AUDITORS' REPORT

Office of Higher Education

FISCAL YEARS ENDED JUNE 30, 2024 AND 2025

STATE OF CONNECTICUT
Auditors of Public Accounts

JOHN C. GERAGOSIAN
State Auditor

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November 12, 2026

INTRODUCTION

We are pleased to submit this audit of the Office of Higher Education (OHE) for the fiscal years ended June 30, 2024 and 2025 in accordance with the provisions of Section 2-90 of the Connecticut General Statutes. Our audit identified internal control deficiencies and instances of noncompliance with laws, regulations, or policies.

The Auditors of Public Accounts wish to express our appreciation for the courtesies and cooperation extended to our representatives by the personnel of the Office of Higher Education during the course of our examination.

The Auditors of Public Accounts also would like to acknowledge the auditors who contributed to this report:

Jamie Drozdowski
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State Auditor

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State Auditor

STATE AUDITORS' FINDINGS AND RECOMMENDATIONS

Our examination of the records of the Office of Higher Education disclosed the following eight recommendations, of which two were repeated from the previous audit.

Finding 1

Internal Control Self-Assessment

Criteria

The Office of the State Comptroller (OSC) requires executive branch agencies to complete an annual internal control self-assessment to evaluate internal controls, identify weaknesses, and prepare remedial action plans as necessary. The assessment includes various sections applicable to agency operations including, but not limited to, cash receipts, cash disbursements, property, procurement and payables, and employee compensation.

Condition

OHE did not complete the property section of the annual internal control questionnaire for either fiscal year reviewed. The property section is relevant to OHE operations because it owns and manages state property.

Context

We reviewed the internal control self-assessments submitted by OHE for fiscal years 2024 and 2025.

Effect

Internal controls may be inadequate and there is an increased risk of errors and misappropriation of assets.

Cause

It appears that a misunderstanding led OHE to believe the property section did not apply.

Prior Audit Finding

This finding was not reported in the previous audit.

Recommendation

The Office of Higher Education should complete all applicable sections of the annual internal control questionnaire.

Agency Response

"We agree with this finding.

OHE did not complete the property section of the Internal Control Questionnaire because of a misunderstanding that the section was

not applicable to the agency. This misunderstanding was because OHE believed that this section was exclusive to capital property. Since OHE had not purchased any capital property in several years, OHE believed the section did not apply.

Moving forward, OHE will complete the property section of the Internal Control Questionnaire in its entirety to ensure compliance with reporting requirements and to accurately reflect the agency's property management responsibilities."

Finding 2

Asset Reporting and Software Inventory

Criteria

Section 4-36 of the General Statutes requires state agencies to annually transmit a detailed list of inventory to the Office of the State Comptroller (OSC). The State Property Control Manual requires agencies to annually report all capitalized real and personal property owned by the agency on the CO-59 form, using information generated by the Core-CT Asset Management Module. OSC annually provides instructions for completing the CO-59 form, including required reportable information. The State Property Control Manual further specifies the minimum data requirements for agencies to include in their software inventory and requires them to conduct an annual physical software inventory.

Condition

OHE reported amounts on its CO-59 forms for fiscal years 2024 and 2025 that were not fully supported by underlying Core-CT records. The equipment ending balance for fiscal year 2024 was overstated by $32,655 and the ending balance in fiscal year 2025 was understated by $1,240.

OHE did not report software inventory in either year. Our review of OHE's software library noted that it does not include all the data required by the State Property Control Manual. OHE also did not complete an annual physical inventory of software during the audited period.

Context

Real and personal property, reported on the OHE CO-59 forms totaled $169,272 and $100,358, for fiscal years 2024 and 2025, respectively. A preliminary software library as of June 30, 2025, developed by OHE after fiscal year end included 20 items with extended costs totaling approximately $3.1 million.

Effect

There is decreased assurance that the department's assets are accurately reported. The lack of proper accountability increases the risk that inventory may be lost, stolen, or improperly used. The state

may also be at a higher risk of litigation from software companies for violation of licensing and copyright agreements.

