Notes to the Consolidated Statement of Net Cost, Consolidated Statement of Changes in Net Position, and Combined Statement of Budgetary Resources for the Year Ended September 30, 2023 (Unaudited)

NOTE 11. Other Accounting Policies

Basis of Accounting and Presentation

These financial statements were prepared to report the net cost of operations, changes in net position, and budgetary resources of the Department, as required by the *Chief Financial Officers Act of 1990* and the *Government Management Reform Act of 1994*. The financial statements were prepared from the books and records of the Department, in accordance with Generally Accepted Accounting Principles (GAAP) accepted in the United States for federal entities, issued by the Federal Accounting Standards Advisory Board (FASAB), and the Office of Management and Budget (OMB) Circular A-136, *Financial Reporting Requirements*, as revised. For FY 2023, the Department elected to present these financial statements as unaudited and include them in the Other Information section. These financial statements are different from the financial reports prepared by the Department pursuant to OMB directives that are used to monitor and control the use of budgetary resources. FSA also issues stand-alone financial statements that are included in their annual report.

The accounting structure of federal agencies is designed to reflect both accrual and budgetary accounting transactions. Under the accrual method of accounting, revenues are recognized when earned and expenses are recognized when a liability is incurred, without regard to receipt or payment of cash. Budgetary accounting facilitates compliance with legal constraints and controls over the use of federal funds.

Subsidy Cost and Budgetary Accounting for Federal Credit Programs

Under the FCRA, subsidy cost is estimated using the net present value of future cash flows to and from the Department. In accordance with the FCRA, credit programs either estimate a subsidy cost to the government (a “positive” subsidy), breakeven (zero subsidy cost), or estimate a negative subsidy cost. Negative subsidy occurs when the estimated cost of providing loans to borrowers from Treasury borrowing, collection costs, and loan forgiveness is less than the value of collections from borrowers for interest and fees, in present value terms.

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

The Department estimates subsidy costs annually for new loans disbursed in the current year; updates to the previous cost estimates for outstanding loans disbursed in prior years (subsidy re-estimates); and updates to previous cost estimates based on new legislation or other government actions that change the terms of existing loans (loan modifications) that alter the estimated subsidy cost and the present value of outstanding loans. Loan modifications can also include modification adjustment gains and losses to account for the difference between the discount rate used to calculate the cost of the modification and the interest rate at which the cohort pays or earns interest.

The subsidy costs of direct loan and loan guarantee programs are budgeted and tracked by the fiscal year in which the loan award is made, or the funds committed. Such a grouping of loans or guarantees is referred to as a "cohort." A cohort is a grouping of direct loans obligated or loan guarantees committed by a program in the same year even if disbursements occur in subsequent years.

To account for the change in the net present value of the loan portfolio over time, the subsidy cost is amortized each year. Amortization accounts for the differences in interest rates, accruals, and cash flows over the life of a cohort, ensuring that cost is reflected in subsidy estimates and re-estimates. Amortization of subsidy is calculated as the difference between interest received from borrowers and Treasury (on uninvested funds) and interest paid to Treasury on borrowings.

The Department records an obligation each year for direct loan awards to be made in a fiscal year based on estimates of schools' receipt of aid applications. The Department advances funds to schools based on these estimates.

Half of all loan awards are issued in the fourth quarter of the fiscal year. Loans awarded are typically disbursed in multiple installments over an academic period. As a result, loans may be disbursed over multiple fiscal years. Loan awards may not be fully disbursed due to students leaving or transferring to other schools. The Department's obligation estimate may also not reflect the actual amount of awards made. Based on historical averages, the Department expects approximately 7.8 percent of the amount obligated for new loan awards will not be disbursed.

Budgetary Terms

The purpose of Federal budgetary accounting is to control, monitor, and report on funds made available to the Department by law and help ensure compliance with the law.

Budgetary resources are amounts that are available to incur and liquidate obligations in a given year. The Department's budgetary resources include unobligated balances of resources from prior years and new resources, which include appropriations, authority to borrow from Treasury, and spending authority from collections. Obligations are legally binding agreements that will result in outlays, immediately or in the future. Budgetary resources must be available before obligations can be incurred legally.

Borrowing authority is an indefinite budgetary resource authorized under the FCRA. This resource, when realized, finances the unsubsidized portion of the Direct Loan, FFEL, and other loan programs. In addition, borrowing authority is requested to cover the cost of the initial loan disbursement as well as any related negative subsidy to be transferred to Treasury General Fund receipt accounts. Treasury prescribes the terms and conditions of borrowing authority and lends to the financing account amounts as appropriate. Amounts borrowed, but not yet disbursed, are included in uninvested funds and earn interest. Treasury uses the same weighted average interest rates for both the interest charged on borrowed funds and the interest earned on uninvested funds. Treasury sets a different fixed interest rate to be used for each loan cohort once the loans are substantially disbursed. The Department may carry forward borrowing authority to future fiscal years if cohorts are disbursing loans. All borrowings from Treasury are effective on October 1 of the current fiscal year, regardless of when the Department borrowed the funds, except for amounts borrowed to make annual interest payments.

Authority to borrow from Treasury provides most of the funding for disbursements made under the Direct Loan, FFEL, and other loan programs. Subsidy and administrative costs of the programs are funded by appropriations. Borrowings are repaid using collections from borrowers, fees, and interest on uninvested funds.

Unobligated balances represent the cumulative amount of budgetary resources that are not obligated and that remain available for obligation under law, unless otherwise restricted. Resources expiring at the end of the fiscal year remain available for five years, but only for upward adjustments of prior-year obligations, after which they are canceled and may not be used. Resources that have not expired at year-end are available for new obligations, as well as upward adjustments of prior-year obligations. Funds are appropriated on an annual, multiyear, or no-year basis. Appropriated funds expire on the last day of availability and are no longer available for new obligations. Amounts in expired funds are unavailable for new obligations but may be used to adjust previously established obligations.

Permanent Indefinite Budget Authority. The Direct Loan, FFEL, and other loan programs have permanent indefinite budget authority through legislation to fund subsequent increases to the estimated future costs of the loan programs. Parts B, Federal Family Education Loan Program, and D, Federal Direct Student Loan, of the HEA pertain to the existence, purpose, and availability of permanent indefinite budget authority for these programs.

Reauthorization of Legislation. Funds for most Department programs are authorized, by statute, to be appropriated for a specified number of years, with an automatic one-year extension available under Section 422 of the *General Education Provisions Act*. Congress may continue to appropriate funds after the expiration of the statutory authorization period, effectively reauthorizing the program through the appropriations process. The current President's Budget presumes all programs continue in accordance with congressional budgeting rules.

Outlays are the liquidation of obligations that often takes the form of an electronic funds transfer. Outlays are reported on the SBR net of offsetting collections and distributed offsetting receipts.

Offsetting collections and offsetting receipts are generally amounts collected from (1) business-like transactions with the public or (2) intragovernmental transfers. Offsetting collections usually may be used by the Department once received without further legislation whereas offsetting receipts must be appropriated to be used.

Offsetting receipts and offsetting collections both "offset" or reduce outlays. Offsetting collections reduce outlays at the expenditure account level, whereas offsetting receipts generally reduce outlays at the agency or Government-wide level. Offsetting receipts can be either "distributed" or "undistributed," with distributed offsetting receipts shown on the SBR reducing agency outlays and undistributed offsetting receipts reducing Government-wide outlays (and not shown on the SBR).

Budgetary transactions are included as outlays or receipts in the Budget and ultimately affect the budget deficit or surplus whereas non-budgetary amounts are a means of financing and do not affect the deficit or surplus. Non-budgetary amounts include the non-budgetary financing account amounts for loan and loan guarantee programs shown on the SBR. Financing accounts reflect program cash flows as distinct from credit "program" accounts, which are budgetary and reflect the subsidy cost of the programs.

Imputed Costs

Services are received from other federal entities at no cost or at a cost less than the full cost to the Department. Consistent with accounting standards, certain costs of the providing entity that are not fully reimbursed by the Department are recognized as imputed costs in the Statements of Net Cost and are offset by imputed revenue in the Statements of Changes in Net Position. Such imputed costs and revenues relate to employee benefits. However, unreimbursed costs of services other than those related to employee benefits are not included in the Department's financial statements.

Net Cost

As required by the *GPRA Modernization Act of 2010*, the Department's programs have been aligned with the goals presented in the Department's *Strategic Plan*.

Net cost consists of gross costs less earned revenue. Major components of the Department's net costs include credit program subsidy expense, credit program interest revenue and expense, and grant expenses. Administrative overhead costs are allocated to loan and non-credit programs based on number of applications processed, number of loans serviced, dollar amount of loan originations, cost of school compliance actions, and the cost to collect defaulted loans.

Credit Program Subsidy Expense. Subsidy expense is an estimate of the present value cost of providing loans, excluding the administrative costs of issuing and servicing the loans. To estimate subsidy expense, the Department must project lifetime cash flows associated with loans disbursed in a specific fiscal year (i.e., the loan cohort). The Department projects these lifetime cash flows 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; updates the previous cost estimates for outstanding loans disbursed in prior years (subsidy re-estimates); and updates previous cost estimates based on changes to terms of existing loans (loan modifications). Loan modifications include actions resulting from new legislation or from the exercise of administrative discretion under existing law, which directly or indirectly alters the estimated subsidy cost of outstanding direct loans (or direct loan obligations). The change in book value of direct loans resulting from a modification and the cost of modification will normally differ due to the use of different discount rates or the use of different measurement methods. Any difference between the change in book value and the cost of modification is recognized as a modification adjustment transfer gain or a modification adjustment transfer loss.

