

**IOWA WORKFORCE DEVELOPMENT
UNEMPLOYMENT INSURANCE APPEALS**

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

MARTHA DAGGS

Claimant

APPEAL NO. 06A-UI-11434-BT

**ADMINISTRATIVE LAW JUDGE
DECISION**

MIDWEST ACADEMY LLC

Employer

**OC: 10/29/06 R: 04
Claimant: Respondent (1)**

Section 96.5-1 – Voluntary Quit

STATEMENT OF THE CASE:

Midwest Academy (employer) appealed an unemployment insurance decision dated November 22, 2006, reference 01, which held that Martha Daggs (claimant) was eligible for unemployment insurance benefits. After hearing notices were mailed to the parties' last-known addresses of record, a telephone hearing was held on December 13, 2006. The claimant did not comply with the hearing notice instructions and did not call in to provide a telephone number at which she could be contacted and, therefore, did not participate. The employer participated through Tiffany Kahn, Human Resources Director; Jared Stewart, Program Assistant; and Kellen Anderson, employer representative. 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:

The issue is whether the employer discharged the claimant for work-related misconduct?

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 employed as a full-time night watch supervisor for the girls from February 2, 2005 through October 5, 2006 when she voluntarily quit due to a change in the contract of hire. Her contract of hire was being changed due to a demotion. She was being relieved of her supervisory duties but would still work the same hours and receive the same pay. The employer received complaints about the claimant from other staff and she missed quite a bit of work. She was unable to be a leader as she could not hold others responsible for their actions. When notified of her demotion, she voluntarily quit.

REASONING AND CONCLUSIONS OF LAW:

The issue is whether the claimant's voluntary separation from employment qualifies her to receive unemployment insurance benefits. She is not qualified to receive unemployment insurance benefits if she voluntarily quit without good cause attributable to the employer. Iowa Code § 96.5-1.

The claimant quit due to a change in her contract of hire as she was being relieved of her supervisory duties. The law presumes a claimant has left employment with good cause when she quits because of a change in the contract of hire. 871 IAC 24.26(1). A "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. A demotion from being a supervisor to a co-worker with the same employees the claimant was supervising, is considered to be a substantial change in the claimant's contract of hire.

When an employer discharges an employee for misconduct, the employee is disqualified from receiving unemployment benefits. It is consistent with the statutory framework to extend that analysis to hold that in situations in which an employer demotes an employee for misconduct warranting discharge, an employee who leaves employment should be disqualified from receiving benefits. Goodwin v. BPS Guard Services, Inc., 524 N.W.2d 28 (Minnesota App. 1994). While the employer herein alleged the claimant was demoted due to her inability to perform as a supervisor, the employer failed to provide specific and detailed evidence which would constitute disqualifying misconduct. Consequently, the demotion was not due to work-related misconduct. The claimant's voluntary separation from employment was with good cause attributable to the employer and benefits are allowed.

DECISION:

The unemployment insurance decision dated November 22, 2006, reference 01, is affirmed. The claimant voluntarily quit her employment with good cause attributable to the employer and is qualified to receive unemployment insurance benefits, provided she is otherwise eligible.

Susan D. Ackerman
Administrative Law Judge

Decision Dated and Mailed

sda/css