

**IOWA WORKFORCE DEVELOPMENT  
UNEMPLOYMENT INSURANCE APPEALS**

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**TAYLOR L KLEVE**  
Claimant

**TOYOTA MOTOR CREDIT CORP**  
Employer

**APPEAL NO. 14A-UI-07927-B2T**

**ADMINISTRATIVE LAW JUDGE  
DECISION**

**OC: 06/29/14  
Claimant: Appellant (2)**

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Iowa Code § 96.5-1 – Voluntary Quit

**STATEMENT OF THE CASE:**

Claimant filed an appeal from a decision of a representative dated July 22, 2014, reference 01, which held claimant ineligible for unemployment insurance benefits. After due notice, a hearing was scheduled for and held on August 25, 2014. Claimant participated. Employer participated by Amanda Hill. Employer's Exhibit One was admitted into evidence.

**ISSUE:**

The issue in this matter is whether claimant quit for good cause attributable to employer.

**FINDINGS OF FACT:**

The administrative law judge, having heard the testimony and considered all of the evidence in the record, finds: Claimant last worked for employer on June 26, 2014. Claimant submitted a letter of resignation to employer on July 1, 2014. His letter of resignation stated that he was quitting because he had been hired for different employment. His letter did not mention any other reason for his quit.

When claimant began his work for employer, he received a base pay amount plus the opportunity to earn a bonus. The bonus was dependant on both his personal output, and the company meeting its goals. If claimant were to vastly exceed his quota, and company did not meet its goals, there would be no bonus given. Employer regularly met its goals, so employees who also exceeded their personal quotas regularly received bonuses. From June of 2013 to June of 2014 claimant received between \$10,000.00 and \$17,000.00 in bonus pay and benefits in addition to his salary. This bonus pay equaled between 35 and 50 percent of his base pay.

In June 2014, claimant and all other employees in like positions were notified that they would still receive the same base pay, but would be under a different bonus pay system. This new system would have put claimant's previous year's bonus at or around \$3,000.00. Claimant saw this as a large pay cut, and it was for this reason that claimant actually pursued other employment.

**REASONING AND CONCLUSIONS OF LAW:**

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.

The administrative law judge holds that the evidence has established that claimant voluntarily quit for good cause attributable to employer when claimant terminated the employment relationship because of a change in the contract of hire.

A “change in the contract of hire” means a substantial change in the terms or conditions of employment. See Wiese v. Iowa Department 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.

The law presumes that a claim has left employment with good cause when he or she quits because of a change in the contract of hire. See 871 IAC 24.26(1). In the instant matter, claimant would not have been out looking for other employment but for the dramatic change to the bonus structure. Although the bonuses were never guaranteed in this matter, the company “regularly met its sales goals” and claimant regularly exceeded his quotas. Employer stated that claimant’s pay would be reduced by a minimum of \$7,000.00 if he did the exact output that he had done in the year prior. Although employer couches a good percentage of claimant’s pay as non-guaranteed bonus, the practical effect of employer’s unilateral action is to greatly reduce claimant’s pay.

**DECISION:**

The decision of the representative dated July 22, 2014, reference 01, is reversed. Unemployment insurance benefits are allowed provided claimant is otherwise eligible.

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Blair A. Bennett  
Administrative Law Judge

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Decision Dated and Mailed

bab/pjs