

§ 3674. Reimbursement of expenses

(a)(1) Subject to paragraphs (2) through (4) of this subsection, the Secretary is authorized to enter into contracts or agreements with State and local agencies to pay such State and local agencies for reasonable and necessary expenses of salary and travel incurred by employees of such agencies and an allowance for administrative expenses in accordance with the formula contained in subsection (b) of this section in (A) rendering necessary services in ascertaining the qualifications of educational institutions for furnishing courses of education to eligible persons or veterans under this chapter and chapters 30 through 35 of this title and chapter 106 of title 10, and in the supervision of such educational institutions, and (B) furnishing, at the request of the Secretary, any other services in connection with such chapters. Each such contract or agreement shall be conditioned upon compliance with the standards and provisions of such chapters. The Secretary may also reimburse such agencies for work performed by their subcontractors where such work has a direct relationship to the requirements of such chapters, and has had the prior approval of the Secretary.

(2)(A) The Secretary shall make payments to State and local agencies, out of amounts in the Department of Veterans Affairs readjustment benefits account and amounts appropriated to the Secretary, for the reasonable and necessary expenses of salary and travel incurred by employees of such agencies in carrying out contracts or agreements entered into under this section, for expenses approved by the Secretary that are incurred in carrying out activities described in section 3674A(a)(3) of this title (except for administrative overhead expenses allocated to such activities), and for the allowance for administrative expenses described in subsection (b).

(B) The Secretary shall make such a payment to an agency within a reasonable time after the agency has submitted a report pursuant to paragraph (3) of this subsection.

(C) Subject to paragraph (4) of this subsection, the amount of any such payment made to an agency for any period shall be equal to the amount of the reasonable and necessary expenses of salary and travel certified by such agency for such period in accordance with paragraph (3) of this subsection plus the allowance for administrative expenses described in subsection (b) and the amount of expenses approved by the Secretary that are incurred in carrying out activities described in section 3674A(a)(3) of this title for such period (except for administrative overhead expenses allocated to such activities).

(3) Each State and local agency with which a contract or agreement is entered into under this section shall submit to the Secretary on a monthly or quarterly basis, as determined by the agency, a report containing a certification of the reasonable and necessary expenses incurred for salary and travel by such agency under such contract or agreement for the period covered by the report. The report shall be submitted in the form and manner required by the Secretary.

(4) In addition to amounts made available under paragraph (5), there is authorized to be appropriated to carry out this section \$3,000,000 for fiscal year 2019 and each subsequent fiscal year.

(5)(A) The total amount made available under this section for fiscal year 2018 shall be \$21,000,000 and for fiscal year 2019 and thereafter shall be \$23,000,000.

(B) Beginning in fiscal year 2019, whenever there is an increase in benefit amounts payable under title II of the Social Security Act (42 U.S.C. 401 et seq.) as a result of a determination made under section 215(i) of such Act (42 U.S.C. 415(i)), the Secretary shall, effective on the date of such increase in benefit amounts, increase the amount in effect under subparagraph (A), as in effect immediately prior to the date of such increase in benefit amounts payable under title II of the Social Security Act, by the same percentage as the percentage by which such benefit amounts are increased.

(b) The allowance for administrative expenses incurred pursuant to subsection (a) of this section shall be paid in accordance with the following formula:

Total salary cost reimbursable under this section	Allowable for administrative expense
\$5,000 or less	\$693.
Over \$5,000 but not exceeding \$10,000.	\$1,247.
Over \$10,000 but not exceeding \$35,000.	\$1,247 for the first \$10,000, plus \$1,155 for each additional \$5,000 or fraction thereof.
Over \$35,000 but not exceeding \$40,000.	\$7,548.
Over \$40,000 but not exceeding \$75,000.	\$7,548 for the first \$40,000, plus \$999 for each additional \$5,000 or fraction thereof.
Over \$75,000 but not exceeding \$80,000.	\$14,969.
Over \$80,000	\$14,969 for the first \$80,000, plus \$872 for each additional \$5,000 or fraction thereof.