Cause

There appears to be inadequate internal controls and lack of management oversight to ensure proper CO-59 reporting and software record maintenance.

Prior Audit Finding

This finding has previously been reported in the last five audit reports covering the fiscal years 2012 through 2023.

Recommendation

The Office of Higher Education should strengthen internal controls over asset reporting to ensure accuracy and compliance with the State Property Control Manual. The office should also update its software inventory records to include all the necessary data and perform an annual physical software inventory.

Agency Response

"We agree with this finding.

For several years, OHE faced challenges in fully addressing its property and software inventory requirements due to limited internal fiscal resources and the absence of staff with the specialized knowledge necessary to effectively manage these areas and their associated reporting requirements. During fiscal year 2025, OHE hired a staff member with the expertise and experience needed to strengthen the agency's property and software inventory processes and related internal controls.

Since that time, OHE has implemented several corrective actions to address the identified deficiencies. These actions include enhancing property inventory procedures, reconciling property records, updating internal processes, and developing and implementing a comprehensive software library to inventory and track the agency's software assets in accordance with applicable State requirements. The software library now provides a foundation for maintaining accurate records, supporting financial reporting, and ensuring compliance with applicable Comptroller policies and reporting requirements.

OHE anticipates that these improvements will substantially strengthen the agency's ability to maintain complete and accurate property and software inventory records and address the deficiencies identified in these findings. The agency will continue to monitor compliance, maintain and reconcile its property and software records, evaluate the effectiveness of the corrective actions implemented, and make any necessary adjustments to ensure continued compliance with applicable state guidance and prevent recurrence of these issues."

Finding 3
Asset Disposals

Criteria

The State Property Control Manual requires state agencies to have an internal process to identify and justify disposal of surplus property. The OHE asset policy requires the utilization of an internal form to document the request and approval of asset disposals.

Condition

Our review of ten assets OHE recorded as disposed of during the audited period disclosed that one $2,909 asset was improperly recorded as disposed of yet remained in service. For the remaining nine assets, the office was unable to provide documentation of the original disposal request and approval. OHE reported four of those assets as lost or missing in August 2025.

Context

OHE disposed of 24 assets, totaling $60,265, during fiscal years 2024 and 2025. We judgmentally selected ten assets with the highest dollar value in each fiscal year for review. The total value of the selected assets was $43,339.

Effect

When disposals are not properly processed, there is an increased risk of asset loss and inaccurate financial records.

Cause

It appears that the condition was partly caused by OHE attempts to update its asset records in response to a prior asset management audit finding.

Prior Audit Finding

This finding was not reported in the previous audit.

Recommendation

The Office of Higher Education should strengthen internal controls over asset disposals to ensure accurate reporting and compliance with the State Property Control Manual.

Agency Response

"We agree with this finding.

In recent years, OHE has undergone three office relocations. During these transitions, certain agency assets, records, and supporting documentation may not have been transferred to the new office locations, contributing to gaps in the documentation available to support asset disposals. While OHE recognizes that these circumstances do not negate the requirement to maintain complete and accurate records, they provide context for the documentation deficiencies identified during the audit.

Since that time, OHE has developed and implemented a comptroller-approved Asset Management Policy that establishes formal procedures for the acquisition, inventory, transfer, disposal, and documentation of agency assets. The policy strengthens internal controls by clearly defining responsibilities, requiring appropriate approvals and supporting documentation for all asset disposals, and establishing yearly reconciliations of the agency's property records. OHE believes these enhanced controls will significantly improve its asset management processes and help ensure that similar deficiencies do not recur."

Finding 4
Asset Purchases

Criteria

The State Accounting Manual requires agencies to properly code expenditures based on the established chart fields in Core-CT.

The State Property Control Manual establishes a $5,000 asset capitalization threshold. OHE considers computer equipment or accessories with a value of $500 or more to be controllable assets.

