

**IOWA WORKFORCE DEVELOPMENT
UNEMPLOYMENT INSURANCE APPEALS**

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

KAYLA M YEARLING
Claimant

APPEAL NO: 15A-UI-06837-LDT

**ADMINISTRATIVE LAW JUDGE
DECISION**

STEELSMITH ENTERPRISES LLC
Employer

OC: 05/03/15
Claimant: Respondent (1)

Section 96.5-1 – Voluntary Leaving

STATEMENT OF THE CASE:

Steelsmith Enterprises, L.L.C. (employer) appealed a representative's June 3, 2015 decision (reference 01) that concluded Kayla M. Yearling (claimant) was qualified to receive unemployment insurance benefits after a separation from employment. After hearing notices were mailed to the parties' last-known addresses of record, a telephone hearing was held on July 21, 2015. A review of the Appeals Bureau's conference call system indicates that the claimant failed to respond to the hearing notice and provide a telephone number at which she could be reached for the hearing and did not participate in the hearing. Zuhra Hodzic appeared on the employer's behalf. Based on the evidence, the arguments of the employer, and the law, the administrative law judge enters the following findings of fact, reasoning and conclusions of law, and decision.

ISSUE:

Did the claimant voluntarily quit for a good cause attributable to the employer?

OUTCOME:

Affirmed. Benefits allowed.

FINDINGS OF FACT:

The claimant started working for the employer on April 12, 2014. She worked full time as a server in the employer's restaurant. Her last day of work was November 24, 2014. She voluntarily quit work by failing to report for scheduled work on November 26 and thereafter.

On November 24 the employer had advised all servers that there were changes to their work schedule, reducing their hours by about 14 or 15 hours per week. The claimant's scheduled hours were reduced from 40 hours to about 25 hours per week. She declined to return and work under the revised schedule.

REASONING AND CONCLUSIONS OF LAW:

If the claimant voluntarily quit her employment, she is not eligible for unemployment insurance benefits unless it was for good cause attributable to the employer. Iowa Code § 96.5-1. A substantial change in contract of hire is recognized as grounds that are good cause for quitting that is attributable to the employer. Rule 871 IAC 24.26(1). A “contract of hire” is merely the terms of employment agreed to between an employee and an employer, either explicitly or implicitly; for purposes of unemployment insurance benefit eligibility, a formal or written employment agreement is not necessary for a “contract of hire” to exist. See *Wiese v. Iowa Dept. of Job Service*, 389 N.W.2d 676, 679 (Iowa 1986).

In *Dehmel v. Employment Appeal Board*, 433 N.W.2d 700 (Iowa 1988), the Iowa Supreme Court ruled that a 25 percent to 35 percent reduction in wage was, as a matter of law, a substantial change in the contract of hire. The Court in *Dehmel* cited cases from other jurisdictions that had held wage reductions ranging from 15 percent to 26 percent were substantial. *Id.* at 703. Based on the reasoning in *Dehmel*, a 37.5 percent change in the claimant’s pay is substantial for purposes of unemployment insurance benefits. (The difference between 40 hours and 25 hours is 37.5 percent.) “Good cause attributable to the employer” does not require fault, negligence, wrongdoing or bad faith by the employer, but may be attributable to the employment itself. *Dehmel*, supra; *Raffety v. Iowa Employment Security Commission*, 76 N.W.2d 787 (Iowa 1956). While the employer may have had a good business reason for reducing the claimant’s hours, the change in the claimant’s job which had been implemented was a substantial change in the claimant’s contract of hire. *Dehmel*, supra. Benefits are allowed.

DECISION:

The representative’s June 3, 2015 decision (reference 01) is affirmed. The claimant voluntarily quit for good cause attributable to the employer. The claimant is qualified to receive unemployment insurance benefits, if she is otherwise eligible.

Lynette A. F. Donner
Administrative Law Judge

Decision Dated and Mailed

ld/pjs