase
 - Additional Pain and Suffering Compensation - \$54M Increase (Replaces Career Impact Allowance)
 - Decreases due to sun-setting Veterans Well-being Programs**
 - Disability Awards - **\$104M decrease** (Phasing out the Disability Award program as a result of the new Pain and Suffering Compensation

- Supplementary Retirement Benefit Payout - **\$53M decrease** (Phasing out the Supplementary Requirement Benefit program as a result of the new Income Replacement Benefit)
- \$4M decrease in Statutory items primary related to adjustments in:
 - Employee Benefit Plan Contributions – Decreasing salary due to the conclusion of temporary funding for both Service Excellence and the implementation of Pension for Life, as well as Employee Benefit Plan adjustments each year.
- Normally, full supply of the Main Estimates is provided in June; however, this year, as a result of COVID, the process was modified to provide 9/12ths of supply by June and the rest will be provided in December.

Details on Grants and Contribution (Vote 5) changes

- **Increases:**
 - **Pension for Life Programs:**
 - **Income Replacement Benefit (\$240M),**
 - **Pain and Suffering Compensation (\$616M), and**
 - **Additional Pain and Suffering Compensation (\$54M)**
 - Increased demand for PFL programs are due to increased uptake in PFL related programs as the public are becoming more aware and educated in PFL offerings.
 - Increases for Pain and Suffering Compensation are also due to an increase in Veterans choosing lump sum payments over monthly payments. The original forecast (*redacted*) included the assumption that 43% of Veterans would choose lump sum and 57% would choose monthly. This forecasted ratio has been updated to 70% of Veterans choosing lump sum payments and 30% choosing monthly payments for 2020-21.
 - **Disability Pensions (\$86M)**
 - The overall increase is due to temporary funding for escalation calculation error (\$93.9M), which is offset by a decrease in disability pensions due to the decline in the number of War Service Veterans and Survivors.
 - **Research Programs:**
 - **Research Funding Program Contribution (\$4.8M),**
 - **Research Funding Program Grant (\$2M), and**
 - **Centre of Excellence for PTSD and related mental health conditions (\$4.8M)**
 - **Caregiver Recognition Benefit (\$6.4M)**

- Increased demand from eligible clients
- **Veterans Independence Program (\$5.9M)**
 - This increase can be attributed to an increase in demand for Personal Care usage and average costs among War Service Veterans
- **Decreases:**
 - **Disability Awards (-\$104M)**
 - On April 1, 2019, the Disability Award program was replaced by the Pain and Suffering (PSC) program as part of the Pension for Life suite of benefits. As a result, the forecast for DA in 2020-2021 includes only payments for awards that were approved prior to April 1 but not yet paid before the implementation of PSC (2019-2020 only) and pre-April 1 periodic payment contracts (2019-2020 and 2020-2021).
 - **Supplementary Retirement Benefit Payout (-\$53M)**
 - On April 1, 2019, SRB was consolidated as part of the new Pension for Life regime into the Income Replacement Benefit along with Earnings Loss Benefit (ELB), Career Impact Allowance Supplement(CIA/S), and the Retirement Income Security Benefit (RISB). Any client in receipt of ELB and who had a favorable DEC decision will receive an SRB cash out equal to 2% of their lifetime gross ELB earnings. With an increase in DEC clients in 2018-2019, more clients will receive the SRB cash out than previously forecast. It is projected that approximately 200 clients will receive a SRB payout in 2020-2021 at a total cost of \$1.1M. These payments are for Veterans who have passed away and the SRB cash out will be paid to the Veteran's estate.