

The Supreme Court Clarifies the Meaning of “Employment Misconduct” under the Minnesota Unemployment Insurance Law

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Most know that a former employee is not entitled to unemployment benefits if terminated for “employment misconduct.” But what constitutes employment misconduct is often the subject of debate. The Minnesota Supreme Court recently decided a case on the issue which is sure to be of interest to Minnesota employers and the attorneys who advise them. In *Wilson v. Mortgage Resource Center, Inc.*, the Court rejected a common law “materiality standard” for determining what constitutes employment misconduct. See __ N.W.2d __, No. A15-0435, 2016 WL 7448309, at *3-6 (Minn. Dec. 28, 2016). It held that the definition of employment misconduct contained in Minn. Stat. § 268.095 is exclusive.

Wilson involved an employee, Nina Wilson, who represented in her job application with Mortgage Resource Center (“MRC”) that she had obtained a GED. When MRC could not verify that Wilson had a GED, it sent her a letter asking her to submit documentation. Wilson was terminated when she did not respond to the letter while on a medical leave of absence.

Wilson then applied for unemployment benefits. The Department of Employment and Economic Development concluded that Wilson was entitled to benefits because MRC discharged her because

of a medical issue. MRC appealed. An unemployment law judge concluded that Wilson was discharged “in large part” because of misrepresentations in her job application and was thus ineligible for benefits.

The Minnesota Unemployment Insurance Law defines “employment misconduct” in relevant part as “any intentional, negligent, or indifferent conduct, on the job or off the job that displays clearly: (1) a serious violation of the standards of behavior the employer has the right to reasonably expect of the employee[.]” Minn. Stat. § 268.095, subdiv. 6(a)(1). Although acknowledging the statutory definition, Wilson argued on appeal for application of a more forgiving, common law, “materiality” standard for determining what constitutes “employment misconduct.”

In an unpublished decision, the Court of Appeals applied the latter. Invoking its own precedent, it concluded that a misrepresentation on a job application is employment misconduct only when it is “material” to the position – i.e., if the employer would not have hired the employee had it known about the misrepresentation. The Court concluded that Wilson was entitled to benefits, holding that MRC failed to show that it would not have hired Wilson had it known that she did not have a GED.

The Supreme Court reversed. It held that the statutory definition of “employment misconduct” is the only definition for determining unemployment benefits eligibility, relying on the plain language of Section 268.095 in doing so. Specifically, the statute provides that its definition of “employment misconduct” is “exclusive and no

other definition applies.” Minn. Stat. § 268.095, subdiv. 6(e).

The Court noted that this exclusivity means that any common law standard incompatible with the statute, including the “materiality” standard, is inapplicable. Under the statute, a misrepresentation is employment misconduct where it displays a “serious violation” of the behavior an employer can reasonably expect. Meanwhile, the Court noted, the “materiality” standard would require a causation determination; an applicant’s misrepresentation would constitute employment misconduct only if the applicant would not have been hired but for the misrepresentation. The Court thus held that the materiality standard is incompatible with the statutory definition and went on to hold that Wilson was not entitled to unemployment benefits because her conduct was a serious violation that constituted employment misconduct under the statute.

Wilson makes it clear that the statutory definition of “employment misconduct” is exclusive. A former employee will not be eligible for unemployment benefits if he or she committed employment misconduct under the statute, regardless of what common law doctrine might otherwise provide.

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