

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

TERESA K SPENCER
505 E CHURCH ST
MARSHALLTOWN IA 50158-3054

NPC INTERNATIONAL INC
PIZZA HUT
c/o JON-JAY ASSOCIATES INC
PO BOX 182523
COLUMBUS OH 43218-2523

Appeal Number: 06A-UI-03194-HT
OC: 02/19/06 R: 02
Claimant: Respondent (2)

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(2)a – Discharge
Section 96.3(7) – Overpayment

STATEMENT OF THE CASE:

The employer, Pizza Hut, filed an appeal from a decision dated March 9, 2006, reference 01. The decision allowed benefits to the claimant, Teresa Spencer. After due notice was issued, a hearing was held by telephone conference call on April 10, 2006. The claimant participated on her own behalf. The employer participated by General Manager Christina Gerard.

FINDINGS OF FACT:

Having heard the testimony of the witnesses and having examined all of the evidence in the record, the administrative law judge finds: Teresa Spencer was employed by Pizza Hut from July 10, 2002 until February 16, 2006. She was a full-time shift manager.

On February 12, 2006, General Manager Christina Gerard received a complaint from a long time customer. She said on Saturday, February 11, 2006, the claimant had allowed a former employee of Pizza Hut behind the work counter to do prep work and cook in exchange for three free pizzas. This is a violation of the employer's labor policy which forbids anyone to "work off the clock." In addition, the state inspection was imminent and if a non-employee had been discovered working behind the counter it could have jeopardized the restaurant's license.

The general manager consulted with her area manager about the incident and was told to investigate by taking statements from all the employees who were present on that shift and the customer. Everyone present confirmed the ex-employee had been allowed behind the counter to work and prepare food in exchange for free pizzas. The claimant admitted to making the deal with the former employee because she had been told to "cut labor expenses at all costs." This came from the general manager but did not cover having non-employees performing work for the business.

The employer's labor policy, which the claimant received, states any violations of the policy is grounds for immediate discharge. When the investigation was concluded the claimant was discharged by Ms. Gerard on February 16, 2006.

Teresa Spencer has received unemployment benefits since filing a claim with an effective date of February 19, 2006.

REASONING AND CONCLUSIONS OF LAW:

The issue is whether the claimant is disqualified. The judge concludes she is.

Iowa Code section 96.5-2-a provides:

An individual shall be disqualified for benefits:

2. Discharge for misconduct. If the department finds that the individual has been discharged for misconduct in connection with the individual's employment:

a. The individual shall be disqualified for benefits until the individual has worked in and has been paid wages for insured work equal to ten times the individual's weekly benefit amount, provided the individual is otherwise eligible.

871 IAC 24.32(1)a provides:

Discharge for misconduct.

(1) Definition.

a. "Misconduct" is defined as a deliberate act or omission by a worker which constitutes a material breach of the duties and obligations arising out of such worker's contract of employment. Misconduct as the term is used in the disqualification provision as being limited to conduct evincing such willful or wanton disregard of an employer's interest as is found in deliberate violation or disregard of standards of behavior which the employer has the right to expect of employees, or in carelessness or negligence of such degree of recurrence as to manifest equal culpability, wrongful intent or evil design, or to show an intentional and substantial disregard of the employer's interests or of the employee's

duties and obligations to the employer. On the other hand mere inefficiency, unsatisfactory conduct, failure in good performance as the result of inability or incapacity, inadvertencies or ordinary negligence in isolated instances, or good faith errors in judgment or discretion are not to be deemed misconduct within the meaning of the statute.

This definition has been accepted by the Iowa Supreme Court as accurately reflecting the intent of the legislature. Huntoon v. Iowa Department of Job Service, 275 N.W.2d 445, 448 (Iowa 1979).

The claimant was discharged for violating a known company rule by allowing a non-employee behind the counter to prepare food for customers. This person was not only off the clock but not an employee of the store. Her actions could have jeopardized the employer's license to operate. "Cutting labor costs" does not cover having non-employees work for free food under any legitimate interpretation. The claimant's conduct was conduct not in the best interests of the employer and she is disqualified.

Iowa Code section 96.3-7 provides:

7. Recovery of overpayment of benefits. If an individual receives benefits for which the individual is subsequently determined to be ineligible, even though the individual acts in good faith and is not otherwise at fault, the benefits shall be recovered. The department in its discretion may recover the overpayment of benefits either by having a sum equal to the overpayment deducted from any future benefits payable to the individual or by having the individual pay to the department a sum equal to the overpayment.

If the department determines that an overpayment has been made, the charge for the overpayment against the employer's account shall be removed and the account shall be credited with an amount equal to the overpayment from the unemployment compensation trust fund and this credit shall include both contributory and reimbursable employers, notwithstanding section 96.8, subsection 5.

The claimant has received unemployment benefits to which she is not entitled. These must be recovered in accordance with the provisions of Iowa law.

DECISION:

The representative's decision of March 9, 2006, reference 01, is reversed. Teresa Spencer is disqualified and benefits are withheld until she has earned ten times her weekly benefit amount, provided she is otherwise eligible. She is overpaid in the amount of \$925.00.

bgh/kkf