Condition

We reviewed 18 vouchers related to asset purchases and noted OHE improperly coded ten vouchers containing 18 assets, totaling $6,412, as controllable property despite them not meeting the $500 threshold. OHE improperly coded two additional vouchers containing ten items, totaling $4,722, as capital property despite them not meeting the $5,000 threshold.

Context

During fiscal years 2024 and 2025, OHE purchased 36 assets across 18 vouchers, totaling $26,354. We reviewed the entire population for proper coding.

Effect

Inaccurate coding of asset purchases reduces the reliability of inventory records and expenditure data within Core-CT.

Cause

The exceptions appear to be caused by a lack of managerial oversight and properly trained staff.

Prior Audit Finding

This finding was not reported in the previous audit.

Recommendation

The Office of Higher Education should strengthen internal controls over the classification of asset purchases to ensure the accuracy of property records within Core-CT and compliance with established policies.

Agency Response

"We agree with this finding.

To address this deficiency, OHE has implemented additional training for fiscal staff to reinforce the proper application of asset classification and coding requirements. In addition, OHE has established a supervisory review process to verify the accuracy of asset classifications and accounting codes prior to transactions being entered into Core-CT.

OHE believes these corrective actions will strengthen internal controls over asset accounting and significantly reduce the likelihood of similar coding errors occurring in the future."

Finding 5

Purchasing Card Reconciliations

Criteria

The Office of the State Comptroller's Purchasing Card Cardholder Work Rules Manual governs purchasing card (P-Card) transactions. The manual requires a P-Card Coordinator to provide cardholders with a purchasing log to be completed monthly and to collect and maintain cardholder receipts. Cardholders are required to record all purchases on the log and maintain supporting documentation for all transactions.

Condition

Our review of six months' purchasing logs with purchases totaling $41,417 found no evidence of review and approval by appropriate personnel. Additionally, five of the six monthly logs had missing or inadequate supporting documentation.

Context

The audit universe consisted of 12 months of activity for each fiscal year with purchases totaling $52,104 and $59,252 in 2024 and 2025, respectively. We judgmentally selected three months with the highest purchases from each fiscal year for review, totaling $41,417.

Effect

Without adequate documentation and reconciliation, there is less assurance that the office made purchases for a legitimate state purpose and complied with purchasing card policies.

Cause

The condition appears to be caused by a lack of proper internal controls, training, and managerial oversight.

Prior Audit Finding

This finding was not reported in the previous audit.

Recommendation

The Office of Higher Education should strengthen internal controls and managerial oversight over P-Card reconciliations and the retention of supporting documentation to ensure cards are used in accordance with established policies.

Agency Response

"We agree with this finding.

Historically, an OHE staff member served as the primary reviewer of OHE's P-Card logs but never signed off. As a result of this observation, OHE has strengthened its internal review process. As of last month, a Fiscal Administrative Supervisor (FAS) reviews and signs off on all P-Card logs prior to their submission to the State Comptroller's Office.

This additional level of review will enhance oversight, ensure the completeness of supporting documentation, and further strengthen OHE's internal controls."

Finding 6

Statutory Reporting Requirements

Criteria

Section 10a-11d of the General Statutes requires the Office of Higher Education to submit an annual report on teacher candidate demographics to the State Board of Education and the joint standing committee of the General Assembly having cognizance of matters relating to education.

Condition

OHE failed to submit the annual report on teacher candidate demographics during the audited period.

Context

OHE was subject to nine reporting requirements during the audited period: seven statutory and two required by the State Comptroller. We reviewed all nine requirements.

Effect

Failure to submit the required report could result in deficient reporting of teacher candidate demographic data and could hinder the state's ability to make informed decisions about teacher candidacy initiatives.

Cause

OHE informed us it does not have the resources to create and submit the report, and the information is redundant with data reported by the State Department of Education.

Prior Audit Finding

This finding was not reported in the previous audit.

Recommendation

The Office of Higher Education should comply with its statutory reporting requirements or consider pursuing statutory changes.

