

**IOWA WORKFORCE DEVELOPMENT
UNEMPLOYMENT INSURANCE APPEALS**

68-0157 (9-06) - 3091078 - EI

ALAN L HAUGEN

Claimant

APPEAL NO. 11A-UI-06889-VST

**ADMINISTRATIVE LAW JUDGE
DECISION**

DECKER TRUCK LINE INC

Employer

OC: 04/03/11

Claimant: Appellant (2)

Section 96.5-1 – Voluntary Quit

STATEMENT OF THE CASE:

Claimant filed an appeal from a decision of a representative dated May 11, 2011, reference 01, which held claimant ineligible for unemployment insurance benefits. After due notice, a telephone conference hearing was scheduled for and held on June 21, 2011. Claimant participated. Employer participated by Brenda McNealey, director of human resources. The employer was represented by Jennifer Smith, attorney at law. The record consists of the testimony of Alan Haugen; the testimony of Brenda McNealey; Claimant's Exhibits A-N; and Employer's Exhibits 1-4.

ISSUE:

Whether the claimant voluntarily left for good cause attributable to the employer.

FINDINGS OF FACT:

The administrative law judge, having heard the testimony of the witnesses and having considered all of the evidence in the record, makes the following findings of fact:

The employer is a trucking company headquartered in Fort Dodge, Iowa. The claimant was hired on January 31, 2003, as a mechanic and casual driver. He worked in Mason City, Iowa, terminal. He was a full-time employee.

On November 1, 2010, the claimant was informed that the employer was closing its terminal in Mason City, Iowa. The claimant was offered several options in order to continue his employment. The option selected by the claimant was a promotion to shop manager at the employer's terminal in Fort Wayne, Indiana. The claimant started that new job on January 3, 2011. He informed the employer in February 2011 that he was accepting the job and would move to Fort Wayne.

The claimant returned to Iowa on March 12, 2011, to begin the process of moving his belongings to Fort Wayne. On March 13, 2011, the employer asked the claimant to come to the Fort Dodge location for a meeting on March 15, 2011. The claimant was informed that he was "receiving a lot of bad press" about his job performance in Fort Wayne. Paperwork was not

being completed in a timely manner and a truck washer hired by the claimant was working too many hours. At a second meeting on March 18, 2011, the claimant was informed that he could not return to the Fort Wayne job. He was instead offered the job of mechanic in Fort Dodge, Iowa. The claimant's pay would be reduced from \$20.00 per hour to \$17.50 per hour. He would no longer be management, but an hourly employee. The claimant was informed that he had 30 days to relocate to Fort Dodge.

The claimant declined the new job and tendered his resignation on April 1, 2011. The employer accepted his resignation. Work was available for the claimant at the time of his resignation.

REASONING AND CONCLUSIONS OF LAW:

The issue is whether the claimant's voluntary separation from employment qualifies him to receive unemployment insurance benefits.

Iowa Code § 96.5-1 provides:

An individual shall be disqualified for benefits:

1. Voluntary quitting. If the individual has left work voluntarily without good cause attributable to the individual's employer, if so found by the department.

871 IAC 24.26(1) provides:

Voluntary quit with good cause attributable to the employer and separations not considered to be voluntary quits. The following are reasons for a claimant leaving employment with good cause attributable to the employer:

1. A change in the contract of hire. An employer's willful breach of contract of hire shall not be a disqualifiable issue. This would include any change that would jeopardize the worker's safety, health or morals. The change of contract of hire must be substantial in nature and could involve changes in working hours, shifts, remuneration, location of employment, drastic modification in type of work, etc. Minor changes in a worker's routine on the job would not constitute a change of contract of hire.

The claimant quit on April 1, 2011 due to a significant change in the contract of hire. The claimant's pay was cut from \$20.00 per hour to \$17.50 per hour. He went from management to an hourly employee subject to a supervisor. He had to relocate from Fort Wayne, Indiana, to Fort Dodge, Iowa. A "change in the contract of hire" means a substantial change in the terms or conditions of employment. See Wiese v. Iowa Dept. of Job Service, 389 N.W.2d 676, 679 (Iowa 1986). Generally, a substantial reduction in hours or pay will give an employee good cause for quitting. See Dehmel v. Employment Appeal Board, 433 N.W.2d 700 (Iowa 1988). In analyzing such cases, the Iowa Courts look at the impact on the claimant, rather than the employer's motivation. Id.

The administrative law judge concludes that the change in the contract of hire was substantial. There was a significant impact on the claimant. He was being demoted for what the employer called "bad press." The claimant could not determine for certain what the employer meant by "bad press." The claimant felt he was being stabbed in the back by fellow employees. The employer even said that he might have been set up for failure. The demotion carried with it a reduction in pay and a change in status from management to hourly employee. In addition, the claimant was required to move permanently to Fort Dodge, Iowa.

There is insufficient evidence to conclude that the claimant's demotion was due to misconduct. The employer was obviously dissatisfied with the claimant's job performance and decided that he was not capable of being a shop manager, a decision that was made in a little over two months. Unsatisfactory job performance, however, is not misconduct. See 871 IAC 24.32(1)a.

The claimant voluntarily quit his job for good cause attributable to the employer. The employer made substantial changes to the contract of hire when it demoted the claimant from shop manager to mechanic. The demotion was not due to disqualifying misconduct. Benefits are allowed, if the claimant is otherwise eligible.

DECISION:

The decision of the representative dated May 11, 2011, reference 01, is reversed. Unemployment insurance benefits are allowed, provided claimant is otherwise eligible.

Vicki L. Seeck
Administrative Law Judge

Decision Dated and Mailed

vls/pjs