

Risk Analysis for Institutions of Higher Education

REQUEST FOR INFORMATION QUESTIONS AND ANSWERS

The Office of College and University Evaluation has primary responsibility within the New York State Education Department (NYSED) for the regulatory oversight of public, private, and proprietary degree-granting institutions in New York State and the programs of study offered by those institutions. Out-of-state institutions that wish to operate with a physical presence in New York or to offer distance education to New York students must also seek NYSED authorization.

On November 22, 2019, NYSED issued a "Request for Information" (RFI) to determine vendor interest and best practices with respect to NYSED's risk analysis needs in the higher education sector. Questions relating to the RFI that were submitted by the December 17, 2019 deadline have been collected and responded to below. Entities interested in responding to the Request for Information are encouraged to submit their materials to OCUEprocurement@nysed.gov no later than January 28, 2020.

QUESTION 1

Is there an incumbent vendor currently providing these types of services? If yes, could I possibly obtain the vendor name or the contract documents?

NYSED RESPONSE

There is no incumbent vendor currently providing these services.

QUESTION 2

Is there a timeline that the department is hoping to follow in regards to a potential formal solicitation release if that is the result of this RFI?

NYSED RESPONSE

A specific timeline has not been established, but potential vendors should be aware that the RFP procurement process can take one year or longer. If an RFP is released in the future, it will be posted to the NYS Contract Reporter and advertised to a department generated mailing list.

QUESTION 3

What action options does the NY State Department of Education anticipate it might deploy should an institution of higher education be in serious financial condition?

NYSED RESPONSE

NYSED cannot predict potential action that could be taken based on hypothetical scenarios.

QUESTION 4

Does the NY State Department of Education have interest in the financial stability of a for-profit online education partner of a not-for-profit (either state supported or independent) institution, if the not-for-profit institution itself is not under financial stress? Is that interest in the financial health of the for-profit partner different for an in-state not-for-profit versus an out-of-state not-for-profit institution offering course work in New York?

NYSED RESPONSE

Depending on the nature of the relationship and to the extent that academic offerings in New York are affected, NYSED may have an interest in the financial stability of a for-profit online education partner. The level of interest in the for-profit partner will be governed by the type of authorization sought and the nature of the relationship, regardless of the location of the applicant institution.

QUESTION 5

Does the department have interest in the risk afforded by a partnership between a private, New York College and a for-profit, foreign college, where the foreign entity provided expertise and teaching personnel for a fee or in return for fee waivers for their students?

NYSED RESPONSE

The current RFI relates to state authorization activities identified on the top of page 2 of the RFI, although the possibility exists that NYSED would use the information gathered to inform other responsibilities of the Office of College and University Evaluation.

QUESTION 6

The State of New York clearly has, or could develop, executive and legislative authority to intervene, if necessary, in public colleges, particularly SUNY colleges, if a college were in dire financial condition and, for example, could not meet a payroll. Thus, SUNY (and to some extent, CUNY, but for different reasons) colleges cannot be said to be on a path to total financial collapse. Nevertheless, public colleges with declining enrollments, poor management, and, not unrelated, disputes among faculty, administrators and local governmental agencies, may find themselves headed for financial crises. The wording of the RFI suggests a strong interest in gaining early warning of a possible precipitous closure of a private college. How would the department characterize its interest in public colleges, if precipitous closure is not probable?

NYSED RESPONSE

This question appears to be outside the scope of this RFI. The current RFI relates to state authorization activities identified on the top of page 2 of the RFI, although the possibility exists that NYSED would use the information gathered to inform other responsibilities of the Office of College and University Evaluation.

QUESTION 7

Page 2, Purpose and Objectives: Is this RFI looking for both the creation of the financial and operational risk assessment processes/models as well as potential financial and/or operational risk assessments of selected organizations? (i.e. EY helps with the creation of the model as one project and assists your team as needed for various types of assessments or just assists as needed with various types of assessments)

NYSED RESPONSE

The result of this RFI may be to issue a request for proposals for:

1. the development of a methodology to evaluate financial and operational risk; and/or
2. the delivery of financial and operational risk analysis services.

QUESTION 8

Page 2, Purpose and Objectives: If established, could NYSED share the existing award criteria for potential financial analysis and risk analysis projects? If applicable, can NYSED advise how the different award criteria (i.e. pricing, prior experience, partnerships, etc.) will be weighted?

