

**IOWA WORKFORCE DEVELOPMENT
UNEMPLOYMENT INSURANCE APPEALS**

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

JAIMY L HODGES

Claimant

APPEAL NO. 14A-UI-07857-H2T

**ADMINISTRATIVE LAW JUDGE
DECISION**

COMMUNITY CARE INC

Employer

OC: 05/25/14

Claimant: Appellant (1)

Iowa Code § 96.3(5) – Layoff/Business Closing/Benefit Redetermination

STATEMENT OF THE CASE:

The claimant filed a timely appeal from the July 23, 2014, reference 01, decision that denied the request to redetermine the claim based upon a business closure. After due notice was issued, a telephone conference hearing was held on August 21 2014. The claimant did participate. The employer did not participate.

ISSUE:

The issue is whether the claim can be redetermined based upon a layoff due to a business closing.

FINDINGS OF FACT:

Having heard the testimony and having reviewed the evidence in the record, the administrative law judge finds: Claimant was separated from the employment on May 25, 2014 when the business was taken over by a receiver. The claimant worked at the physical location in Knoxville. There is a similar business operating at that same physical location in Knoxville, run by a different employer, albeit with less residents than when the claimant was employed there.

REASONING AND CONCLUSIONS OF LAW:

The administrative law judge concludes that the claimant was not laid off as a result of the employer going out of business and, therefore, is not entitled to a redetermination of wage credits.

Iowa Code § 96.3(5) provides:

5. Duration of benefits. The maximum total amount of benefits payable to an eligible individual during a benefit year shall not exceed the total of the wage credits accrued to the individual's account during the individual's base period, or twenty-six times the individual's weekly benefit amount, whichever is the lesser. The director shall maintain a separate account for each individual who earns wages in insured work. The director shall compute wage credits for each individual by crediting the individual's account with

one-third of the wages for insured work paid to the individual during the individual's base period. However, the director shall recompute wage credits for an individual who is laid off due to the individual's employer going out of business at the factory, establishment, or other premises at which the individual was last employed, by crediting the individual's account with one-half, instead of one-third, of the wages for insured work paid to the individual during the individual's base period. Benefits paid to an eligible individual shall be charged against the base period wage credits in the individual's account which have not been previously charged, in the inverse chronological order as the wages on which the wage credits are based were paid. However if the state "off indicator" is in effect and if the individual is laid off due to the individual's employer going out of business at the factory, establishment, or other premises at which the individual was last employed, the maximum benefits payable shall be extended to thirty-nine times the individual's weekly benefit amount, but not to exceed the total of the wage credits accrued to the individual's account.

871 IAC 24.29(1) and (2) provide:

Business closing.

(1) Whenever an employer at a factory, establishment, or other premises goes out of business at which the individual was last employed and is laid off, the individual's account is credited with one-half, instead of one-third, of the wages for insured work paid to the individual during the individual's base period. This rule also applies retroactively for monetary redetermination purposes during the current benefit year of the individual who is temporarily laid off with the expectation of returning to work once the temporary or seasonal factors have been eliminated and is prevented from returning to work because of the going out of business of the employer within the same benefit year of the individual.

(2) Going out of business means any factory, establishment, or other premises of an employer which closes its door and ceases to function as a business; **however, an employer is not considered to have gone out of business at the factory, establishment, or other premises in any case in which the employer sells or otherwise transfers the business to another employer, and the successor employer continues to operate the business.**

The administrative law judge concludes that the employer did not go out of business in its Knoxville, Iowa location. There is evidence that the employer's premises in Knoxville are being used by a new employer who continues to operate the business, albeit in a smaller manner. Since there is still an ongoing business at that location, the business is not considered to have closed. Therefore, while claimant remains qualified for benefits based upon a layoff from this employer, she is not entitled to a recalculation of benefits.

DECISION:

The July 23, 2014, reference 01, decision is affirmed. The claimant was not laid off due to a business closure. Recalculation of benefits is denied.

Teresa K. Hillary
Administrative Law Judge

Decision Dated and Mailed

tkh/css