Agency Response

"We agree with this finding.

The Office of Higher Education (OHE) will propose legislative language eliminating the reporting requirement contained in CGS § 10a-11d. Specifically, OHE will request that this reporting requirement be removed from the statute, as the agency does not collect this information from Educator Preparation Programs (EPPs). The Connecticut State Department of Education maintains access to the necessary data and is the appropriate agency to report this information."

Finding 7

Private Career School Authorizations

Background

OHE uses Veoci, a digital platform to manage institutional authorizations, renewals, expiration dates, fees, and due dates.

Criteria

Section 10a-22b of the General Statutes establishes that no private career school shall offer instruction in any form without first receiving a certificate authorizing the occupational instruction to be offered.

Section 10a-22d(e) of the General Statutes states that the OHE commissioner may authorize the extension of the most recent certificate of authorization for up to 60 days.

Condition

OHE approved renewal applications for eight schools between 66 and 780 days past the 60-day extension period, with an average of approximately 230 days late.

Context

We randomly selected 15 of the 96 private career schools certified by OHE to operate in Connecticut during the audited period.

Effect

OHE failed to promptly process renewals which allows schools to operate without proper authorization. It also delays the identification of compliance issues and increases operational risks for students.

Cause

OHE stated the delays are primarily driven by persistent staffing issues, compounded by vacancies, the complex multi-step nature of regulatory reviews, and providing significant technical system assistance to schools navigating the relatively new database system.

Prior Audit Finding

This finding was not reported in the previous audit.

Recommendation

The Office of Higher Education should promptly process all applications and certificates of authorization to ensure schools are operating in accordance with Section 10a-22b of the General Statutes.

Agency Response

"We agree with this finding in part.

OHE agrees that certain renewal applications and certificates of authorization were not completed within the applicable statutory timeframe. These delays reflect a persistent mismatch between Private Postsecondary Career School's (POSA) workload and available staffing resources, which was further impacted during the audit period by vacancies, staff transitions, and the time required to train new personnel.

Renewal reviews are complex, multi-step regulatory reviews requiring examination of application materials, school-specific follow-up, site visit coordination, curriculum review, financial and compliance review, and final certificate processing. Staff also frequently provide technical assistance to schools navigating Veoci. Digitization has improved visibility, documentation, and reminders, but it has not eliminated the substantive review work.

OHE has implemented several mitigation measures, including dashboard monitoring of approaching and expired authorizations, automated reminders, continuing workflow refinements, increased curriculum specialist honoraria, outreach to retired specialists, and a statutory change extending the allowable certificate extension from 60 to 90 days, effective July 1, 2025. Even with these measures, some reviews may exceed the extension period because of staffing capacity, school responsiveness, specialist availability, or complex compliance issues.

OHE administratively distinguishes between schools that are delayed but remain responsive and engaged with OHE and schools that are materially noncompliant or nonresponsive. Where a school fails to respond to OHE, including to a Notice of Violation, OHE may direct the school to cease and desist operations. OHE recognizes, however, that this administrative distinction is not expressly codified as a separate authorization status beyond the statutory extension period.

OHE will continue seeking additional staffing support and will evaluate whether further statutory or regulatory changes are needed to address this issue within existing operational and legal constraints."

Auditors' Concluding Comments

Without properly documented authorizations, there is decreased assurance that OHE's monitoring efforts will be effective in identifying issues in a timely manner.

Finding 8

Private Career School Fee Collection

Background

OHE uses Veoci, a digital platform to manage institutional authorizations, renewals, expiration dates, fees, and due dates.

Criteria

Section 10a-22u(a) of the General Statutes states that each private career school authorized in accordance with the provisions of sections 10a-22a to 10a-22o, shall pay to the State Treasurer four-tenths of one per cent of the tuition received by the school per calendar quarter exclusive of any refunds. The schools must make payments by January 30th, April 30th, July 30th, and October 30th in each year for tuition received during the three preceding months.

