

Paycheck Protection Program Loan Forgiveness Frequently Asked Questions

(May 13, 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 would reduce the 2020 indirect cost rate if the firm recognized the PPP credit as a 2020 event. If the firm recognized the PPP credit as a 2021 event the 2021 indirect cost rate will reflect the credit. (May 13, 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. WSDOT will continue to monitor the status of the loan until it is forgiven or paid in full. (May 13, 2021)

3. My loan was forgiven based on a 24-week covered period. Our firm does most 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. However, if the private clients were also billed for those costs paid with forgiven PPP proceeds, notification to the SBA may be necessary. (May 13, 2021)

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

Answer: Other states may not take the same approach as WSDOT. We expect many states to take the same position as we did but we also expect there to be variations, especially considering how states apply credited rates. (May 13, 2021)

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 an actual cost contract with WSDOT. 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 WSDOT for the amount of direct wages paid with PPP funds?

Answer: WSDOT cannot accept a direct credit if PPP forgiven funds are utilized to pay for direct labor costs on our contracts that reference 48 CFR Part 31. The Federal Highway Administration (FHWA) has stated the recipients of FHWA funds cannot accept direct credit. As an alternative WSDOT will instead accept a credit to the indirect cost pool for any loan proceeds used for direct labor on actual cost contracts subject to 48 CFR Part 31. (May 13, 2021)