

**IOWA WORKFORCE DEVELOPMENT
UNEMPLOYMENT INSURANCE APPEALS**

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

ROBERT C WALTERS
Claimant

APPEAL NO. 08A-UI-07955-NT

**ADMINISTRATIVE LAW JUDGE
DECISION**

HY-VEE INC
Employer

OC: 07/13/08 R: 04
Claimant: Appellant (1)

Section 96.5-7 – Vacation Pay

STATEMENT OF THE CASE:

Robert Walters filed an appeal from a representative's decision dated September 3, 2008, reference 02, which held the claimant not eligible to receive unemployment insurance benefits for the two weeks ending July 26, 2008 upon a finding that the claimant received vacation pay which equaled or exceeded his weekly benefit amount. After due notice was issued, a hearing was held by telephone on September 17, 2008. Mr. Walters participated personally. The employer participated by Mr. B. J. Duroe, Store Manager. Exhibits One and Two were received into evidence.

ISSUE:

This issue in this matter is whether Mr. Walters received disqualifying compensation that exceeded his weekly benefit amount for the two weeks ending July 26, 2008.

FINDINGS OF FACT:

The administrative law judge having heard the testimony and considered all of the evidence in the record, finds: The claimant last worked for this employer on July 3, 2008. Mr. Walters was employed as a full-time kitchen manager and paid at the rate of \$840.00 per week base pay plus commissions. After being separated from employment the claimant was paid \$2,688.00 in accrued vacation pay in addition to an outstanding commission payment of \$1,037.60. The employer did designate the time period to which the pay was to be applied specifying that it should be applied from July 1, 2008 through July 27, 2008. (See Exhibit D-1).

REASONING AND CONCLUSIONS OF LAW:

For the reasons that follow the administrative law judge concludes that the vacation pay was 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.

871 IAC 24.16(3) provides:

(3) If the employer fails to properly notify the department within ten days after the notification of the filing of the claim that an amount of vacation pay, either paid or owed, is to be applied to a specific vacation period, the entire amount of the vacation pay shall be applied to the one-week period starting on the first workday following the last day worked as defined in subrule 24.16(4). However, if the individual does not claim benefits after layoff for the normal employer workweek immediately following the last day worked, then the entire amount of the vacation pay shall not be deducted from any week of benefits.

Because the employer did designate the time period in which the vacation pay is to be applied, the amount was prorated to the weeks ending July 5, July 12, July 19 and July 26, 2008. Mr. Walters' disagreement with the amount applied to the week ending July 5, 2008 is because he worked through July 3, 2008 and believes that the date specified by the employer as being June 30, 2008 was incorrect. The administrative law judge notes that the claimant did not claim benefits that week nor the following week ending July 12, 2008. The administrative law judge finds that the amount of the claimant's accrued vacation pay remained when prorated to the remaining weeks equaled or exceeded Mr. Walters' weekly benefit amount and thus is disqualifying if it equaled or exceeded his benefit amount. The final prorated amount applied to the week ending July 26, 2008 was the amount of \$441.00 resulting in the correct determination of unemployment insurance benefits for that week to be \$2.00.

DECISION:

The September 3, 2008, reference 02, decision is affirmed. Vacation pay was deducted for the correct period.

Terence P. Nice
Administrative Law Judge

Decision Dated and Mailed

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