

**IOWA WORKFORCE DEVELOPMENT  
UNEMPLOYMENT INSURANCE APPEALS**

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

**EVAN R MORRIS**

Claimant

**APPEAL NO. 15A-UI-02027-JTT**

**ADMINISTRATIVE LAW JUDGE  
DECISION**

**EUROPEAN MOTORCARS DES MOINES**

Employer

**OC: 03/02/14**

**Claimant: Respondent (5)**

Iowa Code Section 96.5(1) – Voluntary Quit

**STATEMENT OF THE CASE:**

The employer filed a timely appeal from the February 3, 2015, reference 03, decision that allowed benefits to the claimant provided the claimant was otherwise eligible and that held the employer's account could be charged for benefits, based on an Agency conclusion that the claimant had been discharged on January 5, 2015 for no disqualifying reason. After due notice was issued, a hearing was held on March 16, 2015. Claimant participated. Roxanne Rose of ADP represented the employer and presented testimony through Edward Collinet, General Manager. The administrative law judge took official notice of the Agency's record of benefits disbursed to the claimant. The administrative law judge took official notice of the fact-finding materials and marked them as Department Exhibits D-1 through D-6 for identification purposes. The employer had required a copy of the fact-finding materials prior to the hearing date and a copy of those materials had been provided to the parties prior to the hearing date.

**ISSUE:**

Whether the claimant separated from the employment for a reason that disqualifies him for benefits or that relieves the employer's account of liability for benefits.

**FINDINGS OF FACT:**

Having reviewed all of the evidence in the record, the administrative law judge finds: Evan Morris was employed by European Motorcars of Des Moines as the full-time Director of Finance from April 2014 until January 5, 2015, when he voluntarily quit due to substantial changes in the conditions of the employment. Mr. Morris' separation from the employment occurred in the context of a company reorganization. The employer had decided to separate its Mercedes and BMW operations into two separate entities. As Finance Manager, Mr. Morris had supervised the finance manager assigned to Mercedes and the finance manager assigned to BMW. Mr. Morris had received a monthly draw of \$4,000.00 to \$5,000.00.

On Friday, January 2, 2015, Edward Collinet, General Manager, notified Mr. Morris that his full-time Finance Manager position was being eliminated and that the employer would only have work for him going forward as a part-time, float finance manager. The employer proposed that Mr. Morris work one day a week, one Saturday per month, and otherwise work only as needed

to substitute for the other two finance managers. Mr. Morris' monthly draw would have been reduced to \$2,000.00. On or about January 5, 2015, Mr. Morris notified the employer that he was quitting the employment due to the elimination of his position.

**REASONING AND CONCLUSIONS OF LAW:**

Workforce Development rule 871 IAC 24.1(113) provides as follows:

Separations. All terminations of employment, generally classifiable as layoffs, quits, discharges, or other separations.

a. Layoffs. A layoff is a suspension from pay status initiated by the employer without prejudice to the worker for such reasons as: lack of orders, model changeover, termination of seasonal or temporary employment, inventory-taking, introduction of laborsaving devices, plant breakdown, shortage of materials; including temporarily furloughed employees and employees placed on unpaid vacations.

b. Quits. A quit is a termination of employment initiated by the employee for any reason except mandatory retirement or transfer to another establishment of the same firm, or for service in the armed forces.

c. Discharge. A discharge is a termination of employment initiated by the employer for such reasons as incompetence, violation of rules, dishonesty, laziness, absenteeism, insubordination, failure to pass probationary period.

d. Other separations. Terminations of employment for military duty lasting or expected to last more than 30 calendar days, retirement, permanent disability, and failure to meet the physical standards required.

In general, a voluntary quit requires evidence of an intention to sever the employment relationship and an overt act carrying out that intention. See Local Lodge #1426 v. Wilson Trailer, 289 N.W.2d 698, 612 (Iowa 1980) and Peck v. EAB, 492 N.W.2d 438 (Iowa App. 1992). In general, a voluntary quit means discontinuing the employment because the employee no longer desires to remain in the relationship of an employee with the employer. See 871 IAC 24.25.

Mr. Morris' separation from the employment could be analyzed as a voluntary quit or as a layoff, but most squarely falls into the voluntary quit for good cause category of separations.

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.

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.

“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. An employee acquiesces in a change in the conditions of employment if he or she does not resign in a timely manner. See Olson v. Employment Appeal Board, 460 N.W.2d 865 (Iowa Ct. App. 1990).

The evidence in the record indicates that the employer substantially, and dramatically, changed the conditions of the employment when the employer eliminated Mr. Morris' supervisory finance manager position, demoted him to a part-time position offering minimal hours and revenue generating opportunity, and, at minimum, a halved of his monthly draw. Mr. Morris reasonably declined to acquiesce in the proposed changes and elected instead to separate from the employment. Mr. Morris' quit was for good cause attributable to the employer. Accordingly, Mr. Morris is eligible for benefits, provided he is otherwise eligible. The employer's account may be charged for benefits.

As indicated above, this matter might also be viewed as a layoff, given the elimination of the claimant's position. A layoff would not disqualify the claimant for benefits.

**DECISION:**

The February 3, 2015, reference 03, decision is modified as follows. The claimant quit the employment on January 5, 2015 for good cause attributable to the employer. The claimant is eligible for benefits, provided he is otherwise eligible. The employer's account may be charged for benefits paid to the claimant.

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James E. Timberland  
Administrative Law Judge

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Decision Dated and Mailed

jet/pjs