Credit Program Interest Revenue and Expense. The Department recognizes other than intragovernmental interest revenue when interest is accrued on Direct Loan Program loans, defaulted and acquired FFEL loans, and outstanding principal for other loan programs. Interest due from borrowers is accrued at least monthly and is satisfied upon collection or capitalization into the loan principal. Federal interest revenue is recognized on the unused fund balances with Treasury in the financing accounts.

Federal interest expense is recognized monthly on the outstanding borrowing from Treasury (debt) used to finance direct loan and loan guarantee programs. Accrued interest to Treasury is paid on September 30. The interest rate for federal interest expense is the same as the rate used for federal interest revenue.

Interest expense equals interest revenue plus administrative fees accrued for all credit programs due to subsidy amortization. Subsidy amortization is required by the FCRA and accounts for the difference between interest expense and revenue cash flows. For direct loans, the allowance for subsidy is adjusted with the offset to interest revenue. For guaranteed loans, the liability for loan guarantees is adjusted with the offset to interest expense.

Net Position

Net position consists of unexpended appropriations and cumulative results of operations. Unexpended appropriations include undelivered orders and unobligated balances, except for amounts in financing accounts, liquidating accounts, and trust funds. Cumulative results of operations represent the net difference since inception between (1) expenses and (2) revenues and financing sources.

Allocation Transfers

Allocation transfers are an arrangement established by statute that allow an agency to delegate authority and financial operations to other Federal agencies. Treasury establishes a separate subsidiary account (allocation account) under the parent fund account to provide for the reporting of obligations and outlays incurred by the child entity. All financial activity related to this allocation transfer (e.g., budget authority, obligations, outlays) is reported in the financial statements of the parent entity from which the underlying legislative authority, appropriations, and budget apportionments are derived. The Department has established a child relationship with the Department of the Interior for transactions related to the Bureau of Indian Affairs, and receives allocation transfers, as the child, from the Department of Health and Human Services.

Use of Estimates

Department management is required to make certain estimates while preparing consolidated financial statements in conformity with GAAP. These estimates are reflected in the net cost and net position of the financial statements and may differ from actual results. The Department's estimates are based on management's best knowledge of current events, best available data, economic assumptions, historical experiences, and other assumptions that are believed to be reasonable under the circumstances. Significant estimates reported on the Consolidated Statement of Net Cost and the Consolidated Statement of Changes in Net Position include: allocation of Department administrative overhead costs; and subsidy expense for direct, defaulted guaranteed, and acquired loans. (See Notes 13 and 15)

NOTE 12. Property and Equipment

Changes in property and equipment balances were as follows:

Property and Equipment
(Dollars in Millions)

	2023 (Unaudited)		
	Acquisition Value	Accumulated Depreciation	Net
Balance Beginning of the Year	$ 168	$ (162)	$ 6
Dispositions	(4)	-	(4)
Balance at End of Year	**$ 164**	**$ (162)**	**$ 2**

NOTE 13. Credit Program Subsidy Expense and Reconciliations of Loans Receivable, Allowance for Subsidy, and Liabilities for Loan Guarantees

The net loans receivable increased by $214.3 billion during FY 2023 (as a result of activity identified in the following table).

Reconciliation of Loans Receivable, Net
(Dollars in Millions)

	2023 (Unaudited)				
	Direct Loan Program	Defaulted FFEL Guaranteed Loans	Acquired FFEL Loans	Other Credit Programs for Higher Education	Total
Beginning Balance of Loans Receivable, Net	**$ 816,514**	**$ 9,931**	**$ 29,871**	**$ 2,332**	**$ 858,648**
Add Loan Disbursements:					
New Loan Disbursements	84,477	-	-	188	84,665
Consolidations	37,792	-	-	-	37,792
Add Defaulted Loan Claim Payments	-	4,605	-	-	4,605
Less Principal, Interest, and Fee Payments Received:					
Principal	(42,123)	(364)	(766)	(52)	(43,305)
Interest	(2,147)	(18)	(276)	(8)	(2,449)
Fees	(1,656)	-	1	-	(1,655)
Add Interest Accruals	3,180	80	(969)	9	2,300
Less Loans Written Off:					
Principal	(83,789)	(1,984)	(2,986)	(55)	(88,814)
Interest	(4,990)	(201)	(92)	(5)	(5,288)
Fees	-	(41)	-	-	(41)
Allowance for Subsidy	88,779	2,226	3,078	60	94,143
Add Amortization of Net Interest:					
Interest Revenue on Uninvested Funds	(6,266)	-	(261)	(12)	(6,539)
Interest Revenue from the Public	(3,180)	-	970	(13)	(2,223)
Administrative Fees	2	-	(1)	(4)	(3)
Interest Expense on Borrowing	28,234	-	1,159	32	29,425
Positive Subsidy Transfers	(18,392)	-	-	(37)	(18,429)
Negative Subsidy Transfers	2,109	-	-	-	2,109
Upward Subsidy Re-Estimate	(58,932)	-	(5,808)	(100)	(64,840)
Downward Subsidy Re-Estimate	(12,466)	-	(1,634)	50	(14,050)
Loan Modifications	204,156	-	5,181	38	209,375
Other:					
Other Adjustments to Allowance for Subsidy	851	793	252	(106)	1,790
Other Non-Cash Reconciling Items	(1,241)	(3,184)	(248)	449	(4,224)
Ending Balance of Loans Receivable, Net	**$ 1,030,912**	**$ 11,843**	**$ 27,471**	**$ 2,766**	**$ 1,072,992**

When Department-held loans are written off, the unpaid principal and interest are removed from the gross amount of loans receivable, along with an offsetting amount charged to the allowance for subsidy. Prior to the write off transaction, the estimated uncollectible amounts are provided for in the subsidy cost allowance through the subsidy cost estimate, re-estimates, or loan modifications. Therefore, the write off transactions do not affect the net loan receivable or expenses.

Other adjustments to allowance for subsidy for defaulted FFEL guaranteed loans shown in the table above includes the Department's allocation of current year subsidy re-estimates and modifications to the allowance for subsidy for Department-held defaulted FFEL guaranteed loans.

What follows is additional analysis for each of the loan programs.

Direct Loan Program

Direct Loan Program Reconciliation of Allowance for Subsidy
(Dollars in Millions)

	2023 (Unaudited)
Beginning Balance of Allowance for Subsidy	**$ 611,919**
Total Subsidy Expense for Direct Loans Disbursed in the Current Year	16,283
Adjustments	
Loan Modifications	(204,156)
Fees Received	1,660
Loans Written Off	(88,779)
Subsidy Allowance Amortization	(18,790)
Other Activities	(850)
Ending Balance of Allowance for Subsidy Before Re-Estimates	**317,287**
Net Upward/(Downward) Subsidy Re-Estimates	71,398
Ending Balance of Allowance for Subsidy	**$ 388,685**

The estimation process used to determine the amount of positive or negative subsidy expense each fiscal year, and subsequently the cumulative taxpayer cost of the program (allowance for subsidy), is subject to various external risk factors that often show strong interdependence with one another. These risks include uncertainty about changes in the general economy, changes in the legislative and regulatory environment, and changing trends in borrower performance related to contractual cash flows within the loan programs.

Due to the complexity of the Direct Loan Program, there is inherent projection risk in the process used for estimating long-term program costs. As stated, some uncertainty stems from potential changes in student loan legislation and regulations because these changes may fundamentally alter the cost structure of the program. Operational and policy shifts may also affect program costs by causing significant changes in borrower repayment timing. Actual performance may deviate from estimated performance, which is not unexpected given the long-term nature of these loans (cash flows may be estimated up to 40 years), and the multitude of projection paths and possible outcomes. The high percentage of borrowers in IDR plans has made projection of borrower incomes a key input for the estimation process. This uncertainty is directly tied to the macroeconomic climate and is another inherent program element that displays the interrelated risks facing the Direct Loan Program. The Department utilizes the best data available with modeling techniques that have been examined over time by several outside entities. Management has confidence over the estimates by using several different tools to analyze cost estimates. Re-estimates on the loan portfolio are performed twice a year ensuring that the most up to date data and models are used.

Loans written off result from borrowers having died, becoming disabled, or having a loan approved for discharge in bankruptcy or other type of discharge, including borrower defense discharges. The interest rate re-estimate reflects the cost of finalizing the Treasury borrowing rate to be used for borrowings received to fund the disbursed portion of the loan awards obligated.

Direct Loan Program Subsidy Expense
(Dollars in Millions)

	2023 (Unaudited)
Subsidy Expense for Direct Loans Disbursed in the Current Year	
Interest Rate Differential	$ 27,937
Defaults, Net of Recoveries	1,196
Fees	(1,625)
Other	(11,225)
Total Subsidy Expense for Direct Loans Disbursed in the Current Year	**16,283**
Modifications and Re-Estimates	
Loan Modifications	
Modification Adjustment Transfer Gain	(7,683)
Modification Adjustment Transfer Loss	6,590
Loan Modifications	(203,063)
Total Loan Modifications	**(204,156)**
Net Upward/(Downward) Subsidy Re-Estimates	
Interest Rate Re-Estimates	2,093
Technical and Default Re-Estimates	69,305
Total Net Upward/(Downward) Subsidy Re-Estimates	**71,398**
Total Modifications and Re-Estimates	(132,758)
Direct Loan Subsidy Expense	**$ (116,475)**

Subsidy Expense for Direct Loans Disbursed in the Current Year. The two major components of the total subsidy expense for direct loans disbursed in the current year (subsidy transfers) are Interest Rate Differential and Other components. Interest Rate Differential is attributable to the difference between the borrowers' interest payments due to the Department and the Department's estimated cost to finance the direct loan on a present value basis. The Other components of subsidy transfers primarily consists of contract collection costs, program review collections, fees, and loan forgiveness.

