

## **MDOT PPP Loan Information Session Held October 19, 2021 Questions and Answers**

### **General Questions:**

- Q1:** When will consultants be required to submit calculations?  
**A1:** MDOT expects that within 60 days of the formalization of the policy, or 60 days from receipt of PPP loan forgiveness, whichever is later, consultants would submit the calculation and payment plan for the invoice reductions.
- Q2:** What is the formalization date of this policy?  
**A2:** MDOT is working on creating the required forms and guidelines. Once completed, a Consultant Advisory will be sent out.
- Q3:** Can we submit a tentative calculation prior to finalization of MDOT policy?  
**A3:** We are asking consultants to wait until the policy is finalized before submitting a calculation.
- Q4:** Is this virtual session held today related to the annual compliance of fulfilling MDOT Prequal and/or an additional required annual reporting requirement?  
**A4:** MDOT expects that within 60 days of the formalization of the policy, or 60 days from receipt of PPP loan forgiveness, whichever is later, consultants would submit the calculation and payment plan for the invoice reductions. We will not be waiting until annual prequalification submittal.
- Q5:** Is there a reporting requirement for those who are not seeking forgiveness but are repaying the loan?  
**A5:** MDOT's future annual Financial Prequalification Questionnaire's will be requesting information regarding PPP loans and if loan forgiveness is being sought.

### **Allocation, Calculation, and Supporting Documentation Related Questions:**

- Q6:** How do we determine what PPP loan is spent on?  
**A6:** How you spent the loan money doesn't affect the calculation for FHWA purposes. Please refer to FHWA guidance for determining how to allocate PPP-loan proceeds.
- Q7:** How do we show what PPP proceeds were spent on? What proof will you require?  
**A7:** Initially, MDOT requires information supporting that 1) a firm has 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.
- Q8:** If a firm, on their PPP loan forgiveness, says they used the funds for payroll, rent, and utilities, MDOT is not looking at that, you are considering just payroll?  
**A8:** The PPP-loan application would likely be part of the support a consultant uses for its ultimate credit calculation, including the allocation/reallocation of PPP proceeds the consultant originally spent on costs deemed ineligible by the FHWA (i.e., direct labor on FAR contracts).

- Q9:** Some DOT's are looking at PPP loan forgiveness application. Is MDOT going to go back and look at all possible labor?
- A9:** Same as #18, above.
- Q10:** Could direct labor associated with any of the following types of contracts also be considered not FAR allocable State Funded only projects? There have been a lot of projects funded with bond money during the covered period that do not have federal funds associated with them and should not be subject to FAR. Also, there are several other contracts that only use state funds.
- A10:** This is applicable to all FAR contracts regardless of funding source.
- Q11:** Could the state funded portions of projects be included? Some states are considering their match dollars as not FAR allocable. So, if a project has 80% federal funds and 20% state funds, can the direct labor spent on that project up to the 20% of the overall project cost be included? As an alternative, could 20% of the direct labor spent on that project be considered not FAR allocable?
- A11:** This is applicable for all FAR contracts, regardless of funding source.
- Q12:** If a firm received credit in the fiscal year following the year of the covered period, how is lookback happening?
- A12:** The FAR clause applies to invoice costs regardless of when you receive forgiveness and applies to the contracts and projects in which the money is spent and is now being forgiven.

#### **Repayment/Invoicing Related Questions:**

- Q13:** Since repayment will be settled through future invoice reductions, as opposed to recovered through a lower overhead rate, how should the indirect cost credit be reflected in the overhead calculation, if at all.
- A13:** The credit does not need to be reflected in a consultant's annual overhead rate calculation. MDOT's recovery methodology effectively reduces the overhead rate for the applicable projects. Consultants should continue to use their MDOT-approved/accepted full indirect cost rates - No PPP credit should be reflected in utilized indirect cost rate(s) when submitting invoices and/or priced proposals.
- Q14:** Is there an option to just remit the recoverable credit instead of Invoice reductions?
- A14:** No, the only mechanism will be to reduce invoices.
- Q15:** What if future invoices don't cover the recoverable amount?
- A15:** Because MDOT is recovering via reduced invoices, firms that cease doing business with MDOT will not be asked to remit any balance to MDOT if the credit has not been fully recovered.
- Q16:** If we are a sub on an MDOT project, will the repayment be submitted through the prime?
- A16:** Yes, the invoice reduction will be submitted through the prime invoice(s)
- Q17:** Will you be expecting Prime firms to review sub firms for forgiveness amounts?
- A17:** No, MDOT is responsible for monitoring both prime and subconsultants forgiveness amounts and repayments.

**Safe Harbor Related Questions:**

**Q18:** Does this apply if a firm was using the Safe Harbor Overhead Rate?

**A18:** No, because there are no overhead costs to adjust, Safe Harbor consultants do not need to calculate any credit.

**Pending Legislation Related Questions:**

**Q19:** There are efforts by ACEC to remove DOT's from requiring payback of any PPP forgiveness. What will happen if changes occur after we've begun payback?

**A19:** MDOT would review how the legislation was written. If required, MDOT may have to adjust payment and repay the credited amount.

**Documents/Resources Related Questions:**

**Q20:** You mentioned this recording and materials will be made available on the website. Which website?

**A20:** As documentation becomes available, MDOT will post today's presentation, answers to questions, the calculation spreadsheet, templates, and required forms on [MDOT's Vendor/Consultant Services website](#).

**Q21:** Will a calculation spreadsheet be made available, or will each firm be responsible for creating one on their own?

**A21:** The calculation spreadsheet, required forms/templates, and guidance documents will be published on [MDOT's Vendor/Consultant Services](#) website, when available.