



New York State
EDUCATION DEPARTMENT

Knowledge > Skill > Opportunity

REQUEST FOR INFORMATION (RFI)

for

Financial and Operational Risk Analyses of Institutions of Higher Education

November 21, 2019

New York State Education Department
Office of College and University Evaluation
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Albany, NY 12234

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Risk Analysis for Institutions of Higher Education

REQUEST FOR INFORMATION

The New York State Education Department (NYSED) hereby issues this “Request for Information” (RFI) to determine vendor interest and best practices with respect to NYSED’s risk analysis needs in the higher education sector. Please note that this is not a request for proposals and responses to this RFI will not lead to a contract with NYSED.

1. Introduction

The New York State Education Department (NYSED) is responsible for oversight of all educational institutions in the state, for operating certain educational and cultural institutions, for certifying teachers, and for registering and licensing practitioners of more than 40 professions. A Board of Regents, consisting of 17 members elected by the state legislature, governs NYSED. The Board oversees the University of the State of New York (USNY), consisting of all public and private schools, colleges and universities, chartered libraries, museums, historical societies, and other educational institutions in the state. NYSED’s chief executive officer is the Commissioner of Education and president of the University, who is appointed by the Board of Regents.

The Office of College and University Evaluation has primary responsibility within 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. Together, Regents authorization to confer degrees and NYSED program registration make up the state approval process for New York State 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.

This mandatory state approval process is distinct from "institutional accreditation" and the accreditation function of the Board of Regents. Institutional accreditation refers to a voluntary process. Accreditation by an entity recognized by the U.S. Department of Education allows institutions to participate in Title IV federal financial aid programs.

2. Purpose and Objectives

NYSED receives applications for several types of authorization to conduct credit-bearing postsecondary education in New York:

- **New Degree Authority:** For organizations seeking to open a New York State institution offering postsecondary degree programs
- **Permission to Operate:** For out-of-state institutions of higher education seeking to offer credit-bearing instruction or field experiences with a physical presence in New York State
- **Approval to Offer Distance Education:** For out-of-state institutions of higher education seeking to offer credit-bearing distance education to students based in New York State

Entities applying for these types of authorization are diverse in terms of size, location, and corporate structure. Some of these entities require sophisticated reviews that can account for complex financial scenarios, opaque corporate structures, and unfamiliar operating environments.

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NYSED may need external expertise to assist in the following types of reviews:

1. Financial risk analyses to evaluate whether an applicant has the resources needed to carry out the proposed activities in New York State
2. Operational risk analyses to evaluate the financial health of the applicant, as well as its status within its operational, regulatory, and/or academic oversight environments

The objectives of this Request for Information include the following:

OBJECTIVE 1

To explore the methodological approaches for evaluating the financial and operational health of entities seeking to offer post-secondary credit-bearing instruction in New York State

OBJECTIVE 2

To solicit feedback from the higher education sector (agencies, accreditors, nonprofit entities, institutions of higher education) regarding best practices and other resources related to oversight and accountability in higher education authorization

OBJECTIVE 3

To develop an understanding of the scope of service and areas of specialization of potential vendors with expertise related to financial and operational risk analysis of institutions of higher education, particularly as they relate to:

1. Sector:
 - A. Public entities
 - B. Nonprofit entities
 - C. For-profit entities
2. Location:
 - A. New York State entities
 - B. Out-of-state domestic entities
 - C. Foreign entities
3. Complexity:
 - A. Organization with no parent, subsidiary, or affiliated entities
 - B. Organization with one or more affiliated entities
 - C. Organization with complex ownership and governance structures

OBJECTIVE 4

To obtain information relating to pricing structures, service bundling, and other contracting features

OBJECTIVE 5

To receive feedback regarding deployment models and leading practices

3. RFI Contact Information and Timeline

Interested entities are encouraged to submit a response according to the guidelines in section 5. Information pertaining to ideas, concepts, and practical knowledge gained from relevant experiences as outlined in Section 4 is being sought. NYSED may, at its discretion, invite respondents to visit its offices at 89 Washington Avenue, Albany, New York (or participate in a video conference) for further discussions following the receipt of the RFI responses. In addition, after reviewing RFI responses, NYSED may follow up with respondents to request clarifying information.