Loan Modifications. Loan modifications for the Direct Loan Program for FY 2023 included the following:

- Loan Deferral Extension. In FY 2023, the administration extended the student loan repayment deferrals through August 31, 2023. The extended relief for borrowers resulted in an upward modification cost of $23.2 billion. There was a net positive $0.1 billion modification adjustment transfer associated with this modification, bringing the total FY 2023 modification cost for the Direct Loan Program student loan repayment deferrals to $23.3 billion.

- Borrower Defense to Repayment and Arbitration. The Department developed regulations to create a fair path for borrowers to receive a discharge if their colleges lied or took advantage of them. The regulations established a process for group claims based on common evidence, to provide for full relief of loans and refund of payments made, stop interest accrual within a certain period upon granting a forbearance related to a claim, establish timeframes for resolving a claim, and establish a reconsideration process for denied borrower defense claims. These changes resulted in an upward modification cost of $4.2 billion. There was a net negative $0.1 billion modification adjustment transfer associated with this modification, bringing the total modification cost to $4.1 billion.

- PSLF. The PSLF Program removes the burden of student debt on public servants by canceling loans after 10 years of public service. The Department updated the PSLF application process and expanded the types of payments considered to qualify toward loan cancellation and described the types of qualifying employment. The updates included features of the limited-time PSLF waiver related to the treatment of specific deferments and forbearances and payments made prior to consolidation. A provision was included that allows individuals who work as contractors for a qualifying employer in a position or providing services that, under applicable state law, cannot be filled or provided by a direct employee of the qualifying employer, to receive PSLF. These changes resulted in an upward modification cost of $4.0 billion. There was a net positive $0.1 billion modification adjustment transfer associated with this modification, bringing the total modification cost to $4.1 billion.

- Total and Permanent Disability Discharges. The Department streamlined the application process, eliminated the 3-year post discharge income monitoring period, and expanded the Social Security Administration categories that qualify for the discharge. These changes resulted in an upward modification cost of $4.3 billion. There was a net positive $0.1 billion modification adjustment transfer associated with this modification, bringing the total modification cost to $4.4 billion.

- Closed School Discharge. The Department expanded the automatic discharge process for borrowers that attended a college that closed and clarified the treatment for borrowers that re-enroll in comparable programs. These changes resulted in an upward modification cost of $3.4 billion. There was a net positive $0.3 billion modification adjustment transfer associated with this modification, bringing the total modification cost to $3.7 billion.

- Interest Capitalization. Interest capitalization occurs when accrued interest is added to the principal balance of the loan, so that future interest accrues on a higher amount. The Department eliminated interest capitalization wherever it is not required by statute. This change resulted in an upward modification cost of $3.4 billion. There was a net positive $0.1 billion modification adjustment transfer associated with this modification, bringing the total modification cost to $3.5 billion.

- IDR Saving on a Valuation Education (SAVE) Plan. The Department published a Final Rule to revise the existing Revised Pay-As-You-Earn (REPAYE) repayment plan, which may also be referred to as the SAVE Plan. These changes resulted in an upward modification cost of $70.9 billion. There was a net negative $0.5 billion modification adjustment transfer associated with this modification, bringing the total modification cost to $70.4 billion.

- Broad Based Debt Relief Reversal. A downward modification was calculated to reverse the inclusion of student loan debt relief from the baseline subsidy cost as a result of the Supreme Court's ruling on Biden v. Nebraska on June 30, 2023. These changes resulted in a downward modification cost of $319.4 billion. There was a net negative $0.5 billion modification adjustment transfer associated with this modification, bringing the total modification cost (savings) to $319.9 billion.

- Fresh Start/On Ramp. Fresh Start is a one-time temporary program that offers special benefits for borrowers with defaulted federal student loans. In addition to Fresh Start, the President announced that the Department is instituting a 12-month "on-ramp" to repayment, running from October 1, 2023, to September 30, 2024, so that financially vulnerable borrowers who miss monthly payments during this period are not considered delinquent, reported to credit bureaus, placed in default, or referred to debt collection agencies. These actions resulted in an upward modification cost of $2.9 billion. There was a net negative $0.7 billion modification adjustment transfer associated with this modification, bringing the total modification cost to $2.2 billion.

Net Upward/Downward Subsidy Re-Estimates for All Prior-Year Loan Cohorts. The Direct Loan Program subsidy re-estimate increased subsidy expense in FY 2023 by $71.4 billion. Re-estimated costs only include cohorts that are 90 percent disbursed (i.e., cohort years 1994–2022). The re-estimate reflects the assumption updates and other changes described below.

In addition to the major assumption updates described below, the re-estimate reflects several other assumption updates, including loan volume, enter repayment rates, and Teacher Loan Forgiveness.

- Non-IDR Discharges. The Department updated the assumption to include a standard data update with data from NSLDS that included an update to closed school discharges and PSLF waiver discharges for borrowers not enrolled in IDR. The primary adjustment to the model this cycle was removing adjustments to the rates for total permanent disability and projecting those factors from the actuals in the data. The combined effect of these updates led to a net upward re-estimate of $29.9 billion.

- IDR Model Changes. The Department completed a standard IDR data update that included updates for defaults and collections, updated poverty guidelines, and revised inflation rates provided in OMB's economic assumption package. This cycle also featured an update to the deferment and forbearance rates in the IDR model to account for updated projections based on servicing guidelines that suggest that there may be many fewer forbearances in IDR in the future as well as adjustments for retroactive changes implemented regarding past forbearances. The combined effect of these updates led to a net upward re-estimate of $26.5 billion.

- Deferment and Forbearance. The Department updated deferment and forbearance rates for fiscal years 2023 and prior with updated forecasted rates. Economic assumptions were updated for unemployment rate, and fiscal years 2020 through 2023 were updated for actual payments made by students during the repayment deferral period using data from FSA. The combined effect of these changes led to a net downward re-estimate of $2.3 billion.

- Collections. The Department updated FY 2023 collection rates to reflect the extension of the repayment deferral, along with other technical changes. The combined effect of these changes led to a net upward re-estimate of $16.4 billion.

- Default. The default assumption was updated to include forecasted rates that spread future defaults more evenly across future fiscal years at the end of the Fresh Start period. The effect of these changes led to a net downward re-estimate of $0.6 billion.
- Repayment Plan Selection. The Department incorporated new repayment plan data through FY 2022 and updated the repayment plan assumption for cohorts prior to FY 2020. This update led to a net upward re-estimate of $6.4 billion.
- 2022 Cohort Assumption Changes. The technical re-estimate cannot reflect the impacts of certain assumption changes applicable to the current year loan cohort until the following fiscal year per OMB guidance. The current year's re-estimate includes a net upward adjustment of $0.2 billion for these current-year assumption changes attributable to the FY 2022 cohort.
- Interest on the Re-Estimate. Interest on re-estimates is the amount of interest that would have been earned or paid by each cohort on the subsidy re-estimate if the re-estimated subsidy had been included as part of the original subsidy estimate. The interest on the re-estimate calculated on the overall subsidy re-estimate resulted in a net upward re-estimate of $16.8 billion.
- Interactive Effects. The re-estimate includes a net downward re-estimate of $18.2 billion attributed to the interactive effects of the assumption changes described above. Each assumption described above is run independently. The interactive effect is a result of combining all assumptions together to calculate the final re-estimate.
- Discount Rates. The rates are used to calculate the NPV of the cash flows to create subsidy rates. Adjustments to the 2021 and 2022 cohorts were calculated. All other cohorts are actual. The combined effect of these changes led to a net upward re-estimate of $0.8 billion.

Direct Loan Program Interest Expense and Revenues
(Dollars in Millions)

	2023 (Unaudited)
Interest Expense on Treasury Borrowing	$ 28,234
Total Interest Expense	**$ 28,234**
Interest Revenue from the Public	3,180
Interest Revenue on Uninvested Funds	6,266
Administrative Fees	(2)
Amortization of Subsidy	18,790
Total Revenues	**$ 28,234**

Federal Family Education Loan Program

Reconciliation of Liabilities for Loan Guarantees
(Dollars in Millions)

	2023 (Unaudited)
Beginning Balance of Post-1991 FFEL Loan Guarantee Liability	**$ 10,409**
Adjustments	
Loan Modifications	1,018
Interest Supplements Paid	(1,706)
Claim Payments to Lenders	(4,593)
Fees Received	601
Interest on Accumulation on the Liability Balance	(88)
Other Activities	1,160
Net Upward Subsidy Re-Estimates	4,283
Ending Balance of Post-1991 FFEL Loan Guarantee Liability	**11,084**
Pre-1992 FFEL Liquidating Account Liability for Loan Guarantees	(138)
FFEL Liabilities for Loan Guarantees	**10,946**
HEAL Liabilities for Loan Guarantees	251
Total Liabilities for Loan Guarantees	**$ 11,197**

Other activity includes negative special allowance collections, collections on defaulted FFEL loans, guaranty agency expenses, and loan cancellations due to death, disability, or bankruptcy.