(c) Each State and local agency with which the Secretary contracts or enters into an agreement under subsection (a) of this section shall report to the Secretary periodically, but not less often than annually, as determined by the Secretary, on the activities in the preceding twelve months (or the period which has elapsed since the last report under this subsection was submitted) carried out under such contract or agreement. Each such report shall describe, in such detail as the Secretary shall prescribe, services performed and determinations made in connection with ascertaining the qualifications of educational institutions in connection with this chapter and chapters 32, 34, and 35 of this title and in supervising such institutions.

(Added Pub. L. 88-126, §1, Sept. 23, 1963, 77 Stat. 159, §1774; amended Pub. L. 89-358, §3(a)(7), (8), (11), Mar. 3, 1966, 80 Stat. 20, 21; Pub. L. 90-631, §4, Oct. 23, 1968, 82 Stat. 1334; Pub. L. 92-540, title IV, §403(7), 411, Oct. 24, 1972, 86 Stat. 1090, 1092; Pub. L. 93-508, title II, §210(1), Dec. 3, 1974, 88 Stat. 1584; Pub. L. 94-502, title V, §503, Oct. 15, 1976, 90 Stat. 2399; Pub. L. 95-202, title III, §303, Nov. 23, 1977, 91 Stat. 1441; Pub. L. 96-466, title II, §§203(1), 213(1), Oct. 17, 1980, 94 Stat. 2188, 2190;

Pub. L. 97-295, §4(51), Oct. 12, 1982, 96 Stat. 1308; Pub. L. 100-323, §13(a)(1), (b)(5), May 20, 1988, 102 Stat. 571, 573; Pub. L. 101-237, title IV, §§414, 423(b)(1)(A), Dec. 18, 1989, 103 Stat. 2085, 2092; Pub. L. 102-16, §10(a)(7), Mar. 22, 1991, 105 Stat. 56; renumbered §3674 and amended Pub. L. 102-83, §5(a), (c)(1), Aug. 6, 1991, 105 Stat. 406; Pub. L. 103-446, title VI, §606(a)(1), (b), Nov. 2, 1994, 108 Stat. 4672; Pub. L. 106-419, title I, §123, Nov. 1, 2000, 114 Stat. 1837; Pub. L. 107-14, §8(a)(7), June 5, 2001, 115 Stat. 34; Pub. L. 107-330, title III, §301, Dec. 6, 2002, 116 Stat. 2824; Pub. L. 110-252, title V, §5005, June 30, 2008, 122 Stat. 2379; Pub. L. 115-48, title III, §301(a), Aug. 16, 2017, 131 Stat. 989.)

Editorial Notes

REFERENCES IN TEXT

The Social Security Act, referred to in subsec. (a)(5)(B), is act Aug. 14, 1935, ch. 531, 49 Stat. 620. Title II of the Act is classified generally to subchapter II (§401 et seq.) of chapter 7 of Title 42, The Public Health and Welfare. For complete classification of this Act to the Code, see section 1305 of Title 42 and Tables.

AMENDMENTS

2017—Subsec. (a)(2)(A). Pub. L. 115-48, §301(a)(1), substituted “out of amounts in the Department of Veterans Affairs readjustment benefits account and amounts appropriated to the Secretary” for “out of amounts available for the payment of readjustment benefits”.

Subsec. (a)(4). Pub. L. 115-48, §301(a)(3), added par. (4). Former par. (4) redesignated (5).

Subsec. (a)(5). Pub. L. 115-48, §301(a)(4), designated existing provisions as subpar. (A), substituted “for fiscal year 2018 shall be \$21,000,000 and for fiscal year 2019 and thereafter shall be \$23,000,000” for “for any fiscal year shall be \$19,000,000”, and added subpar. (B).

Pub. L. 115-48, §301(a)(2), redesignated par. (4) as (5).

2008—Subsec. (a)(4). Pub. L. 110-252 substituted “shall be \$19,000,000.” for “may not exceed \$13,000,000 or, for each of fiscal years 2001 and 2002, \$14,000,000, for fiscal year 2003, \$14,000,000, for fiscal year 2004, \$18,000,000, for fiscal year 2005, \$18,000,000, for fiscal year 2006, \$19,000,000, and for fiscal year 2007, \$19,000,000. For any fiscal year in which the total amount that would be made available under this section would exceed the amount applicable to that fiscal year under the preceding sentence except for the provisions of this paragraph, the Secretary shall provide that each agency shall receive the same percentage of the amount applicable to that fiscal year under the preceding sentence as the agency would have received of the total amount that would have been made available without the limitation of this paragraph.”