Section 10a-22d(f) requires each private career school to pay a nonrefundable annual $200 fee to the private career school student protection account for the private career school and $200 for each branch.

Condition

We reviewed the quarterly and annual fee collection process for 15 private career schools and identified the following:

- OHE did not correctly calculate two quarterly fees which resulted in under collection of $266. In one instance, we were unable to identify the resulting under or over collection due to omitted data.

- In three instances, OHE lost or delayed collection of annual fees. One $200 annual fee went unpaid and is unrecoverable due to the subsequent closure of the institution. OHE received two annual fees, totaling $400, 226 and 968 days late.

Context

During the 2024 and 2025 fiscal years, OHE collected approximately $1,028,569 in quarterly fees and $32,600 in annual fees from 96 authorized private career schools. We randomly selected 15 institutions and reviewed all of their owed fees during the audited period. We reviewed quarterly fees totaling $137,997 and annual fees totaling $5,800.

Effect

The lack of sufficient system controls resulted in delayed and lost revenue. As a result, OHE continued to authorize private career schools that did not promptly pay their required fees in accordance with the General Statutes. Left unaddressed, there remains the risk of operational and collection delays, further loss of revenue, and unreliable records.

Cause

A lack of management oversight and insufficient system controls over the private career school fee collection process which allowed users to alter information contributed to these findings.

Prior Audit Finding

This finding has previously been reported in the last audit report covering the fiscal years 2022 through 2023.

Recommendation

The Office of Higher Education should strengthen internal controls and software controls over private career school fees to ensure it promptly pursues late payments, restricts user editing permissions on critical data fields, and implements post-payment data locks.

Agency Response

"We agree with this finding in part.

OHE agrees that additional system and internal controls are needed to ensure private career school fees are accurately calculated, timely collected, and properly documented.

OHE notes that the specific condition identified in the prior audit—late quarterly payments and lack of documented Notices of Violation—was not identified in this audit. OHE believes this indicates that the corrective actions taken in response to the prior finding, including improved tracking, staff training, and reminders, addressed that concern. The current finding involves related but different system-control issues, including editable fields, post-payment changes to revenue data, and annual fee reminder logic.

Veoci replaced a paper and Access database process with a comprehensive regulatory and payment workflow. The system has substantially improved transparency, documentation, payment tracking, and auditability, but its configuration must account for multiple fee requirements, payment workflows, user permissions, calculations, reminders, and exceptions. OHE therefore treats system implementation as an ongoing continuous improvement process.

OHE has already taken corrective action. Schools may no longer change the quarter-end date. OHE has implemented an additional staff review of quarterly revenue entries after payment and corrected the annual fee reminder logic.

OHE will also institute an annual internal audit shortly after the beginning of each fiscal year covering the prior fiscal year's fee

activity. This independent secondary review will test calculations, payment records, system notifications, data changes, and outstanding fees to identify errors or workflow gaps requiring correction.

Although the dollar impact identified in the audit sample was limited, OHE recognizes that the underlying control issue is important regardless of amount and will continue strengthening system controls, staff review procedures, and follow-up processes on a documented and recurring basis."

Auditors' Concluding Comments

We acknowledge that OHE addressed the prior identified concerns regarding sending late payment notifications. However, the current audit identified similar issues with delayed or lost payments, indicating the need for additional improvements.

STATUS OF PRIOR AUDIT RECOMMENDATIONS

Our prior audit report on the Office of Higher Education contained four recommendations. Two have been implemented or otherwise resolved and two have been repeated or restated with modifications during the current audit.

