

UNITED STATES DEPARTMENT OF EDUCATION
Office of Special Education and Rehabilitative Services
Rehabilitation Services Administration

PROHIBITION AGAINST SUBGRANTING

Applicable Programs:

- State Vocational Rehabilitation Services (VR) (Assistance Listing Number (ALN) 84.126A)
- State Supported Employment Services - A (SE-A) (ALN 84.187A)
- State Supported Employment Services - B (SE-B) (ALN 84.187B)

Requirements:

A State agency may NOT subgrant awards made under the Rehabilitation Act of 1973 (Rehabilitation Act) for the VR, SE-A, and SE-B programs. The Education Department General Administrative Regulations (EDGAR) at [34 C.F.R. § 76.50\(b\)](#), which took effect September 30, 2024,¹ state –

- (b) Unless prohibited by applicable statutes or regulations or by the terms and conditions of the grant award, a State may use State-administered formula grant funds —
- (1) Directly;
 - (2) To make subgrants to eligible applicants, as determined by applicable statutes or regulations, or if applicable statutes and regulations do not address eligible subrecipients, as determined by the State; or
 - (3) To authorize a subrecipient to make subgrants.

This means that subgranting is permissible for State agencies unless the statute, regulations, or the terms and conditions of a Federal award prohibit it. Therefore, through the terms and conditions of this grant award notification attachment, the Rehabilitation Services Administration (RSA) prohibits subgranting for the VR, SE-A, and SE-B programs. As noted by the U.S. Department of Education in the EDGAR Final Rule at 89 FR 70300, [70310](#) (Aug. 29, 2024), “[e]ven if the statute or regulations are silent, the Department may prohibit subgranting through the terms and conditions of a grant award, as appropriate given the nature of the program and its requirements. These provisions give both the Department and the State sufficient authority to ensure subgranting occurs only when appropriate.”

RSA has determined it would not be appropriate for State VR agencies to subgrant any part of the VR program due to the non-delegable functions required by [34 C.F.R. § 361.13\(c\)](#); similarly, given the close nexus between the VR and SE programs with respect to individuals served and expenditures incurred, RSA has determined it, too, would not be programmatically or fiscally

¹ The EDGAR Final Rule was published on August 29, 2024 at [89 FR 70300](#).

appropriate to subgrant any part of the SE programs. These programs are permitted to enter into contracts for goods and services; when a State contracts with entities to provide services, those entities are considered vendors or contractors – not subgrantees.

The Office of Management and Budget Uniform Grants Guidance (Uniform Guidance), codified at [2 C.F.R. Part 200](#), does not include the term “subgrant.” However, in accordance with [34 C.F.R. § 77.1\(b\)](#) of EDGAR, the term “subgrant” has the same meaning as “subaward” in [2 C.F.R. § 200.1](#).