

**IOWA WORKFORCE DEVELOPMENT  
UNEMPLOYMENT INSURANCE APPEALS**

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

**LISA G ALLGOOD**  
Claimant

**APPEAL NO. 07A-UI-01507-DT**

**ADMINISTRATIVE LAW JUDGE  
DECISION**

**AMES HOSPITALITY LLC**  
Employer

**OC: 01/21/07 R: 02  
Claimant: Respondent (1)**

Section 96.5-1 – Voluntary Leaving

**STATEMENT OF THE CASE:**

Ames Hospitality L.L.C. (employer) appealed a representative's February 8, 2007 decision (reference 01) that concluded Lisa G. Allgood (claimant) was qualified to receive unemployment insurance benefits after a separation from employment. After hearing notices were mailed to the parties' last-known addresses of record, a telephone hearing was held on February 27, 2007. The claimant participated in the hearing. Biren Patel appeared on the employer's behalf and presented testimony from one other witness, Hadrian Lesser. Based on the evidence, the arguments of the parties, and the law, the administrative law judge enters the following findings of fact, reasoning and conclusions of law, and decision.

**ISSUE:**

Did the claimant voluntarily quit for a good cause attributable to the employer?

**FINDINGS OF FACT:**

The claimant started working for the employer's predecessor owner on June 20, 2003. The employer took over ownership of the Ames hotel property as of May 3, 2006. The claimant had worked full time as executive head housekeeper since her June 2003 employment. At the point of ownership change, she was working on a salary basis annualized to \$11.30 per hour and was working a Monday through Friday schedule.

A new manager, Mr. Lesser, took over as hotel manager. Significant renovations to the property began at about the same time. As of November 13 the claimant consented to the employer's decision that she be changed from a salary basis to a straight hourly basis of \$11.00 per hour.

The hotel property had failed a franchise inspection on June 2006. A second inspection occurred on December 12, 2006, which the property also failed, in significant part due to concerns in the housekeeping area. These failures placed the employer's franchise agreement in jeopardy. The employer arranged for a special inspection to be made in March 2007, but was concerned that the claimant lacked sufficient skills to ensure that the housekeeping staff would be able to pass that inspection. Further, the employer had concerns regarding the average time

spent by cleaning staff per room and the number of persons being scheduled by the claimant affecting the employer's overall payroll hours.

Primarily due to the concern that the employer needed to pass the March 2007 inspection and the employer's lack of confidence in the claimant's abilities to ensure the housekeeping staff would succeed in that regard, the employer determined to demote the claimant to the position of senior room attendant. Mr. Lesser informed the claimant of this decision at the end of the claimant's workday on January 19. He informed her that the change was effective immediately and her rate of pay thereafter would be \$8.00 per hour. He also informed her that as a room attendant she might be required to work weekends. The claimant responded that she would not agree to these changes and quit.

### **REASONING AND CONCLUSIONS OF LAW:**

If the claimant voluntarily quit her employment, she is not eligible for unemployment insurance benefits unless it was for good cause attributable to the employer.

Iowa Code section 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.

A "contract of hire" is merely the terms of employment agreed to between an employee and an employer, either explicitly or implicitly; for purposes of unemployment insurance benefit eligibility, a formal or written employment agreement is not necessary for a "contract of hire" to exist. "Good cause attributable to the employer" does not require fault, negligence, wrongdoing or bad faith by the employer, but may be attributable to the employment itself. Dehmel v. Employment Appeal Board, 433 N.W.2d 700 (Iowa 1988); Raffety v. Iowa Employment Security Commission, 76 N.W.2d 787 (Iowa 1956). Even if the employer had a good business reason for making the changes, the change in the claimant's job and the approximate 27 percent cut in compensation that was being implemented was a substantial change in the claimant's contract of hire. Dehmel, supra. Benefits are allowed.

**DECISION:**

The representative's February 8, 2007 decision (reference 01) is affirmed. The claimant voluntarily quit for good cause attributable to the employer. The claimant is qualified to receive unemployment insurance benefits, if she is otherwise eligible.

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Lynette A. F. Donner  
Administrative Law Judge

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Decision Dated and Mailed

ld/kjw