



THE SECRETARY OF EDUCATION
WASHINGTON, D.C. 20202

In the Matter of

**THE COUNCIL ON
NATUROPATHIC MEDICAL EDUCATION,**

Appellant.

Docket No. 00-06-O
Accrediting Agency
Recognition Proceeding

DECISION OF THE SECRETARY

The National Advisory Committee on Institutional Quality and Integrity ("National Advisory Committee") has recommended that I not renew recognition of the Council on Naturopathic Medical Education ("CNME") as a nationally recognized accrediting agency under Section 496 of the Higher Education Act of 1965, as amended ("HEA"), 20 U.S.C. § 1099b. CNME has appealed this recommendation. I deny CNME's appeal and adopt the recommendation of the National Advisory Committee to deny CNME's petition for continued recognition.

CNME is an accrediting agency initially recognized by the Secretary in 1987. CNME has accredited and preaccredited only educational programs that lead to the degree of Doctor of Naturopathy or Doctor of Naturopathy Medicine. Currently, CNME's accreditation or preaccreditation forms the basis of eligibility to participate in federal programs for only one institution, Southwest College of Naturopathic Medicine ("Southwest"). In total, CNME accredits or preaccredits two programs and two institutions. By statute, the Secretary can recognize accrediting agencies only when their accreditation enables an institution or program to participate in a federal program. Section 496 (m) of the HEA, 20 U.S.C. § 1099b (m). Therefore, it is CNME's preaccreditation of Southwest that enables it to seek recognition by the Secretary.

In order to be recognized by the Secretary, an accreditor must have standards for accreditation that assess, among other things, an institution's "curricula," "faculty," and "fiscal and administrative capacity." Section 496 (a)(5) of the HEA, 20 U.S.C. § 1099b (a)(5). Further, the accreditor must be one that "consistently applies and enforces standards that ensure that the course or programs . . . are of sufficient quality to achieve . . . the stated objective for which the courses or the programs are offered." Section 496 (a)(4) of the HEA, 20 U.S.C. § 1099b (a)(4). As well, the Secretary recognizes an accrediting agency only after determining that it is a "reliable authority as to the quality of the education or training offered." Section 101(c) of the HEA, 20 U.S.C. § 1001 (c).

The governing regulations allow an accreditor to grant an institution preaccreditation status for a limited period of time of no more than five years. 34 C.F.R. §§ 602.2, 602.23 (b)(2). Accordingly, CNME's accreditation standards allow for a grant of preaccreditation or "candidate" status when an institution has met CNME's eligibility requirements and is progressing toward accreditation. Exhibit 1 to CNME Petition for Recognition, CNME Handbook of Accreditation for Naturopathic Medical Colleges and Programs ("Handbook of Accreditation") at p. 7. At the same time, CNME's Handbook of Accreditation provides that the following circumstances "will lead" CNME to issue a show-cause letter as to the withdrawal of candidacy status: an institution's failure to maintain compliance with CNME's eligibility requirements or policies; unsatisfactory progress in meeting the general goals for the development of the college; inadequate financial support and control; and inadequacies in the number or professional competence of the faculty, administrators or support staff. Handbook of Accreditation at p. 12.

CNME's eligibility requirements require that a candidate college must have a chief executive officer whose full-time or major responsibility is to the college or program; can document a funding base, financial resources, and plans for financial development adequate to carry out the college's mission and objectives within a balanced budget and a safe level of debt; and must disclose to CNME all information required to carry out its evaluation and accrediting functions. Handbook of Accreditation at pp. 8-9. In accordance with the regulations, CNME also requires that a candidate college progresses towards full accreditation within 5 years; and CNME emphasizes that "sound financial management and planning are of critical importance" for a candidate college. Handbook of Accreditation at p. 12, 34.

Since Southwest is the only institution accredited or preaccredited by CNME, it is CNME's handling of Southwest's preaccreditation that forms the basis of the National Advisory Committee's recommendation and my decision. CNME initially preaccredited Southwest in 1994. In 1996, CNME's site evaluation team stated its concerns about Southwest's financial circumstances by noting the expense involved in opening a new campus in Tempe, Arizona, and underscoring the need for fundraising to support the school's educational program. Exhibit 3 to the Petition for Recognition, July 1996 Evaluation Team Report at pp. 4-5. Soon thereafter in September of 1996, CNME voted to reaffirm Southwest's candidacy status. A scheduled mid-1997 site visit was postponed at Southwest's request to November of 1997. November 1997 Evaluation Team Report (Exhibit 3 to CNME Petition for Recognition)("November 1997 Report") at p. 8.

