

*This opinion is nonprecedential except as provided by
Minn. R. Civ. App. P. 136.01, subd. 1(c).*

**STATE OF MINNESOTA
IN COURT OF APPEALS
A25-2040**

Dakota James Housman,
Relator,

vs.

Menard, Inc.,
Respondent,

Department of Employment and Economic Development,
Respondent.

**Filed July 6, 2026
Reversed and remanded
Cochran, Judge**

Department of Employment and Economic Development
File No. 51844743

Dakota James Housman, Zimmerman, Minnesota (pro se relator)

Menard Inc., Elk River, Minnesota (respondent employer)

Melannie Markham, Keri A. Phillips, Katrina Gulstad, Minnesota Department of
Employment and Economic Development, St. Paul, Minnesota (for respondent
department)

Considered and decided by Ross, Presiding Judge; Cochran, Judge; and Bentley,
Judge.

NONPRECEDENTIAL OPINION

COCHRAN, Judge

Relator challenges the determination of an unemployment-law judge (ULJ) that he is ineligible to receive unemployment benefits because he quit his employment for a reason not covered by a statutory exception to ineligibility based on a quit. We reverse because key elements in the ULJ's decision are not supported by substantial evidence in the record, and we remand because the ULJ must further develop the record and include findings on a relevant statutory exception.

FACTS

Relator Dakota James Housman quit his employment as a sales associate with respondent Menard Inc. (Menard) to take a seasonal position with a construction company, Knife River. Housman's last day of work at Menard was May 21, 2025. His position with Knife River started on May 27, 2025, and ended on June 6, 2025.

On June 22, Housman applied for unemployment benefits through respondent Minnesota Department of Employment and Economic Development (DEED). DEED made an initial determination that Housman was ineligible. Housman administratively appealed the determination, and an evidentiary hearing was held before a ULJ to consider the appeal. Two witnesses testified at the hearing: Housman and a Menard's general manager. The ULJ found the two witnesses "equally credible."

The following summarizes the relevant, undisputed testimony at the evidentiary hearing and the ULJ's factual findings. Menard is a retail store. Housman was employed by Menard from August 20, 2024, to May 21, 2025. At the time he quit his employment,

Housman worked full-time as a sales associate and was paid \$18.25 per hour. As a sales associate, Housman helped customers with the purchase of carpet, flooring, and blinds. He also occasionally helped put away freight. Housman testified that he was previously a manager at Menard, with a base pay before sales bonuses of \$21.50 an hour.¹ Housman was demoted from the manager role to a sales associate position on or about April 18, 2025.

Housman quit on May 9, 2025 to take a position as a lab aggregate technician at Knife River. The position with Knife River was seasonal and paid \$21 an hour. Housman testified that the position was for “[r]oughly 50 hours a week, give or take a little bit.” Housman’s role at Knife River ended about two weeks after he began because he failed a drug test due to his use of medical cannabis.

Following the hearing, the ULJ issued a decision concluding that Housman was ineligible for unemployment benefits because he quit the Menard’s position and the statutory exception for a person who quits employment to accept new employment that has “equal to or better terms and conditions,” but then is employed in the new position only for a short period of time, did not apply. Minn. Stat. § 268.095, subd. 1(2) (2024). In support of the decision, the ULJ found that “Housman was a full-time flooring associate [at Menard] earning \$21.50 per hour.”² The ULJ further found that “Housman quit his job at Menard because he accepted a seasonal job at Knife River” that paid \$21 per hour. Based

¹ While both Menard and Housman agreed that Housman received sales bonuses in his role as a manager, they offered conflicting testimony on his rates in that role.

² The ULJ made this finding notwithstanding the undisputed testimony from Housman that he was making \$18.25 per hour at Menard when he quit.

on these findings, the ULJ determined that the Knife River position “did not have equal to or better terms and conditions than Housman’s job at Menard” because the Knife River position “was for approximately the same pay [as the position at Menard], but was seasonal, rather than full time.” Accordingly, the ULJ concluded that the statutory exception under section 268.095, subdivision 1(2), did not apply and Housman was not eligible for unemployment benefits.

Housman filed a request for reconsideration, and the ULJ affirmed the decision. Housman appeals.

DECISION

Housman challenges the ULJ’s determination that he did not leave his employment at Menard to accept other covered employment “that provided equal to or better terms and conditions of employment” under Minnesota Statutes section 268.095, subdivision 1(2), and consequently is ineligible for unemployment benefits. In particular, Housman argues that the ULJ’s findings are unsupported by substantial evidence and the ULJ misapplied the law.

When reviewing the ULJ’s determination of ineligibility, this court may affirm the decision or remand the case for further proceedings. Minn. Stat. § 268.105, subd. 7(d) (2024). We may also reverse or modify the ULJ’s decision if relator’s substantial rights may have been prejudiced because, among other reasons, the decision is not supported by substantial evidence in the record. *Id.*, subd. 7(d)(5). We review de novo the question of whether the ULJ’s findings establish that the applicant falls within a statutory exception to ineligibility. *See Nichols v. Reliant Eng’g & Mfg. Inc.*, 720 N.W.2d 590, 594-95 (Minn.

App. 2006). But we review a ULJ’s factual findings for clear error and will not disturb those findings “as long as there is evidence in the record that reasonably tends to sustain them.” *Stagg v. Vintage Place Inc.*, 796 N.W.2d 312, 315 (Minn. 2011).