Allowance for Subsidy Reconciliation for Acquired FFEL Loans
(Dollars in Millions)

	2023 (Unaudited)			
	Loan Purchase Commitment	Loan Participation Purchase	ABCP Conduit	Total
Beginning Balance of Allowance for Subsidy	**$ 7,945**	**$ 12,952**	**$ 293**	**$ 21,190**
Adjustments				
Loan Modifications	(1,808)	(3,373)	-	(5,181)
Subsidy Allowance Amortization	(317)	(1,500)	(50)	(1,867)
Loans Written Off	(485)	(2,529)	(64)	(3,078)
Other Activities	(19)	(225)	(12)	(256)
Ending Balance of Allowance for Subsidy Before Re-Estimates	**5,316**	**5,325**	**167**	**10,808**
Net Upward Subsidy Re-Estimates	2,888	4,554	-	7,442
Ending Balance of Allowance for Subsidy	**$ 8,204**	**$ 9,879**	**$ 167**	**$ 18,250**

FFEL Program Subsidy Expense
(Dollars in Millions)

	2023 (Unaudited)
Loan Modification Costs	
FFEL Guaranteed Loan Program	
Net Modification Adjustment Transfer (Gain)/Loss	$ 302
Loan Modifications	716
Total FFEL Guaranteed Loan Program Loan Modifications	**1,018**
Loan Purchase Commitment	
Net Modification Adjustment Transfer (Gain)/Loss	39
Loan Modifications	(1,847)
Total Loan Purchase Commitment Loan Modifications	**(1,808)**
Loan Participation Purchase	
Net Modification Adjustment Transfer (Gain)/Loss	61
Loan Modifications	(3,434)
Total Loan Participation Purchase Loan Modifications	**(3,373)**
Total Loan Modification Costs	**(4,163)**
Upward/(Downward) Subsidy Re-Estimates	
FFEL Loan Guarantee Program	4,283
Loan Purchase Commitment	2,888
Loan Participation Purchase	4,554
Total FFEL Program Subsidy Re-Estimates	**11,725**
FFEL Program Subsidy Expense	**$ 7,562**

Loan Modifications. Loan modifications for the FFEL Loan Program for FY 2023 included the following:

- Loan Deferral Extension. In FY 2023, the administration extended the student loan repayment deferrals through August 31, 2023. The extended relief for borrowers resulted in an upward modification cost of $2.6 billion for the FFEL Program student loan repayment deferrals.
- Broad Based Debt Relief Reversal. A downward modification was calculated to reverse the inclusion of student loan debt relief from the baseline subsidy cost as a result of the Supreme Court's ruling on Biden v. Nebraska on June 30, 2023. These changes resulted in a downward modification cost of $13.6 billion. There was a net positive $0.7 billion modification adjustment transfer associated with this modification, bringing the total modification cost (savings) to $12.9 billion.
- Fresh Start/On Ramp. Fresh Start is a one-time temporary program that offers special benefits for borrowers with defaulted federal student loans. In addition to Fresh Start, the President announced that the Department is instituting a 12-month "on-ramp" to repayment, running from October 1, 2023, to September 30, 2024, so that financially vulnerable borrowers who miss monthly payments during this period are not considered delinquent, reported to credit bureaus, placed in default, or referred to debt collection agencies. These actions resulted in an upward modification cost of $3.2 billion. There was a net negative $0.2 billion modification adjustment transfer associated with this modification, bringing the total modification cost to $3.0 billion.

- Support for the Federal Student Loan Reserve Fund. The Department authorized the Guaranty Agencies to reimburse themselves from the Federal Fund for lost revenue that resulted from the student loan repayment deferrals during the Fresh Start period. The reimbursements cover the share of what the Guaranty Agencies would have collected during the pandemic but for the suspension. This relief for the Guaranty Agencies resulted in an upward modification cost of $0.7 billion.
- IDR Saving on a Valuation Education (SAVE) Plan. The Department published a Final Rule to revise the existing Revised Pay-As-You-Earn (REPAYE) repayment plan, which may also be referred to as the SAVE plan. The SAVE plan is available to student borrowers with a FFEL loan that has been converted into a Direct Consolidation Loan that is in good standing. These changes resulted in an upward modification cost of $2.6 billion. There was a net negative $0.2 billion modification adjustment transfer associated with this modification, bringing the total modification cost to $2.4 billion.

Net Upward/Downward Subsidy Re-Estimates. The total FFEL subsidy re-estimate increased subsidy expense in FY 2023 by $11.7 billion. The net upward re-estimates in the FFEL Program were due primarily to increased non-IDR discharges in the Loan Purchase Commitment and Loan Participation Purchase programs.

Other Credit Programs for Higher Education

TEACH Program.

Loan Modifications. Loan modifications for the TEACH Program for FY 2023 included the following:

- Loan Deferral Extension. In FY 2023, the administration extended the student loan repayment deferrals through August 31, 2023. The extended relief for borrowers resulted in an upward modification cost of $9.2 million in the TEACH Program. There was a net positive $0.1 million modification adjustment transfer associated with this modification, bringing the total modification cost to $9.3 million.
- Broad Based Debt Relief Reversal. A downward modification was calculated to reverse the inclusion of student loan debt relief from the baseline subsidy cost as a result of the Supreme Court’s ruling on Biden v. Nebraska on June 30, 2023. These changes resulted in a downward modification cost of $51.1 billion. There was a net positive $1.8 billion modification adjustment transfer associated with this modification, bringing the total modification cost (savings) to $49.3 billion.
- Fresh Start/On Ramp. Fresh Start is a one-time temporary program that offers special benefits for borrowers with defaulted federal student loans. In addition to Fresh Start, the President announced that the Department is instituting a 12-month “on-ramp” to repayment, running from October 1, 2023, to September 30, 2024, so that financially vulnerable borrowers who miss monthly payments during this period are not considered delinquent, reported to credit bureaus, placed in default, or referred to debt collection agencies. These actions resulted in an upward modification cost of $1.9 billion. There was a net negative $0.4 billion modification adjustment transfer associated with this modification, bringing the total modification cost to $1.5 billion.

- IDR Saving on a Valuation Education (SAVE) Plan. The Department published a Final Rule to revise the existing Revised Pay-As-You-Earn (REPAYE) plan, which may also be referred to as the SAVE plan. The SAVE plan, which is available to student borrowers with a Direct Loan in good standing, will replace the existing Revised Pay-As-You-Earn (REPAYE) plan which is the most generous existing IDR plan for most borrowers. These changes resulted in an upward modification cost of $0.9 billion.

HEAL Program.

Loan Modifications. Loan modifications for the HEAL Program for FY 2023 included the following:

- Loan Deferral Extension. In FY 2023, the administration extended the student loan repayment deferrals through August 31, 2023. The extended relief for borrowers resulted in an upward modification cost of $0.9 million in the HEAL Program.

NOTE 14. Roll-Forward of Debt Associated with Loans

(Dollars in Millions)

	2023 (Unaudited)				
	Beginning Balance	Borrowing	Repayments	Accrued Interest	Ending Balance
Debt to the Bureau of Public Debt					
Direct Loan Program	$ 837,440	$ 445,038	$ (155,467)	$ -	$ 1,127,011
FFEL Program	66,995	15,438	(21,537)	-	60,896
Other Credit Programs for Higher Education	641	98	(61)	-	678
Total Debt to the Bureau of Public Debt	**905,076**	**460,574**	**(177,065)**	**-**	**1,188,585**
Debt to the Federal Financing Bank					
Other Credit Programs for Higher Education	271	134	(33)	6	378
Total Debt Associated with Loans	**$ 905,347**	**$ 460,708**	**$(177,098)**	**$ 6**	**$ 1,188,963**

Most of the $445.0 billion new Direct Loan Program borrowing activity for the year was designated for funding downward modifications. Principal repayments during FY 2023 for the Direct Loan Program totaled $155.5 billion.

During FY 2023, TEACH net borrowing was used for the advance of new grants and repayments of principal made to Treasury.

NOTE 15. Net Cost of Operations

As required by the *GPRA Modernization Act of 2010*, the Department's programs have been aligned with the goals presented in the Department's *Strategic Plan* as shown below. Goal 5 in the *Strategic Plan* is considered a crosscutting goal, and therefore costs and revenues associated with these activities are included in the net cost programs associated with Goals 1 through 4. Programs associated with COVID-19 activities are administered by multiple program offices but are summarized separately. (See Note 16)

Program Offices	Strategic Goal	Net Cost Program
	Net Cost Statement Program Alignment with Strategic Plan	
OESE OSERS Other: OCTAE IES OELA OCR	**Goal 1:** Promote equity in student access to educational resources, opportunities, and inclusive environments. **Goal 2:** Support a diverse and talented educator workforce and professional growth to strengthen student learning. **Goal 3:** Meet students' social, emotional, and academic needs.	Promote equity for prekindergarten through grade 12 students with access to educational resources, opportunities, and inclusive environments
FSA OSERS Other: OCTAE IES OPE OCR	**Goal 4:** Increase postsecondary value by focusing on equity-conscious strategies to address access to high-quality institutions, affordability, completion, post-enrollment success, and support for inclusive institutions.	Increase postsecondary value by focusing on equity strategies to address access to affordability, completion, and post-enrollment success
All Offices	**Goal 5:** Enhance the Department's internal capacity to optimize the delivery of its mission.	Crosscutting Goal

Gross Costs and Earned Revenue by Program
(Dollars in Millions)

