

IOWA WORKFORCE DEVELOPMENT
Unemployment Insurance Appeals Section
1000 East Grand—Des Moines, Iowa 50319
DECISION OF THE ADMINISTRATIVE LAW JUDGE
68-0157 (7-97) – 3091078 - EI

RICHARD KORSCHGEN
3393 MAIN ST
KEOKUK IA 52632-2225

BIG RIVER BOX INC
PO BOX 97
KEOKUK IA 52632

Appeal Number: 06A-UI-04637-C
OC: 04/02/06 R: 04
Claimant: Respondent (1)

This Decision Shall Become Final, unless within fifteen (15) days from the date below, you or any interested party appeal to the Employment Appeal Board by submitting either a signed letter or a signed written Notice of Appeal, directly to the **Employment Appeal Board, 4th Floor—Lucas Building, Des Moines, Iowa 50319.**

The appeal period will be extended to the next business day if the last day to appeal falls on a weekend or a legal holiday.

STATE CLEARLY

1. The name, address and social security number of the claimant.
2. A reference to the decision from which the appeal is taken.
3. That an appeal from such decision is being made and such appeal is signed.
4. The grounds upon which such appeal is based.

YOU MAY REPRESENT yourself in this appeal or you may obtain a lawyer or other interested party to do so provided there is no expense to Workforce Development. If you wish to be represented by a lawyer, you may obtain the services of either a private attorney or one whose services are paid for with public funds. It is important that you file your claim as directed, while this appeal is pending, to protect your continuing right to benefits.

(Administrative Law Judge)

(Decision Dated & Mailed)

Section 96.5(1) – Voluntary Quit

STATEMENT OF THE CASE:

Big River Box, Inc. filed an appeal from a representative's decision dated April 24, 2006, reference 01, which held that no disqualification would be imposed regarding Richard Korschgen's separation from employment. After due notice was issued, a hearing was held on June 12, 2006 in Burlington, Iowa. Mr. Korschgen participated personally. The employer participated by Jim Boyd, President.

FINDINGS OF FACT:

Having heard the testimony of the witnesses and having reviewed all of the evidence in the record, the administrative law judge finds: Mr. Korschgen began working for Big River Box, Inc. in May of 2002. On March 8, 2004, he became plant manager. On March 29, 2006, he was

demoted to an hourly laborer position. He was paid an annual salary of \$35,000.00 as plant manager but was to be paid \$10.00 per hour as a laborer. The demotion was due to the fact that Mr. Korschgen was ineffective as a manager.

The employer was unhappy with Mr. Korschgen's efforts to schedule work so as to avoid overtime. He did not schedule preventative maintenance as desired by the employer. There were problems with the day-to-day housekeeping at the plant. Mr. Korschgen received a warning in January of 2006 because he had failed to discipline an employee for tardiness and had been moving workers from assigned jobs to work on tasks for which they were not qualified. Although problems were brought to Mr. Korschgen's attention, he was never advised as to the consequences if problems persisted.

After the demotion, Mr. Korschgen experienced ridicule from coworkers. He did not bring the problem with the coworkers to Mr. Boyd's attention even though he is in the plant on a daily basis. Because of the demotion and his coworkers' response to it, Mr. Korschgen quit on April 4, 2006.

REASONING AND CONCLUSIONS OF LAW:

At issue in this matter is whether Mr. Korschgen was separated from employment for any disqualifying reason. An individual who voluntarily quits employment is disqualified from receiving job insurance benefits unless the quit was for good cause attributable to the employer. Iowa Code section 96.5(1). Mr. Korschgen quit because of a change in his contract of hire. The term "contract of hire" does not require a written agreement between the parties. The phrase refers to the terms and conditions under which employment is offered and accepted. The terms of employment may be changed by mutual agreement or by one party acquiescing to changes unilaterally made by the other. As of March of 2004, Mr. Korschgen's contract of hire called for him to work full time as plant manager. The employer unilaterally decided to change the terms of the employment in March of 2006.

Mr. Korschgen had no notice that he was engaging in conduct that might result in him being demoted. The demotion resulted in the loss of approximately \$14,000.00 per year in earnings. Not only did it result in the loss of wages, it also resulted in Mr. Korschgen losing face with individuals he previously supervised as plant manager. Because he did not have prior notice that he might be demoted, he did not have a reasonable opportunity to take those steps necessary to avoid the demotion.

For the reasons stated herein, the administrative law judge concludes that Mr. Korschgen quit his employment for good cause attributable to the employer. He quit due to a substantial change in the contract of hire as contemplated by 871 IAC 24.26(1). Accordingly, benefits are allowed.

DECISION:

The representative's decision dated April 24, 2006, reference 01, is hereby affirmed. Mr. Korschgen quit his employment for good cause attributable to the employer. Benefits are allowed, provided he satisfies all other conditions of eligibility.

cfc/kkf