Financial Highlights

INTRODUCTION

This section provides summarized information and analyses about the Department's assets, liabilities, net position, sources and uses of funds, program costs, and related trend data. It also provides a high-level perspective of the detailed information contained in the financial statements and related notes.

The Department consistently produces complete, accurate, and timely financial information. The Department's financial statements and notes are prepared in accordance with accounting principles generally accepted in the United States for federal agencies issued by the Federal Accounting Standards Advisory Board and the format and content specified by Office of Management and Budget (OMB) Circular No. A-136, *Financial Reporting Requirements*. The financial statements, notes, and underlying business processes, systems, and controls are audited by an independent accounting firm with audit oversight provided by the Office of Inspector General (OIG). For 20 consecutive years, the Department has

Table 1.

Key Financial Statement Changes
(Dollars in Billions)

Financial Statement Lines with Significant Changes	Amount		Total Changes		Changes Due to COVID-19	
	FY 2021	FY 2020	Amount	Percentage	Amount	Percentage
Balance Sheets						
Fund Balance with Treasury	$ 351.9	$ 136.0	$ 215.9	158.8%	$ 202.4	148.8%
Loan Receivables, Net - Direct Loan Program	1,104.9	1,100.5	4.4	0.4%	(49.5)	-4.5%
Loan Receivables, Net - Federal Family Education Loan (FFEL) Program	58.2	67.4	(9.2)	-13.6%	(3.0)	-4.5%
Debt Associated with Loans - Direct Loan Program	1,142.2	1,160.1	(17.9)	-1.5%	(49.5)	-4.3%
Debt Associated with Loans - FFEL Program	78.3	89.0	(10.7)	-12.0%	(3.0)	-3.4%
Loan Guarantee Liabilities	7.5	1.1	6.4	581.8%	0.6	54.5%
Accrued Grant Liability	7.6	1.9	5.7	300.0%	3.9	205.3%
Statements of Net Cost						
Improve Learning Outcomes for All P-12 Students	60.9	40.0	20.9	52.3%	21.0	52.5%
Expand Postsecondary Opportunities, Improve Outcomes to Foster Economic Opportunities, and Promote Productive Citizenry	178.8	149.4	29.4	19.7%	85.2	57.0%
Statements of Budgetary Resources						
Unobligated Balance from Prior Year Budget Authority (Net)	41.4	26.9	14.5	53.9%	0.7	4.8%
Appropriations (Discretionary and Mandatory)	476.8	245.0	231.8	94.6%	235.0	95.9%
New Obligations and Upward Adjustments (Total)	627.5	430.8	196.7	45.7%	217.2	50.4%
Unobligated Balance, End of Year (Total)	62.1	42.6	19.5	45.8%	17.8	41.8%
Outlays, Net	267.1	218.0	49.1	22.5%	37.5	17.2%
Distributed Offsetting Receipts	(6.6)	(13.6)	7.0	-51.5%	-	0.0%

earned an unmodified (or "clean") audit opinion. The financial statements and notes for FY 2021 are on pages 48–93 and the Independent Auditors' Report begins on page 98.

The principal financial statements are prepared to report the financial position and results of operations of the reporting entity, pursuant to the requirements of 31 U.S.C. § 3515(b). The statements are prepared from the Department's books and records in accordance with generally accepted accounting principles for federal entities and the formats prescribed by OMB. Reports used to monitor and control budgetary resources are prepared from the same books and records. The financial statements should be read with the realization that they are for a component of the U.S. government.

FINANCIAL STATEMENT IMPACTS OF COVID-19 ACTIVITIES

Most of the significant changes to the Department's financial statements resulted from the impacts due to coronavirus disease 2019 (COVID-19) activities. Congress passed multiple COVID-19 relief bills in FY 2020 and FY 2021, including the following that provided a total of $282.5 billion of direct appropriation funding for educational purposes:

- *Coronavirus Aid, Relief, and Economic Security Act of 2020* (CARES Act) $31.0 billion
- *Coronavirus Response and Relief Supplemental Appropriations Act of 2021* (CRRSAA) $82.0 billion
- *American Rescue Plan Act of 2021* (ARP) $169.5 billion

These appropriations funded a variety of programs administered primarily through grant programs. The largest component of the education funding provided by the COVID-19 relief appropriations established the Education Stabilization Fund which included (1) the Elementary and Secondary School Emergency Relief Fund, (2) the Higher Education Emergency Relief Fund, (3) the Governor's Emergency Education Relief Fund, and (4) funds for outlying areas.

The COVID-19 relief legislation and administrative actions also provided support for student loan borrowers primarily by suspending nearly all federal loan payments until January 31, 2022, interest free. The Department also stopped all federal wage garnishments and collection actions for borrowers with federally held loans in default. Funding for the student loan repayment deferrals was provided through FY 2020 and FY 2021 indefinite appropriations totaling $98.4 billion.

