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Herbert 'disappointed' with trust lands bonuses

Skirt The Law? »Guv says taking bonuses in hard times is 'bad form'

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Gov. Gary Herbert said Thursday that he's "disappointed" that the school trust lands board squeezed in \$150,000 in incentive awards to the agency's top executives days before a legislative ban on bonuses took effect.

"It does cause me significant concern," Herbert said during a KUED press conference. "Particularly at a time when the economy is struggling, we're all having a hard time, we're talking in terms of layoffs ... furloughs, you know, cutting back, it's just not good form."

Legislative leaders were outraged Wednesday when they learned that top officials at the School and Institutional Trust Lands Administration took their annual bonuses earlier in the year, apparently to avoid a legislative ban on such awards.

In 2008, the bonuses were awarded in August; this year the SITLA board awarded the bonuses in June, before the ban took effect on July 1.

"The fact that they somehow have found a way to circumvent [the legislative prohibition] is troubling to me," Herbert said. "I think that strikes at the intent and the spirit of what they were trying to do."

Herbert said he will discuss the bonus situation with SITLA officials when they meet next week to discuss the governor's upcoming budget proposal.

John Ferry, chairman of SITLA's Board of Directors, said he looks forward to meeting with the governor.

"There's a lot of jumping to conclusions and some misinformation out there, but I think once the dust settles and people have a chance to look at what really happened this will take care of itself," Ferry said.

Ferry says the board had made a commitment to the executives were met the board felt an obligation to pay the bonuses.

In order to pay the bonuses, however, the board had to vote that they would receive bonuses if they met certain benchmarks and once those targets were met before the end of the fiscal year so, Ferry said, the board voted in June to approve the rewards and comply with the Legislature's mandate.

The top six employees at SITLA received a total of \$150,000 in bonuses in June, with Kevin Carter, the director of the agency, receiving the most: \$36,000.

That is on top of their normal salaries, which a legislative fiscal analyst said in February are already higher than those in comparable positions elsewhere in state government. For example, Carter receives a salary of \$135,000, while the commissioner of the Department of Agriculture receives \$102,000.

The analyst also questioned if SITLA was low-balling its revenue goals. The report noted that the targets SITLA was expected to achieve were often less than two-thirds of the amount generated in the prior year.

While the bonuses appeared on the state's transparency site as having been awarded on June 30, SITLA said that is not the case. Bonuses for the 2008 budget year were awarded in August and bonuses for 2009 were awarded on June 11, 2009.

Margaret Bird, who represents the schools that benefit from the trust program, said she is a supporter of the bonus program and thinks the board acted appropriately.

"I believe that what the board decided was that they needed to uphold their word," she said. "They really struggled with that because they knew how many people were suffering in the state and I think it became a matter of integrity."

The school trust fund has grown dramatically since 2000 and now provides millions of dollars a year to schools, which use the money for things like reading or math tutors and other supplemental programs.

However, the amount SITLA provided to schools dropped significantly from \$27.1 million last year to \$24.3 million this year, although Bird says that number is turning around.

Audrey Wood, the director of the Utah Public Employees Association, the union representing state workers, says it's hard to understand how bonuses are justified in a time the state economy is shrinking.

"It's frustrating," she said. "Employees all over the state are doing an exceptional job with less ... and they're not receiving bonuses. While I'm not critical of employees receiving bonuses, what I'm critical of is the process and how they did it."

Bonus bonanza

Here is a list of the bonuses awarded to SITLA's top six officials in June of this year:

Kevin Carter, director » **\$36,000**

John Andrews, associate director and chief legal counsel » **\$27,360**

LaVonne Garrison, assistant director for oil and gas » **\$21,660**

Tom Faddies, assistant director for mining » **\$21,660**

Kim Christy, assistant director for surface » **\$21,660**

Douglas Buchi, assistant director for planning and development » **\$21,660**

Source: School and Institutional Trust Lands Administration

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