2002—Subsec. (a)(4). Pub. L. 107-330 inserted “, for fiscal year 2003, \$14,000,000, for fiscal year 2004, \$18,000,000, for fiscal year 2005, \$18,000,000, for fiscal year 2006, \$19,000,000, and for fiscal year 2007, \$19,000,000” before period at end of first sentence.

2001—Subsec. (a)(2)(A). Pub. L. 107-14, §8(a)(7)(A)(i), struck out “, effective at the beginning of fiscal year 1988,” after “The Secretary shall” and substituted “section 3674A(a)(3)” for “section 3674A(a)(4)”.

Subsec. (a)(2)(B). Pub. L. 107-14, §8(a)(7)(A)(ii), substituted “paragraph (3)” for “paragraph (3)(A)”.

Subsec. (a)(2)(C). Pub. L. 107-14, §8(a)(7)(A)(iii), substituted “section 3674A(a)(3)” for “section 3674A(a)(4)”.

Subsec. (c). Pub. L. 107-14, §8(a)(7)(B), struck out “on September 30, 1978, and” before “periodically,” and “thereafter,” before “as determined by the Secretary.”

2000—Subsec. (a)(4). Pub. L. 106-419 inserted “or, for each of fiscal years 2001 and 2002, \$14,000,000” before period at end of first sentence and substituted “the amount applicable to that fiscal year under the pre-

ceding sentence” for “\$13,000,000” in two places in second sentence.

1994—Subsec. (a)(3). Pub. L. 103-446, §606(b), struck out “(A)” before “Each State” and struck out subpar. (B) which read as follows: “The Secretary shall transmit a report to the Congress on a quarterly basis which summarizes—

“(i) the amounts for which certifications were made by State and local agencies in the reports submitted under subparagraph (A) of this paragraph with respect to the quarter for which the report is made; and

“(ii) the amounts of the payments made by the Secretary for such quarter with respect to such certifications and with respect to administrative expenses.”

Subsec. (a)(4). Pub. L. 103-446, §606(a)(1), substituted “\$13,000,000” for “\$12,000,000” wherever appearing.

1991—Pub. L. 102-83, §5(a), renumbered section 1774 of this title as this section.

Subsec. (a)(1)(A). Pub. L. 102-16 substituted “chapter 106” for “chapters 106 and 107”.

Subsec. (a)(2)(A), (C). Pub. L. 102-83, §5(c)(1), substituted “3674A(a)(4)” for “1774A(a)(4)”.

1989—Subsec. (a). Pub. L. 101-237, §423(b)(1)(A), substituted “Secretary” for “Administrator” wherever appearing.

Subsec. (a)(2)(A). Pub. L. 101-237, §414(1), substituted “section, for expenses approved by the Secretary that are incurred in carrying out activities described in section 1774A(a)(4) of this title (except for administrative overhead expenses allocated to such activities), and for” for “section and for”.

Subsec. (a)(2)(C). Pub. L. 101-237, §414(2), inserted before period at end “and the amount of expenses approved by the Secretary that are incurred in carrying out activities described in section 1774A(a)(4) of this title for such period (except for administrative overhead expenses allocated to such activities)”.

Subsec. (c). Pub. L. 101-237, §423(b)(1)(A), substituted “Secretary” for “Administrator” wherever appearing.

1988—Subsec. (a)(1). Pub. L. 100-323, §13(b)(5), in subpar. (A) substituted “chapters 30 through 35 of this title and chapters 106 and 107 of title 10” for “chapters 34 and 35 of this title”, in subpar. (B) substituted “such chapters” for “chapters 34 and 35 of this title”, and in provisions following subpar. (B) substituted “provisions of such chapters” for “provisions of chapters 34 and 35 of this title” and “requirements of such chapters” for “requirements of chapter 32, 34, 35, or 36 of this title”.