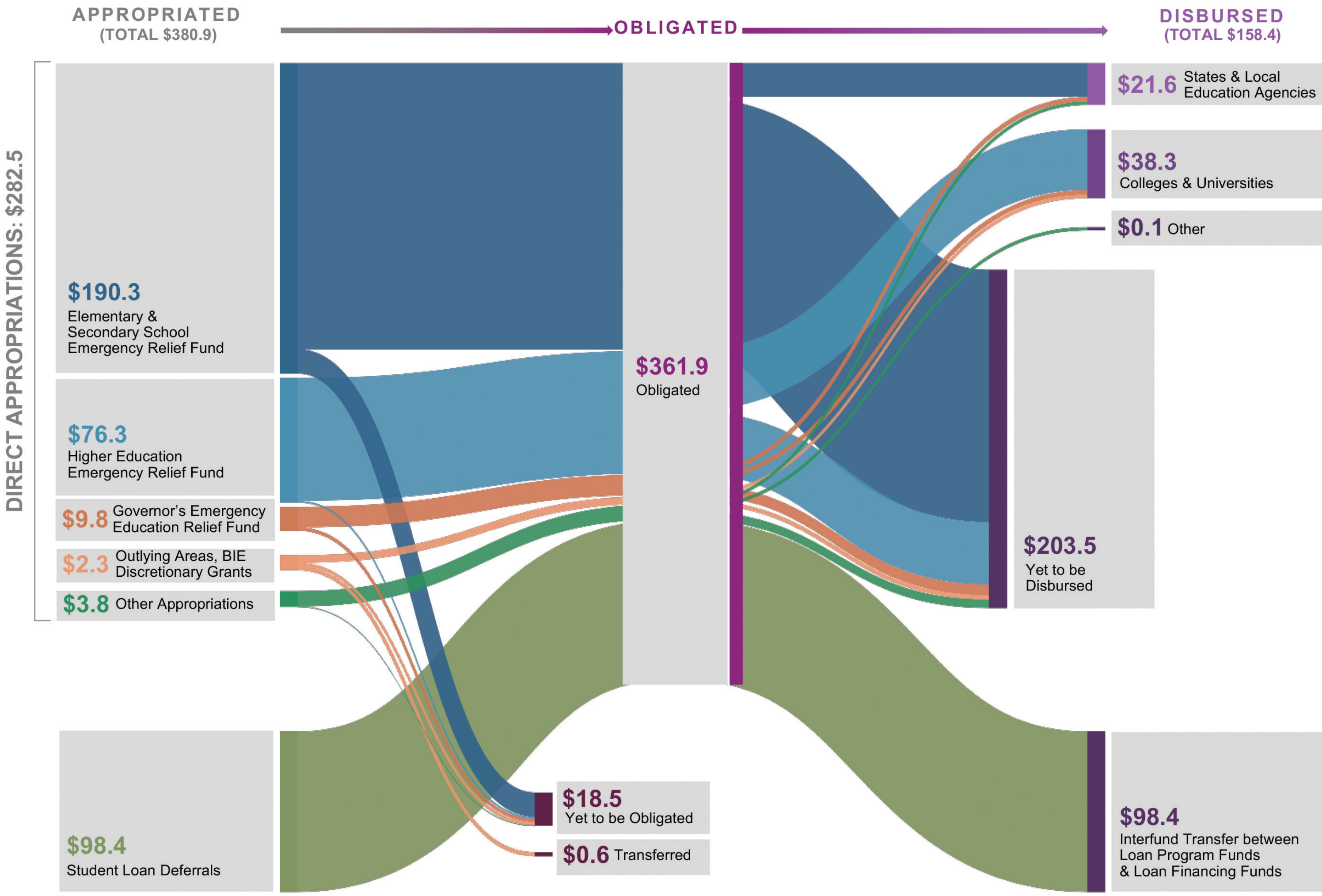
Cost impacts of the student loan pause on interest and collections were recorded as loan modifications in FY 2020 ($41.9 billion) and FY 2021 ($53.1 billion). These COVID-19 loan modifications are a component of subsidy expense, which reduced the overall loan receivable balances for the Direct Loan and Federal Family Education Loan (FFEL) programs by $88.0 billion and $6.9 billion respectively over the past two years. Detailed explanations of the FY 2021 COVID-19 Direct Loan Program loan modifications are provided in the Analysis of Direct Loan Program Subsidy Expense section beginning on page 19 and in Note 5 of the financial statements beginning on page 62.

> In addition to COVID-19 relief, the Department provided targeted relief to thousands of borrowers by canceling $11.5 billion of loans using authorities previously provided by Congress. The targeted beneficiaries include those qualifying for total and permanent disability discharge, those who were defrauded by failed for-profit schools, soldiers deployed to war zones, and other public servants previously denied eligibility for forgiveness under the Public Service Loan Forgiveness (PSLF) program.
>
> Additional changes to the PSLF program that will increase loan forgiveness are coming in FY 2022—see page 91.

The direct and indirect funding stemming from the combined FY 2020 and FY 2021 COVID-19 relief legislation and administrative actions is summarized in Figure 1. Obligated and unobligated COVID-19 funds remaining to be disbursed as of the end September 30, 2021, totaled $222.0 billion. Most of the undisbursed funds are for the Elementary and Secondary School Emergency Relief (ESSER) Fund. While states may have made subawards for all of their ESSER funding, subawardees may still be in the process of completing their obligations and requesting reimbursement from the states who will then in turn drawdown the remaining undisbursed funds.

Figure 1.

COVID-19 Funding Flow
(Dollars in Billions)



Elementary and Secondary School Emergency Relief (ESSER) Fund—Funds provided for state education agencies (SEAs) and local educational agencies (LEAs) to support continued learning for K-12 students whose educations have been disrupted by COVID-19, and grants for the specific needs of homeless children and youth to address the challenges of COVID-19.

Higher Education Emergency Relief Fund (HEERF)—Funds provided for institutions of higher education (IHEs) to address needs directly related to COVID-19, including transitioning courses to distance education and granting aid to students for educational costs such as food, housing, course materials, health care, and child care.

Governor's Emergency Education Relief (GEER) Fund—Grants provided to state governors to ensure education continues for students of all ages impacted by the COVID-19 national emergency.

Outlying Areas, Bureau of Indian Education (BIE), and Discretionary Grants—Funds provided for outlying areas and discretionary grants to states with the highest COVID-19 burdens.

BALANCE SHEETS

The consolidated balance sheets present, as of a specific point in time (the end of the fiscal year), the Department's total assets, total liabilities, and net position.

The Department's assets totaled $1,519.3 billion as of September 30, 2021. As shown in Figure 2, most assets relate to loans receivables, $1,165.1 billion, which comprised 76.6 percent of all assets. Direct loans comprise the largest share of these receivables. Analysis of the net change in Direct Loan Program receivable balances begins on page 14. All other assets totaled $354.2 billion, most of which was Fund Balance with Treasury which increased by $215.9 billion, mostly as a result of an increase in undisbursed COVID-19 funds as of September 30, 2021.

