

Cost Estimate of Election Campaign Proposal

Publication date:	2019-10-11	
Short title:	Retaining Medically-Releasing CAF Members Until All Veterans Benefits Are In-Place	
Description:	<p>This policy would mandate that the Canadian Armed Forces must retain all medically-releasing members until all benefits and services from the Canadian Armed Forces, Veterans Affairs Canada and the Service Income Security Insurance Plan have been confirmed and put in place.</p> <p>This policy interacts with the <i>Clearing the Backlog of Veterans' Benefit Applications</i> proposal. Contingent on the backlog of veterans' benefit applications being cleared, this policy would come into effect in the 2022-2023 fiscal year.</p>	
Operating line(s):	Operating and capital expenses	
Data sources:	<u>Variable</u>	<u>Source</u>
	Number of medically-releasing Canadian Armed Forces (CAF) members per year	Annual Report on Regular Force Attrition, 2015-2016, Department of National Defence
	Proportion of complex transition cases for medically-releasing CAF members	Continuum of Transition Services, Report of the Standing Committee on Veterans Affairs, 41 st Parliament, Second Session, 2015; Transitioning Successfully: A Qualitative Study, Veterans Ombudsman Report, 2017
	CAF salaries and Employee Benefit Program (EBP) calculations	Treasury Board of Canada Secretariat, Government of Canada
	Consumer Price Index (CPI)	PBO EPC Baseline
Estimation and projection method:	<p>This estimate accounts for increased costs as a result of retaining medically-releasing CAF members on payroll until all applicable benefits are in place. In addition to assuming the existing backlog of veterans' benefits applications is cleared, it is assumed that Department of National Defence (DND) and Veterans Affairs Canada (VAC) initiatives aimed at streamlining the transition process have been fully implemented by the start of the 2022-2023 fiscal year.</p> <p>This estimate assumes a steady-state baseline of 1,500 medically-releasing CAF members per year. A small proportion of these cases are assumed to be complex, requiring a greater length of time to resolve. These cases are assumed to experience a delay during which time the affected CAF members would be retained on payroll at DND's expense; the assumed delay is 16</p>	

weeks, which is based on DND and VAC's service standard for processing case assessments.

The total cost is calculated by applying the average CAF salary and Employee Benefits adjustment to the additional wait time and number of affected members. The estimate also accounts for CAF wage growth by assuming salaries increase in line with growth in CPI.

Uncertainty
assessment:

The cost estimate has high uncertainty. As directed by the requestor, PBO appealed to publicly-available reports and information sources and did not request details on actual case counts and wait times for medically-releasing CAF personnel seeking benefits prior to or following release. Lacking actual data, this estimate relies strongly on assumptions made regarding the count of complex cases and the average expected delay for these cases.

Finally, this estimate is conditional on the successful implementation of the *Clearing the Backlog of Veterans' Benefit Applications* proposal and separately assumes that current initiatives within DND and VAC aimed at increasing the efficiency of the transition and case management process would be fully implemented. The uncertainty regarding the capacity of both departments to execute these initiatives on time increases the uncertainty of this estimate.

Cost of proposed measure

\$ millions	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028	2028-2029
Total cost	-	-	-	7	7	8	8	8	8	8

Supplementary information

Description	Operating line	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028	2028-2029
Cost of related proposal: <i>Clearing the Backlog of Veterans' Benefit Applications</i>	Operating and capital expenses	-	25	26	-	-	-	-	-	-	-

Notes:

Estimates are presented on an accruals basis as would appear in the budget and public accounts.

Positive numbers subtract from the budgetary balance, negative numbers contribute to the budget balance.

"-" = PBO does not expect a financial cost