

**IOWA WORKFORCE DEVELOPMENT  
UNEMPLOYMENT INSURANCE APPEALS**

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

**AMY A REINERT**  
Claimant

**APPEAL NO: 07A-UI-04006-DWT**

**ADMINISTRATIVE LAW JUDGE  
DECISION**

**OAKLEAF REAL ESTATE  
MANAGEMENT COMPANY**  
Employer

**OC: 06/18/06 R: 01**  
**Claimant: Respondent (1)**

Section 96.5-1 – Voluntary Quit

**STATEMENT OF THE CASE:**

Oakleaf Real Estate Management Company (employer) appealed a representative's April 13, 2007 decision (reference 02) that concluded Amy A. Reinert (claimant) was qualified to receive unemployment insurance benefits, and the employer's account was subject to charge because the claimant voluntarily quit her employment for reasons that qualify her to receive unemployment insurance benefits. After hearing notices were mailed to the parties' last-known addresses of record, a telephone hearing was held on May 3, 2007. The claimant participated in the hearing. Connie Dyson and Rhonda Mordhort appeared on the employer's behalf. Based on the evidence, the arguments of the parties, 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 her employment for reasons that qualify her to receive unemployment insurance benefits?

**FINDINGS OF FACT:**

The claimant started working for the employer in August 2006. The employer hired the claimant to manage four properties and agreed to pay the claimant \$29,500.00 to \$30,900.00 a year. On January 12, 2007, the claimant learned the employer was losing two of the properties she managed. On January 29, 2007, the employer had a meeting with the claimant to discuss a change in her employment as a result of the employer losing some properties that the claimant and other employees managed. On January 29, 2007, the employer presented the claimant with three potential agreements. After the claimant would not agree to the salary the employer proposed, she understood the employer would review the situation in an attempt to get the claimant more money.

In mid February and March, the employer talked to the claimant about work-related problems. The employer counseled the claimant about getting to work on time and getting paperwork completed and sent to the employer in a timely manner. When the employer told the claimant

about some issues a property owner had in late January, she took steps to resolve these concerns.

On March 22, the employer offered the claimant continued employment to management of one property and do the janitorial work at this property for plus \$22,000.00 a year. The claimant declined to accept this offer because of the change in her salary and the added job of janitorial work. If the employer had not lost some properties, the employer would not have reduced the claimant's salary.

## **REASONING AND CONCLUSIONS OF LAW:**

A claimant is not qualified to receive unemployment insurance benefits if she voluntarily quits employment without good cause attributable to the employer. Iowa Code section 96.5-1. When a claimant quits, she has the burden to establish she quit for reasons that qualify her to receive unemployment insurance benefits. Iowa Code section 96.6-2.

The law presumes a claimant quits employment with good cause when she leaves because of a substantial change in the employment contract. 871 IAC 24.26(1). The evidence indicates that when the employer lost some properties, which meant loss of income, changes had to be made. As a result of this loss of income, the employer offered the claimant \$22,000.00 to manage one property and do janitorial work. The employer hired the claimant to manage four properties with no janitorial work for plus \$29,000.00 a year. The employer may assert the reason for the wage reduction was not the fault of the employer. In Wiese v. Iowa Department of Job Service, 389 N.W.2d 676 (Iowa 1986), the Iowa Supreme Court stated: "We believe that a good faith effort by an employer to continue to provide employment for his employees may be considered in examining whether contract changes are substantial and whether such changes are the cause of an employee quit attributable to the employer."

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 hours was, as a matter of law, a substantial change in the contract of hire. Further, while citing Wiese with approval, the Court stated that:

It is not necessary to show that the employer acted negligently or in bad faith to show that an employee left with good cause attributable to the employer.... [G]ood cause attributable to the employer can exist even though the employer is free from all negligence or wrongdoing in connection therewith.

(Id. at 702.) Dehmel the more recent case is directly on point with this case. Therefore, the fact the pay reduction may have been due to circumstances beyond the employer's control, under the reasoning of Dehmel, is immaterial in deciding whether the claimant left employment with or without good cause attributable to the employer.

The Court in Dehmel concluded a 25 percent to 35 percent pay reduction was substantial as a matter of law, citing cases from other jurisdictions that had held reductions ranging from 15 percent to 26 percent were substantial. Id. at 703. As a matter of law the change in the claimant's salary of about 25 percent constitutes a substantial change in her employment. The reduction of the salary in addition to requiring the claimant to do janitorial both establishes that the claimant had good cause to quit her employment. As of April 1, 2007, the claimant is qualified to receive unemployment insurance benefits.

**DECISION:**

The representative's April 13, 2007 decision (reference 02) is affirmed. The claimant voluntarily quit her employment for reasons that qualify her to receive unemployment insurance benefits. As of April 1, 2007, the claimant is qualified to receive unemployment insurance benefits, provided she meets all other eligibility requirements. The employer's account may be charged for benefits paid to the claimant.

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Debra L. Wise  
Administrative Law Judge

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Decision Dated and Mailed

dlw/pjs