	2023 (Unaudited)					
	FSA	OESE	OSERS	COVID-19	Other	Total
PROMOTE EQUITY FOR PREKINDERGARTEN THROUGH GRADE 12 STUDENTS WITH ACCESS TO EDUCATIONAL RESOURCES, OPPORTUNITES, AND INCLUSIVE ENVIRONMENTS						
Gross Cost						
Grants	$ -	$ 26,124	$ 13,868	$ 56,576	$ 2,496	$ 99,064
Other	-	89	1	16	923	1,029
Earned Revenue	-	-	-	-	(104)	(104)
Net Program Costs	**-**	**26,213**	**13,869**	**56,592**	**3,315**	**99,989**
INCREASE POSTSECONDARY VALUE BY FOCUSING ON EQUITY STRATEGIES TO ADDRESS ACCESS TO AFFORDABILITY, COMPLETION, AND POST-ENROLLMENT SUCCESS						
Direct Loan Program						
Gross Cost						
Credit Program Interest Expense	28,234	-	-	-	-	28,234
Subsidy Expense	179,712	-	-	(288,504)	-	(108,792)
Administrative Expenses	1,777	-	-	-	-	1,777
Earned Revenue						
Subsidy Expense	(1,739)	-	-	(5,944)	-	(7,683)
Interest & Administrative Fees	(9,444)	-	-	-	-	(9,444)
Subsidy Amortization	(18,790)	-	-	-	-	(18,790)
Net Cost (Surplus) of Direct Loan Programs	**179,750**	**-**	**-**	**(294,448)**	**-**	**(114,698)**
FFEL Program						
Gross Cost						
Credit Program Interest Expense	3,261	-	-	-	-	3,261
Subsidy Expense	14,324	-	-	(6,404)	-	7,920
Subsidy Amortization (Guaranteed Loans)	(88)	-	-	-	-	(88)
Guaranty Agencies	580	-	-	-	-	580
Administrative Expenses	175	-	-	-	-	175
Earned Revenue						
Subsidy Expense	(145)	-	-	(213)	-	(358)
Interest & Administrative Fees	(1,306)	-	-	-	-	(1,306)
Subsidy Amortization (Acquired FFEL Loans)	(1,867)	-	-	-	-	(1,867)
Guaranty Agencies	(463)	-	-	-	-	(463)
Net Cost of FFEL Program	**14,471**	**-**	**-**	**(6,617)**	**-**	**7,854**
Other Credit Programs for Higher Education						
Gross Cost						
Credit Program Interest Expense	17	-	-	-	15	32
Subsidy Expense	53	-	-	(37)	35	51
Administrative Expenses	1	-	-	-	-	1
Earned Revenue						
Interest & Administrative Fees	(14)	-	-	-	(15)	(29)
Subsidy Amortization	(3)	-	-	-	-	(3)
Other	(874)	-	-	-	(1)	(875)
Net Cost (Surplus) of Other Credit Programs for Higher Education	**(820)**	**-**	**-**	**(37)**	**34**	**(823)**
Non-Credit Programs						
Gross Cost						
Grants	32,011	5	4,092	7,705	4,750	48,563
Other	130	-	6	59	326	521
Earned Revenue	-	-	-	-	(10)	(10)
Net Cost of Non-Credit Programs	**32,141**	**5**	**4,098**	**7,764**	**5,066**	**49,074**
Net Program Costs (Surplus)	**225,542**	**5**	**4,098**	**(293,338)**	**5,100**	**(58,593)**
Total Program Gross Costs	**260,187**	**26,218**	**17,967**	**(230,589)**	**8,545**	**82,328**
Total Program Earned Revenues	**(34,645)**	**-**	**-**	**(6,157)**	**(130)**	**(40,932)**
Net Cost	**$ 225,542**	**$ 26,218**	**$ 17,967**	**$ (236,746)**	**$ 8,415**	**$ 41,396**

Credit Program Interest Expense and Revenues
(Dollars in Millions)

	2023 (Unaudited)						
	Gross Interest Expense	Subsidy Amortization	Net Interest Expense	Gross Interest and Administrative Fee Revenue		Subsidy Amortization	Net Revenue
	Intragovernmental	Other than Intragovern-mental		Intragovernmental	Other than Intragovern-mental	Other than Intragovern-mental	
Direct Loan Program	$ 28,234	$ -	$ 28,234	$ 6,266	$ 3,178	$ 18,790	$ 28,234
FFEL Program	3,261	(88)	3,173	2,276	(970)	1,867	3,173
Other Credit Programs for Higher Education	32	-	32	12	17	3	32
Total	**$ 31,527**	**$ (88)**	**$ 31,439**	**$ 8,554**	**$ 2,225**	**$ 20,660**	**$ 31,439**

Interest expense equals interest revenue plus administrative fees accrued for all credit programs due to subsidy amortization. Subsidy amortization is required by the FCRA and accounts for the difference between interest expense and revenue cash flows. For direct loans, the allowance for subsidy is adjusted with the offset to interest revenue. For guaranteed loans, the liability for loan guarantees is adjusted with the offset to interest expense.

Due to the COVID-19 relief actions to temporarily suspend nearly all required federal student loan payments and set borrower interest rates to zero percent until August 31, 2023, new interest revenues were only recognized for part of FY 2023. Interest adjustments and reapplication activities are also included in the current year's other than intragovernmental interest in the schedule above. Adjustments and reapplications cause loan activity during the period between the original effective date and the new processing date to be reversed and reposted. As a result, interest accrued in a prior year is reversed and typically reposted. The amount of interest reposted can be different than the original amount depending on the purpose of the adjustment and whether the adjustment or reapplication caused an increase or decrease to the principal balance as of the original effective date. These adjustments and reapplications resulted in net negative FY 2023 interest revenues for the FFEL Program.

Grant Expenses by Appropriation
(Dollars in Millions)

	2023 (Unaudited)
PROMOTE EQUITY FOR PREKINDERGARTEN THROUGH GRADE 12 STUDENTS WITH ACCESS TO EDUCATIONAL RESOURCES, OPPORTUNITES, AND INCLUSIVE ENVIRONMENTS	
COVID-19	$ 56,576
Education for the Disadvantaged	17,840
Special Education – IDEA Grants	13,868
School Improvement Programs	6,099
Impact Aid	1,736
Innovation and Improvement	1,036
English Language Acquisition	829
Career, Technical, and Adult Education	431
Hurricane Education Recovery	30
Institute of Education Sciences	213
Other	406
Subtotal	**99,064**
INCREASE POSTSECONDARY VALUE BY FOCUSING ON EQUITY STRATEGIES TO ADDRESS ACCESS TO AFFORDABILITY, COMPLETION, AND POST-ENROLLMENT SUCCESS	
COVID-19	$ 7,705
Student Financial Assistance	
Pell Grants	29,714
Federal Work-Study Program	1,214
Federal Supplemental Educational Opportunity Grants	1,083
Rehabilitation Services	3,682
Higher Education	2,877
Career, Technical, and Adult Education	1,572
Special Education – IDEA Grants	123
Hurricane Education Recovery	5
Institute of Education Sciences	47
Other	541
Subtotal	**48,563**
Total Grant Costs	**$ 147,627**

The Department has more than 100 grant programs. Descriptions of COVID-19 grant programs are provided in Note 16. Descriptions of non-COVID-19 major grant program areas are as follows:

Student Financial Assistance

- **Pell Grant**—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.

- **Federal Work-Study Program**—Provides funds by formula to enable eligible institutions to offer employment to students based on financial needs. The program is available to full-time or part-time students and encourages community service work. The work is often related to the student's course of study. Hourly earnings under this program must be at least the federal minimum wage. Federal funding, in most cases, pays 75 percent of a student's hourly wage, with the remaining 25 percent paid by the employer.

- **Federal Supplemental Educational Opportunity Grant**—Provides funds by formula to enable eligible institutions to offer grants to students based on need. Federal grants distributed under this program are administered directly by the financial aid office at each participating school.

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. 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 correctional facilities.

Special Education—Consists primarily of IDEA 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 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.

School Improvement Programs—Provides funds to SEAs to make competitive subgrants to LEAs that demonstrate the greatest need for the funds and the strongest commitment to use the funds to provide adequate resources to substantially raise the achievement of students in their lowest-performing schools.

Rehabilitation Services—Provides funds to states and other agencies to support vocational rehabilitation and other services to individuals with disabilities to maximize their employment, independence, and integration into the community and the competitive labor market.

Higher Education—Includes Institutional Service grants designed to improve academic quality, institutional management and fiscal stability, and strengthen physical plants and endowments of IHEs, with an emphasis on institutions that enroll large proportions of minority and financially disadvantaged students. Also includes Student Service grant programs supporting low-income, first-generation students and individuals with disabilities as they progress through the academic pipeline from middle school to graduate school, in addition to programs focused on college readiness, campus-based childcare, and graduate fellowships. Also includes International and Foreign Language Education grant and fellowship programs that strengthen foreign language instruction, area/international studies teaching and research, professional development for educators, and curriculum development at the K–12, graduate, and postsecondary levels.

Career, Technical, and Adult Education—Includes programs that are related to adult education and literacy, career and technical education, community colleges and correctional education.

Impact Aid—Provides funds to LEAs to replace the lost local revenue that would otherwise be to educate children of federal workers that live on government property, which is exempt from local property taxes that finance education.

Innovation and Improvement—Includes support for nontraditional programs that improve student achievement and attainment; supports the development of educational television and digital media programs targeted at preschool and early elementary school children and their families to promote early learning and school readiness, with a particular interest in reaching low-income children; and supports LEAs and their partners in implementing, evaluating, and refining tools and approaches for developing the noncognitive skills of middle school students to increase student success.

English Language Acquisition—Provides funds primarily by formula to states to improve services for English learners. Also provides discretionary funds to support national activities, including professional development to increase the supply of high-quality teachers of English learners and a national clearinghouse on English language acquisition.

