





TO: The Honorable the Members of the Board of Regents

FROM: John L. D'Agati 

SUBJECT: Permanent Authority to Confer Degrees: The Institute of Art-New York LLC ("doing business as" (dba) Sotheby's Institute of Art-New York)

DATE: November 3, 2016

AUTHORIZATION(S): 

SUMMARY

Issue for Decision (Consent Agenda)

Should the Board of Regents grant permanent degree authority to Sotheby's Institute of Art-New York?

Reason(s) for Consideration

Required by State Regulation.

Proposed Handling

The question will come before the full Board at its November 2016 meeting where it will be voted on and action taken.

Procedural History

In April 2010, the Board of Regents granted Sotheby's Institute of Art–New York provisional authority to confer degrees as a for-profit degree granting institution of higher education. The Institute offers M.A. and Advanced Certificate programs in Art Business; Contemporary Art; a M.A. program in Fine and Decorative Art and Design, and a certificate program in Basic Interior Design.

In April 2016, the Regents granted Sotheby's Institute of Art–New York an extension of its provisional authority to confer degrees.

Background Information

Section 3.58(c)(1) of the Rules of the Board of Regents states that provisional authority to confer degrees can be granted for a period of up to five years. In April 2016, Sotheby's Institute of Art–New York requested, and the Regents granted, a time-limited extension of its provisional authority to confer degrees. Sotheby's Institute of Art–New York completed the application process for permanent authority in May 2016, resulting in this recommendation to the Regents.

Sotheby's Inc., the company that owns the Sotheby's auction house, does not play a role in the management of Sotheby's Institute of Art-New York nor does it have an ownership interest. Cambridge Information Group, Inc. (CIG) acquired the Institute from Sotheby's, Inc. in 2005. Sotheby's Inc. granted CIG the right to use the Sotheby's name in connection with the Institutes of Art. The Institute has been accredited by the National Association of Schools of Art and Design (NASAD) since 1989.

Based upon the review of the materials and records related to the Institute's application, it is determined that the Institute is compliant with Section 3.58 of the standards (program registration standards, financial resources, effective operation to meet program objectives, owner integrity and contributions to community).

In addition to the Institute's application for permanent authority to confer degrees, the following documentation was considered during the review process: financial reports from the NYSED Office of Audit Services; institutional statistics from the NYSED Office of Research and Information Systems, and the result of the School Participation Division-New York/Boston (SPD) review of audited financial statements of the Institute of Art-New York LLC. Attachment A outlines the factual basis for the recommendation.

Related Regents Items

April 2016: <http://www.regents.nysed.gov/common/regents/files/416brca1.pdf>

Recommendation

VOTED: That the Board of Regents grant the Institute of Art-New York, LLC, (dba Sotheby's Institute of Art-New York), permanent authority to confer degrees.

Timetable for Implementation

If approved by the Board of Regents, Sotheby's Institute of Art–New York's permanent authority to confer degrees will take effect immediately.

Information in Support of Recommendation

(Institute of Art-New York LLC (dba Sotheby's Institute of Art – New York))

Standard: 3.58 (d)(2)(i)(a) Evidence confirming that the institution is in compliance with the Education Law, program registration standards set forth in Part 52 of this Title, other Rules of the Board of Regents and Regulations of the Commissioner of Education, other State statutes and regulations, and Federal statutes and regulations, relevant to the operation of degree-granting institutions

A. Institutional Information. Sotheby's Institute of Art was founded in 1969 in London by Sotheby's auction house. In 1984, Sotheby's Institute of Art – New York was established and began to offer a non-credit program in American Arts. In 1995, both Institutes (London and New York) became affiliated with the University of Manchester (UK).

In 2003, Cambridge Information Group, Inc. (CIG) purchased Sotheby's Institute of Art – London. The transfer of ownership was in response to Sotheby's desire to focus on its core auction house business. Eighteen months after CIG purchased the London Institute, applications for its programs had increased by 100 percent. In 2005, CIG acquired Sotheby's Institute of Art - New York. In 2007, CIG established Sotheby's Institute of Art – Singapore. In 2010, Sotheby's Institute of Art –New York was awarded provisional degree authority by the New York State Board of Regents.

CIG is a management and investment firm, primarily focused on education, research and information services companies, and is owned by the Snyder family. It was founded in 1971 by Robert N. Snyder. Andrew M. Snyder, CIG's current President joined CIG in 2003. CIG is committed to educational institutions and has a history of service to the academic and scholarly community. In addition to the Institutes in New York, London and Singapore, CIG owns ProQuest, an electronic and microfilm publisher; Dialog, a provider of online-based information services in such fields as business, science, engineering, finance and law; and Bach to Rock (B2R), a series of music schools using innovative concepts to teach students of all ages.

It is CIG's intent to continue to own and develop Sotheby's Institute of Art – New York, London and Singapore on a long-term basis. CIG has made significant investments in the New York Institute's physical plant, including the design and build-out of an entire floor in the General Electric building as well as in the development of curricula and the hiring of faculty and administrative personnel.

