THE STATE of ALASKA
GOVERNOR MIKE DUNLEAVY

Department of Administration
PAULA VRANA, COMMISSIONER

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February 7, 2026

The Honorable Neal Foster
Co-Chair, House Finance Committee
Alaska State Capitol, Room 511
Juneau, AK 99801

The Honorable Andy Josephson
Co-Chair, House Finance Committee
Alaska State Capitol, Room 505
Juneau, AK 99801

The Honorable Calvin Schrage
Co-Chair, House Finance Committee
Alaska State Capitol, Room 410
Juneau, AK 99801

Dear Co-Chairs Foster, Josephson, and Schrage,

During the February 2, 2026, House Finance Committee hearing on our 2025 Statewide Salary Study Update, the Department of Administration agreed to follow up with some information that was not available at the time. The questions from committee members and the follow-up responses are below.

1. **How many times did the State go back to Segal and say, "We want you to make an adjustment to your report?"**

Creation of the report was an iterative process with regular back-and-forth between Segal and the State. The State collaborated with Segal throughout on the many variables that go into designing a robust salary study. It is impossible to say how many times the State made a suggestion, edit, recommendation, or gave policy direction to Segal during the process of creating the report. That said, after receiving drafts from Segal in the summer of 2024, the State determined that more work should be done to achieve the most robust and reliable product possible. It was the State's responsibility to ensure that the appropriated funding resulted in the best possible final product to support future decision-making by the Administration and the Legislature. Therefore, the State amended the contract with Segal and instructed Segal to solicit salary data from additional peer/comparable jurisdictions, as well as factor in investments the State made in salaries through collective bargaining and the implementation of Senate Bill 259, among other things.

2. **Does the state take a position that its communication with Segal is proprietary? If the public is curious about whether the report was swung one way or another is that knowable by the public?**

Yes, the State does take the position that some of its communications with Segal are privileged, and that some communications it received from Segal contain Segal's proprietary business information. For example, the deliberative process privilege applies to internal or directly solicited pre-decisional and deliberative communications between State officials and Segal concerning the creation and finalization of the salary study. The deliberative process privilege also applies to drafts of the salary study that would reveal that deliberative process. Maintaining the privilege is important to encourage open dialogue between State officials and their contractors. Disclosing privileged communications and drafts could have a chilling effect on future deliberations among State employees and contractors, making them less likely to engage in frank discussions on future projects.

3. **We (Legislature) have never seen what it would cost to implement this at this 50th percentile, at the 65th percentile. Were those calculations done by OMB, and can we have them?**

Yes. The Office of Management and Budget (OMB) calculated rough estimates. As of April 2025, OMB estimated there would be an implementation cost of $93 million at the 50th percentile and $180 million at the 65th percentile. Each job family with multiple job classes would need to be evaluated down each individual position prior to actual implementation.

4. **Was the Salary Study never intended to implement the adjustments based off the report, did we (State) always know we would need a classification study as well to go with that?**

The purpose of the Statewide Salary Study was to gather accurate and up-to-date data on salary and compensation practices across various industries and job roles amongst public and private sector employers to compare these structures with the State's. The salary study was never intended to recommend nor prescribe specific wage adjustments for State of Alaska job classes. In addition to providing market comparisons for State of Alaska benchmark jobs, Segal's report included recommendations on how the State can improve its compensation practices. A key recommendation was for the State to streamline and restructure its classification and pay plans so they can be more agile to changes in the market. The Division of Personnel comprehensively reviewed Segal's recommendations and determined that prior to undertaking such a project, information was needed from potential vendors regarding the potential cost and timeline. This information will be used to determine the viability of such a project.

It's important to distinguish that the Request for Information (RFI) does not seek another salary or classification study. The project goal stated in the RFI is to implement a more agile and transparent classification structure that better aligns with contemporary workforce practices, supports equitable compensation, and enhances the State's ability to respond to evolving workforce demands more quickly.

Please let us know if the committee has any additional questions.

Sincerely,

Paula Vrana

Paula Vrana
Commissioner

cc: Shannon Whistler, Acting Legislative Liaison, DOA
Elizabeth Freeman, OMB Analyst
Jordan Shilling, Director, Governor's Legislative Office