

**SUBCHAPTER E—GENERAL CONTRACTING REQUIREMENTS
PART 831—CONTRACT COST PRINCIPLES AND PROCEDURES**

Subpart 831.70 – Contract Cost Principles and Procedures

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AUTHORITY: 38 U.S.C. 501; 40 U.S.C. 121(c); and 48 CFR 1.301-1.304.

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SUBPART 831.70 – CONTRACT COST PRINCIPLES AND PROCEDURES**831.7000 Scope of subpart.**

This subpart contains general cost principles and procedures for the determination and allowance of costs in connection with the negotiation and administration of cost reimbursement type contracts for providing vocational rehabilitation, education, and training to eligible veterans under 38 U.S.C. Chapter 31, (referred to as a “Chapter 31 program”).

831.7001 Allowable costs under cost reimbursement vocational rehabilitation and education contracts or agreements.**831.7001-1 Tuition.**

(a) Except as provided in this section, when the contractor has a customary cost of tuition, the charge to VA may not exceed that charged to similarly circumstanced nonveteran students. If the contractor has more than one standard charge for the same service, the charge to VA must be the lowest price that is offered or published for the entire course, semester, quarter, or term.

(b) VA will not normally pay tuition or incidental fees to institutions or establishments furnishing apprentice or other on-the-job training. VA may elect to pay charges or expenses that fall into either of the following categories:

(1) Charges customarily made by a nonprofit workshop or similar establishment for providing work adjustment training to similarly circumstanced nonveterans even if the trainee receives an incentive wage as part of the training.

(2) Training expenses incurred by an employer who provides on-the-job training following rehabilitation to the point of employability when VA determines that the additional training is necessary.

(c) When Federal funds pay the total cost of instruction, or grants from the Federal Government pay a portion of the cost (e.g., Smith-Hughes or other laws, excluding Federal Land Grant Funds), that subsidy will be taken into consideration in determining the charge to VA. The term “Federal Land Grant Funds” refers to those funds received under the Morrill-Nelson Act (Morrill Acts of 1862 and 1890 and the Nelson amendment of 1907) and section 22 of the Bankhead-Jones Act of 1935.

(d) A veteran who is participating in a Chapter 31 program and receives an award of a fellowship, scholarship, grant-in-aid, assistantship, or similar award will have that award treated according to the following requirements:

(1) If the award limits its use to payment of tuition, fees, or any charge that VA normally pays as part of a Chapter 31 program, VA will pay the portion of the charges remaining after applying the award.

(2) In all other cases, VA will pay the full amount of the tuition, fees, or other charges.

(e) If a State or other Government authority waives a veteran's tuition and fees, VA will reduce its payment of those charges by the amount of the waiver.

(f) VA will pay enrollment fees for registration if both of the following conditions exist:

(1) The institution or training establishment usually makes this charge.

(2) The charge is not more than other students or trainees pay.

831.7001-2 Special services or courses.

Special services or courses are those services or courses that VA requests that are over and above those the institution customarily provides for similarly circumstanced nonveterans and that the contracting officer considers to be necessary for the rehabilitation of the trainee. VA will negotiate the costs of special services or courses before paying them.

831.7001-3 Books, supplies, and equipment required to be personally owned.

(a) Reimbursement for supplies (including books, equipment, or other supplies) will be made as provided in this section.

(b) VA will provide reimbursement for those supplies that all students taking the same course or courses are customarily required to own personally. In addition, VA may provide reimbursement for items that the school does not specifically require for pursuit of the course, but that VA determines are needed because of the demands of the course, general possession by other students, and the disadvantage imposed on a veteran by not having the item. In no instance will VA provide reimbursement for supplies in a greater variety, quality, or amount than required of nonveteran students. In this instance, an item is not considered to be required if it is "requested" or "desirable to have" or "necessary for a future profession or job but not required by the institution of all students in the course".

(c) When supplies are available in several prices, grades, or qualities, VA will provide reimbursement only for that quality or grade that will meet the requirements.

(d) Partial payment agreements, in which VA shares payment with the veterans, are not allowed.

(e) The institution's costs in connection with a veteran's thesis are considered supplies and are therefore authorized for reimbursement if the veteran's committee chairman, major professor, department head, or appropriate dean certifies that the thesis is a course requirement and the expenses are required to complete the thesis. These expenses may include research expenses, typing, printing, microfilming, or otherwise reproducing the required number of copies.