Although Sotheby's, Inc. (auction house) does not have an ownership interest in Sotheby's Institute of Art – New York, there is a mutually beneficial relationship between the two entities. The Institute provides the auction house with educational programming, and the auction house allows the Institute access to resources, including meeting space, experts in the field and the use of the Sotheby's brand identity through a licensing agreement.

B. Curriculum. The curriculum for the education programs offered at the Institute meet the requirements in Commissioner's Regulations. Research or a comparable occupational or professional experience is a component of each master's degree program; i.e., Art Business, Fine and Decorative Art and Design, and Contemporary Art. Full-time attendance is required. In addition to lectures and seminars, program activities include object study, museum and gallery visits, and trips to significant art markets, both domestic and international.

C. Admissions. Admissions requirements include a bachelor's degree from an accredited institution, with substantial coursework in art history. Applicants must submit two letters of recommendation and participate in a formal interview process with a staff or faculty member. Enrollment has increased by 21% from 2010 to 2016, to a total of 127 currently enrolled.

D. Faculty. Sotheby's Institute of Art - New York's 11 full-time faculty hold terminal degrees, and are highly credentialed, professionally active, and regularly publish books and articles. The Institute also employs eighteen adjunct faculty; scholars and/or practitioners in the art world such as artists, curators and art gallery owners. Core faculty is supplemented by visiting lecturers who bring professional expertise and connections to various arts organizations and future employment opportunities. Faculty make recommendations for curriculum development and have responsibility for program and course assessment. Full-time faculty act as student advisors and oversee students completing capstone projects or master's theses.

E. Resources. Facilities are kept up-to-date and are ADA compliant. Classrooms contain high speed wi-fi access, sophisticated sound systems, multi-media projectors and podium computers with docking stations. Five separate classrooms accommodate 20 to 80 students comfortably. Video conference equipment and web technologies connect remote guest lectures with students and over 90 electric floor outlets are provided for laptop computer usage. Classroom, Library and Student Common areas occupy the Institute's 28,000 square foot facility at 570 Lexington Avenue. The library has 2584 usable square feet and offers quiet study stations equipped with 20 outlets for laptop usage, dedicated photocopy/scan room, an iPad quick search kiosk and a Reference Office for quiet consultations. The Institute has access to a reception area and two classrooms at Sotheby's auction house. The Institute's library holds over 10,000 volumes covering the teaching needs of the institution, rather than serving as a more general research library. The library also provides access to over 110,000 e-books and has subscriptions to over 70 periodical titles and 45 relevant databases. The library is staffed by a full-time Head Librarian, a Reference/Cataloging Librarian, and a part-time Library Assistant. Support is provided to students and faculty. Students are required to complete an online course, "Introduction to Library Research & Resources" and video tutorials are available to provide instruction regarding databases, references, archives and collections.

Standard: §3.58 (d)(2)(i)(b): Evidence confirming that the institution has sufficient financial resources to ensure satisfactory conduct of its degree programs and achievement of its stated educational goals

CIG, the parent company of Sotheby's Institute of Art – New York, provides management and contractual services to Sotheby's Institute of Art – New York. Management services include operational, financial, marketing, human resources and legal support. CIG affiliated companies also provide direct services, which include education services and library materials, to Sotheby's Institute of Art – New York free or at a significantly reduced cost. CIG, as the parent company, also provides financial backing to the Sotheby's Institute of Art – New York as demonstrated through CIG securing a Letter of Credit to support Sotheby's Institute of New York's participating in Title IV programs offered by the U.S. Department of Education (USDOE). For the last two years, Sotheby's Institute of Art – New York has generated positive EDITDA (earnings before depreciation, amortization, interest and taxes) prior to the allocation of management fees under the Management agreement with CIG.

Standard: §3.58 (d)(2)(i)(c): evidence that the individuals having ownership or control of the institution are operating the proprietary college in an effective manner and that the degree programs meet their educational objectives

Administrative staff manages the operation of the Institute, enhance curriculum and provide student services. The Director is the Chief Administrative and Academic Officer reporting to the President, Education Division, CIG. Staff members are organized into functional teams; i.e., Academic Administration, Admissions, Enrollment Management and Alumni, Library, and General Administration in order to provide and coordinate services. The quality of the Institute's programs is validated by the 97.6 completion rate of its programs and the successful employment of its students.

Standard: §3.58 (d)(2)(i)(d): evidence that the individuals having ownership or control of the institution have not engaged in fraudulent or deceptive practices;

The review of the application for permanent authority to confer degrees and the supporting documentation demonstrated that the owners operate the Institute in an effective manner and the degree programs meet their educational goals and objectives. There is no evidence that the owners or those in control of the institution have engaged in fraudulent or deceptive practices.

Standard: §3.58 (d)(2)(i)(e): evidence that substantiates the institution's beneficial contributions to the community or communities it serves

The programs' focus on the business of art enables students to become knowledgeable about the dynamics of the art marketplace, and prepares students for careers in art galleries, museums, non- and for-profit organizations, and for advanced study. 89% of Sotheby's Institute 2015 graduates responded to a 2016 survey regarding their employment. All respondents were employed in arts-related fields.