



Paycheck Protection Program Loan Forgiveness Frequently Asked Questions

(March 24, 2021)

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?

Answer: 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. (March 24, 2021)

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. WisDOT will continue to monitor the status of the loan until it is forgiven or paid in full. (March 24, 2021)

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 no contract based on FAR-based estimates. After applying PPP proceeds to unallowable interest and direct labor on contract 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 if the covered period is 24 weeks. It is unlikely a firm could have this result with a covered period of 8 weeks as most or all labor during an 8-week period would be paid with the loan including indirect labor and direct labor on government contracts. (March 24, 2021)

4. I've seen projections showing the FAR credit resulting in a firm having lost revenue that exceeded the amount of my PPP loan. Will that occur on WisDOT contracts?

Answer: Projections showing lost revenue that were multiple times the loan amount were based on assumptions that State DOTs would use a reduced rate to determine final settlement on actual cost contracts and also use a reduced rate to estimate costs and set contract maximum on new contracts affecting revenue in periods after PPP loan was spent. WisDOT is only using the reduced rate to for final settlement on actual cost contracts; we are not using the reduced rate to estimate costs on new contracts. (March 24, 2021)

5. Our firm contracts with multiple states, will all states be taking the same approach as WisDOT?

Answer: Other states may not take the same approach as WisDOT. We expect many states to take the same position as we did but we also expect there to be variations, especially with regard to how states apply credited rates. (March 24, 2021)

6. 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 an actual cost plus fixed fee contracts with WisDOT. We will be reducing our indirect cost rate credit by the amount of loan proceeds applied non-FAR direct labor as well ineligible indirect costs. Should we make a direct refund to WisDOT for the amount of direct wages paid with PPP funds?



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Answer: WisDOT cannot accept a direct credit if PPP funds are utilized to pay for direct labor costs on our contracts. The Federal Highway Administration (FHWA) has stated the recipients of FHWA funds cannot accept direct credit. FHWA has suggest that we instead consider of reimbursement of these costs through normal invoicing as making the PPP funds available to be “re-purposed” for spending on subsequently incurred indirect costs. (March 24, 2021)