

1 **STATE OF CALIFORNIA**

2 **DEPARTMENT OF INDUSTRIAL RELATIONS**

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4 California Barbering and Cosmetology 5 Unilateral Apprenticeship Committee 6 (California Barbering and Cosmetology 7 Apprenticeship Learning Center, Inc.)	DAS File No. 10230 DECISION ON APPEAL OF SUSPENSION
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9 **INTRODUCTION**

10 On June 5, 2024, the Division of Apprenticeship Standards (DAS or Division)
11 provided written notice to the California Barbering and Cosmetology Unilateral
12 Apprenticeship Committee, also known as the California Barbering and Cosmetology
13 Apprenticeship Learning Center, Inc. (CBCALCI), that the Division was suspending
14 the registration of new apprentice agreements presented by CBCALCI. On June 10,
15 2024, CBCALCI filed an appeal of the suspension and provided documentation in
16 support of its appeal. Now, having considered the record before me, including the
17 Division’s written reasons for the suspension and CBCALCI’s arguments and
18 supporting materials on appeal, I deny CBCALCI’s appeal and affirm the suspension.
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20 **PROCEDURAL HISTORY**

21 In July 2023, former DAS Chief Eric Rood sent CBCALCI a 30-day notice of
22 deregistration, which provided notice of four violations that merited withdrawing state
23 approval of CBCALCI’s program but also detailed specific steps to correct those
24 violations. (Cal. Code Regs., tit. 8, (Regulation) § 212.4, subd. (b)(1).) CBCALCI
25 timely responded to the notice on August 25, 2023, after its request for an extension
26 of time to respond was granted.

27 In its response, CBCALCI made an unsupported claim that it was “setting up a
28 payment agreement” for the \$50,000 penalty citation issued by the Bureau of Private

1 Postsecondary Education (Bureau or BPPE) on March 25, 2020. And other than
2 claiming that it was exempt from BPPE's jurisdiction, CBCALCI failed to address why
3 it ignored BPPE's accompanying March 25, 2020 order of abatement.

4 In response to the allegation that CBCALCI charges its apprentices
5 unreasonable fees, CBCALCI countered that its fees were low compared to private
6 schools and stated the fees were justified by its expenses. Finally, CBCALCI
7 asserted that it was "collecting names to hold a drawing for the advisory panel for
8 apprentices," and that CBCALCI "will notify DAS by the end of September [2023] of
9 the number of apprentices voting, time, date and location of secret ballot election" for
10 the advisory panel. The deregistration notice found that CBCALCI did not have an
11 advisory panel, which ensures meaningful representation of the interests of
12 apprentices in the management of the program. Nowhere in CBCALCI's response
13 was there indication that any of the violations identified in the deregistration notice
14 were fully corrected.

15 On June 5, 2024, current DAS Chief Curtis Notsinneh sent a second 30-day
16 deregistration notice to CBCALCI. The second notice restated many of the same
17 violations identified in the first deregistration notice and gave CBCALCI until July 10,
18 2024 to respond, again with specific instructions on how to correct the violations.
19 Concurrently, the Division also sent CBCALCI written notice that it was suspending
20 the registration of new apprentice agreements. The written notice stated the reasons
21 for the suspension were due to CBCALCI's continuing violations, including ignoring
22 BPPEs citation and order of abatement and continuing to charge apprentices
23 unreasonable fees for the program.

24 The written notice explained that the suspension is necessary "because
25 apprenticeship programs that do not comply with applicable law and regulations are
26 doing a disservice to new apprentices that sign up with the program." CBCALCI
27 timely appealed the suspension by way of a letter and supporting documentation,
28 which was intended to "show cause for lifting suspension."

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ISSUES RAISED ON APPEAL

In its appeal, CBCALCI does not argue that the written reasons for the Division’s suspension were inaccurate or baseless. Instead, CBCALCI presented evidence that it had paid \$2,000 towards the March 25, 2020 BPPE citation and stated that it would continue to pay \$2,000 per month until the \$50,000 citation was paid off. In addition, CBCALCI provided some documentation and an explanation for its monthly expenses, ostensibly to show that its fees are reasonable.