Pub. L. 100-323, §13(a)(1)(A), (B), substituted “(1) Subject to paragraphs (2) through (4) of this subsection, the Administrator is” for “The Administrator is”, and redesignated pars. (1) and (2) as subpars. (A) and (B), respectively.

Subsec. (a)(2) to (4). Pub. L. 100-323, §13(a)(1)(C), added pars. (2) to (4).

1982—Subsec. (a). Pub. L. 97-295 inserted “of this title” after “34 and 35” wherever appearing.

1980—Subsec. (b). Pub. L. 96-466, §213(1), increased allowance for administrative expenses by substituting “\$693” for “\$662”, “\$1,247” for “\$1,191” in two places, “\$1,155” for “\$1,103”, “\$7,548” for “\$7,205” in two places, “\$999” for “\$953”, “\$14,969” for “\$14,288” in two places, and “\$872” for “\$833”.

Pub. L. 96-466, §203(1), increased allowance for administrative expenses by substituting “\$662” for “\$630”, “\$1,191” for “\$1,134” in two places, “\$1,103” for “\$1,050”, “\$7,205” for “\$6,862” in two places, “\$953” for “\$908”, “\$14,288” for “\$13,608” in two places, and “\$833” for “\$793”.

1977—Subsec. (b). Pub. L. 95-202, §303(1), increased allowance for administrative expenses by substituting “\$630” for “\$600”, “\$1,134” for “\$1,080” in two places, “\$1,050” for “\$1,000”, “\$6,862” for “\$6,535” in two places, “\$908” for “\$865”, “\$13,608” for “\$12,960” in two places, and “\$793” for “\$755”.

Subsec. (c). Pub. L. 95-202, §303(2), added subsec. (c).

1976—Subsec. (a). Pub. L. 94-502, §503(1), inserted provision authorizing Administrator to reimburse State and local agencies for work performed by their subcontractors, where the work performed has a direct re-

relationship to the requirements of this chapter, chapters 32, 34, and 35, and has prior approval of the Administrator.

Subsec. (b). Pub. L. 94-502, §503(2), increased allowance for administrative expenses from "\$550" to "\$600"; "\$1000" to "\$1080"; "\$1000 for the first \$10,000 plus \$925 for each additional \$5,000 or fraction thereof" to "\$1,080 for the first \$10,000 plus \$1,000 for each additional \$5,000 or fraction thereof"; "\$6,050" to "\$6,535"; "\$6,050 for the first \$40,000 plus \$800 for each additional \$5,000 or fraction thereof" to "\$6,535 for the first \$40,000 plus \$865 for each additional \$5,000 or fraction thereof"; "\$12,000" to "\$12,960"; "\$12,000 for the first \$80,000 plus \$700 for each additional \$5,000 or fraction thereof" to "\$12,960 for the first \$80,000 plus \$755 for each additional \$5,000 or fraction thereof".

1974—Subsec. (b). Pub. L. 93-508 increased allowance for administrative expenses from "\$500" to "\$550"; "\$900" to "\$1,000"; "\$900 for the first \$10,000 plus \$800 for each additional \$5,000 or fraction thereof" to "\$1,000 for the first \$10,000 plus \$925 for each additional \$5,000 or fraction thereof"; "\$5,250" to "\$6,050"; "\$5,250 for the first \$40,000 plus \$700 for each additional \$5,000 or fraction thereof" to "\$6,050 for the first \$40,000 plus \$800 for each additional \$5,000 or fraction thereof"; "\$10,450" to "\$12,000"; and "\$10,450 for the first \$80,000 plus \$600 for each additional \$5,000 or fraction thereof" to "\$12,000 for the first \$80,000 plus \$700 for each additional \$5,000 or fraction thereof".

1972—Subsec. (a). Pub. L. 92-540, §403(7), inserted "this chapter and" before "chapters 34 and 35" in cl. (1).

Subsec. (b). Pub. L. 92-540, §411, provided for recomputation of formula for reimbursement of expenses by doubling amounts paid as allowance for administrative expenses.

1968—Pub. L. 90-631 designated existing provisions as subsec. (a), inserted "and an allowance for administrative expenses in accordance with the formula contained in subsection (b) of this section" after "employees of such agencies", and added subsec. (b).

