

## Policy Memorandum

**Date:** 9/22/2021

**To:** Professional/Technical Consultants with State funded MnDOT contracts and Paycheck Protection Program Loan Forgiveness

**From:** Nancy Daubenberger, P.E.  
Deputy Commissioner and Chief Engineer

Kim Collins, J.D. (She/her)  
Deputy Commissioner and Chief Administrative Officer

### **RE: Treatment of Paycheck Protection Program Funds for Architectural and Engineering Consultants Guidance**

On March 24, 2021, the Federal Highway Administration (FHWA) issued guidance to architectural and engineering consultants regarding the treatment of forgiven Paycheck Protection Program (PPP) loans. The guidance provided instruction to treat the forgiven loan funds as revenue for purposes of federal-aid consultant contracts. The guidance provided options for accounting for that revenue, including options requiring an adjustment to overhead rates.

MnDOT must follow the FHWA guidance on all federally funded professional/technical services (P/T) contracts. MnDOT's explanation for that guidance is attached to this memo. MnDOT cannot grant an exception when a P/T contract is using any amount of federal funds. The calculation of a reduced indirect cost rate (potentially resulting in a reduced overhead rate) applies to P/T contracts with any amount of federal funds.

For state-funded contracts, MnDOT has approved a one-time exception to MnDOT Policy FM010, but only as it relates to PPP loan forgiveness requirements. MnDOT will not require PPP loan forgiveness adjustments to overhead rates for MnDOT P/T contracts that are not using federal funds. Consultants should continue to bill for services according to their MnDOT contract and approved (or for fixed hourly rate contracts -reviewed) overhead rate.

Regardless of funding source, MnDOT Office of Audit will be monitoring PPP Loan Forgiveness and requires consultants to inform MnDOT Consultant Services about their loan forgiveness status.

All other aspects of Federal Acquisition Regulation (FAR) compliance continue, whether on state or federal funded contracts. This is a one-time COVID-19 exception to MnDOT policy.

Please contact Melissa Brand ([melissa.brand@state.mn.us](mailto:melissa.brand@state.mn.us) or 612-249-1167) with any questions.

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