

**IOWA WORKFORCE DEVELOPMENT
UNEMPLOYMENT INSURANCE APPEALS**

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

MALINDA S TIMM
Claimant

APPEAL NO: 06A-UI-08403-LT

**ADMINISTRATIVE LAW JUDGE
DECISION**

GREGORY L KLINE
ASHWORTH FAMILY DENTISTRY
Employer

OC: 07-16-06 R: 02
Claimant: Appellant (4)

Iowa Code § 96.5(7) – Vacation Pay

STATEMENT OF THE CASE:

The claimant filed a timely appeal from the August 15, 2006, reference 03, decision that deducted vacation pay from benefits. After due notice was issued, a hearing was held on September 12, 2006. Claimant participated. Employer participated through Gregory Kline, D.D.S.

ISSUE:

The issue is whether vacation pay was correctly deducted from benefits for the one-week period ending August 5, 2006.

FINDINGS OF FACT:

Having reviewed the testimony and all of the evidence in the record, the administrative law judge finds: Claimant was employed through July 13, 2006 and was paid \$1360.00 of severance pay for two weeks ending July 27, 2006 and vacation pay of \$306.00 for two and one-quarter workdays beyond that. Her rate of pay was \$17.00 per hour and she was paid severance pay based upon a 40-hour week.

REASONING AND CONCLUSIONS OF LAW:

For the reasons that follow, the administrative law judge concludes the severance pay was deducted for an incorrect 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.

Since claimant's separation was July 13 her two weeks' severance pay would have ended July 27, 2006, at which point her vacation pay should have been applied to the following two and one-quarter workdays ending August 1, 2006. Thus, the severance pay should have been deducted only through July 27, 2006 and one workday of vacation pay should have been deducted for Friday, July 28, leaving one and one-quarter days' of vacation pay during the week ending August 5, 2006. The weekly benefit amount (WBA) of \$334.00 less a dollar for dollar deduction of \$170.00 remaining vacation leaves \$164.00 of benefits due claimant for the week ending August 5, 2006.

DECISION:

The August 15, 2006, reference 03, decision is modified in favor of the appellant. The vacation pay was deducted for an incorrect period. Claimant was paid severance pay through July 27, 2006 and vacation pay through July 31, 2006 and a partial day on August 1, 2006 and should have been paid \$164.00 in partial unemployment insurance benefits for the week ending August 8, 2006.

Dévon M. Lewis
Administrative Law Judge

Decision Dated and Mailed

dml/kjw