

## Consultant Advisory

2022-01

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MDOT, CSD, Consultant  
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Consultant Advisory  
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### **PPP Loan Forgiveness Cost Recovery Process**

Consulting firms which received Paycheck Protection Program (PPP) loans and have received loan forgiveness will be required to calculate the amount, if any, that is creditable to applicable MDOT FAR contracts. Upon review/acceptance of the repayment calculation, MDOT will recover any PPP credits through reduced future invoices. Please see the process below for submittal, acceptance, and recovery of any calculated credits.

#### **Consultant Submittal of Loan Forgiveness and Repayment Calculation Information**

Using MDOT's [PPP Repayment Calculation Worksheet](#), consultants must:

- Notify MDOT Contract Services Division (CSD) of PPP loan forgiveness and the loan forgiveness amount.
- Calculate the recoverable amount.
- Provide an anticipated repayment plan. The repayment(s) may not exceed 12 months from the date on the acceptance letter, as described below.
- Digitally sign and supply the completed worksheet via MDOT's eProposal website.

The MDOT PPP Repayment Calculation Worksheet must be submitted within 60 days from the date of loan forgiveness, or 60 days from the date of this Advisory, whichever is later.

#### **MDOT Review/Acceptance of the Calculation Worksheet and Support, if Applicable**

MDOT's Office of Commission Audits will review the PPP Repayment Calculation Worksheet. If necessary, MDOT may request support that the consultant 1) allocated its loan in accordance with FHWA guidance when calculating its indirect-cost reduction, and 2) how the firm allocated the indirect-cost reduction to MDOT FAR and all other projects.

Once satisfied, MDOT will issue a letter accepting the Repayment Calculation and proposed repayment plan.

## **PPP Loan Forgiveness Cost Recovery Process (Continued)**

### Recovery of the PPP credits through reduced future invoices

1. Both Prime and Subconsultant must individually use the MDOT [PPP Credit Voucher Template](#) to document their individual total invoice amount, PPP Credit Amount, and Net Payment Amount, each time they choose to reduce an invoice.
2. Subconsultants may choose to reduce their subconsultant invoices, but if at all possible, reducing their invoices as a prime consultant is preferable.
3. Prime consultants must summarize all Prime and Subconsultant information on the PPP Credit Voucher for the entire invoice submitted.
4. It is preferable that firms limit the number of job numbers to which credits are applied.
5. CSD will track all reduced invoices until the credit (Recoverable Amount) is fully recovered.

### Additional Resources

On October 19, 2021, MDOT hosted a session regarding treatment of forgiven PPP loans. During the session, an overview of FHWA issued guidance was presented, as well as the approach consultants must utilize when calculating the Cost Credit and the Recoverable Amount. The Presentation Slides and Questions and Answers from that session are provided in the links below:

- [PowerPoint - Treatment of PPP Loan Forgiveness \(michigan.gov\)](#)
- [PPP Loan Session QA \(michigan.gov\)](#)