Hurricane Education Recovery—Provides one-time emergency-relief grants, funded by supplemental appropriations acts enacted in response to specific events, to support schools and students directly affected by natural disasters. Assists students displaced or disrupted by such disasters as well as eligible agencies and institutions that require funding to cover unexpected expenses and return to normal operations.

Institute of Education Sciences—Provides funding to: support research, development, and dissemination activities that provide parents, teachers, and schools with evidence-based information on effective educational practices; support statistical data collection activities conducted by the National Center for Education Statistics; support the ongoing National Assessment of Educational Progress and the National Assessment Governing Board; support research to build the evidence base on improving special education and early intervention services and outcomes for infants, toddlers, and children with disabilities; and support studies, evaluations, and assessments related to IDEA.

NOTE 16. COVID-19 Activity

Congress passed multiple COVID-19 relief bills in FY 2020 and FY 2021, including the following that provided the Department with 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 as described starting on page 145. The largest component of the education funding provided by the COVID-19 relief appropriations established the Education Stabilization Fund which included the (1) Elementary and Secondary School Emergency Relief Fund, (2) Higher Education Emergency Relief Fund, (3) Governor's Emergency Education Relief Fund, and (4) funds for outlying areas. The Education Stabilization Fund is being distributed to recipients through various grant programs.

The COVID-19 relief legislation and administrative actions also provided support during FY 2023 for student loan borrowers by suspending nearly all federal student loan payments through August 31, 2023, interest free. Additionally, support for student loan borrowers was provided in previous fiscal years by the following COVID-19 relief legislation and administrative actions.

- Authorizing Guaranty Agencies to reimburse themselves from the Federal Student Loan Reserve Fund for lost revenue that resulted from student loan repayment deferrals.

This reimbursement covers the share of what a guaranty agency might have reasonably collected during the pandemic, but for the suspension.

- Making temporary changes to the PSLF program through a Limited PSLF Waiver to allow student borrowers to get credit for payments made while working for a qualifying employer, regardless of loan type or repayment plan.
- Addressing issues with IDR payment counting by allowing any borrower who made IDR-qualifying payments to count toward IDR, regardless of repayment plan.

Funding for each of these actions was provided through indefinite appropriations, and the cost impacts were recorded as loan modifications. These COVID-19 loan modifications are a component of a subsidy expense that reduced the overall credit program loan receivable balances. (See Notes 5 and 13)

In addition, other COVID-19 relief provided to student loan borrowers included the following:

- The Department stopped all federal wage garnishments and collection actions for borrowers with federally held loans in default.
- The Department provided relief for certain borrowers who received student loan discharges due to total and permanent disability. Unless it is through a process with the VA, borrowers receiving this discharge are, by regulation, subject to a three-year monitoring period during which they must provide the Department with information about their earnings from employment. Per regulation, borrowers whose earnings exceed certain thresholds and borrowers who do not meet certain other criteria will have their loans reinstated. The Department provided relief to ensure no borrowers are at risk of having their loans reinstated, meaning they would have to repay their debt—for failure to provide earnings information during the COVID-19 emergency. This change was made retroactive to March 13, 2020, the start of the COVID-19 national emergency.
- The Department requested a waiver from the Small Business Administration to immediately help nearly 30,000 small business owners in the Paycheck Protection program who faced difficulties because they were delinquent or in default on a federal student loan.

The following tables provide more detail on the Department's funded COVID-19 activity for FY 2023. Unobligated CARES Act balances as of the end of FY 2022 totaling $564 million were carried forward to FY 2023 and are reported in the FY 2023 COVID-19 schedule as Unobligated Balance from Prior Year Budget Authority (Net) together with $40 million of downward adjustments recorded in FY 2023 to prior years' CARES Act obligations. Obligated and unobligated COVID-19 funds remaining to be disbursed as of the end of FY 2023 totaled $75.3 billion. (See Note 3 and 17)

COVID-19 Activity
(Dollars in Millions)

	2023 (Unaudited)						
	Unobligated Balance from Prior Year Budget Authority (Net)	Appropriations	New Obligations and Upward Adjustments of Prior Year Obligations	Unobligated	Outlays	Transfers to General Fund	Net Costs (See Note 15)
COVID-19 Direct Appropriations							
Education Stabilization Fund							
Elementary and Secondary School Emergency Relief Fund							
Allocations to States	$ 1	$ -	$ -	$ 1	$ 54,470	$ -	$ 52,656
Assistance for Homeless Children and Youth	1	-	-	1	176	-	176
Higher Education Emergency Relief Fund							
Higher Education Funds to Students	84	-	-	84	881	-	880
Higher Education Funds to Institutions	19	-	4	15	4,868	-	4,830
Proprietary Institutions Grant Funds for Students	238	-	-	238	25	-	25
Schools Serving Low-Income Students, HBCUs, and Minority Serving Institutions (MSIs)							
MSIs	28	-	-	28	387	-	387
HBCUs	1	-	-	1	672	-	669
Tribally Controlled Colleges and Universities (TCCUs)	1	-	-	1	57	-	57
Strengthening Institutions Program	55	-	-	55	173	-	171
Fund for the Improvement of Postsecondary Education	112	-	-	112	2	-	2
Supplemental Assistance and Support	(113)	-	-	(113)	215	-	217
Governor's Emergency Education Relief Fund							
Emergency Education Relief Grants	-	-	-	-	780	-	780
Emergency Assistance to Non-Public Schools Program	-	-	-	-	1,418	-	1,574
Outlying Areas	-	-	-	-	322	-	322
Bureau of Indian Education	-	-	-	-	-	-	-
Discretionary Grants	-	-	-	-	84	-	84
Total Education Stabilization Fund	**427**	**-**	**4**	**423**	**64,530**	**-**	**62,830**
Individuals with Disabilities Education Act Grants	-	-	-	-	1,359	-	1,361
School Improvement Programs	27	-	21	6	48	-	48
American Indian Resilience in Education	13	-	13	-	4	-	4
Gallaudet University	-	-	-	-	5	-	5
Howard University	-	-	-	-	11	-	11
National Technical Institute for the Deaf	-	-	-	-	8	-	8
HBCU Loan Deferment	30	-	-	30	-	-	-
Student Aid Administration	26	-	23	3	57	-	57
Program Administration	9	-	5	4	7	-	7
Inspector General	7	-	3	4	3	-	3
Institute of Education Sciences	65	-	20	45	22	-	23
Total COVID-19 Direct Appropriations	**604**	**-**	**89**	**515**	**66,054**	**-**	**64,357**
COVID-19 Indirect Appropriations (See Note 5)							
Loan Deferral Extension	-	26,084	26,084	-	26,084	197	25,887
Broad Based Debt Relief Reversal	-	5,318	5,318	-	5,318	338,176	(332,858)
Fresh Start	-	6,047	6,047	-	6,047	849	5,198
Support for FSLRF	-	670	670	-	670	-	670
Total COVID-19 Indirect Appropriations	**-**	**38,119**	**38,119**	**-**	**38,119**	**339,222**	**(301,103)**
Total COVID-19 Activity	**$ 604**	**$ 38,119**	**$ 38,208**	**$ 515**	**$ 104,173**	**$ 339,222**	**$ (236,746)**

Elementary and Secondary School Emergency Relief (ESSER) Fund—Supports continued learning for K–12 students whose education has been disrupted by COVID-19.

- **Allocations to States**—Provides grants to states based on the same proportion that each state receives under the *Elementary and Secondary Education Act* (ESEA) Title 1-A. States must distribute at least 90 percent of funds to local educational agencies based on their proportional share of ESEA Title I-A funds. States have the option to reserve 10 percent of the allocation for emergency needs as determined by the state to address issues responding to the COVID-19 pandemic.

- **Assistance for Homeless Children and Youth**—Provides grants to support the specific needs of homeless children and youth with wraparound services to address the challenges of COVID-19, and to enable homeless children and youth to attend school and fully participate in school activities.

Higher Education Emergency Relief Fund (HEERF)—Provides grants for 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 childcare. The fund is distributed through the following grant programs.

- **Higher Education Funds to Students**—Provides grants to IHEs to give emergency financial aid grants to students whose lives have been disrupted, many of whom are facing financial challenges and struggling to make ends meet. Institutions have the responsibility of determining how grants will be distributed to students, how the amount of each student grant is calculated, and the development of any instructions or directions that are provided to students about the grant.

- **Higher Education Funds to Institutions**—Provides grants to IHEs which can use up to one-half of the total funds to cover any costs associated with significant changes to the delivery of instruction due to COVID-19. Institutions are encouraged to use the funds to expand remote learning programs, build IT capacity to support such programs, and train faculty and staff to operate effectively in a remote learning environment. They are also encouraged to use the funds to expand support for students with the most significant financial needs arising from the COVID-19 pandemic, including eligible expenses under a student's cost of attendance, such as course materials, technology, health care, childcare, food, and housing.

- **Proprietary Institutions Grant Funds for Students**—Provides grants to proprietary IHEs to give emergency financial aid grants to students, which may be used for any component of the student's cost of attendance or for emergency costs that arise due to COVID-19, such as tuition, food, housing, health care (including mental health care) or childcare.

