

**IOWA WORKFORCE DEVELOPMENT  
UNEMPLOYMENT INSURANCE APPEALS**

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

**MIGUEL A MERCADO**  
Claimant

**APPEAL NO. 09A-UI-14791-NT**

**ADMINISTRATIVE LAW JUDGE  
DECISION**

**IOWA AG LLC**  
Employer

**Original Claim: 09/06/09  
Claimant: Respondent (1)**

Section 96.5-1 – Voluntary Quit

**STATEMENT OF THE CASE:**

The employer filed a timely appeal from a representative's decision dated October 2, 2009, reference 02, which found the claimant eligible to receive unemployment insurance benefits. After due notice was issued, a telephone hearing was scheduled for and held on October 30, 2009. The claimant participated personally. The employer participated by Mr. Peter DeCoster, chief operating officer Quality Egg. Official interpreter was Celia Huante.

**ISSUE:**

At issue in this matter is whether the claimant quit with good cause attributable to the employer.

**FINDINGS OF FACT:**

Having considered the evidence in the record, the administrative law judge finds: Miguel Mercado was employed by Quality Egg, being payrolled by Iowa Ag LLC. Mr. Mercado began employment in November 2008. Mr. Mercado was employed as a full-time supervisor and was paid by salary.

The claimant left his employment on or about August 15, 2009. Mr. Mercado had initially been placed on a one-week suspension without pay. After returning from vacation, the claimant was informed that he was being demoted from the position of supervisor to crew chief and that the claimant's salary of approximately \$1,200 per pay period would be reduced to \$800, based upon hourly pay. The employer chose to demote the claimant as a disciplinary action for conduct that the employer felt was inappropriate.

Mr. Mercado did not accept the change, as he considered it to be a substantial change from the previous position that he held with the company. Mr. Mercado does not agree with the employer's basis for his demotion and left employment.

**REASONING AND CONCLUSIONS OF LAW:**

For the reasons that follow, the administrative law judge concludes that the claimant voluntarily left employment with good cause attributable to the employer.

Iowa Code section 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 evidence in this case establishes that Mr. Mercado left employment after he was informed of a substantial change in the agreement of employment that he had been working under. Under the working agreement between the parties, Mr. Mercado had held the position of supervisor and had been paid by salary at the rate of approximately \$1,200 per pay period. Under the change, the claimant would be demoted to a crew chief and would be paid by the hour, resulting in a substantial reduction in his pay. The claimant did not agree with the basis for the employer's decision to demote him and left employment.

"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. See Olson v. Employment Appeal Board, 460 N.W.2d 865 (Iowa App. 1990).

Based upon the evidence in the record, the administrative law judge concludes that the claimant has established good cause attributable to the employer for leaving. The impact upon the claimant based upon his demotion was substantial and was clearly a substantial alteration from the working agreement in effect between the parties.

**DECISION:**

The representative's decision dated October 2, 2009, reference 02, is affirmed. The claimant voluntarily quit employment with good cause attributable to the employer. Unemployment insurance benefits are allowed, provided the claimant is otherwise eligible.

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Terence P. Nice  
Administrative Law Judge

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Decision Dated and Mailed

kjw/kjw