

LAPSED FUNDING

- Veterans' benefits and services are demand-driven; so our funding model guarantees that funds authorized specifically for these benefits and services are always available to our Veterans, no matter how many Veterans come forward and when.
- Our priority is to help Veterans. Over 90% of the department's budget funds Veterans' programs, benefits and services, \$5.0 billion last year alone.
- Between 2015-2016 and 2022-2023, Veterans Affairs Canada experienced a 61% increase in the number of applications received for disability benefits.
- To keep up with the rise in demand and ensure that Veterans get services and benefits when they need them, our government has invested \$11 billion for Veterans since 2016.

WHEN PRESSED:

Q1 - What is the amount of the lapsed funding from last year (22/23)?

Lapsed funding for 2022-23 was \$272M

- \$150M - Pension for Life Programs where production did not meet projections
- \$26M – Disability Pension and Awards Programs
- \$81M – normal amounts of unspent funds in 20 Quasi Stat programs
- \$13M – Operating Budget Carry Forward
- \$2M – Normal amounts of unspent funds in 11 non-Quasi Stat programs

Q2 – What is the amount of the lapsed funding from fiscal year 21/22?

Lapsed funding for 2021-22 was \$921M

- \$611M - Pension for Life Programs where production did not meet projections
- \$48M – Disability Pension and Awards Programs
- \$245M – normal amounts of unspent funds in 20 Quasi Stat programs
- \$17M – Operating Budget Carry Forward

Lapsed Funding

Source: Chief Financial Officer Corporate Services Date: 2024/11/22

BACKGROUND

On 5 November 2018, the following motion by MP Gord Johns (Courtenay – Alberni) was discussed for Opposition Day:

“That, in the opinion of the House, the government should automatically carry forward all annual lapsed spending at the Department of Veterans Affairs to the next fiscal year, for the sole purpose of improving services for Canadian veterans, until the Department meets or exceeds its 24 self-identified service standards.”

Veterans Affairs Canada supported this motion and the rationale was as follows:

This motion alone would have minimal impact on back logged applications.

The Government already does this for quasi-statutory programming. Money returned to the consolidated revenue fund (lapsed) for quasi-statutory programming is accessible the next year to fund Veterans programming based on demand. This is how “quasi-statutory” program authority works. Veteran programs/services are funded based on need regardless of when the Veterans come forward to receive the benefit.

Additional Information:

Lapsed Funding 2022-23 is \$272M – approximately \$260M (95%) are program funds and the remaining (5%) are operational funds

- 95% of the 2022-23 lapsed or unspent funds are a quasi-statutory expenditure authority approved by Parliament to cover the costs of Veterans benefits and services.
- The Department has no authority to spend these funds for any other purpose thereby safeguarding these funds and ensuring they are available whenever a client comes forward and is deemed eligible.
- The remaining 5% of the 2022-23 unspent funds were approved by Parliament to cover our Departmental operating costs and these unspent funds were made available in fiscal year 2023-24 through standard funding mechanisms available to Departments.
- Therefore 100% of the \$272M unspent funds are still available to spend when needed.

Lapsed Funding

Source: Chief Financial Officer Corporate Services Date: 2024/11/22

Lapsed Funding - 2021-22 (\$921M – approximately \$907M (98%) are program funds and the remaining (2%) are operational funds)

- 98% of the 2021-22 lapsed or unspent funds are a quasi-statutory expenditure authority approved by Parliament to cover the costs of Veterans benefits and services.
- The Department has no authority to spend these funds for any other purpose thereby safeguarding these funds and ensuring they are available whenever a client comes forward and is deemed eligible.
- The remaining 2% of the 2021-22 unspent funds were approved by Parliament to cover our Departmental operating costs and these unspent funds were made available in fiscal year 2022-23 through standard funding mechanisms available to Departments.
- Therefore 100% of the \$921M unspent funds are still available to spend when needed.

The following Order Paper Question appeared on the Notice Paper December 5, 2023. VAC's response tabled on January 29, 2024.

Q-2051 — December 4, 2023 — Ms. Blaney (North Island-Powell River) — With regard to Veterans Affairs Canada: what was the amount and percentage of all lapsed spending in the department, broken down by fiscal year since 2012-13 to present?

Response:

Veterans Affairs Canada's benefits are demand-driven and are non-discretionary, meaning that, irrespective of how many Veterans come forward, when eligible, they will receive their benefits. Each year, Veterans Affairs Canada estimates how many Veterans will come forward and receive program benefits, and how much funding will be required to meet that forecasted demand. Veterans Affairs Canada's forecasting models ensure that there is sufficient funding for all eligible Veterans, whether ten or 10,000 Veterans come forward.

Lapsed funding can result if fewer Veterans than forecasted use Veterans Affairs Canada's programs, or if there is less benefit uptake in a certain fiscal year. Any unspent funds are not lost. Rather, funding is made available the following year upon request and based on an updated forecast.

Veterans Affairs Canada's priority is to help Veterans. That is why over 90% of Veterans Affairs Canada's budget flows directly towards Veterans' programs, benefits and services.

Lapsed Funding

Source: Chief Financial Officer Corporate Services Date: 2024/11/22

Fiscal Year	Allotments	Expenditures	Lapsed spending - Amount	Lapsed Spending - percentage
2012-2013	\$3,659,159,363	\$3,486,228,105	\$172,931,258	4.73%
2013-2014	\$3,679,977,419	\$3,513,572,889	\$166,404,530	4.52%
2014-2015	\$3,605,440,517	\$3,376,879,954	\$228,560,563	6.34%
2015-2016	\$3,675,963,783	\$3,595,034,204	\$80,929,579	2.20%
2016-2017	\$3,914,430,576	\$3,770,808,741	\$143,621,835	3.67%
2017-2018	\$4,922,536,867	\$4,773,891,080	\$148,645,787	3.02%
2018-2019	\$4,795,897,822	\$4,690,462,953	\$105,434,869	2.20%
2019-2020	\$5,288,765,735	\$4,832,374,356	\$456,391,379	8.63%
2020-2021	\$5,471,167,584	\$4,836,633,504	\$634,534,080	11.60%
2021-2022	\$6,327,387,481	\$5,406,391,796	\$920,995,685	14.56%
2022-2023	\$5,693,979,309	\$5,422,344,598	\$271,634,711	4.77%

Lapsed Funding

Source: Chief Financial Officer Corporate Services Date: 2024/11/22