The Department's liabilities totaled $1,246.2 billion as of September 30, 2021. As shown in Figure 3, most of the Department's liabilities are also associated with loan programs, primarily amounts borrowed from the U.S. Department of the Treasury (Treasury) to fund student loans. Debt associated with direct loans totaled $1,142.2 billion as of September 30, 2021. Analysis of debt associated with the Direct Loan Program begins on page 16.

Figure 2.

Assets by Type

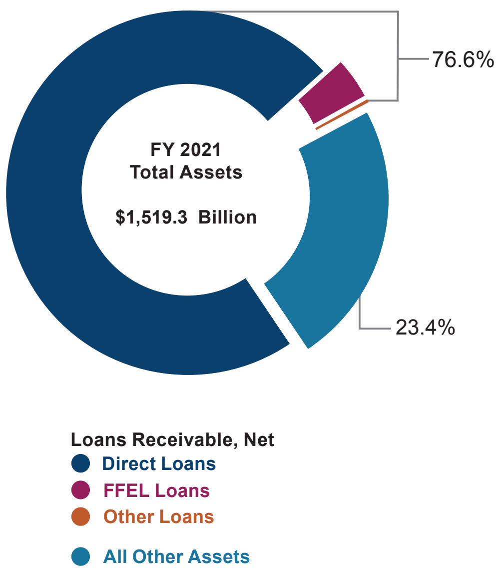
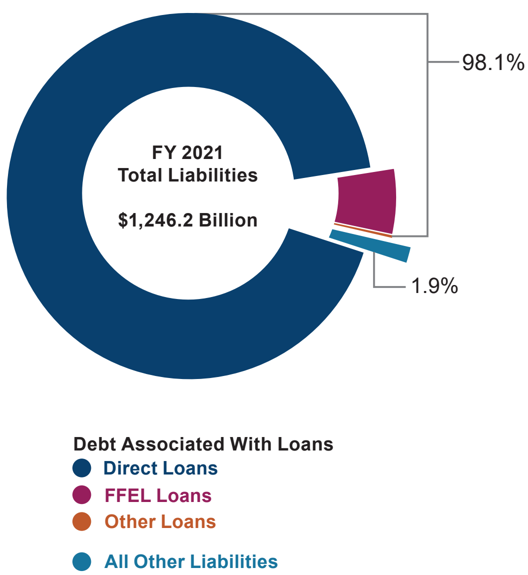


Figure 3.

Liabilities by Type



ANALYSIS OF DIRECT LOAN PROGRAM RECEIVABLES, NET

Figure 4 shows the changes in the Direct Loan Program receivable components over the past five years. The principal amount has continued to grow as the Direct Loan Program has originated all new federal loans since July 2010, when originations of new FFEL loans ended. Prior to COVID-19, the rate of increase in principal has slowed in recent years as enrollment has stagnated and sometimes declined. Also, accrued interest amounts had been increasing as more Direct Loans were moving into active repayment statuses and the rate of enrollment in income-driven repayment plans that allow for payments to be lower than interest accrual had increased.

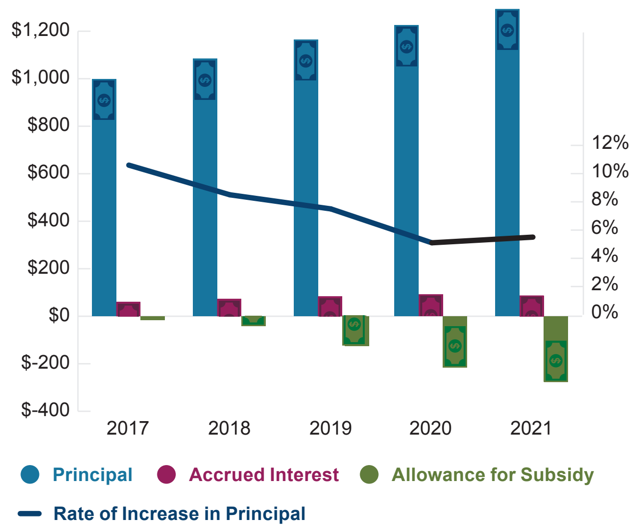
The rate of increase in principal has slowed in recent years as the Direct Loan program has disbursed fewer than $95 billion in new loans each year since FY 2016 as a result of stagnant and in some cases declining enrollment. Even so, new loan disbursements continue to exceed overall loan principal repayments—student loan borrowers have many options to stretch out their repayment terms and reduce their monthly payments. The student loan repayment deferrals implemented in response to COVID-19 caused the rate of increase in principal to rise in FY 2021.

In accordance with the *Federal Credit Reform Act of 1990*, the Department's financial statements report the value of direct loans (credit program receivables) at the net present value of their future cash flows, discounted at a fixed rate established based on Treasury securities. The difference between the recorded principal and interest balance and the net present value of the loans is referred to as the "allowance for subsidy," which can be positive or negative.

A negative allowance for subsidy balance means that the present value of funds expected to be recovered is less than the principal outstanding. The increase in the negative allowance since FY 2017 is due primarily to higher subsidy costs, the main causes being high participation in income-driven repayment (IDR) plans and the COVID-19 deferrals of student loan repayments (see discussion in the Analysis of Direct Loan Program Subsidy Expense section on page 19).

Figure 4.