The November 1997 Report revealed that Southwest was in serious trouble. Between July 1996 and November 1997, its "entire financial structure had become unstable"; the college had "a large accumulated debt." November 1997 Report at 1. Southwest had no President, Senior Vice President/Chief Operation Officer, or Dean of Students, primarily because of financial constraints. November 1997 Report at p. 6. The school's tuition income could not cover its general operating budget, much less deal with its debt burden. November 1997 Report at p. 11. The school's administrative problems made it impossible for the evaluation team to review monthly income and expense statements, November 1997 Report at p. 10, and,

understandably, the team concluded that the school's employees, students, and board members believed that the school "was operating under crisis management." November 1997 Report at p. 6. Not surprisingly, the team also found that the school had not adequately addressed the recommendations that the 1996 site evaluation team had made. November 1997 Report at p. i.

Under CNME's own standards, these facts certainly called for CNME to issue a show cause letter why Southwest's candidacy status should not be terminated. However, CNME did not issue a show cause letter and did not undertake to withdraw Southwest's candidacy or preaccreditation status. Instead, CNME scheduled another visit for the spring of 1998, made additional recommendations, and asked for further information. November 1997 Report at p. 35-37.

The April 1998 site team visit did not reveal significant improvement. The school had not addressed CNME's concerns. April 1998 Evaluation Team Report (Exhibit 3 to CNME's Petition for Recognition) at pp. 1-2. Once more, CNME did not issue a show cause letter or withdraw Southwest's candidacy status. Instead it reaffirmed Southwest's candidacy status. CNME Minutes of May 22, 1998 (Tab A to CNME Petition for Recognition) at p. 5. CNME did ask Southwest for a progress report, and subsequently scheduled a site visit for November of 1998. CNME Minutes of August 24, 1998 (Tab A to CNME Petition for Recognition) at p. 4.

In March of 1999, near the end of Southwest's five-year candidacy period, CNME recognized that there were sufficient reasons to justify a show cause order, but CNME refrained from sending a show cause letter. Instead, it sent Southwest a letter outlining what it considered critical issues facing Southwest, including Southwest's serious financial problems. CNME March 17, 1999 Letter to Southwest (attached to CNME's response to the Staff Analysis of the U.S. Department of Education, November 12, 1999)("CNME's Response"). Subsequently, on July 27, 1999, the school's leadership announced a decision to close the school, in the end classes were suspended for two weeks, and the then-president and board chair resigned. CNME August 3, 1999 Letter (attached to CNME's Response). Thereafter on July 30, 1999, CNME finally issued a show cause letter to Southwest; CNME amended its show cause letter on August 20, 1999, giving Southwest until September 10, 1999, to demonstrate that its candidacy should be continued. CNME July 30 and August 20, 1999 Letters (attached to CNME's Response).

Based on these facts, CNME failed to "consistently appl[y] and enforce[] standards that ensure that the course or programs . . . are of sufficient quality to achieve . . . the stated objective for which the courses or the programs are offered." Section 496 (a)(4) of the HEA, 20U.S.C. § 1099b (a)(4). See also Section 101(c) of the HEA, 20 U.S.C. § 1001 (c). As of November 1997, the conditions at Southwest clearly were those that, under CNME's Handbook of Accreditation, "will lead" to a show cause letter. From that point on, the conditions at Southwest continued to deteriorate significantly, yet CNME did not issue a show cause letter until July of 1999, after the school's president and board chair attempted to close the school and classes were suspended. Faced with the serious condition of Southwest in 1997, CNME did not follow its requirements. Likewise, CNME did not, as required by the regulations, either take prompt adverse action or require Southwest to bring itself into compliance with CNME's standards within a period not

exceeding two years. 34 C.F.R. § 602.26(c)(2) and (3). See also 34 C.F.R. § 602.24 (setting out requirements for accreditation processes, including the requirement that accreditors evaluate whether an institution complies with the accreditor's criteria).

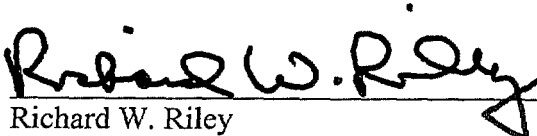
In its appeal, CNME contends that it has been "completely impartial and objective" toward Southwest. The basis of the National Advisory Committee's recommendation and the basis of my decision is not a conclusion that CNME has acted in bad faith or with partiality. Instead, CNME is denied recognition because it did not follow its own standards and did not take appropriate action when faced with a school in candidacy status that was in a financial and management crisis.

CNME also raises concerns about a third party organization that opposed CNME's recognition before the National Advisory Committee and argues that CNME has served a useful purpose for the naturopathic profession. However, the views of this third party organization have played no part in my decision, and the National Advisory Committee and I do not express any view concerning any issues regarding the naturopathic profession. Our only role is to determine whether CNME satisfies the statutory and regulatory requirements for an accreditor to be recognized under the Higher Education Act, so that the accreditor can accredit institutions for participation in various federal programs, including the Title IV student financial assistance programs. As explained above, both the National Advisory Committee and I have concluded that it does not.

For these reasons, I deny CNME's appeal, adopt the recommendation of the National Advisory Committee, and deny CNME's petition for continued recognition.

So ordered this 16th day of January 2001.

Washington, D.C.


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