

**IOWA WORKFORCE DEVELOPMENT
UNEMPLOYMENT INSURANCE APPEALS**

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

GEORGE A VANDOLAH
Claimant

APPEAL NO. 09A-UI-03200-S2T

**ADMINISTRATIVE LAW JUDGE
DECISION**

DEXTER FOUNDRY INC
Employer

**Original Claim: 02/24/08
Claimant: Appellant (3)**

Iowa Code § 96.3(7) – Recovery of Benefit Overpayment
Iowa Code § 96.5(7) – Vacation Pay

STATEMENT OF THE CASE:

George Vandolah (claimant) appealed from the February 25, 2009, reference 09, decision that concluded the claimant was overpaid unemployment insurance benefits as a result of a failure to report or incorrectly reporting vacation pay from Dexter Foundry (employer). A telephone hearing was scheduled for and held on March 23, 2009, pursuant to due notice. The claimant participated personally. The employer participated by Kathy Baker, Human Resources Administrative Assistant. The employer offered and Exhibit One was received into evidence.

ISSUE:

The issue is whether the claimant was overpaid unemployment insurance benefits due to the receipt of vacation pay.

FINDINGS OF FACT:

The administrative law judge, having heard the testimony and having considered all of the evidence in the record, finds that: The claimant was hired on January 27, 1997, as a full-time mill room grinder. On February 25, 2008, the claimant was laid off for lack of work and has not been called back to work.

The claimant filed for unemployment insurance benefits with an effective date of February 24, 2008. The claimant received unemployment insurance benefits in an amount of \$360.00 for the week ending March 1, 2008. The employer did not notify the department that an amount of vacation pay that was owed to the claimant was to be applied to a specific vacation period. The employer gave the claimant gross vacation pay in three payments of \$335.01. One payment was made on July 3, 2008, and two payments were made on October 23, 2008.

REASONING AND CONCLUSIONS OF LAW:

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.

Iowa Code § 96.3-7 provides:

7. Recovery of overpayment of benefits. If an individual receives benefits for which the individual is subsequently determined to be ineligible, even though the individual acts in good faith and is not otherwise at fault, the benefits shall be recovered. The department in its discretion may recover the overpayment of benefits either by having a sum equal to the overpayment deducted from any future benefits payable to the individual or by having the individual pay to the department a sum equal to the overpayment.

If the department determines that an overpayment has been made, the charge for the overpayment against the employer's account shall be removed and the account shall be credited with an amount equal to the overpayment from the unemployment compensation trust fund and this credit shall include both contributory and reimbursable employers, notwithstanding section 96.8, subsection 5.

The claimant was paid \$335.00 vacation pay from the employer on July 3, 2008. He also received \$670.00 vacation pay from the employer on October 23, 2008. The employer did not designate the week that the vacation money applied. Because the employer did not designate a time period to which the vacation pay is to apply, the entire amount should be deducted from the claimant's first week of benefits following the separation, the week ending March 1, 2008. The claimant received \$360.00 in unemployment insurance benefits for the week ending March 1, 2008.

The administrative law judge concludes that the claimant has been overpaid unemployment insurance benefits pursuant to Iowa Code § 96.3(7) as the claimant could not report \$1,005.03 in vacation pay for the week ending March 1, 2008, because it was not paid until after that date. The representative's decision calculation is modified to reflect the claimant was overpaid unemployment insurance benefits in an amount of \$360.00.

DECISION:

The February 25, 2009, reference 09, decision is modified in favor of the respondent. The claimant was overpaid unemployment insurance benefits in the amount of \$360.00.

Beth A. Scheetz
Administrative Law Judge

Decision Dated and Mailed

bas/kjw