

**IOWA WORKFORCE DEVELOPMENT  
UNEMPLOYMENT INSURANCE APPEALS BUREAU**

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**KENDRA HOFFMAN**  
Claimant

**APPEAL 17A-UI-11203-SC-T**

**ADMINISTRATIVE LAW JUDGE  
DECISION**

**BROCK DEVRIES FARM BUREAU  
FINANCIAL**  
Employer

**OC: 10/01/17  
Claimant: Appellant (2)**

Iowa Code § 96.5(1) – Voluntary Quitting  
Iowa Admin. Code r. 871-24.26(1) – Voluntary Quitting – Change in Contract of Hire

**STATEMENT OF THE CASE:**

Kendra Hoffman (claimant) filed an appeal from the October 25, 2017, reference 01, unemployment insurance decision that denied benefits based upon the determination she voluntarily quit employment with Brock Devries Farm Bureau Financial (employer) due to a dislike of her wages even though she was aware of her pay at the time of hire. The parties were properly notified about the hearing. A telephone hearing was held on November 20, 2017. The claimant participated. The employer participated through Agent Brock Devries. The claimant's Exhibit A was admitted over the employer's objection to relevance on the first page. The Employer's Exhibit 1 was admitted over the claimant's objection to relevance.

**ISSUE:**

Did the claimant voluntarily quit the employment with good cause attributable to the employer?

**FINDINGS OF FACT:**

Having reviewed all of the evidence in the record, the administrative law judge finds that the facts of this case are largely undisputed. The claimant was employed full-time as a Sales Associate beginning on May 12, 2017, and was separated from employment on October 3, 2017, when she quit.

On May 9, 2017, the day the claimant was hired, she and Agent Brock Devries discussed her compensation. She was given the option of a salary of \$35,000 a year plus commission or a solely salary of \$50,000. The claimant elected a salary of \$50,000 with no commission and Devries agreed.

On October 2, 2017, Devries told the claimant that he was changing her compensation to \$24,000 a year plus commission. He could not continue to pay her salary based on the additional costs of employer her versus the revenue she generated. However, she was meeting his expectations and had not been given any warnings related to job performance. The claimant submitted her resignation the following day due to the change in compensation.

## REASONING AND CONCLUSIONS OF LAW:

For the reasons that follow, the administrative law judge concludes the claimant voluntarily quit the employment with good cause attributable to the employer. Benefits are allowed, provided she is otherwise eligible.

Iowa Code section 96.5(1) provides:

An individual shall be disqualified for benefits, regardless of the source of the individual's wage credits:

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.

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.

The claimant has the burden of proving that the voluntary leaving was for good cause attributable to the employer. Iowa Code § 96.6(2). In general, a substantial pay reduction of 25 to 35 percent or a similar reduction of working hours creates good cause attributable to the employer for a resignation. *Dehmel v. Emp't Appeal Bd.*, 433 N.W.2d 700 (Iowa 1988). A notice of an intent to quit had been required by *Cobb v. Emp't Appeal Bd.*, 506 N.W.2d 445, 447-78 (Iowa 1993), *Suluki v. Emp't Appeal Bd.*, 503 N.W.2d 402, 405 (Iowa 1993), and *Swanson v. Emp't Appeal Bd.*, 554 N.W.2d 294, 296 (Iowa Ct. App. 1996). Those cases required an employee to give an employer notice of intent to quit, thus giving the employer an opportunity to cure working conditions. However, in 1995, the Iowa Administrative Code was amended to include an intent-to-quit requirement. The requirement was only added to rule 871-24.26(6)(b), the provision addressing work-related health problems. No intent-to-quit requirement was added to rule 871-24.26(4), the intolerable working conditions provision. Our supreme court recently concluded that, because the intent-to-quit requirement was added to Iowa Admin. Code r. 871-24.26(6)(b) but not 871-24.26(1), notice of intent to quit is not required for a quit due to a change in contract of hire. *Hy-Vee, Inc. v. Emp't Appeal Bd.*, 710 N.W.2d 1 (Iowa 2005).

As the claimant would go from a guaranteed salary of \$50,000 a year to a guarantee of \$24,000 a year with the potential to earn but no guarantee of more, she has suffered a reduction in pay of over fifty percent. The employer has not established that the claimant engaged in job-related misconduct which led to the reduction of her pay; rather, it was a business decision made by the employer as he had overextended himself financially. The decrease in pay was a substantial change in the contract of hire and the separation was with good cause attributable to the employer. Benefits are allowed.

**DECISION:**

The October 25, 2017, reference 01, unemployment insurance decision is reversed. The claimant voluntarily quit the employment with good cause attributable to the employer. Benefits are allowed, provided she is otherwise eligible. Any benefits claimed and withheld on this basis shall be paid.

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Stephanie R. Callahan  
Administrative Law Judge

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Decision Dated and Mailed

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