

**IOWA WORKFORCE DEVELOPMENT
UNEMPLOYMENT INSURANCE APPEALS**

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

LISA K JENSEN
Claimant

APPEAL NO. 08A-UI-06863-NT

**ADMINISTRATIVE LAW JUDGE
DECISION**

CALERIS INC
Employer

**OC: 06/08/08 R: 01
Claimant: Appellant (1)**

Section 96.3-7 – Overpayment of Benefits
Section 96.5-7 – Vacation Pay

STATEMENT OF THE CASE:

Lisa Jensen filed an appeal from a representative's decision dated July 23, 2008, reference 02, which held the claimant liable to repay \$284.00 in overpaid unemployment insurance benefits because the claimant failed to report or incorrectly reported vacation pay. After due notice was issued, a telephone conference hearing was conducted on August 12, 2008, at which time Ms. Jensen participated personally. The employer participated by Kristin Hill.

ISSUE:

The issue is whether the claimant received vacation pay that is deductible from benefits and whether the claimant is overpaid unemployment insurance benefits.

FINDINGS OF FACT:

Having reviewed all the evidence in the record, the administrative law judge finds: The claimant was separated on June 6, 2008, and received vacation pay in the amount of \$283.65 by a check dated June 20, 2008. The employer did not designate the period of time to which the vacation pay was to be applied. Ms. Jensen did not report the vacation pay at the time that she opened her claim for benefits, as she had not yet received it. The amount of vacation pay was deducted from the claimant's weekly benefits, deeming the claimant entitled to receive \$21.00 in unemployment insurance benefits, as the claimant had been paid \$305.00 in benefits for that week. It was determined that Ms. Jensen had been overpaid benefits in the amount of \$284.00.

REASONING AND CONCLUSIONS OF LAW:

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.

Iowa Code section 96.3-7, as amended in 2008, provides:

7. Recovery of overpayment of benefits.

a. If an individual receives benefits for which the individual is subsequently determined to be ineligible, even though the individual acts in good faith and is not otherwise at fault, the benefits shall be recovered. The department in its discretion may recover the overpayment of benefits either by having a sum equal to the overpayment deducted from any future

benefits payable to the individual or by having the individual pay to the department a sum equal to the overpayment.

b. (1) If the department determines that an overpayment has been made, the charge for the overpayment against the employer's account shall be removed and the account shall be credited with an amount equal to the overpayment from the unemployment compensation trust fund and this credit shall include both contributory and reimbursable employers, notwithstanding section 96.8, subsection 5. However, provided the benefits were not received as the result of fraud or willful misrepresentation by the individual, benefits shall not be recovered from an individual if the employer did not participate in the initial determination to award benefits pursuant to section 96.6, subsection 2, and an overpayment occurred because of a subsequent reversal on appeal regarding the issue of the individual's separation from employment. The employer shall not be charged with the benefits.

(2) An accounting firm, agent, unemployment insurance accounting firm, or other entity that represents an employer in unemployment claim matters and demonstrates a continuous pattern of failing to participate in the initial determinations to award benefits, as determined and defined by rule by the department, shall be denied permission by the department to represent any employers in unemployment insurance matters. This subparagraph does not apply to attorneys or counselors admitted to practice in the courts of this state pursuant to section 602.10101.

The evidence in the record establishes that the claimant received \$283.65 in vacation pay after being separated from her employment with Caleris, Inc. The Agency correctly allocated the vacation pay to the claimant's first week of potential benefits. The evidence indicates that the claimant was entitled to \$305.00 in unemployment insurance benefits. However, as the vacation pay is considered to be wages under the provisions of the Iowa Employment Security Act, that amount was deductible from her weekly benefit amount, leaving the claimant overpaid \$284.00.

Because the employer did not designate the time period to which the vacation pay was to be applied, the entire amount was correctly deducted from the claimant's first week of benefits following the separation.

DECISION:

The July 23, 2008, reference 02, decision is affirmed. Vacation pay was properly deducted for the correct period. Ms. Jensen is overpaid unemployment insurance benefits in the amount of \$284.00.

Terence P. Nice
Administrative Law Judge

Decision Dated and Mailed

kjw/kjw