1966—Pub. L. 89-358, §3(a)(7), (11), substituted "chapters 34 and 35" for "this chapter" in three places and inserted "or veterans" after "eligible persons" in cl. (1).

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE OF 1994 AMENDMENT

Pub. L. 103-446, title VI, §606(a)(2), Nov. 2, 1994, 108 Stat. 4672, provided that: "The amendments made by subsection (a) [amending this section] shall apply with respect to services provided under such section after September 30, 1994."

EFFECTIVE DATE OF 1988 AMENDMENT

Amendment by section 13(a)(1)(A), (B), (b)(5) of Pub. L. 100-223 effective May 20, 1988, and amendment by section 13(a)(1)(C) of Pub. L. 100-323 effective for all of fiscal year 1988 and subsequent fiscal years, see section 16(a), (b)(1)(D) of Pub. L. 100-323, set out as a note under section 3104 of this title.

EFFECTIVE DATE OF 1980 AMENDMENT

Amendment by sections 203(1) and 213(1) of Pub. L. 96-466 effective Oct. 1, 1980, and Jan. 1, 1981, respectively, see section 802(b)(1), (2) of Pub. L. 96-466, set out as a note under section 3482 of this title.

EFFECTIVE DATE OF 1977 AMENDMENT

Amendment by Pub. L. 95-202 effective first day of first month beginning 60 days after Nov. 23, 1977, see section 501 of Pub. L. 95-202, set out as a note under section 101 of this title.

EFFECTIVE DATE OF 1976 AMENDMENT

Amendment by Pub. L. 94-502 effective Oct. 1, 1976, see section 703(a) of Pub. L. 94-502, set out as an Effective Date note under section 3693 of this title.

EFFECTIVE DATE OF 1974 AMENDMENT

Amendment by Pub. L. 93-508 effective Dec. 3, 1974, see section 503 of Pub. L. 93-508, set out as a note under section 3452 of this title.

EFFECTIVE DATE OF 1968 AMENDMENT

Pub. L. 90-631, §6(b), Oct. 23, 1968, 82 Stat. 1335, provided that: "The amendments made by section 4 of this Act [amending this section] shall apply with respect to contracts and agreements entered into under section 1774 [now 3674] of title 38, United States Code, effective for periods beginning after June 30, 1968."

REIMBURSEMENT FROM ACCOUNT USED FOR PAYMENT OF READJUSTMENT BENEFITS

Pub. L. 100-323, §13(a)(2), May 20, 1988, 102 Stat. 572, provided that: "If any payment is made to State or local approving agencies with respect to activities carried out under subchapter I [now subchapter II] of chapter 36 of title 38, United States Code, for fiscal year 1988 before the date of the enactment of this Act [May 20, 1988] and from an account other than the account used for payment of readjustment benefits, the account from which such payment was made shall be reimbursed from the account used for payment of readjustment benefits."

§ 3674A. Evaluations of agency performance; qualifications and performance of agency personnel

(a) The Secretary shall—

(1)(A) conduct, in conjunction with State approving agencies, an annual evaluation of each State approving agency on the basis of standards developed by the Secretary in conjunction with the State approving agencies, and (B) provide each such agency an opportunity to comment on the evaluation;

(2) take into account the results of annual evaluations carried out under paragraph (1) when negotiating the terms and conditions of a contract or agreement under section 3674 of this title;

(3) cooperate with State approving agencies in developing and implementing a uniform national curriculum, to the extent practicable, for training new employees and for continuing the training of employees of such agencies, and sponsor, with the agencies, such training and continuation of training; and

(4) prescribe prototype qualification and performance standards, developed in conjunction with State approving agencies, for use by such agencies in the development of qualification and performance standards for State approving agency personnel carrying out approval responsibilities under a contract or agreement entered into under section 3674(a).

(b)(1) Each State approving agency carrying out a contract or agreement with the Secretary under section 3674(a) of this title shall—

(A) apply qualification and performance standards based on the standards developed under subsection (a)(4); and

(B) make available to any person, upon request, the criteria used to carry out its functions under a contract or agreement entered into under section 3674(a) of this title.

(2) In developing and applying standards described in subsection (a)(4), the State approving agency may take into consideration the State's merit system requirements and other local requirements and conditions.