Prior Recommendation	Current Status
The Office of Higher Education should strengthen internal inventory controls to safeguard assets, improve reporting accuracy, and ensure compliance with the State Property Control Manual.	REPEATED Modified Form Recommendation 2
The Office of Higher Education should strengthen internal controls to ensure that it commits funds prior to purchasing goods and services and enters accurate invoice dates in Core-CT.	RESOLVED
The Office of Higher Education should comply with the Department of Administrative Services telework policy and prohibit employees from teleworking without an approved agreement.	RESOLVED
The Office of Higher Education should strengthen internal controls over private career school fees to ensure it promptly pursues late payments and provides notice in accordance with Section 10a-22f(b) of the General Statutes.	REPEATED Modified Form Recommendation 8

OBJECTIVES, SCOPE, AND METHODOLOGY

We have audited certain operations of the Office of Higher Education in fulfillment of our duties under Section 2-90 of the Connecticut General Statutes. The scope of our audit included, but was not necessarily limited to, the fiscal years ended June 30, 2024 and 2025. The objectives of our audit were to evaluate the:

1. Office's internal controls over significant management and financial functions;

2. Office's compliance with policies and procedures internal to the office or promulgated by other state agencies, as well as certain legal provisions; and

3. Effectiveness, economy, and efficiency of certain management practices and operations, including certain financial transactions.

In planning and conducting our audit, we focused on areas of operations based on assessments of risk and significance. We considered the significant internal controls, compliance requirements, or management practices that in our professional judgment would be important to report users. The areas addressed by the audit included payroll and personnel, revenue and cash receipts, purchasing and expenditures, asset management, reporting systems, and activity related to the Private Occupational School Student Protection Account. We also determined the status of the findings and recommendations in our prior audit report.

Our methodology included reviewing written policies and procedures, financial records, meeting minutes, and other pertinent documents. We interviewed various personnel of the office and certain external parties. We also tested selected transactions. Our transaction selections were designed to provide sufficient and appropriate evidence to support our findings, conclusions, and recommendations. This testing was not designed to project to a population unless specifically stated. We obtained an understanding of internal controls that we deemed significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We tested certain of those controls to obtain evidence regarding the effectiveness of their design and operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contracts, grant agreements, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The accompanying financial information is presented for informational purposes. We obtained this information from various available sources including the office's management and state information systems. It was not subject to our audit procedures. For the areas audited, we:

1. Identified deficiencies in internal controls;

2. Identified apparent noncompliance with laws, regulations, contracts and grant agreements, policies, or procedures; and

3. Did not identify a need for improvement in management practices and procedures that we deemed to be reportable.

The State Auditors' Findings and Recommendations section of this report presents findings arising from our audit of the Office of Higher Education.

ABOUT THE AGENCY

Overview

The Office of Higher Education operates, generally, under relevant parts of Sections 10a-1d through 10a-57 and 10a-161 through 10a-173 of the General Statutes. OHE's responsibilities include licensing and accreditation for independent colleges, universities and in-state programs offered by out-of-state institutions; regulating the operations of Connecticut's post-secondary career schools; and administering state student financial aid grants including the Roberta B. Willis Scholarship Program and the John R. Justice Grant Program. OHE also manages the Alternative Route to Certification Program, the Minority Advancement Program, the CT Student Loan Reimbursement Program, and serves as the state's lead agency for AmeriCorps, the national service program. OHE also acts as a clearinghouse for student complaints.

Organizational Structure

In January 2019, the Governor appointed Timothy D. Larson executive director. Mr. Larson continues to serve in that capacity. OHE had 26 full-time employees as of June 30, 2025, operating under three divisions: Academic Affairs, Finance, and Programs and Student Services.

Significant Legislative Changes

There were no notable legislative changes that took effect during the audited period.

Financial Information

General Fund Receipts

General Fund receipts are primarily for educational fee revenue and totaled $310,996 during fiscal year 2024 and $327,588 during fiscal year 2025.

