



## PennDOT Overhead Rate Guidance April 2021

1. It is PennDOT's intention to follow any provided FHWA guidance, which includes the March 24, 2021 issued Memorandum HCFB-30.
2. All consultants will need to submit the Payroll Protection Program (PPP) Questionnaire with their overhead submission. This form can be found on the ECMS website.
3. All questions on the PPP Questionnaire form must be completed unless the consultant did not receive a PPP loan or the consultant has decided not to seek forgiveness (including if the consultant plans to seek forgiveness and has not yet applied or if the consultant is undecided.)
  - If any responses are currently unknown, then estimates based on best available information should be provided, including responses to questions 6, 7 and 8.
  - When actual amounts are known or any changes are identified, a revised overhead rate and PPP Questionnaire must be submitted.
4. Audit reports and overhead rate schedules submitted by A/E Firms obtaining PPP loan forgiveness must present both a FAR compliant overhead rate prior to any adjustments for PPP Forgiveness amounts (Pre Forgiveness Rate) and after applying any required adjustments reflecting forgiveness amounts (PPP Forgiveness Rate.) If the A/E firm submits this information prior to SBA approval, and the amounts do not change with the SBA approval, the A/E firm could resubmit the same audit report and/or overhead rate schedule when notifying PennDOT of the change in their forgiveness status.
  - The A/E Firm may elect to include this information in their submission prior to approval of PPP Loan Forgiveness or at the time the SBA approves forgiveness.
  - Any changes to amounts or forgiveness status resulting from the SBA approval process will require disclosure and a revised overhead rate submission.
5. PPP forgiveness credits should be applied to the year which the funds were expended.
  - Cost Plus Fixed Fee Agreements – invoicing and new proposals will utilize the current approved rate, as is standard practice. Application of the appropriate rate to its applicable time period, may require invoice adjustments using the PPP Forgiveness rate.
  - Specific Rate of Compensation – new proposals will utilize the current approved rate, as is standard practice; however, additional language may be added to the legal agreements to allow for supplements for changes due to effects of the PPP loan program.
6. Monitoring of credited amounts associated with PPP loan forgiveness is the responsibility of A/E firm management. If management identifies that the forgiveness amount has been fully recovered, a revised overhead rate submission may be submitted for approval. Documentation supporting the PPP credit recovered will be required with the resubmission

7. Cognizant rate submissions should include a completed and signed PPP Questionnaire Form. In addition, the information provided must be sufficient to establish the handling of PPP loan forgiveness.
8. The Department reserves the right to request any additional documentation to support any claims on the PPP Questionnaire form and/or justification for any reduction/exclusion to the PPP forgiveness credit.
9. For new consultant agreements, PennDOT will add the following language to the agreements to allow for possible adjustments to overhead rates. “Overhead rate(s) used to establish specific rate factors under this Agreement are subject to further review and modification by the Department. The statement "These specific rate factors shall remain fixed for the life of this Agreement" in the standard method of payment document attached hereto is null and the Department reserves the right to adjust specific rate factors, by supplemental Agreement, if further review of compensation components included in the overhead rates used to establish the specific rate factors are determined to be unreasonable. These reasons could also include adjustments due to overhead rates that were impacted by the Paycheck Protection Program (PPP) loan program.”