



Bureau for Private Postsecondary Education
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CITATION: ASSESSMENT OF FINE AND ORDER OF ABATEMENT

To: The Permanente Medical Group, Owner
Kaiser Permanente School of Allied Health Sciences (KPSAHS)
938 Marina Way South
Richmond, CA 94804

INSTITUTION CODE: 0703211

CITATION NUMBER: 2021140

CITATION ISSUANCE/SERVICE DATE: November 4, 2020

DUE DATE: December 3, 2020

FINE AMOUNT: \$ 5,000.00

ORDER OF ABATEMENT INCLUDED: Yes

Christina Villanueva issues this Citation: Assessment of Fine and Order of Abatement (Citation) in her official capacity as Discipline Manager of the Bureau for Private Postsecondary Education (Bureau) of the California Department of Consumer Affairs.

CITATION

A Citation is hereby issued to The Permanente Medical Group, Owner of Kaiser Permanente School of Allied Health Sciences (KPSAHS) (Institution) located at 938 Marina Way South, Richmond, CA 94804, pursuant to Business and Professions Code section 125.9; California Education Code (CEC) sections 94936 and 94932; and Title 5 of the California Code of Regulations (5, CCR) section 75020 for the violations described below.

BACKGROUND

On April 15, 2019, Bureau staff conducted an announced Compliance inspection at the Institution. During the inspection, Bureau staff reviewed supporting documentation to substantiate the data reported on the 2016-2017 School Performance Fact Sheets (SPFS) and found material violations. In addition, Bureau staff reviewed documentation pertaining to the Institution's financial status, particularly the current assets to current liabilities for calendar year 2016, 2017, and 2018, and found material violations related in the data reported.

In accordance with CEC Section 94885(a)(6) and (9), and 5, CCR Section 71745(a)(6) an institution shall document that it has at all times sufficient assets and financial resources to do the following:

- 1) For an institution not participating in Title IV of the federal Higher Education Act of 1965 (hereafter Title IV), maintain a ratio of current assets¹ to current liabilities of 1.25 to 1.00 or

¹ Current assets does not include: intangible assets, including goodwill, going concern value, organization expense, startup costs, long-term prepayment of deferred charges, and non-returnable deposits, or state or federal grant or loan funds that are not the property of the institution but are held for future disbursement for the benefit of students. Unearned tuition shall be accounted for in accordance with general accepted

greater at the end of the most recent fiscal year when using generally accepted accounting principles; or

- 2) For an institution participating in Title IV, meet the composite score requirements of the U.S. Department of Education.

According to the records reviewed by the Bureau, the Institution participates in Title IV, therefore it must meet the composite score requirements of the U.S. Department of Education.

Bureau staff reviewed financial statements for the year ending December 31 for 2016, 2017, and 2018. The Institution's composite score of 1.00 demonstrates that the Institution fails to maintain a composite score of 1.50 or higher.

VIOLATION(S)

#	Below you will find the California Education Code (CEC) and/or Title 5 of the California Code of Regulations (5, CCR code) section(s) of law you are charged with violating.
1.	<p>Violation: 5, CCR Section 74112 (i)(2)(4) – Uniform Data – Annual Report, Performance Fact Sheet <i>“(i) Job Placement Rates.</i> <i>2) Placement is measured six months from the graduation date of each student. For programs that require passage of a licensing examination, placement shall be measured six months after the announcement of the examination results for the first examination available after a student completes an applicable educational program. Reporting of placement rates shall include for each educational program: the number of students who began the program, the number of graduates as defined in subdivision (b) section 94842 of the Code, the graduates available for employment, graduates employed in the field and job placement rate(s).</i> <i>(4) Placement rate shall be calculated as follows: the number of graduates employed in the field as defined in section 94928(e)(1) of the Code in conjunction with section 74112(d)(3) divided by the number of graduates available for employment as defined in section 94928(d) of the Code.</i> <i>Job Placement rates and related disclosures shall be included in the Performance Fact Sheet in a format substantially similar to the charts below, (dates, numbers, and other data shown are for example only):”</i></p> <p>Violation: 5, CCR Section 74112 (i)(2): The institution's supporting documentation did not substantiate the data reported in the 2016-2017 SPFS's for the Bachelor of Science in Diagnostic Medical Sonography and Bachelor of Science in Radiologic Technology programs.</p> <p>The SPFS's stated the Bachelor of Science in Diagnostic Medical Sonography program had 12 graduates employed in the field, however the supporting documentation listed 14 graduates employed in the field.</p> <p>The SPFS's stated the Bachelor of Science in Radiologic Technology program had 13 graduates employed in the field, however the supporting documentation listed 17 graduates employed in the field.</p>

accounting principles. 5, CCR Section 71745(a)(6) federal grant or loan funds that are not the property of the institution but are held for future disbursement for the benefit of students. Unearned tuition shall be accounted for in accordance with general accepted accounting principles. 5, CCR Section 71745(a)(6)

Violation: 5, CCR Section 74112 (i)(4): The Institution's supporting documentation did not substantiate the data reported in the 2016-2017 SPFS's for the Institutional Employment gainful employment category for the Bachelor of Science in Diagnostic Medical Sonography and Bachelor of Science in Radiologic Technology programs.

The SPFS's stated that the Bachelor of Science in Diagnostic Medical Sonography program had six graduates employed in the field employed by the Institution, an employer owned by the Institution, or an employer who shares ownership with the Institution, however the supporting documentation listed seven graduates.