Components of Direct Loan Receivables, Net
(Dollars in Billions)



Direct Loan Component (Dollars in Billions)	Fiscal Year 2017	2018	2019	2020	2021
Principal	**$ 998.8**	**$1,083.7**	**$1,164.9**	**$1,224.8**	**$1,292.2**
Rate of Increase in Principal	10.6%	8.5%	7.5%	5.1%	5.5%
Accrued Interest	$ 59.5	$ 72.0	$ 83.3	$ 92.1	$ 86.5
Allowance for Subsidy	$ (16.8)	$ (40.7)	$ (124.4)	$ (216.4)	$ (273.9)
Total No. of Direct Loan Borrowers (in Millions)	**33.0**	**34.2**	**35.1**	**35.9**	**37.0**

Table 2.

Payment Status of Direct Loan Principal and Interest Balance

(Dollars in Billions)

Loan Status	Fiscal Year FY 2017	FY 2018	FY 2019	FY 2020**	FY 2021**
Total No. of Direct Loan Borrowers (in Millions)	33.0	34.2	35.1	35.9	37.0
Total Dollar Amount of Direct Loans Outstanding	**1,058.4**	**1,155.7**	**1,248.1**	**1,316.9**	**1,378.7**
Current Repayment[1]	467.8	531.2	594.7	14.2	16.2
% Current Repayment	44.2%	46.0%	47.6%	1.1%	1.2%
In School, Grace Period, and Education Deferments	291.7	295.5	294.8	282.8	271.9
% In School, Grace Period, and Education Deferments	27.6%	25.6%	23.6%	21.5%	19.7%
Forbearance and Noneducation Deferments	122.5	121.5	133.2	887.5	967.8
% Forbearance and Noneducation Deferments	11.6%	10.5%	10.7%	67.4%	70.2%
Delinquent (Past Due 31-360 Days)	79.7	92.5	90.8	0.5	0.0
% Delinquent (Past Due 31-360 Days)	7.5%	8.0%	7.3%	0.0%	0.0%
Default/ Bankruptcy/ Other*	96.7	115.0	134.6	131.9	122.8
% Default/ Bankruptcy/ Other*	9.1%	10.0%	10.8%	10.0%	8.9%

[1] Loans in Current Repayment status include loans that are being repaid on-time. However, these on-time loans can include loans for which the amount of interest accruing is higher than payments that are being made, which can occur in the case of loans on income-driven repayment plans.

*Adjusted to eliminate differences between NSLDS and FSA Total Reported DL Portfolio (principal and Interest)

**Student loan payment pause in effect from March 2020.

Table 2 shows the payment status of the direct loan principal and interest balances outstanding over the past five years. The Current Repayment category consists of loans that are being paid back on time, including the current portion of loans being repaid pursuant to IDR plans. Loans in the Delinquent category are past due anywhere from 31 to 360 days. Default/Bankruptcy/Other includes loans that are more than 360 days delinquent (default status), loans in a nondefaulted bankruptcy status, and loans in disability status.

While technical default is 271 days delinquent, default is defined as 361 days delinquent for reporting purposes.

The balances reported for Current Repayment and Delinquent in FY 2020 and FY 2021 are significantly lower than prior years, primarily due to the COVID-19 student loan repayment deferrals that placed loans in forbearance and subsequently cured delinquencies. As a result of the COVID-19 student loan repayment deferrals, the FY 2020 and FY 2021 delinquent balances are zero.

While the COVID-19 student loan repayment deferrals suspended payments for federally owned student loans, some borrowers elected to continue to make student loan payments. In addition to improving borrowers' overall financial health, factors that may have influenced borrowers to continue making payments on their student loans during forbearance include the following:

- Borrower flexibility to make payments or suspend payments as their financial circumstances permitted without notification to the loan servicer.
- Potential earlier loan payoff.
- Lower total cost of a loan over time to the borrower due to the zero percent interest rate. (Before the pause, an average of two-thirds of each dollar paid went to principal. During the pause, this quickly increased to above 90 percent, and now an average of 95 percent of each dollar goes toward principal).

- Potentially improving the borrower's credit rating by reducing the student debt balance. The relative strength of FSA borrower payment activity has been driven, in part, by efforts of borrowers to improve their credit stance to purchase homes during much of 2020 and 2021. During the pandemic, the U.S. Department of Housing and Urban Development and Federal Housing Authority implemented nontemporary policy changes to improve the underwriting stance of federal student loan borrowers.

- Potentially improved overall borrower financial health and reduced financial stress by reducing student debt.

ANALYSIS OF DEBT ASSOCIATED WITH LOANS, DIRECT LOAN PROGRAM

The Department borrows funds to disburse new loans and pay credit program outlays and related costs. The Department repays Treasury after consideration of cash position and the liability for future cash outflows. Figure 5 shows the Direct Loan Program cumulative borrowing and repayment activity that resulted in the debt amount on the balance sheet. A diagram depicting the Direct Loan Program financing process is displayed with related trend data as Figure 6 on page 17 of this report.

Figure 5.

Direct Loan Program Cumulative Financing Activity
(Dollars in Billions)

