

SUMMARY STATEMENT

Schoeffel v. Thorne

Docket No. 47101

This appeal involves a challenge to an unemployment benefits overpayment determination made by the Idaho Department of Labor. Connie Schoeffel was employed by Thorne Research, Inc. In 2016, Thorne announced that it would be moving its operations from Idaho to South Carolina. For those employees who would not be relocating to South Carolina, Thorne offered an employee retention program to encourage them to keep working at the Idaho facility until the South Carolina facility was ready. As part of this program, Thorne prepared a “Release of Claims Agreement” providing that Thorne would pay the employee “bargained-for compensation” in exchange for giving up certain rights, including the right to quit. Schoeffel signed this Agreement approximately six weeks before her last day of work. After her separation, Schoeffel filed for unemployment benefits. Around the time Schoeffel received her fourth benefit payment, the Department learned of the payments that Schoeffel was to receive under the Agreement, which she had not reported as income. The Department determined that those payments constituted reportable “severance pay” under Idaho Code section 72-1367(4). Consequently, the Department determined that Schoeffel was overpaid and was required to repay the unemployment benefits she had received. The Department’s Appeals Bureau ruled in favor of the Department, and the Industrial Commission affirmed. Schoeffel timely appealed to this Court from the Industrial Commission’s Decision and Order.

The Court reversed the Commission’s decision. The Court held that the definition of severance pay in Idaho Code section 72-1367(4) was ambiguous, but that the ambiguity was resolved by the Court’s decision in *Parker v. Underwriters Labs., Inc.*, 140 Idaho 517, 96 P.3d 618 (2004). In *Parker*, the Court held that payments made in consideration of an agreement to release claims are not severance pay. Likewise, because the payments to Schoeffel were made in consideration of an agreement to relinquish the right to quit, they were not reportable severance pay under Idaho Code section 72-1367(4).

This summary constitutes no part of the opinion of the Court, but has been prepared by court staff for the convenience of the public.