NYSED RESPONSE

Should a request for proposals (RFP) be issued in the future, it will include an explanation of the scoring criteria.

QUESTION 9

Page 2, Purpose and Objectives: Can NYSED describe the potential governance structure in place to support financial analysis and risk assessment engagements? If so, what is the composition of the associated teams and number of resources that will work in coordination with these efforts?

NYSED RESPONSE

The RFI is issued by NYSED's Office of College and University Evaluation (OCUE) which provides regulatory oversight of public, private and proprietary degree-granting institutions in New York State, and the programs of study offered by those institutions. OCUE is within the higher education branch of NYSED's Office of Education Policy. The composition of teams will depend on the nature of the entity or application under review, but will generally involve members of OCUE in consultation with other offices with relevant expertise, e.g., counsel or audit services.

QUESTION 10

Page 2, Purpose and Objectives: Is NYSED open to establishing the engagement agreement as Agreed Upon Procedures in accordance with professional standards (i.e. the AICPA)?

NYSED RESPONSE

This RFI is not an RFP and will not result in a contract. However, information gathered in response to this RFI may be used in the development of a future procurement. If your organization has preferences related to a potential procurement or contract with NYSED, please provide relevant information in your response to the RFI.

QUESTION 11

Page 2, Purpose and Objectives: Has NYSED ever worked with other third-party providers in the past to conduct external financial and/or operational risk assessments of selected organizations? If yes, could you share the names of these providers?

NYSED RESPONSE

The Office of College and University Evaluation has not, in recent years, worked with third-party providers for financial or operational risk analysis.

QUESTION 12

Page 3, Objective 1: Could you share an overview of NYSED's existing procedures and approaches for evaluating the financial and operational health of entities seeking to offer post-secondary education across the different types of authorizations?

NYSED RESPONSE

NYSED primarily uses federal indicators and practices to guide its evaluation of institutions' financial and operational health, including, for example, the Financial Responsibility Composite Score, Heightened Cash Monitoring status, or Single Audit reporting.

QUESTION 13

Page 3, Objective 4: What are expectations for the vendor being on site at NYSED to support the financial analysis and risk assessment objectives outlined in this RFI? Are there other locations included in the completion of this work?

NYSED RESPONSE

Some face-to-face meetings at NYSED's offices may be requested, but there is no expectation that the vendor would have an ongoing presence on site at NYSED. In the event that face-to-face meetings are impractical for a vendor, a teleconference or virtual meeting can be arranged. There are no other locations related to the completion of this work.

QUESTION 14

Page 3, Objective 4: Are vendors allowed to conduct any portion of the engagement (e.g., benchmarking/analysis) with company resources located outside of the United States?

NYSED RESPONSE

The expectation is that the resources used would be relevant to the desired analysis, and may include resources located outside of the United States.

QUESTION 15

Page 4, RFI Contact Information and Timeline: Will there be a confirmation of receipt or feedback given to any of the respondents after the January 28, 2020 deadline? Is there a timeline for review of the responses to determine when/if an RFP will be issued?

NYSED RESPONSE

NYSED will confirm receipt of all responses to the RFI. NYSED does not plan to send feedback in response to this RFI, although, as noted on page 4 of the RFI, NYSED may, at its discretion, invite respondents to engage in further discussions following the receipt of RFI responses. A timeline for the review of RFI responses and development of the RFP has not been established. Vendors should keep in mind that the RFP procurement process can take one year or longer.

QUESTION 16

Page 8, Section 4.6: The RFI states, "Please provide estimated pricing and/or suggested pricing model for these services" Regarding pricing, does the NYSED have an allocated budget for the project? If yes, could NYSED please share the budget? How would NYSED prefer to handle case-related expenses (e.g. travel, primary research, etc.) incurred during the delivery of this project? We typically include a separate allocation for anticipated expenses (typically expressed as a percentage of professional fees). Is this acceptable?

NYSED RESPONSE

The allocated budget will depend on the spending authority granted to OCUE by the New York State budget for the fiscal year in which the project is expected to begin. Part of the purpose of the RFI is to obtain information about the potential cost of the services described. We are also seeking information about potential pricing models. Information about how respondents typically allocate expenses is appreciated. If an RFP is released as a result of this RFI, the RFP will include a description of how costs will be allocated.