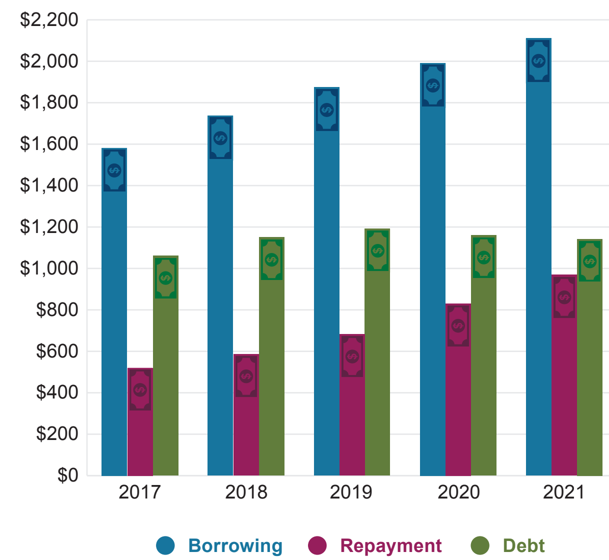
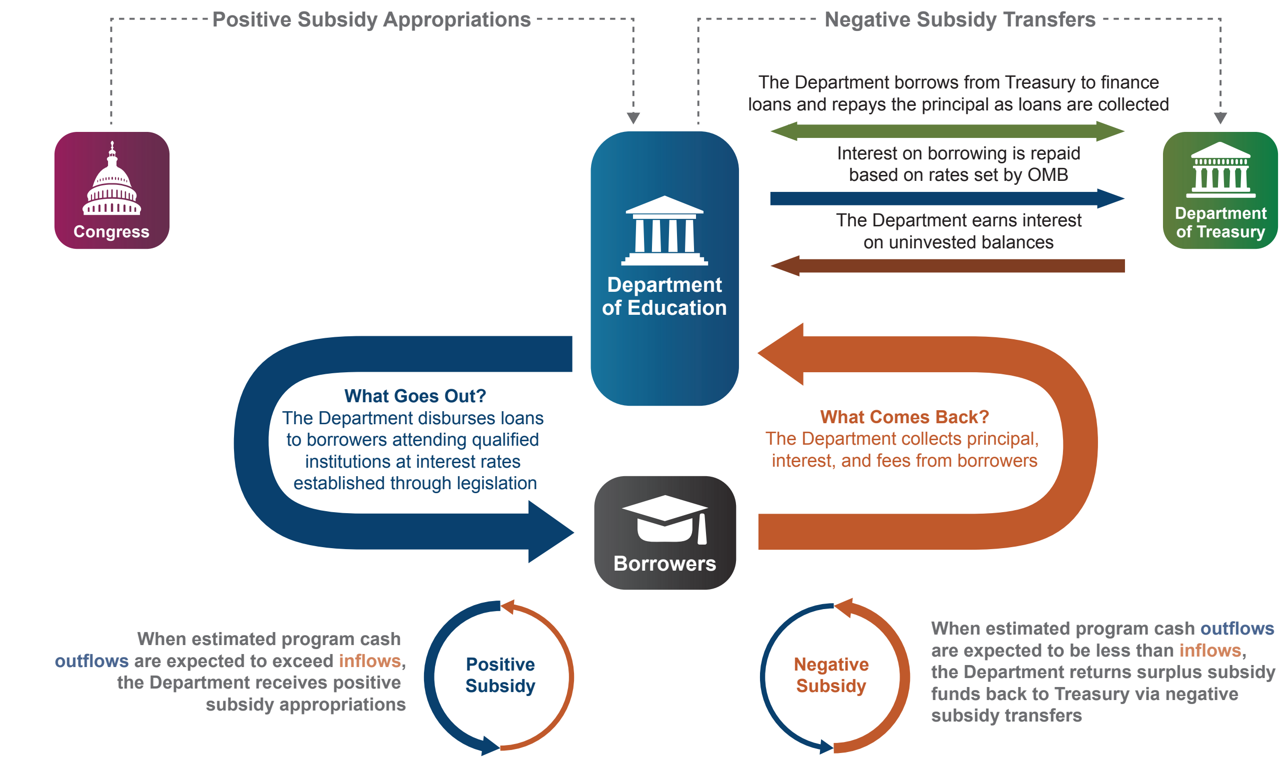


Figure 6.

William D. Ford Federal Direct Loan Program: *Following the Funding*



Treasury Financing and Subsidy Cost of Direct Loans (Dollars in Billions)*					
Fiscal Year	**2017**	**2018**	**2019**	**2020**	**2021**
Net Borrowing	**$ 67.3**	**$ 89.1**	**$ 41.5**	**$ (32.0)**	**$ (17.9)**
Borrowing from Treasury	160.5	155.3	137.6	116.9	120.0
Debt Repayments to Treasury	(93.2)	(66.2)	(96.1)	(148.9)	(137.9)
Interest Expense to Treasury	(31.3)	(32.3)	(33.8)	(34.7)	(33.0)
Interest Earned from Treasury	4.3	3.9	4.1	4.8	4.2
Cumulative Taxpayer Cost / (Savings)	16.8	40.7	124.4	216.4	273.9
Current Subsidy Expense (Revenue)	5.3	4.4	61.5	100.9	93.9

Direct Loan Program Cash Transactions with Borrowers (Dollars in Billions)*					
Fiscal Year	**2017**	**2018**	**2019**	**2020**	**2021**
Loan Disbursements	**$ 142.5**	**$ 134.1**	**$ 130.7**	**$ 117.4**	**$ 104.8**
Stafford Subsidized	23.4	20.3	20.0	19.1	18.3
Stafford Unsubsidized	51.4	49.0	48.1	46.1	44.1
PLUS	18.7	23.1	22.7	21.7	20.8
Consolidation[1]	49.0	41.6	39.8	30.4	21.5
Loan Collections[2]	**82.0**	**84.9**	**91.3**	**69.9**	**37.2**
Principal	62.6	63.5	67.0	55.3	33.3
Interest	17.6	19.5	22.4	12.9	2.3
Fees	1.9	1.9	1.9	1.7	1.6

* Numbers may not add due to rounding.

[1] Consolidation amounts stem from a number of loan programs, including most notably the FFEL program, in addition to Direct Loans.

[2] Loan collections include prepayments, including prepayments in full due to consolidation of underlying Direct Loans.

