

**IOWA WORKFORCE DEVELOPMENT  
UNEMPLOYMENT INSURANCE APPEALS BUREAU**

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**RICHARD F BLEILE**  
Claimant

**TRELLEBORG WHEEL SYSTEM AMERICAS**  
Employer

**APPEAL 19A-UI-08592-CL-T**  
**ADMINISTRATIVE LAW JUDGE  
DECISION**

**OC: 09/08/19**  
**Claimant: Appellant (2)**

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Iowa Code § 96.5(7) – Receipt of Vacation Pay/PTO

**STATEMENT OF THE CASE:**

On November 1, 2019, the claimant filed an appeal from the October 28, 2019, (reference 03) unemployment insurance decision that found claimant eligible for partial benefits during the one week ending September 14, 2019. The parties were properly notified about the hearing. A telephone hearing was held on November 25, 2019. Claimant participated. Employer participated through human resource administrator Nichole Ptacek.

**ISSUE:**

Were vacation pay and wages correctly deducted from claimant's unemployment insurance benefits during the one week ending September 14, 2019?

**FINDINGS OF FACT:**

Having reviewed all of the evidence in the record, the administrative law judge finds: Claimant's last day of work was September 10, 2019. Claimant worked 9 hours during the one week ending September 14, 2019. Employer paid claimant \$17.31 per hour. Thus, claimant earned \$156.00 in wages that week.

Employer also paid claimant his accrued paid time off in the total, gross amount of \$917.00, equivalent to 53 hours.

Claimant's weekly benefit amount is \$481.00.

**REASONING AND CONCLUSIONS OF LAW:**

For the reasons that follow, the administrative law judge concludes the vacation pay/PTO was not correctly deducted.

Effective July 1, 2018, Iowa Code section 96.5(7) provides:

An individual shall be disqualified for benefits, regardless of the source of the individual's wage credits:

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. 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" or paragraph "b", 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, not to exceed five workdays. Any individual receiving or entitled to receive wages as provided herein shall be ineligible for benefits for any week in which the sums equal or exceed the individual's weekly benefit amount. If the amount 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, 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 five workdays 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.

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 Admin. Code r. 871-24.18 provides:

An individual who is partially unemployed may earn weekly a sum equal to the individual's weekly benefit amount plus \$15 before being disqualified for excessive earnings. If such individual earns less than the individual's weekly benefit amount plus \$15, the formula for wage deduction shall be a sum equal to the individual's weekly benefit amount less that part of wages, payable to the individual with respect to that week and rounded to the nearest dollar, in excess of one-fourth of the individual's weekly benefit amount.

Effective July 1, 2018, vacation pay is not deductible for any period in excess of one week from unemployment insurance benefits the claimant is otherwise entitled to. In this case, the entire amount of vacation pay should be deducted from the first five work days of benefits following

September 10, 2019. There were three remaining work days during the one week ending September 14, 2019. Thus, three days of vacation should be deducted from the week ending September 14, 2019, in addition to the \$156.00 in wages claimant earned that week.

Gross wages \$156 – (25% of \$481 WBA = \$120) = \$136 deduction from WBA  
\$481 WBA - \$136 deduction from WBA = \$345 partial weekly benefit amount  
\$345 partial weekly benefit amount - Vacation Pay \$550.00 (\$917.00/5 x 3 days) = -\$205

Claimant is not eligible for a benefit payment for the one week ending September 14, 2019, because the deductions from wages earned and vacation pay are greater than claimant's weekly benefit amount.

**DECISION:**

The October 28, 2019, (reference 03) unemployment insurance decision is reversed. The vacation pay/PTO was not deducted correctly. Claimant is not eligible for benefits during the one week ending September 14, 2019.



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Christine A. Louis  
Administrative Law Judge  
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November 27, 2019  
Decision Dated and Mailed

cal/scn