The SPFS's stated the Bachelor of Science in Radiologic Technology program had nine graduates employed in the field employed by the Institution, an employer owned by the Institution, or an employer who shares ownership with the Institution, however the supporting documentation listed 12.

Order of Abatement:

The Bureau orders the Institution to submit a written policy, or procedure, of how future compliance with 5, CCR Section 74112 will be maintained.

Assessment of Fine

The fine for this violation is \$5,000.00

2.

Violation:

5, CCR Section 74115 (b)(2) – Financial Statements

“(b) A set of financial statements shall contain, at a minimum, a balance sheet, an income statement, and a cash flow statement, and the preparation of financial statements, shall comply with all of the following:

(2) Financial statements prepared on an annual basis as required by section 74110(b) shall be prepared in accordance with the generally accepted accounting principles established by the American Institute of Certified Public Accountants. Nonprofit institutions shall provide annual financial statements as required under generally accepted accounting principles for nonprofit organizations”

5, CCR Section 71745 (a)(6) – Financial Resources

“(a) The institution shall document that it has at all times sufficient assets and financial resources to do all of the following: [...]

(6) Maintain a ratio of current assets to current liabilities of 1.25 to 1.00 or greater at the end of the most recent fiscal year when using generally accepted accounting principles, or for an institution participating in Title IV of the federal Higher Education Act of 1965, meet the composite score requirements of the U.S. Department of Education. For the purposes of this section, current assets does not include: intangible assets, including goodwill, going concern value, organization expense, startup costs, long-term prepayment of deferred charges, and non-returnable deposits, or state or federal grant or loan funds that are not the property of the institution but are held for future disbursement for the benefit of students. Unearned tuition shall be accounted for in accordance with general accepted accounting principles.”

For the reasons stated above, the institution is in violation of these sections of law.

Order of Abatement:

	<p>The Bureau orders the institution to:</p> <ol style="list-style-type: none"> 1. Submit a detailed plan to address its financial shortfalls and to meet the ratio of current assets to current liabilities of 1.25 to 1.00 or greater at the end of the most recent fiscal year in accordance with 5, CCR section 71745(a)(6) 2. In addition, please provide an explanation of all measures to be taken by the Institution to ensure it meets future financial responsibilities. 3. Please provide the Bureau with, in electronic format: <ol style="list-style-type: none"> a) a roster of all currently enrolled students that includes the student (1) names, (2) addresses, (3) telephone numbers, (4) email addresses, (5) program in which they are enrolled, (6) date of enrollment, (7) total cost of the program and (8) the total amount the student has paid. <p><u>Assessment of Fine</u> The fine for this violation is \$00.00</p>
TOTAL ADMINISTRATIVE FINE DUE: \$5,000.00	

ASSESSMENT OF A FINE

In accordance with CEC section 94936; and 5, CCR sections 75020 and 75030, the Bureau hereby orders this assessment of fine in the amount of **\$5,000.00** for the violations described above. **Payment must be made, to the Bureau, within 30 days from the date of service of the Citation.**

COMPLIANCE WITH ORDER OF ABATEMENT

In accordance with the provisions of CEC section 94936 and 5, CCR section 75020 the Bureau hereby issues the order(s) of abatement described above. **Evidence of compliance with the order(s) of abatement must be submitted, to the Bureau, within 30 days from the date of service of the Citation.**

APPEAL OF CITATION

You have the right to contest this Citation through an informal conference with the Bureau; and/or through an administrative hearing in accordance with Chapter 5 (Commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code.

If you wish to contest this Citation, you must submit the 'Notice of Appeal of Citation – Request for Informal Conference and/or Administrative Hearing' form (enclosed) within 30 days from the date of service of the Citation. *If you do not request an informal conference and/or an administrative hearing within 30 days from the service of the Citation, you will not be able to request one at a later time.*

Unless a written request for an informal conference and/or an administrative hearing is signed by you and delivered to the Bureau by **December 3, 2020**, you will be deemed to have waived or forfeited your right to appeal this matter.

EFFECTIVE DATE OF CITATION

If you do not request an informal conference and/or an administrative hearing, this Citation shall become effective on **November 4, 2020**. Payment of the administrative fine and evidence of compliance with the order(s) of abatement shall be due by **December 3, 2020**. Your payment of the administrative fine shall not constitute an admission of the violation(s) charged.

If a hearing is requested, you will not be required to comply with this Citation until 30 days after a final order is entered against you.

Payment of the administrative fine and/or written request for appeal must be mailed to:

Gabriella Perez, Discipline Citation Program
Bureau for Private Postsecondary Education
1747 N. Market Blvd., Suite 225
Sacramento, CA 95834

Failure for an applicant or institution to abate the violation(s) listed above or to pay the administrative fine within the time allowed may result in denial of an application for an approval or renewal to operate; disciplinary action, and/or collection action. The Bureau will promptly take all appropriate action to enforce this Citation and recover the civil penalties prescribed therein or found to be due after a hearing.

CONTACT INFORMATION

If you have any questions regarding this Citation, or desire further information, please contact Gabriella Perez, Citation Analyst, at (916) 574-8969 or Gabriella.Perez@dca.ca.gov.

“Original signature on file”

“11/4/2020”

Christina Villanueva
Discipline Manager

Date

Enclosures

- Applicable Laws Violated
- Statement of Rights: Appeal Process Information Sheet
- Notice of Appeal of Citation: Request for Informal Conference and/or Administrative Hearing
- Payment of Fine – Waiver of Appeal
- Declaration of Service by Certified and First- Class Mail