General Fund Expenditures

A summary of General Fund expenditures during the audited period as compared to the preceding fiscal year follows:

	Fiscal Year Ended June 30,		
	2023	2024	2025
Personal services	$ 1,699,766	$ 1,626,550	$ 1,624,580
Other expenses	482,183	1,227,589	715,697
Roberta B. Willis Scholarship Program	32,998,277	8,017,698	28,393,834
Minority Advancement Program	2,127,566	1,690,528	1,269,221
CT Loan Forgiveness	-	-	1,583,045
Other Grants and Scholarships	740,058	1,161,410	947,535
Total	**$ 38,047,850**	**$ 13,723,775**	**$ 34,533,912**

The fluctuations in General Fund expenditures can primarily be attributed to funding changes for the Roberta B. Willis Scholarship Program during the audited period. In fiscal year 2024, OHE expended American Rescue Plan Act (ARPA) federal funding for this program and thus decreased the General Fund expenditures utilized. OHE returned to primarily expending General Fund expenditures for the program in fiscal year 2025. Also in fiscal year 2025, the CT Loan Forgiveness program began, with OHE expending approximately $1.6 million of General Fund expenditures for the program.

Federal and Other Restricted Accounts Fund Receipts

A summary of Federal and Other Restricted Accounts Fund receipts during the audited period as compared to the preceding fiscal year follows:

	Fiscal Year Ended June 30,		
	2023	2024	2025
Federal Aid - Restricted	$ 6,311,879	$ 3,164,854	$ 86,414,137
Non-Federal Aid - Restricted	388,301	801,645	893,802
Other Restricted Aid	537,509	735,486	692,546
Total	**$ 7,237,689**	**$ 4,701,985**	**$ 88,000,485**

The fluctuations in federal and other restricted accounts fund receipts can primarily be attributed to the timing of the receipt of ARPA program funding. OHE reported a majority of these funds in fiscal year 2025. Non-federal restricted aid received in each fiscal year was primarily for the Alternate Route to Certification (ARC) program, and other restricted aid was primarily for the Private Occupational School Student Protection Account program, described below.

Federal and Other Restricted Accounts Fund Expenditures

A summary of Federal and Other Restricted Accounts Fund expenditures during the audited period as compared to the preceding fiscal year follows:

	Fiscal Year Ended June 30,		
	2023	2024	2025
Federal - Restricted	$ 45,390,633	$ 23,661,092	$ 5,304,776
Non-Federal - Restricted	635,303	1,800,188	1,679,791
Total	**$ 46,025,936**	**$ 25,461,280**	**$ 6,984,567**

The changes in Federal and Other Restricted Accounts Fund expenditures can primarily be attributed to fluctuations in ARPA program expenditures. OHE expended most of its ARPA funds in fiscal years 2023 and 2024, with the program winding down in fiscal year 2025. Expenditures for the AmeriCorps program make up most other federal-restricted expenditures in each fiscal year. Non-federal restricted expenditures in each fiscal year were primarily for the ARC program and the Private Occupational School Student Protection Account program, described below.

Endowed Chair Investment Fund

Under Section 10a-20a of the General Statutes, OHE administers a fiduciary fund for endowed chairs at the University of Connecticut, the University of Connecticut Health Center, and the Connecticut State University System (CSUS). The distribution of earnings from the fund to the various chairs for the fiscal years 2024 and 2025 totaled $158,699 and $198,742, respectively. Fluctuations in these amounts are primarily due to changes in interest rates offered in the state's Short-Term Investment Fund. The Endowed Chair Investment Fund balance was $3,090,067 as of June 30, 2025.

Private Occupational School Student Protection Account

The office administers a Private Occupational School Student Protection Account, established by Section 10a-22u of the General Statutes. The account maintains a reserve available to refund student tuition if a school becomes insolvent or operations cease. In accordance with Section 10a-22u(a) of the General Statutes, the account is also assessed for the personnel and administrative expenditures for the oversight and registration of private occupational schools.

Cash receipts totaled $735,282 and $692,358 for fiscal years 2024 and 2025, respectively. These receipts consisted of assessments on the schools, fees, and interest earned, and are included as other restricted aid in the Federal and Other Restricted Accounts Fund Receipts table presented above. Disbursements from the account totaled $668,647 and $246,988 for fiscal years 2024 and 2025, respectively, and are included as non-federal restricted expenditures in the Federal and Other Restricted Accounts Fund Expenditures table presented above.