(f) When the institution operates a bookstore or supply store for all students, reimbursement to the bookstore or supply store for supplies issued to trainees will be no greater than charges made to nonveteran students.

(g) When the institution, training establishment, or employer arranges for stores or other non-institutionally owned establishments to issue supplies to all students and a veteran is to pay the store or establishment for supplies issued to trainees, VA will provide reimbursement for those charges if they are no greater than those nonveterans pay or paid to the institutions, whichever is the lesser.

(h) Supplies that the institution purchases specifically for trainees will be reimbursed at the net cost to the institution.

(i) When the institution does not provide or arrange for issuance of generally required books, tools and supplies for students attending the facility, the institution, in cooperation with VA, may designate certain stores and establishments to provide generally required books, tools and supplies for veterans pursuing a vocational rehabilitation program. The vendor will be reimbursed in the same manner as for supplies provided or arranged for by the institutions.

(j) When it is customary in a survey class to permit each student to rent books for the subject (commonly referred to as a rental set), and the student is not required to own the books/materials, reimbursement is authorized for the rental charge as long as it does not exceed the charge made to nonveteran students.

(k) Educational and training institutions that furnish supplies to trainees that all students pursuing the same or similar course are required to own personally or obtain may be compensated for furnishing the supplies in an amount not

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exceeding 10 percent of the allowable charge for the supplies furnished or rented subject to the following conditions:

(1) When the tuition covers the charges for supplies or rentals or a stipulated fee is assessed to all students, handling charges are not allowable.

(2) The handling charge is not allowable for Government-owned books that the institution procures from the Library of Congress.

831.7001-4 Medical services and hospital care.

(a) VA may pay the customary student health fee when payment of the fee is required for similarly circumstanced nonveterans. If payment of the fee is not required for similarly circumstanced nonveterans, payment may be made if it is determined by the Veterans Health Administration that payment is in the best interest of the veteran and the Government.

(b) When the customary student's health fee does not cover medical services or hospital care, but these medical services are available in a school-operated facility or with doctors and hospitals in the immediate area through a prior arrangement, the Veterans Benefits Administration may provide reimbursement for these services in a contract for the services if:

(1) An arrangement is necessary to provide timely medical services for veterans attending the facility under provisions of Chapter 31; and

(2) The general rates established for medical services do not exceed the rates established by the Under Secretary for Health.

(c) VA may reimburse a rehabilitation facility for incidental medical services provided during a veteran's program at the facility.

831.7001-6 Consumable instructional supplies.

(a) VA will provide reimbursement for consumable instructional supplies that the institution requires for the instruction of all students, veteran or nonveteran, pursuing the same or comparable course or courses when:

(1) The supplies are entirely consumed in the fabrication of a required project; or

(2) The supplies are not consumed but are of such a nature that they cannot be salvaged from the end product for reuse by disassembling or dismantling the end product.

(b) VA will not provide reimbursement for consumable instructional supplies if any of the following apply:

- (1) The supplies can be salvaged for reuse.
- (2) The supplies are used in a project that the student has elected as an alternate class project to produce an end product of greater value than that normally required to learn the skills of the occupation, and the end product will become the veteran's property upon completion.
- (3) The supplies are used in a project that the institution has selected to provide the student with a more elaborate end product than is required to provide adequate instruction as an inducement to the veteran to elect a particular course of study.
- (4) The sale value of the end product is equal to or greater than the cost of supplies plus assembly, and the supplies have not been reasonably used so that the supplies are not readily salvaged from the end product to be reused for instructional purposes.
- (5) The end product is of permanent value and retained by the institution.
- (6) A third party loans the articles or equipment for repair or improvement and the third party would otherwise pay a commercial price for the repair or improvement.
- (7) The number of projects resulting in end products exceeds the number normally required to teach the recognized job operations and processes of the occupation stipulated in the approved course of study.
- (8) The cost of supplies is included in the charge for tuition or as a fee designated for such purpose.

831.7001-7 Reimbursement for other supplies and services.

VA will provide reimbursement for other services and assistance that may be authorized under provisions of applicable Chapter 31 regulations, including, but not limited to, employment and self-employment services, initial and extended evaluation services, and independent living services.

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