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(ii) The veteran reasonably could not be required to seek on-job or employment opportunities in other areas due to the effects of his or her disability, family situation, or other pertinent factors; and

(iii) The available local employers will only provide a training or employment opportunity if VA agrees to reimburse for direct expenses to the degree permitted under this section.

(2) The training establishment or employer is in compliance with provisions of § 21.292 (a) and (b), pertaining to the approval of courses and facilities.

(3) VA entered into an agreement with the employer in writing prior to the beginning of the period of on-job training or employment, whereby the employer will be reimbursed for direct expenses approved under provisions of paragraph (c) of this section.

(4) The on-job training program or employment of the veteran does not displace a current employee or prevent the recall of a laid-off employee.

(c) *Limitation on payment.* Payments to the employer may be made only for the employer's direct expenses as a result of hiring the veteran and generally may not exceed one-half of the wage paid to other employees in the same or similar job. Direct expenses include:

- (1) Instruction;
- (2) Instructional aids;
- (3) Training materials and supplies provided to the veteran;
- (4) Minor modification of equipment to the special limitations of the veteran;
- (5) Significant loss of productivity of the employer caused by using the veteran as opposed to a nondisabled employee.

(d) *Duration.* The period for which the employer is paid may not exceed the period necessary to accomplish on-job training or to begin and maintain employment at the journeyman level for at least 2 months. The period for which payment may be authorized may not exceed 9 months, unless the VR&E Officer, approves a longer period.

(e) *Benefits and services.* (1) An eligible veteran on whose behalf payments are made to the employer shall be provided all other Chapter 31 benefits and services furnished to other veterans receiving employment services. A vet-

eran may not be paid a subsistence allowance during the period in which job training or work experience is furnished under this section.

(2) Notwithstanding any other provisions of these regulations, if the program in which the veteran is participating meets the criteria for approval of on-job training under chapter 30, the veteran may be paid at educational assistance rates provided for this type of training under chapter 30 to the extent that he or she has remaining eligibility and entitlement under chapter 30 and has elected to receive a subsistence allowance in accordance with § 21.7136.

(Authority: 38 U.S.C. 3108(f), 3116(b))

(f) *Non-duplication.* VA will not make payments under the provisions of this section to an employer receiving payments from any other program for the same training or employment expenses.

(Authority: 38 U.S.C. 3116(b))

[49 FR 40814, Oct. 18, 1984; 50 FR 9622, Mar. 11, 1985; 54 FR 4283, Jan. 30, 1989; 57 FR 57108, Dec. 3, 1992; 62 FR 17709, Apr. 11, 1997]

§ 21.257 Self-employment.

(a) *Approval of self-employment as a vocational goal.* A program of vocational rehabilitation benefits and services may include self-employment for an individual if VA determines that such an objective is a suitable vocational goal. VA will make this determination based on—

- (1) The results of the individual's initial evaluation conducted in accordance with the provisions of § 21.50; and
- (2) The provisions of this section.

(Authority: 38 U.S.C. 3104(a))

(b) *Definition.* For purposes of this subpart, *individuals with the most severe service-connected disability(ies) who require self-employment* means individuals who have been determined by VA to have limitations affecting employability arising from the effects of each individual's service-connected disability(ies), which are so severe as to necessitate selection of self-employment as the only reasonably feasible vocational goal for the individuals.

(Authority: 38 U.S.C. 3104)

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(c) *Scope of self-employment benefits and services.* (1) VA may provide the self-employment services listed in paragraph (d) of this section to program participants who are pursuing the vocational goal of self-employment.

(2) VA may provide the more extensive services listed in paragraph (e) of this section to individuals with the most severe service-connected disability(ies) who require self-employment.

(Authority: 38 U.S.C. 3104(a))

(d) *Assistance for other individuals in self-employment.* Subject to the provisions of § 21.258, VA may provide the following assistance to any individual for whom self-employment is determined to be a suitable vocational goal—

- (1) Vocational training;
- (2) Incidental training in the management of a business;
- (3) License or other fees required for self-employment;
- (4) Necessary tools and supplies for the occupation; and
- (5) Services described in § 21.252.

(Authority: 38 U.S.C. 3104(a))

(e) *Special self-employment services for individuals with the most severe service-connected disability(ies) who require self-employment.* Individuals described in paragraph (b) of this section who are in a self-employment program may receive—

- (1) The services described in paragraph (d) of this section; and
- (2) The assistance described in § 21.214.

(Authority: 38 U.S.C. 3104, 3116, 3117)

(f) *Feasibility analysis of a proposed self-employment business plan.* VA will conduct a comprehensive review and analysis of the feasibility of a proposed business plan, as submitted by the individual or developed with VA's assistance, prior to authorizing a rehabilitation plan leading to self-employment (a "self-employment plan"). The feasibility analysis must include—

- (1) An analysis of the economic viability of the proposed business;

(2) A cost analysis specifying the amount and types of assistance that VA will provide;

(3) A market analysis for the individual's proposed services or products;

(4) Availability of financing from non-VA sources, including the individual's personal resources, local banks, and other sources;

(5) Evidence of coordination with the Small Business Administration to secure special consideration under section 8 of the Small Business Act, as amended;

(6) The location of the site for the proposed business and the cost of the site, if any; and

(7) A training plan to operate a successful business.

(Authority: 38 U.S.C. 3104)

[75 FR 3170, Jan. 20, 2010]

§ 21.258 Cost limitations on approval of self-employment plans.

A self-employment plan with an estimated or actual cost of less than \$25,000 may be approved by the VR&E Officer with jurisdiction. Any self-employment plan with an estimated or actual cost of \$25,000 or more must be approved by the Director, VR&E Service.

(Authority: 38 U.S.C. 3104)

[75 FR 3170, Jan. 20, 2010]

MONETARY ASSISTANCE SERVICES

§ 21.260 Subsistence allowance.

(a) *General.* A veteran participating in a rehabilitation program under 38 U.S.C. Chapter 31 will receive a monthly subsistence allowance at the rates in paragraph (b) of this section, unless the veteran elects to receive payment at the rate of monthly educational assistance allowance payable under 38 U.S.C. Chapter 30 for the veteran's type of training. See § 21.264 for election of payment at the Chapter 30 rate and §§ 21.7136, 21.7137, and 21.7138 to determine the applicable Chapter 30 rate.

(Authority: 38 U.S.C. 3108(a), 3108(f))

(b) *Rate of payment.* VA pays subsistence allowance at the rates stated in the following tables: