

PENNSYLVANIA TREASURY DEPARTMENT
PROCUREMENT SOLE SOURCE JUSTIFICATION

Bureau: Savings Programs

Contractor: Ascensus College Savings Recordingke

Agency Purchase Requisition No. _____

A) Reason(s) for Sole Source Procurement:

- Only a single contractor is capable of providing the service.
- Only known source; similar services/commodities are not available from another contractor.
 - Service must be compatible with existing equipment.
- A federal or state statute or federal regulation exempts the service from the competitive procedure and there is appropriate justification to do so.
- It is clearly not feasible to award the contract for services on a competitive basis.
- The services are to be provided by attorneys or litigation consultants selected by the Department.
- The services are to be provided by expert witnesses.
- The services involve the repair, modification or calibration of equipment, and they are to be performed by the manufacturer of the equipment or by the manufacturer's authorized dealer, provided the contracting officer determines that bidding is not appropriate under the circumstances.
- The contract is for financial or investment experts to be used and selected by the Department.
- The contract is for supplies or services is in the best interest of the Commonwealth.
- Part I, Chapter I of the Pennsylvania Procurement Handbook issued by the Department of General Services under the authority of Commonwealth Procurement Code, 62 P.S. Section 101 *et seq.*, exempts Treasury from the policies, procedures, and guidelines of the handbook for the licensing of specialized computer software.

B) Briefly describe the supply or service item you are requesting and its function.

Ascensus College Savings Recordkeeping Services, LLC (Ascensus) currently provides recordkeeping services for the PA 529 Guaranteed Savings Plan (GSP) and the PA 529 Investment Plan (IP). The Pennsylvania GSP is unique in the sense that it allows account owners to make contributions that keep pace with tuition inflation, subject to limitations. No other state provides a tuition inflation guarantee. The participants save at one of a number of tuition levels and the value of each account must be calculated based on those levels. If an account owner subsequently selects a different tuition level, the system re-calculates each contribution as if it were originally made at the new tuition level.

- C) Describe the unique features/compatibility of the supply, service or construction item that precludes competitive procurement.

Ascensus has created a recordkeeping platform specifically designed to meet the requirements of the GSP.

- D) What research has been done to verify the contractor as the only known source?

Treasury engaged AKF Consulting, an independent highly regarded 529 plan consultant to conduct an analysis of the national 529 industry with special emphasis on recordkeepers. The analysis made two conclusions. First, no other 529 plan similar to the GSP offers a mobile app. Second, no other 529 plan recordkeeper exists that can meet the combined system requirements and functionality of the GSP and IP. While there are vendors that can provide services for either the GSP or the IP, utilizing two separate vendors will cause a number of administrative complications, unnecessary costs, and poor customer

- E) Does the contractor have any distributors, dealers, resellers, etc., that sell the supply, service, or construction item?

No.

- F) Must this supply, service or construction item be compatible with present inventory/equipment or in compliance with a manufacturer's warranty or existing service agreement? If yes, please explain.

No.

- G) If this is an initial procurement, what are the future consequences of the procurement? That is, once this procurement is approved and processed, what additional upgrades/additions/supplies/ services/construction, etc., are anticipated/projected over the useful life of this item?

N/A.

- H) If this is an upgrade, addition, alteration, etc., to an existing service? How was the original service procured (sole source or competitive)? What additional, related, sole source procurements have occurred since the initial procurement? Please identify the previous purchase order or contract number(s).

See Question I, below.

- I) How has this service been procured in the past? (Competitive sealed bidding, competitive sealed proposals, sole source, other). Please provide document numbers.

The original service was procured via the RFP process in 2006. However, that process was initiated due to the fact that the then-current vendor, Delaware Investments (Delaware), was leaving the 529 business and, as such, was no longer interested in providing services to the Program. Additionally, at that time the GSP recordkeeping platform had been created and maintained by Treasury. By the time that Delaware

- J) What are the consequences of not procuring this specific supply or service item?

The GSP and IP cannot function without a recordkeeper. The recordkeeper is expected to provide the computer platform that not only maintains the records of all accounts including, without limitation: account owner and beneficiary information, GSP tuition level election - which includes the calculation and recalculation of account value based upon that credit level as it changes- tracking contributions, interest earned, withdrawals, all documentation, etc.. In the IP, it tracks the owner and beneficiary information, election of investment portfolio and changes thereto, and interest earned, overall account

- K) How long has the agency known that the supply or service was needed, and why wasn't the contract process started earlier?

The rationale for sole source procurement is not a function of timing but rather the facts that a) Ascensus has built and maintains a recordkeeping platform that accounts for the unique nature of the GSP, b) the inextricable interconnectivity between Ascensus', Treasury's, and Vanguard's systems, and c) the development of a mobile application for the GSP.

- L) If timing is a factor, who established the time frame and why?

N/A

- M) What are the consequences of not procuring this specific service within the established time frame?

See Question J, above.

- N) List any other information relevant to the acquisition of this service.

N/A.