DISCUSSION

A. The Division’s Oversight Responsibilities

The Chief and the Division “shall foster, promote, and develop the welfare of the apprentice and industry, improve the working conditions of apprentices, and advance their opportunities for profitable employment.” (Lab. Code, § 3073, subd. (a).) In fulfilling this statutory mandate, the Division has been granted broad authority to oversee apprenticeship programs and monitor whether they comply with relevant laws and standards. For instance, the Division is responsible for evaluating apprenticeship programs to “ensure that the program evaluated is complying with its standards.” (§ 3073.1, subd. (a).) The Division may also obtain a civil injunction against any violation of apprenticeship laws. (§ 3084.5.)

As the state agency that grants approval of apprenticeship programs (§ 3075), the Division may also withdraw state approval through what are known as “deregistration” proceedings. (See Regulation § 212.4.) If the Division “finds evidence that information provided to it by an apprenticeship program has been purposefully misstated . . . the division shall immediately investigate and determine whether an evaluation of the program or deregistration is necessary. After such investigation, the division may initiate the deregistration process to withdraw state approval of the program.” (§ 3073.1, subd. (f).) If an apprenticeship program has willfully violated any relevant laws, regulations, or orders, the Division “may initiate the deregistration process to withdraw state approval of the program.” (§ 3073.1, subd. (b).)

1 **B. The Process to Suspend Registration of New Apprentice Agreements**

2 Separately, the Division may suspend registrations of new apprentice
3 agreements presented by an apprenticeship program by providing written notice of
4 the reasons for the suspension. (§ 3073.1, subd. (c)(1).) The Division must provide
5 written notice “at least 10 days before the suspension is effective.” (*Ibid.*)¹

6 If deregistration proceedings to withdraw state approval are not initiated within
7 45 days of the effective date of the suspension, the suspension is automatically lifted.
8 (§ 3073.1, subd. (c)(2).) However, if deregistration proceedings are pending when the
9 notice of suspension is served, or the Division initiates deregistration proceedings
10 within 45 days of the effective date of the suspension, the suspension will remain in
11 effect until (A) a decision on the deregistration is final; (B) the Division dismisses the
12 deregistration proceedings; or (C) the Division lifts the suspension, upon a showing of
13 good cause. (§ 3073.1, subd. (c)(3).)

14 Within 10 days of the effective date of the suspension, a program may appeal
15 the suspension to the Administration of Apprenticeship. (§ 3073.1, subd. (d).) If the
16 Administrator of Apprenticeship does not act within 30 days, the appeal is deemed
17 denied. (*Ibid.*) With this process in mind, I turn to the Division’s suspension notice and
18 CBCALCI’s appeal.

19 **C. The Division’s Reasons for Suspension Are Valid**

20 The Division’s June 5, 2024 written notice provided two main reasons for the
21 suspension. First, the Division detailed how CBCALCI disregarded BPPE’s \$50,000
22 citation and order of abatement, which was issued on March 25, 2020. (Ed. Code, §§
23 94944, 94936, Cal. Code Regs., tit. 5, § 75020.) Although CBCALCI appealed the
24 citation and order of abatement to BPPE, it failed to appear for the duly-noticed

25 ¹ For apprentice agreements approved by a joint apprenticeship committee, the
26 program must send apprentice agreements to the Division for registration. (Regulation
27 § 206, subd. (a).) For all other agreements, the program must send the apprentice
28 agreements to the Division for review and approval by the Administrator of
Apprenticeship, and once approved, the Division must register the agreement.
(Regulation, § 206, subd. (b).)

1 hearing, and a default decision was issued on September 2, 2021. CBCALCI then
2 proceeded to ignore BPPE's citation and order of abatement until June 10, 2024,
3 when it filed this appeal and paid \$2,000 to BPPE.

