

**IOWA WORKFORCE DEVELOPMENT  
UNEMPLOYMENT INSURANCE APPEALS**

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

**DINA F LARABEE**  
Claimant

**APPEAL NO: 07A-UI-00984-LT**

**ADMINISTRATIVE LAW JUDGE  
DECISION**

**TRACO A THREE RIVERS**  
Employer

**OC: 06-04-06 R: 01  
Claimant: Appellant (2)**

Iowa Code § 96.5(7) – Vacation Pay

**STATEMENT OF THE CASE:**

The claimant filed a timely appeal from the January 24, 2007, reference 02, decision that deducted vacation pay from benefits. After due notice was issued, a telephone conference hearing was held on February 14, 2007. Claimant participated and called as a witness Lindy Peterson, Workforce Advisor. Employer opted not to participate.

**ISSUE:**

The issue is whether claimant received vacation pay at separation, if that amount is deductible from benefits, and if so, for what period.

**FINDINGS OF FACT:**

Having reviewed all of the evidence in the record, the administrative law judge finds: The claimant is still employed full time with some partial employment weeks and received vacation pay in the amount of \$128.64 (\$129.00) based upon a rate of pay at \$10.72 per hour for the equivalent of 12 hours. Her weekly benefit amount (WBA) is \$270.00. During the same week she also worked 7.25 hours and was paid gross wages of \$77.72 (\$78.00). The employer did designate the period of time to which the vacation pay was to be applied. Claimant reported the funds in a lump sum of \$217.00 for the week ending December 23, 2006, which the fact-finder treated as entirely vacation pay.

**REASONING AND CONCLUSIONS OF LAW:**

For the reasons that follow, the administrative law judge concludes the vacation pay was not deducted for the correct period.

Iowa Code § 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.

Claimant is entitled to a lesser deduction of wages from weekly benefits than of vacation pay. Thus, \$78.00 in gross wages minus  $\frac{1}{4}$  of her WBA (\$67.00 rounded down) equals a \$10.00 deduction of wages from benefits or \$260.00 in partial benefits for the week ending December 23, 2006. Then from that amount, the entire amount of gross vacation pay of \$129.00 is deducted to arrive at the net amount of partial benefits or \$131.00 for that one week. The entire amount had been treated as vacation pay and not combined with wages. Thus, the entire amount at issue was incorrectly deducted from benefits for the week ending December 23, 2006 and claimant is entitled to \$131.00 in partial benefits for that week.

**DECISION:**

The January 24, 2007, reference 02, decision is reversed. The vacation pay was not deducted for the correct period. Claimant is entitled to \$131.00 in partial benefits for the week ending December 23, 2006.

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Dévon M. Lewis  
Administrative Law Judge

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Decision Dated and Mailed

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