

Paycheck Protection Program Loan Forgiveness Frequently Asked Questions

1. **My PPP loan covered period was in calendar 2020 but wasn't forgiven until 2021, will the PPP credit be a reduction to my indirect cost rate in 2020 or 2021?**

Answers:

- The credit will reduce the 2020 indirect cost rate applied to determine final costs on actual cost-plus fixed fee contracts with 2020 direct labor.
- If the 2021 loan forgiveness is not received within six months of the year-end close for 2020 indirect cost rate(s) to be published, then the 2020 indirect cost rate(s) need to be reissued including credits, or the credits will need to be utilized for the 2021 indirect cost rate(s).

2. **What if I choose to pay back the loan rather than seek forgiveness?**

Answer: There will be no credit required if a firm chooses to make payment on the loan or pay it all back at one time. MnDOT will continue to monitor the status of the loan until it is forgiven or paid in full.

3. **My loan was forgiven based on a 24-week covered period. Our firm does the vast majority of our business with private clients who do not contract based on FAR-based estimates. After applying PPP proceeds to unallowable interest and direct labor on contracts with private clients, there is no remaining credit to apply to our indirect cost rate. Is this possible?**

Answer: It is possible to have an indirect cost rate credit of zero, if most of the firm's work is with private clients that covers the 24-week period. It is unlikely a firm could have this result with a covered period of 8 weeks, because most or all labor during an 8-week period would be paid with the loan including indirect labor and direct labor on government contracts.

4. **Our firm contracts with multiple states, will all states be taking the same approach as MnDOT?**

Answer: Other states may not take the same approach as MnDOT. We expect many states to take the same position as MnDOT, but we also expect there to be variations, especially with regard to how states apply credits to the indirect cost rate(s).

5. **We stayed with the original 8-week covered period when we submitted our loan forgiveness forms. The loan proceeds covered all eligible payroll expenses including direct labor for actual cost-plus fixed fee contracts with MnDOT. We will be reducing our indirect cost rate(s) credit by the amount of loan proceeds applied from non-FAR direct labor, as well as unallowable indirect costs. Should we make a direct refund to MnDOT project costs for the amount of direct labor paid with PPP funds?**

Answer: No, credits should not reduce MnDOT project costs. Credits must be applied to the indirect cost rate(s). The Federal Highway Administration (FHWA) has stated that recipients of FHWA funds cannot accept direct credit on projects.

- 6. Does MnDOT's Paycheck Protection Program exception for consultants with state funded P/T contracts apply to multiple PPP Loans a consultant may have received loan forgiveness on?**

Answer: Yes, as long as the P/T contract is state funded.

- 7. Regardless of my contract funding source, how do I inform MnDOT Consultant Services about my PPP Loan and Forgiveness status?**

Answer: Consultants and/or CPA firms must use the [MnDOT Paycheck Protection Certification form](#) to inform Consultant Services of PPP Loans and any Forgiveness status regardless of contract funding source.