- **Minority Serving Institutions (MSIs)**—Provides grants to MSIs to defray institutional expenses, which may include lost revenue, reimbursement for expenses already incurred, technology costs associated with the transition to distance education, faculty and staff training, and payroll. MSIs include institutions that are eligible to participate in the following programs: Predominantly Black Institutions, Alaska Native and Native Hawaiian-Serving Institutions, Asian American and Native American Pacific Islander-Serving Institutions, Native American-Serving Nontribal Institutions, Developing Hispanic-Serving Institutions program, and Promoting Postbaccalaureate Opportunities for Hispanic Americans. MSIs are encouraged to use as much of these funds as possible to provide students eligible for financial aid with grants for any component of the student's cost of attendance, including tuition, course materials, and technology.

- **Historically Black Colleges and Universities (HBCUs)**—Provides grants to HBCUs to defray institutional expenses, which may include lost revenue, reimbursement for expenses already incurred, technology costs associated with the transition to distance education, faculty and staff training, and payroll. HBCUs are also encouraged to use as much of these funds as possible to provide students eligible for financial aid with grants for any component of the student's cost of attendance, including tuition, course materials, and technology.
- **Tribally Controlled Colleges and Universities (TCCUs)**—Provides grants to TCCUs to defray institutional expenses, which may include lost revenue, reimbursement for expenses already incurred, technology costs associated with the transition to distance education, faculty and staff training, and payroll. TCCUs are also encouraged to use as much of these funds as possible to provide students eligible for financial aid with grants for any component of the student's cost of attendance, including tuition, course materials, and technology.
- **Strengthening Institutions Program**—Provides grants to institutions that are not participating in the MSI programs but have at least 50 percent of their degree students receiving need-based assistance under Title IV of the *Higher Education Act* or have a substantial number of enrolled students receiving Pell Grants and have low educational and general expenditures. These funds can be used to defray institutional expenses, which may include lost revenue, reimbursement for expenses already incurred, technology costs associated with the transition to distance education, faculty and staff training, and payroll. These institutions are encouraged to use as much of these funds as possible to provide students eligible for financial aid with grants for any component of the student's cost of attendance, including tuition, course materials, and technology.
- **Fund for the Improvement of Postsecondary Education (FIPSE)**—Provides grants that support projects to encourage innovative reform and expand education opportunities to underrepresented groups. Institutions can use these additional FIPSE funds to defray institutional expenses, which may include lost revenue, reimbursement for expenses already incurred, technology costs associated with the transition to distance education, faculty and staff training, and payroll. Institutions are also encouraged to use as much of these funds as possible to provide students eligible for financial aid with grants for any component of the student's cost of attendance, including tuition, course materials, and technology.
- **Supplemental Assistance and Support**—Provides discretionary grants to institutions of higher education with unmet needs related to recovery from disruptions in the finances, day-to-day operations, instruction, and student support due to COVID-19.

Governor's Emergency Education Relief (GEER) Fund—Provides grants to state governors to ensure education continues for students of all ages impacted by the COVID-19 national emergency. The GEER Fund is a flexible emergency block grant designed to enable governors to decide how best to meet the needs of students, schools (including charter schools and non-public schools), postsecondary institutions, and other education-related organizations.

- **Emergency Education Relief Grants**—Provide grants to state governors for the purpose of providing local educational agencies (LEA), IHEs, and other education-related entities with emergency assistance as a result of COVID-19.

- **Emergency Assistance to Non-Public Schools Program**—Provides grants to state governors to provide services or assistance to eligible non-public schools to address COVID-19 impacts.

Outlying Areas, Bureau of Indian Education, and Discretionary Grants—Provides funding for outlying areas and states with the highest COVID-19 burdens. These funds are distributed through the following grant programs.

- **Outlying Areas**—Provides grants for the outlying areas of the United States, specifically: the U.S. Virgin Islands, Guam, the Commonwealth of the Northern Mariana Islands, and American Samoa. Money made available from these grants will be used in response to COVID-19 and was calculated via formula. Each outlying area received two block grants from the Education Stabilization Fund—one to the governor's offices and one to the SEA.

- **Bureau of Indian Education**—Provides funding for programs operated by the Bureau of Indian Education (BIE), in consultation with the Secretary of Interior. The Department transferred these funds to BIE.

- **Discretionary Grants**—Provides grants to states to create adaptable, innovative learning opportunities for K–12 and postsecondary learners in response to the COVID-19 national emergency.

In addition to the Education Stabilization Fund, COVID-19 appropriations also included funding for the following.

***Individuals with Disabilities Education Act* Grants**—Provides grants to states to help them recover from the impact of the COVID-19 and to safely reopen schools and sustain safe operations. These grants assist states 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 birth through age 2 and their families.

School Improvement Programs—Provides additional funds to SEAs to make competitive subgrants to LEAs that demonstrate the greatest need for the funds and the strongest commitment to use the funds to provide adequate resources to substantially raise the achievement of students in their lowest-performing schools.

American Indian Resilience in Education—Provides grants to tribal education agencies for activities authorized under Section 6121(c) of the *Elementary and Secondary Education Act of 1965*. Those activities include a broad range of direct services to Indian children and youth, their teachers, and families.

Gallaudet University—Provides funding to help address challenges associated with COVID-19.

Howard University—Provides funding to help address challenges associated with COVID-19.

HBCU Loan Deferment—Provides funding for the deferment of loan repayments for HBCUs that were provided low-cost capital financing for campus maintenance and construction projects. During the period of the deferment, the Department was required to pay the required principal and interest due. At the end of the deferment, the HBCU is required to repay the Department for payments made on its behalf.

Student Aid Administration—Provides funding for the additional costs of administering the COVID-19 provisions affecting student financial aid programs.

Program Administration—Provides funding to the Department to fund costs of administrating the COVID-19 appropriations.

Inspector General—Provides funding for salaries and expenses necessary for Office of Inspector General oversight and audit of COVID-19 programs, grants, and projects.

Institute of Education Sciences—Provides funding for research to address learning loss caused by the coronavirus and to disseminate findings to SEAs, LEAs, and others, and for carrying out the *National Assessment of Educational Progress Authorization Act*.

NOTE 17. Statement Of Budgetary Resources

The SBR compares budgetary resources with the status of those resources. As of September 30, 2023, budgetary resources were $850.2 billion, and net agency outlays were $41.1 billion.

Net Adjustments to Unobligated Balances Brought Forward, October 1
(Dollars in Millions)

	2023 (Unaudited)	
	Budgetary	Nonbudgetary Credit Reform Financing Accounts
Prior Year Unobligated Balance, End of Year (Total)	**$ 22,711**	**$ 65,579**
Recoveries of Prior Year Unpaid Obligations	2,362	10,174
Borrowing Authority Withdrawn	-	(6,966)
Actual Repayments of Debt, Prior-Year Balances	-	(41,216)
Actual Capital Transfers to the Treasury General Fund	(11)	-
Canceled Authority	(523)	-
Downward Adjustments of Prior-Year Paid Delivered Orders	3	202
Other Differences	2	3
Unobligated Balance from Prior Year Budget Authority (Net)	**$ 24,544**	**$ 27,776**

During the year ended September 30, 2023, certain adjustments were made to the balance of unobligated budgetary resources available as of October 1, 2022. These adjustments included, among other things, recoveries of prior year unpaid obligations that resulted from downward adjustments of undelivered orders that were obligated in a prior fiscal year.

Unused Borrowing Authority
(Dollars in Millions)

	2023 (Unaudited)
Beginning Balance – Unused Borrowing Authority	**$ 42,109**
Current Year Borrowing Authority	472,659
Funds Drawn from Treasury	(460,708)
Borrowing Authority Withdrawn	(6,966)
Ending Balance - Unused Borrowing Authority	**$ 47,094**

The Department is given authority to draw funds from Treasury to finance the Direct Loan, FFEL, and other loan programs. Unused borrowing authority is a budgetary resource and is available to support obligations for these programs. The Department periodically reviews its borrowing authority balances in relation to its obligations, resulting in the withdrawal of unused amounts.

Undelivered Orders at the End of the Period
(Dollars in Millions)

	2023 (Unaudited)	
	Intragovernmental	With the Public
Unpaid	$ 336	$ 211,050
Paid	146	916
Undelivered Orders	**$ 482**	**$ 211,966**

Undelivered orders represent the amount of goods and/or services ordered that have not been actually or constructively received. Paid amounts include any orders that may have been prepaid or advanced but for which delivery or performance has not yet occurred.

Distributed Offsetting Receipts
(Dollars in Millions)

	2023 (Unaudited)
Negative Subsidies and Downward Re-estimates of Subsidies:	
Direct Loan Program	$ 332,029
FFEL Program	14,546
TEACH Program	63
Facilities Loan Programs	39
Total Negative Subsidies and Downward Re-estimates of Subsidies	**346,677**
Repayment of Perkins Loans and Capital Contributions	548
Other	388
Distributed Offsetting Receipts	**$ 347,613**

Distributed offsetting receipts are amounts that the Department collects that are used to offset or reduce the Department's budget outlays. The Department's outlays are measured on both a gross and net basis, with net outlays being reduced by offsetting receipts.

Most of the distributed offsetting receipts line item on the SBR 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, downward modifications, and negative subsidies.

Reconciliation of the SBR to the Budget of the U.S. Government
(Dollars in Millions) (Unaudited)

	Budgetary Resources	New Obligations and Upward Adjustments (Total)	Distributed Offsetting Receipts	Net Outlays
Combined Statements of Budgetary Resources	**$ 901,996**	**$ 813,706**	**$ 29,086**	**$ 639,369**
Expired Funds	(5,638)	(1,509)	-	-
Distributed Offsetting Receipts	-	-	-	29,086
Other	-	(1)	-	(3)
***Budget of the United States Government*[1]**	**$ 896,358**	**$ 812,196**	**$ 29,086**	**$ 668,452**

[1] Amounts obtained from the Appendix, Budget of the United States Government, FY 2024

The FY 2025 President's Budget, which presents the actual amounts for the year ending September 30, 2023, has not been published as of the issue date of these financial statements. The FY 2025 President's Budget is scheduled for release in February 2024 and will be made available on OMB's website. The table above reconciles the FY 2022 SBR to the FY 2024 President's Budget (FY 2022 actual amounts) for budgetary resources, new obligations and upward adjustments, distributed offsetting receipts, and net outlays.

