

**Notice to Consultants That Have Reduced Indirect Cost Rates Due to PPP Loan Forgiveness:**

Florida Department of Transportation's plan to minimize the negative impact of indirect cost (overhead) rates reduced by PPP loan forgiveness will be to use an average of: the overhead rate with the PPP credit adjustment, combined with the overhead rate without the PPP adjustment. Depending upon the length of the contract, the PPP adjusted rate would be used for year one and the overhead rate without the PPP adjustment would be used for years two, three, four, or five as weighted. Number of years to use would be based on the anticipated length of the contract. The Department's Central Procurement Office will keep a database of the weighted average calculations which will be available to Department contracting officers, for use in contracts.

**Example:**

Firm ABC has an indirect cost rate of 165% before any PPP adjustment. The rate after the PPP adjustment is 135%. The 165% rate would be weighted (depending on the length of the contract) against the 135% PPP adjusted rate.

If the anticipated contract length is three years, the weighted rate to be used for the contract would be 155%, based on the following calculation:  $[(135\% + 165\% + 165\%)/3] = 155\%$

If you have any questions concerning this notice, please contact your CPA auditor or Jeffrey Owens at [Jeffrey.owens@dot.state.fl.us](mailto:Jeffrey.owens@dot.state.fl.us).