

**IOWA WORKFORCE DEVELOPMENT
UNEMPLOYMENT INSURANCE APPEALS**

LANCE NEWITT
Claimant

JNLC ENTERPRISES LLC
Employer

APPEAL NO. 14A-UI-10406-BT

**ADMINISTRATIVE LAW JUDGE
DECISION**

**OC: 09/07/14
Claimant: Appellant (2)**

Iowa Code § 96.5-1 - Voluntary Quit

STATEMENT OF THE CASE:

Lance Newitt (claimant) appealed an unemployment insurance decision dated October 1, 2014, (reference 01), which held that he was not eligible for unemployment insurance benefits because he voluntarily quit his employment with JNLC Enterprises, LLC (employer) without good cause attributable to the employer. After hearing notices were mailed to the parties' last-known addresses of record, a telephone hearing was held on October 27, 2014. The claimant participated in the hearing with Attorney Nate Willems. The employer participated through Tom Hauer, Chief Operating Officer and Antoinette Hauer, President. Claimant's Exhibits A, B, and C were admitted into evidence.

ISSUE:

The issue is whether the claimant's voluntary separation from employment qualifies him to receive unemployment insurance benefits.

FINDINGS OF FACT:

The administrative law judge, having heard the testimony and considered all of the evidence in the record, finds that: The claimant worked as a full-time catering, sales and events manager from August 15, 2011, through September 15, 2014, when he quit due to a change in the contract of hire. He was hired under a pay structure of salary plus commission. The employer was going to pay him \$12,000 annual salary plus \$75 per month for insurance and ten percent on any sales he made. The claimant was not meeting the employer's sales objectives and the employer advised him on September 12, 2014, that he would no longer be paid salary and his compensation would be full commission. However, no changes had been made as of September 12, 2014. The claimant took the weekend to think about it but opted to quit because he could not survive on commissions alone.

REASONING AND CONCLUSIONS OF LAW:

The issue is whether the claimant's voluntary separation from employment qualifies him to receive unemployment insurance benefits. He is not qualified to receive unemployment

insurance benefits if he voluntarily quit without good cause attributable to the employer. Iowa Code § 96.5-1.

The claimant quit on September 15, 2014, due to a change in the contract of hire. The law presumes a claimant has left employment with good cause when he 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.*

Although the change in the claimant's compensation had not yet been enacted, the evidence confirms it was going to be done due to business reasons. "Good cause attributable to the employer" does not require fault, negligence, wrongdoing or bad faith by the employer. *Dehmel v. Employment Appeal Board*, 433 N.W.2d 700, 702 (Iowa 1988) ("[G]ood cause attributable to the employer can exist even though the employer is free from all negligence or wrongdoing in connection therewith"); *Shontz v. Iowa Employment Sec. Commission*, 248 N.W.2d 88, 91 (Iowa 1976)(benefits payable even though employer "free from fault"); *Raffety v. Iowa Employment Security Commission*, 76 N.W.2d 787, 788 (Iowa 1956)("The good cause attributable to the employer need not be based upon a fault or wrong of such employer.").

It is the claimant's burden to prove that the voluntary quit was for a good cause that would not disqualify him. Iowa Code § 96.6-2. The voluntary quit was with good cause attributable to the employer and benefits are allowed.

DECISION:

The unemployment insurance decision dated October 1, 2014, (reference 01), is reversed. The claimant voluntarily quit his employment with good cause attributable to the employer and is qualified to receive unemployment insurance benefits, provided he is otherwise eligible.

Susan D. Ackerman
Administrative Law Judge

Decision Dated and Mailed

sda/css