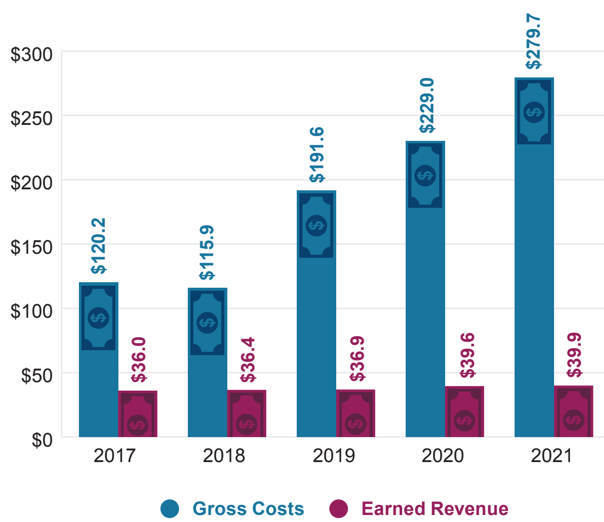
STATEMENTS OF NET COST

The consolidated statements of net cost report the Department's components of the net cost of operations for a given fiscal year. Net cost of operations consists of the gross costs incurred less any exchange (i.e., earned) revenue from activities. Gross costs are composed of the cost of credit and grant programs, and operating costs.

Figure 7.

Gross Costs & Earned Revenue

(Dollars in Billions)



Exchange revenue is primarily interest earned on credit program loans. Figure 7 shows the Department's gross costs and earned revenue over the past five years. As shown in Table 1 and discussed in more detail below, significant increases in the Department's net costs for FY 2021 were primarily due to loan modifications (subsidy expense) and grant expenses related to COVID-19 activities.

GROSS COSTS AND EARNED REVENUE BY TYPE

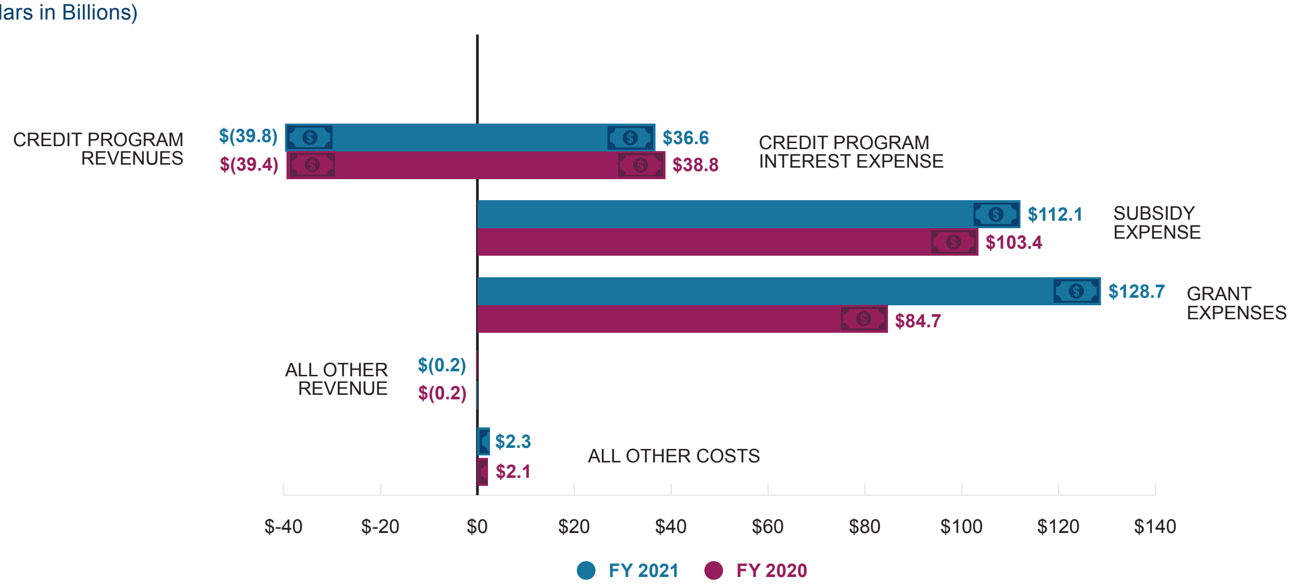
As shown in Figure 8, the Department's gross costs and earned revenue include three primary components:

- Credit program interest expense offset by credit program interest revenue and administrative fees as the result of subsidy amortization.
- Credit program subsidy expense (see Analysis of Direct Loan Program Subsidy Expense below).
- Grant expenses (see Figure 10).

Figure 8.

Primary Components of Gross Costs and Earned Revenue

(Dollars in Billions)



ANALYSIS OF DIRECT LOAN PROGRAM SUBSIDY EXPENSE

The Department's gross costs can fluctuate significantly each year as a result of changes in estimated subsidy expenses—primarily subsidy expenses for direct loans. The primary components of subsidy expenses include year-end subsidy re-estimates and loan modifications.

Subsidy expenses are estimates of the present value cost of providing direct loans but excludes the administrative costs of issuing and servicing the loans. The Department estimates subsidy expenses using a set of econometric and financial models as well as cash flow models.

The Department estimates subsidy expenses annually for new loans disbursed in the current year and updates the previous cost estimates for outstanding loans disbursed in prior years based on various updated assumptions (subsidy re-estimates). The Department also updates subsidy expenses due to changes to terms of existing loans (subsidy modifications). Figure 9 shows these three components of the Direct Loan Program subsidy expense for the past five years. Factors such as interest rates charged to the borrower, interest rates on Treasury debt, default rates, fees and other costs, and assumptions concerning borrowers' selection of repayment plans impact the estimated cost calculation and determine whether the individual components and overall subsidy expense is positive or negative.