QUESTION 17

Page 8, Section 4.6: EY typically provides pricing for this type of engagement on a fixed fee basis. Is this acceptable or does NYSED have different expectations? Is NYSED interested in reviewing different types of pricing models and estimates given the nature of the RFI and limited details related to scope, at this point of the process?

NYSED RESPONSE

We are currently seeking information about potential pricing models and estimates, to the extent respondents are able to provide them.

QUESTION 18

Does NYSED have a timeframe in mind for getting underway with various reviews? (e.g., March 2020, Summer 2020, etc.)

NYSED RESPONSE

A timeline for the development of the RFP has not be established. Vendors should keep in mind that the RFP procurement process can take one year or longer. Applications for authorization are accepted on a rolling basis, so a timeline for reviews will depend on the details and timing of submitted applications.

QUESTION 19

Does NYSED have a sense for the number of financial risk and operational risk analyses that could be conducted each year? If NYSED has conducted similar reviews in the past (either internally or with external support), can you disclose the number of each type of review conducted in recent years?

NYSED RESPONSE

The number of analyses that may be conducted in a given year will depend on factors that NYSED does not control, such as the volume of requests for authorization. The Office of College and University Evaluation has not, in recent years, conducted the type of financial and operational risk analyses of institutions of higher education being considered.

QUESTION 20

Is NYSED operating under the assumption that any analysis being performed by an external partner would have customized requirements and depth of analysis in light of the entity's corporate structure, complexity, location, existing reporting relationship, etc.?

NYSED RESPONSE

Yes.

QUESTION 21

To what extent does NYSED expect management from the organizations being analyzed to be active participants and collaborators in the review process?

NYSED RESPONSE

The degree of involvement by the organization would depend on the situation driving the need for the analysis and on the availability of publicly-available information and/or information from other oversight entities.

QUESTION 22

The RFI requests that select reviews evaluate the “transparency, independence, and regulatory and financial compliance of affiliated entities.” Does NYSED expect that such a review will consult external data sources for organizational and personnel-specific background checks, financial relationships, etc.?

NYSED RESPONSE

Yes, as appropriate and relevant to the analysis being conducted.

QUESTION 23

What is the current level of diligence done by NYSED on accreditation applicants and already accredited institutions? Can you provide examples?

NYSED RESPONSE

The current RFI relates to state authorization activities identified on the top of page 2 of the RFI, although the possibility exists that NYSED would use the information gathered to inform other responsibilities of the Office of College and University Evaluation, including those related to the New York State Board of Regents' role as an accrediting body recognized by the United States Department of Education.

The NYSED [accreditation website](#) provides information relating to the Board of Regents accreditation application process.

QUESTION 24

What current data, in addition to data provided by applicants, does NYSED have access to in order to help inform its decisions?

NYSED RESPONSE

In addition to information provided by applicants, NYSED has access to public information sources and the resources of the New York State Library.

QUESTION 25

What is the reporting process like for accredited institutions within the State i.e. what is reported, how often, etc.?

NYSED RESPONSE

The current RFI relates to state authorization activities identified on the top of page 2 of the RFI, although the possibility exists that NYSED would use the information gathered to inform other responsibilities of the Office of College and University Evaluation, including those related to the New York State Board of Regents' role as an accrediting body recognized by the United States Department of Education.

The NYSED Accreditation Handbook and the [Accreditation section](#) of the website have resources and information relating to standards and requirements for accreditation by the New York State Board of Regents and the Commissioner of Education.

QUESTION 26

How many accreditation applications does NYSED get a year? Is the process rolling or at a fixed point in time?

NYSED RESPONSE

The current RFI relates to state authorization activities identified on the top of page 2 of the RFI, although the possibility exists that NYSED would use the information gathered to inform other responsibilities of the Office of College and University Evaluation, including those related to the New York State Board of Regents' role as an accrediting body recognized by the United States Department of Education.

Applications for these state authorization activities are accepted on a rolling basis. NYSED does not place a limit on the number of applications it will accept for state authorization. Recent regulatory changes related to requirements and processes for authorization make it difficult to predict the number of applications that will be received.

QUESTION 27

Are there broader industry benchmarks that NYSED uses to aid it in decision making? Can you provide examples?

NYSED RESPONSE

NYSED starts with USDE and New York State standards, as well as Generally Accepted Accounting Principles (GAAP) and International Financial Reporting Standards (IFRS) accounting standards, to guide decision-making. Beyond that, the high degree of variation in the kinds of entities and applications under review make the use of a single set of industry benchmarks impractical.