An individual who quits employment is “ineligible for all unemployment benefits” unless an exception applies. Minn. Stat. § 268.095, subd. 1 (2024). One exception is when

the applicant quit the employment to accept other covered employment that provided *equal to or better terms and conditions of employment*, but the applicant did not work long enough at the second employment to have sufficient subsequent wages paid to satisfy the period of ineligibility that would otherwise be imposed under subdivision 10 for quitting the first employment.

Id., subd. 1(2) (emphasis added). The determination of eligibility under this provision requires “an objective comparison of the positions’ terms and conditions.”³ *Grunow v. Walser Auto. Grp. LLC*, 779 N.W.2d 577, 580 (Minn. App. 2010). “[T]erms and conditions of employment are not limited to financial benefits, such as wages, but also contemplate benefits such as advancement opportunities, union representation, and group health, life, and disability insurance coverage.” *Id.*

³ We recognize that section 268.095, subdivision 1(2), has been amended by the legislature since *Grunow* was decided. 2016 Minn. Laws ch. 189, art. 11, §3, at 158. Under the version of the statute in effect when *Grunow* was decided, an applicant qualified for the exception if “the applicant quit the employment to accept other covered employment that provided *substantially better* terms and conditions of employment” Minn. Stat. § 268.095, subd. 1(2) (2014) (emphasis added). In 2016, the legislature made it easier to qualify under this exception by requiring only that the new covered employment have “*equal to or better* terms and conditions of employment.” Minn. Stat. § 268.095, subd. 1(2) (2024) (emphasis added). Critically for our analysis, both versions of the statute maintain the focus on the “terms and conditions of employment” for determining whether the exception applies. Therefore, *Grunow*’s analysis of the phrase “terms and conditions” is still applicable.

Housman asserts that the ULJ's conclusion that Housman's position at Knife River did not have "equal to or better terms and conditions" is not supported by substantial evidence and is contrary to law. We agree.

To determine whether an agency decision is supported by substantial evidence, we consider "whether the agency has adequately explained how it derived its conclusion and whether that conclusion is reasonable on the basis of the record." *In re NorthMet Project Permit to Mine Application*, 959 N.W.2d 731, 749 (Minn. 2021) (quotation omitted). "[S]ubstantial evidence is relevant evidence that a reasonable mind might accept as adequate to support a conclusion." *Id.* (quotation omitted). Additionally, at a hearing to determine eligibility for unemployment benefits, the ULJ has a duty to "ensure that all relevant facts are clearly and fully developed." Minn. R. 3310.2921 (2025).

Based on our review of the ULJ's decision, we conclude the ULJ's decision that the Knife River position "did not have equal to or better terms and conditions" than the Menard's position is unsupported by substantial evidence because the decision is based on a clearly erroneous factual finding regarding Housman's wage at Menard. In its order, the ULJ made a factual finding that Housman's rate of pay as a sales associate at Menard was "\$21.50 per hour." Relying on this finding, the ULJ reasoned that Housman's new position at Knife River did not have equal or better terms than the Menard's position because Housman's pay at Knife River had "approximately the same pay" as Menard but was seasonal. However, the uncontroverted evidence in the record is that Housman's hourly rate at Menard at the time he quit was \$18.25, not \$21.50. Consequently, the ULJ clearly erred by finding that Housman's rate of pay at Menard was \$21.50. And the ULJ relied on

this clearly erroneous factual finding to conclude Housman's pay at Knife River had "approximately the same pay" as Menard. Because the ULJ's decision relies heavily on this clearly erroneous factual finding, the decision is not reasonable on the basis of the record. In other words, the decision is not supported by substantial evidence. *See In re NorthMet*, 959 N.W.2d at 749.

Additionally, the ULJ's decision is contrary to law and unsupported by substantial evidence because the ULJ considered only wage and seasonality in determining whether Housman's position at Knife River had "equal to or better terms and conditions of employment" than the Menard's position. The ULJ did not consider other objective terms of employment. For example, the ULJ did not consider the number of hours per week that Housman could work at each position. The ULJ failed to consider this term of employment even though Housman testified that he could work more hours per week at Knife River than Menard. The ULJ also did not consider other terms and conditions such as those enumerated in *Grunow* including "advancement opportunities, union representation, and group health, life, and disability insurance coverage" for the two positions. *Grunow*, 779 N.W.2d at 580. Given our clear direction in *Grunow*, we conclude the ULJ erred as a matter of law by considering only wage and seasonality to determine whether the Knife River position had "equal to or better terms and conditions of employment" than the Menard's position. We further note, based on our review of the record, that the ULJ did not "ensure that all relevant facts" regarding the terms and conditions of the two positions, other than wage and seasonality, were "clearly and fully developed" as required by the applicable rules. Minn. R. 3310.2921.

For these reasons, we conclude the record lacks substantial evidence to support the ULJ's decision and the ULJ erred as a matter of law by determining that Housman's position at Knife River did not have "equal to or better terms and conditions of employment" than the position at Menard within the meaning of section 268.095, subdivision 1(2). Accordingly, we reverse and remand to the ULJ to further develop the record as to the terms and conditions of Housman's two positions, to make additional factual findings, and to make a new decision as to whether the statutory exception in section 268.095, subdivision 1(2), applies in a manner consistent with this opinion. We express no opinion as to whether Housman meets the criteria under that statutory exception.

Reversed and remanded.