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## Reporting Matching for the Regional Extension Centers and State Health Information Exchange Programs

**NOTE:** Grants Management Advisories (GMAs) provide guidance for ONC recipients in selected areas based on ONC's receipt of recurring questions or other factors. Their purpose is to provide a common interpretation for all affected ONC recipients of how ONC will apply existing policy as reflected in award terms and conditions. They do not replace or modify award terms and conditions.

### ISSUES:

How should matching for the Regional Extension Centers (REC) and the State Health Information Exchange (HIE) programs be reported on the Federal Financial Report (FFR) (SF 425)?

### KEY POINTS:

- The matching requirement under the REC program is to contribute 10 percent of total project costs over the 4-year budget period.
- Under the State HIE program, the matching requirement, which is based on the Federal share, is adjusted each year of the 4-year budget period (on a Federal fiscal year (FFY) basis), and will be reconciled at the end of the grant period.
- The required matching amount is based on the approved budget (total project costs or Federal share of the approved budget), which ONC shows on the Notice of Grant Award (NGA). This GMA addresses reporting matching on the SF 425 separately below for the REC and State HIE programs.
- REC program
  - Under the REC program, you can meet the required match based on costs incurred/contributions any time during the 4-year budget period. In other words, a 10 percent match does not have to be achieved each year; rather the percentage can vary as long as the 90/10 ratio is achieved by the end of the budget period/project period. For example, years 1 and 2 of a project may be heavily "Federal," with your ability to meet the matching requirement delayed until later in the project period, at which time you may report a large amount of matching.
  - ***If you are a REC recipient, you must do the following:***
    - ◆ ***Show the total match for the 4-year budget period (as shown on the NGA) on Line 10.i of the FFR (Total recipient share required).***
    - ◆ ***Report the actual matching to date when completing Line 10.j (Recipient share of expenditures) for the annual SF 425. That amount does not have to be proportional to the amount reported on Line 10.e (Federal share of expenditures).***
  - If you report on any other basis than the actual matching achieved during the year being reported on (reporting period), you will provide an inaccurate impression of what is actually happening under the award and it will affect ONC's monitoring of the award. While ONC will use the amount you report to monitor your progress in meeting the matching requirement, ONC will determine whether you have met the matching requirement based on the cumulative amounts reported for the multi-year REC budget period.

- Following is an example of how the applicable SF 425 line items may be completed during a REC 4-year budget period:

<i>Budget Period = 2/1/10 through 1/31/14            NGA Amount = \$6M total approved budget            Matching Requirement = 10 percent of total allowable costs = \$600,000 (line 10.i)</i>			
<b>Reporting Period</b>	<b>Amount Reported on Line 10.e (Federal share of expenditures)</b>	<b>Amount Reported on Line 10.j (Recipient share of expenditures)</b>	<b>Amount Reported on Line 10.k (Remaining recipient share to be provided)</b>
2/1/10 through 9/30/10	\$1,000,000	\$ 50,000	\$550,000
10/1/10 through 9/30/11	\$1,800,000	\$120,000	\$430,000
10/1/11 through 9/30/12	\$1,400,000	\$200,000	\$230,000
10/1/12 through 9/30/13	\$ 800,000	\$160,000	\$ 70,000
10/1/13 through 1/31/14	\$ 400,000	\$ 70,000	0
<b>Total</b>	\$5,400,000	\$600,000	---

- ONC will determine the final matching amount under your REC based on the actual allowable costs incurred for the entire budget period/project period. If you have an unobligated balance of Federal funds at the end of the project period or ONC disallows costs, ONC will exclude that amount for purposes of calculating the final required matching amount. In the above example, if the final costs were \$5.4M, then the required matching would be \$540,000.

- State HIE program

- Under the State HIE program, you are required to match as follows beginning in FFY 2011:

2011 (10/1/10-9/30/11)	\$1 for each \$10 of Federal expenditures
2012 (10/1/11-9/30/12)	\$1 for each \$7 of Federal expenditures
2013 (10/1/12-9/30/13)	\$1 for each \$3 of Federal expenditures

As a result, under the State HIE program, ONC is concerned both with the matching achieved over the entire project period and whether you have met each Federal fiscal year's matching percentage. ONC will reconcile the amounts at the end of the budget period/project period.

- ***If you are a State HIE recipient, you must show the required matching share for the entire project period (as shown on the NGA) on Line 10.i of the FFR (Total recipient share required). However, because the State HIE matching share varies by fiscal year, when you complete the annual SF 425, you must do the following:***
  - ◆ ***Show on Line 10.j (Recipient share of expenditures) the actual amount of matching you achieved for the FFY that the report covers.***
  - ◆ ***Show under Item 12, Remarks, the amount of required match for that fiscal year based on the NGA. This amount may differ from the amount reported on Line 10.j.***

- Following is an example of how the applicable SF 425 line items may be completed for the State HIE program:

Budget Period = 3/1/10 through 2/28/14 NGA Amount = \$4.2M Federal Share (Year 1 = \$1.2M; Year 2 = \$1.2M; Year 3 = \$1.0M; Year 4 = \$800,000) Matching = \$529,524 (calculated on the Year 2, 3, and 4 matching ratios)					
Reporting Period	Amount Reported on Line 10.e (Federal share of expenditures)	Amount Reported on Line 10.i	Amount Reported on Line 10.j	Amount Reported on Line 10.k	Item 12, Remarks
2/1/10 through 9/30/10	\$1,000,000	---	----	----	---
10/1/10 through 9/30/11	\$1,000,000	\$529,524 (rounded)	\$100,000	\$409,523	Matching @ 1:10 based on NGA would be \$120,000
10/1/11 through 9/30/12	\$1,200,000 (\$1,000,000 + \$200,000 unobligated balance)	\$529,524	\$190,000	\$219,523	Matching based on NGA would be \$142,857
10/1/12 through 9/30/13	\$700,000	\$529,524	\$150,000	\$69,523	Matching based on NGA would be \$266,667
10/1/13 through 1/31/14	\$100,000	\$529,524	\$69,523	----	
<b>Total</b>	<b>\$4,000,000</b>				

- ONC will determine of the final matching amount under your State HIE award based on the actual allowable costs incurred for the entire budget period/project period. If you have an unobligated balance of Federal funds at the end of the project period or if ONC disallows any costs, ONC will exclude that amount for purposes of calculating the final required matching amount. In the above example, if the final costs were \$3.8M, based on the fact that the under-run would be attributed to the final year, then the required matching would be reduced by \$66,667 to a total of \$462,857.
- ONC staff and auditors will look at records related to recording of matching costs and third-party contributions and when they are being reported to ONC. This is an accounting consideration that is separate from whether you are meeting or have met the overall matching requirement

**RECIPIENT RESPONSIBILITIES:**

- Review your NGA to determine required matching. In addition, review the funding opportunity announcement for the program for additional information on how ONC expects you to apply the matching requirement.



- Accurately report matching costs incurred and third-party contributions made during the reporting period.
- Ensure that the matching requirement can be met as specified in the NGA and inform ONC if you are experiencing difficulties in providing required matching.

**REFERENCES:**

45 CFR 74.23

45 CFR 92.24

Standard Form 425 and instructions

HHS Grants Policy Statement

ONC Funding Opportunity Announcements

**CONTACT:**

If you have any questions concerning this GMA, contact your GMO.