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Florida Institute of TCM Placed on Probation

By Editorial Staff

Less than two months after the Northwest Institute of Acupuncture and Oriental Medicine ceased operations due to financial difficulties, the future of another ACAOM-accredited school has been called into question. This August the Florida Institute of Traditional Chinese Medicine (FITCM), based in St. Petersburg, was placed on probation by the Florida Commission for Independent Education (FCIE) based on numerous reports of financial and administrative problems.

If the school fails to rectify those problems within six months, FITCM faces the possibility of losing its license to operate in the state of Florida. Its degree program is also in jeopardy of losing its accredited status with the Accreditation Commission for Acupuncture and Oriental Medicine (ACAOM).

Su Liang Ku, the school's president, said that he did not agree with FCIE's decision, and that much of the information obtained by the Commission was open to interpretation. He added that the school has submitted a formal request for a hearing to appeal the decision, which would give FITCM the opportunity to present evidence that contradicts the Commission's findings.

"I think the conclusion is based on erroneous information and many misinterpretations," Ku said. "We are stable and functioning well, and I don't think there is any reason to put the school on probation."

FITCM was founded by Dr. Ku in St. Petersburg in 1986. Approximately 65 students currently attend the Institute, which offers a three-year master's degree in Chinese medicine, including 800 hours of clinical experience. Its degree program obtained candidacy status from ACAOM in May 1995 and became accredited in November 1999.

While the Institute has earned high marks for the quality of its degree program and the amount of clinical training its students undergo, serious questions have been raised about its administrative and financial stability. Many of these concerns were documented in an article that appeared in the *St. Petersburg Times* in January 2002. Among the findings:

- In October 2001, the school was hit with a $45,735 lien from the Internal Revenue Service for failure to pay payroll taxes. The lien was not paid until the following January.
- In November 2001, FITCM closed its satellite campus and clinic at 1802 East Busch Boulevard in Tampa. The Bank of America had begun foreclosure proceedings on the Tampa facility in September 2001 after it was revealed that the school had stopped making mortgage payments on the property. The Tampa Division of Code Enforcement also placed a lien on the property in September for failure to properly remove trash, which was eventually cleaned up. At press time, nearly one year after closing, the clinic/campus business addresses was still listed on FITCM's website (www.fitcm.com), as was the clinic's telephone number.
- Late last year, the school reached an out-of-court settlement with two former employees who said they were fired after speaking out about "numerous violations of state and federal law" regarding student financial aid disbursements. In a related item, a routine government audit showed FITCM kept tens of thousands of dollars in unused student aid that should have been returned to the U.S. Department of Education. As a result, the school recently agreed to pay back the DoE a total of $73,581 in monthly payments of $1,000.
- The Institute is facing several other lawsuits from students who claim they were misinformed about FITCM's acupuncture program and mistreated by officials when they complained. In one case, a former student filed suit claiming that, among other things, the school asked students to sign a month's worth of missing attendance sheets just prior to an audit from an outside accrediting agency, even though some students had not attended every class. In another lawsuit, the school's lawyer withdrew from the case on the grounds that the school had stopped paying its own legal bills.
- Even President Ku has not been exempt from the financial maelstrom that has engulfed his school. Documents obtained by the *Times* show that Dr. Ku received approximately $200,000 in personal loans from family members two years in a row, which was channeled into the Institute. Those loans represented 24 and 47 percent, respectively, of the school's annual revenues in 1999 and 2000. Also in 2000, Dr. Ku was hit with a $74,558 foreclosure suit on his personal rental property in St. Petersburg.

In December 2001, the Florida State Board of Independent Colleges and Universities sent a committee to the Institute to investigate past complaints and determine whether FITCM should be granted a higher level of board approval. According to Cindy Bellia, assistant director for FCIE, preliminary reports gathered by the committee raised a series of "red flags" regarding the school's financial status.

Results from the initial investigation prompted the state to send a second team of investigators to FITCM in June 2002 to gather more information and verify reports of complaints. Those findings were compiled into a report delivered to the FCIE’s board of directors this summer.

On the positive side, the FCIE’s report stated that the school appeared academically sound, and that student files were "complete and up-to-date." The report also noted a high level of morale among the student body.

Several problems were still evident, however. The report cited a variety of administrative and financial difficulties at the Institute, including a lack of leadership; inadequate staff training; high staff turnover; and several vacancies at key administrative positions. In addition, the report said the school had suffered "severe" financial losses in the recent past, and that because the school does not promote itself much through advertising, it could limit the number of potential students who enroll, resulting in further cash flow problems. Many of these problems were identified in previous reviews of the institute, according to a deposition taken this past May of Dort Bigg, ACAOM’s executive director, in a lawsuit filed by a former FITCM student against the school.

To get off probation, the Institute must fulfill a set of 10 requirements imposed by the commission. Prominent among them is the requirement that the school hire a chief administrative officer. The Institute must also submit a detailed financial plan containing annual objectives for the next five years, file monthly financial reports with the commission, and inform all potential new students of the school’s probationary status in writing. At press time, no mention of the school’s probationary status was listed on its website.

Accreditation Status Also at Risk

But FCIE is not the only licensing body to take issue with the Institute’s financial and administrative problems, nor is this the first time the Institute has faced disciplinary action from the Accreditation Commission. When ACAOM accredited the school’s program in 1999, it did so for only three years, the minimum period of time an institution can receive ACAOM accreditation. According to Mr. Bigg’s deposition, the Institute was previously placed on probation by the Commission based on the school’s financial instability. Last year, ACAOM nearly revoked the school’s accreditation, but decided against doing so pending a full review of a recently submitted self-study report from FITCM.

Without accreditation, students would not be eligible to receive federal financial aid for student loans, nor would they be allowed to sit for the acupuncture examination offered by the National Certification

Commission for Acupuncture and Oriental Medicine, which would make it virtually impossible for graduating students to practice acupuncture. In addition, access to federal grants and guaranteed loans from lending institutions could be curtailed, essentially cutting the school off from its two main sources of funding.

Because FITCM’s program is under current review, ACAOM declined to comment on this story. However, Mr. Bigg stated in his May deposition that if the school’s report was inadequate, ACAOM’s review committee would "recommend that the commission affirm its decision to withdraw accreditation from the program." Mr. Bigg also stated that "If the self-study is deemed adequate and reflects a full institution-wide self-study, the Commission would immediately schedule a site visit to the program and make an immediate decision as to the college’s accreditation status."

The Accreditation Commission is scheduled to make a site visit to the Institute this fall and is expected to make a final accreditation decision by the end of the year. In the meantime, Bellia said that FCIE will work with the Institute to help it get off probation.

"We find people normally pull together in these circumstances and things get better," she said. "If not, then we will have to readdress what to do six months down the road."

References

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