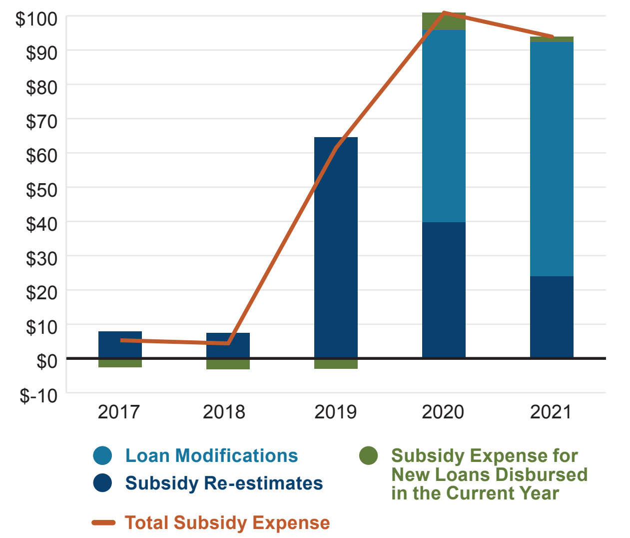
The Direct Loan Program subsidy expense for new loans disbursed in the current year was negative from FY 2017 through FY 2019 primarily because lending interest rates charged were greater than the historically low rates at which the Department borrowed from Treasury. In practical terms, a negative subsidy occurs when the interest and/or fees charged to the borrower are more than sufficient to cover the interest on Treasury borrowings and the costs of borrower default. Subsidy expense for new loans disbursed in FY 2020 and FY 2021 was positive due to rising enrollment in IDR plans and a reduction in projected future income of borrowers in IDR plans, both of which contribute to a higher expected cost to the government for issuing student loans by reducing the amount that many borrowers will repay over the life of their loans and/or creating a student loan forgiveness benefit for amounts remaining after 20 or 25 years, particularly common among high-debt borrowers.

The components of the Direct Loan Program subsidy re-estimates and loan modification costs are summarized below. More detail about these components can be found in the notes to the financial statements beginning on page 64.

Figure 9.

Direct Loan Program Subsidy

(Dollars in Billions)



	2017	2018	2019	2020	2021
Subsidy Expense for New Loans Disbursed in the Current Year	$ (2.6)	$ (3.1)	$ (3.0)	$ 5.1	$ 1.6
Subsidy Re-estimates	7.9	7.4	64.5	56.1	24.0
Loan Modifications	-	0.1	-	39.7	68.3
Total Subsidy	**$ 5.3**	**$ 4.4**	**$ 61.5**	**$100.9**	**$ 93.9**

Subsidy Re-estimate Components	2021	2020
Income Driven Repayment (IDR) Model Changes	$ 22.4	$ 35.5
Prior Year's Cohort Assumption Changes	15.5	4.8
Interest on the Re-Estimate	5.0	5.9
Default	(6.4)	1.8
Repayment Plan Selection	0.7	6.5
Discount Rates	(11.5)	-
Death, Disability, and Bankruptcy (DDB)	3.2	-
Deferment And Forbearance	(4.8)	-
Collections	1.5	-
Interactive Effects	(1.6)	1.5
Other Assumptions	-	0.1
Total Direct Loan Program Subsidy Re-estimates	**$ 24.0**	**$ 56.1**

Loan Modification Components	2021	2020
Student Loan Repayment Deferrals	$ 49.5	$ 38.6
Total and Permanent Disability	18.7	1.1
Faith-Based Final Rule	0.1	-
Total Direct Loan Program Loan Modifications	**$ 68.3**	**$ 39.7**

GRANT EXPENSES

As shown in Figure 10, overall grant expenses increased primarily because of COVID-19 grants. More detail concerning COVID-19 grants can be found in Note 11 of the financial statements beginning on page 81. In addition to COVID-19 funded grants, the Department has more than 100 other grant and loan programs. The three largest of these grant program areas are:

- **Pell Grants**—Provides need-based grants to students to promote access to postsecondary education. Grant amounts are dependent on the student's expected family contribution, the cost of attendance (as determined by the institution), the student's enrollment status (full-time or part-time), and whether the student attends for a full academic year or less. Pell Grants are the single largest source of grant aid for postsecondary education.

- **Education for the Disadvantaged**—Primarily consists of grants that provide financial assistance through SEAs to LEAs and public schools with high numbers or percentages of poor children to help ensure that all children meet challenging state academic content and student academic achievement standards. The program also provides funds to states to support educational services to children of migratory farmworkers and fishers and to neglected or delinquent children and youth in state-run institutions, attending community day programs, and in correctional facilities.

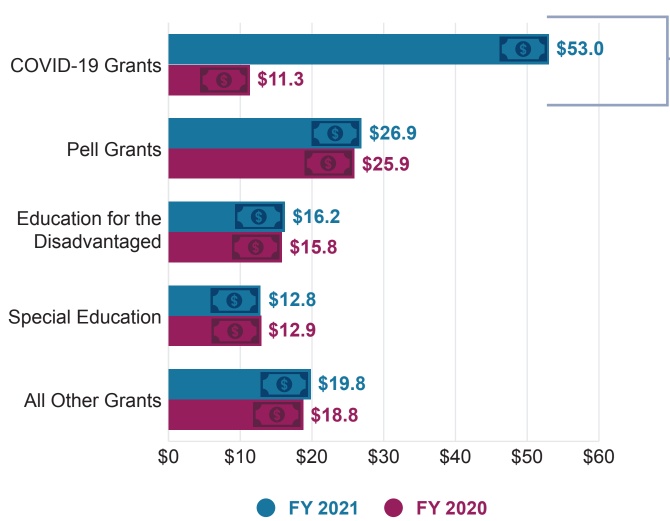
- **Special Education**—Primarily consists of *Individuals with Disabilities Education Act* grants that provide funds by formula to states to assist them in providing a free appropriate public education in the least restrictive environment for children with disabilities ages 3 through 21 and assists states in providing early intervention services for infants and toddlers from birth through age 2 and their families. Also provides discretionary grants to IHEs and other nonprofit organizations to support research, demonstrations, technical assistance and dissemination, technology, personnel development and parent-training, and information centers.

In addition to student loans and grants, the Department offers other discretionary grants under a variety of authorizing legislation, with approximately 90 percent of nonstudent aid funds awarded by formula and 10 percent through competitive processes.