NYSED contact person:

Emily Sutherland

OCUEprocurements@nysed.gov

Questions:

All questions regarding the RFI must be submitted in writing to the above email address by December 17, 2019. Answers will be posted by January 7, 2020 to www.nysed.gov/college-university-evaluation/procurements.

NYSED may issue announcements amending this RFI in response to vendor questions. Any such announcements will be posted to the above referenced URL.

Timeline:

RFI published: November 22, 2019

Deadline for questions: December 17, 2019

Response to questions issued: January 7, 2020

Deadline for receipt of responses: January 28, 2020

4. Information requested

NYSED is seeking the following information from potential vendors. In addition, entities with knowledge or expertise in the areas described below are encouraged to submit information regarding best practices and available resources related to financial and operational health of institutions of higher education and risk analysis in these areas. Respondents are encouraged to respond as fully as possible to the prompts below. If you are unable to respond to any portion of the prompts, a brief explanation as to why is appreciated, but not required.

4.1 *Cover letter*

Each respondent should provide a cover letter (limited to no more than two pages in length) that includes the following information:

- Company/Organization Name
- Contact Name
- Title
- Phone #
- E-mail address
- Mailing address

NOTE: Provide additional contact persons as needed.

Each respondent should also provide the following information:

- A brief description of the organization, including a synopsis of its business model
- Number of full-time employees
- Corporate Taxation Status
 - For-profit companies: Identify whether the company is publicly traded or privately held. If publicly traded, provide the company's ticker symbol and Central Index Key.

4.2 *Company/Organization Information*

Each respondent should summarize the organization's experience in the fields of financial risk analysis and operational risk analysis in the higher education sector. An indication of the extent and scope of the experience should be provided, including the following information:

- The length of time the organization has been providing financial risk analyses and/or operational risk analyses and all types of risk analysis your company has conducted
- The role of independent contractors and/or subcontractors in conducting analyses
- A description of the organization's experience working within the higher education sector

- A description of the organization’s scope of experience and expertise in each of the environments described in Objective 3
- Any partnerships or alliances the organization has that would provide benefits to the project
- A list of accounting standards the organization is qualified to analyze (e.g., US GAAP, IFRS)
- A client list that illustrates the organization’s experience performing financial and/or risk analyses of institutions of higher education
- A summary of your organization’s service delivery approach, including how your organization develops/maintains project schedules and interfaces with customers

Based on the experience outlined above, respondents should identify the following:

- Lessons learned from past financial and operational risk analysis activities
- General time frames for providing each type of analysis
- The organization’s competitive advantage

4.3 *Financial analysis*

In some instances, NYSED may request a stand-alone financial analysis for an institution. We will use this analysis to evaluate whether the institution has the necessary resources to carry out its mission and proposed activity in New York and to identify institutions at risk of precipitous closure.

Identify and describe the methodologies or frameworks you would use to determine financial health, risk of closure, and long-term financial prognosis of an institution of higher education and its academic programs. Include the following information:

- Identify the factors that would inform your analysis (liquidity, debt, cash reserves, diversity of revenue streams, endowments, dependence on donors, tuition, Title IV or other federal and state government funding, etc.).
- Describe if and how your analysis would consider the fiscal expertise of the CFO, business manager(s), institutional advancement, related staff, and board members.
- Identify the documents and information necessary in order to complete the analysis.
- Describe how your approach to this analysis would be adapted for institutions operating in each of the environments listed in Objective 3.
- Identify and describe the deliverables that your organization can provide as a product of the financial analysis (e.g., risk score, detailed report on financial health).

4.4 *Risk analysis*

In some instances, NYSED may request a broader operational risk analysis for an institution. We will use this analysis to assess the ability of the institution to carry out its mission, as well as the risk of precipitous closure and/or potential consumer protection violations.

Describe how your organization would account for the following factors in an operational risk analysis for an institution of higher education:

- The financial health of the applicant institution
- The applicant's current activities, including any authorization requirements or regulatory oversight they are subject to in other locations
- The applicant's regulatory track record, for example whether there is a history of compliance violations or governmental investigations
- The applicant's track record regarding consumer protections, including the track record of individuals in leadership roles at the applicant institution
- The applicant's independence relative to parent and affiliate entities.
- The applicant's relationship with entities outside of a parent organization. (e.g., MOUs or other agreements with other educational institutions)
- The stability and transparency of the corporate structure
- The applicant's donors/supporters and any conflicts of interest related to monetary donations or other gifts
- The appropriateness of the governance structure and practices, especially as they relate to the potential for self-dealing, fraud, misrepresentation, or disregard for education quality, and including recent changes or upcoming changes to board membership
- The applicant's track record for responding to market pressures
- Transparency, independence, and regulatory and financial compliance of affiliated entities
- The adequacy of the applicant's strategic planning
- The status of the institution's accreditation(s), including an evaluation of the accreditor, if not recognized by the United States Department of Education

Identify additional factors not listed above that your organization may take into account in its analysis.

