

SUPPORTING STATEMENT FOR VA FORM 5655
FINANCIAL STATUS REPORT
(2900-0165)

Justification:

1. VA Form 5655, Financial Status Report, is used to determine eligibility for waiver of collection, for the acceptance of a compromise offer or for a payment plan. VA collects debts as authorized in 31 USC 3711 and 3716 – 3718, 38 USC 5314 and 5316 and 5 USC 5514. Information collected on VA Form 5655 is required for evaluating waiver request under 38 USC 5302 and 38 CFR 1.965. The same information is also required to consider installment payments (38 CFR 1.917), compromise (38 CFR 1.931), suspension of collection (38 CFR 1.941) or termination of collection (38 CFR 1.942). VA may provide VA Form 5655 to individuals subject to offset of VA payments other than salary and monthly VA benefits under 38 CFR 1.912, and to employees subject to offset of salary under either 38 CFR 1.982 (salary offset for debts involving VA benefits) or 38 CFR 1.983 (salary offset for debts not involving VA benefits).
2. Blank VA Forms 5655 are attached to first collection letters sent to debtors owing VA benefit debts. Submission of the completed form is voluntary on the part of the debtor unless he or she requests waiver of collection, makes a compromise offer, wishes to make installment payments or establish his or her inability to pay the debt under any circumstances. Federal employees subject to salary offset may use Form 5655 to support their contention that the proposed offset schedule would create extreme hardship. The information obtained with the form enables VA Debt Management Center, VA regional offices, Federal Salary Offset hearing officers at other agencies and other deciding committees and boards to determine the financial status of debtors exercising their rights under the statutes and regulations listed above. In most cases, the information on the form is in sufficient detail to allow a determination without the necessity of resorting to commercial credit reports or field examinations, unless they are absolutely necessary to supplement or validate information of record or to prevent dissipation of assets.
3. VA Form 5655 is available for download from Debt Management Center's Web site, <http://www1.va.gov/debtman/>, in portable document format. One version of the form is fillable on the Web site. The document must be printed and both the debtor and his/her spouse must sign and date it. To ensure security, privacy and program integrity, the document must be submitted by mail or fax. We are reviewing the method used by the Veterans Benefits Administration to accept benefit claims electronically from their VONAPP (Veterans On-line APplication) Web site. If this

- appears technically and legally feasible, we will consider cost and time factors to determine if adopting a similar Web protocol would be practical.
4. We know of no area of duplication in the collection of this information. The information is specific to an individual and is an opportunity for the debtor to provide current financial information.
 5. The collection of this information does not involve small businesses or entities.
 6. Collection of the information solicited on VA Form 5655 by other means and involuntarily would be expensive, time consuming and, necessarily, intrusive. Consumer reports do not offer the reliability and scope of information as that provided by debtors, themselves.
 7. There are no special circumstances that require the collection to be conducted in a manner inconsistent with the guidelines in 5 CFR 1320.6.
 8. The Department notice was published at 74 FR 10809 (March 12, 2009). Specific consultations outside the Department were not made since the parties involved are completing the form satisfactorily.
 9. A decision to provide any payment or gift to respondents does not apply.
 10. VA Form 5655, Financial Status Report, is maintained in the veteran's claims folder and may be stored in electronic format at the Debt Management Center. Confidentiality of the information entered on the form is governed by VA system of records 58VA21/22, Compensation, Pension, Education and Rehabilitation Records-VA, and 88VA244, Accounts Receivable Records-VA, both published in the Privacy Act Issuances, 2001 Compilation.
 11. None of the questions on the form are considered to be of a sensitive nature.
 12. Debt Management Center anticipates 53,666 individuals will complete VA Form 5655, annually. This number is projected based upon first-demand letters dispatched in the first four months of the current fiscal year, the Center's experience of 25 percent of mail returned by the Postal Service and the likelihood of 35 percent of first-demand letter recipients returning a completed VA Form 5655 to request waiver, offer compromise or apply for a payment plan. The estimated annual burden for the collection of the information is 53,666 hours.
 13. The annual cost to the public is \$804,990, calculated as follows:

- a. The cost of completing 53,666 forms is \$804,990 based on 60 minutes completion time at 15.00 per hour.
 - b. The cost of inserting and mailing 204,576 forms is \$85,922 based on a cost of \$0.42 for each form mailed. The costs of the envelope and the insertion operation are traditionally quoted as a bundle.
14. Estimated annualized costs to the Federal Government: \$85,922 as calculated, above.
15. Debt Management Center continues to experience a surge in compensation and pension debts. We believe this increase is attributable to the effectiveness of the three pension centers in the Veterans Benefits Administration as well as the increased level of full-time employees working in veterans service centers. Accordingly, we have adjusted the expected level of waiver requests, offers of compromise and applications for payment plans proportionately with the recent increase of newly established debt.
16. The information to be collected is not for publication.
17. The collection instrument, VA Form 5655, may be reproduced and/or stocked by the respondents and veterans service organizations. This VA form does not display an expiration date. If required to display an expiration date, unnecessary waste of existing stock would occur. These forms are submitted to OMB for approval every three years. As such, an expiration date requirement would also result in an unnecessary burden on the respondents and would delay Department action on the benefit being sought or right being exercised. VA also seeks to minimize the costs to itself for collecting, processing and using the information disclosed. For the reasons stated, VA continues its request for an exemption to the requirement to display an expiration date on VA Form 5655.
18. This submission does not contain any exceptions to the certification statement.