Figure 10.

Grant Expenses by Program Areas

(Dollars in Billions)



COVID-19 Grant Expenses

(Dollars in Millions)

COVID-19 Grants	FY 2021	FY 2020
Education Stabilization Fund:		
Elementary and Secondary School Emergency Relief Fund	$ 20,036	$ 1,552
Higher Education Emergency Relief Fund	31,407	9,135
Governor's Emergency Education Relief Fund	1,341	536
Outlying Areas & Discretionary Grants	130	21
Total Education Stabilization Fund	**52,914**	**11,244**
Other COVID-19 Grants	66	15
Total COVID-19 Grants	**$ 52,980**	**$ 11,259**

STATEMENTS OF CHANGES IN NET POSITION

The consolidated statements of changes in net position report the beginning net position, the summary effect of transactions that affect net position during the fiscal year, and the ending net position. Net position consists of unexpended appropriations and cumulative results of operations. Unexpended appropriations include undelivered orders and unobligated balances for grant and administrative operations. Cumulative results of operations represent the net difference since inception between (1) expenses and (2) revenues and financing sources.

STATEMENTS OF BUDGETARY RESOURCES

The combined statements of budgetary resources present information on how budgetary resources were made available and their status at the end of the fiscal year. Information in the statements is based on budgetary transactions as prescribed by OMB and Treasury.

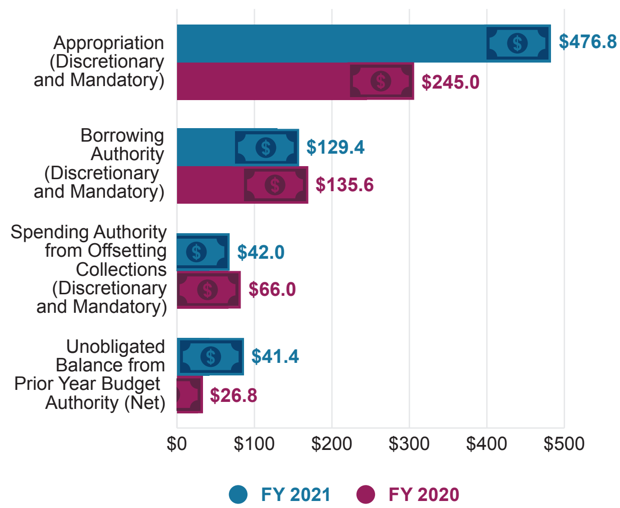
Figure 11 shows the components of the Department's budgetary resources, which totaled $689.6 billion for FY 2021, increasing from $473.4 billion, or 45.7 percent from the prior year. This increase was primarily due to increases in appropriations received totaling $231.8 billion, of which $235.0 billion was for increases in direct and indirect appropriations for COVID-19 activity.

Other significant changes to the Department's combined statements of budgetary resources include the following:

- Unobligated Balances from Prior Year Budget Authority (Net) increased by $14.6 billion, or 54.4 percent. Of this increase, $0.7 billion was due to COVID-19-funded balances and the remaining increase was due primarily to an increase in Direct Loan Program unapportioned authority from FY 2019 to FY 2020 and repayment of Direct Loan Program debt in FY 2021 for prior year balances.

Figure 11.

Components of Budgetary Resources
(Dollars in Billions)



- New Obligations and Upward Adjustments (Total) increased by $196.7 billion, or 45.7 percent due primarily to an increase of $203.0 billion for grant obligations funded by the COVID-19 appropriations and an increase of $14.0 billion in obligations associated with loan modifications for COVID-19 student loan deferrals.

- Unobligated Balance, End of Year increased $19.3 billion or 45.3 percent. Of this increase, $17.8 billion was due to COVID-19-funded balances.

The combined statements of budgetary resources also present the Department's summary disbursement and collection amounts shown in Table 3.

Outlays, Net is comprised of gross outlays and offsetting collections in the Department's budgetary funds. Outlays, net increased $49.1 billion (22.5 percent) due primarily to an increase of $37.5 billion in COVID-19 grant outlays.

Distributed Offsetting Receipts primarily represents amounts paid from the Direct Loan Program and FFEL Program financing accounts to Treasury General Fund receipt accounts for downward current fiscal year executed subsidy re-estimates and negative subsidies. Of the $7.0 billion decrease in FY 2021 versus FY 2020, $6.3 billion was attributed to the FFEL Program.

Disbursements, Net is comprised of gross outlays and offsetting collections in the Department's credit program nonbudgetary financing funds.

Table 3.

Outlays, Distributed Offsetting Receipts, and Disbursements, Net

(Dollars in Billions)

	FY 2021	FY 2020
Outlays, Net		
Credit Programs	$ 141.7	$ 129.8
Grants	122.4	85.5
Contractual Services	2.3	2.0
Personnel Compensation and Benefits	0.7	0.7
Total Outlays, Net	**$ 267.1**	**$ 218.0**
Distributed Offsetting Receipts		
Subsidies	(5.6)	(12.3)
Repayment of Perkins Loans and Capital Contributions	(0.9)	(1.3)
Other	(0.1)	-
Total Distributed Offsetting Receipts	**$ (6.6)**	**$ (13.6)**
Disbursements, Net		
Direct Loan Program		
Gross Disbursements	$ 143.8	$ 158.2
Offsetting Collections	(171.5)	(188.1)
Total Direct Loan Program Disbursements, Net	(27.7)	(29.9)
FFEL Program		
Gross Disbursements	8.3	17.5
Offsetting Collections	(19.2)	(30.6)
Total FFEL Program Disbursements, Net	(10.9)	(13.1)
Other Loan Programs		
Gross Disbursements	0.7	0.5
Offsetting Collections	(2.0)	(0.4)
Total Other Loan Program Disbursements, Net	(1.3)	0.1
Total Disbursements, Net	**$ (39.9)**	**$ (42.9)**