

**IOWA WORKFORCE DEVELOPMENT  
UNEMPLOYMENT INSURANCE APPEALS**

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

**JULIE ARENDS**  
Claimant

**APPEAL NO. 07A-UI-03458-BT**

**ADMINISTRATIVE LAW JUDGE  
DECISION**

**HAUSWALD ENTERPRISES LTD**  
Employer

**OC: 02/25/07 R: 01  
Claimant: Appellant (2)**

Section 96.5-7 – Receipt of Vacation Pay

**STATEMENT OF THE CASE:**

Julie Arends (claimant) appealed an unemployment insurance decision dated April 5, 2007, reference 02, which held that she was not eligible to receive unemployment insurance benefits for the one-week period ending March 3, 2007, because of the receipt of vacation pay from Hauswald Enterprises Limited (employer). After hearing notices were mailed to the parties' last-known addresses of record, a telephone hearing was held on April 19, 2007. The claimant participated in the hearing. The employer participated through Brian Hauswald, Business Manager. Claimant's Exhibit A was admitted into evidence. Based on the evidence, the arguments of the party, and the law, the administrative law judge enters the following findings of fact, reasoning and conclusions of law, and decision.

**ISSUE:**

The issue is whether the vacation pay was properly deducted?

**FINDINGS OF FACT:**

The administrative law judge, having heard the testimony and having considered all of the evidence in the record, finds that: The claimant was employed as a full-time physical therapist from June 24, 1996 through February 22, 2007. She was on maternity leave and was receiving her vacation pay as wages. The claimant received a final week of vacation pay in the amount of \$1,091.80. However, since she was not working, the vacation pay was not paid in addition to wages but in lieu of her wages for her last week of employment.

**REASONING AND CONCLUSIONS OF LAW:**

The issue to be determined is whether the vacation pay was properly deducted. For the reasons that follow, the administrative law judge concludes the vacation pay was not deducted for the correct period.

Iowa Code section 96.5-7 provides:

An individual shall be disqualified for benefits: ...

7. Vacation pay.

a. When an employer makes a payment or becomes obligated to make a payment to an individual for vacation pay, or for vacation pay allowance, or as pay in lieu of vacation, such payment or amount shall be deemed "wages" as defined in section 96.19, subsection 41, and shall be applied as provided in paragraph "c" hereof.

b. When, in connection with a separation or layoff of an individual, the individual's employer makes a payment or payments to the individual, or becomes obligated to make a payment to the individual as, or in the nature of, vacation pay, or vacation pay allowance, or as pay in lieu of vacation, and within ten calendar days after notification of the filing of the individual's claim, designates by notice in writing to the department the period to which the payment shall be allocated; provided, that if such designated period is extended by the employer, the individual may again similarly designate an extended period, by giving notice in writing to the department not later than the beginning of the extension of the period, with the same effect as if the period of extension were included in the original designation. The amount of a payment or obligation to make payment, is deemed "wages" as defined in section 96.19, subsection 41, and shall be applied as provided in paragraph "c" of this subsection 7.

c. Of the wages described in paragraph "a" (whether or not the employer has designated the period therein described), or of the wages described in paragraph "b", if the period therein described has been designated by the employer as therein provided, a sum equal to the wages of such individual for a normal workday shall be attributed to, or deemed to be payable to the individual with respect to, the first and each subsequent workday in such period until such amount so paid or owing is exhausted. Any individual receiving or entitled to receive wages as provided herein shall be ineligible for benefits for any week in which the sums, so designated or attributed to such normal workdays, equal or exceed the individual's weekly benefit amount. If the amount so designated or attributed as wages is less than the weekly benefit amount of such individual, the individual's benefits shall be reduced by such amount.

d. Notwithstanding contrary provisions in paragraphs "a", "b", and "c", if an individual is separated from employment and is scheduled to receive vacation payments during the period of unemployment attributable to the employer and if the employer does not designate the vacation period pursuant to paragraph "b", then payments made by the employer to the individual or an obligation to make a payment by the employer to the individual for vacation pay, vacation pay allowance or pay in lieu of vacation shall not be deemed wages as defined in section 96.19, subsection 41, for any period in excess of one week and such payments or the value of such obligations shall not be deducted for any period in excess of one week from the unemployment benefits the individual is otherwise entitled to receive under this chapter. However, if the employer designates more than one week as the vacation period pursuant to paragraph "b", the vacation pay, vacation pay allowance, or pay in lieu of vacation shall be considered wages and shall be deducted from benefits.

e. If an employer pays or is obligated to pay a bonus to an individual at the same time the employer pays or is obligated to pay vacation pay, a vacation pay allowance, or pay in lieu of vacation, the bonus shall not be deemed wages for purposes of determining benefit eligibility and amount, and the bonus shall not be deducted from unemployment benefits the individual is otherwise entitled to receive under this chapter.

The claimant separated from her employer on February 22, 2007. She received \$1,091.80 in vacation pay for the one-week period ending February 24, 2007 since her vacation pay constituted her last week of wages. The claimant is eligible to receive unemployment insurance benefits as of March 3, 2007.

**DECISION:**

The unemployment insurance decision dated April 5, 2007, reference 02, is reversed. Vacation pay was not deducted correctly. The claimant is eligible to receive unemployment insurance benefits beginning March 3, 2007.

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Susan D. Ackerman  
Administrative Law Judge

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Decision Dated and Mailed

sda/kjw