Reconciling differences exist because the President's Budget excludes expired funds. Additionally, the President's Budget includes a public enterprise fund that reflects the gross obligations by the FFEL Program for the estimated activity of the consolidated federal fund of the guaranty agencies. Ownership by the federal government is independent of the actual control of the assets. Since the actual operation of the federal fund is independent from the Department's direct control, budgetary resources and new obligations and upward adjustments are estimated and disclosed in the President's Budget to approximate the gross activities of the combined federal fund. Amounts reported on the SBR for the federal fund are compiled by combining all guaranty agencies' annual reports to determine a net valuation amount for the federal fund.

Budgetary Status of Fund Balance with Treasury
(Dollars in Millions)

	2023 (Unaudited)		
	COVID-19 Funds	All Other Funds	Total
Unobligated Balance			
Available	$ 486	$ 12,973	$ 13,459
Unavailable	29	59,280	59,309
Obligated Balance, Not Disbursed	74,748	145,359	220,107
Authority Temporarily Precluded from Obligation	-	(2,507)	(2,507)
Borrowing Authority Not Yet Converted to Fund Balance with Treasury	-	(47,094)	(47,094)
Other	-	755	755
Total Fund Balance with Treasury	**$ 75,263**	**$ 168,766**	**$ 244,029**

Available unobligated balances represent amounts that are apportioned for obligation in the current fiscal year. Unavailable unobligated balances represent amounts that are not apportioned for obligation during the current fiscal year and expired appropriations no longer available to incur new obligations. Total unavailable unobligated balance ($59.3 billion) differs from unapportioned and expired amounts on the SBR ($59.9 billion) due to the Guarantee Agencies' Federal Funds ($0.6 billion).

NOTE 18. Reconciliation of Net Cost to Net Outlays

(Dollars in Millions)

	2023 (Unaudited)		
	Intragovernmental	Other than Intragovernmental	Total
Net Cost	**$ 23,596**	**$ 17,800**	**$ 41,396**
Components of Net Cost Not Part of Budgetary Outlays:			
Year-End Credit Reform Subsidy Accrual Re-Estimates	-	(66,061)	(66,061)
Loan Modification Adjustment Transfers	-	688	688
Property and Equipment Disposals and Revaluations	-	(4)	(4)
Increase/(Decrease) in Assets:			
Loans Receivables, Net (Non-FCRA)	-	204	204
Other Assets	60	5	65
(Increase)/Decrease in Liabilities:			
Accounts Payable	-	(168)	(168)
Loan Guarantee Liabilities (Non-FCRA)	-	137	137
Other Liabilities	(271)	(398)	(669)
Financing Sources:			
Imputed Costs	(64)	-	(64)
Total Components of Net Cost Not Part of Budgetary Outlays	**(275)**	**(65,597)**	**(65,872)**
Components of Budget Outlays Not Part of Net Cost:			
Effect of Prior-Year Credit Reform Subsidy Re-estimates	-	(16,954)	(16,954)
Total Components of Budget Outlays Not Part of Net Cost	**-**	**(16,954)**	**(16,954)**
Miscellaneous Items:			
Other Loan Activities (Non-FCRA)	(1)	-	(1)
Non-Entity Activity	325	-	325
Non-Exchange Revenues	(3)	-	(3)
Total Miscellaneous Items	**321**	**-**	**321**
Budgetary Agency Outlays, Net			**$ (41,109)**

This reconciliation explains the relationship between the Department's net cost and its net outlays. Reconciling items result from transactions that did not result in a current period outlay but did result in a current period cost, and current period outlays that did not result in a current period cost.

Disbursements for new FCRA loans and collections of principal and interest on existing FCRA loans are recorded in nonbudgetary credit reform financing accounts. These disbursements and collections are reported on the Statement of Budgetary Resources as disbursements, net, and not as agency outlays, net. Since these disbursements and collections affect neither net cost of operations nor agency outlays, net, they are excluded from this reconciliation as are any increases or decreases in the FCRA loan receivable balances.

The two major reconciling differences, both associated with the Department's FCRA loan programs, are for Year-End Credit Reform Subsidy Accrual Re-Estimates (current-year subsidy accrual costs) and Effect of Prior-Year Credit Reform Subsidy Re-Estimates (current-year budget subsidy costs).

- Current-year subsidy accrual costs are the portion of the current-year loan subsidy re-estimates not impacting the current year outlays.
- Current-year budget subsidy costs are current year indirect appropriations provided to fund subsidy costs accrued in the prior year. This includes the portion of the current year's executed President's Budget re-estimates not included in this year's net cost subsidy expense.

NOTE 19. Reclassification of Statement of Net Cost and Statement of Operations and Changes in Net Position for Financial Report Compilation Process

To prepare the Financial Report (FR) of the U.S. government, Treasury requires agencies to submit an adjusted trial balance, which is a listing of accounts that appear in the financial statements. Treasury uses the trial balance information reported in the Governmentwide Treasury Account Symbol Adjusted Trial Balance System to develop a Reclassified Statement of Net Cost and a Reclassified Statement of Operations and Changes in Net Position for each agency, all of which show how agency amounts are related to particular FR statement line items. Treasury eliminates all intragovernmental balances from the reclassified statements and aggregates lines with the same title to develop the FR statements.

The two schedules in this note show the Department's financial statements and the Department's reclassified statements before elimination of intragovernmental balances and before aggregation of repeated FR line items. The term "Non-Federal" is used in this note to refer to federal government amounts that result from transactions with non-federal entities. These include transactions with individuals, businesses, nonprofit entities, and state, local, and foreign governments.

A copy of the September 30, 2022 FR can be found on Treasury's website, and a copy of the September 30, 2023 FR will be posted to this site as soon as it is released.

Reclassification of Statement of Net Cost to Line Items Used for the Government-wide Statement of Net Cost for the Year Ended September 30, 2023
(Dollars in Millions)

FY 2023 Department Statement of Net Cost (Unaudited)		Line Items Used to Prepare FY 2023 Government-wide Statement of Net Cost	
Financial Statement Line	**Amounts**	**Amounts**	**Reclassified Financial Statement Line**
Total Gross Cost	$ 82,328	$ 50,175	Non-Federal Gross Cost
		163	Benefit Program Costs
		64	Imputed Costs
		380	Buy/Sell Cost
		31,527	Borrowing and Other Interest Expense
		19	Other Expenses (Without Reciprocals)
Total Gross Cost	**$ 82,328**	**$ 82,328**	**Department Total Gross Cost**
Total Earned Revenue	$ (40,932)	$ (32,375)	Non-Federal Earned Revenue
		(3)	Buy/Sell Revenue (Exchange)
		(8,554)	Borrowing and Other Interest Revenue (Exchange)
Total Earned Revenue	**(40,932)**	**(40,932)**	**Department Total Earned Revenue**
Net Cost	**$ 41,396**	**$ 41,396**	**Net Cost**

Reclassification of Statement of Changes in Net Position to Line Items Used for the Government-wide Statement of Operations and Changes in Net Position for the Year Ended September 30, 2023
(Dollars in Millions)

FY 2023 Department Statement of Changes in Net Position (Unaudited)		Line Items Used to Prepare FY 2023 Government-wide Statement of Operations and Changes in Net Position	
Financial Statement Line	**Amounts**	**Amounts**	**Reclassified Financial Statement Line**
Unexpended Appropriations			
Beginning Balance	$ 231,216	$ 231,216	Net Position, Beginning of Period
Appropriations Received	255,795	254,166	Appropriations Received as Adjusted (Rescissions and Other Adjustments)
Other Adjustments (Rescissions, etc.)	(1,629)		
Appropriations Transferred	4	4	Non-Expenditure Transfers-In of Unexpended Appropriations and Financing Sources
Appropriations Used	(313,824)	(313,824)	Appropriations Used
Unexpended Appropriations, Ending Balance	**171,562**	**171,562**	
Cumulative Results of Operations			
Beginning Balance	(9,487)	(9,487)	Net Position, Beginning of Period
Appropriations Used	313,824	313,824	Appropriations Expended
Nonexchange Revenue	3	3	Collections Transferred into a TAS Other Than the General Fund of the U.S. Government – Nonexchange
Imputed Financing from Costs Absorbed by Others	64	64	Imputed Financing Sources
Negative Subsidy Transfers, Downward Subsidy Re-Estimates, and Other	(330,204)	(355,384)	Non-Entity Collections Transferred to the General Fund of the U.S. Government
		25,178	Accrual for Non-Entity Amounts to Be Collected and Transferred to the General Fund of the U.S. Government
		2	Other Taxes and Receipts
Net Cost	(41,396)	(41,396)	Net Cost
Cumulative Results of Operations, Ending Balance	**$ (67,196)**	**$ (67,196)**	
Net Position	**$ 104,366**	**$ 104,366**	**Net Position, End of Period**

NOTE 20. Other Matters

Some portion of the current-year financial assistance expenses (grants) may include funded recipient expenditures that are subsequently disallowed through program review or audit processes. In the opinion of management, the ultimate disposition of these matters will not have a material effect on the Department's financial position.