Describe how your approach to this analysis would be adapted for institutions operating in each of the environments listed in Objective 3.

Identify and describe the deliverables that your organization can provide as a product of an overall risk analysis (e.g., risk score, detailed report on financial and operational health).

4.5 *Foreign entities*

In some instances, NYSED may request a risk analysis for a foreign entity. In addition to the purposes listed above, we will use an analysis of a foreign entity to assess the institution's capacity to operate in the United States.

Describe how your organization would account for the following factors in an overall risk analysis for a foreign entity that wishes to operate an institution of higher education in New York State:

- The oversight framework in the home country and entities involved in oversight
- The existence and quality of home country governmental support
- The institution's relationship with its oversight agencies
- Prior experience in the United States or in other locations outside the home country

Summarize any difference to the deliverables described in 4.4 above resulting from an analysis of a foreign entity.

4.6 *Pricing*

If your organization can provide a financial and/or risk analysis of institutions of higher education, please provide estimated pricing and/or a suggested pricing model for these services. Identify factors that would affect cost (e.g., size of the applicant entity, foreign vs. domestic entity). Include estimated pricing for a stand-alone financial analysis as well as an overall risk analysis that includes a financial analysis. Identify any information your organization would need to determine pricing.

NOTE: Information on pricing will be used for informational purposes only.

5. Submission of Response

Responses are due by 3:00 P.M. EST on January 28, 2020 and shall be sent via email to the following address: OCUEprocurements@nysed.gov

Responses should be labeled as “RFI 20-001 – [VENDOR NAME] – IHE Risk Analysis” in the subject line of the email.

Respondents should submit their responses to the prompts in section 4 above as a single .pdf or .docx file. Please place page numbers in the footer and the responding organization’s name in the header of the document. Please also include a table of contents.

6. Disclaimer

Note: This IS NOT a Request for Proposals. It is an invitation to provide NYSED with information regarding financial analysis and risk analysis in the higher education sector. Additionally, responses will be used to gauge the level of interest in providing these types of analysis services to NYSED. Information obtained may be used to develop a needs requirement upon which a future procurement might be based. Please send all questions to the NYSED contact person listed above.

Participation in this RFI is voluntary, and NYSED will not pay for the preparation of any information submitted by a respondent or for NYSED’s use of that information. A response or lack of response to this RFI does not affect any potential vendor’s ability to respond to any future procurements.

Respondents are advised that any proprietary material considered confidential by the respondent must be specifically so identified, and the basis for such confidentiality must be specifically set forth in the response by submitting the form “Request for Exemption from Disclosure Pursuant to the Freedom of Information Law,” located below.

Request for Exemption from Disclosure Pursuant to the Freedom of Information Law

New York State Public Officers Law, Article 6 (Freedom of Information Law) requires that each agency shall make available all records maintained by said agency, except that agencies may deny access to records or portions thereof that fall within the scope of the exceptions listed in Public Officers Law §87(2).

Any proprietary materials submitted as part of, or in support of, an entity's response, which entity considers confidential or otherwise excepted from disclosure under the Freedom of Information Law, must be specifically so identified, and the basis for such confidentiality or other exception must be specifically set forth.

Please list all such documents for every portion of the response on the form below and include a copy of this document with the response. Materials which are not indicated below may be released in their entirety upon request without notice to you.

According to law, the entity requesting exemption from disclosure has the burden of establishing entitlement to confidentiality. Submission of this form does not necessarily guarantee that a request for exemption from disclosure will be granted. If necessary, NYSED will make a determination regarding the requested exemptions, in accordance with the process set forth in Public Officers Law §89(5).

Disclosure Exemption Request Form

Duplicate this form as needed if there are multiple requests.

Request No.:	
Entity Name:	
Material for which Exemption is Requested:	
Location/Page Number:	
Basis for Request:	