4 CBCALCI stated in its appeal that it paid \$2,000 and committed to paying
5 \$2,000 per month until the citation was paid off. While these actions are steps in the
6 right direction, the fact remains that CBCALCI deliberately disregarded BPPE's
7 citation and order for years, even after the Division sent out its first deregistration
8 notice. The payment also does not change the fact that when the Division served its
9 notice of suspension, the citation and order of abatement were, and continue to be,
10 outstanding. CBCALCI appears to have never complied with BPPE's order of
11 abatement, and the appeal does not claim that CBCALCI has ever complied with the
12 order in any part. The Division's stated reason for suspension is valid and
13 uncontroverted. Had the notice of suspension never issued, it was more than likely
14 that CBCALCI would have continued ignoring the citation and order.

15 Another reason given for the suspension was because the Division found that
16 CBCALCI was charging apprentices excessive fees and was unable to demonstrate
17 how the fees were reasonable in relation to the expenses the program was incurring.
18 "Reasonable costs for expense incurred may be charged after an applicant has been
19 accepted into the program." (§ 3091.) CBCALCI was found to charge either \$5,500 (if
20 paid in full) or \$8,000 (if paid in installments) per apprentice, and an additional \$1,500
21 for books and materials. The Division estimated that CBCALCI was potentially taking
22 in at least \$46,000 per month in revenue for the fees CBCALCI was charging,
23 assuming a conservative estimate of only 200 active apprentices.

24 As a part of its appeal, CBCALCI included lease agreements for two of its
25 locations and various invoices for utilities, insurance, and supplies. CBCALCI also
26 included a document that listed all of the monthly costs, amounting to \$44,500 per
27 month (\$34,550 for payroll, and \$9,950 for rent and other expenses). The document,
28 however, did not provide any detail on the payroll expenses, aside from listing the

1 first names of 17 employees and the amount they were supposedly paid. CBCALCI
2 also failed to include any documentation supporting the payroll expenses.²

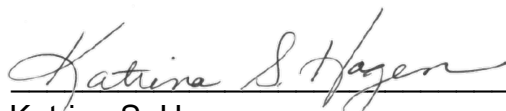
3 As the state agency responsible for overseeing apprenticeship programs, the
4 Division has knowledge of what fees other programs are charging and experience
5 regarding what amount of fees appears to be reasonable. (§§ 3073, 3073.1.) The
6 Division found CBCALCI's fees to be excessive, and there has been no showing that
7 the Division's assessment was inaccurate. The DAS Chief sent the first 30-day
8 deregistration notice in July 2023 and requested documentation to demonstrate the
9 reasonableness of CBCALCI's fees. Despite nearly a year's time, CBCALCI failed to
10 submit any documentation supporting its payroll expenses, which represent the bulk
11 of CBCALCI's monthly expenses. Given this lack of documentation, the Division's
12 action to suspend the registration of new apprentice agreements from CBCALCI was
13 reasonable to protect new apprentices from being charged excessive fees.

14 **CONCLUSION AND DECISION**

15 The appeal is denied. The Division's suspension of registration of new
16 apprentice agreements from CBCALCI is affirmed and will remain effective until the
17 pending deregistration proceedings are resolved. (§ 3073.1, subd. (c)(3).)

18 Any further action CBCALCI takes to comply with BPPE's citation and order of
19 abatement or any further documentation about the reasonableness of its fees may be
20 submitted to the DAS Chief, who may consider whether the submissions constitute a
21 showing of good cause to lift the suspension. (§ 3073.1, subd. (c)(3)(C).)

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24 Date: July 1, 2024



Katrina S. Hagen
Director of Industrial Relations
Administrator of Apprenticeship

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28 ² It is noteworthy that CBCALCI's stated monthly expenses (\$44,500) nearly
matched the Division's conservative estimate of the monthly fee revenue (\$46,000).