

**IOWA WORKFORCE DEVELOPMENT  
UNEMPLOYMENT INSURANCE APPEALS**

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

**CHRISTOPHER J LEET**  
Claimant

**APPEAL NO. 16A-UI-11379-S1-T**

**ADMINISTRATIVE LAW JUDGE  
DECISION**

**FAHR BEVERAGE INC**  
Employer

**OC: 10/02/16**  
**Claimant: Appellant (2)**

871 IAC 24.26(1) – Voluntary Leaving – Change in Contract of Hire

**STATEMENT OF THE CASE:**

Christopher Leet (claimant) appealed a representative's October 17, 2016, decision (reference 01) that concluded he was not eligible to receive unemployment insurance benefits because he voluntarily quit work with Fahr Beverage (employer). After hearing notices were mailed to the parties' last-known addresses of record, a telephone hearing was scheduled for November 4, 2016. The claimant participated personally. The employer participated by Jane Fahr, Human Resources Owner.

**ISSUE:**

The issue is whether the claimant was separated from employment for any disqualifying reason.

**FINDINGS OF FACT:**

The administrative law judge, having heard the testimony and considered all of the evidence in the record, finds that: The claimant was hired on September 14, 2015, as a full-time draft technician. The claimant was paid a salary of \$800.00 every two weeks or \$20.00 per hour. The employer did not offer many overtime hours to the claimant. There were changes to the Fair Labor Standards Act (FLSA) regarding salaried employees and overtime that would go into effect December 1, 2016. The employer told the claimant there would be changes to his position and asked him to clock in and out of his job from July through September 2016. Based on those hours, the employer knew the claimant was not working overtime hours.

On September 30, 2016, the employer told the claimant that effective immediately, the claimant would be an hourly employee and paid \$15.65 per hour or \$626.00 per week. The claimant told the employer it was a \$10,000.00 per year pay reduction. The employer told the claimant it was what the job paid. The claimant said he could not lose \$10,000.00 overnight. He could not do it for that. The employer repeated that it was what the job paid. The claimant said he would go home and get his gear. He returned to work with his gear and quit. Continued work was available had the claimant not resigned.

**REASONING AND CONCLUSIONS OF LAW:**

For the reasons that follow the administrative law judge concludes the claimant voluntarily quit work with good cause attributable to the employer.

Iowa Admin. Code r. 871-24.26(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.

A substantial pay reduction creates good cause attributable to the employer for a resignation. Dehmel v. Employment Appeal Board, 433 N.W.2d 700 (Iowa 1988). In order to show good cause for leaving employment based on a change in the contract for hire, an employee is required to take the reasonable step of informing the employer about the change that the employee believes are substantial and that he intends to quit employment unless the conditions are corrected. The employer must be allowed a chance to correct those conditions before the employee takes the drastic step of quitting employment. Cobb v. Employment Appeal Board, 506 N.W.2d 445 (Iowa 1993). The claimant did inform the employer of the substantial change at issue and that he intended to quit. The employer was unwilling to discuss the claimant's wages. The claimant quit work because the employer substantially changed his rate of pay. The employer substantially changed the claimant's contract for hire and, therefore, the separation was not voluntary. The claimant is qualified to receive unemployment insurance benefits provided he is otherwise eligible.

**DECISION:**

The representative's October 17, 2016, decision (reference 01) is reversed. The claimant voluntarily quit with good cause attributable to the employer. The claimant is eligible to receive unemployment insurance benefits.

---

Beth A. Scheetz  
Administrative Law Judge

---

Decision Dated and Mailed

bas/pjs